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ASX CODE
RWD

SHARE PRICE
\$0.70

SHARES ON ISSUE
111.7M

OPTIONS
24.1M (\$0.25 - \$1.09)

MARKET CAPITALISATION
\$78.2M (undiluted)

CASH POSITION
~\$5.0M
(Dec'14 Qtly + Listed Investments)
DIRECTORS & MANAGEMENT
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Chairman

 Rod Della Vedova
Non-Executive Director

 Michael Ruane
Managing Director

 Daniel Tenardi
Projects Director

 Paul Savich
Corporate Development Officer

 Bianca Taveira
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REWARD DELIVERS SIGNIFICANT SCOPING STUDY RESULTS FOR THE LD POTASH PROJECT

Highlights

- Results suggest the LD Project is a globally significant SOP Project
- Potentially the lowest capital intensity SOP project capital cost worldwide with total capital cost of A\$320M² (US\$256M^{1,2}) for 400,000tpa SOP production
- Low mine gate operating costs of A\$204/t (US\$164/t¹) SOP while recent US Gulf sales have been in excess of A\$1,000/t³ SOP
- Approx. 70% of capital and 60% of operating costs supported by designs or quotes
- Pre-Tax NPV_{10%} of A\$534M (US\$427M¹) assuming FOB price of A\$750/t SOP
- Pre-Tax IRR of 37%
- EBITDA at full production of A\$154M (US\$123M¹) per annum
- Study assumes LOM of 13 years based on the existing 24.4Mt SOP resource
- Current drilling designed to substantially expand the existing resource
- Significant potential for future cost reductions have been identified as a result of this Study
- The Company intends to commence Feasibility Studies immediately.

Reward Minerals Limited (“Reward” or the “Company”) is pleased to release results of its Scoping Study (the “Study”) for the LD Potash Project in Western Australia. The study is an important milestone in the Company’s goal of advancing the LD Project toward production and demonstrates strong economics underpinning the Project.

The Company has focussed on delivering results which are sound from both technical and economic aspects. While the Scoping Study delivers an estimation accuracy of ±30%, some 70% of the Project’s capital and 60% of operational expenditure estimates are supported by design and/or quotes obtained from reputable suppliers, a level of assurance typically reserved for more advanced project studies.

Following the completion of this Study the Company will move immediately into Feasibility Studies for the Project as well as reactivating the environmental approval process. In addition resource expansion drilling is ongoing at the LD project.

Dr. Michael Ruane, Managing Director of Reward commented:

“We are very pleased with the results of the Scoping Study which indicates very favourable economics for the LD Project and supports our belief that the Project is a truly world-class Project. The fundamentals underlying the SOP market continue to be strong and we believe this will continue to be the case into the foreseeable future. I firmly believe that the release of this Study is a turning point for the Company and look forward to continued investor support as Reward makes the transition from explorer to developer and ultimately, producer.”

Notes:

- 1: Exchange rate – USD0.80:AUD1.00
- 2: Excludes contingencies
- 3: Argus FMB, US Gulf SOP US\$735/st

Cautionary Statement

The Scoping Study referred to in this announcement is based on lower-level technical and economic assessments and is insufficient to support estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Further, the Company cautions that there is no certainty that the forecast financial information derived from production targets will be realised. All material assumptions underpinning the production targets and forecast financial information derived from the production targets are set out in this announcement. The estimated mineral resources underpinning the Scoping Study production targets have been prepared by competent persons in accordance with the current JORC Code 2012 Edition and the current ASX Listing Rules.

Key Project Economics

Results of the scoping study have been assessed for economic viability using a Discounted Cashflow Model developed by the Company and key outcomes are presented below including a sensitivity to the SOP price. Recent SOP sales have been in the range of approximately A\$630/t to A\$1,012/t (sources: €445/t to US\$735/st: US Gulf, Argus FMB, Fertecon).

Table 1: Project Economics

	Low Case	Base Case	High Case
SOP Price	A\$700/t (US\$560/t)	A\$750/t (US\$600/t)	A\$800/t (US\$640/t)
SOP Production	400,000tpa	400,000tpa	400,000tpa
Capital Cost ¹	A\$320M	A\$320M (US\$256M)	A\$320M
Mine Gate Operating Cost	A\$204/t	A\$204/t (US\$164/t)	A\$204/t
Operating Cost (FOB) ²	A\$328/t	A\$328/t (US\$263/t)	A\$328/t
Life of Mine ³	+13 years	+13 years	+13 years
Pre-Tax NPV _{10%}	A\$425M (US\$340M)	A\$534M (US\$427M)	A\$642M (US\$514M)
Pre-Tax IRR	33%	37%	42%
EBITDA (avg p.a.)	A\$135M (US\$108M)	A\$154M (US\$123M)	A\$173M (US\$138M)

Notes:

- 1 – Excludes Contingencies
- 2 – Operating cost includes mining, processing, general administration and haulage and port costs
- 3 – LOM calculated based on existing 24.4Mt Indicated JORC (2004) resource at 20% specific yield
- 4 – Exchange rate assumption: USD0.80:AUD1.00

Reward is currently undertaking a drilling program at the LD Project which has the potential to significantly expand the existing 24.4Mt JORC (2004) Indicated SOP resource (at depth) and thereby substantially extend the mine life.

