



DATE: 29 July 2010
TO (COMPANY): Australian Securities Exchange
ATTENTION: Company Announcements Officer
FROM: Michael Ruane on behalf of the Board

QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 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 these sediments located within the Company's tenement holdings at Lake Mackay.

The potassium sulphate (SOP) content of the lakebed sediment was 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 preparation of a feasibility study.

Prior to committing to this phase the Company has engaged in discussions with Tjamu Tjamu people and other Traditional owner groups aimed at reaching agreement on terms for an Indigenous Land Use Agreement (ILUA) which would allow development to proceed at Lake Mackay.

To assist in explanation of development plans, Reward arranged a visit by a party of ten people nominated by the Traditional Owners to a solar salt production operation in Western Australia during the quarter. The visit was designed to provide the group with an overview of an operation very similar to a Potash recovery project as proposed by Reward at Lake Mackay. The visit was coordinated by Reward and Central Desert Native Title Services Ltd with two representatives from CDNTS accompanying the Traditional Owner group on the site visit.

Preliminary feedback from the visit and subsequent meeting was that the Traditional Owners would look favourably at a Potash recovery operation at Lake Mackay subject to agreement on Heritage considerations and commercial terms.

A meeting is planned for late July to discuss relevant issues and including commercial terms which could provide the basis for preparation of a Mining Agreement applicable to a mining operation at Lake Mackay.

Lake Disappointment Potash Project - Western Australia.

In 2007 Reward Minerals announced a JORC compliant Indicated Resource of 24.4 million tonnes of Potassium Sulfate (Sulfate of Potash - SOP) within Lake Disappointment in the north west of Western Australia.

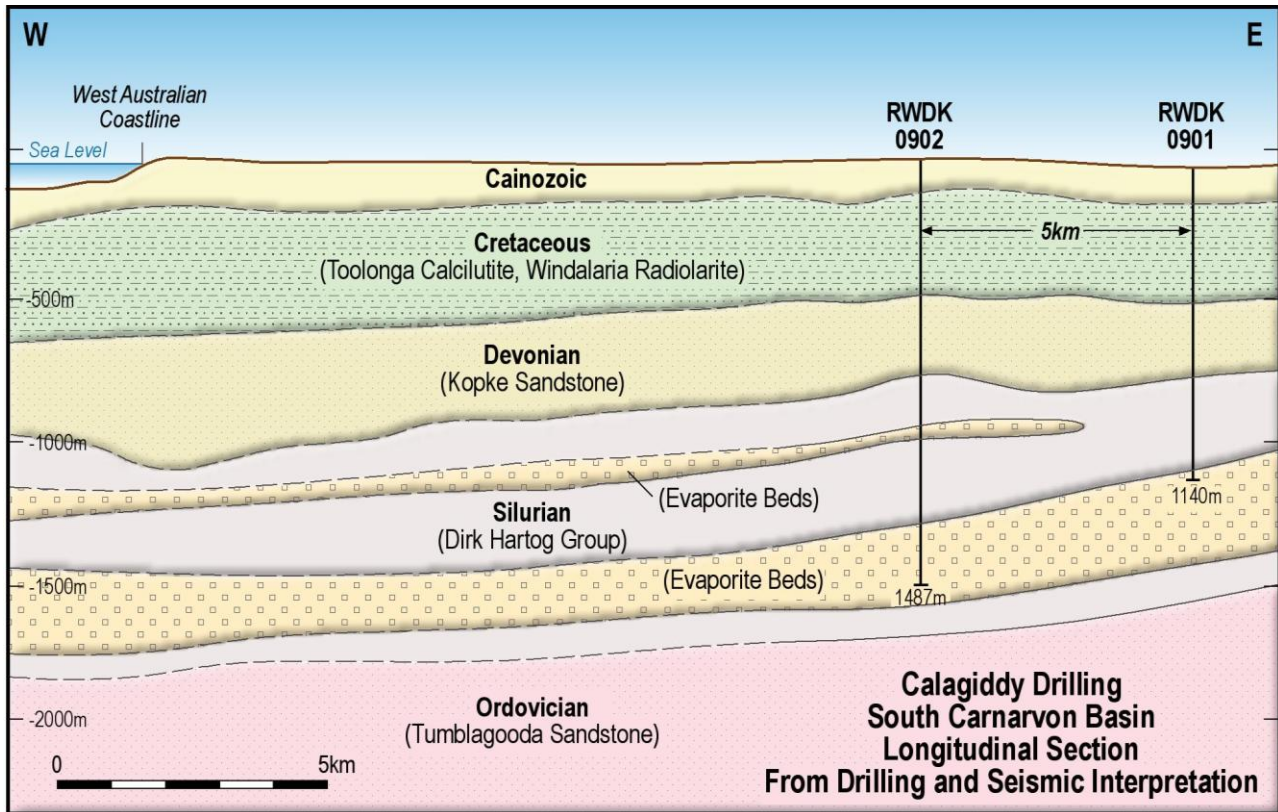
The Company executed a Term Sheet agreement applicable to mining of the resource with the Martu Traditional Owners in March 2008. However, execution of a follow up Mining Agreement and Indigenous Land Use Agreement were not achieved and the project has remained dormant since 2008.

