



Reed Resources Ltd

Market Update

August 2009

Contents

1. Company Overview

2. Project Portfolio

- Mount Marion
- Barrambie
- Comet Vale
- Mount Finnerty

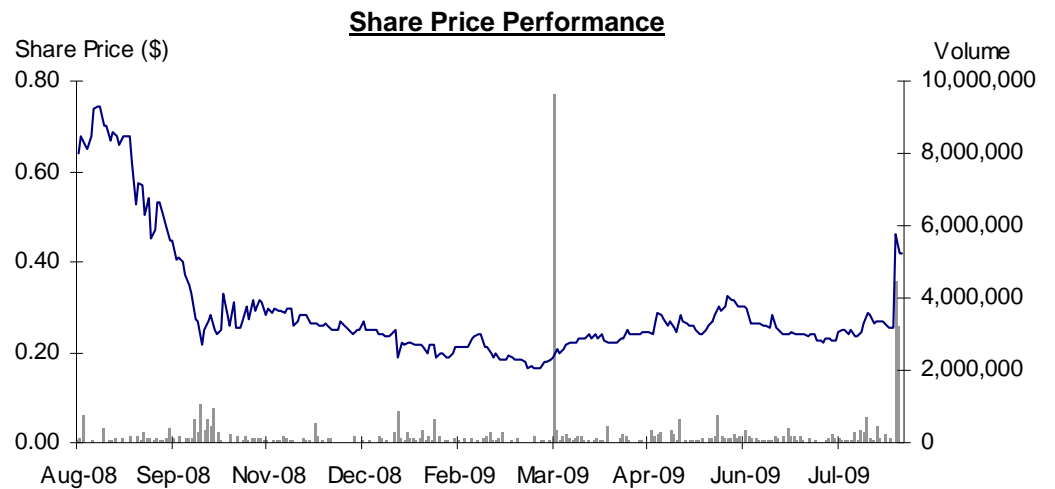
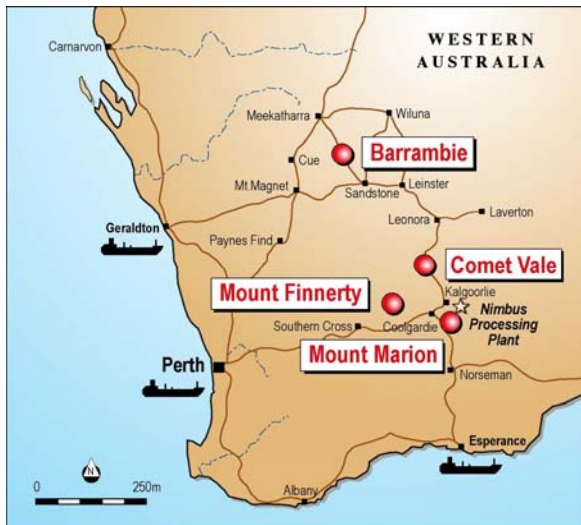
5. Board of Directors

6. Disclaimer & JORC Statement

Company Snapshot

- Reed Resources (ASX: RDR) is a diversified mining and exploration company with 4 primary projects all based in WA.
- Current project portfolio includes:
 1. Mt Marion – Lithium
 2. Barrambie – Vanadium
 3. Comet Vale – Gold and Nickel
 4. Mt Finnerty – Iron Ore and Nickel

Shares on Issue	138,550,000
Market Cap.	\$55,420,000
Cash	\$9,300,000
Shareholders	<i>David Reed 15.8%</i> <i>Top 20 Shareholders 47.5%</i>



Company Strategy

AIM : MULTIPLE INDEPENDENT CASHFLOW STREAMS COMMODITIES WITH STRONG LT FUNDAMENTALS

PRECIOUS METALS

- DERISK THROUGH DEVELOPMENT
- SECURE MILL
- ORGANIC GROWTH

STEEL MINERALS

- VANADIUM DERISK DFS
- IRON JV WITH LOCAL PRODUCER
- NI-S JV WITH LOCAL PRODUCER

INDUSTRIAL MINERALS

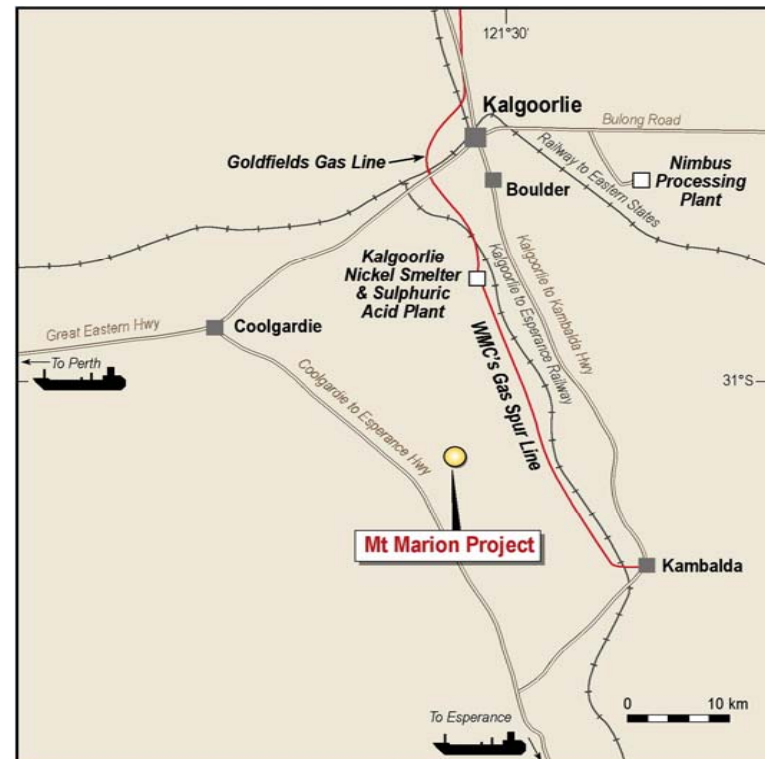
- LITHIUM DERISKED PFS
- STAGE 1 : EXPORT CONCENTRATE
- STAGE 2: ORGANIC GROWTH DOWN-STREAM PROCESS

HIGH GRADE + INFRASTRUCTURE + STRONG PARTNERS

Mount Marion Lithium Project Overview

- RDR has reached an agreement to acquire an option for the Mount Marion Lithium Project in the Goldfields region of WA
- Extensive drilling and evaluations have previously been conducted by WMC (1960's – 1980's) and then Associated Minerals Pty Ltd in 1996. *Project has been substantially de-risked by previous extensive test work and evaluation.*
- Pilot test work has produced spodumene (lithium) concentrates of 6.5 – 7.0% Li₂O with recoveries of 73–83%.
- Exploration target of 4 – 5Mt at 1.5 – 2.0% Li₂O based on historical reserves that were reported as part of a pre-feasibility study in 1996 by Associated Minerals Pty Ltd.
- The Project is less than 40km from the mining town of Kalgoorlie and less than 10km from the arterial Coolgardie to Esperance Highway
- Bill Crossley appointed as Project Manager for Mt Marion – Bill has previously held the position of open cut/underground manager for Greenbushes, the world's largest spodumene (lithium) and tantalum mine.

