



DATE: 26 October 2006  
TO (COMPANY): Australian Stock Exchange  
ATTENTION: Company Announcements Officer  
FROM: Michael Ruane on behalf of the Board

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## QUARTERLY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2006

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### Operations Report

#### Potash Project - Lake Disappointment, Western Australia

In the first quarter of 2006 an Access and Heritage agreement was executed between the Martu People and the Company in respect of Exploration Licenses E69/2156-2159, E45/2801-04 which cover Lake Disappointment and Lake Auld in WA. As a consequence, Native Title objections to the grant of the tenements were withdrawn and the tenements were subsequently granted during the September quarter.

Throughout the June quarter several meetings occurred between the Company and the Traditional Owners (Martu People) to discuss access matters and the Company's plans for exploration and possible development at Lake Disappointment. One of the meetings with the Traditional Owners was on site at Lake Disappointment to discuss the significance of the area to the Martu People and areas of possible disturbance by Company activities should development proceed.

At subsequent meetings during the September quarter, held with the community leaders and their legal representatives, the company outlined its proposals for exploration and development. A meeting is scheduled for October where the proposals will be presented to the broader Martu community for approval.

A favourable outcome would see an immediate commencement of activities on site. Initially, a drilling programme will be accompanied by an independent Hydrogeological study with a view to providing a JORC compliant brine/potassium sulphate resource estimate for Lake Disappointment. Once the resource work is completed, pilot scale evaporation ponds will be constructed and operated to establish crystallisation and refining process parameters.

As advised in earlier announcements, preliminary sampling of Lake Disappointment indicated that the lake is a large repository of brine containing significant quantities of potassium sulphate (SOP). SOP is used extensively as a potash source in fertilizers. Imports of potash to Australia currently exceed \$200 million per annum at the retail level.

Brine samples collected from Lake Disappointment analysed between 1.0% and 3.5% potassium sulphate and between 2.7% and 9.9% magnesium sulphate. The variations in the concentrations shown are primarily a function of water content of the brine in the respective sampling locations. The compositions of the brine samples collected to date are relatively consistent in terms of Potassium/Magnesium/Sulphate ratios. The brines are similar in composition to those, which occur in Great Salt Lake, Utah, which are used for potassium sulphate production in that location.

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Analysis of sediments and brines from Lake Disappointment and Lake Auld indicated the following soluble potassium sulphate contents:

	<u>Lakebed Solids*</u>	<u>Lakebed Brines**</u>
Lake Disappointment	0.33 - 0.61	1.00 - 3.50
Lake Auld	0.74 - 0.82	3.10 - 3.37

\* grams of Potassium Sulphate per 100 grams of dry (lake bed) solids.

\*\* grams of Potassium Sulphate per 100 grams of brine.

Since the lakes cover substantial areas, in particular Lake Disappointment (1,600km<sup>2</sup>), they have potential to host large resources of potassium and magnesium sulphates in a form amenable to recovery by conventional solar evaporation and chemical separation technologies.

### **Jervois Base Metal Project, Northern Territory**

The Jervois Range project is located approximately 380km northeast of Alice Springs. It consists of 32 contiguous tenements covering a total area of 117 sq km. Base metal mineralisation has been known in the area since 1920 and exploration since then has demonstrated that substantial mineralisation (mainly copper) occurs intermittently over a strike length of at least 10km and to a depth, in places, of 400m.

A reverse circulation (RC) drilling programme was conducted at Jervois during the quarter. Some 21 holes for an advance of 2653 metres were completed. The drilling was carried out on five separate prospect areas.

At the Bellbird prospect the drilling aimed to test the strike extent of mineralisation delineated in drilling last year. Highlights of last year's exploration include the following down-hole, near true width, intersections of copper mineralisation from the Bellbird Prospect: -

**5 metres at 4.54% copper in hole RJ 28**  
**6 metres at 5.2% copper in hole RJ 29**  
**12 metres at 2.85% copper in hole RJ30**  
**8 metres at 3.28% copper in hole RJ 37**

At the Marshall prospect drilling will test a major geophysical (IP) target. The nearest drilling, approximately 40 metres to the south, had returned the following, true width intersections: -

**18.8 metres at 2.24% copper in hole J 13**  
**9.2 metres at 2.74% copper in hole PR46**

The drilling at the Reward prospect aims to delineate the extent of the copper mineralisation returned from previous campaigns, including: -

**11.5 metres at 3.88% copper in hole J 15 (true width)**

All of the samples from the drilling programme have been submitted for analysis. Results are expected in October and significant intersections will be released to the market as they come hand. A second phase of drilling is scheduled for the December quarter, to follow up on the findings of the current drilling

### **Gabanintha Project, Western Australia**

This gold project consists of 5 granted Prospecting Licences, 12 Prospecting Licence Applications, 2 Mining Lease Applications and 3 Exploration Licence Applications, covering a total area of 81 sq km, 45 km south east of Meekatharra, WA.

