Reed Resources Ltd

Diggers Presentation

August 2010

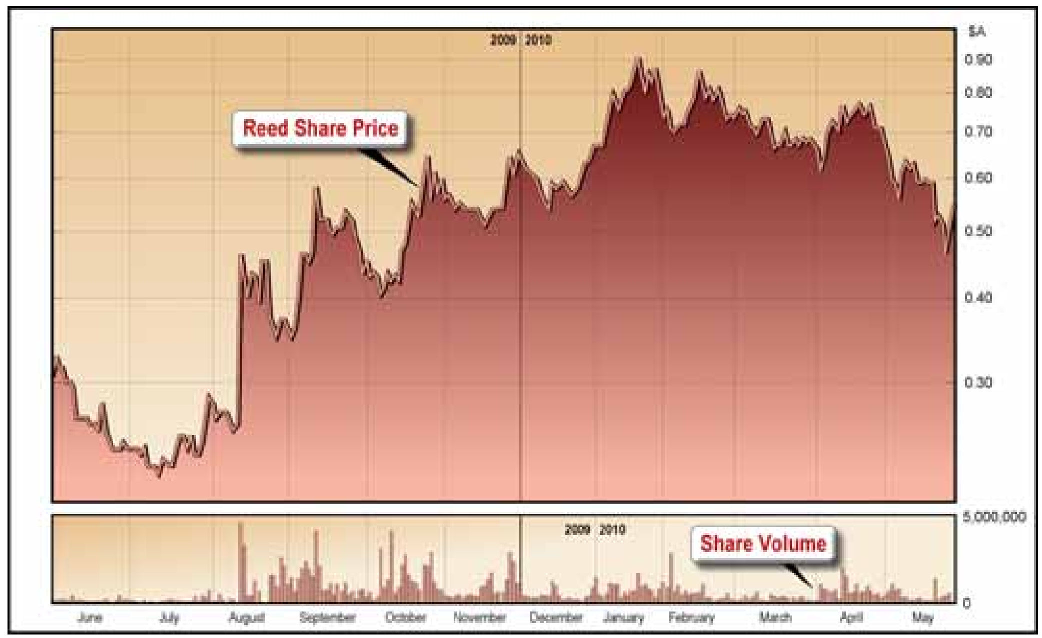
Company Snapshot

Reed Resources (ASX: RDR) is a diversified mining and exploration company with 5 primary projects currently all based in WA.

Current project portfolio includes:

1. **Mount Marion – Lithium**
2. **Barrambie – Vanadium**
3. **Comet Vale – Gold**
4. **Mt Finnerty – Iron Ore and Nickel**
5. **Bell Rock Range – Nickel and Copper**

Shares on Issue	193 Million (*)
Market Cap.	~105 Million
Cash	$17 Million (Est)
Shareholders	*David Reed 12%* *Top 20 Shareholders ~32%*



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(*) Post Issue announced 29 July 2010

Company Strategy

Aim : Multiple independent cashflow streams
Commodities with strong LT fundamentals

INDUSTRIAL MINERALS

- Lithium
  Derisked - PFS
- Stage 1 : ~200 ktpa Spodumene Concentrate JV with Mineral Resources