KEY TERMS OF OPTIONS	COST
Option Fee	\$0.2m
Option Period	2 yrs
Exercise Price	\$1.5m on exercise \$1.5m on decision to mine
Royalty	2.5% on spodumene 3.0% on lithium carbonate 2.0% on all other material



Lithium – Deposit Comparisons

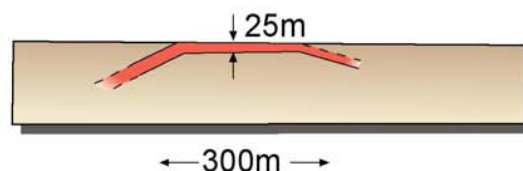
Greenbushes

- Incline vein pegmatite
- Head Grade 3% Li₂O
- Glass, Ceramic, Chemical grade
- Cut back costs



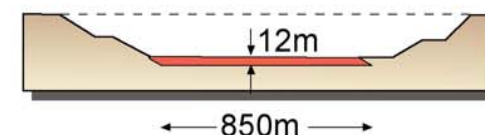
Mt Marion No1 Deposit

- Flat lying pegmatite
- Head Grade 2% Li₂O
- Only Chemical grade
- Strip Ratio 1.3:1



Mt Cattlin

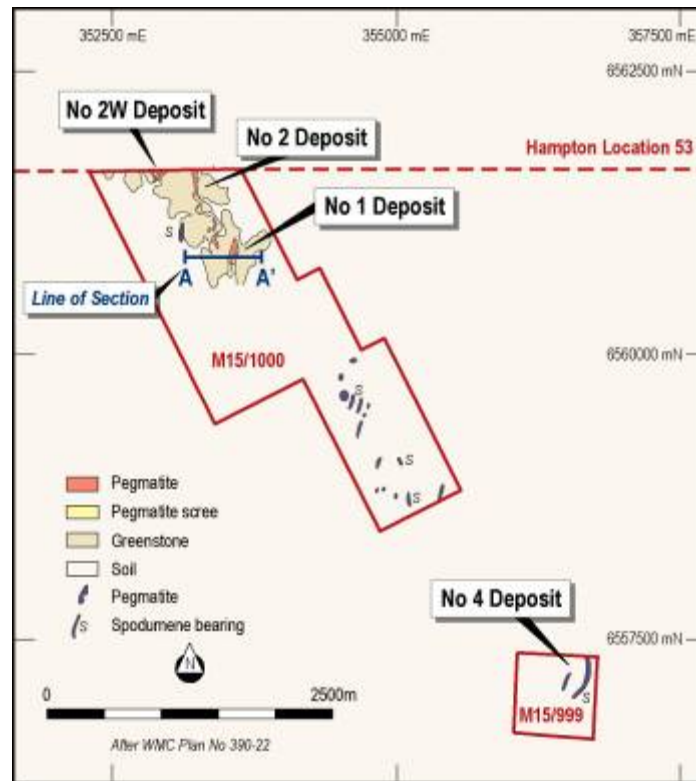
- Flat lying pegmatite
- Head Grade 1% Li₂O
- Only Chemical grade
- Strip Ratio 2:1



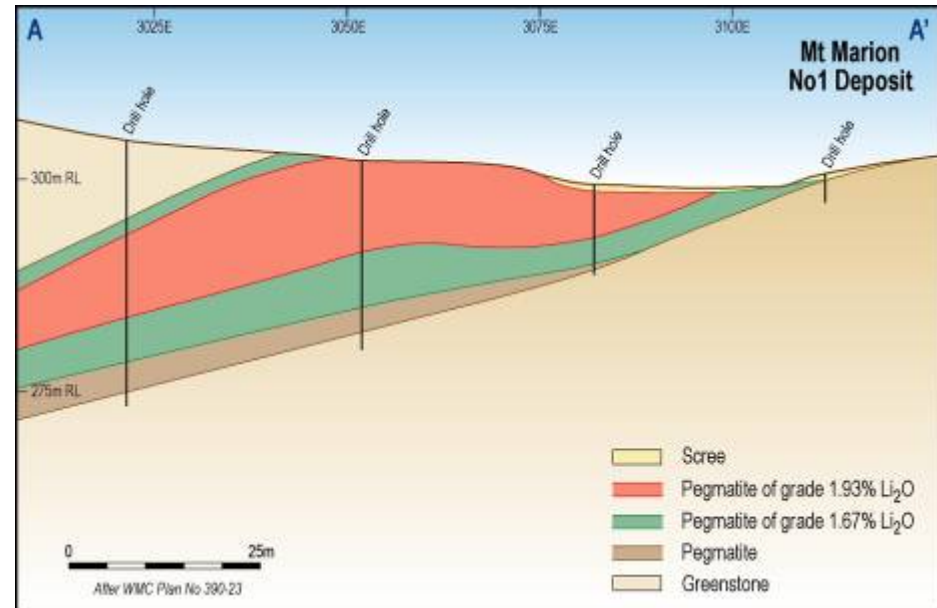
Deposit	Strip Ratio	Cut-off Grade Li ₂ O%	Average Grade Li ₂ O%	JORC Reserve Classification (1996)	Tonnes (Mt)
Mt Marion No.1	1.3:1	1.2	1.67	Proved & Probable	1.49

Mt Marion Lithium Deposits

Mt Marion Pegmatite in ML M15/999 and M15/1000



Mt Marion No. 1 Deposit – Providing Initial Reserves



Reed targeting 4-5Mt at 1.5-2.0% Li₂O Resource

Lithium Market Overview

- Lithium is product in demand with its primary usage in Lithium-Ion batteries
- Lithium is sourced primarily from salt brines (“brines”) or hard rock deposits (“spodumene”) and are sourced in the following forms from the following countries:

