

ASX Announcement

18 March 2011

Strategic Resource expansion drilling commences at Mt Marion

HIGHLIGHTS

- Resource Definition drilling to significantly expand lithium resource commences;
- 102 holes for 5,960 m planned to be drilled;
- Upgraded Mineral Resource Estimate planned for completion in the September Quarter 2011; and
- Gresham Advisory Partners progressing strategic discussions with potential partners on downstream strategy.

Reed Industrial Minerals Pty Ltd (RIM), the subsidiary company of Australian diversified resources companies Reed Resources Ltd (**ASX: RDR**) ("Reed") and Mineral Resources Limited (**ASX: MIN**) ("Mineral Resources"), continues to advance the Mount Marion Lithium Project in Western Australia towards a late 2011 production start-up.

RESOURCE DEFINITION DRILLING COMMENCES

A strategic resource expansion program has commenced with a view to extending the open pit mine life through the extension of existing deposits (50 holes) and the definition of new resources from outcropping pegmatite prospects (52 holes). The current exploration target is 10 – 15 million tonnes at a grade of 1.1-1.4% Li₂O (ASX 15 June 2010).

A wide-spaced program testing the new prospects at Area 6 and No 4 Deposit will be completed first enabling in-fill holes to be designed whilst the holes extending the existing resources at 1, 2 and 2W Deposits are completed.

With completion of the drilling expected in the June quarter, Reed plans to update and report an upgraded mineral resource estimate in the September quarter.

It should be noted that this will not affect the previously announced timeline to commissioning in December 2011.

The drilling is being funded entirely by Mineral Resources as part of the reimbursable basis of the operational agreement for the development of the project.



DOWNSTREAM STRATEGY

RIM, and its advisors, Gresham Advisory Partners Limited, are continuing strategic discussions with third parties in relation to various proposed transaction structures ranging from downstream toll treatment and/or joint ventures through to partial and outright acquisition of the upstream (spodumene concentrate) operations.

RIM has sought submissions from third parties to be available around the end of the current quarter.

It should be stressed that discussions remain preliminary and there can be no assurance that a binding proposal will emerge. Reed and Mineral Resources will keep the market informed as matters develop further.

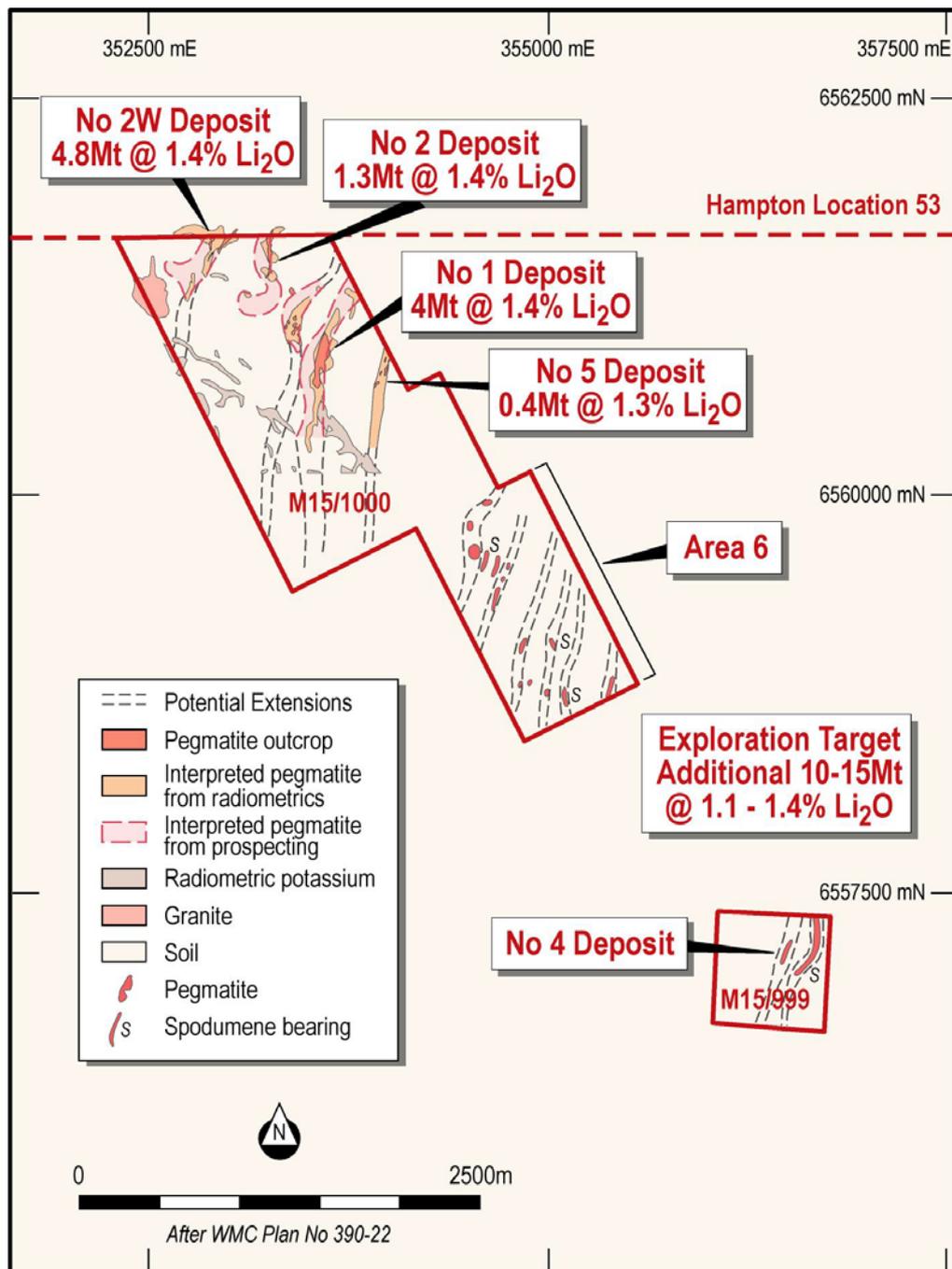


Figure 1. Mount Marion existing pegmatite resources within the project.

ENDS

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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