

ASX Announcement

19 November 2009

Reed and Mineral Resources continue to advance Mount Marion Lithium Project towards 2010 production start-up

HIGHLIGHTS

- Recently completed test work yields positive results:
 - Mass recovery to concentrate of 34% vs targeted 20% at target concentrate grade of +6.5% Li₂O
- Phase 1 RC Drill Program to target 7-8Mt of 1.3-2% Li₂O commenced.

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed”), together with joint venture partner Mineral Resources Limited (**ASX: MIN**) (“Mineral Resources”), continue to advance the Mount Marion Lithium Project in Western Australia towards a 2010 production start-up, with metallurgical test work yielding positive results and a resource definition drill program to extend the current resource underway.

METALLURGICAL TEST WORK

Como Engineers have supervised test work to confirm the recovery of spodumene from conventional heavy liquid separation on crushed ore. The current test work program was performed by Mineral Processors (WA) Pty Ltd on bulk samples from exploration winzes sunk into the No.1 and No.2 Deposits at Mount Marion and were crushed to P₁₀₀ 8mm before single-pass testing.

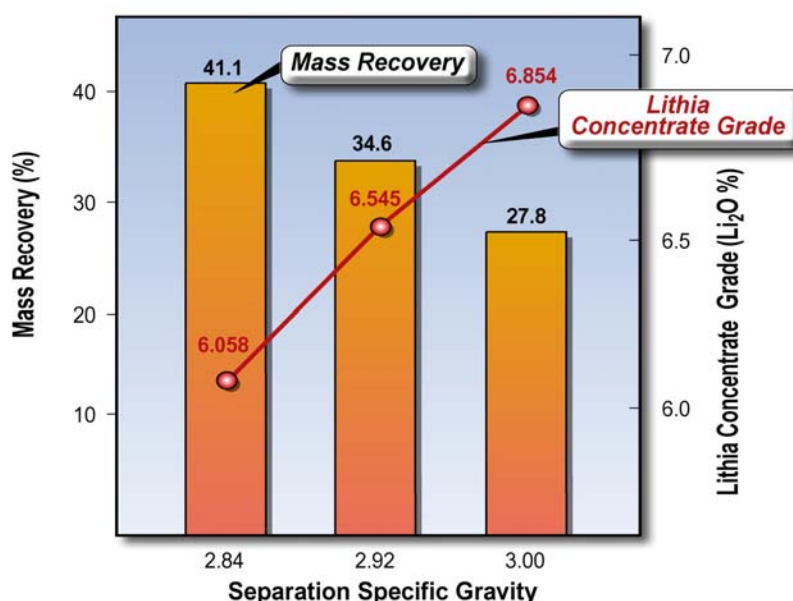


Figure 1
 Graph of Mass Recovery and corresponding Grade of Spodumene (Lithia) Concentrates produced by Heavy Liquid Separation of ore at certain Specific Gravity cut-offs.



Previous beneficiation test work conducted as part of the Pre-Feasibility Study (“PFS”) undertaken by previous owners, Associated Minerals Pty Ltd, in 1996 recovered 24% of the original mass of ore from the No.1 Deposit into a concentrate grading 6.5% Li₂O. The current planned production rate assumes a mass recovery of approximately 20% into a concentrate grading +6.5% Li₂O.

Concentrates produced from the No.1 Deposit gave the following results:

Separation Specific Gravity	Recovery mass %	Li ₂ O mass %	Recovery Li ₂ O %
2.84	41.1	6.058	86
2.92	34.6	6.545	79
3.00	27.8	6.854	66

Resource Definition Drilling Program

The Company has commenced Phase 1 of its Resource Definition drill program (Figure 2), **targeting** a Mineral Resource of **7-8 Mt** of spodumene pegmatite at a grade of **1.3-2.0% Li₂O**. The drilling is expected to be complete by the end of November. The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define it as a mineral resource and that it is uncertain if further exploration will result in the determination of a mineral resource.