Brines

- Chile
- Bolivia
- Argentina
- USA
- China

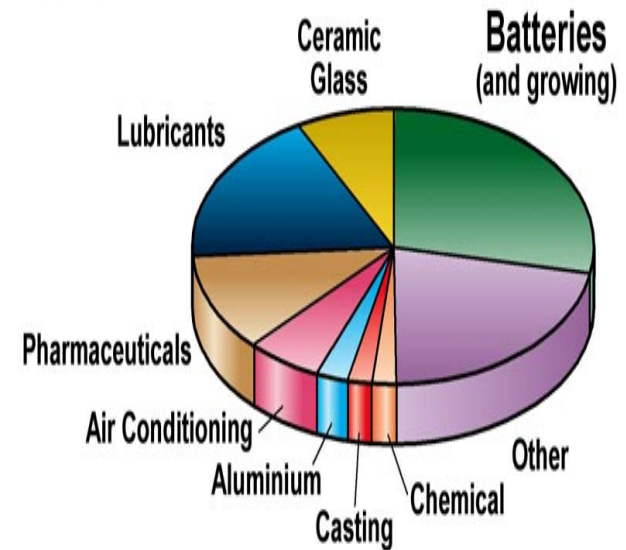


Spodumenes

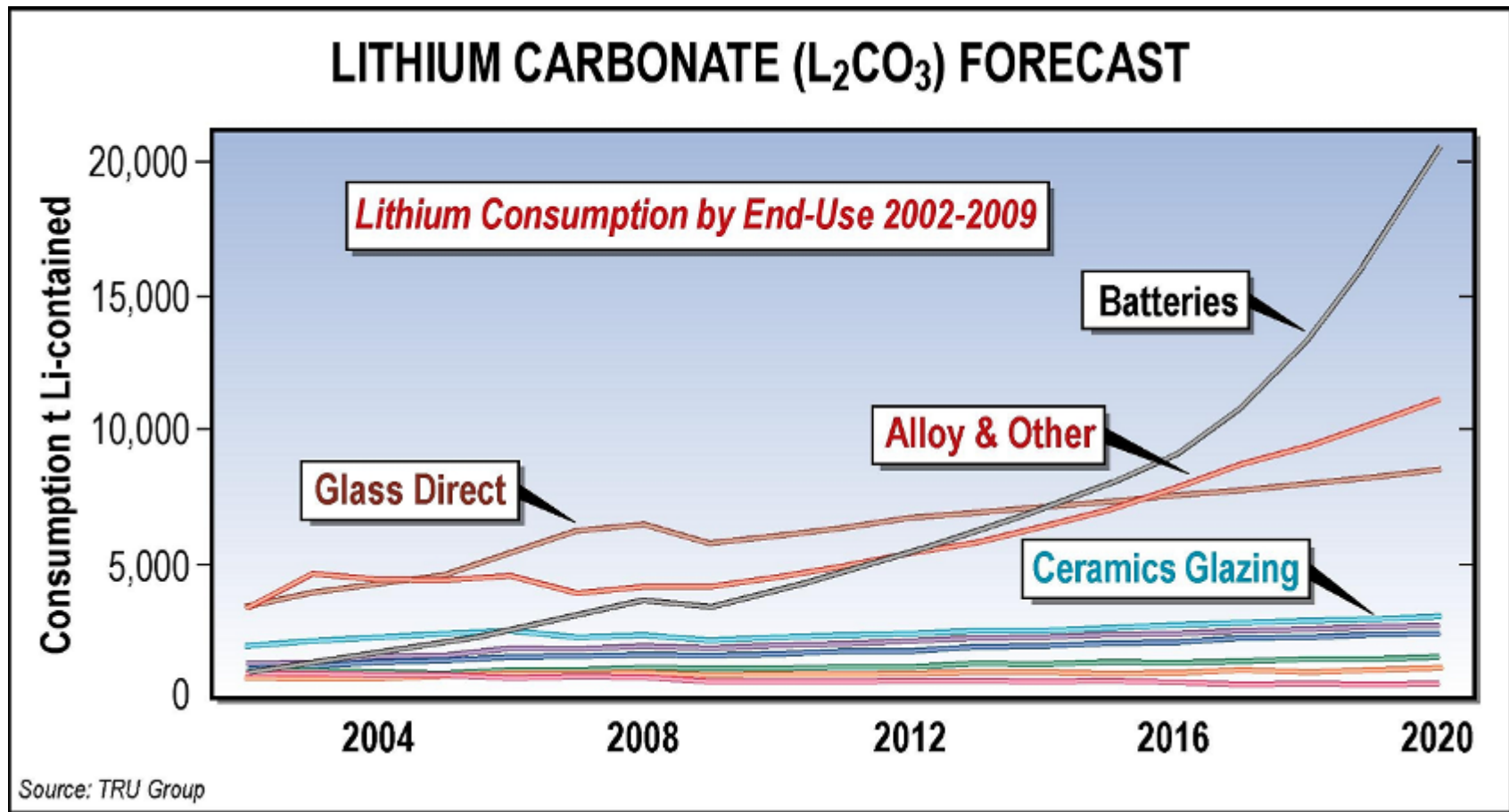
- Western Australia
- Canada
- Finland
- Zimbabwe



