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RWD

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**MARKET CAPITALISATION**  
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**CASH POSITION**  
~\$5.4M  
(Jun'14 Qtly + Listed Investments)

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**KEY PROJECTS**

 Lake Disappointment Project  
Karly Project

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## KARLY DRILLING – ENCOURAGING EARLY RESULTS

### Highlights

- 10 Holes drilled to date.
- 7 Holes provided significant brine flows.
- Analysis of brine received for two of the first three holes drilled.
- Potassium analysis in brine up to 7.5g/litre K<sub>2</sub>SO<sub>4</sub> (3.37g/litre K).
- Brines undersaturated in the locations drilled to date but brine chemistry similar to Lake Disappointment.
- Brine Flow data variable but up to 3l/s in hole LWRC1418.
- Awaiting receipt of brine samples for 7 holes.

Reward Minerals Limited (ASX: RWD) is pleased to advise that it has completed 10 Reverse Circulation drill holes at its Lake Waukarlycarly “Karly” prospect area in the north west of WA. Locations of the holes drilled to date are provided in Table 3 and shown in Figure 1.

The depth of the holes drilled so far at the Karly Project ranged from 88 metres to 160 metres averaging 126 metres (to date). The Static Water Level in the holes drilled in the project area to date has been 4-5 metres from surface hence a brine saturated horizon of 100+ metres may exist in the project area.

Significant “brine flows” have been recorded in 7 of the holes drilled to date. The brine flows observed are indicative only with brine being air lifted from the RC holes and measured via a notch weir at the drill site. Definitive brine flow measurements require establishment of cased production bores and pumping trials of an appropriate duration.

Installation of cased production bores will follow immediately after the current exploration program (approximately 28 holes) is completed to define the brine availability/Resource potential for the area drilled.

### Brine Analysis

Analytical data is currently available only for holes LWRC1418 and LWRC1425. Brine samples from the other drill holes are in transit to the laboratory.

Analytical results available for holes LWRC1418 and 1425 are provided in Table 1.

### Key Observations

The brines recovered from holes 1418 and 1425 are undersaturated in dissolved salts. The Total Dissolved Ions (TDI – see Table 1) are relatively low suggesting dilution by rainfall run off. Typical TDI for near saturated brines of similar composition are around 290g/litre. Previously sampled brines from the surface of Lake Waukarlycarly ran up to 277g/litre TDI. The TDI content of the Lake Disappointment Resource Brine runs approximately 237g/litre.

Despite the undersaturation, the Potassium (K) content of the brines recovered from LWRC1418 averaged 3.25g/litre K equivalent to 7.24g/litre K<sub>2</sub>SO<sub>4</sub> (SOP) which is regarded as highly encouraging.

The brine from LWRC1425 was considerably lower in TDI and averaged 1.68g/litre K (3.76g/litre SOP).

The difference in results is consistent with higher concentrations of salts being found in the vicinity of or under the salt lake (due to evaporation). This is evidenced by Tertiary gravels in LWRC1418 (18-30m depth) returning an assay of 3,360mg/l of K (field sg of 1.085), whilst LWRC1425 which sits outside the lake area returned an estimated 1,340mg/l (field sg. 1.04) from tertiary gravels/clays at similar depths. Additionally, given the undulating topography and creek development south of LWRC1425, it is suggested that rainfall has contributed fresh (dilutionary) waters to the Tertiary paleochannel system at that location.

At depth, LWRC1425 recorded a distinct "salt boundary" at 96m with the onset of fresh, permeable bedrock. However LWRC1418 at 99m recorded a massive gypsum-clay bed 1-2m thick sitting above a fractured sandstone bedrock resulting in a marked increase in brine permeability, but no increase in the salt concentrations. Studies on the hydrogeology of the system have commenced.

Subsequent holes drilled to the north of LWRC1418 appear to be stratigraphically similar to LWRC1418 and have recorded higher brine densities (up to 1.12) in the field whilst producing flow rates of a similar order to LWRC1418. The current Karly broad spaced drilling program is designed to provide this information over a 600km<sup>2</sup> area of Reward tenure. A new POW to cover infill and northerly extension holes has been lodged with the DMP.

**Table 1**  
**Brine Analyses – Lake Waukarlycarly Project – October 2014**

Sample Description	Ca (mg/l)	K (mg/l)	Mg (mg/l)	Na (mg/l)	SO <sub>4</sub> (mg/l)	Cl (mg/l)	TDI* (g/l)
LWRC 1418 18-30m	735	3360	4646	39420	23940	65320	137.4
LWRC 1418 42-78m	715	3370	4564	39830	24090	68160	140.7
LWRC 1418 84-120m	730	3010	3528	38560	22890	64610	133.3
LWRC 1425 18-54m	845	1340	1874	16010	11700	26270	58.0
LWRC 1425 60-90m	840	1550	2160	18300	13110	30175	66.1
LWRC 1425 96-138m	735	2160	1460	31040	19110	45795	100.3

\* TDI is the sum of ions in columns 2-7 (grams/litre)

## Brine Chemistry

The brine chemistry has important implications in (Potash) product selection and recovery parameters.