  Stage 2: value add
- - Lithium carbonate

STEEL MINERALS

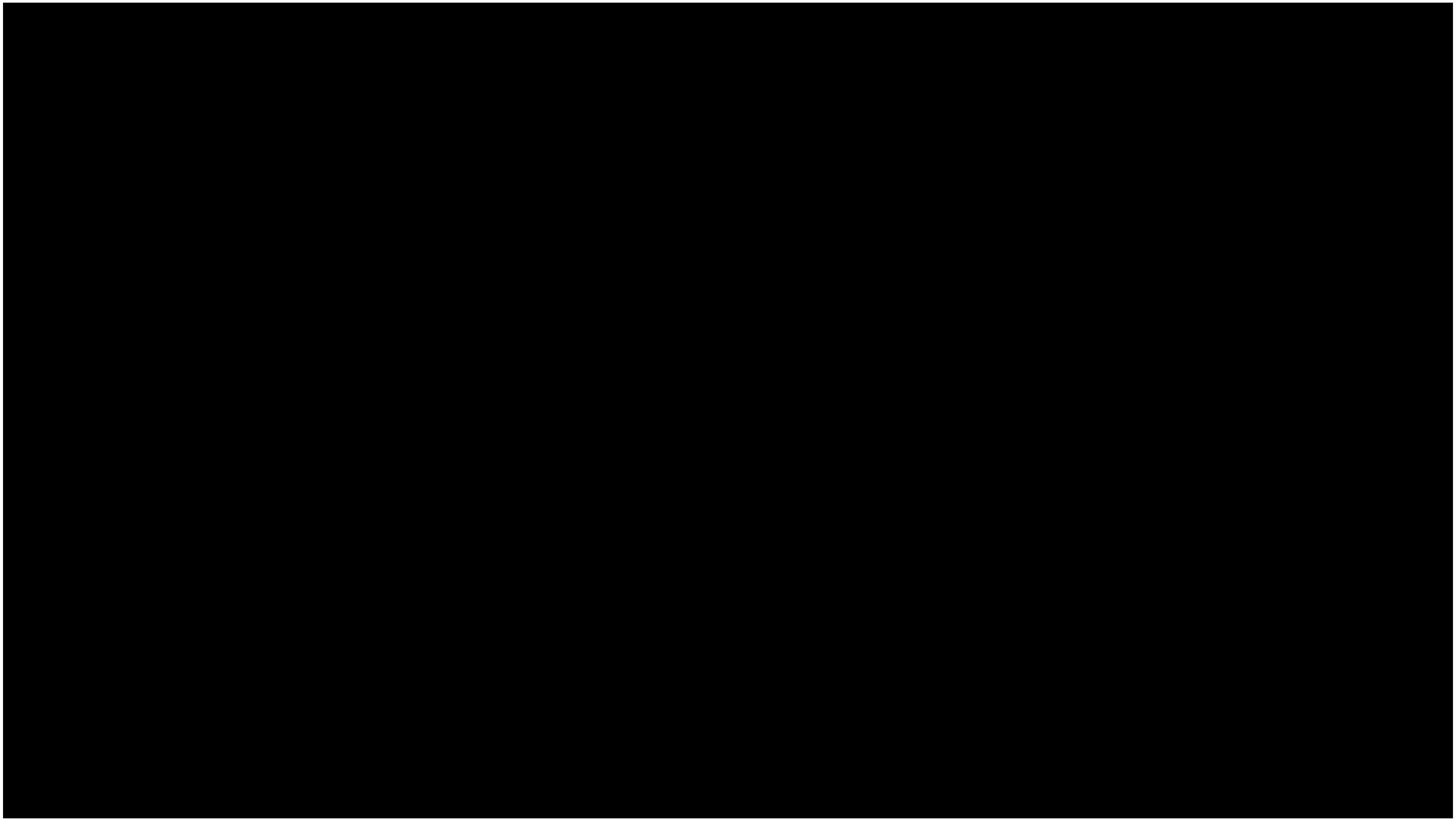
- Vanadium
  Derisked - DFS
- Iron JV with Cliffs
- Ni-s Farm In with Barranco
- Ni + Cu + PGE Farm out to Anglo American

