Reed Resources Ltd
ABN 89 099 116 631

Level 1, 672 Murray St
West Perth WA 6005

Locked Bag 8
West Perth WA 6872

Tel: +61 8 9322 1182
Fax: +61 8 9321 0556

ASX RELEASE **9 December 2013**

Mt Marion JORC 2012 Mineral Resource Estimate

HIGHLIGHTS

- **Total Measured, Indicated and Inferred Mineral Resources of 14.8Mt at 1.3% Li_2O.**

Figure 1 Location Plan

Reed Industrial Minerals Pty Ltd (RIM) is pleased to report the Mineral Resource estimate for its Mt Marion deposit under the new JORC Code (2012) guidelines. RIM is owned 70:30 Reed Resources Ltd (ASX: RDR) (Reed) and leading mining services provider Mineral Resources Limited (ASX:MIN)(MRL). (ASX: RDR) ("Reed")

The Mineral Resource estimate contains total Measured, Indicated and Inferred Mineral Resources of 14.8Mt at 1.3% Li_2O and 1.2% Fe_2O_3, at a cut-off grade of 0.3% Li_2O (Table 1 and Appendix A).

H&S Consultants Pty Ltd (formerly Hellman & Schofield)("H&S") had previously reported the Mineral Resource estimate in accordance with JORC Code (2004) guidelines which was announced 22 July 2011.

Table 1 Mt Marion Resource Table for 0.3% Li_2O cut-off

Category (JORC, 2012)	Tonnage (Mt)	Li_2O (%)	Fe_2O_3 (%)
Measured	2.0	1.45	0.93
Indicated	4.8	1.39	1.22
Inferred	8.0	1.3	1.3
Total	14.8	1.3	1.2

Figure may not sum due to rounding
Significant figures do not imply an added level of precision

SUMMARY OF INFORMATION FOR MINERAL RESOURCE ESTIMATES

Geology and geological interpretation

- The Mt Marion mineralisation is hosted in pegmatite units which occur in a 9km long / 600m wide, north 400 west striking intrusive package.
- Pegmatite units internally trend north 50° east, but are frequently observed to deviate from this bearing by as much as 150° to 200° both west and east. The pegmatites are essentially flat dipping attaining a maximum dip of up to 200m to the north of north-west.
- The host units within the main mineralised zone are fine to medium grained pegmatites which intrude strongly sheared fine grained greenstones. A coarse grained pegmatite intrusive into coarse grained greenstone occurs at the northern end of the belt (***Figure 2***).

