



DATE: 28 April 2010
TO (COMPANY): Australian Securities Exchange
ATTENTION: Company Announcements Officer
FROM: Michael Ruane on behalf of the Board

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2010

OPERATIONS REPORT

Lake Mackay Potash Project, Western Australia.

Lake MacKay is a modern, playa lake with a surface area of over 2,250km². The Lake is situated in the Gibson Desert, straddling the Western Australia - Northern Territory border, 50 kilometres north of the Tropic of Capricorn. Reward Minerals has delineated a JORC compliant, Inferred Resource at Lake MacKay as follows:

4,780,400,000 BCM* at 4.3kg of K₂SO₄ (SOP) per BCM for a total of 20.56 Million Tonnes of K₂SO₄.

The resource estimate was calculated on the basis of lakebed sediment volume (BCM) from surface to a depth of two metres and the water soluble potassium sulphate content of the sediments which lie within the Company's tenement holdings.



*Drilling at Lake MacKay, WA
Figure 1*

The potassium sulphate (SOP) content of the lakebed sediment is determined from the analysis of the whole drill core, which averages (arithmetic mean) 4.73kg of SOP/BCM. In practice, however, the recovery of SOP will be via the (solar) evaporation of entrained brine. The SOP content of the brine samples recovered from drilling of Lake Mackay are reasonably consistent in composition ranging from 5.73kg/m³ to 8.15kg/m³ with an average value of 6.83kg of SOP per cubic metre of brine (non-weighted average). Vigorous brine flow was encountered in all but two of the holes drilled.

At the time of sampling the brine entrained in the lakebed sediments of Lake Mackay was under-saturated - with an average Total Dissolved Solids (TDS) content of 248 grams per litre (Specific Gravity 1.19). Saturation TDS levels for the brines obtained from Lake Mackay are expected to be in excess of 300 grams of dissolved salts per litre of brine.

Consequently, some evaporation of the brine may be required to reach saturation point to crystallise Potash salts, but in an area where the evaporation rate is believed to be in excess of four metres per annum (pure water) this should not represent a significant problem.

Importantly the Lake Mackay brine samples analysed to date contain high sulphate and magnesium values which would allow for production of Potassium Sulphate (SOP) from the brine by established technology.

The next stage of development at Lake MacKay will involve the construction of pilot ponds and pump testing as well as flow sheet development for the compilation of a feasibility study. Reward is reticent to commit to these programmes in the absence of a Mining Agreement with the Traditional Owners. To that end, during the March quarter the Company has been in discussions with the Tjumu Tjumu people of Kiwirrkura. Meetings and discussions, in this context, are being coordinated by Central Desert Native Title Services Ltd. Reward Minerals has engaged John Thurtell to lead its negotiations aimed at execution of an Indigenous Land Use Agreement (ILUA) between Reward Minerals and the Tjumu Tjumu people. John has extensive experience in these types of agreements and has developed a working relationship with the indigenous groups of Central Australia. In addition, John has served on the Board of the Central Desert Native Title Services and the Company considers that his experience in these matters will help facilitate an appropriate Mining Agreement for the resource at Lake MacKay.

During the coming quarter a delegation of Tjumu Tjumu elders as well as representatives from the adjacent Kintore and Balgo communities will travel to a solar salt operation similar to that expected for the proposed Lake MacKay potash operation. The trip aims to illustrate for the Tjumu Tjumu the scale and extent of the impact of Rewards proposal for Lake MacKay and thereby assist with the Mining Agreement negotiations.