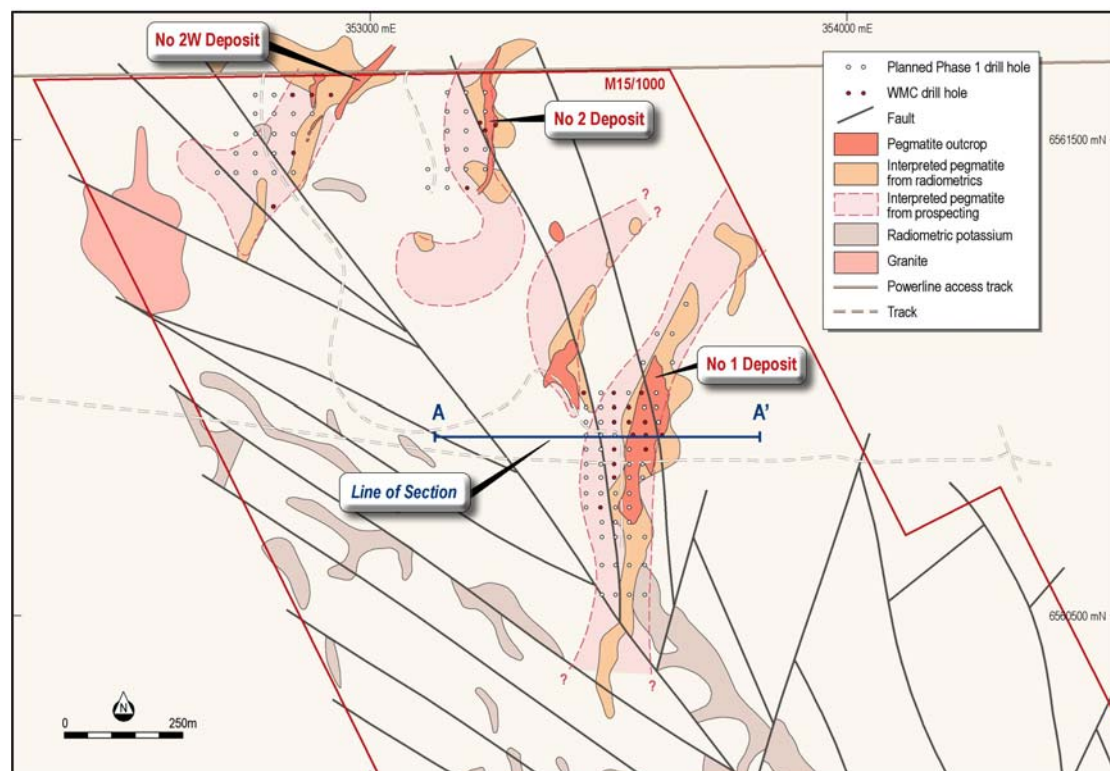


Figure 2 Mount Marion pegmatite group within mining leases M15/999 and M15/1000.

The Company has based its exploration target on estimates of reserves from a pre-feasibility study in 1996 and reported in accordance with the JORC Code (1989). Identified reserves included 1.49 Mt at an average grade of 1.67 % Li₂O in the No.1 deposit, including 'proved reserves' of 0.54 Mt at 1.9 % Li₂O and 'probable reserves' of 0.95 Mt at 1.5 % Li₂O. In addition, the review also confirmed an inferred resource of 1.0 Mt at 1.5 % Li₂O at depth in the No.1 deposit; 'probable reserves' of 0.3 Mt at 1.2 % Li₂O in the No.2 deposit; and inferred resources of 0.8 Mt at 1.17 % Li₂O in the No.2 West deposit and 0.3 Mt at 1.3 % Li₂O in the No.4 deposit.