Lithium Use

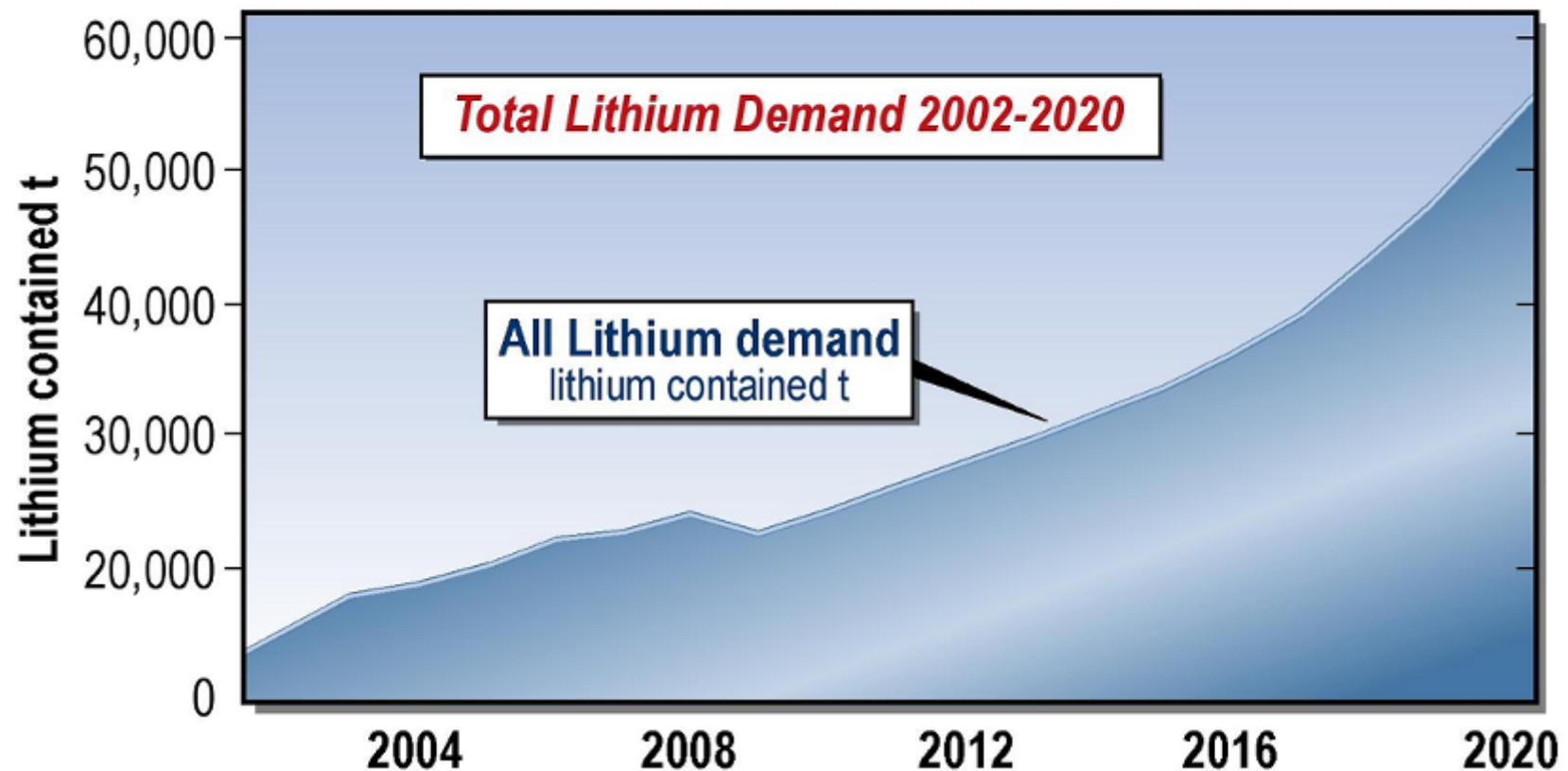


Lithium Market Overview



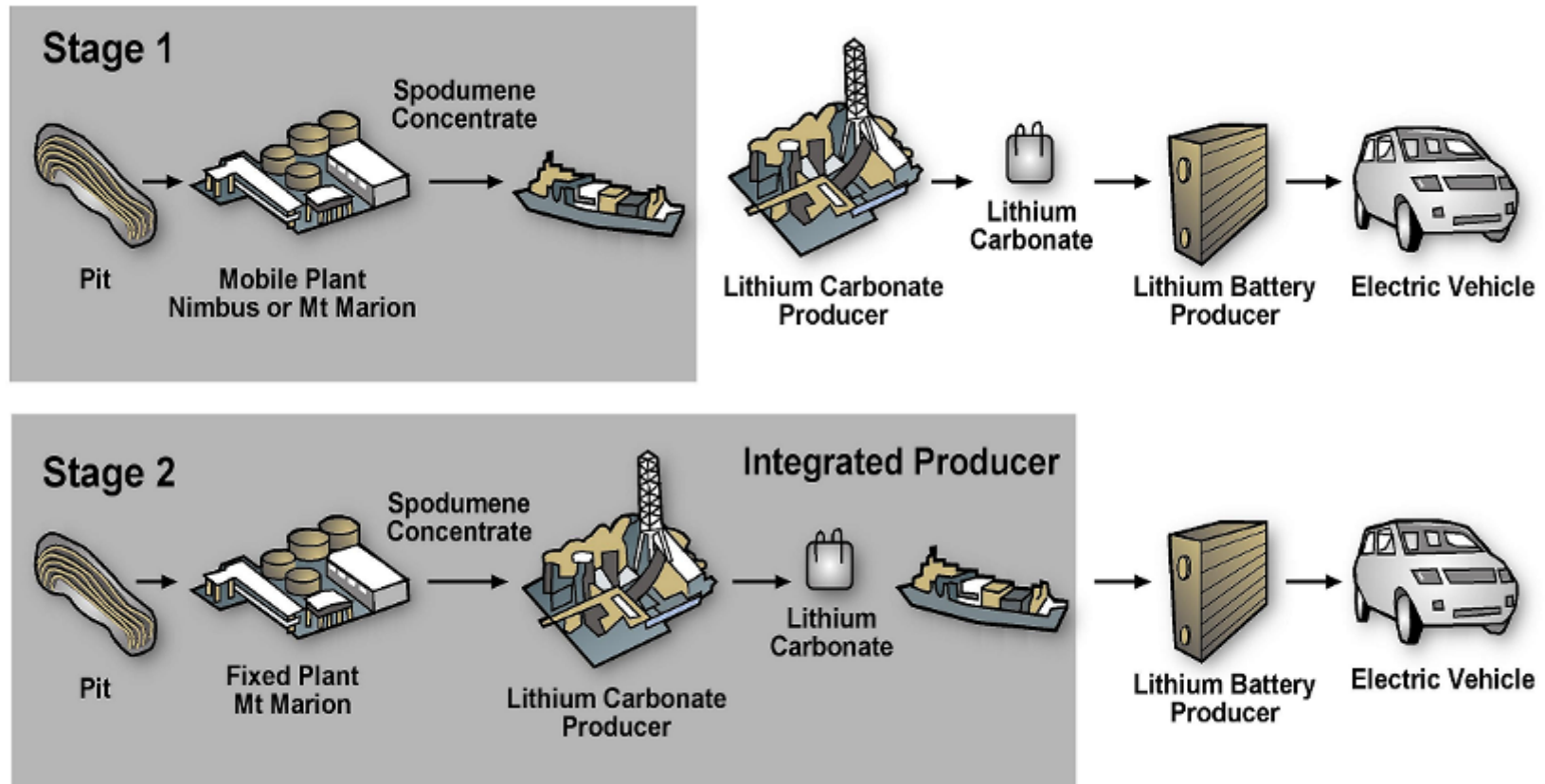
Lithium Market Overview

TOTAL MARKET DEMAND FORECAST



Source: TRU Group

Lithium Strategy (*)



Barrambie Vanadium Project Overview

- Reed owns 100% of the world class, high-grade Barrambie Vanadium Project.
- Highest grade vanadium reserves in Australia.
- Attractive project economics from DFS and highly leveraged to a recovering vanadium price.
- Barrambie project is located 125 km north-east of the Windimurra project in Murchison region of Western Australia
- Barrambie is serviced by major regional roads.
- Safe water supply from Barrambie borefield
- Barrambie Native Title Agreement in place
- Strong support from local stakeholders



	Mt	V ₂ O ₅ (%)
RESOURCE		
Indicated	49.2	0.82
Inferred	16.0	0.81
Total	65.2	0.82
RESERVE		
Probable	39.7	0.82