Moora Greensand Project, Western Australia

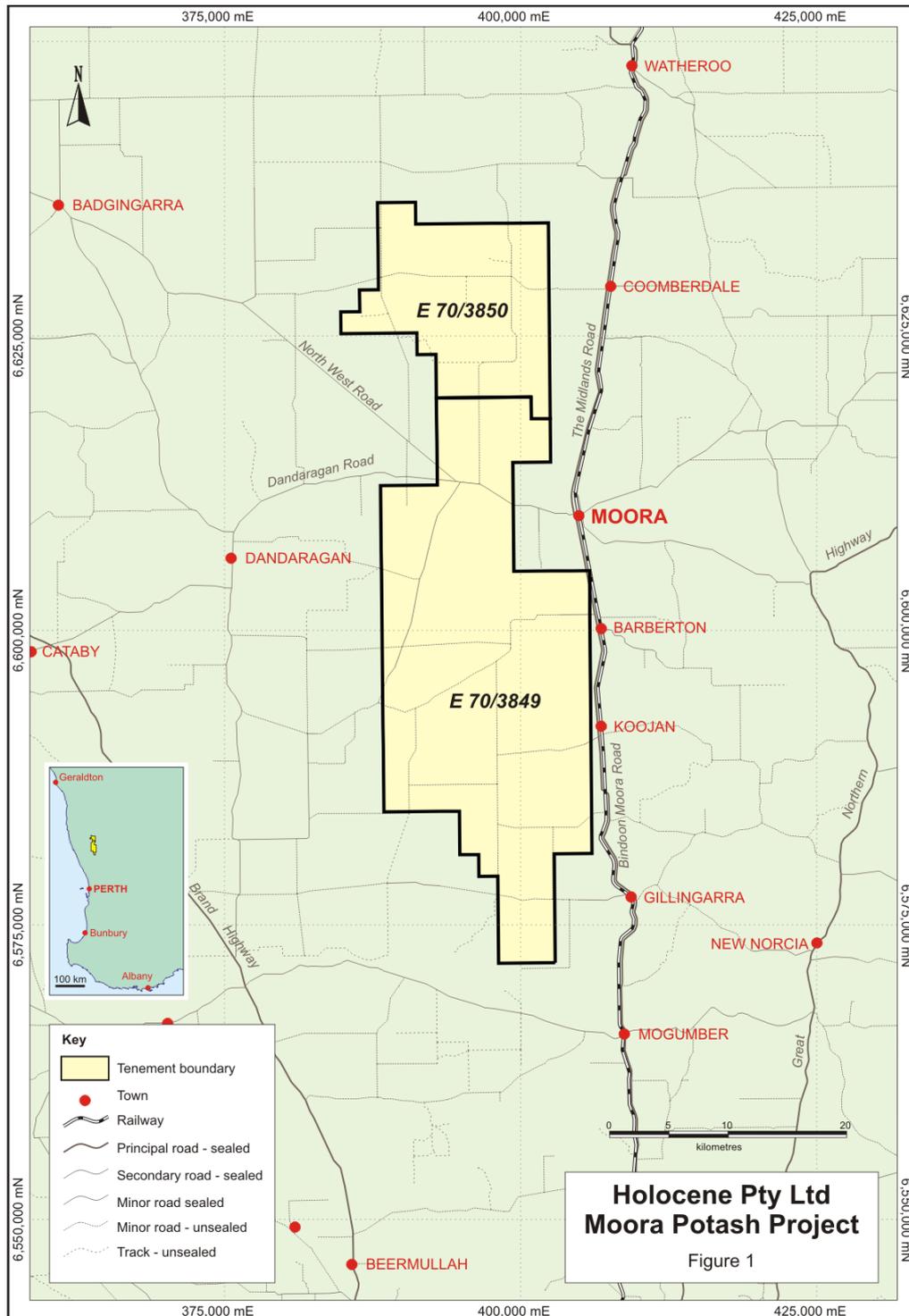
During the quarter Reward applied for two Exploration Licences E70/3849 and E70/3850 covering 756km² in the area between Dandaragan and Moora in Western Australia - the Moora Greensand Project.

The Moora Greensand Project is based on the mineral glauconite which occurs extensively in marine greensand deposits on the western slopes of the Darling Scarp and underlies much of the tenement area applied for by Reward. Currently, most of the tenement area is utilized for grain cropping and livestock rearing.

The greensand occurs in two formations - the upper Poison Hill Greensand is separated from the Lower Molecap Hill Greensand by a thin layer of Gingin Chalk. Combined thickness of the two formations exceeds 40 metres in much of the area. The glauconite occurs as loosely packed dark green sand hence the common name greensand. The material occurs as relatively pure glauconite but can also be readily upgraded by a simple mineral dressing process to produce a glauconite concentrate. Typical analysis of glauconite concentrate from the Poison Hill - Molecap Hill deposits is 6.2% K₂O as well as 10.3% Al₂O₃ and 20.7% Fe₂O₃.

Based on the analyses given, one tonne of glauconite will yield 114kg of potassium sulfate (SOP) or 98kg of potassium chloride (MOP) at 100% extraction level. Typically the material is easily recoverable via open pit mining (free dig) at very low waste to ore ratios.

