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**ASX CODE: RWD**

## DIRECTORS

Colin McCavana  
*Chairman*

Rod Della Vedova  
*Non-Executive Director*

Michael Ruane  
*Executive Director*

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*CEO*

Bianca Taveira  
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# REWARD SIGNS EXCLUSIVITY DEED TO ACQUIRE THE BEYONDIE SOP PROJECT

PERTH, Western Australia (16 November, 2023) - Reward Minerals Limited (ASX: RWD) (Reward or the Company) is pleased to announce that it has entered into an exclusivity deed with the Receivers of Kalium Lakes Limited (Administrators appointed) (Receivers and Managers appointed) (ASX: KLL) ACN 613 656 643 (Kalium) relating to the potential acquisition of the Beyondie Sulphate of Potash (SOP) Project, located approximately 160 km SE of Newman, Western Australia (Beyondie Project).

## Highlights

- ✓ Reward has entered into an exclusivity deed with Kalium to provide a period of exclusivity during which the parties have agreed that they intend to negotiate in good faith to seek to agree the terms of a sale agreement and any associated documents required to give effect to the sale of the Beyondie Project, in line with key terms set out in a non-binding term sheet.
- ✓ Total upfront consideration of \$14.75 million cash (plus a final payment of \$5 million by 30 June 2025 and an exclusivity payment of \$250,000).
- ✓ The previous owners of the Beyondie Project are estimated to have spent in excess of \$400 million<sup>1</sup> on Mineral Resource/Reserve definition<sup>2</sup>, development, construction and operations of the only producing SOP mine in Australia<sup>3</sup>, prior to the appointment of Receivers and Managers and Voluntary Administrators on 3 August 2023.
- ✓ Significant infrastructure includes;
  - Fully constructed and permitted SOP trench and brine field, fresh water bore field, evaporation ponds and processing operations.
  - Numerous granted Mining, Miscellaneous Licences and Exploration Tenements covering an area of approximately 1,800 square kilometres.
  - 7.5MW Power Station.
- ✓ The Reward team, led by Executive Director Dr Michael Ruane, has over 50 years combined solar salt and SOP technical and commercial experience. The team has been investigating the Beyondie Project for some time and believes the current flowsheet and unit operations at Beyondie can be simplified with a view to enabling profitable SOP production at the site. Incorporation of aspects of Reward's new SOP Potash processing technology (Reward Process)<sup>4</sup> may also enhance the revenue generating possibilities from the substantial SOP brine resources identified.
- ✓ Reward's proposed changes to the evaporation and processing techniques at the Beyondie Project are subject to site based confirmation studies and statutory approvals, however, have potential to generate significant value for Reward shareholders.

- ✓ Market outlook for SOP remains attractive, driven by population growth, restricted supply, low-chloride fertilizer demand and increased usage for higher value crops driving strong prices expected to continue in coming years.
- ✓ The upfront consideration is proposed to be funded via an equity raising for a minimum of \$16 million, expected to be via an Entitlement Issue, with details to be announced in due course.

**Dr Michael Ruane, Reward's Executive Director said:**

*"It is rare that the opportunity exists to acquire an asset such as the Beyondie SOP Project. The project is well advanced in a technical sense and is a perfect fit with the Reward team skill set.*

*A further bonus of the acquisition is that with relatively minor modifications, the Beyondie operation will serve as a low cost R&D facility required to confirm the operational parameters associated with the new **Reward Process**.*

*Laboratory testwork already undertaken suggests that the Beyondie feed brine responds well to the Reward Process."*

**Overview of the Beyondie Project**

1. Kalium was listed on the ASX in June 2016. From 2016, KLL raised over \$450 million in debt and equity funding to acquire and develop the Beyondie Project<sup>1</sup>.
2. The first Mining Tenements of the Beyondie Project were granted in 2018 and exploration commenced.
3. By June 2019, Haulage, Port and Gas Supply/Transport contracts were awarded.
4. By November/December 2019, a \$176 million Project Finance package was finalised and construction of the Beyondie Project commenced.
5. In October 2021, first SOP Production was achieved.
6. Numerous operational obstacles appeared in evaporation pond management, brine chemistry, salts harvesting and in flotation upgrade of crude Potash salts. These obstacles resulted in substantial cost over runs and eventually shut down of operations. By August 2022, a debt restructure of the Beyondie Project was required.
7. On 3 August 2023, Martin Jones, Matthew Woods and Clint Joseph of KPMG were appointed as Voluntary Administrators of Kalium and its subsidiaries, following which the secured lenders of Kalium appointed Rob Brauer, Jason Preston and Rob Kirman of McGrath Nicol as Receivers and Managers.

## Overview of the Proposed Transaction

Reward has entered into an exclusivity deed with Kalium relating to the acquisition of 100% of the issued share capital of Kalium Lakes Infrastructure Pty Ltd (**KLI**) and Kalium Lakes Potash Pty Ltd (**KLP**), being the operating entities of the Beyondie Project (**Proposed Transaction**). KLP is the employing entity for the Beyondie Project, with the majority of suppliers contracted through KLP. KLI holds the non-process infrastructure assets for the Beyondie Project.

