

ASX Announcement

8 June 2011

Resource drilling at Mt Marion Lithium Project yields positive results

HIGHLIGHTS

- All of the results from the third phase of reverse circulation drilling have now been received.
- The results show that the spodumene bearing pegmatite in the No.2 Deposit extends a further 120 metres to the south and a new Deposit No.1W extends to the NW of the No.1 Deposit for a strike length of at least 160 metres.
- The results for resource infill and extension drilling at Deposits 1, 2 and 2W will be used to estimate resources additional to those that have been previously announced.
- A new resource estimate for all of the Deposits is 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 M15/1000 (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.

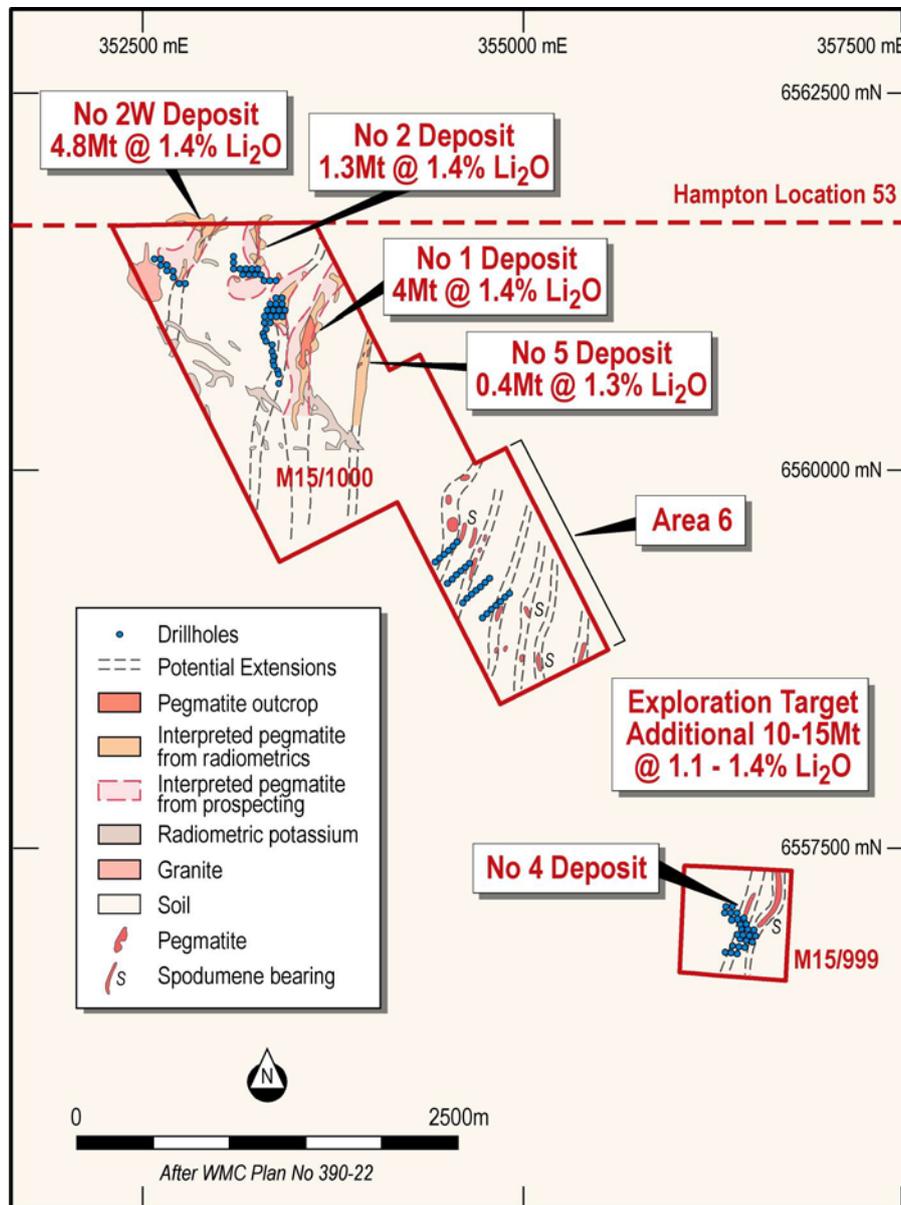


Figure 1. Mount Marion pegmatite group.

Results have now been received for the remaining 38 of the 110 holes drilled. These remaining holes were drilled to test the down dip extensions of the No.2 and 2W Deposits to the west and also to test the new 1W Deposit which is immediately to the NW of the No.1 Deposit.

At the 2W Deposit nine holes were drilled to test for spodumene bearing pegmatite to the west of a NNW trending shear system. The best result was 12 metres of 1.38% Li₂O and 0.74 % Fe₂O₃ in MMP343.

At the No.2 Deposit the drilling showed that the spodumene-bearing pegmatite extended a further 120 metres to the south. The best result was 12 metres of 1.57% Li₂O and 1.52% Fe₂O₃ in MMP227 and the average width was 8.5 metres at 1.40% Li₂O and 1.61% Fe₂O₃.

