

Successful production of Battery Grade Lithium Hydroxide from Mt Marion spodumene

HIGHLIGHTS

- ‘Proof of Concept’ of RIM’s proprietary technology with the production of high purity lithium hydroxide via chlorination and purification of Mt Marion spodumene and conventional electrolysis, to produce high purity battery grade lithium hydroxide.
- The final product exceeds battery grade lithium hydroxide specifications.
- Recovery of lithium from mineral concentrate to final product greater than 90%
- Results confirm potential to deliver lowest quartile operating costs as indicated in Pre-feasibility Study 2012.
- Semi-pilot scale test work for the continuous production of battery grade lithium hydroxide to commence immediately with completion anticipated in June Q 2014.

Reed Industrial Minerals Pty Ltd (RIM) is pleased to announce the results of a test work program to produce high-purity lithium battery feedstock, lithium hydroxide, from its Mt Marion Lithium Project (Project) in Western Australia. RIM is owned 70:30 Reed Resources Ltd (ASX: RDR) (Reed) and leading mining services provider Mineral Resources Limited (ASX:MIN)(MRL). MRL funds and operates the project through its subsidiary, Process Minerals International Pty Ltd.

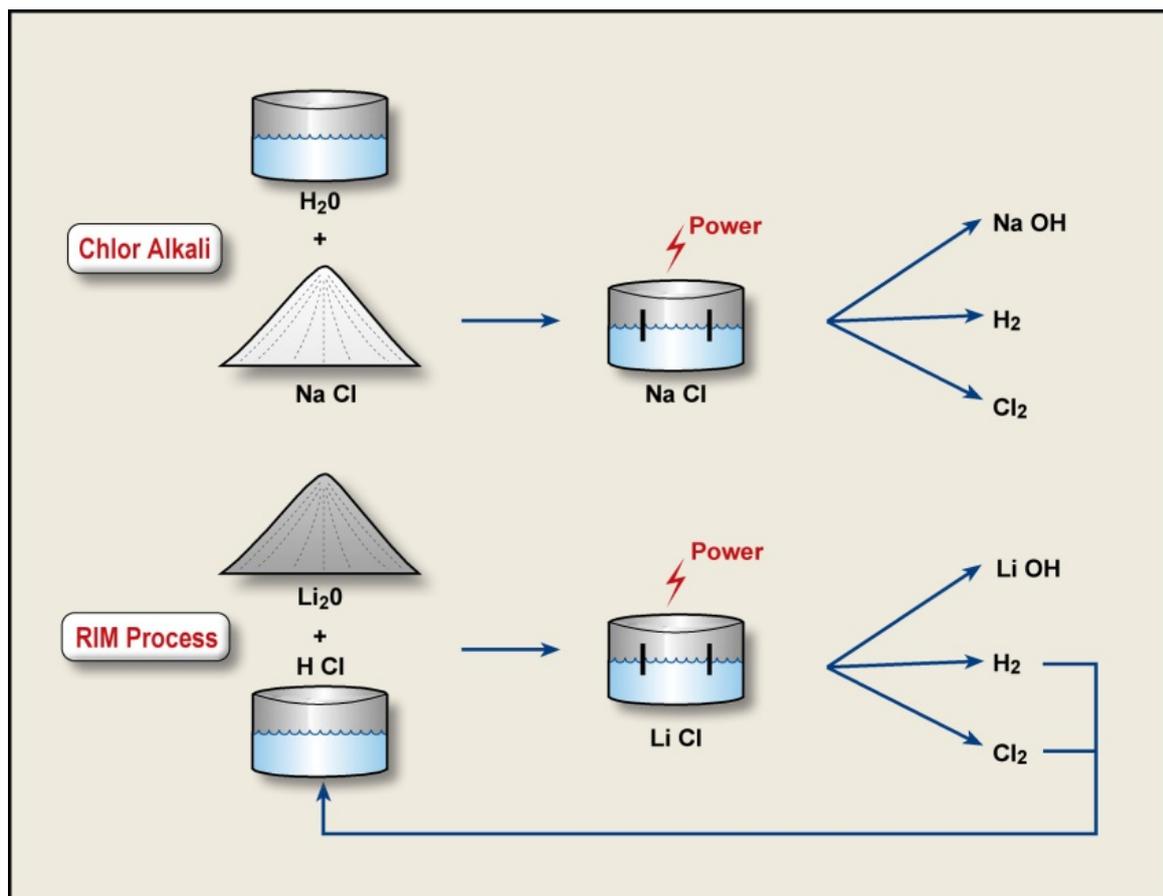
COMPARISON OF BATTERY GRADE SPECIFICATIONS WITH LEADING LITHIUM HYDROXIDE MONOHYDRATE PRODUCER		
Items	FMC	RIM Results
LiOH.H ₂ O % Min	56.5	57
Fe ppm	≤5	3
Na ppm	≤20	8
K ppm	≤10	3
Cl ppm	≤20	15
Ca ppm	≤15	9
Al ppm	≤10	1
Ni ppm	≤10	10
Si ppm	≤30	<30