Whilst glauconite has been used extensively in the past as a slow release potash fertilizer by direct application, because of its low grade, its use declined with the advent of high grade refined potash products (40-52% Potassium).



Moora Greensand Project, Tenement location plan, WA
Figure 2

Considerable testwork has been conducted over the past ten years by Reward director M. Ruane on the economic recovery of potash and alumina values from Western Australian glauconites. Recent testwork has advanced the project significantly. Test work to date has indicated high recoveries of potassium by leaching of the glauconite feed. The current work is focused on minimizing reagent costs and recovery of alumina as a valuable by-product during the process.

With the advent of new metallurgical process routes and new materials available for plant construction, the recovery of potash from the company's glauconite deposits now appears to be commercially attractive.

To expedite the grant of its tenement applications Reward has excised the Vacant Crown Land (VCL) and Reserves from the applications. The areas removed represent only 2.3% and 0.2% of ELA's 70/3849 and 3850 respectively, but means they will not have to go through the Native Title claim procedure. It is envisaged that the tenements will be granted early in the June quarter. A drilling programme has been prepared and will be executed immediately after the tenements are granted. The initial drilling is a broad, first pass programme testing the greensand units on a nominal 2 km drill hole spacing. The programme will delineate the areas where the better widths and grades are proximal to the surface, as well as provide material for the ongoing metallurgical testwork.

The Company envisages that the aircore drilling programme results will warrant tighter follow-up programmes that will define a JORC compliant resource.

In view of the potential to establish a very large resource base, the ease and low cost of mining and the continuing high demand for Potash fertilizers, the Moora project represents an exciting opportunity for Reward Minerals Ltd.

Adavale Potash Prospect - Queensland

The Adavale prospect area is known to host a very large salt deposit which in some areas contains significant potash values (Potassium Chloride - MOP). The project area is near the coal mining site of Blackall 600km inland from Gladstone. In addition to their Potash potential the Adavale deposits could readily provide salt for the manufacture of caustic soda which is utilized in substantial quantities at the Gladstone Alumina operations of Comalco Ltd. Data available suggests that annual imports of caustic soda to Gladstone are of the order of 1.5 million tonnes at a cost in excess of \$500 million.

