

ASX Announcement

14 October 2010

Works Approval granted for plant construction at Mt Marion Lithium Project in WA

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed”) is pleased to advise that it has secured the Works Approval from the Department of Environment and Conservation (DEC) to commence erection of the minerals processing plant at the Mt Marion Lithium Project, near Kalgoorlie, Western Australia.

Construction of the plant in modular form by joint venture partner Mineral Resources Limited (**ASX: MIN**) (“Mineral Resources”) at its workshops in Kwinana, is well advanced. Approval has been granted for site clearing and will commence upon approval of the Mining Proposal, expected to be received this month.

Production is expected to commence in second half of FY2011 at an initial rate of 200,000tpa of spodumene concentrate grading nominal 6.5% Li₂O, containing some 13,000 tonnes lithium oxide (Li₂O). Total contained lithium oxide resources at present are 146,000 tonnes (Li₂O). The Joint Venture was recently expanded to include mica, tantalum and potash feldspars; testwork has highlighted the potential to recover significant volumes of these by-products.



Picture 1 Proposed Mt Marion Lithium Plant layout



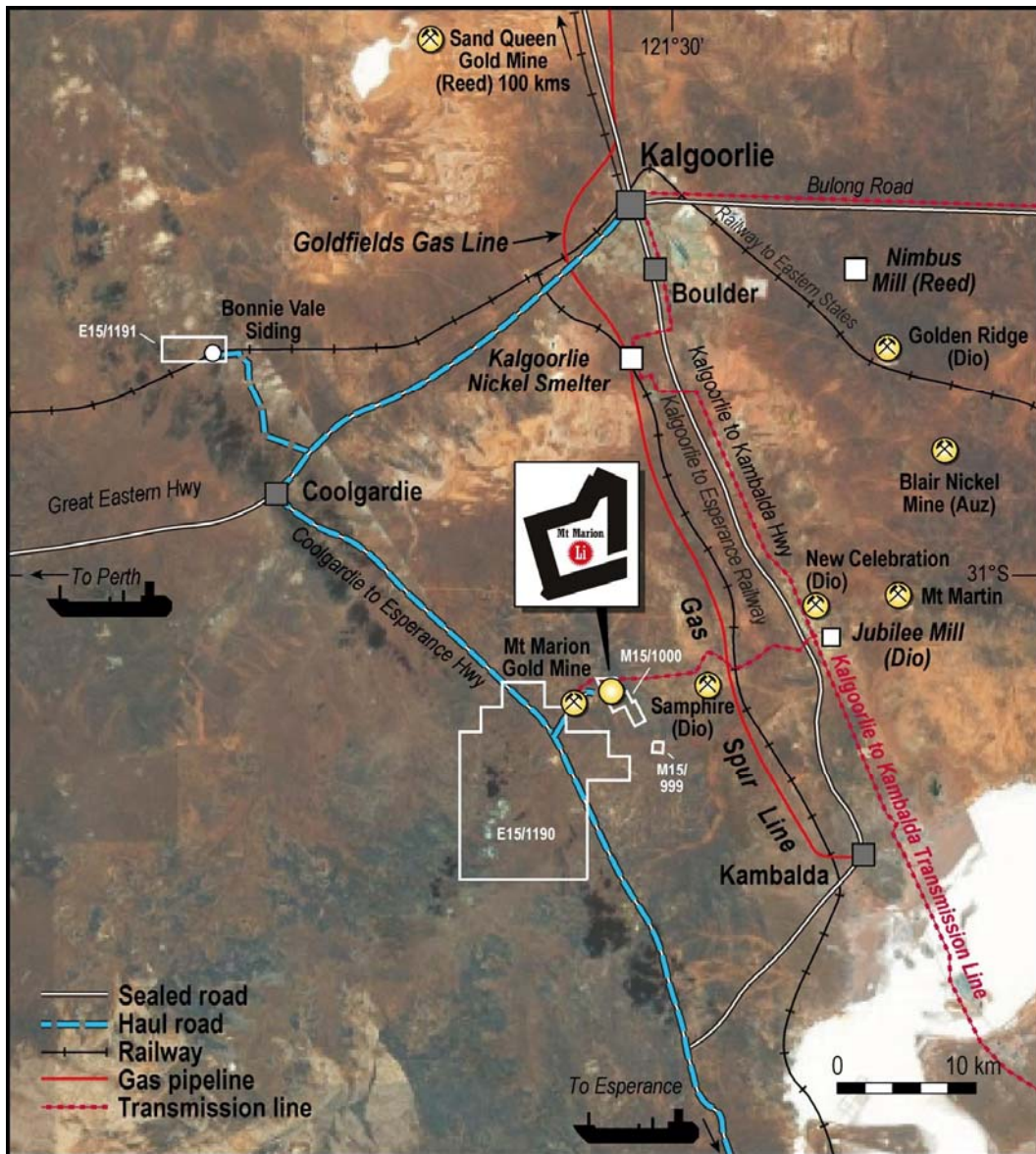


Figure 1 Mt Marion Lithium Project Location

ENDS

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About Reed Resources

Reed Resources Ltd (ASX:RDR, OTC:RDRUY) is a diversified mining and exploration Company based in Western Australia. Reed's American Depositary Receipts (ADR's) trade under the code RDRUY (CUSIP Number: 758254106). Each Reed ADR is equivalent to 10 ordinary shares of Reed as traded on the ASX. The Bank of New York Mellon is the depository bank.

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 end March Q 2011.
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process. Discussions with China Nonferrous Metals for EPC & Financing ongoing.
- **Comet Vale** – High-grade underground gold mine on care & maintenance.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.
- **Bell Rock Range** – Greenfields Nickel-Copper-PGM Exploration.

Website: www.reedresources.com