

ASX Release

22 July 2011

38% increase to Mineral Resource Estimates at Mt Marion Lithium Project in WA

HIGHLIGHTS

- A third phase of resource definition drilling confirms high-grade pegmatites at the No 4. Deposit and at a new location - the Area 6 Prospect.
- Average intercepts of high-grade mineralisation for these two areas is 9.5m at 1.44% Li₂O and 1.18 % Fe₂O₃, using 0.4% Li₂O lower cut-off grade.
- Final phase of resource definition drilling deferred pending mining assessment of new Area 6 Prospect – the Project’s highest grade resource.

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed Resources”), 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, with total resources now 14.9Mt at 1.3% Li₂O for 201,000 tonnes of contained lithium oxide (Li₂O), representing a 38% increase over the previous estimate of 146,000 tonnes Li₂O.

The Mount Marion Project is planned to initially commence operations with a capacity of 200,000 tpa of 6% Li₂O chemical grade spodumene concentrate, 60,000 tpa of mica and 30 tpa tantalite concentrate.

Managing Director, Mr Christopher Reed said, **“This is an excellent result and confirms the high prospectivity for defining additional resources in these Lithium bearing pegmatites. The new resources at Area 6 and the Number 4 deposit alone potentially add years to the mine life at a discovery cost of less than 15 cents per resource tonne. It should also be noted that this drilling has not closed off any of the pegmatites either along strike or down dip. There still remains a significant amount of extensional upside to this area.**

“This work has been undertaken to ensure that once we commence production we have significant known resources that we can develop quickly to respond to increasing market demand.”