Exploration during the first half of the year culminated in the definition of a drill indicated gold resource immediately north of the Yagahong Pit, previously mined by Dominion Mining Ltd (1987-91).

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At 4g/t Au and 1g/t Au cutoff grades a JORC compliant Drill Indicated Resource has been calculated for the prospect as follows:

**4g/t Au lower cut**

151,000 tonnes @ 12.1g/t Au for 59,121ozs (no upper cut)

148,000 tonnes @ 10.7g/t Au for 51,027ozs (50g/t upper cut)

**1g/t Au lower cut**

511,470 tonnes @ 4.35g/t Au for 71,559ozs (50g/t upper cut)

Results were received, during the September quarter, for a drilling programme completed in June at Gabanintha, as well as a subsequent round of drilling carried out in July. Four metre composite results, pertaining to the first four holes, were released in the June quarterly report. The following details the one metre splits of those intersections, and the concomitant eight holes.

The twelve reverse circulation holes were completed on a 40m x 20m grid for a total of 1,529 metres. The first round of drilling, carried out in June, aimed to test targets defined from a recent structural interpretation of limited historical data. The second round was conducted in July and was utilised to better assess the geometry of the mineralisation encountered. A number of significant gold intersections were obtained.

The drilling has validated the structural model, and qualified its relevance to gold mineralisation at Gabanintha. Further drilling, scheduled for the December quarter, is planned to test the strike and depth extents of the gold mineralisation delineated to date. The aim of the drilling is to define high-grade gold resources to supplement the resources defined to date at the company's Yagahong deposit.

The tenements covering Golden Hope North and the resources defined at Yagahong are being converted to a mining lease. Notice of proposal to grant the tenement, as required by the Native Title Act, was advertised by DOIR during the quarter.

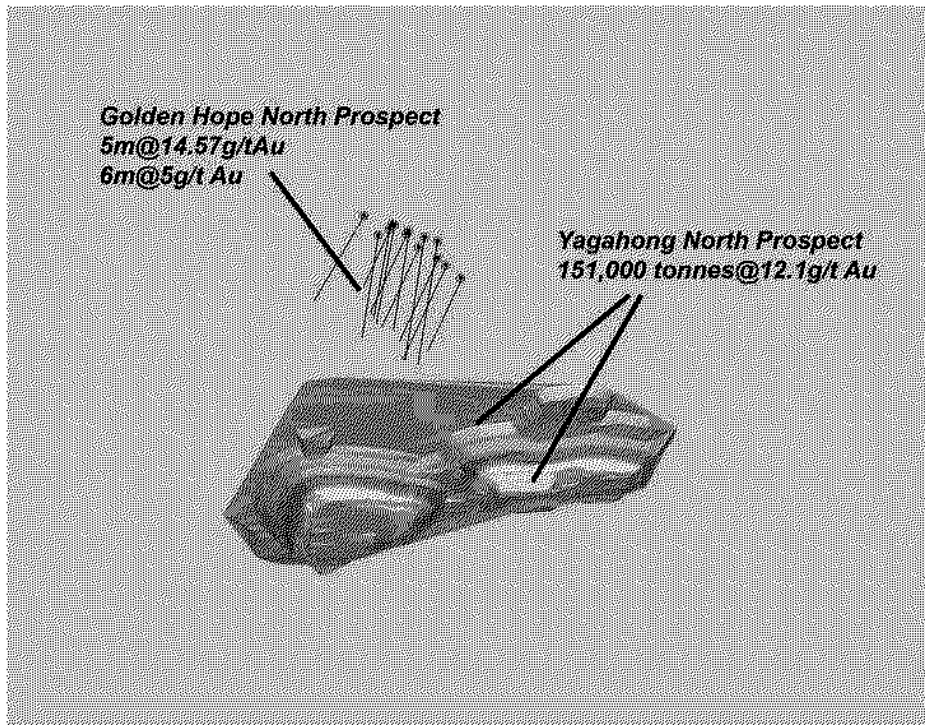
Gold assays for holes drilled during the programme are tabulated below. An image illustrating the relationship between the Golden Hope North drilling, and the Yagahong resource is also included below.