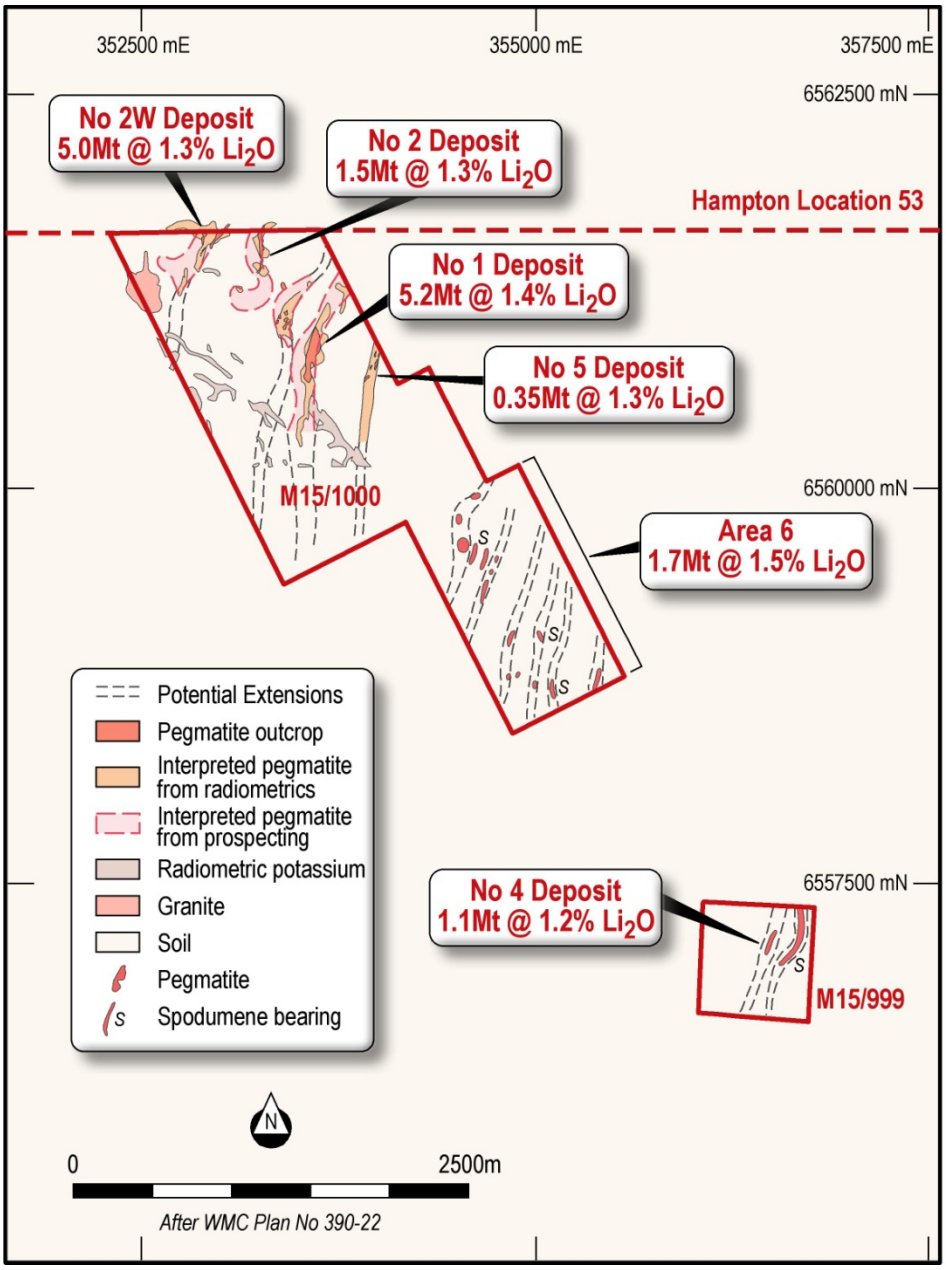

Figure 2 Host mineralisation at Mt Marion project

- A sequence of north-west trending regional faults and fracture zones disrupt and intersect the continuity of the pegmatite bodies. Locally a set of conjugate secondary faults and fractures largely trending north-west and north-east dissect, truncate and modify the geometry of the pegmatite bodies.
- The fine to medium grained pegmatites in the main project areas contains spodumene, quartz, feldspar and muscovite without any significant zoning of mineral assemblages. The spodumene occurs as elongate, mainly vertically aligned crystals, coloured either pale pink or pale green. The crystals are usually less than 10cm long and 1.5cm in diameter.
- The coarse grained pegmatite contains spodumene, quartz, feldspar, muscovite, columbite and beryl. There are four well defined zones; quartz-spodumene; quartz-spodumene-muscovite-feldspar (Lepidolite zone); quartz-spodumene-muscovite-feldspar-columbite; and pure feldspar. Spodumene crystals can reach lengths of up to 1m in length and may be up to 30cm in diameter and tend to be aligned vertically.

- Reed Resources Ltd (via BMGS) provided H&SC with a set of sectional and plan interpretations depicting the geological framework of the host lithological packages and associated intrusives. H&SC used this information coupled with statistical analysis to generate strings for the construction of domain solids. Each solid represents an individually domained mineralised population for each project area ***Figure 3***.

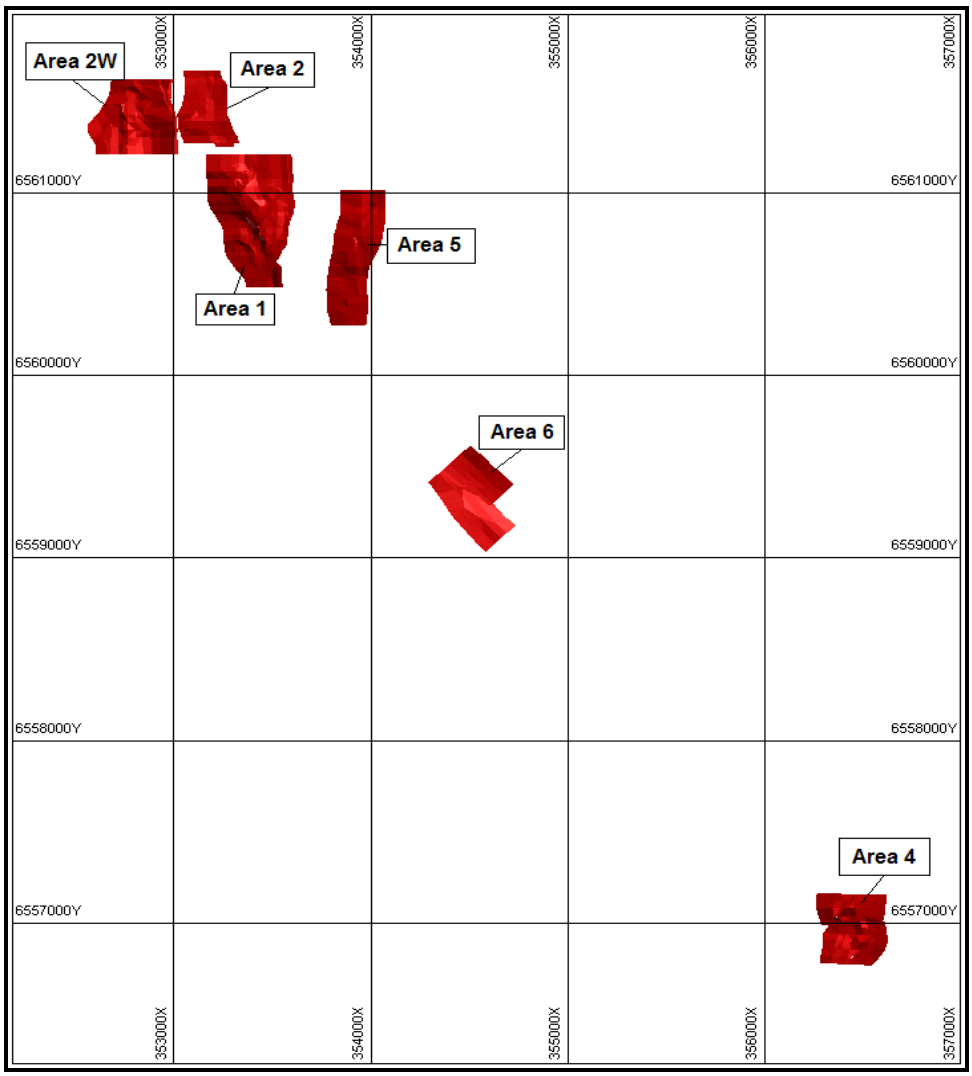

Figure 3 Geological interpretation of host pegmatite units, Mt Marion project.

