

ASX Announcement

2 May 2011

Resource drilling at Mt Marion Lithium Project yields positive results

HIGHLIGHTS

- A third phase of resource definition drilling confirms high-grade pegmatites at the No 4. Deposit and at a new location - the Area 6 Prospect.
- Average intercepts of high-grade mineralisation for these two areas is 9.5m at 1.44% Li₂O and 1.18 % Fe₂O₃, using 0.4% Li₂O lower cut-off grade.
- Results will be received during May for resource infill and extension drilling at Deposits 1, 2 and 2W for which resources have been previously announced.
- Resource estimate planned for completion by September 2011.

Australian diversified resources company Reed Resources Ltd (ASX: RDR) (the "Company" or "Reed"), together with partner Mineral Resources Limited (ASX: MIN) ("Mineral Resources"), continue to advance the Mount Marion Lithium Project, located in the goldfields region of Western Australia. The Mount Marion Project is on schedule for commissioning in the December quarter 2011 with initial capacity of 200,000 tpa of 6% Li₂O chemical grade spodumene concentrate, 60,000 tpa of mica and 30 tpa tantalite concentrate. Total contained lithium oxide resources at present are 146,000 tonnes (Li₂O).

A third phase strategic resource expansion program was completed at Mt. Marion during March and April with a view to extending the open pit mine life through depth and strike extensions of existing deposits No.1, 2 and 2W on M15/100 (49 holes) and the definition of new resources from pegmatite prospects at the No.4 Deposit and at Area 6 (61 holes). The drilling had the purpose of exploring for new resources on M15/999 at Deposit No.4 previously tested by WMC in 1971 with four shallow percussion holes and at the new location, Area 6 in the southern part of M15/1000 in a covered area where there is very little outcropping pegmatite. (Figure 1).



A total of 110 holes were drilled for an aggregate of 7,093 metres at the five locations. The spacing of the holes ranged from 40 to 50 X 30 metres at Deposit No. 1, 40 X 40 metres at Deposit No's. 2, 2W and 4, and 40 X 160 metres at Area 6. Results have been received for 59 of the 110 holes drilled.