The relative ratios of individual ions are a convenient way of indicating potential recovery pathways.

Several ion ratios calculated for the LWRC holes 1418 and 1425 are provided in Table 2 and compared with those for the Lake Disappointment Resource Brine.

**Table 2**  
**Ion Ratios – Lake Waukarlycarly Project Brines – October 2014**

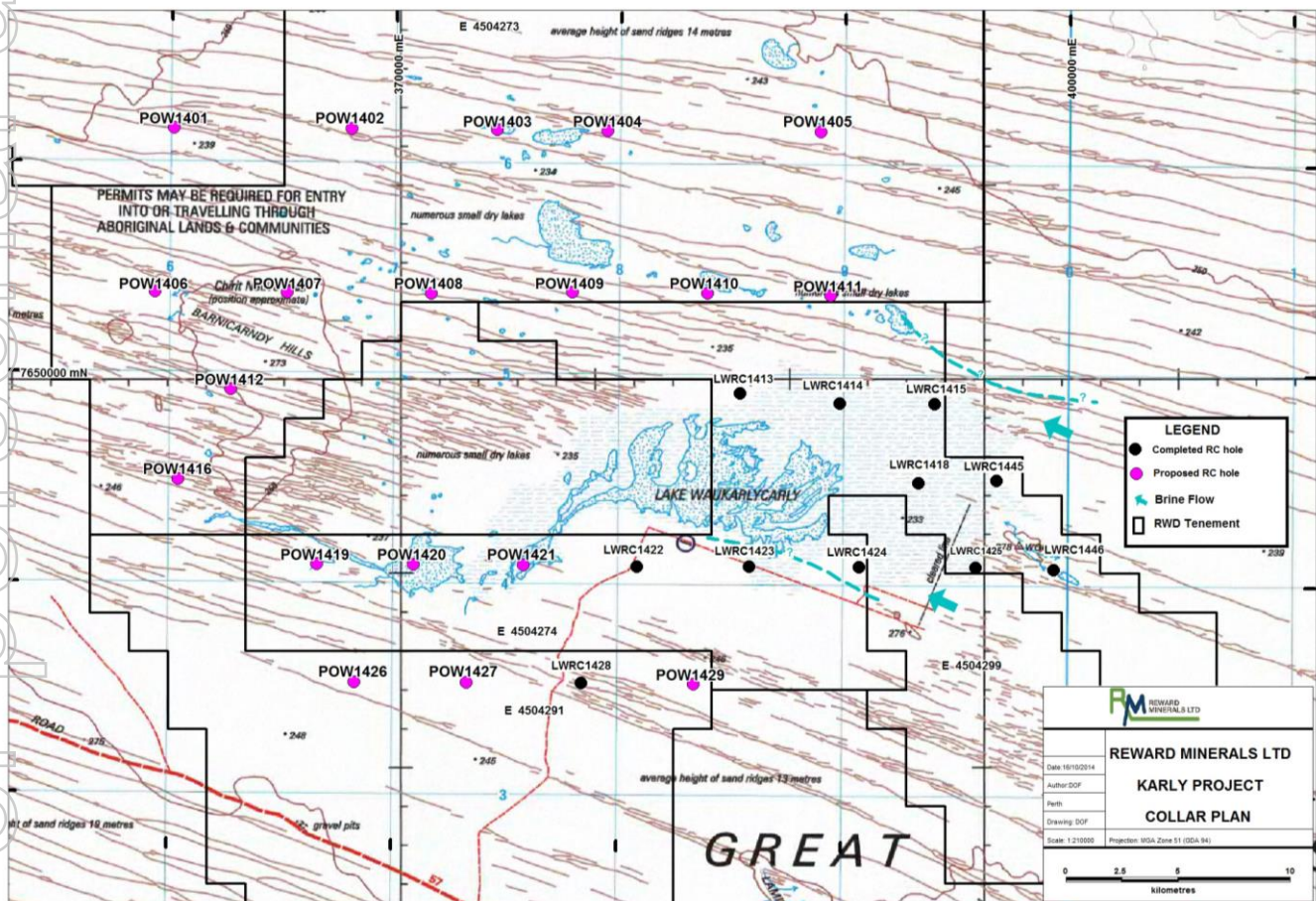
Sample Description	Na/K	SO <sub>4</sub> /K	Mg/K	Cl/K	KLD <sup>(1)</sup>
LWRC 1418 18-30m	11.73	7.13	1.38	19.40	5.79 <sup>(3)</sup>
LWRC 1418 84-120m	12.81	7.60	1.16	21.47	5.35
LWRC 1425 18-54m	11.95	8.73	1.39	19.60	5.47
LWRC 1425 96-138m	14.37	8.84	0.67	21.20	5.10
LD <sup>(2)</sup>	12.40	4.75	1.08	27.70	5.46 <sup>(3)</sup>

