

**25 AUGUST 2009**

## **Reed Resources A\$10.9M Capital Raising through Placement and underwritten SPP**

### **Highlights**

- Reed completes A\$6.4M Placement to institutional and qualified investors;
- Company to undertake a Share Purchase Plan on same terms to raise an additional A\$4.5M;
- Patersons Securities Ltd acted as Lead manager to the Placement and has fully underwritten the Share Purchase Plan; and
- Funds to be applied to advance Mount Marion Lithium and Barrambie Vanadium projects and to exercise option over Nimbus plant.

Australian diversified resources company Reed Resources Ltd (ASX: RDR) (the “Company” or “Reed”) plans to step up exploration and development activities on two of its advanced projects and fund the acquisition of the Nimbus plant, following the completion of a A\$6.4M Placement and confirmation of a fully underwritten A\$4.5M Share Purchase Plan (SPP).

### **A\$6.4m Placement and A\$4.5m Underwritten Share Purchase Plan**

Reed has placed 19,500,000 shares at A\$0.33 per share to raise A\$6.4 million before costs to qualified investors, domestic and international institutional clients of Patersons Securities Ltd. The shares to be issued are within the discretionary capacity of the board under the ASX Listing Rule 7.1.

The Company is also pleased to provide an opportunity to its eligible existing shareholders to participate in the equity raising by undertaking a SPP at the same issue price of A\$0.33 per share to raise up to a further A\$4.5 million (before costs). Eligible existing shareholders will each have the opportunity to subscribe for up to A\$15,000 of shares.

Patersons Securities Ltd acted as Lead Manager to the Placement, which was heavily oversubscribed and has fully underwritten the SPP.

### **Use of Funds**

Funds raised will be used to advance two of the company’s flagship projects, Mount Marion Lithium Project and the Barrambie Vanadium Project in Western Australia (see Figure 1). Additionally, subject to final due diligence the funding enables Reed to exercise its option to acquire the Nimbus plant, securing a long term milling solution for its gold operations.



On 13 August 2009 Reed announced it had entered into an Option agreement to acquire the high grade Mount Marion Lithium Project. Funds raised will be used to:

- Evaluate fast-tracking of the proposed spodumene operation via the use of a mobile plant for crushing, separation and export;
- Undertake a comprehensive drill-out program so as to enable the company to complete a new JORC (2004) compliant resource estimate; and
- Undertake a metallurgical drill program as a precursor to commencing the evaluation of a larger operation on-site and integrated through to production of lithium carbonate for the battery market.

Reed has an option to acquire the Nimbus Silver Project and Processing Plant (see ASX announcement 28 April 2009). This option expires on 31 August 2009 and subject to the completion of due diligence Reed is now able to use a portion of the funds raised to exercise this option and acquire the plant. The Company is currently evaluating its existing shallow open-pit resources so as to provide a base-load and enable the plant to be refurbished and recommissioned.

At the Barrambie Vanadium Project the Company is planning to commence the Front End Engineering & Design (FEED) test work. The project is currently in the approvals process and post the release of the Public Environmental Review document, Reed will engage advisors to commence the strategic partner selection process to advance this world class project given the positive outcomes of the Definitive Feasibility Study released on 5 May 2009.

### **Shareholder Purchase Plan Details**

The SPP will provide eligible ordinary shareholders with the opportunity, without incurring brokerage, commission or other transaction costs, to subscribe for up to \$15,000 of RDR ordinary shares.

The offer of shares under the SPP will be made at A\$0.33 (33 cents) per share. The SPP will be capped at \$4.5 million and Reed will scale back applications if they exceed \$4.5 million in aggregate. RDR has entered into an Underwriting Agreement with Patersons Securities Ltd to fully underwrite the SPP.

The terms of the SPP and Patersons Securities' underwriting of the SPP will be subject to shareholder approval in accordance with the ASX Listing Rules. While applications for shares under the SPP will be open prior to the General Meeting to approve the SPP, the allotment of shares under the SPP will be subject to shareholder approval being obtained and therefore will occur after the General Meeting.

Following is an indicative timetable for the SPP (Reed reserves the right to vary these dates):

<b>Action</b>	<b>Date</b>
SPP Record Date (5:00pm WST)	25 August 2009
Dispatch Notice of Meeting and SPP documents to shareholders	3 September 2009
SPP Closing Date (5:00pm WST)	25 September 2009
General Meeting to approve SPP	2 October 2009
Settlement of SPP and allotment of SPP shares	5 October 2009

Full details of the SPP and the final timetable will be set out in the SPP offer document and Notice of Meeting sent to shareholders.

The offer will only be open to “eligible shareholders”, being shareholders who are registered holders of Reed shares as at 5:00pm (WST) on Tuesday, 25 August 2009 (SPP Record Date) with a registered address in Australia or New Zealand who are not acting for the account or benefit of U.S. persons.

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## About Reed Resources

Reed Resources is a diversified mining and exploration Company based in Western Australia, with modest gold production the Company is expanding and diversifying our production base.

Reed Resources has four main projects all in Western Australia including;

- Comet Vale – High-grade underground gold mine in JV with Kingsose Mining Limited. Nickel Laterite JV with Heron Resources NL. Option to Purchase the Nimbus Processing Plant.
- Barrambie – Completed a Definitive Feasibility Study on Ferrovandium operation to produce 6300t of vanadium per annum.
- Mt.Finnerty – Iron Ore JV with Cliffs Natural Resources. Nickel JV with Western Areas NL.
- Mount Marion – Option Agreement over high grade Lithium project located approximately 40km south of Kalgoorlie.



Website: [www.reedresources.com.au](http://www.reedresources.com.au)

*Geological aspects of this report that relate to Exploration Results have been compiled by Dr Bryan Smith (MAIG), 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.*