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ASX CODE: RWD

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REWARD EXECUTES BINDING SHARE SALE AGREEMENT TO ACQUIRE THE BEYONDIE SOP PROJECT

PERTH, Western Australia (5 December, 2023) - Reward Minerals Limited (ASX: RWD) (Reward or the Company) is pleased to announce that it has entered into a binding share sale agreement (Share Sale Agreement) with the Receivers and Managers (Receivers) of Kalium Lakes Limited (Administrators appointed) (Receivers and Managers appointed) (ASX: KLL) ACN 613 656 643 (Kalium) to acquire the Beyondie Sulphate of Potash (SOP) Project (Beyondie Project) on a debt-free basis, free of encumbrances for total consideration of A\$20 million, comprising a A\$250,000 exclusivity payment previously made (see ASX announcement dated 16 November 2023), upfront cash consideration of \$14.75 million and deferred cash consideration of \$5 million by 30 June 2025. See the Schedule for further details.

Execution of the Share Sale Agreement and submission of a deed of company arrangement (DOCA) proposal (DOCA Proposal) follows the Company's entry into an exclusivity deed with Kalium and the Receivers, as announced to ASX on 16 November 2023, and represents the next step towards Reward acquiring the Beyondie Project.

Commenting on the Share Sale Agreement, Reward Executive Director, Dr Michael Ruane said:

"Reward is pleased to have progressed the potential acquisition of the Beyondie SOP project on a debt-free basis, free of encumbrances to the execution of the Share Sale Agreement stage.

Assuming that the proposed DOCA with Creditors, Shareholder Approval and Capital Raising are completed, the Reward team are keen to move quickly on evaluation of the plant and flowsheet modifications and costs for potentially recommissioning the Beyondie Project.

The evaluation will also cover the incorporation of the Reward Process into the existing project layout and also for SOP recovery operations at other SOP resource sites."

Share Sale Agreement

Reward has entered into the Share Sale Agreement for the acquisition of 100% of the issued share capital of Kalium Lakes Infrastructure Pty Ltd (KLI) and Kalium Lakes Potash Pty Ltd (KLP) (together, the Target Entities), on a debt-free basis, free of encumbrances. 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 material terms of the Share Sale Agreement are summarised in the Schedule.

DOCA Proposal

As a key condition to completion of the Share Sale Agreement, DOCAs for each of KLP and KLI must be approved by creditors of KLP and KLI (with meetings of creditors scheduled to be held on 6 December 2023). The DOCA Proposal submitted by Reward contains customary terms for a document of its nature, and provides that:

- all KLP and KLI unsecured creditor claims and debts will be compromised through effectuation of the DOCAs and the establishment of separate Creditors Trusts, which will act as the vehicle to distribute any DOCA funds to the creditors of KLP and KLI;
- funds will be allocated from the consideration payable under the Share Sale Agreement to satisfy the costs of the administration of KLI and KLP and enable a dividend to be paid to priority employee creditors in full and to unsecured creditors of KLP and KLI;
- KLP and KLI will continue under the ownership of Reward (subject to completion of the Share Sale Agreement);
- priority employee claims will be paid 100 cents in the dollar and under each DOCA, they are afforded a priority claim over unsecured creditors;
- a combined fund of up to \$250k will be available to meet the claims of unsecured creditors of KLP and KLI (estimated to represent a dividend of approximately 5 cents in the dollar); and
- the existing unsecured founder royalty of 1.9% of gross revenue from all products extracted from the relevant mining tenements that comprise the Beyondie Project will be extinguished by the DOCA or reduced on such terms to be agreed between Reward and the relevant royalty holders for the purposes of preventing any termination right described in item 7(b) of the Schedule that Kalium might otherwise have under the Share Sale Agreement.

Tyson Loan

As part of the transaction, Tyson Resources Pty Ltd (**Tyson Resources**), an entity associated with Executive Director, Michael Ruane, has provided \$8.750 million of loan funding to Kalium towards prepayment of a post-administration secured debt outstanding from Kalium to a third-party lender (**Tyson Loan**). The Tyson Loan is secured over the present and after acquired property of Kalium, KLP and KLI (but ranking behind the third-party lender debt), and will only receive interest should the Share Sale Agreement not complete due to the DOCAs not being approved or breach by Kalium or the Receivers (at a rate of 12.5% per annum from 1 January 2024). The Tyson Loan (including attaching interest and security interests) will be repaid and discharged on completion of the Share Sale Agreement. There is no recourse against Reward in relation to the Tyson Loan.

