

29 SEPTEMBER 2009

**ANGLO AMERICAN OPTION AND JOINT VENTURE
BELL ROCK RANGE NICKEL - COPPER PROJECT – WEST MUSGRAVE**

Highlights

- Option and Joint Venture Agreement signed with one of the worlds largest diversified mining and natural resources groups, Anglo American,
- Anglo American Exploration (Australia) can earn 75% by spending A\$3m.
- AAE is becoming the most active explorer in the Musgraves.
- Highly prospective 30km long basal ultramafic never subject to systematic exploration

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**)("Reed") is pleased to advise it has entered into an Option and Joint Venture Agreement with one of the worlds largest diversified mining and natural resources groups, Anglo American, through its 100% owned subsidiary Anglo American Exploration (Australia) Pty Ltd ("AAE").

Under the terms of the agreement AAE can earn 75% by spending A\$3m on the Company's 100% owned Bell Rock Range Project in the West Musgrave region of Western Australia.

Summary of Key Terms of the Agreement

- AAE can exercise option and earn 51% equity by spending A\$1m within 3 years;
- Upon AAE earning 51% equity it can elect to earn an additional 24% by additional expenditure of A\$2m in an additional 4 year period; and
- Upon AAE earning 75% equity, Reed can elect to either contribute or dilute to a royalty of 2% Net Smelter Return ("NSR") from gold and 1.5% NSR for all other minerals;
- The Agreement is subject to executing an Access Agreement with Ngaanyatjarra Council.

Bell Rock Range covers some 471 km² within the western part of the Proterozoic Musgrave Block in central Australia (Figure 1). It is highly prospective for several commodities, particularly Ni-Cu sulphide and PGE mineralisation.

This month AAE have commenced an extensive geophysical survey in the form of a regional airborne electromagnetic ("EM") survey using their highly successful proprietary "Spectrem" EM system (Picture 1). This will be the first time the Spectrem EM system has been flown in Australia. The planned Spectrem survey is designed to rapidly screen the tenement and identify geophysical anomalies that may represent metallogenic sulphide bodies.



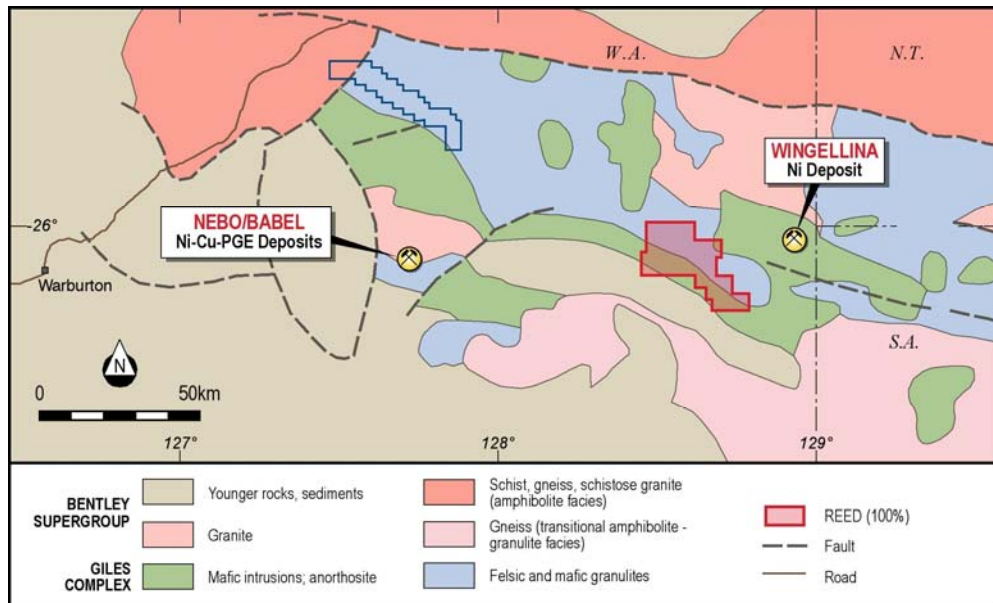


Figure 1 Location Plan of Bell Rock Tenements in the West Musgrave, Western Australia.

A preliminary interpretation of the Bell Rock Range project (E69/2293), using available geological and geophysical data, has identified a key target area (B9 - B10 - B11) coincident with 25-30 kilometres of strike length of an ultramafic basal unit along the northern edge of an ultramafic-mafic complex (Figure 2). Two other target areas (C4 and A6/B8) associated with ultramafic rocks are located to the north of the ultramafic-mafic complex. All of these target areas are considered prospective for Ni-Cu sulphides.