The No.1W Deposit is expressed as sporadic pegmatite outcrop at the surface and occurs to the NW of the No.1 Deposit. Fifteen holes were drilled to test this deposit on a 40 X 40 metre grid over a strike length of 160 metres. The pegmatite dips at a shallow angle to the west and has an average width of 9 metres at 1.20% Li₂O and 1.83% Fe₂O₃. The best result was 15 metres at 1.25 % Li₂O and 1.21 % Fe₂O₃ in MMP1113.

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	Li2O	Fe2O3
		m	m	m	%	%
Deposit 1W	MMP1109	12	23	11	1.38	1.48
Deposit 1W	MMP1111	15	25	10	1.52	1.26
Deposit 1W	MMP1113	9	24	15	1.25	1.21
Deposit 1W	MMP1114	19	31	12	1.34	1.19
Deposit 1W	MMP1115	27	38	11	1.13	1.71
Deposit 1W	MMP1116	21	32	11	1.13	1.71
Deposit 2	MMP221	13	23	10	1.48	1.19
Deposit 2	MMP222	26	38	12	1.28	1.17
Deposit 2	MMP223	29	41	12	1.42	1.67
Deposit 2	MMP227	20	32	12	1.57	1.52
Deposit 2	MMP228	32	43	11	1.28	1.32
Deposit 2W	MMP343	89	101	12	1.38	0.74

FORWARD WORK

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 new phase of infill and extension drilling for Deposit 4 and Area 6 is being planned.

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.

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 2.7M oz Gold project with 3Mtpa processing plant and associated infrastructure, conducting resource re-optimisation and feasibility study to recommence gold production in second half of 2012.
- **Barrambie** – Definitive Feasibility Study completed on the production of 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, 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

DEPOSIT	HOLE_NO	GDA94 Northing	GDA Easting	FROM m	TO m	Interval m	Li2O %	Fe2O3 %
Deposit 1W	MMP1103	6561164	353400	0	4	4	0.78	1.24
Deposit 1W	MMP1104	6561157	353359	16	21	5	1.03	1.95
Deposit 1W	MMP1105	6561118	353403	8	14	6	1.44	1.2
Deposit 1W	MMP1106	6561120	353362	6	8	2	0.72	2.98
				36	42	6	0.74	1.86
Deposit 1W	MMP1107	6561115	353320	7	15	8	1.37	3.34
				39	42	3	1.27	3.46
Deposit 1W	MMP1108	6561076	353419	6	10	4	1.22	1.26
Deposit 1W	MMP1109	6561074	353380	12	23	11	1.38	1.48
				50	52	2	0.9	3.73
Deposit 1W	MMP1110	6561073	353341	21	25	4	1.36	1.17
				38	44	6	1.49	1.36
Deposit 1W	MMP1111	6561073	353301	15	25	10	1.52	1.26
				64	67	3	1.37	2.03
Deposit 1W	MMP1112	6561039	353399	0	5	5	1.43	1.31
Deposit 1W	MMP1113	6561035	353363	9	24	15	1.25	1.21
Deposit 1W	MMP1114	6561034	353316	19	31	12	1.34	1.19
Deposit 1W	MMP1115	6561037	353280	27	38	11	1.13	1.71
Deposit 1W	MMP1116	6560993	353321	21	32	11	1.13	1.71
Deposit 1W	MMP1117	6560998	353279	43	51	8	1.29	1.23
Deposit 2	MMP218	6561431	353081	49	58	9	1.82	1.15
Deposit 2	MMP219	6561390	353085	33	36	3	1.49	1.28
Deposit 2	MMP220	6561349	353238	4	13	9	1.6	1.48
Deposit 2	MMP221	6561353	353201	13	23	10	1.48	1.19
Deposit 2	MMP222	6561348	353159	26	38	12	1.28	1.17
Deposit 2	MMP223	6561353	353122	29	41	12	1.42	1.67
Deposit 2	MMP225	6561307	353259	20	24	4	1.27	3.54
Deposit 2	MMP226	6561313	353221	15	21	6	1.18	0.91
Deposit 2	MMP227	6561314	353182	20	32	12	1.57	1.52
Deposit 2	MMP228	6561311	353141	32	43	11	1.28	1.32
Deposit 2	MMP231	6561271	353280	15	20	5	1.02	2.52
Deposit 2W	MMP343	6561341	352680	89	101	12	1.38	0.74
Deposit 2W	MMP344	6561341	352640	103	109	6	1.19	0.74
Deposit 2W	MMP345	6561300	352680	38	46	8	1.2	1.06
				70	73	3	1.83	0.97

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 was measured gravimetrically. QA/QC was monitored using duplicate samples and samples of certified reference material (CRMs) included at random amongst batches of samples and submitted blind to the laboratory. Three sets of standards prepared by Reed were also included in sample batches.
4. Grades are reported as $\text{Li}_2\text{O}\%$ and $\text{Fe}_2\text{O}_3\%$, in accordance with convention for reporting this style of mineralisation.
5. Holes that did not intersect significant mineralisation (i.e., intercepts $<0.4\%$ Li_2O) are not listed.