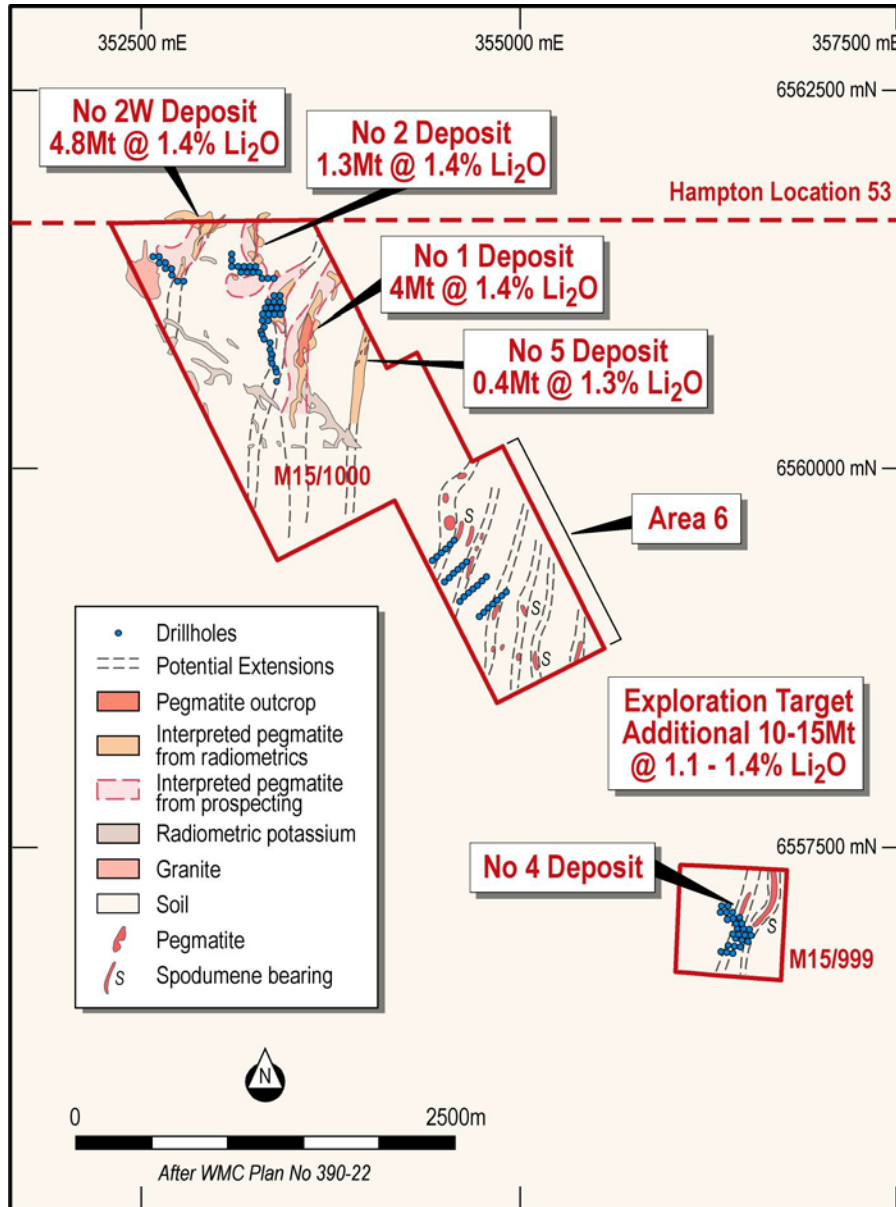


Figure 1. Mount Marion pegmatite group.

At the No. 4 Deposit the average thickness of the intercepts was 7.5 metres where the pegmatite forms a sill that dips at 10° to the west. The Deposit has been drill tested over a strike length of 300 metres and a down dip distance of 150 metres to an average vertical depth of 60 metres. The Deposit is open along strike to the north as well as the south and down dip to the west. The best intercept was 14 metres @ 1.34% Li₂O in MMP 434 when using a cut-off grade (“COG”) of 0.4% Li₂O.

At Area 6 the pegmatite intercepts were restricted to the two northern traverses some 160 metres apart of the four traverses that were drilled. The best result was a combined intercept of 26 metres @ 1.59% Li₂O where two pegmatite intersections were separated by an internal 7 metre zone of ultramafics using a COG of 0.4% Li₂O. The pegmatite intercepts on the northern line form a flat lying structure. The overall structure of the pegmatites at Area 6 is being interpreted.

At Deposit No.1 single vertical drill holes on 30 metre spaced traverses have further tested the pegmatite resources down dip to the west extending the coverage from the previous 200 metres out to 240 and 250 metres. Results have been received for single holes on nine traverses from the south end of Deposit No.1. These holes extend over a strike length of 240 metres and have tested for pegmatite down to an average vertical depth of 90 metres. The average thickness of the pegmatite sill intersected in these holes is 18 metres. The best result was 27 metres @ 1.53% Li₂O in MMP1126 when using a COG of 0.4% Li₂O.

Table 1 High-grade intercepts (>0.4 % Li₂O) with a **down-hole length in excess of 10 metres** (full details in Appendix A).