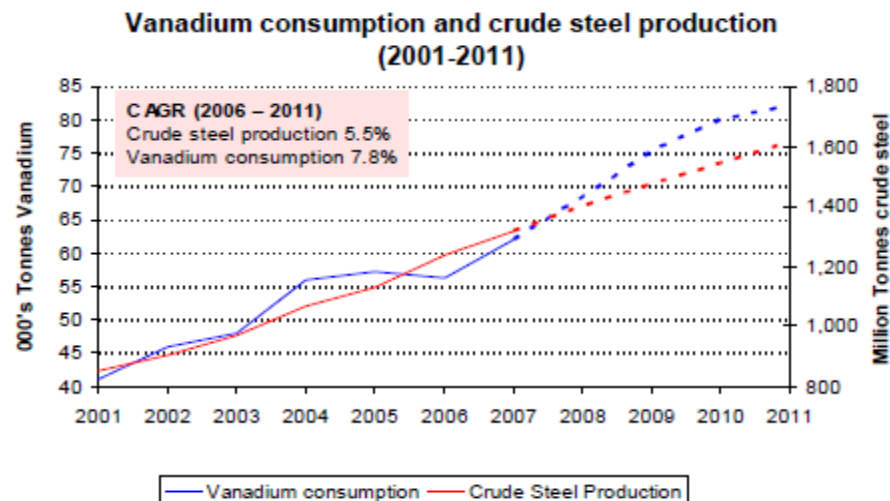
Barrambie Project Economics & Strategy

	Base Case US\$30/kg	5 Year Average US\$50/kg	FY07/08 US\$77/kg
US\$:A\$ Exchange rate	0.60	0.79	0.89
Capital Costs (AUD M)	\$630	\$630	\$630
EBITDA (AUD M)	\$105	\$186	\$327

- **Attractive economics and highly leveraged to the recovering world economy**
 - 12yr mine life;
 - \$630m capex;
 - A\$186m EBITDA at 5 year average vanadium price; and
 - Operating cost of < US\$20/kg
- **Engage strategic partner or project finance**

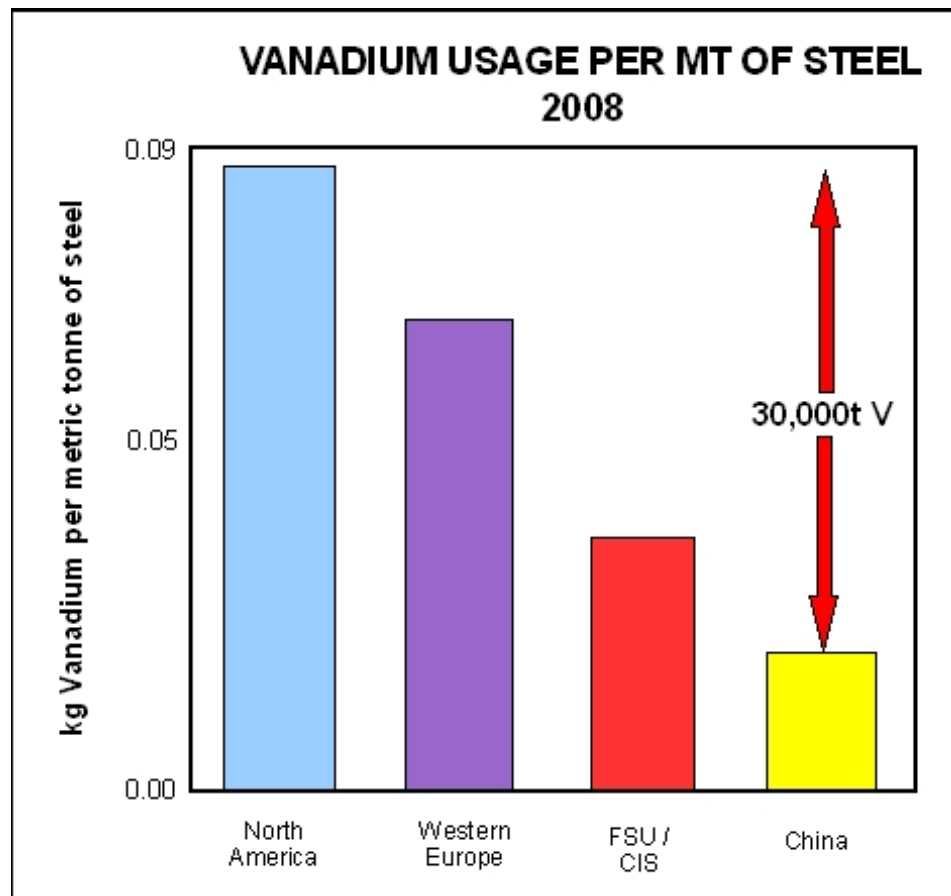
Vanadium Market Overview

- **Primary use - strengthening of steel and titanium**
 - Automobiles, infrastructure, gas and oil pipelines, aircraft/ships, military equipment
 - Steel contains between 0.05% and 4.00% vanadium
 - Current global consumption ~75,000tpa
- **Recent Growth**
 - Growing global steel demand and vanadium use driven by China and India and other developing nations
 - China accounts for ~40% of world steel production and is increasing its demand for 'strengthen' steel which uses vanadium
- **Current Market**
 - Dramatic fall in steel prices has impacted on vanadium price
 - Annual demand growth rate forecast of 7%
 - Govt led stimulus through infrastructure projects to lead to strengthened steel demand recovery in 2010/11



Vanadium Market Overview

- China averages just 0.03 kg of vanadium per ton [of steel] compared to the global average of 0.05-0.06 kg per ton [of steel]. If China were to freeze its steel production at its 2006 level but increase the vanadium levels in that steel to a similar level to that of the US, worldwide vanadium demand would increase by 77m lbs per year [$\sim 20,000t$ of V] – R.Bunting, Stratcor, June07



Comet Vale - Gold Mine Overview

- **High grade underground mine JV with Kingsrose Mining Ltd**
- **Profitable gold production with plans to increase production following the acquisition of the nimbus mill**
 - High grade resource – 182,000oz @ 8.6g/t
 - FY09 production of ~3,700oz (RDR share)
 - FY09 cash costs ~A\$550/oz
- **Option to purchase the Nimbus processing plant**
 - Exercisable on or before 31 August 2009
 - A\$15m replacement cost
 - \$2.25m cash payable upon exercise