- Notes**
- (1) KLD is the calculated K content of the respective Lake Waukarlycarly brine samples if evaporated to the same TDI as Lake Disappointment Resource Brine.
  - (2) Ion ratios for Lake Disappointment Resource Brine for comparison with the brines from Karly holes 1418 and 1425.
  - (3) To convert K to  $K_2SO_4$  multiply by 2.23.

The data indicates that the brines recovered to date from Karly have similar ion ratios to the Lake Disappointment Resource Brine. It also indicates that if the Karly brines were evaporated to the same TDI (salinity) as Lake Disappointment Resource Brine, the Potassium content would be very close (5.6g/litre – 12.4g/litre SOP) to the Lake Disappointment brine (5.46g/litre – 12.2g/litre SOP).

Assuming subsequent Karly brines retain the same chemistry (Ion Ratios) as those reported above, the implication is that the Karly brines can be used to produce SOP and that the process route developed by Reward for Lake Disappointment will be applicable to SOP recovery at the Karly site.

Figure 1



The Company is expecting to receive brine samples from the next seven holes shortly and analytical data on these prior to the end of October 2014 (Table 3).

Access to holes POW1408-1411 is currently being prepared to allow drilling of these holes as soon as practicable.

Casing and other materials required for installation of cased bores for brine flow determination have been acquired and are in transit to the Karly site.

**Table 3**  
**Drill Summary to 16 October 2014**

HOLE ID	TENEMENT	MGA EAST	MGA NORTH	DIP	DEPTH	SAMPLE STATUS
LWRC1413	E45/4274	385300	7649200	-90	160	In Transit
LWRC1414	E45/4274	389800	7648700	-90	114	In Transit
LWRC1415	E45/4274	394000	7648700	-90	TBA	In Transit
LWRC1418	E45/4274	393300	7644900	-90	120	Received
LWRC1422	E45/4274	380800	7640900	-90	146	NSB
LWRC1423	E45/4274	385900	7640900	-90	TBA	In Transit
LWRC1424	E45/4274	390700	7640900	-90	132	In Transit
LWRC1425	E45/4274	395900	7640900	-90	138	Received
LWRC1428	E45/4291	378400	7635300	-90	88	In Transit
LWRC1445	E45/4274	396700	7645180	-90	108	In Transit
LWRC1446	E45/4274	400200	7641300	-90	TBA	In Transit

NSB = No Significant Brine Recorded

Yours faithfully,

**Michael Ruane**  
**Director**  
on behalf of the Board

## Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>The program involved the drilling of 10 holes using a conventional reverse circulation high pressure air rig. Drilling involved only use of the hammer bit.</p> <p>Solid samples were collected for each metre drilled and composited into 4m intervals where possible and retained for later examination.</p> <p>The focus of the program was on recovery of brine from respective levels in the holes drilled to ascertain the potential for the formation to host significant brine resources containing Potash minerals.</p> <p>In this context, where sufficient water or brine was encountered, this was blown back up the rod string and collected from the cyclone every 6m for flow measurement.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Samples collected were allowed to settle and clear brine was decanted for analysis. A field specific gravity reading was taken. Brine analyses were conducted by ALS/Ammtec laboratory in Balcatta WA using standard ICP MS methods. Analytical results are regarded as indicative only because of brine seepage (into most holes) from all levels below the static water level (SWL) and any brine sample collected represents a composite of brines from all levels in the hole. The degree of mixing of brines from each level is difficult to estimate with the type of drilling used.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	The brine flow rates shown in the data table are likewise regarded as indicative estimates only. Airlifting of brine via a high pressure air rig of the type used is by nature inaccurate and inexact. Measurement of the brine flow via conventional well/channel techniques is regarded as practical but indicative only.
	<i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules)</i>	Drill holes that produced significant flows of high salinity brine will be cased and developed as bores to provide more definitive brine flow and composition data at a future date.