The key terms of the exclusivity deed include:

- Reward to pay a A\$250,000 exclusivity deposit to Kalium (**Exclusivity Payment**).
- The parties intend to negotiate in good faith with a view to entering into formal documentation for the Proposed Transaction based on key terms set out in a non-binding term sheet (**Formal Documentation**) on or before, 5pm on 17 November 2023 (or such later date as agreed by the parties) (**Exclusivity Period**)
- Kalium has agreed to customary "no shop" and "no talk" restrictions in favour of Reward, including an obligation to cease any discussions already on foot with any third party.
- If the parties execute Formal Documentation for the Proposed Transaction within the Exclusivity Period, the A\$250,000 exclusivity deposit will be applied towards the total cash consideration payable by Reward. Otherwise, except in the case of breach of the exclusivity deed by Kalium, the deposit will be retained by Kalium.

As part of the exclusivity deed, Tyson Resources Pty Ltd (**Tyson Resources**), an entity associated with Executive Director, Michael Ruane, has agreed to provide \$750,000 of loan funding to Kalium to cover costs associated with the ongoing shut down and maintenance of the Beyondie Project (**Loan**). The Loan is to be provided in 3 weekly tranches of \$250,000 which commenced on 13 November 2023 and is unsecured. The Loan is repayable by Kalium to Tyson Resources upon completion of the Proposed Transaction or in the case of termination of the Formal Documentation due to breach by Kalium. There is no recourse against Reward in relation to the Loan. In the event that Kalium and Reward fail to enter into Formal Documentation for the Proposed Transaction during the Exclusivity Period, Tyson Resources will have the right to acquire the Beyondie Project on substantially the same terms as Reward.

Should the Proposed Transaction complete, the shares in KLI and KLP will be acquired by Reward free of encumbrances, unless otherwise agreed by the parties. In addition, a key condition to completion of the Proposed Transaction will be Reward reaching agreement with the Administrators and Receivers and Managers of KLI and KLP for deeds of company arrangement (**DOCAs**) in relation to KLI and KLP and creditors of KLI and KLP approving such DOCAs.

As the Proposed Transaction remains subject to the negotiation of, and entry into, the Formal Documentation and the receipt of necessary approvals, there is no assurance that the Proposed Transaction will proceed. Neither Reward nor Kalium is under any obligation to proceed with the Proposed Transaction or to enter into the Formal Documentation unless they are satisfied in all respects with the terms and conditions of the Formal Documentation.

Notwithstanding the above, for the purposes of section 4.15 of ASX Guidance Note 8, the Company notes the following key terms of the non-binding term sheet which are proposed to be included in the Formal Documentation:

- **Consideration:** In addition to the Exclusivity Payment, Reward will pay the following amounts to Kalium:
  - \$14.75 million cash on completion of the transfer of all of the shares in KLI and KLP to Reward, which is to occur following satisfaction of all conditions to effectuation of the DOCA, other than completion of the sale of the shares in KLI and KLP.
  - Final payment of \$5 million cash by 30 June 2025.
- **Expected date of Completion:** The end date for completion for the Proposed Transaction is 25 January 2024 (which may be extended by agreement of the Parties, subject to the parties obtaining any approvals or

consents reasonably required in relation to such extension). Subject to the timing of the Capital Raising (see below), Reward considers completion of the Proposed Transaction by this date is achievable, however Reward will keep the market updated regarding the need for any extension of this date.

- **Intended source of funds:** Subject to Shareholder approval pursuant to Listing Rule 11.1.2 (see below), the Company intends to conduct a capital raising to raise approximately \$22.785 million (before costs) (**Capital Raising**). Details of the Capital Raising and the effect on the total issued capital of the entity will be confirmed by the Company as soon as possible following execution of the Formal Documentation, with the Capital Raising expected to be conducted in early to mid-January 2024.
- **Conditions Precedent:** Completion of the Proposed Transaction will be subject to agreed conditions precedent including:
  - Reward reaching agreement with the Administrators and Receivers of KLI and KLP on terms and arrangements required by Reward for a DOCA allowing the restructure of KLI and KLP for smooth execution of the Proposed Transaction and treatment of current stakeholders in KLI and KLP, and creditors of KLI and KLP approving each DOCA;
  - Entry into a loan agreement and general security deed between Tyson Resources and Kalium (**Loan Documentation**), on terms acceptable to the Receivers and Tyson Resources, pursuant to which Tyson Resources will provide loan funding of \$8 million to KLL towards prepayment of a post-administration secured debt outstanding from Kalium to a third party lender (**Tyson Loan**). The Tyson Loan is to be secured and will receive interest at a rate of 12.5% per annum from 1 January 2024 should the Proposed Transaction not complete due to the DOCAs not being approved or breach by Kalium or the Receivers. The Tyson Loan (including attaching interest) will be repaid on completion of the Proposed Transaction. There is no recourse against Reward in relation to the Tyson Loan. In the event that the Formal Documentation is terminated, Tyson Resources will receive an option exercisable within 5 Business Days of such termination to the effect that Tyson Resources can acquire KLI and KLP on substantially the same terms as Reward (with the Consideration to be satisfied in part by setting off the Tyson Loan plus the \$750,000 loan funding provided in accordance with the Exclusivity Deed, plus applicable interest);
  - Shareholder approval pursuant to Listing Rule 11.1.2 (see below); and
  - Reward completing a capital raising of not less than \$16 million (before costs).
- **Required shareholder approval:** ASX has determined the Proposed Transaction comprises a significant change in the nature and scale of the Company's activities that:
  - requires the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2; and
  - does not require the Company to re-comply with chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3.