Drilling technique

- The Mt Marion deposit drill hole spacing varies project area to project area from as small as 28 to 30m across strike and 26 to 30m along strike (to define near mine surface projections of mineralisation) to as much as 45 to 50m across strike and 43 to 52m along strike to define regional mineralised trends. Drill coverage at depth is variable approaching the maximum drilled depth of 152m in drill-hole MMP327 at Area 1.
- The drilling density is considered appropriate to define the geometry and extent of the mineralisation for the purpose of estimating Li_2O resources given the understanding of the local project geology, structure and confining formations.
- In total 329 RC drill-holes and 16 diamond drill-holes have been completed by Reed Resources Ltd over the Mt Marion project area, ***Figure 4***.

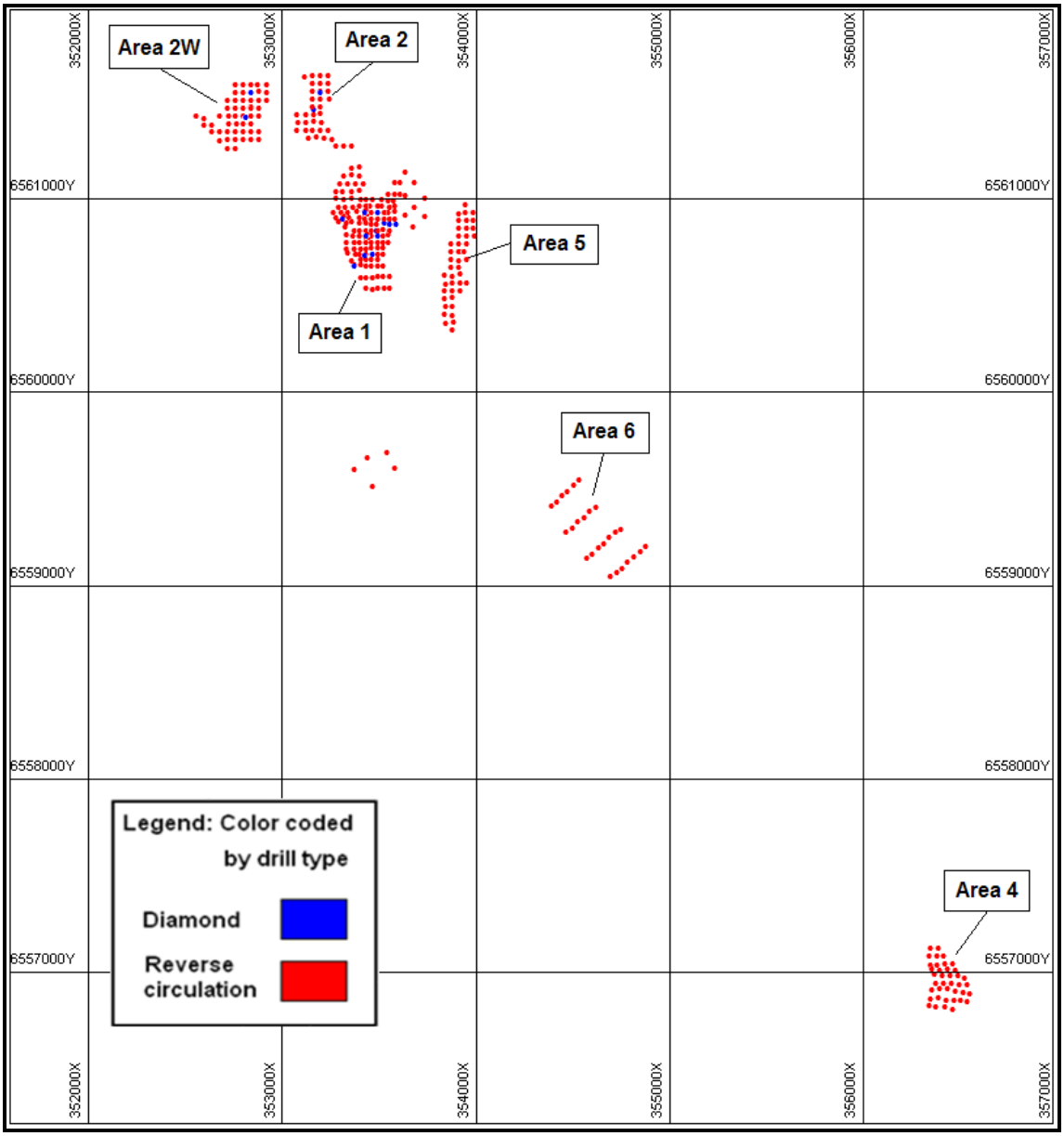

Figure 4 Plan of drill collars at Mt Marion, color coded by drill type.

Sampling and sub-sampling techniques

- Samples in RC have been collected at 1 metre intervals across and adjacent to the main mineralised zones, after which samples are collected as 3 meter composites.
- For the core drilling (using PQ3 and HQ3 diamond drilling), samples have been collected at 1 metre intervals primarily for the purpose of mineralisation verification. Logging of diamond core was on geological intervals.
- It was advised by Reed Resources that geotechnical logging, metallurgical test-work and bulk density analysis were undertaken over selected core runs.