PRECIOUS METALS

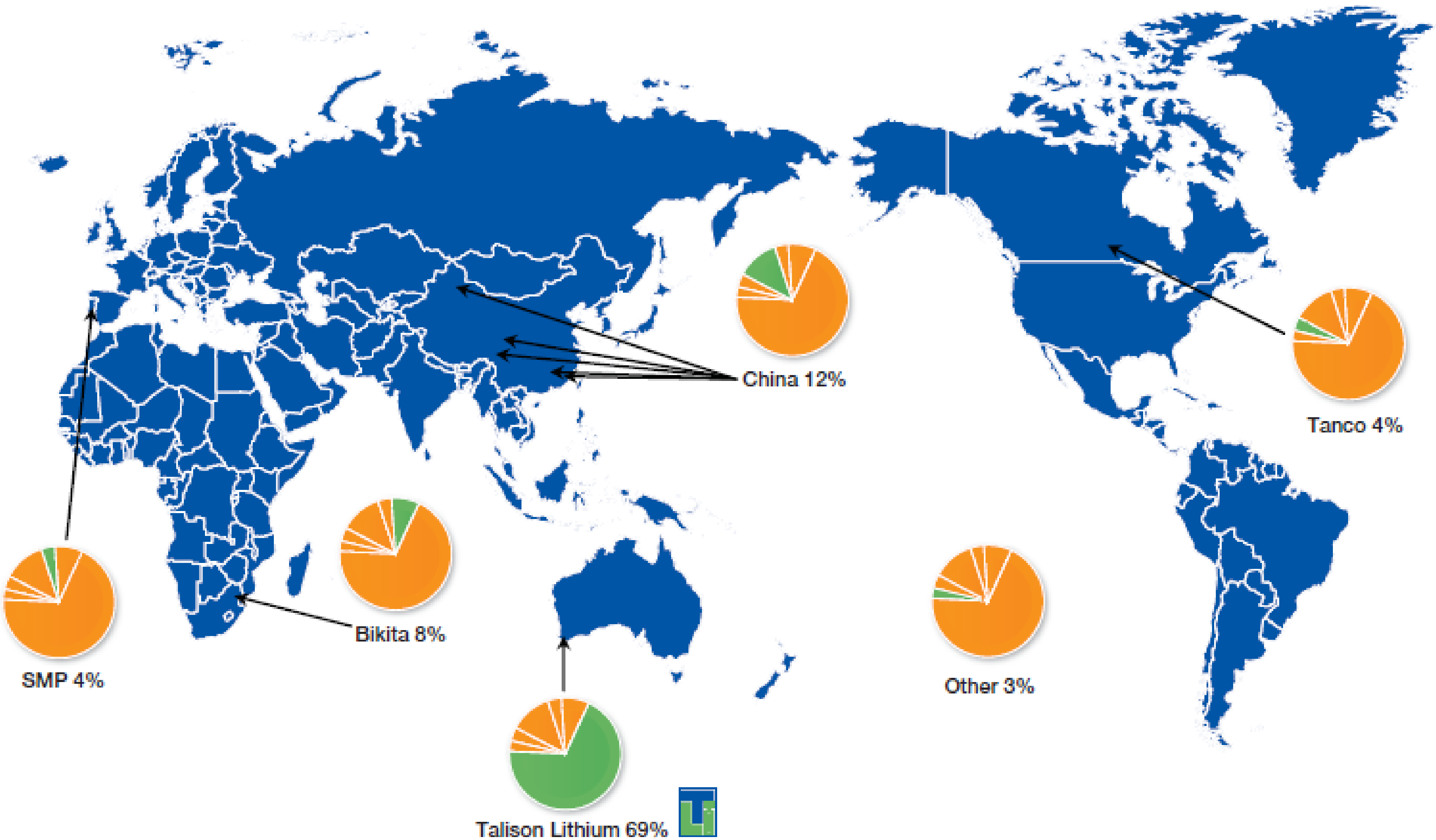
- Derisk through development
- Production
  80Kt @10 g/t Au
- Secured mill
- Planning mill Expansions and recommencement of mining