The Company has continued its endeavors to move the project forward as it is of the view that many of the Martu people are in favour of development provided an acceptable Heritage and commercial agreement can be reached. In this context Reward Minerals Ltd continues to seek dialogue with WDLAC and the Martu Traditional Owners which hopefully will lead a resumption of negotiations and resolution of the current developmental impasse.

Carnarvon Basin Potash Project - Western Australia.

During the December quarter 2009 the company completed drill hole RWDK0902 approximately 55 kilometres east south east of Carnarvon and 45 kilometres east of the coast (15 kilometres due south of Carnarvon). 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 1).

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. The Company has 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. A decision on drilling of this hole will be made shortly.



*Carnarvon Basin drill section, WA
Figure 1*

Karinga Lakes NT Potash Project - Rum Jungle Uranium Ltd/Reward Minerals Ltd 50:50 JV

The Karinga Lakes project comprises two Exploration Licences 24987 and 25080 covering 1,740km² of playa lakes 150 kilometres south of Alice Springs NT which appears to be an extension of the Lake Amadeus paleodrainage system.

The Eastern margin of the system of evaporite and salt lake deposits transects the Stuart Highway and the Central Australian Railway. See Figure 2.

During the period RUM as manager of the JV conducted a comprehensive sampling program over the tenement area and playa system. RUM Collected 62 brine samples from the sites indicated in Figure 2 and submitted them for analysis. Results of the analysis were reported by RUM as follows.

“Potassium values ranged from 1800 ppm (0.18%) to 11000 ppm (1.1%) with an average 4777 ppm (4.7kg per m³) (0.47%). The average sulphate content of all samples was 31404 ppm (3.14%), thereby confirming the high sulfate nature of the brines. The grades compare favourably with other significant occurrences as outlined in the tables below demonstrating molecular ratios compared between four lake clusters at Karinga, Lake Disappointment in WA and Great Salt Lake (USA) hence their potential to produce potassium sulfate SOP. The average potassium content observed translates to 10.6kg of SOP per m³ of brine.