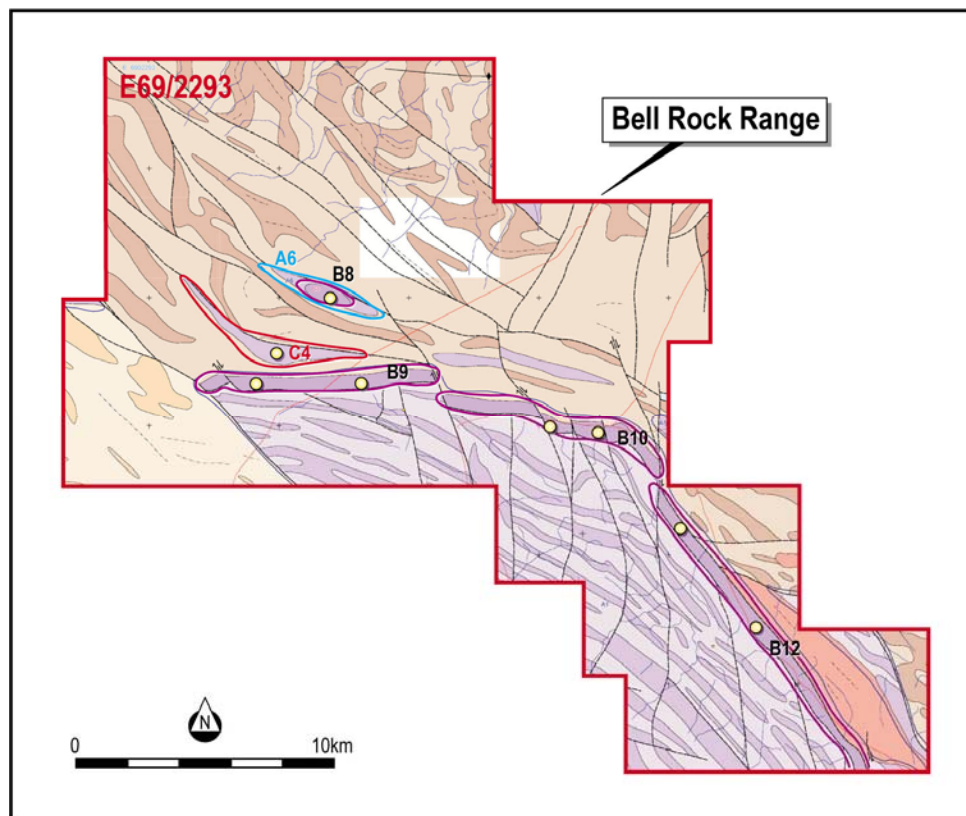


Figure 2 Principal Ni-Cu sulphide exploration target areas within the Bell Rock Range project (E69/2293). The B9-B10-B11 target zone is the interpreted basal unit of an ultramafic-mafic complex (purple colours).

Follow up ground activity will include AAE's proprietary EM "SQUID" system to investigate anomalies generated from the airborne survey. The SQUID system has the capacity to detect electrical conductors associated with massive sulphide mineralisation at substantial depths.

The multi-disciplinary approach and the increased momentum of exploration provided by AAE's presence in the Musgraves exposes Reed to an exciting phase of activity. Reed looks forward to developing a strong and successful relationship with AAE in the West Musgrave region.

ENDS

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Competent Person

Geological aspects of this report that relate to Exploration Results have been 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.



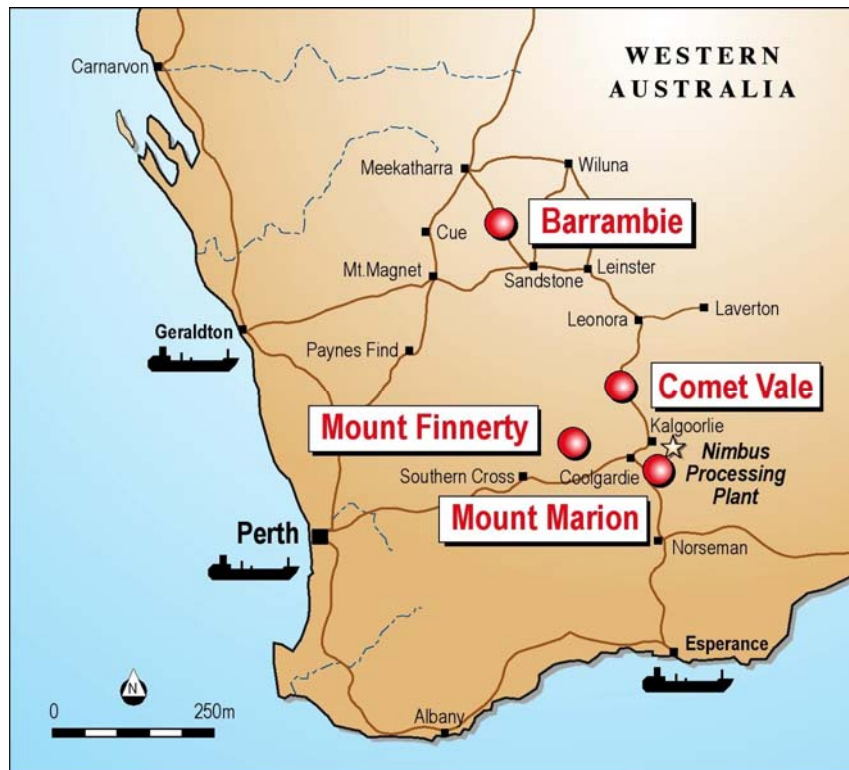
Picture 1 Anglo American's proprietary "SPECTREM" EM system in DC3

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 its 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. Recently acquired the 250,000 tpa Nimbus Processing Plant to expand production.
- Mount Marion – Secured option over high-grade lithium deposits. Extensive drilling and evaluations previously conducted by WMC. Exploration Target of 4-5 Mt at 1.5-2 % Li₂O. Adjacent to significant infrastructure.
- Barrambie – Completed in May 2009 a Definitive Feasibility Study on Ferrovandium operation to produce 6300t of vanadium per annum; and currently in approvals process.
- Mt.Finnerty – Iron Ore JV with Cliffs Natural Resources. Nickel JV with Western Areas NL.



Website: www.reedresources.com