Source: <http://www.fmclithium.com/Portals/FMCLithium/content/docs/DataSheet/QS-PDS-1021%20r1.pdf>

The RIM lithium hydroxide production process is a wholly owned technology of RIM, developed by Dr. Yatendra Sharma, an internationally renowned battery technologist and metallurgist with more than four decades of project management experience in lithium processing and lithium battery technology. Australian and International patents are pending.



Following on from the 2012 Pre-feasibility Study, test work, a larger batch test work program commenced in March 2013 and was completed in November 2013. SGS Lakefield Orestest conducted the hydrometallurgical test work which produced high purity, American Chemicals Standard (ACS) grade lithium chloride from spodumene ore. Murdoch University then produced high purity battery grade lithium hydroxide by electrolysis of the lithium chloride solution produced in the test work program (simplified flowsheet below).



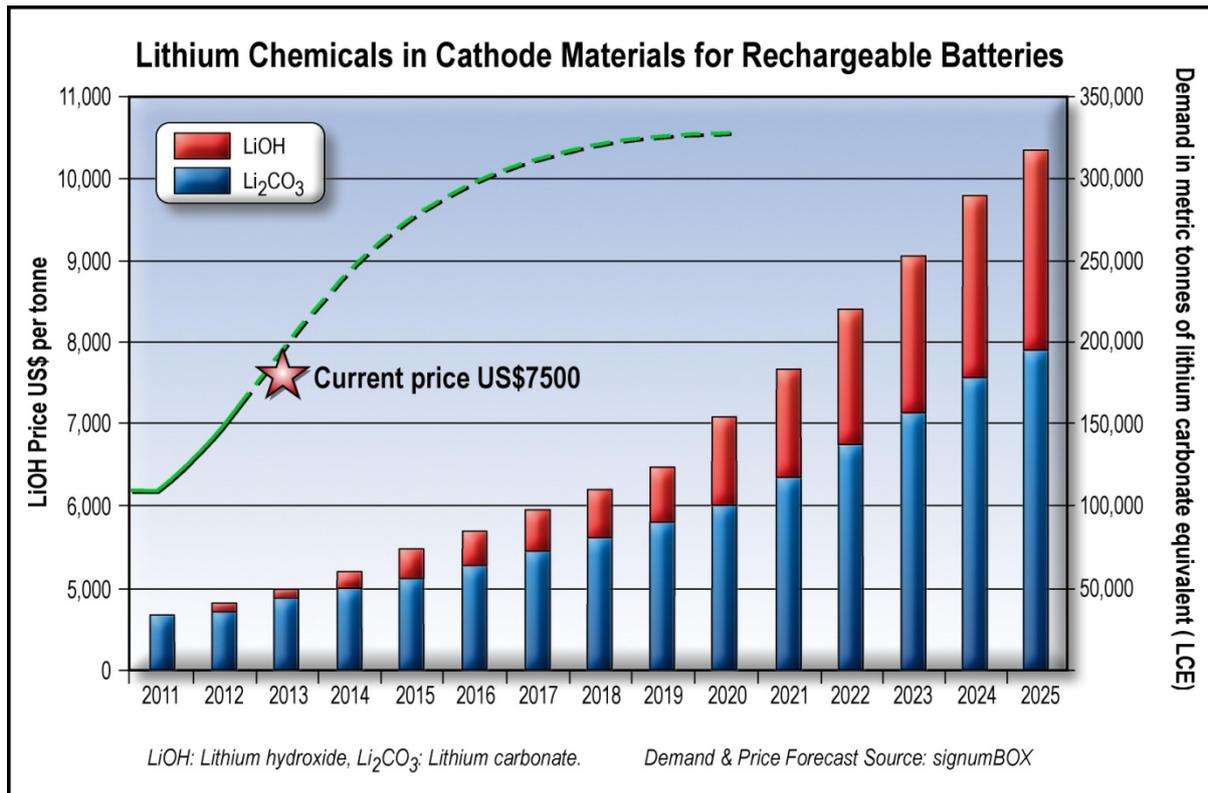
The company is now working closely with a specialist laboratory in the USA to set up a continuous semi-pilot plant for electrolysis of lithium chloride (LiCl) to produce lithium hydroxide (LiOH). This plant will provide key information for Process Design Criteria to design and construct the electrolysis plant. It is estimated that semi-pilot plant will be operational in the March quarter of 2014.