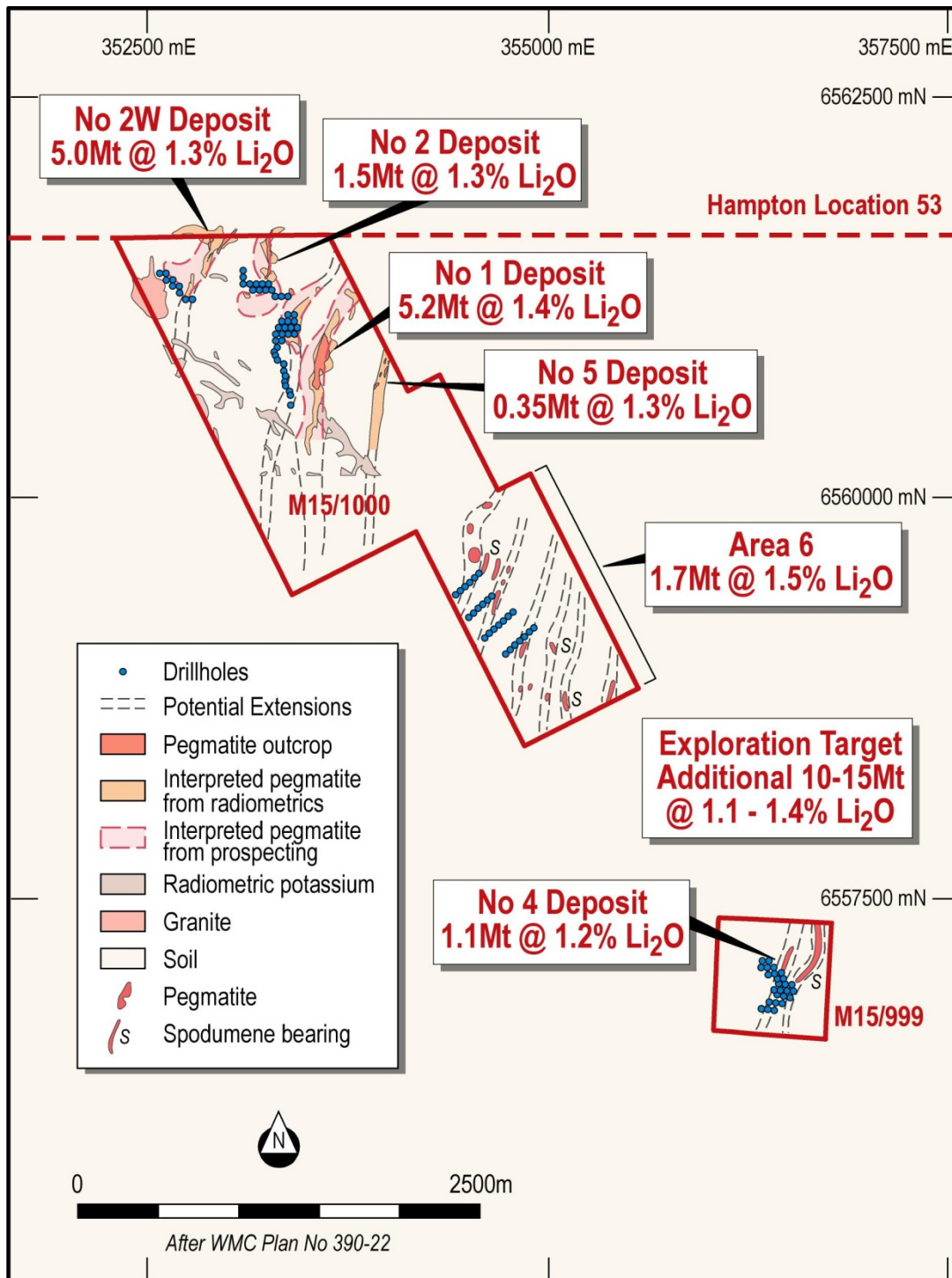


Figure 1. Summary of Mineral Resources by location in plan view.

The Mineral Resource estimate was undertaken by Hellman and Schofield. Lithium (Li₂O), iron oxide (Fe₂O₃) and potassium oxide (K₂O) were all estimated by ordinary block kriging. The Mineral Resource has been reported and classified in accordance with the 2004 JORC guidelines and code. A summary of the resource estimate can be sourced in Table 1.

		Tonnes	Li ₂ O%	Li ₂ O Tonnes	Fe ₂ O ₃ %
Deposit 1	Measured	1,384,000	1.5	20,451	0.9
	Indicated	1,923,000	1.4	26,842	1.2
	Inferred	1,911,000	1.3	24,977	1.4
	TOTAL	5,218,000	1.4	72,270	1.2
Deposit 2	Measured	64,000	1.3	836	1.4
	Indicated	404,000	1.4	5,457	1.6
	Inferred	1,065,000	1.3	13,481	1.5
	TOTAL	1,533,000	1.3	19,774	1.5
Deposit 2W	Measured	435,000	1.4	6,004	1.0
	Indicated	1,616,000	1.4	22,249	1.1
	Inferred	2,911,000	1.3	36,878	1.1
	TOTAL	4,962,000	1.3	65,131	1.1
Deposit 4	Measured	45,000	1.4	636	1.3
	Indicated	405,000	1.3	5,164	1.3
	Inferred	652,000	1.2	7,904	1.4
	TOTAL	1,102,000	1.2	13,704	1.3
Deposit 5	Measured	-	0.0	0	0.0
	Indicated	11,000	1.4	158	2.2
	Inferred	340,000	1.3	4,276	2.3
	TOTAL	351,000	1.3	4,434	2.3
Deposit 6	Measured	87,000	1.6	1,380	1.0
	Indicated	411,000	1.5	6,309	1.2
	Inferred	1,203,000	1.5	17,516	1.3
	TOTAL	1,701,000	1.5	25,205	1.3
TOTAL		14,867,000	1.3	200,518	1.2

Table 1. Summary of Mineral Resource July 2011, using a 0.3% Li₂O reporting cut-off.

FORWARD WORK

A final phase of infill and extension drilling has been deferred given the exceptional grades and the size potential of the resource in Area 6 from essentially exploration drilling. A detailed mining assessment will be completed to guide the preparation of a detailed infill and extension drill program.

ENDS

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Photos of Clearing for Deposit 1 , looking south (top) and west (next page)





Competent Persons Statement

Geological aspects of this report that relate to Exploration Results have been compiled by Mr Craig Fawcett (MAIMM), a full-time employee to Reed Resources Ltd. Mr Fawcett 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. Mr Fawcett consents to the inclusion in the report of the matters in the form and context in which it appears.

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr. Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 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.

About Reed Resources

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is a diversified mining and exploration Company based in Western Australia. 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.

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 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