Sample analysis method

- Reed Resources provided standards at three different levels of lithium that had been prepared from bulk material taken from a winze at the No.1 Deposit. The standards were prepared by Gannet Holdings at their facility at Naval Base by crushing, pulverizing and homogenizing.
- Standard reference material samples were routinely inserted into the sample stream by the laboratory utilised by Reed Resources Ltd at 1 in 20 samples. Blank samples and a duplicate sample are randomly inserted by the laboratory in approximately every 20 samples that are submitted.
- During RC drilling a duplicate sample is collected from the rig mounted cone splitter at the time of drilling and sampling. The duplicate sample weighing about 3 kg was taken at random from the residues of a pegmatite intersection, placed in a numbered and ticketed calico bag and also forwarded to Genalysis Laboratories for preparation and analysis of the standard suite of elements.
- Genalysis Laboratories in Maddington Perth, WA were used as the preferred laboratory by Reed Resources
- Samples were pulverised and a subsample of each pulp was digested with a mixture of hydrofluoric, nitric, perchloric and hydrochloric acids in Teflon test tubes using a specially designed microprocessor-controlled digester.
- The solution was then analysed for lithium by Atomic Absorption Spectrophotometry (AAS). The detection limit was 1 ppm and the data was reported in ppm. Sample batches were comprised of 15 to 60 samples.
- A further sub-sample of each pulp was taken and fused into a glass disc with lithium tetra borate and analysed for the following major elements by XRF Spectrometry. The detection limits are shown in parentheses.

    - Al2O3 (0.01%), CaO (0.01%), Cr2O3 (0.005%), Fe2O3 (0.01%), K2O (0.01%), MgO (0.01%), MnO (0.005%), Na2O (0.01%), Nb (0.01%), P2O5 (0.001%), SiO2 (0.01%), Ta (0.005%), TiO2 (0.01%).

- Another sub-sample was analysed by thermo-gravimetric analysis for loss on ignition (LOI). The analysis was carried out in a programmable furnace at 1000 o C and the weight loss was recorded in percent with a detection limit of 0.01%.

Criteria for classification

- Blocks in the resource model have been allocated Measured, Indicated and Inferred confidence category based on a consideration of the number and location of data used to estimate the grade of each block.
- The geological complexity and continuity, structural complexity and average distance to informing data are all taken into account during the consideration of the classification of the Mineral Resource Estimates.

- The principle search radii in the easting, northing and vertical directions for OK estimation were set to 45 metres, 45 metres and 5 metres respectively. Minimum data were set at 16 with a minimum number of octants set to 4. Estimation took place in a single pass using an octant search with minimum data and maximum points per octant to define the data that is utilised and an expansion factor of 0.6 applied
- The confidence in the quality of the data additionally justified the classification status of the Measured, Indicated and Inferred resources.

Estimation Methodology

- Resource models have been estimated by Ordinary Kriging (OK) for open cut resource estimates using H&SC's proprietary software GS3M with the searches aligned consistent with the strike and dip of the mineralisation (details are discussed in section 3.4 of this report). The lithologies / structures which host the mineralisation exhibit geometries which are consistent with those geometries defined by the spatial analysis of grade.
- Variables modelled included, Al2O3, CaO, Li2O, K2O, Fe2O5, MnO, Na2O, P2O5, SiO2 and Ta2O5 at the request of the client. A range of other elements primarily associated with base metal exploration were also contained within the database including but not limited to Al2O3,CaO, Cr2O3, Li2O, LOI, K2O, Fe2O5, MgO, MnO, Na2O, Nb, P2O5, SiO2, Ta2O5 and TiO2 (all elements expressed in %). A nominal composite length of one metre down hole was used for input elements data for the potential open cut estimates.
- The OK approach was employed utilising tightly constrained domains for the estimation of elemental resources. Parent block dimensions were 15mE by 15mN by 1.25mRL in-line with project drilling density. The informed blocks were later imported to Micromine and trimmed to the domain solids resulting in a sub-blocked model with block dimensions of 1.5mE by 1.5mN by 0.25mRL.
- Where appropriate data was transformed and experimental variograms of the variables were calculated and modelled.
- Estimation parameters utilised in the estimates included a first pass search of 45mEx45mNx5mRL, a second pass search of 72mEx72mNx8mRL and a third pass search of 72mEx72mNx8mRL.
- The first pass data criteria utilised included 16 minimum data, 4 minimum octants and 32 maximum data, second pass data criteria of 16 minimum data, 4 minimum octants and 32 maximum data and third pass data criteria of 8 minimum data, 2 minimum octants and 32 maximum data.

Cut-off grade(s), including the basis for the selected cut-off grade(s)

- No top cutting was applied due to the strong local grade support and very low coefficients of variation across all areas of the project
- Estimates were exported from GS3M into Micromine for sectional and plan validation against the original informing data.
- Swath plots were employed in the analysis of the modelling appropriateness along and across strike.
- The resources were tabulated at a range of cut-off grades as nominated by Reed Resources td and in-line with economic assessments undertaken by Reed Resources Ltd.

Mining and metallurgical methods and parameters, and other material modifying factors considered to date

- To the best of H&SC's knowledge, H&SC are not aware of any other modifying factors which have been considered to date.

Mining and metallurgical methods and parameters, and other material modifying factors considered to date

- To the best of H&SC's knowledge, H&SC are not aware of any other modifying factors which have been considered to date.