Subject to the successful completion of the semi-pilot plant and RIM board approval, an Engineering Cost Study to develop capital and operational costs, would be the next stage in the development of the project.

Reed is working with MRL in preparing RIM to become an independently financed, advanced minerals company focused on becoming an integrated lithium producer. Strategic discussions continue with third parties, including existing chlor-alkali producers, in relation to various transaction structures. Discussions remain preliminary and there can be no assurance that a binding proposal will emerge. Reed and MRL will keep the market informed as matters develop further.

LITHIUM MARKET

Several leading commodity researchers have forecast an extraordinary increase in the demand and consumption of high-purity, battery-grade lithium hydroxide and carbonate, underpinned by growth in rechargeable batteries. The current median prices for battery-grade lithium hydroxide and lithium carbonate is US\$7,500 and US\$7,100 per tonne on a CIF basis to US or Europe (source: Industrial Minerals 14 November 2013).



ENDS

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Competent Persons Statement

Information in the report that relates to metallurgical test work results is based on information compiled by Mr Bill Crossley of Long Reef Pty Ltd, a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM). Mr Crossley, Managing Director, is employed by Long Reef Pty Ltd and compiled the metallurgical testwork results. Mr Crossley has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves”. Mr Crossley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Reed Resources

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is a Western Australian resource developer.

Reed Resources’ American Depositary Receipts (ADR’s) trade under the code RDRUY (CUSIP Number: 758254106). Each Reed Resources ADR is equivalent to 10 ordinary shares of Reed Resources as traded on the ASX. The Bank of New York Mellon is the depository bank.

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

Operating Parameters	Quantity
Spodumene Concentrate Feed	147,100 tpa
Spodumene Concentrate Grade	6.0 % Li ₂ O
Lithium Hydroxide/Lithium Carbonate Production	10,000/8,810 tpa
PFS Results	
Life of Mine (LOM) Production	200,000t LiOH 176,200t Li ₂ CO ₃
LOM Revenue	US\$ 3.15 billion
Pre-tax Cashflow	US\$ 1.19 billion
Pre-tax NPV 12%	US\$ 321 million
Pre-tax Internal Rate of Return	94%
Average Cost per tonne of LiOH	US\$ 3,878
Average Cost per tonne of Li ₂ CO ₃	US\$ 4,538
Total initial capital costs	US\$ 83 million
Payback of capital costs	2 years

All analysis is in US dollars and assumes a selling price of US\$6,900/t for lithium hydroxide and lithium carbonate, a spodumene cost of US\$350/t CIF, an AUD exchange rate of US\$1.05 and a MYR exchange rate of US\$0.32. Operating Revenues and Costs are both escalated at 2% pa. Capital costs are valid as at September 2012 with an indicative accuracy range of ±35% and a 15% contingency.