

ASX RELEASE

30 June 2014

Successful completion of Semi-pilot Plant for Battery Grade Lithium Hydroxide

HIGHLIGHTS

- Continuous production of high-purity lithium hydroxide via RIM's proprietary purification and electrolysis process
- The final product grade is better than published battery-grade lithium hydroxide specifications from existing leading suppliers.
- Results confirm potential to deliver lowest-quartile operating costs as indicated in Pre-feasibility Study 2012.
- Engineering Cost Study and Downstream partner selection process planned to commence in September Q 2014.

Reed Industrial Minerals Pty Ltd ("RIM") is pleased to announce the results from previously announced continuous scale test work to produce high-purity lithium hydroxide from its proprietary process flowsheet. The work program has been completed and the results are considered to be successful.

The test work demonstrates the successful scale up of the purification and electrolysis of lithium chloride solutions, which can be obtained from either mineral or brine feedstocks. Reproducibility of the electrolysis process, and the suitability and durability of the ion exchange membrane have been confirmed as suitable for commercial operation.

RIM holds the 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.

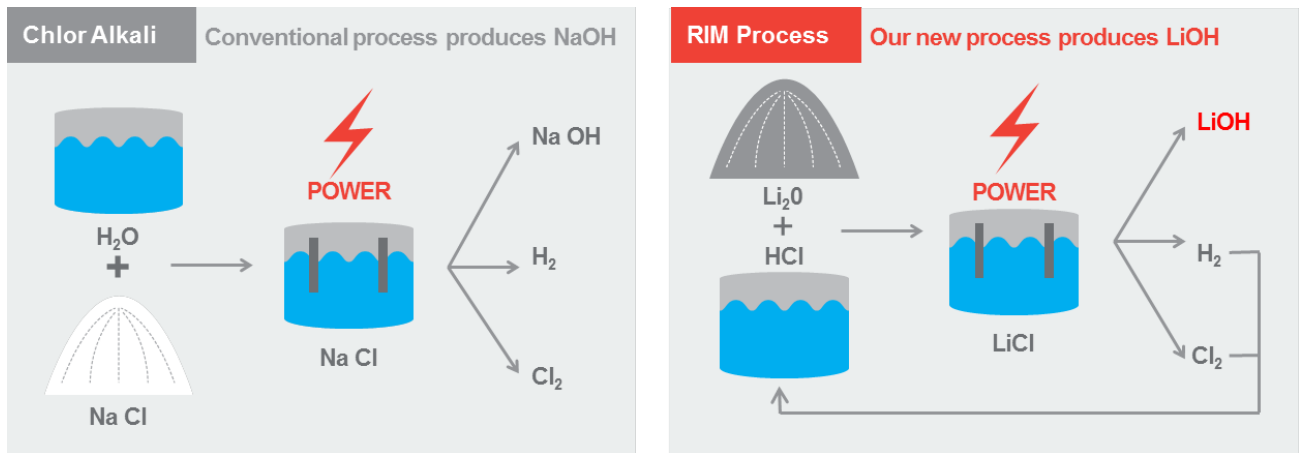
| COMPARISON OF BATTERY GRADE SPECIFICATIONS WITH LEADING LITHIUM HYDROXIDE MONOHYDRATE PRODUCER FMC LITHIUM | | |
|--|------|-------------|
| Items | FMC | RIM Results |
| LiOH.H ₂ O % Min | 56.5 | 56.5 |
| Fe ppm | ≤5 | 0.1 |
| Na ppm | ≤20 | 0.6 |
| K ppm | ≤10 | 1.3 |
| Cl ppm | ≤20 | 20 |
| Ca ppm | ≤15 | 0.6 |
| Al ppm | ≤10 | 3 |
| Ni ppm | ≤10 | 0.2 |
| Si ppm | ≤30 | 3.3 |

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



Advantages of the RIM process include:

- Ability to utilise existing Chlor-alkali and new Chlor-Alkali package-plants to produce LiOH , and
- high current efficiency in electrolysis that has the potential to deliver competitive unit production costs, and
- very low impurity levels in final product without additional purification phases.



Acknowledging the need for a semi-pilot scale demonstration plant to develop required process data, this test program aimed to optimize the operating conditions of the ion-exchange membrane chlor-alkali cell to achieve LiCl conversion rates of 250g/h and to collect data for the subsequent stages of process development. The semi-pilot plant was conducted by specialist chlor-alkali laboratory Process Technology Optimisation in Buffalo, USA.