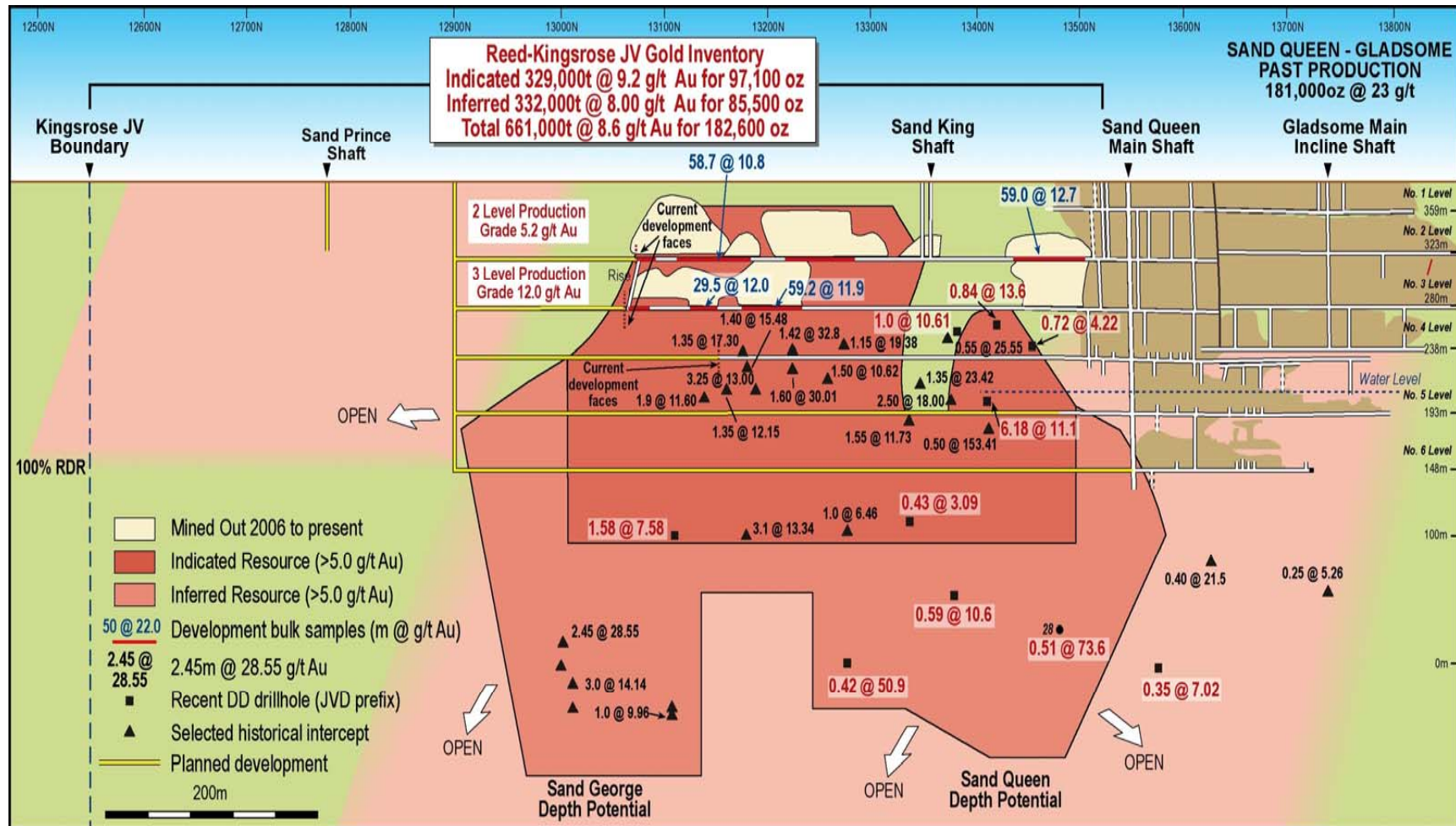


Nimbus Processing Plant

Kingsrose Mining Limited



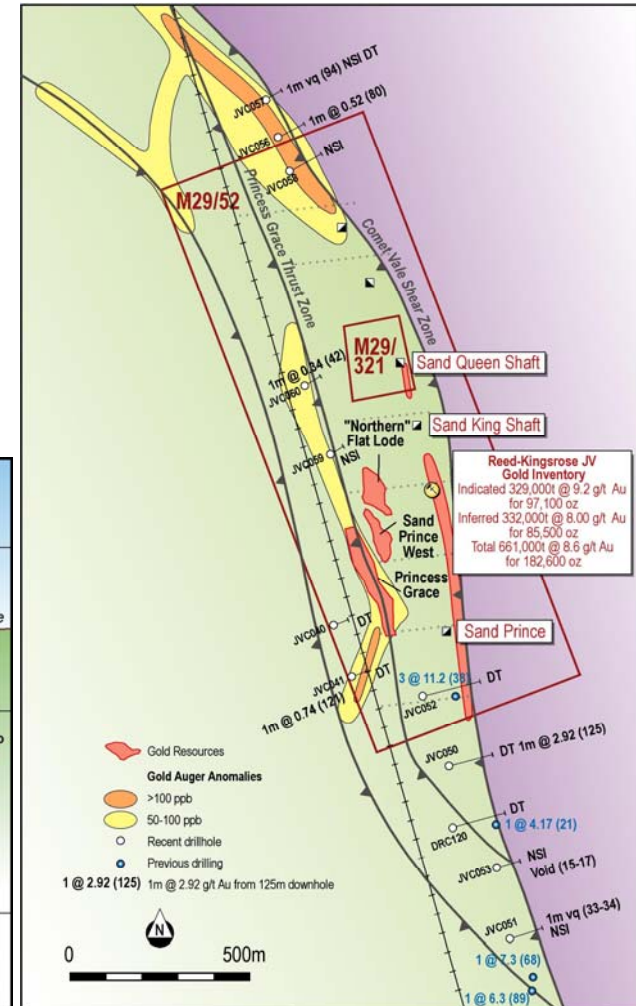
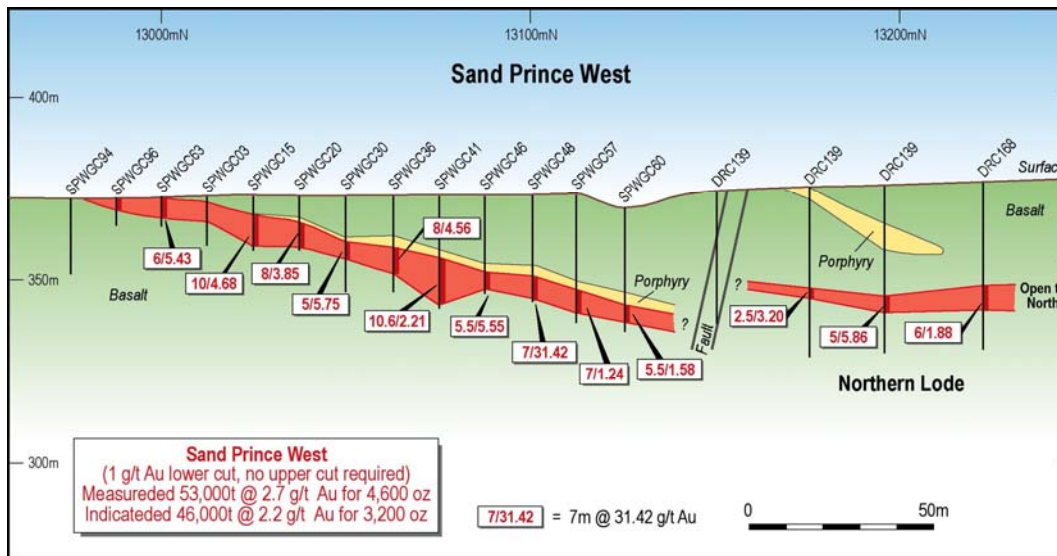
Comet Vale – De-Risk Through Development