Hole	Northing (m)	Easting (m)	Azimuth	Dip	Depth (m)	From (m)	Width (m)	Au g/t
GRC6040	7022108	662527	225	60	105	77	5	14.57
		<i>Including</i>				78	1	53.70
						91	1	3.40
						102	1	1.45
GRC6041	7022081	662565	225	60	105	71	1	1.95
GRC6043	7022055	662626	225	60	125	20	4	2.22
						29	2	1.22
GRC6043	7022055	662626	225	60	125	33	1	1.85
						116	1	1.97
GRC6047	7022111	662551	165	60	150	109	1	1.79
GRC6050	7022110	662500	168	60	108	62	4	7.14
		<i>Including</i>				64	1	14.20
GRC6051	7022122	662497	168	60	120	64	2	1.77
						105	3	4.56
		<i>Including</i>				105	1	12.36

**Notes**

- [1] 0.5 g/t Au lower cut and no upper cut applied and no internal dilution
- [2] Intersections calculated as weighted averages
- [3] Intersections quoted are down hole widths. True widths are uncertain at this time.

## Yagahong North Pit with Golden Hope Prospect to North



We advise in accordance with Australian Stock Exchange Limited Listing Rules 5(6) that the exploration results contained within this ASX Release is based on information compiled by Mr Greg Cunnold who is a member of the Australian Institute of Mining and Metallurgy. Mr Cunnold is a full time employee 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 Cunnold 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".

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Tenement Schedule

Prospect Area	Tenement	Area (ha)	RWD Equity	Registered Holder/ Applicant
Gabanintha	P51/2328	141	100%	RML
	P51/2329	192	100%	RML
	P51/2330	196	100%	RML
	P51/2331	127	100%	RML
	ML(A)836	651	100%	RML
	P51/2332	200	100%	ABB
	P51/2395	109	100%	A
	P51/2432	114	100%	ABB
	P51/2433	148	100%	ABB
	P51/2434	116	100%	ABB
	P51/2435	121	100%	ABB
	P51/2436	116	100%	ABB
	P51/2437	85	100%	ABB
	PL(A)2438	195	100%	ABB
	PL(A)2439	88	100%	ABB
	P51/2483	188	100%	HTW
	EL51/1029	270	100%	HTW
	EL51/1030	560	100%	HTW
	EL(A)51/1005	1960	100%	A
	PL(A)51/2523	13	100%	RML
PL(A)51/2513	39	100%	RML	
Jervois	MCS13	32.40	100%	RML
	MCS14	32.40	100%	RML
	MCS15	32.40	100%	RML
	MCS16	32.40	100%	RML
	MCS17	32.40	100%	RML
	MCS18	32.40	100%	RML
	MCS19	32.40	100%	RML
	MCS20	16.19	100%	RML
	MCS21	30.67	100%	RML
	MCS22	18.2	100%	RML
	MCS23	25.9	100%	RML
	MCS24	25.9	100%	RML
	MCS25	24.8	100%	RML
	MCS26	32.4	100%	RML
	MCS27	1.2	100%	RML
	MCS28	11.7	100%	RML
	MLS10	16.19	100%	RML
	MLS16	15.86	100%	RML
	MLS17	15.86	100%	RML
	MLS23	8.09	100%	RML
	MLS51	16.18	100%	RML
	MLS52	16.18	100%	RML
	MLS53	16.18	100%	RML
	MLS54	16.18	100%	RML
	MLS55	16.18	100%	RML
	MLS56	16.18	100%	RML
	MLS57	16.18	100%	RML
	MLS61	16.18	100%	RML

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Tenement Schedule (continued)