DEPOSIT	HOLE_NO	FROM	TO	Interval	Li ₂ O	Fe ₂ O ₃
		m	m	m	%	%
Deposit 4	MMP411	22	32	10	1.15	1.03
Deposit 4	MMP416	11	21	10	1.22	0.65
Deposit 4	MMP424	2	12	10	1.02	0.92
Deposit 4	MMP430	38	48	10	1.33	1.19
Deposit 4	MMP434	60	74	14	1.34	1.08
Deposit 4	MMP437	43	53	10	1.63	1.14
Deposit 4	MMP438	48	59	11	1.83	1.6
Deposit 4	MMP443	63	73	10	1.59	1.13
Deposit 4	MMP444	67	80	13	1.57	1.38
Area 6	MMP601	26	43	17	1.66	0.95
Area 6	MMP602	6	27	21	1.63	0.89
Area 6	MMP603	0	16	16	1.52	1.3
Deposit 1	MMP1118	53	66	13	1.27	1.94
Deposit 1	MMP1119	75	87	12	1.75	1.54
Deposit 1	MMP1123	80	100	20	1.08	1.19
Deposit 1	MMP1124	72	90	18	1.59	1.08
Deposit 1	MMP1125	88	107	19	1.54	1.12
Deposit 1	MMP1126	78	105	27	1.53	1
Deposit 1	MMP1127	71	90	19	1.78	1.23
Deposit 1	MMP1128	70	89	19	1.41	1.13

FORWARD WORK

The results for all of the remaining holes at Deposit Nos. 1, 2 and 2W are expected to be received by the end of May. Drill results are being compiled and validated for inclusion in the database from which an updated geological model of the Mt Marion deposits will be constructed in preparation for resource estimation by September 2011. A final phase of infill and extension drilling for Deposit 4 and Area 6 is being planned.



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Competent Persons Statement

Geological aspects of this report that relate to Exploration Results have been compiled by Dr Bryan Smith (MAIG and MAIMM), 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 (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):

- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Limited. World's second biggest lithium concentrate operation under construction. Commissioning to occur in December 2011.
- **Meekatharra** – Recently acquired 2.5M oz Gold project with 3Mtpa processing plant and associated infrastructure, conducting resource re-optimisation and feasibility study to recommence gold production in 2012.

- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process. MOU with China Nonferrous Metals for EPC & Financing assistance.
- **Comet Vale** – Evaluating recommencement of high-grade underground gold production and refurbishment of processing plant, both currently on care & maintenance.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.

Website: www.reedresources.com

About Mineral Resources

Mineral Resources (ASX: MIN) is a leading Australian based diversified mining service, contracting, processing and commodities production company.

Since its foundation in 1993, the company has grown through strategic business development, consolidation and acquisition and now has a portfolio of market leading brands including Crushing Services International, PIHA, Process Minerals International, Polaris Metals and Mesa Minerals.

Mineral Resources has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors. These operations have been supplemented by the acquisition of 100% of Polaris Metals and a majority stake in Mesa Minerals (ASX: MAS) and supports Mineral Resources' strategy to become a major volume player in the contracting and steel making commodity market.

Website: www.mineralresources.com.au

Appendix A

Summary of all intercepts of mineralisation for all assays with greater than 0.4 % Li₂O,
continuous throughout each intercept.