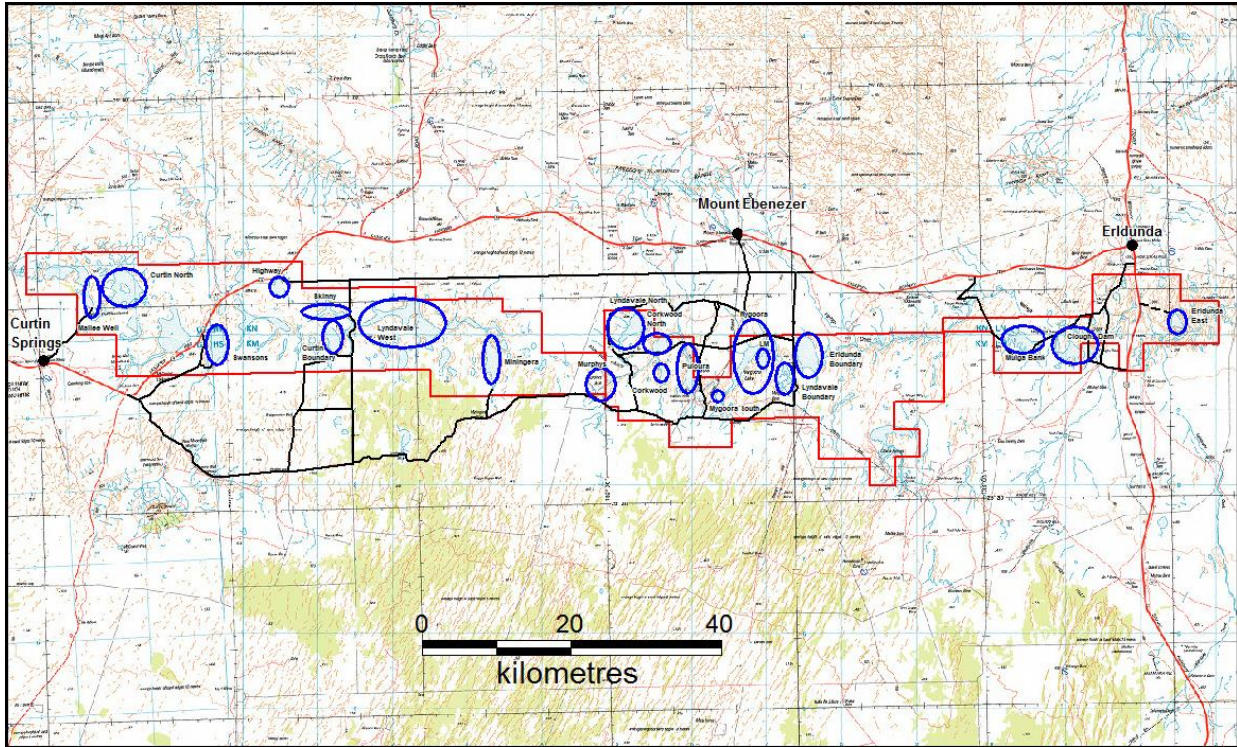


Figure 2: Location of Karinga Playa Lake System

1. Molecular ratios of key elements. Comparison of Amadeus brine results to Lake Disappointment (WA) and Great Salt Lake production area Utah (USA).

Mole Ratios	K ₂	Mg	SO ₄
Cluster 1 Amadeus	9.57	41.00	49.47
Miningera Amadeus	15.40	30.25	54.34
Cluster 2 Amadeus	7.94	47.72	44.34
Cluster 3 Amadeus	9.74	42.98	47.28
Lake Disappointment	11.92	42.06	46.03
Great Salt Lake US	10.70	55.40	33.90

2. Brine requirements to produce 200,000 tonnes per annum of K₂SO₄ @ 100% recovery.

	NaCl/K ₂ SO ₄	M3/Brine/T K ₂ SO ₄	M3/Brine per annum*
Cluster 1	24.60	84.82	16.96 x 10 ⁶
Miningera	13.06	47.78	9.55 x 10 ⁶
Cluster 2	20.18	73.26	14.65 x 10 ⁶
Cluster 3	17.57	68.49	13.70 x 10 ⁶
Lake Disappointment	13.50	82.03	16.41 x 10 ⁶
Great Salt Lake US	15.90	76.60	15.33 x 10 ⁶

Whilst the first table demonstrates that economic grades of potash might be available, the second table emphasises that substantial quantities of brine will need to be proven within the chain of lakes and underlying palaeo drainage system held by the Joint Venture.

The next stage of exploration will be to select drill sites, pump test aquifers and to continue sampling brine solution from the many untested lakes within the system.”

Moora Greensand Project, Western Australia

During the June quarter two Exploration Licences E70/3849 and E70/3850 covering 756km² in the area between Dandaragan and Moora in Western Australia were granted to the Company.

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 is believed to underlie much of the tenement area applied for by Reward. Currently, most of the tenement area is utilized for grain cropping and livestock rearing.

The Company is awaiting approval from the Dept of Mines & Petroleum to proceed with a drilling program outlined. 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 near surface, as well as provide material for ongoing metallurgical test work.

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. The Company has been advised 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 are seeking 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 still awaiting a response. Drilling contract negotiations have been put on hold until certainty over access, and thus timing, can be finalised.

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. Nigel Cranley who is a member of the Australian Institute of Mining and Metallurgy. Mr. Cranley 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. Cranley 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, 01/06/10.

Name of entity

Reward Minerals Ltd

ABN

50 009 173 602

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(219)	(402)
(b) development	-	-
(c) production	-	-
(d) administration	(107)	(140)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	55
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(17)	16
1.8 Native title costs	(2)	(87)
Net Operating Cash Flows	(308)	(558)
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(308)	(558)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(308)	(558)
	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	(308)	(558)
1.20	Cash at beginning of quarter/year to date	3,067	3,317
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,759	2,759

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	54
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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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	255
4.2 Development	-
4.3 Production	-
4.4 Administration	60
Total	315

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	409	567
5.2 Deposits at call	2,350	2,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,759	3,067

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	M45/1171	Withdrawn	100%	Nil
	E09/1497	Surrendered	100%	Nil
6.2 Interests in mining tenements acquired or increased	E70/3849	Granted	Nil	100%
	E70/3850	Granted	Nil	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: 29 - JULY 2010
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.