Next Steps

Reward's pathway to complete the Share Sale Agreement and acquire the Beyondie Project requires:

- approval of each DOCA at a meeting of KLP and KLI creditors on 6 December 2023,
- shareholder approval pursuant to ASX Listing Rule 11.1.2 at a general meeting expected to be convened in early January 2024. The Company expects to dispatch a notice of meeting in respect of this general meeting during the week ending 8 December 2023 (**Notice of Meeting**); and
- completion of a A\$22.785 million (before costs) equity capital raising by Reward (**Capital Raising**). Details of the capital raising (including pricing and structure) will be determined prior to dispatch of the Notice of Meeting to shareholders. The intended use of funds raised from the Capital Raising during the 12 months following completion of the Share Sale Agreement is set out in the Company's announcement dated 16 November 2023; and

- effectuation of the DOCAs and completion of the Share Sale Agreement in accordance with their terms by 30 January 2024 (or such later date agreed by the parties).

Upon completion of the Share Sale Agreement, 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.

Authorised by the Board of Reward.

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Schedule – Summary of the Share Sale Agreement

Reward has entered into a Share Sale Agreement with Kalium and the Receivers for the acquisition of 100% of the issued capital of KLI and KLP (**Target Entities**). The material terms of the Share Sale Agreement are set out below.

1. **Consideration:** In addition to the \$250,000 exclusivity payment already made (as announced on 16 November 2023), Reward will pay the following amounts to Kalium:
 - a. \$14.75 million cash on completion of the transfer of all the shares in the Target Entities 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 the Target Entities; and
 - b. a final payment of \$5 million cash by 30 June 2025.
2. **Timing of Completion:** The end date for completion of the Share Sale Agreement is 30 January 2024 (or such later date agreed by the parties) (**End Date**). Subject to the date of the shareholders meeting to satisfy the Shareholder Approval Condition (see below), Reward considers completion by this date is achievable. Reward will keep the market updated regarding the need for any extension to this date.
3. **Conditions Precedent:** Completion of the Share Sale Agreement is subject to the following conditions precedent:
 - a. approval and execution of deeds of company arrangement (**DOCAs**) between each of KLI and KLP and their respective Administrators, and all conditions to effectuating the DOCAs (other than Completion of the Share Sale Agreement) being satisfied (or waived);
 - b. Reward obtaining shareholder approval in respect of the acquisition of the Target Entities for the purposes of Listing Rule 11.1.2; and
 - c. Reward completing an equity capital raising for a minimum of \$16 million.
4. **Completion:** Completion will occur once the conditions are satisfied (or waived) and so that it occurs contemporaneously with effectuation of the DOCAs. At Completion, the parties will exchange various documents and payments, including for:
 - a. payment of \$14.75 million in cash from Reward to Kalium;
 - b. transfers of the shares held in the Target Entities from Kalium to the Company; and
 - c. various releases from the secured creditors of the Target Entities for their security interests and, if applicable, from the founder royalty holders in favour of Kalium, the Receivers and the secured creditors.
5. **Care and maintenance:** From 1 January 2024, Reward will pay the reasonable operational costs incurred by the Target Entities until the earlier of Completion or termination of the Share Sale Agreement, up to a maximum of \$75,000 per week.
6. **R&D refund:** Kalium intends to seek R&D refunds with respect to the activities of the Kalium tax consolidated group (including each of KLI and KLP) for FY22 and FY23. Reward has agreed that all rights and entitlements of the Target Entities to any such R&D refunds and the proceeds of any such R&D refunds are to be retained by Kalium.
7. **Termination:** The Share Sale Agreement contains termination rights, including the following:
 - a. either party may terminate the Share Sale Agreement due to a failure of the conditions precedent prior to the End Date; and

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- b. Kalium may terminate the Share Sale Agreement at any time prior to Completion in certain circumstances where actual or threatened litigation arises in connection with the existing founder royalty of 1.9% of gross revenue from all products extracted from the Beyondie Project or the royalty subordination deed between Kalium, the secured creditors, the security trustee and the royalty holders as amended and restated on 15 August 2022.
8. **Costs:** Each party is to pay its own costs in relation to the Share Sale Agreement, except that the Company will indemnify Kalium, the Receivers and the secured creditors for up to \$150,000 (in aggregate) in legal costs relating to any litigation of the kind described in item 7(b) above.
9. **Other terms:** The Share Sale Agreement otherwise contains customary terms for such agreements in an insolvency context (and is therefore very limited in its risk protections and rights of recourse for the Company), including with respect to the conduct and obligations of the parties before, at and after Completion.

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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.

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