ENDS

For further information please contact:

Chris Reed
Managing Director
Reed Resources Ltd
T: +61 8 9322 1182
E : enquiries@reedresources.com

Bruce Goulds
CFO
Mineral Resources Limited
T: +61 8 9329 3600

John Gardner/Rob Newton
MAGNUS Investor Relations
T: +61 8 6160 4900

Competent Persons Statement

Information in this report that relates to Mineral Resources is based on information compiled by Mr Robert Spiers, Member of the Australian Institute of Geoscientists (AIG), and Dr Bryan Smith a Member of the Australian Institute of Geoscientists (AIG).

Mr Robert Spiers, Director and Consultant Geologist, is employed by H&S Consultants Pty Ltd and compiled the resource estimate report. Mr Spiers 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 Spiers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Dr Bryan Smith, Director, is employed by Bryan Smith Geosciences Pty Ltd and has compiled and provided drilling results and geological interpretations for Mineral Resource estimates. Dr Smith 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". Dr Smith consents to the inclusion in this 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

The following sections are provided to ensure compliance with the JORC (2012) requirements for the reporting of the Mineral Resource estimate for the Mt Marion deposit.

Mineral Resource Estimate for the Mt Marion Lithium deposit, as at July 2011, for a block cut-off grade of 0.3% Li_2O

Project Area	Material type	Measured			Indicated			Inferred			Total		
		Tonnes	Li_2O%	Fe_2O_3%	Tonnes	Li_2O%	Fe_2O_3%	Tonnes	Li_2O%	Fe_2O_3%	Tonnes	Li_2O%	Fe_2O_3%
Area1	Oxide	60,000	1.19	0.67	144,000	1.26	0.82	179,000	1.2	1.0	383,000	1.2	0.9
	Transitional	658,000	1.44	0.79	727,000	1.41	1.14	353,000	1.3	1.4	1,739,000	1.4	1.1
	Fresh	666,000	1.54	0.98	1,051,000	1.41	1.31	1,379,000	1.3	1.4	3,096,000	1.4	1.3
	Subtotal	**1,384,000**	**1.48**	**0.88**	**1,923,000**	**1.40**	**1.21**	**1,911,000**	**1.3**	**1.4**	**5,218,000**	**1.4**	**1.2**
Area2	Oxide	-	0.00	0.00	-	1.64	1.19	18,000	1.3	1.1	18,000	1.3	1.1
	Transitional	-	0.00	0.00	19,000	1.42	1.50	215,000	1.3	1.4	234,000	1.3	1.4
	Fresh	64,000	1.31	1.41	385,000	1.35	1.59	833,000	1.3	1.5	1,281,000	1.3	1.5
	Subtotal	**64,000**	**1.31**	**1.41**	**404,000**	**1.35**	**1.59**	**1,065,000**	**1.3**	**1.5**	**1,532,000**	**1.3**	**1.5**
Area2W	Oxide	-	0.00	0.00	6,000	0.90	0.92	33,000	0.9	1.0	39,000	0.9	1.0
	Transitional	2,000	1.23	1.19	56,000	1.09	1.11	210,000	1.1	1.1	268,000	1.1	1.1
	Fresh	433,000	1.38	0.97	1,554,000	1.39	1.12	2,669,000	1.3	1.1	4,655,000	1.3	1.1
	Subtotal	**435,000**	**1.38**	**0.97**	**1,616,000**	**1.38**	**1.12**	**2,911,000**	**1.3**	**1.1**	**4,963,000**	**1.3**	**1.1**
Area4	Oxide	-	0.00	0.00	-	0.00	0.00	4,000	0.8	1.6	4,000	0.8	1.6
	Transitional	17,000	1.31	1.43	182,000	1.22	1.35	251,000	1.1	1.5	450,000	1.1	1.4
	Fresh	28,000	1.47	1.26	223,000	1.32	1.34	397,000	1.3	1.3	648,000	1.3	1.3
	Subtotal	**45,000**	**1.41**	**1.33**	**405,000**	**1.28**	**1.34**	**652,000**	**1.2**	**1.4**	**1,102,000**	**1.2**	**1.3**
Area5	Oxide	-	0.00	0.00	-	0.00	0.00	22,000	1.1	2.2	22,000	1.1	2.2
	Transitional	-	0.00	0.00	2,000	1.41	1.82	102,000	1.3	2.4	104,000	1.3	2.4
	Fresh	-	0.00	0.00	9,000	1.44	2.24	216,000	1.3	2.2	226,000	1.3	2.2
	Subtotal	**-**	**0.00**	**0.00**	**11,000**	**1.43**	**2.17**	**340,000**	**1.3**	**2.3**	**351,000**	**1.3**	**2.3**
Area6	Oxide	-	0.00	0.00	2,000	1.57	1.36	55,000	1.6	1.7	58,000	1.6	1.7
	Transitional	16,000	1.57	1.12	208,000	1.53	1.24	663,000	1.4	1.4	887,000	1.4	1.3
	Fresh	71,000	1.59	0.98	200,000	1.54	1.15	485,000	1.5	1.2	756,000	1.5	1.1
	Subtotal	**87,000**	**1.59**	**1.01**	**411,000**	**1.54**	**1.20**	**1,203,000**	**1.5**	**1.3**	**1,701,000**	**1.5**	**1.3**
Project	**Total**	**2,015,000**	**1.45**	**0.93**	**4,769,000**	**1.39**	**1.22**	**8,082,000**	**1.3**	**1.3**	**14,866,000**	**1.30**	**1.2**

NOTE:

All tonnage and grade figures have been rounded down to two or three significant figures, respectively; slight errors may occur due to rounding of values. Significant figures do not imply an added level of precision.