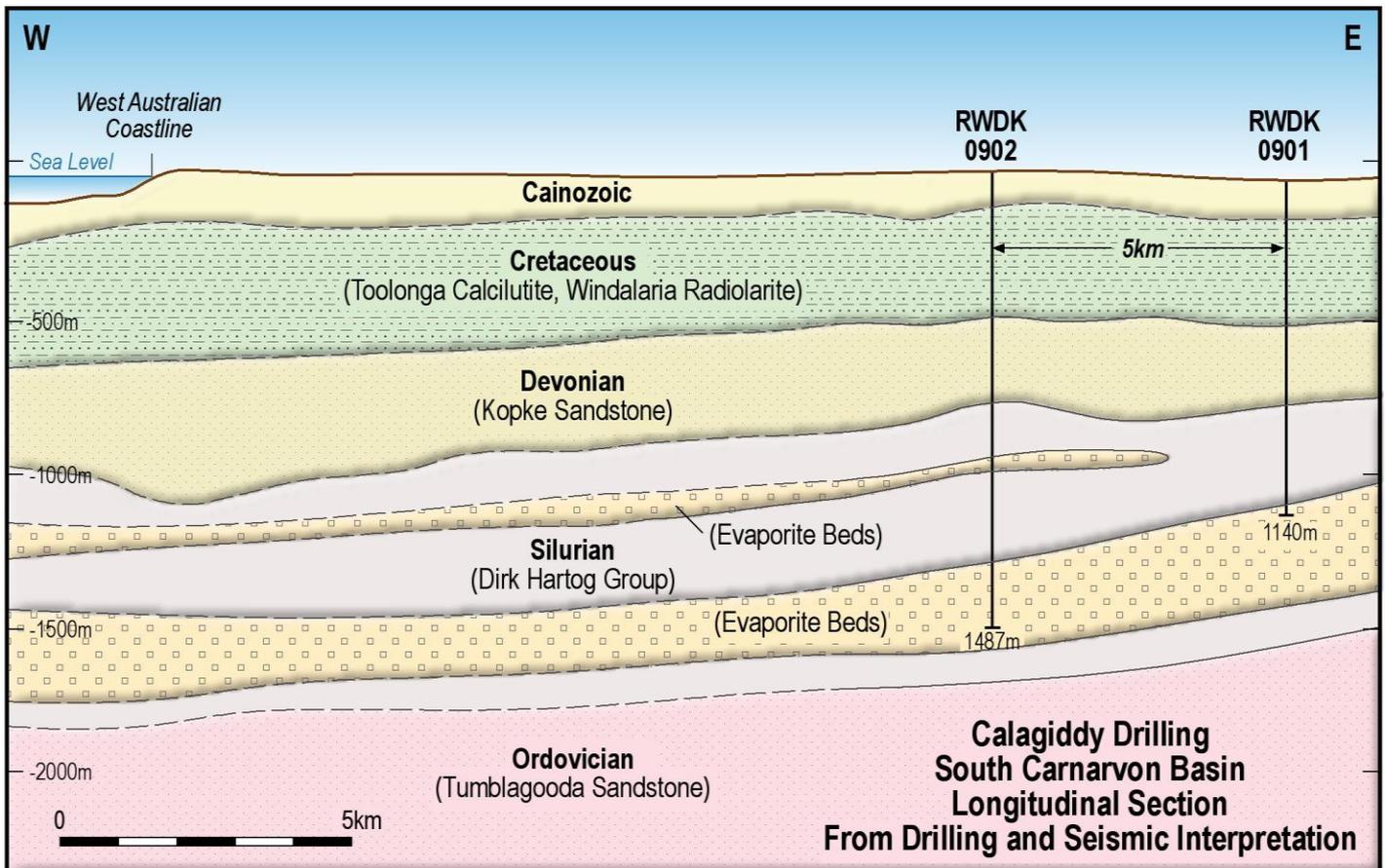
Reward's Adavale Potash Project tenements are over Freehold land. The Company has executed access agreements with holders of the two pastoral leases covering the Adavale prospect area and received clearance from the Queensland Department of Mines & Energy. During the December quarter, in line with recent legislation, Reward sought Heritage clearance for the two drill sites from the relevant Traditional Owners of the area. In February Reward received correspondence from a Queensland based legal firm which included a Nominated Body Response Notice (NBRN) which stated that the Bidjara people wish to invoke Native Title Protection Conditions (NTPC's) over all three of Reward's tenements.

In accordance with the NTPC the Bidjara people and their legal representatives now wish to convene a meeting to discuss Reward's proposed exploration activities and subsequent site clearance surveys, as well as annual administrative payments to Bidjara people. Reward has requested that the Bidjara propose a time, venue and budget for the meeting and are awaiting a response. Drilling contract negotiations have been put on hold until certainty over access, and thus timing, can be finalised.

Carnarvon Basin Potash Project - Western Australia.

During the December quarter the company completed drill hole RWDK0902. Although evaporites from this and earlier holes in this program contained only low levels of Potassium, the presence of combined water soluble evaporite intercepts of over 100 metres within the Yaringa Evaporite member of the Dirk Hartog Formation which so far spans over 300 metres in thickness in RWDK0902 in combination with (limited) available seismic data, suggest that a substantial evaporite basin exists within Reward's South Carnarvon tenements. Examination of the stratigraphy in the three holes drilled to date also suggests that the evaporite horizon has a shallow dip to the west and thickens in a westerly direction toward the WA coastline (see figure 3). RWDK0902 is located approximately 55 kilometres east south east of Carnarvon and 45 kilometres east of the coast (15 kilometres south of Carnarvon).

The seismic data also suggests that the low point of the Dirk Hartog Formation in an east west direction is close to the WA coastline. Assuming that evaporite deposition has proceeded to the Potash crystallisation stage and remained undisturbed, Potash minerals should be located at the low point of the evaporite basin - possibly between the area drilled and the coastline. Reward's tenement holdings cover this area. During the quarter the Company sought and received the requisite statutory approvals for the drilling of a further hole 25 kilometres south west of RWDK0902 some 6 kilometres from the WA coastline.



*Carnarvon Basin drill section, WA
 Figure 3*

Lake Disappointment Potash Project - Western Australia.