Accordingly, the Company intends to issue a notice of meeting seeking Shareholder approval for the change in the nature and scale of the activities of the Company pursuant to Listing Rule 11.1.2 as soon as practicable following entry into the Formal Documentation, with the intention to hold the necessary meeting in late December 2023.

- **Changes to the board or senior management:** There will no change to the board or senior management of the Company in relation to the Proposed Transaction.

Subject to entry into the Formal Documentation and completion of the Proposed Transaction, Reward intends to maintain the Beyondie Project on care and maintenance for a period of 12 months whilst Reward works to assess the shortcomings of the operation at the Beyondie Project and establish potential solutions to the remaining problems identified at the Beyondie Project. In this regard, Reward notes that the Beyondie Project is already in

care and maintenance. A key component to Reward's activities following completion of the Proposed Transaction will be to work to incorporate the Reward Process into the Beyondie Project brine supply/pond system and plant flow sheet. This will be a low cost R&D program designed to utilise existing plant and infrastructure at the Beyondie Project. Following such work, Reward will be in a position to notify shareholders of the prospects of the viability of the Beyondie Project processing plant returning to revenue generation and any additional capital expenditure required.

The intended use of funds raised from the Capital Raising during the 12 months following Completion is expected to be in accordance with the table below:

<b>Item</b>	<b>Amount</b>
Consideration for the Proposed Transaction <sup>1</sup>	\$14,750,000
Capital Raising Fees	\$1,362,000
Additional costs related to the Proposed Transaction (e.g. legal fees, accounting/finance costs, other advisors/consultants)	\$250,000
Corporate Overheads	\$600,000
Development & Tenement Expenditure	\$1,500,000
Care & Maintenance Activities	\$2,000,000
Kumpupintil Lake Potash Project Costs	\$650,000
General Working Capital	\$1,673,314
<b>Total</b>	<b>\$22,785,314</b>

**Notes:**

1. Excludes the exclusivity payment of \$250,000.

*Notes:*

1. *KLL ASX announcement - Kalium Lakes Equity Capital Raising Presentation dated 18 August 2022 plus KLL ASX announcements since inception in December 2016*
2. *KLL ASX announcement – Beyondie SOP Mine Annual Resource & Reserve Statement dated 14 October 2022*
3. *KLL ASX announcement – Annual Report 2022 dated 25 October 2022*
4. *RWD ASX announcement – Positive Engineering Scoping Study Results dated 28 September 2023*

*Authorised by the Board of Reward.*

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### ***About Reward***

Reward is an ASX-listed advanced-stage sulphate of potash exploration and development company. Reward's flagship is its 100%-owned Kumpupintil Lake Potash Project, located east of Newman in north-western Western Australia. The Project hosts Australia's largest high-grade brine SOP deposit in a region with the highest evaporation rate.

Reward completed a detailed, conservative Pre-Feasibility Study which was updated with improved logistics in July 2018. An Indigenous Land Use Agreement ("ILUA") is in place with JYAC, the prescribed body corporate for Martu, the traditional owners of the land upon which Kumpupintil Lake is situated.

Key environmental approvals are in place and development can commence on completion of final feasibility studies and secondary regulatory approvals. The Company is currently progressing a Cultural Heritage Management Plan required by the ILUA to manage considerations related to cultural landscape characteristics in the project area.

Reward is also focused on advancement of its 100% owned Carnarvon Potash Project, located north of Carnarvon in north-western Western Australia which comprises one Exploration Licence application E09/2763.

Reward is also the 100% owner and developer of new processing technology for recovery of high-purity SOP from seawater and other high sulphate brines ("Reward Process"). The Company submitted an Australian Provisional Patent Application (Application Number - 2022902277) for the Reward Process on 11 August 2022 and completed the international application prior to 11 August 2023.

### ***Forward-Looking Statements***

This document may contain certain "forward-looking statements". When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Reward believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

For a more detailed discussion of such risks and uncertainties, see Reward's other ASX Releases, Presentations and Annual Reports. Readers should not place undue reliance on forward-looking statements. Reward does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this ASX Release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

### ***Metallurgical Results – Competent Persons Statement***

The information in this report that relates to Brine metallurgical testwork and Analyses is based on information compiled by Mr Warren Hinchliffe who is a Member of The Australian Institute of Mining and Metallurgy. Mr Hinchliffe is a consultant to Reward Minerals Ltd. Mr Hinchliffe has sufficient experience that is relevant to the processing of Potash resource brines 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 Hinchliffe consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.