JORC 2012 Checklist of Assessment and Reporting Criteria

Table 1: Section 1 Sampling Techniques and Data *(Criteria in this section apply to all succeeding sections.*

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• *The Mt Marion resource estimate is based on the logging and sampling of 329 reverse circulation (RC) and 16 diamond (DD) drill-holes (PQ and HQ3 size). Of these holes 318 were drilled by Reed Resources the others by historical operators.* • *Limited information is available on the sampling methods used for the historic data (pre-2009). H&SC reviewed documents provided by Bryan Smith (Geosciences Pty Ltd) detailing drilling and sampling methods used for the most recent drilling (2009 to present) which are considered to be in line with industry standard and of sufficient standard* • *Drill-holes have been sampled on 3 m intervals in areas of background mineralisation and 1 m intervals within mineralised zones.* • *For RC holes the drill cuttings were collected in a cyclone, discharged at 1 m intervals and split directly off by a rig mounted cone splitter to produce a 1/8th split to produce a split sample of between 1.5 to 3 kg. Diamond core was sampled on variable intervals with core being sawn to ¼ core and sampled as quarter core samples.* • *H&SC did not witness the above outlined sampling procedure at the time of the resource estimation due to site access being washed out. No further site visit was scheduled*

Criteria	Explanation	Commentary
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• *The main drilling technique was by reverse circulation drilling with 329 hole completed by this method. In addition 16 drill holes were undertaken by diamond drilling using wire line triple tube.*
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• *Drill sample recovery was monitored by Reed Resources in both diamond and RC drilling. Diamond core recoveries have been recorded but not assessed to date. RC samples were not routinely weighed.* • *RC recovery at the rig was maximized by easing up each metre until the sample lines were clear and sample was collected from cyclone.* • *Samples were dried and weights for core were recorded, no analysis was completed at the time of the estimates. A a brief review of the data by H&SC suggested that no bias exists between core recovery and grade.*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• *RC and diamond sample logging was acceptable and any deficiencies were noted and reported to the client and rectified where applicable.* • *No Diamond core logging records for RQD and structural measurements where observed by H&SC and it is not known if orientation of core was established.* • *Core measurements were taken as well as core photographs (for 8 DD holes) and schematic logs were completed.* • *Logging of all samples includes oxidation, color mineralization styles 1 to 3 and lithology were recorded for core logging.*

Criteria	Explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• *Core was 1/4 cut on site using a core saw and sampled from the same side.* • *RC sample was split by an automated cone splitter mount beneath the cyclone on the rig, sampling was generally dry, when water was encountered the sample was set aside to be sampled once dried in the sun..* • *No quality control procedures were observed by H&SC with regard to sampling however a commentary was provided by the client upon request by H&SC documenting the process of sampling and sub-sampling which H&SC deemed to be of adequate industry standard.* • *Genalysis Maddington Perth WA, Australia laboratories were utilized in the analysis of the samples from Mt Marion. H&SC have completed a laboratory visit to assess the operating procedures and found them to be in-line with industry standards.* • *A duplicate sample was taken for each hole* • *Limited information is available for QAQC, H&SC drew on historical reviews of QAQC by both in-house and by external consultants where available. H&SC also undertook analysis of standard reference material outcomes and found no issues. The QAQC remains the responsibility of the client* • *H&SC believe the sample sizes to be appropriate with respect to the mineralization under consideration and the sampling regime supports this observation.*

Criteria	Explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• *The quality of assay data is within industry standards.* • *Internal quality analysis of test results is within acceptable tolerance.* • *Standard laboratory procedures involve the use of certified standards, duplicate samples and insertion of blanks. QAQC results suggest that sample assays analysis have achieved acceptable levels of accuracy and precision .*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• *Duplicate samples were taken for every hole as a single sample and assayed for comparison.* • *Three historical drill holes were attempted to be twinned by Reed Resources. The recent drilling supports the historical drilling broadly within the scope of variability of the local mineralization.* • *The Reed Resources Senior Geologists was responsible for planning and execution of field processes and sample preparation and dispatch management, H&SC believe this role was adequately filled. Databases were basic and functional compiled by the client in xls tables .H&SC subsequently drew this data into a Micromine database for further validation and cross checking between collar, assay, lithology and survey entries.* • *No adjustments were made to any assay data used in the resource estimate, other than substitution of HLDL for negative values which the laboratory provided as lower than detection.*

Criteria	Explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• *All of the drill hole collars were surveyed by Kingston Surveys Pty Ltd, Kalgoorlie. The datum point established by WMC in 1961 was re-established having been checked from the Trig Point on Mt. Marion. The survey was tied into six other Trig Points and in addition six local control points were established by Kingston Surveys around the perimeter of the drilling activities to facilitate drill-hole pick up.* • *The drill-hole collar positions were recorded using the GDA 94 grid and the local WMC grid. The RLs of all of the drill holes were also recorded being referred back to the Mt. Marion trig point using the six control points.* • *No down-hole surveys were undertaken as drilling was largely less than 60m in depth and the drillers commented that little deviation was observed during drilling as strata was largely drilled perpendicular*
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied* • *Whether sample compositing has been applied.*	• *At the No.1 Deposit the original holes drilled by WMC in 1961 were spaced at 100 X 100 ft. All of the holes drilled by Reed Resources at the No.1 Deposit were spaced at 100 X 100ft using the original WMC grid.* • *The drilling by WMC in 1971 and 1973 at the No.2 and 2W Deposits (and also the No.3 and No.4 Deposits that are not considered here) was at a grid spacing of 40 X 40 metres. All of the drilling by Reed Resources Ltd. at the No.2, 2W and 5 Deposits was also at a spacing of 40 X 40 metres.* • *The spacings used by WMC and Reed Resources are considered to be adequate for the establishment of geological and grade continuity of the pegmatite resources at Mt. Marion.* • *Within the mineralized zones sampling is at 1m interval for RC drilling and variable for core drilling, proximal to mineralized zones 3m composited samples are taken until no mineralisation is anticipated.*

