

Reward Minerals Ltd

Progressing the Lake Disappointment potash project

Reward Minerals Ltd (ASX:RWD) is the developer of the Lake Disappointment SOP (sulphate of potash) project in Western Australia. The Lake Disappointment SOP deposit is Australia's largest and the project has an indicated and inferred resource of 153Mt of SOP with a grade of approximately 11.3kg/m³ of SOP brine in sediments from surface to approximately 90m depth. The project is at an advanced stage having a completed pre-feasibility study which demonstrated that the project is technically robust and economically attractive. The study assumed a 25-year life producing over 400,000tpa of high purity SOP which would extract less than 10% of the total resource. The company is currently in the final stages of its environmental permitting process at both state and federal levels and critically, has a fully executed Indigenous Land Use agreement ("ILUA") with the Martu people, traditional owner of the land. RWD also has tenements in the Officer Basin to the east of the Lake Disappointment project where it is targeting shallow SOP mineralisation. The company last raised cash in August 2018 via a 1 for 5 non-renounceable rights issue at \$0.18/share, raising \$4.86m. Net cash at 31 March 2019 was \$2.0m, with the company noting at its AGM on May 28 that net cash was ~\$1.6m. Estimated cash burn for the June quarter is \$0.75m.

The Project

The Lake Disappointment Potash Project is situated 866km south-east of Port Hedland in WA, accessible via sealed roads and tracks from the main highway. RWD intends to mine, process and ship the SOP to Port Hedland. The Project has completed a Pre-Feasibility Study (PFS) and submitted its Environmental Review Document (ERD) to the WA Environmental Protection Agency (EPA) in late 2018. The Company believes that Ministerial approval could be achieved by the end of the year. Reward Minerals' PFS on the Project confirmed that a 400,000tpa, 25-year project, would utilise less than 10% of the current indicated and inferred resource. The PFS concluded that, based on an all-in capital cost of A\$451m (including contingencies and pre-production costs) and using a long-run US\$500/t SOP price, the Project would deliver a post-tax NVP (8% discount rate) of \$293mn and an IRR of 15%.

Global demand

Currently Australia has no operating SOP projects although several companies are at various stages of development. Global product demand is ~7Mt generating ~US\$3-4bn for producers. China is the largest market, consuming some 4.4Mtpa, according to industry researchers CRU International, and is also the largest producer of SOP.

Pathway to development

Reward Minerals is primarily focused on developing its Lake Disappointment project, although it also has highly prospective SOP mineral exploration tenements in the Officer Basin. In the near term, progress at Lake Disappointment will be dependent on securing environmental approvals, after which a resource update and the final stage of process testwork can be completed which will feed into the completion of a definitive feasibility study. Progress and completion of these steps will require additional financing.

Share details

ASX Code	RWD
Share Price	\$0.083
Market Capitalisation	\$13.2M
Number of shares	162.6M
Rights and options on issue	17.6M
Net cash at 28 May	~\$1.6M

Share price performance (12 months)



Upside Case

- Global SOP supply remains tight keeping prices consistently at US\$500/t free onboard (FOB)
- PFS extracted less than 10% of the current resource for a 25-year project
- The PFS was conservative in terms of grade and flow rate; potential for increased production and/or reduced operating costs

Downside Case

- Risk of delays in EIS approvals
- Remote site with limited infrastructure
- There is one more advanced SOP project in Australia

Catalysts

- Federal and state EIS approvals (circa end 2019)
- Resource update, completion of feasibility final phase of testwork and definitive feasibility study

Comparative companies (Australia & NZ)

APC, AMN, BCI, KLL, SO4

Company contacts

Greg Cochran (CEO) +61 8 9386 4699
admin@rewardminerals.com

RaaS contacts

Finola Burke +61 414 354 712
finola.burke@raasgroup.com
Andrew Williams +61 417 880 680
andrew.williams@raasgroup.com

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26th November 2018

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License (“AFSL”) number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS’s services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS, 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS’s representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR’s internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren’t satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMER and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363) and should be read in conjunction with RaaS Advisory's Financial Services Guide in the two pages preceding. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; however RaaS Advisory cannot guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory is a Corporate Authorised Representative under AFSL licence No 456663. This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. Past performance is not a guarantee of future performance. To the maximum extent permitted by law, RaaS Advisory, its affiliates, the respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. Copyright 2019 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.