Scoping Study Details

SOP Production Rate

The production case considered in this Study is an owner operated mine and processing plant capable of producing a steady state of 400,000 tonnes per annum. The rate of production was determined based on work completed by the Company regarding cost benefits and economies of scale surrounding a number of production scenarios. It also considered the current global demand for SOP of approximately 7 million tonnes per annum which is forecast to grow at a compound rate of approximately 4% per annum (*source: Parthenon Analysis*).

Success in Reward's current resource definition program will result in an increased Potash resource base supporting a much longer mine life at the 400,000 tonne per annum production target and allow for significant expansion in future output.

Capital Cost Estimates

Capital cost estimates for a 400,000 tonne per annum SOP operation are estimated to be A\$320M (US\$256M). This capital cost marks the LD Project as one of the most attractive greenfield SOP projects with capital and capital intensity costs among the lowest in the world.

Approximately 70% of the capital cost estimate has been compiled from third party quotes or estimated using design parameters to a level greater than typically required for a scoping level study.

A breakdown of major capital cost components are provided in Table 2 below.

Table 2: Capital Cost Estimates

	A\$M	US\$M
Road Upgrades & Related Infrastructure	55.9	44.7
Earthworks, Evaporation Ponds & Supply	100.1	80.0
Process Plant	92.8	74.2
Infrastructure & Other Equipment	71.0	56.8
Total Capital Expenditure	319.8	255.7

Note: Excludes Contingencies

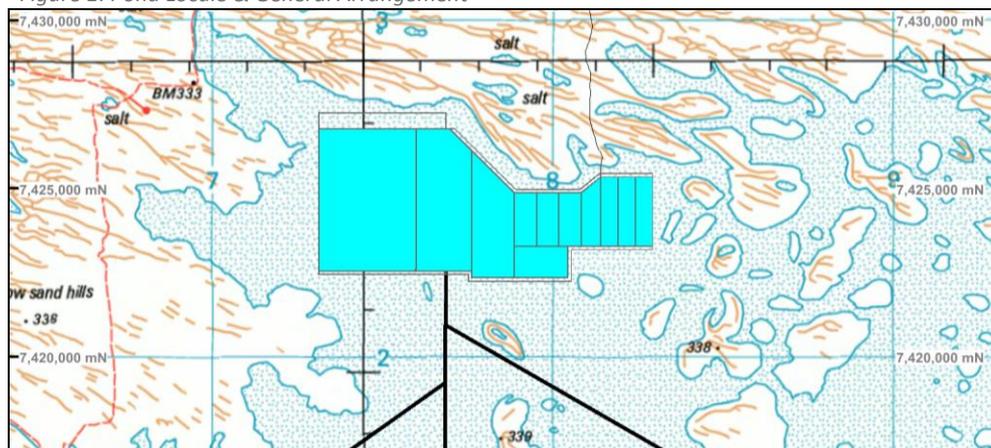
Road Upgrades & Related Infrastructure

Access to LD from Port Hedland is via Newman. Newman is 450 kilometres south of Port Hedland by road. From Newman 412 kilometres of road, of which 355 kilometres is unsealed, provides access to the LD site via the Willjabu and Talawana Tracks. These tracks require upgrading to allow regular use by large road trains with initial estimates of some 40 movements per day when the project is in operation

Earthworks, Evaporation Ponds & Supply

The solar evaporation pond system consists of a series of crystalliser ponds occupying an area on the northern margin of the lake proper. The design impacts less than 2.5% of the lake's total surface area.

Figure 1: Pond Locale & General Arrangement



The pond system design is the result of extensive modelling from pilot studies into evaporation and processing systems which have been conducted by Reward over the past two years, plus historical data from pilot SOP programs carried out in Western Australia in the early 1970's. Three reputable and capable earthmoving contractors have provided submissions for construction and cost estimates within this Study are based on their detailed price submissions.

A combination of trenches and deep wells supply brine to a pump lift station at the primary halite pond with some 60-70 million cubic metres of brine delivered to the system each year.