Life of Mine ("LoM") to 30 June 2009 – 50,000t @ 9g/t (Grade increasing at depth)

Comet Vale Strategy

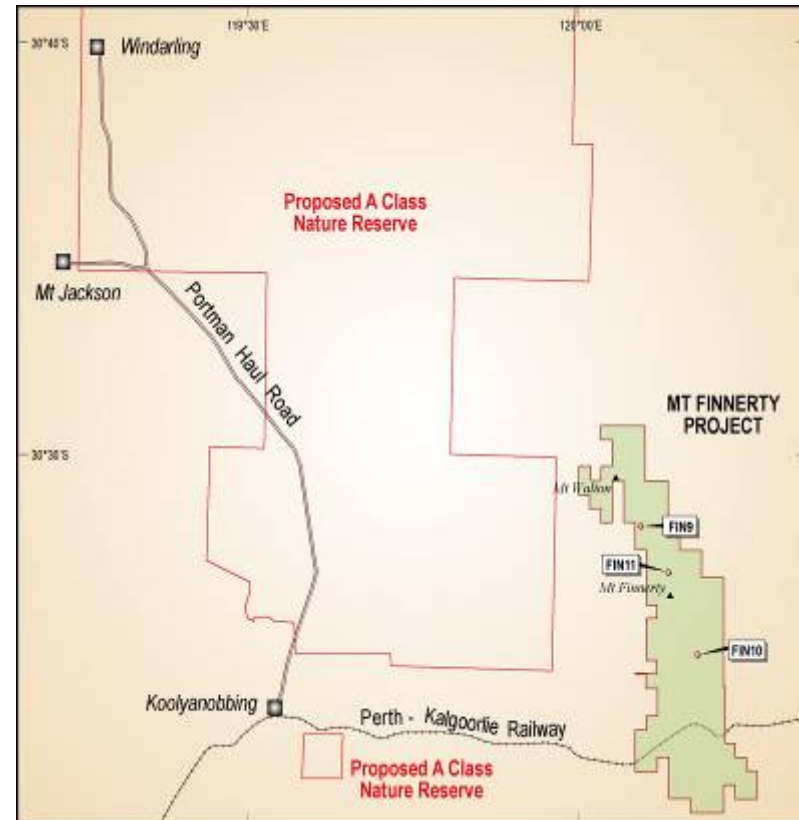
- De-risk through low-risk JV development
- Secure milling option
- Organic growth
- Open pits
- Underground – expand shaft and/or decline



Combined shallow (< 50m depth) Resources for open pit study now 192,100 @ 2.62 g/t Au for 16,200 ounces.

Mt Finnerty - Iron Ore

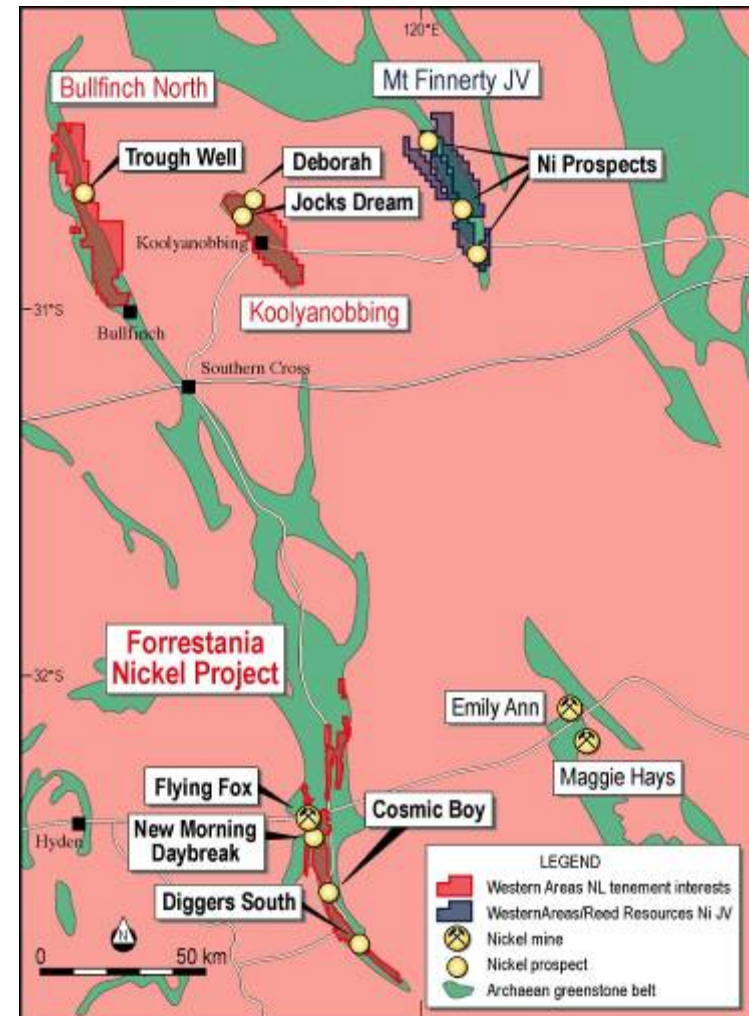
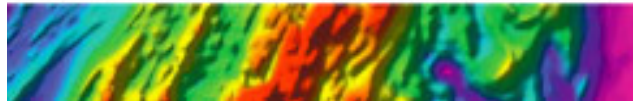
- De-risk through low-risk JV development
- 20:80 JV with Cleveland Cliffs (Australia's fourth largest iron ore exporter)
- Strategy : Satellite for Koolyanobbing
- Target 5-10Mt of DSO confirmed by RC results, moderate P: 21,12 & 10m @ 60% Fe (FIN9)12 @ 63%,11 @ 61%,10 @ 60% Fe (FIN10).
- Latest drilling completed August 2009
- Resource Estimate in November 2009



Mt Finnerty - Nickel

- Western Areas NL can earn 65% Nickel by spending \$3m
- Multiple high MgO ultramafics over 45km strike confirmed by exploration to date.
 - Exploration focussed on three clearly defined nickel sulphide areas