Criteria	Explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• *The pegmatite sills all dip between 5 to 30 degrees to the west with most of the dips being within the range of 10 to 20 degrees. The drill holes at the No.1, 2 and 2W deposits were all vertical and in view of the shallow dips of the pegmatite sills these holes were considered to make un-biased sampling possible. At the No.5 Deposit most of the holes were drilled at dips of 60 degrees at an azimuth of 135 degrees MN into pegmatite sills that dipped at about 25 degrees to the NW. These holes are also considered to provide un-biased sampling of the pegmatite ore bodies.* • *No sampling bias is observed*
Sample security	• *The measures taken to ensure sample security.*	• *Chain of custody is managed by Reed Resources* • *Samples were periodically stored onsite and transported to the laboratory on a regular basis.*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• *To the best of H&SC's knowledge, no formal audits or reviews have been undertaken on sampling techniques and data to date.*

Table 1: Section 2 Reporting of Exploration Results Data

(Criteria listed in section 1, also apply to this section.)

Criteria	Explanation	Commentary
Mineral Tenements and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Granted Mining Leases 15/999 and M15/1000. • Beneficial Interests: Reed Resources Ltd 70% Mineral Resources Ltd 30%
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *Initial work in 1955, the Kalgoorlie Metallurgical Laboratory under the Mines Department of W.A. carried out a "Beneficiation of Spodumene Ore from Mt Marion, W.A. (Report No 656).* • *In June 1962 Chief Metallurgist with Western Mining Corporation Limited, undertook floatation test work and produced Report No 717, "Benefication of Spodumene from Pegmatite of Mt Marion Area, W.A.* • *In the 1960's, 1970's and 1980's Western Mining Corporation (WMC) carried out extensive exploration on its Mt Marion tenements* • *In 1988, WMC concluded that it was sub-economic and consequently WMC abandoned the project* • *More recently, Associated Minerals Pty Ltd (AM) decided to re-assess the feasibility of exploiting the Mt Marion Feldspar occurrences* • *In 2009 Reed Resources Ltd (ASX: RDR) (the "Company" or "Reed") had enhanced its tenement portfolio of "in-demand" commodities by, entering into an Option agreement to acquire the high grade Mount Marion Lithium Project.*

Criteria	• Explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The Mt Marion, spodumene bearing pegmatite occurs in a 9km long / 600m wide, north 400 west striking intrusive package. Pegmatite units internally trend variably north 50 east* • *The host units within the main mineralised zone are fine to medium grained pegmatites which intrude strongly sheared fine grained greenstones.* • *The mineralogy over the main project is 90% spodumene, with minor quartz, feldspar and muscovite no zoning of mineral assemblages, garnet and rarely quartz.*
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• *There are no exploration results reported for the immediate Mt Marion area that have not been reported previously. Reed has reported exploration results to the ASX on the following dates: 18/1/2010, 4/3/2010, 2/5/2011 and 8/6/2011.*

	• *Explanation*	**Commentary**
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• *There are no exploration results to report in this news release however in past news releases of exploration results, Reed has provided summaries of all length weighted intercepts of pegmatite mineralisation for all assays with greater than 0.4% Li_2O, continuous throughout each intercept.*
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• *There are no exploration results to report in this news release however in past news releases of exploration results, Reed has reported all holes drilled vertically. All depths and intercept lengths are down-hole distances and not intended to represent the true width of lithium-bearing pegmatite.*
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• *See figures in main summary.*

Criteria	• *Explanation*	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• *Due to size of the drillhole database it is not practicable to report all drilling results. Cut-off grade for reporting is a natural well-defined boundary for the pegmatite that will be the principal target for selective mining of the deposit.*
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• *Only drill hole data used for resource calculation purposes*
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• *Further exploration work is not planned for the immediate Mt Marion area .*

Table 1: Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• *Primary data was collected by Reed Resource on laptop computers in Excel* • *Field data and original assay certificates compiled and validated by Senior Geologist.* • *Drilling data provided in xls tables for collar, survey, lithology and assay data* • *Micromine software validation procedures checks for missing intervals and drill holes undertaken by H&SC.* • *Checking inclinations, azimuths, deviations and sample intervals within a given tolerance.*
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• *No site visit was possible by H&SC due to the field season being completed upon receipts of data and subsequent inclement weather conditions*
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• *Geological Interpretation has a high degree of confidence and was a collaberation between the client and H&SC.* • *The original interpretation was provided to H&SC by the client and was based on Reed Resources diamond and RC drilling validated geological logging and assays.* • *To the best of H&SC's knowledge, based on the information supplied to H&SC, the geological and mineralization continuity is very clear cut and unlikely to suffer from an alternative interpretation.* • *To the best of H&SC's knowledge, based on the information supplied to H&SC, no factors effect grade or continuity*

Criteria	Explanation	Commentary
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• *The continuity of the sills (mineralized host) along strike at the four deposits has been established by drill testing to range from at least 300 to 600 metres. The No.5 Deposit is more complex as the pegmatite sills have been offset by SW trending structures. All of the Deposits that have been drill tested are open along strike and down dip. Further testing of the down dip extentions of the pegmatite sills was constrained by what was considered to be possible acceptable strip ratios for open cut mining.* • *The host sill breaks surface and the pegmatite sills all dip between 5 to 30 degrees to the west with most of the dips being within the range of 10 to 20 degrees.*