Criteria	JORC Code explanation	Commentary
	<i>may warrant disclosure of detailed information.</i>	
<b>Drilling techniques</b>	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Reverse Circulation drilling with 110mm diameter holes with a depth capacity of 150m+.
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Solid samples for each metre drilled – where possible. Brine samples collected at each rod change (6m intervals) when sufficient flow is available. Brine sampling is indicative only.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Samples collected were of a reconnaissance nature only.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Brine analyses should be regarded as indicative only. Brines will be compared to soluble K, Mg analysis of RC chips recovered separately.
<b>Logging</b>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	All holes were logged by the onsite geologist including Static Water Level (SWL) and brine inflow data at selected levels. Because of the high moisture content logging was regarded as qualitative only.  The key logging parameters were SWL, identification of aquifers and picking the base of sediment/top of basement interface horizon.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Qualitative, see above.
	<i>The total length and percentage of the relevant intersections logged.</i>	See above.
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	No cores taken.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Solid samples collected via rig cyclone. Retained for future analysis.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Brines were collected at 6m intervals and analysed separately where available. Intermixing of brine at one level with those above makes accurate

Criteria	JORC Code explanation	Commentary
		estimation of composite or each level brine problematical.  Solid samples recovered have been retained for future analysis. Estimates of entrained brine content, soluble salts and composition may be undertaken at a future date.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	As above.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	As above.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Brine samples collected regarded as representative of a particular site.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The brine samples collected were analysed at a reputable independent laboratory (Australian Laboratory Services Ltd). Internal standards are used to calibrate equipment and analytical procedures.  The program is regarded as reconnaissance and of an indicative nature only.  No field analyses were involved and no internal standards or blanks were included in samples submitted for analysis at this stage.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No field analyses undertaken. Samples sent to ALS after Company labeling for security purposes.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Reconnaissance work only. No standards or blanks included for this stage.
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	See above.
	<i>The use of twinned holes.</i>	Individual holes only. Approximately 4km spacing.

Criteria	JORC Code explanation	Commentary
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Data storage as PDF/Excel files on Company PCs in Perth.
	<i>Discuss any adjustment to assay data.</i>	Some analytical results corrected for dilution factors.
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Collars of the respective holes were located by GPS ( $\pm$ 5M). Reduced levels (RLs) were noted but are not regarded as of sufficient accuracy to formally record at this time.
	<i>Specification of the grid system used.</i>	UTM grid – GDA 94 Z51
	<i>Quality and adequacy of topographic control.</i>	See above regarding RLs.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	Drill hole collar locations were set at approximately 4km spacings. Collar co-ordinates shown in Table 3 hereto.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Drilling is of a reconnaissance nature only. No resource implications at this time.
	<i>Whether sample compositing has been applied.</i>	See above – back mixing of brines collected.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Vertical percussion holes only – no structural information possible.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No orientation information obtained.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	Samples were submitted to the independent laboratory (ALS) labeled with Company identification only.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	In view of the reconnaissance nature of the sampling program no audit of the sampling technique or analytical techniques is warranted at this stage.



## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	Particular tenements drilled are included in Table 3. These are all registered 100% in the name of Holocene Pty Ltd (Reward Minerals Ltd). Drilling and sampling was conducted in conjunction with Martu monitors within the Martu Determination Area.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	There are no known impediments to operations. Heritage Surveys have outlined zones currently excluded from exploration activities.
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	No known previous exploration for potash has been undertaken on the Holocene Karly tenements.
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	The areas sampled are salinas/salt lakes and buried Paleovalleys containing saline water.
<b>Drill hole information</b>	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <p><i>easting and northing of the drill hole collar</i></p> <p><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></p> <p><i>dip and azimuth of the hole</i></p> <p><i>down hole length and interception depth</i></p> <p><i>hole length.</i></p> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	Location of the sampling points are provided in Table 3 and shown in Figure 1. Holes were vertical and ranged from 88-160 metres averaging 126 metres in depth. Static Water Level was 4-5 metres in the area drilled to date.
<b>Data aggregation methods</b>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Reconnaissance drilling only. No attempt to relate to resources hence no cut-off grades or aggregation of results.

Criteria	JORC Code explanation	Commentary
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No aggregation of results.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Only direct assay/analytical results reported. Ratio of Ionic species in the brines shown in Table 2.
<b>Relationship between mineralisation widths and intercept lengths</b>	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p>	Stratigraphic drill holes for identification of palaeovalley sediment profile. See text of announcement.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	Holes generally 100-150m maximum. Vertical – Brine only collected.
<b>Diagrams</b>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	See Figure 1 and Table 3.
<b>Balanced reporting</b>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Reconnaissance work only. Brine analyses obtained are regarded as significantly high to warrant follow up exploration.
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<p>Reconnaissance only, more detailed work planned. Cased holes and pump testing to follow.</p> <p>Data obtained is of a preliminary nature – geochemically anomalous samples obtained warranting follow up.</p>

Criteria	JORC Code explanation	Commentary
<b>Further work</b>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	Follow up RC and core drilling will be undertaken when relevant Permitting approvals are received.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Not applicable – commercially sensitive.

**Competent Persons Statement**

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr David O’Farrell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O’Farrell is a consultant to Reward Minerals Ltd. Mr O’Farrell has sufficient experience that 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 O’Farrell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.