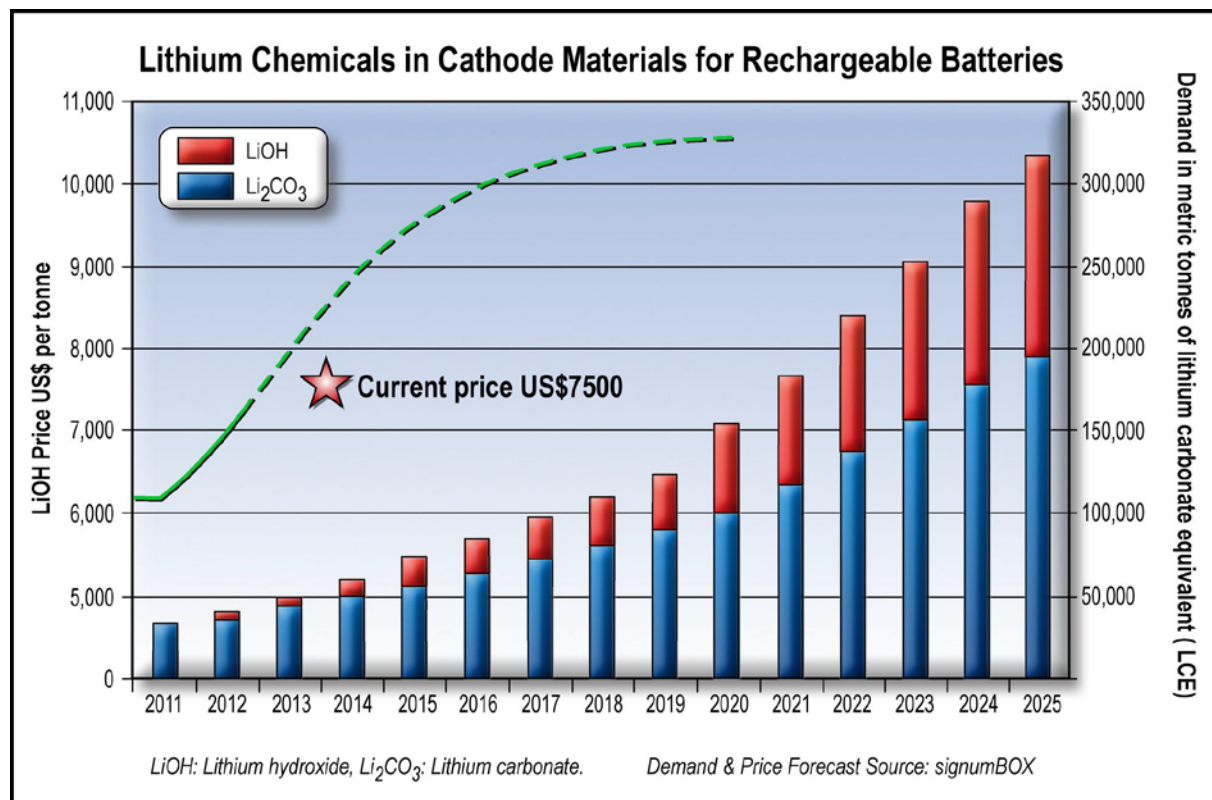
Subject to RIM board approval, an Engineering Cost Study to develop capital and operational costs, is the next stage in the development of the project.

The RIM lithium hydroxide production process is a wholly owned technology of RIM. An International patent application (PCT) has received a positive Preliminary Report on Patentability and national phase patent applications have been filed in Australia, Canada, Chile, China, Malaysia and the USA.

Reed and MRL are working to develop RIM into an independently financed, advanced minerals company that will be an integrated lithium compound producer and supplier to the Lithium Ion battery industry. Strategic discussions are in progress with third parties, including existing Chlor-alkali producers, with the aim of developing an appropriate business structure for the commercialisation of the RIM process technology. 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

The prominent, respected lithium industry researchers forecast a large and sustained increase in the demand for high-purity, battery-grade lithium hydroxide and carbonate at compound rates of approximately 20% pa. The growth is underpinned by continuing use of rechargeable batteries in consumer electronics and increased market penetration of battery electric and hybrid electric vehicles (BEV and HEV) in commercial and private applications. The current median prices for battery-grade lithium hydroxide and lithium carbonate are US\$7,500 and US\$6,400 per tonne, respectively, on a CIF basis to Europe and US respectively (source: Industrial Minerals 26 June 2014).



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 Dr Yatendra Sharma of Guardian Agchem Pty Ltd, a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Dr Sharma, Managing Director, is employed by Guardian Agchem Pty Ltd and compiled the metallurgical testwork results.

Dr Sharma 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 Sharma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document that relates “Mt Marion Mineral Resource Estimates” is extracted from ASX Release 9/12/2013. The Company confirms that all material assumptions and technical parameters underpinning the continue to apply and have not materially changed.

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



Figure 1 Location Plan

| Category (JORC, 2012) | Tonnage (Mt) | Li ₂ O (%) | Fe ₂ O 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 |

Table 1 Mt Marion Resource Table for 0.3% Li₂O cut-off

Semi-pilot Plant



Analyte Set-Up
and
Chlorine Scrubber



IX Columns



Five Cell Stack