Criteria	Explanation	Commentary
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• *Ordinary Kriging technique employed based on low coefficient of variation between samples in the mineralised domain* • *Grade interpolation search ellipses based on variography and geometry modelling* • *No assumption regarding the treatment of grades were employed.* • *GS3 (H&SC proprietry softwares) were employed to undertake the estimation* • *Variables modelled included, Al2O3, CaO, Li2O, K2O, Fe2O5, MnO, Na2O, P2O5, SiO2 and Ta2O5 at the request of the client. A range of other elements primarily associated with base metal exploration were also contained within the database including but not limited to Al2O3,CaO, Cr2O3, Li2O, LOI, K2O, Fe2O5, MgO, MnO, Na2O, Nb, P2O5, SiO2, Ta2O5 and TiO2 (all elements expressed in %). A nominal composite length of one metre down hole was used for input elements data for the potential open cut estimates.* • *The ordinary kriging (OK) approach was employed utilising tightly constrained domains for the estimation of elemental resources. Parent block dimensions were 15mE by 15mN by 1.25mRL in-line with project drilling density. The informed blocks were later imported to Micromine and trimmed to the domain solids resulting in a sub-blocked model with block dimensions of 1.5mE by 1.5mN by 0.25mRL.* • *Search radii for measured pass employed 45mEx45mNx5mRL, indicated 72mEx72mNx8mRL and for inferred 72mEx72mNx8mRL. The data criteria used were for measured 16 minimum data, 4minimum octants and 32 maximum data, for indicated 16 minimum data, 4 minimum octants and 32 maximum data, for inferred 8 minimum data, 2 minimum octants*

Criteria	Explanation	Commentary
		and 32 maximum data. Searches were orientated in-line with geometry of individual project areas mineralization trends. • *To the best of H&SC's knowledge no previous estimates were available at the time of the estimates in this report nor were any production details available.* • *No recovery of byproducts used in estimation* • *Variables modelled included, Al2O3, CaO, Li2O, K2O, Fe2O5, MnO, Na2O, P2O5, SiO2 and Ta2O5 at the request of the client.* • *The primary block size employed was 15mEx15mNx1.25mRL.* • *SMU considerations were taken into account in the formulation of the final primary block sizes, whereby the RL conformed to half of a mining flitch and the eastings and northings coincided with bulk mining units.* • *No assumptions were employed during modelling with regard to the correlation between elements as all were equally sampled in the data set.* • *The geological interpretation and subsequent solid model (wireframes) for each project area was used as a hard boundary for the estimation. Primary blocks were subblocked to these solids to report the final tonnes and grade for the estimates.* • *No grade cutting was required as the coefficients of variation were very low and the grade populations defined by the geological interpretation were well supported across the entire population.* • *The resource model was loaded into Micromine for comparison of modelling outcomes to the original data on section and in plan.*

Criteria	Explanation	Commentary
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• *Tonnages are estimated on a dry basis*
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• *Mineralised domain interpreted on grade ≥0.39% - assumed to be reasonable cut off for small scale shallow open pit proposition on advice from the client.* • *Resources was reported at a range of cut-offs*
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• *Minimum mining widths were taken into consideration during the construction of the mineralized solids, where by a minimum mining width of 2m was employee on advice from the client.* • *No other factors or considerations pertaining to mining related matters were considered by H&SC at the time of the estimates as they are outside of the scope of H&SC scope of works* • *Planned mining method is conventional drill and blast with truck and shovel open pit mining. Reasonably small mining equipment would be used to mine the high grade with limited dilution.*

Criteria	Explanation	Commentary
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• *No metallurgical factors or assumptions used to restrict or modify the resource estimation.*
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• *No environmental factors or assumptions used to restrict or modify the resource estimation* • *Mining Proposal and Works Approvals have been granted*

Criteria	Explanation	Commentary
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• *During the field practices Reed Resources collected 63 density samples from across predominantly Area 1. The density values were analysed in conjunction with the geological host* • *As directed by Reed Resources representatives, a range of default density values have been assigned to the dataset consistent with the apparent predominant style of mineralisation. In addition a default value of 2.75gm/cc has been assigned in the absence of measured values.* • *The application of the default density values in the absence of measured data for the resource estimation as directed by representatives of RR is likely to result in a slight under-estimation of the density data as it does not effectively capture the variable, predominantly fresh nature of the pegmatite units across all of the project areas.* • *The process by which density values were collected was not sighted by H&SC at the time of the estimates tabled in this report due to access issue with getting to site.*
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• *Blocks in the resource model have been allocated measured, indicated and inferred confidence category based on a consideration of the number and location of data used to estimate the grade of each block* • *The resource estimates were considered Measured, Indicated and Inferred due largely to the well documented history of industry best practice over the Mt Marion projects, regular drill spacing and the understanding of the mineralisation controls* • *Classification criteria deemed appropriate by H&SC*

Criteria	Explanation	Commentary
Audits or reviews.	• *The results of any audits or reviews of Mineral Resource estimates.*	• *No formal audits or reviews has been undertaken to date relating to the Resource estimates tabled in this report.*
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• *Outlines of resource classifications were reviewed against drill-hole data density and assays results.* • *Mineral resource estimate technique deemed appropriate* • *Estimation result concurs with internal desktop studies* • *Total mineral resource estimate based on global estimate* • *No production data available*