DEPOSIT	HOLE_NO	GDA94 Northing	GDA Easting	FROM m	TO m	Interval m	Li2O %	Fe2O3 %
Deposit 4	MMP411	6556820	356379	22	32	10	1.15	1.03
Deposit 4	MMP413	6556855	356470	15	19	4	1.47	1.16
Deposit 4	MMP414	6556855	356430	20	23	3	3	1.58
Deposit 4	MMP415	6556866	356390	28	37	9	0.91	1.28
Deposit 4	MMP416	6556890	356520	11	21	10	1.22	0.65
Deposit 4	MMP418	6556910	356440	37	42	5	1.54	1.37
Deposit 4	MMP420	6556933	356500	15	22	7	1.48	1.19
Deposit 4	MMP421	6556937	356460	30	36	6	1.5	1.17
Deposit 4	MMP422	6556940	356420	44	52	8	1.43	1.16
Deposit 4	MMP423	6556969	356524	2	6	4	0.7	1.08
Deposit 4	MMP424	6556977	356490	2	12	10	1.02	0.92
Deposit 4	MMP425	6556980	356449	29	33	4	1	1.16
Deposit 4	MMP426	6557010	356479	3	6			
				8	11	6	1.74	1.4
Deposit 4	MMP427	6557013	356440	19	23	4	1.88	1.33
Deposit 4	MMP428	6557044	356465	4	10	6	0.75	0.92
Deposit 4	MMP429	6557040	356426	34	37	3	1.18	1.2
Deposit 4	MMP430	6557036	356385	38	48	10	1.33	1.19
Deposit 4	MMP431	6557080	356420	6	11	5	1	0.98
Deposit 4	MMP432	6557081	356381	67	71	4	1.76	1.57
Deposit 4	MMP433	6557080	356342	61	69	8	1.48	1.07
Deposit 4	MMP434	6557120	356390	60	74	14	1.34	1.08
Deposit 4	MMP435	6557121	356351	74	81	7	1.1	0.98
Deposit 4	MMP436	6556861	356350	37	45	8	1.62	1.15
Deposit 4	MMP437	6556913	356400	43	53	10	1.63	1.14
Deposit 4	MMP438	6556905	356359	48	59	11	1.83	1.6
Deposit 4	MMP439	6556943	356378	56	65	9	1.53	1.84
Deposit 4	MMP441	6556985	356370	53	60	7	1.11	1.1
Deposit 4	MMP442	6557007	356394	40	49	9	1.47	1.31
Deposit 4	MMP443	6557013	356357	63	73	10	1.59	1.13
Deposit 4	MMP444	6557038	356349	67	80	13	1.57	1.38
Area 6	MMP601	6559462	354448	10	19	9	1.46	1.08
				26	43	17	1.66	0.95
Area 6	MMP602	6559485	354477	6	27	21	1.63	0.89
Area 6	MMP603	6559517	354507	0	16	16	1.52	1.3
Area 6	MMP605	6559274	354471	3	9	6	1.09	1.15
Area 6	MMP607	6559326	354531	17	21	4	1.45	1.01

Area 6	MMP611	6559136	354575	24	27	3	0.9	1.06
Area 6	MMP612	6559161	354605	19	23	4	1	0.86

DEPOSIT	HOLE_NO	GDA94 Northing	GDA94 Easting	FROM m	TO m	Interval m	Li2O %	Fe2O3 %
Deposit 1	MMP1117	* 6560995	353280	43	51	8	1.29	1.23
Deposit 1	MMP1118	*6560955	353290	53	66	13	1.27	1.94
Deposit 1	MMP1119	*6560925	353270	75	87	12	1.75	1.54
Deposit 1	MMP1123	* 6560805	353330	80	100	20	1.08	1.19
Deposit 1	MMP1124	* 6560775	353340	72	90	18	1.59	1.08
Deposit 1	MMP1125	* 6560740	353335	68	72	4	2.2	1.67
				88	107	19	1.54	1.12
Deposit 1	MMP1126	* 6560715	353340	78	105	27	1.53	1
Deposit 1	MMP1127	* 6560680	353365	71	90	19	1.78	1.23
Deposit 1	MMP1128	* 6560655	353370	70	89	19	1.41	1.13

NOTES:

1. All holes were drilled vertically.
2. All depths and intercept lengths are down-hole distances and not intended to represent the true width of high-grade bands.
3. All samples analysed by Genalysis Laboratories, Maddington, WA. Samples were sorted, dried, split and pulverised then prepared as fused discs for analysis by X-Ray fluorescence spectrometry (method XRF01) for Fe, Si, Al, Mg, Ca, Mn, P, K, Na, Ta and Nb. Li was assayed by Atomic Absorption Spectrometry (AAS) following multi acid digest and LOI by gravimetric method. QA/QC was monitored using duplicate samples and a sample of Certified Reference Material (CRM) included at random among batches of samples and submitted blind to the laboratory; and analysis of pulverised CRMs and Reed standards have also been included sample batches.
4. Grades are reported as Li₂O% and Fe₂O₃%, in accordance with convention for reporting this style of mineralisation.
5. Holes that did not intersect significant mineralisation (i.e., intercepts <0.4 % Li₂O) are not listed.

ENDS