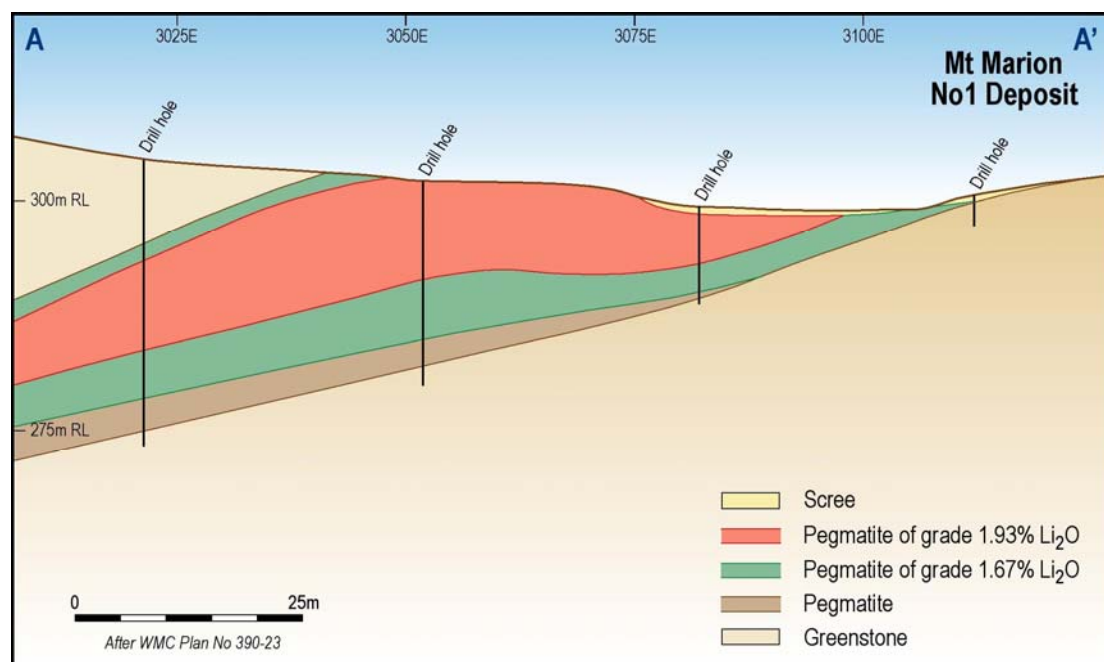


Figure 3 Cross section (A-A' in Figure 2) in the central part of the No.1 deposit showing the interpreted distribution of high-grade (>1.9% Li₂O₅) zone, within the pegmatite bands (interpretation by Bryan Smith Geosciences).

Forward work

Permitting has been lodged for a second phase of reverse circulation/ diamond drilling to commence in December. This will include some infill and extension drilling, and representative sample collection for geotechnical/metallurgical purposes.

A mineral resource estimate is planned to be completed by the end of Q1 2010. The Joint Venturers expect to mobilise a processing plant and related equipment in Q2 2010. First shipments of product, at a production rate of 17,000 tonnes per month of +6.5% Li₂O concentrate, is expected to commence from Q3 2010, subject to a decision to mine and obtaining all necessary approvals.

C Reed

C J Reed
MANAGING DIRECTOR

Competent Persons Statement

Geological aspects of this report that relate to Exploration Results have been compiled by Dr Bryan Smith (MAIG), a consultant to Reed Resources Ltd. Dr Smith has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being reported on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves. Dr Smith consents to the inclusion in the report of the matters in the form and context in which it appears.

Although Reed remains optimistic about the potential of the Mount Marion project, any reference to the terms "ore" and "high-grade" in this report is conceptual in nature. Use of the term "grade(s)" is not intended to represent the grade of a resource.

About Reed Resources

Reed Resources Ltd is a diversified mining and exploration Company based in Western Australia. It has modest gold production and is expanding and diversifying its production base.

Reed Resources has five main projects (all in Western Australia) including;

- **Comet Vale** – High-grade underground gold mine in JV with Kingsroose Mining Limited (resuming 100% equity on 1 June 2010).
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-out Western Areas NL. A Nickel Farm-in with Barranco Resources NL
- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Ltd.
- **Bell Rock Range** – Nickel-Copper-PGM JV with Anglo American Exploration.

Website: www.reedresources.com