Two surface miners and a fleet of road trains will move up to 4.2 million tonnes of ore and halite annually, including approximately 2.8 million tonnes of Kainite ore grading ~20% SOP.

Processing Plant

A processing plant capable of the production of 400,000 tonnes per annum of SOP was completed by Amec Foster Wheeler ("AFW"). The proposed Leonite and SOP crystallisation processing route is used in operations around the world and have been confirmed by Reward's evaporation trials and metallurgical testwork as being applicable to the available brine supply.

Capital expenditure revisions and reallocations since release of preliminary scoping study outcomes (refer to ASX announcement 25/09/14) reflect the collation of information since that release as well as additional development detail behind general arrangements for infrastructure planned for the Project.

Infrastructure & Other Equipment

Consists of process plant ore feed infrastructure and ancillary infrastructure and equipment including accommodation village, administration offices, workshop facilities and power generation necessary for an operation of the size proposed.

Operating Cost Estimates

Approximately 60% of operating cost estimates utilise quoted prices or are estimates based on preliminary design. The Company believes there are considerable cost savings available relating to processing and haulage. As a result Reward is undertaking additional work focussed on these cost components.

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A high level summary of the cost per tonne of SOP the basis of this Study is presented below.

Table 3: Operating cost summary (per tonne of SOP)

	A\$/t SOP	US\$/t SOP
Mining (brine supply/harvest)	67.3	53.8
Processing (diesel option)	132.1	105.7
General & Admin	5.0	4.0
Total Mine Gate Operating Costs	204.4	163.5
Haulage & Port	123.9	99.1
Total FOB Operating Cost	328.3	262.6

Mining

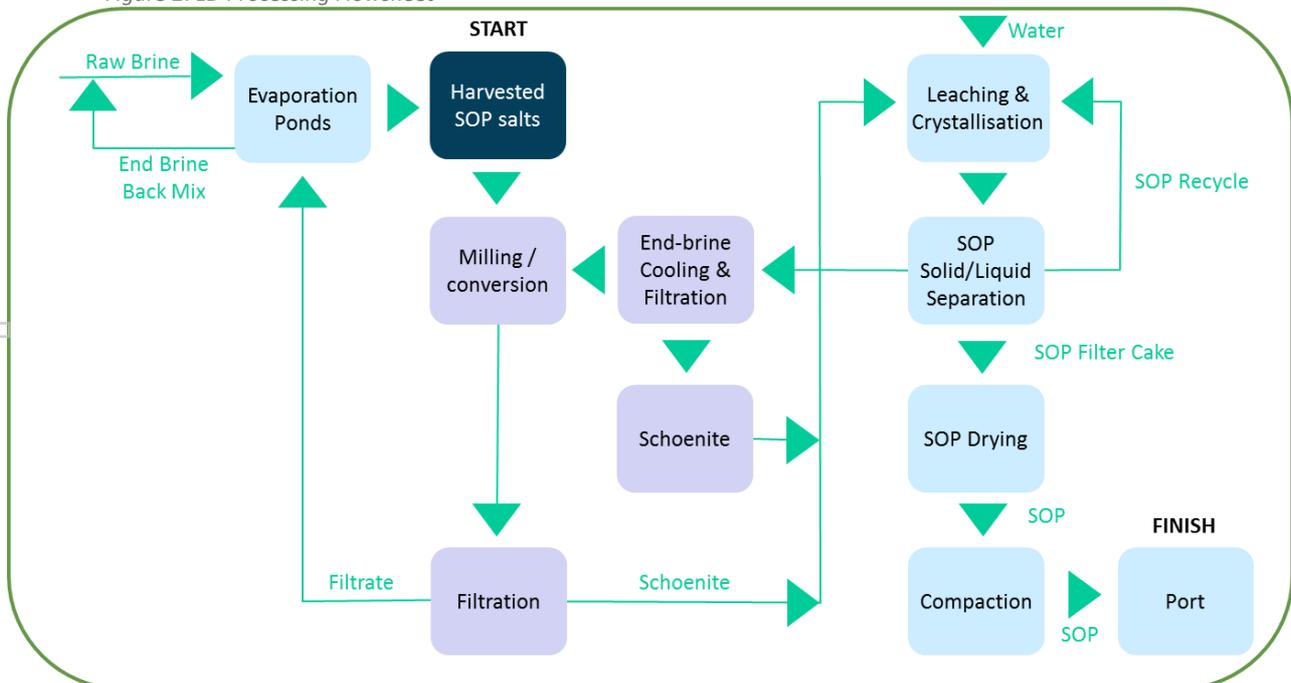
Production is proposed using a combination of trenches and bores to provide feed brine to the evaporation pond system. Brines are transferred through a number of ponds before evaporites (grading ~20% SOP) are available for harvest.

