

ASX Announcement

1 July 2010

Mt Marion Lithium Project – Extension of Earn-In Period

HIGHLIGHTS

- **Release of Operations Commencement Notice due within approximately two weeks.**
- **Clearing permit approved. Mining proposal and works approvals near completion.**

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed”), and joint venture partner Mineral Resources Limited (**ASX: MIN**) (“Mineral Resources”) have agreed to issue an Operations Commencement Notice on finalisation of the mining proposal and work approvals for the Mt Marion Lithium Project near Kalgoorlie, Western Australia. This process is expected to be completed by 16 July 2010.

The Company also confirms that it will exercise its rights under the Option Agreement announced to the ASX on 13 August 2009 and acquire 100% of granted mining leases, upon receipt of the Operations Commencement Notice. Under the Joint Venture Agreement, Mineral Resources will fund both the exercise price and the decision to mine payment to the prospector at settlement.

The Company has received notice that the native vegetation clearing permit has been granted.

“This project is in an exciting stage and, following receipt of the outstanding approvals, we are looking forward to progress with the operational phase and working further with Reed to establish Australia’s premier lithium project” said Mineral Resources Ltd Managing Director, Mr Peter Wade.

Production is expected to commence in December 2010 quarter at an initial rate of 200,000ktpa of spodumene concentrate grading 6.5% Li₂O, containing some 13,000 tonnes lithium oxide (Li₂O). Total contained lithium oxide resources at present are 128,000 tonnes (Li₂O).



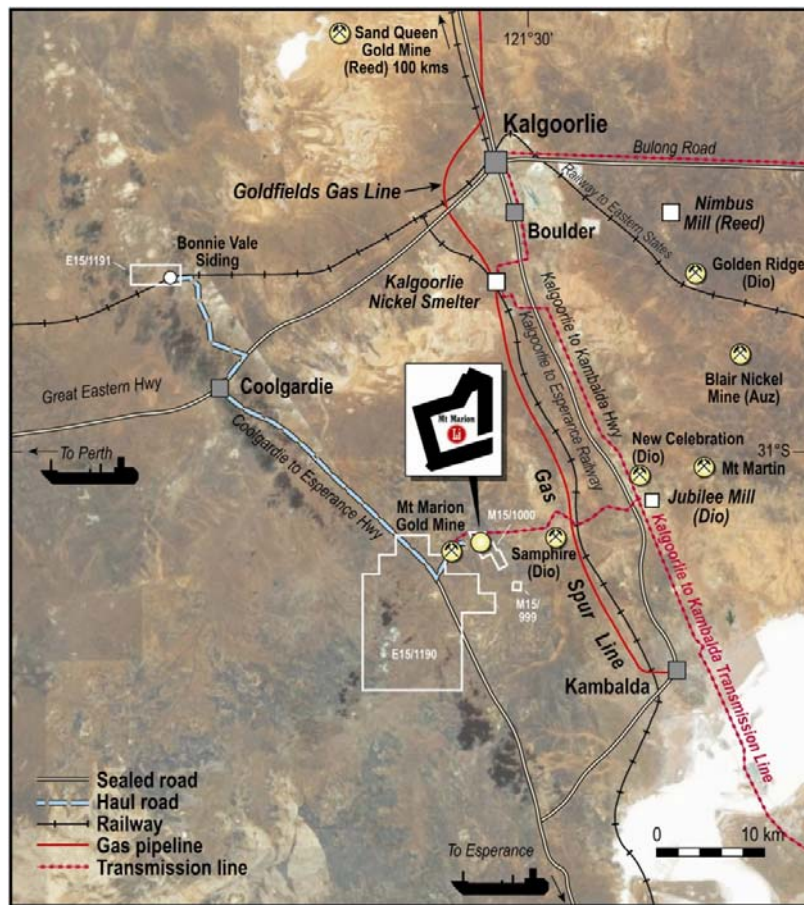


Figure 1 Project Location

ENDS

For more information please contact:

Reed Resources
Chris Reed
Managing Director
Tel: 08 9322 1182

Media
Karen Oswald
Professional Public Relations
Tel: 08 9388 0944

About Reed Resources

Reed Resources Ltd is a diversified mining and exploration Company based in Western Australia. It has modest gold production and is diversifying and expanding its production base. Reed Resources has five main projects (all in Western Australia) including:

- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Limited. First production planned by January 2011.
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process. Exclusivity Agreement with China Nonferrous Metals for EPCM & Financing.
- **Comet Vale** – High-grade underground gold mine.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.
- **Bell Rock Range** – Nickel-Copper-PGM Farm-out to Anglo American Exploration.

Website: www.reedresources.com

ASX code: RDR