WESTERN AREAS NL



Board of Directors

David Reed Executive Chairman	<p>David is a Fellow member of CPA Australia, and graduated in accountancy in 1965. He has 40 years experience in stockbroking including 22 years based in Kalgoorlie. In 1985 he became chairman of stock-broking firm Eyres Reed Ltd in Perth until its sale to CIBC World Markets in 1997. David has extensive public company experience having sat as chairman of several listed exploration companies. He has a long history in the gold mining industry, including chairman of Fund Raising for the Australian Prospectors and Miners Hall of Fame</p>
Chris Reed Managing Director/Chief Executive Officer	<p>Chris graduated with a Bachelor of Commerce from the University of Notre Dame. He holds a Graduate Certificate in Mineral Economics from the WA School of Mines, is a Member of the Australasian Institute of Mining and Metallurgy and is an Associate Member of CPA Australia. He has 15 years experience in the mineral exploration and mining industry.</p>
Dr Peter Collins Non-executive Director	<p>Dr Collins graduated with a Bachelor of Science with honours from the University of Tasmania, where he also gained his Doctor of Philosophy. He has 25 years experience as a geologist in Tasmania and Western Australia. He has been an economic geologist and tin-tungsten commodity specialist with the Tasmanian Geological Survey. He has lectured in geology at Curtin University of Technology since 1987 and has been widely active in the investigation of mineral deposits in WA. Dr Collins was responsible for the planning and management of the exploration programme that discovered the Sand George deposit at Comet Vale</p>
Ian Junk Non-executive Director	<p>Ian graduated with a Bachelor of Engineering with honours from the WA School of Mines and holds a First Class Mine Managers Certificate. Ian is a highly respected mining engineer with considerable experience in narrow vein underground mining and project development. Ian and his brother Leigh were chosen as national finalists in the 2003 Ernst & Young – Young Entrepreneur of the Year for their successful implementation of innovative mining methods at the Miitel nickel mine. Ian is a Member of the Australasian Institute of Mining and Metallurgy.</p>
Steven Cole Non-executive Director	<p>Steven has 35 years of professional, corporate and business experience through senior legal consultancy, as well as a range of executive management and non executive appointments. His extensive boardroom and board sub-committee experience includes ASX listed, statutory, and proprietary and NFP organisations covering the industrial, financial, educational, professional services, health and resources sectors.</p>

Important Notice

Disclaimer

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JORC Statement

Competent Persons/ Exploration Results in General

The information in this report that relates to exploration results is based on information compiled by Dr Peter Collins (MAIG), a Director of Reed Resources Ltd. Dr Collins 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 Collins consents to the inclusion in the report of the matters in the form and context in which it appears.

References to Exploration/Production targets and Potential

While the company remains optimistic it will report increases in resources and reserves in the future, any discussion in relation to exploration targets, resource potential, reserves or 'ore' is only conceptual in nature, there has been insufficient exploration to define a Mineral Reserves and resources and it is uncertain if further exploration will result in the determination of a Mineral reserves and resources. The grade estimates for MFR006 quoted in this release have been estimated using a Niton XLT 592 portable XRF analyser. These spot estimates are indicative only and have been provided to demonstrate that some highly anomalous copper and platinum-group-elements are present. Niton XRF is not considered a substitute for conventional analytical methods.

Barrambie Vanadium Project – Mineral Resource Estimate

Reed reported on the 13 February 2009 a resource of 65.2 million tonnes at 0.82% V₂O₅. While the Company intends to do further exploration on the Barrambie Project tenements and remains optimistic it will report additional resources in the future, any discussion in relation to targets, resources, reserves or 'ore' over and above the resource of 65.2 million tonnes at 0.8% V₂O₅ is only conceptual in nature. There has been insufficient explorations to define a Mineral Resources over and above the resource of 65.2 million tonnes at 0.82% V₂O₅, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 65.2 million tonnes at 0.82% V₂O₅.

Information in the report (released 13/02/2009) that relates to Mineral Resources is based on information compiled by Ms Stephanie Gotley and Mr Michael Andrew both Members of the Australasian Institute of Mining and Metallurgy (AusIMM), and Dr Bryan Smith a Member of the Australian Institute of Geoscientists (AIG). Ms Stephanie Gotley, Consultant Resource Geologist, and Mr Michael Andrew, Divisional Manager Resource Evaluation, are employed as consultants at Snowden and produced the resource estimate based on assay data and geological interpretations provided by Reed Resources Ltd. Ms Gotley and Mr Andrew have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". Ms Gotley and Mr Andrew consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Dr Bryan Smith (Bryan Smith Geosciences), employed as a consultant geologist by Reed Resources Ltd, 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 2004 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.

Barrambie Vanadium Project – Reserve Estimate

Reed reported on the 5 May 2009 a probable reserve of 39.7 million tonnes at 0.82% V₂O₅. While the Company intends to do further exploration on the Barrambie Project tenements and remains optimistic it will report additional reserves in the future, any discussion in relation to targets, resources, reserves or 'ore' over and above the probable reserve of 39.7 million tonnes at 0.82% V₂O₅ is only conceptual in nature. There has been insufficient explorations to define a Mineral Resources over and above the resource of 65.2 million tonnes at 0.82% V₂O₅, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 65.2 million tonnes at 0.82% V₂O₅ nor the development of a reserve over and above the probable reserve of 39.7 million at 0.82% V₂O₅.

Information in this report that relates to the Ore Reserve is based on information compiled by Mr Frank Blanchfield who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM), and Dr Bryan Smith who is a member of The AusIMM and a member of the Australian Institute of Geoscientists (AIG). Mr Frank Blanchfield is Principal Consultant at Snowden and produced the Ore Reserve estimate based on data and geological interpretations provided by Reed Resources Ltd. and developed by Snowden. Mr Blanchfield has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person for the Ore Reserve sign-off as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". All modifying Factors have been considered in the preparation of the Probable Mineral Reserve. Mr Blanchfield consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Comet Vale Gold Resources

Reed reported on the 2 December 2008 a resource of 661,000t @ 8.6 g/t Au for the Sand Queen Gold Mine, currently under joint venture with Kingsrose Mining Limited (ASX:KRM). While the Company intends to do further exploration on the Comet Vale Project tenements and remains optimistic it will report additional resources in the future, any discussion in relation to targets, resources, reserves or 'ore' over and above the resource of 661,000t at 8.6 g/t Au is only conceptual in nature. There has been insufficient explorations to define a Mineral Resources over and above the resource of 661,000t at 8.6 g/t Au, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 661,000t at 8.6 g/t Au.

The information in this report that relates to Mineral Resources (at Comet Vale) is based on information compiled by Mark Zammit and Jillian Irvin of Cube Consulting Pty Ltd, who are Members of The Australian Institute of Geoscientists (AIG). Mark Zammit and Jill Irvin have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mark Zammit and Jill Irvin consent to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr David Potter, who was a full time employee of Reed Resources Ltd, provided drilling results and geological interpretations for the Mineral Resource estimates. Mr Potter 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". Mr Potter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.