Operating costs within this classification include brine supply to ponds, brine movements, harvesting and stockpiling.

Processing

The proposed process takes salts harvested from the evaporation ponds, leaches contaminants from the salts before the crystallisation of SOP which is ultimately recovered in solid form (44+% Potassium).

Figure 2: LD Processing Flowsheet



Independent evaluation of the flowsheet and mass balance was undertaken by AFW and utilised their considerable experience working with a number of North American operations. Processing plant operating costs

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were estimated by AFW and earlier released to market (refer to ASX announcement dated 25/09/14) and some reclassification has been made to those costs. In addition the earlier release contemplated the use of CNG for processing and resulted in a significant reduction in processing costs (a saving of A\$20/t SOP produced) however this Study assumes the use of diesel until the logistics of CNG supply are better established.

General & Administration

The general and administrative requirements of similar sized projects were considered and applied to the proposed operations at LD. As a result, estimated costs of A\$2M per annum have been provided for administrative requirements.

Haulage & Port

SOP product from the Project is anticipated to be hauled by road to the port at Port Hedland for shipment. The haul road comprises 360 kilometres of upgraded, well maintained unsealed road followed by 530 kilometres of sealed highway via Newman.

Pricing for haulage of SOP product was obtained from several reputable bulk haulage contractors from the LD Project to the Port Hedland wharf locale.

Sustaining Capital

In addition an allowance of more than 4% of initial capital expenditure amounting to approximately A\$13.9M (US\$11.1M) per annum has been provided for as sustaining capital which is expected to be primarily used for maintenance of site access and haulage roads.

Geology & Resources

From surface down to an average depth of 4 meters the lake is host to an Indicated Resource of approximately 24.4 million tonnes of SOP in brine with an average grade of 12.37kg/m³. Geological sequences encountered to date in the area immediately north of the lake proper typically have predictable stratigraphic and hydrogeological properties. Drilling to establish lateral and depth extensions of the LD resource is currently underway.

Climate

The Project is subject to highly favourable environmental conditions for solar evaporation processes. The region falls within the Desert group of the modified Koeppen climate classification system and experiences hot, dry summers and mild winters. Average minimum and maximum monthly temperatures at Telfer vary between 26°C (78.8°F) and 40.6°C (105.1°F) in January to 10.5°C (50.9°F) and 25.3°C (77.5°F) in July. The highest recorded temperature was 48.1°C (118.6°F) in January 1998. Net annual evaporation is estimated to be over 3,600 millimetres (11'10") (source: Australian Bureau of Meteorology, Geoscience Australia).

Cost Reduction Opportunities

A number of significant cost saving opportunities exist which may substantially improve the already promising Project economics.

The Company is continuing metallurgical test work aimed at further simplifying the process flow sheet. Results to date have been highly encouraging and suggest proposed modifications have the potential to decrease the processing plant capital and operating costs significantly. Results from this test work will be utilised in future Project studies.

Haulage and port costs make up approximately 37% of the FOB cost per tonne of product and have been estimated assuming road transport to Port Hedland via Newman. The Company believes significant opportunity exists to reduce transport costs by Company operated haulage and access to third party rail from near Newman to Port Hedland.

The Study assumes some A\$56M (US\$45M) capital expenditure to upgrade existing roads. A significant portion of these roads are currently of poor quality and used primarily for access to remote communities. The Company intends to pursue a co-funding agreement from State and Federal sources for the upgrade of this mutually beneficial infrastructure in line with a number of existing operations throughout the region.

Yours faithfully,

Michael Ruane
Director
on behalf of the Board

Refer to www.rewardminerals.com for more details.

Competent Persons Statement

The information in this report that relates to the Mineral Resource Estimate for the LD Project is based on information compiled by Mr Simon Coxhell who is a full-time employee of CoxsRocks Pty Ltd. Mr Coxhell is a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and is a consultant to Reward Minerals Ltd. Mr Coxhell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Coxhell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information with respect to Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Forward Looking Statements

This announcement contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. Although Reward Minerals believes that the expectations reflected in the forward looking statements in this presentation are reasonable, no assurance can be given (and Reward Minerals does not give any assurance) that such expectations will prove to be correct. Undue reliance should not be placed on any forward looking statements in this announcement, particularly given that Reward Minerals has not yet made a decision to proceed to develop the LD Project or any other project, and Reward Minerals does not yet know whether it will be able to finance this project.