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**LAKE DISAPPOINTMENT POTASH PROJECT UPDATE  
ASX ANNOUNCEMENT  
23 DECEMBER 2011**

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Reward Minerals Limited is pleased to advise that it has reached agreement with the Western Desert Lands Aboriginal Corporation ("WDLAC") and the Martu people on terms and conditions of a Mining and Indigenous Land Use Agreement (ILUA) applicable to the development of the Lake Disappointment Potash Project by Reward.

As shareholders are aware the achievement of an agreement with the Martu people has been a long and complex process for all parties.

Lake Disappointment is a site of great significance to Martu people and consequently the ability of Martu to make a fully informed consensus decision to allow entry and Potash recovery from the lake has required careful deliberation and much discussion between respective Martu groups. Reward expresses its appreciation of the very positive and constructive manner in which the Martu people have approached the negotiation process and for the concessions offered by Martu aimed at improving the project feasibility and potential.

The Agreement is conditional upon a definitive Heritage Survey to be undertaken in 2012 to ensure that the possibility of additional sites of significance within the lake work area has been addressed.

WDLAC and Reward Minerals plan to conduct this survey as soon as practicable in the new year following the Law Business period. Assuming a satisfactory outcome of the survey ("Clearance"), Reward will commence the feasibility and production related aspects of the Lake Disappointment Project immediately thereafter.

The issue of Reward Options and payment of certain expenses (see following) are predicated on the outcome of the survey and Reward's election to proceed to the next phase of the project following receipt of the survey report.

Essential elements of the Martu Lake Disappointment Mining Agreement are as follows.

## **KEY ITEMS OF WDLAC/MARTU COMPENSATION PACKAGE**

### **Commercial Terms**

1. \$500,000 payment upon execution of the Mining Agreement.  
\$500,000 payment upon Commencement of Mining.
2. Approximately \$650,000 as payments for surveys and negotiation costs – recent and past including \$175,000 upon execution of the Mining Agreement.
3. Issue of Options to WDLAC:  
  
4.5 million upon “Clearance” of the Lake Disappointment mine site.  
3.0 million upon Decision to Mine.  
7.5 million upon Commencement of Mining.  
  
The Options will be exercisable at \$0.50 and expire four years from the date of issue. This price was struck at the date of recommencement of negotiations early in 2011.
4. Royalty of 1.25% of the ex gate sales of Potash from the operation, rising to 1.5% of Potash production exceeding 600,000 TPA.

### **Other Commitments**

5. Cultural and Heritage Undertakings.
6. Commitments to employment, training and contracting opportunities for Martu people.
7. Appointment of one Martu representative to the Board of Reward Minerals Ltd.

The Company will also issue 5 million Options to Azure Capital Limited under the Azure mandate entered into on 15 December 2010. The Azure Options will be issued in two tranches – 3.0 million following execution of the Lake Disappointment Agreement and a further 2.0 million upon the election by Reward to proceed following the “Clearance” survey referred to above. The Azure Options are exercisable at \$0.45 and expire four years from the date of issue.

The Company acknowledges the invaluable assistance provided by Azure in the initiation and execution of negotiations between the Martu and Reward Minerals Ltd in respect of the Lake Disappointment Project.

Further information will be provided as it comes to hand.

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