In March 2008 Reward and the Western Desert Lands Aboriginal Council (WDLAC) agreed upon commercial terms applicable to the Lake Disappointment project development. That agreement was announced to the Market on 31 March 2008, following an exchange of letters between Reward and WDLAC. Subsequently however, the parties were unable to settle upon the terms of the formal agreement and the Company sought arbitration of the issue via the provisions of the Native Title Act (section 35).

Deputy President Sumner was appointed the NNTT Member to conduct the s.35 Future Act Determination Application which held its first hearing on 24 September 2008. On 28 May 2009 Deputy President Sumner handed down the ruling that in respect of the Company's application for Mining Lease 45/1171 at Lake Disappointment that "the Act must not be done" meaning that without the consent of the Martu Native Title Party the Mining Lease application must not be granted to Holocene Pty Ltd/Reward Minerals Ltd.

The understanding of the Company via the Martu representative body WDLAC is that the Martu are not agreeable to allow access to the Company's Lake Disappointment tenement area without an appropriate Mining Agreement in place which includes commercial terms acceptable to the Martu people. As indicated in the ruling it is not within the jurisdiction of the NNTT to set such commercial terms and conditions hence in the absence of agreement in respect of these matters the decision handed down was that the Act should not be done.

Subsequently, Holocene requested that the Attorney General, as the 'Commonwealth Minister', make a declaration under subsection 42(3) of the NTA that the Determination is overruled, with or without conditions. Holocene made the request on the grounds that a potash production facility at Lake Disappointment is in the national interest, and in the interests of the State of Western Australia. Holocene has also submitted to the Attorney General that the effect of the grant of the mining lease on the Martu Peoples' native title will not be substantial, and that the Martu People will benefit from the mining lease being granted.

In July 2009, the Attorney General advised that he would not overrule the decision of the NNTT which had previously directed that the Lake Disappointment Mining Lease should not be granted to Reward Minerals Ltd subsidiary Holocene Pty Ltd.

As reported on 07 December 2009, Reward Minerals Ltd received correspondence from the Western Desert Lands Aboriginal Corporation (WDLAC), the body corporate representing the Martu people, advising that at a recent meeting in Port Hedland the WDLAC Board decided that it does not wish mining development to take place at Lake Disappointment. During the March quarter, however, the Company became aware of management changes within WDLAC with the positions of Chief Executive Officer, Commercial Adviser and Lead Negotiator all being advertised. In light of these developments Reward has reinitiated discussions with WDLAC.

We advise in accordance with ASX Limited Listing Rules 5(6) that the exploration results contained within this ASX Release is based on information compiled by Mr. Greg Cunnold who is a member of the Australian Institute of Mining and Metallurgy. Mr. Cunnold is a full time employee of Reward Minerals Ltd and has consented in writing to the inclusion in this ASX Release of matter based on the information so compiled by him in the form and context in which it appears. Mr. Cunnold has sufficient experience relevant to the style of mineralisation and type of deposit under consideration to be qualified as a Competent Person as defined by the 2004 Edition of the "Australian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Reward Minerals Ltd

ABN

50 009 173 602

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(183)	(183)
(b) development	-	-
(c) production	-	-
(d) administration	(33)	(33)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	18
1.5 Admin fee	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) GST	33	33
Native Title Costs	(85)	(85)
Net Operating Cash Flows	(250)	(250)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(250)	(250)
1.13 Total operating and investing cash flows (carried forward)	(250)	(250)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(250)	(250)
	Cash flows related to financing activities	-	-
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(250)	(250)
1.20	Cash at beginning of quarter/year to date	3,317	3,317
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,067	3,067

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	51
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees and consulting fees paid at commercial rates.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000

+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
Total		250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	567	817
5.2 Deposits at call	2,500	2,500
5.3 Bank overdraft	-	-
5.4 Other – Share trading account	-	-
Total: cash at end of quarter (item 1.22)	3,067	3,317

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	L45/172	Withdrew	100%	0%
	E09/1124	Partial Surrender	100%	100%
	EL 25480	Surrendered	100%	0%
	EL 25481	Surrendered	100%	0%
6.2 Interests in mining tenements acquired or increased	E70/3849	Application	0%	100%
	E70/3850	Application	0%	100%
	E09/1624	Granted	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	67,958,996	67,958,996	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 28/4/10
Michael Ruane
Director

Print name: MICHAEL RUANE

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.