Prospect Area	Tenement	Area (ha)	RWD Equity	Holder Applicant
	MLS62	16.18	100%	RML
	MLS90	3.67	100%	RML
	ANS19	2.45	100%	RML
	ANS20	16.17	100%	RML
	ANS21	16.17	100%	RML
	EL10419	53.9 km <sup>2</sup>	100%	RML
	EL9518	57 km <sup>2</sup>	100%	RML
<b>Richenda</b>	E04/1419	143.9 km <sup>2</sup>	100%	TYS
<b>Lake Disappointment</b>	ELA69/2156	162.2 km <sup>2</sup>	100%	HOL
	ELA69/2157	200 km <sup>2</sup>	100%	HOL
	ELA69/2158	200 km <sup>2</sup>	100%	HOL
	ELA69/2159	200 km <sup>2</sup>	100%	HOL
<b>Lake Auld</b>	ELA69/2801	200 km <sup>2</sup>	100%	HOL
	ELA69/2802	200 km <sup>2</sup>	100%	HOL
	ELA69/2803	200 km <sup>2</sup>	100%	HOL
	ELA69/2804	189 km <sup>2</sup>	100%	HOL
<b>Lake MacKay</b>	ELA80/3748	264.6 km <sup>2</sup>	100%	HOL
	ELA80/3749	615.3 km <sup>2</sup>	100%	HOL
	ELA80/3750	615.3 km <sup>2</sup>	100%	HOL
	ELA80/3751	599.9 km <sup>2</sup>	100%	HOL
<b>Lake Amadeus</b>	ELA25080	831 km <sup>2</sup>	100%	TYS
	ELA25081	176 km <sup>2</sup>	100%	TYS
<b>Yalbago</b>	EL09/1120	70 blocks	100%	TYS
	EL09/1121	69 blocks	100%	TYS
	EL09/1122	70 blocks	100%	TYS
	EL09/1123	70 blocks	100%	TYS
	EL09/1124	70 blocks	100%	TYS
<b>Talisker</b>	EL09/1125	70 blocks	100%	TYS
	EL09/1126	63 blocks	100%	TYS
	EL09/1127	70 blocks	100%	TYS
	EL09/1128	70 blocks	100%	TYS
	ELA09/1155	70 blocks	100%	TYS
	ELA09/1156	70 blocks	100%	TYS
<b>Tamala</b>	ELA09/1185	70 blocks	100%	TYS
<b>Allambi</b>	EL23773	1,495km <sup>2</sup>	100%	TYS
	EL23774	1,558km <sup>2</sup>	100%	TYS
	EL24312	954km <sup>2</sup>	100%	TYS
<b>Lake Carnegie</b>	ELA38/1855	215.35km <sup>2</sup>	100%	HOL
	ELA38/1856	215.35km <sup>2</sup>	100%	HOL
	ELA38/1880	215.35km <sup>2</sup>	100%	HOL
	ELA38/1881	215.35km <sup>2</sup>	100%	HOL
	ELA38/1882	215.35km <sup>2</sup>	100%	HOL
	ELA38/1883	147.67km <sup>2</sup>	100%	HOL
	ELA38/1884	193.82km <sup>2</sup>	100%	HOL
	ELA38/1885	215.35km <sup>2</sup>	100%	HOL

RML Reward Minerals Ltd  
ABB Allarrow, Bondini, Bondini  
HTW Hitch, Tyson, Wolzak

A Allarrow  
TYS Tyson Resources Pty Ltd  
HOL Holocene Ltd (wholly owned subsidiary of Reward Minerals)

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

Reward Minerals Ltd

ABN

05 009 173 602

Quarter ended ("current quarter")

30 September 2006

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for		
(a) exploration and evaluation	(401)	(709)
(b) development	0	0
(c) production	0	0
(d) administration	(87)	(258)
1.3 Interest and other items of a similar nature received	19	88
1.4 Interest and other costs of finance paid	0	0
1.5 Admin Fees	0	0
1.6 Other (provide details if material) GST	(14)	(40)
<b>Net Operating Cash Flows</b>	<b>(483)</b>	<b>(919)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(1)	(201)
(b) equity investments	0	(2)
(c) other fixed assets	0	(27)
1.9 Proceeds from sale of:		
(a) prospects	0	42
(b) equity investments	0	0
(c) other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other (provide details if material) Share Buy Back	0	0
<b>Net investing cash flows</b>	<b>(1)</b>	<b>(188)</b>
1.13 Total operating and investing cash flows (carried forward)	(484)	(1,107)

1.13	Total operating and investing cash flows (brought forward)	(484)	(1,107)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	746	2,738
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other (provide details if material)	0	0
<b>Net financing cash flows</b>		<b>746</b>	<b>2,738</b>
<b>Net increase (decrease) in cash held</b>		<b>262</b>	<b>1,631</b>
1.20	Cash at beginning of quarter/year to date	2,780	1,411
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	<b>Cash at end of quarter</b>	<b>3,042</b>	<b>3,042</b>

**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	10
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

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

-

### 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	0	0
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	0
<b>Total</b>	<b>250</b>

### 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	392	130
5.2 Deposits at call	2,650	2,650
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,042</b>	<b>2,780</b>

### 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 (see Attachment)	-	-	-
6.2	Interests in mining tenements acquired or increased	See attached schedule.		

**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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemption's				
7.3 <b>+Ordinary securities</b>	43,326,115	43,326,115	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,730,283	3,730,283	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,000,000	-	<i>Exercise Price</i> \$0.20	<i>Expiry Date</i> 31 December 2008
	1,500,000	-	\$0.15	27 July 2008
	14,442,038	14,442,038	\$0.20	30 June 2009
7.8 Issued during quarter	3,730,283	3,730,283	\$0.20	30 June 2009
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				



**SCHEDULE**

**6.2**

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
ELA 80/3748	Acquired	0%	100%
ELA 80/3749	Acquired	0%	100%
ELA 80/3750	Acquired	0%	100%
ELA 80/3751	Acquired	0%	100%