High Grade + Infrastructure + Strong Partners

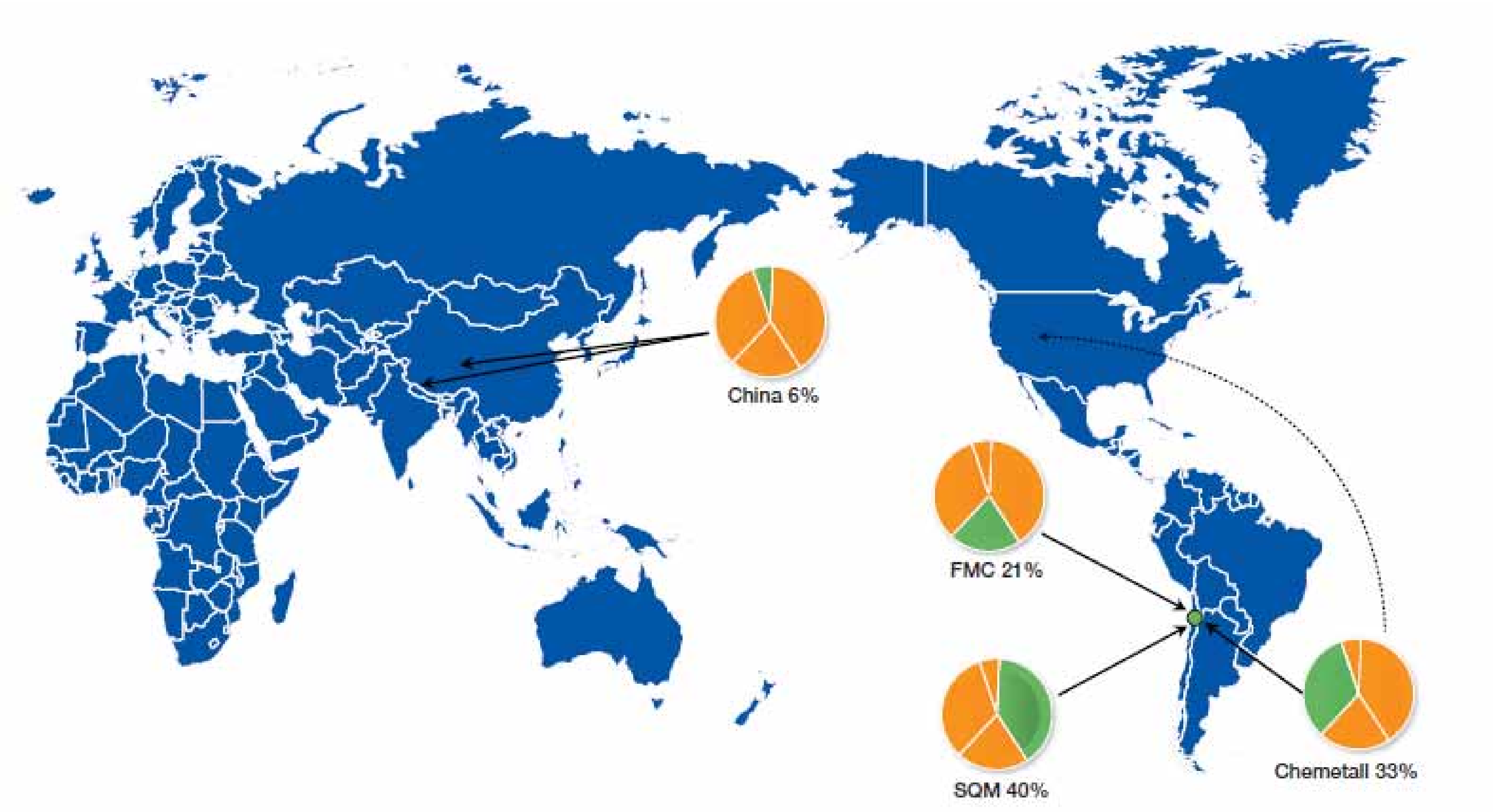
WHY LITHIUM?



MINERAL PRODUCERS

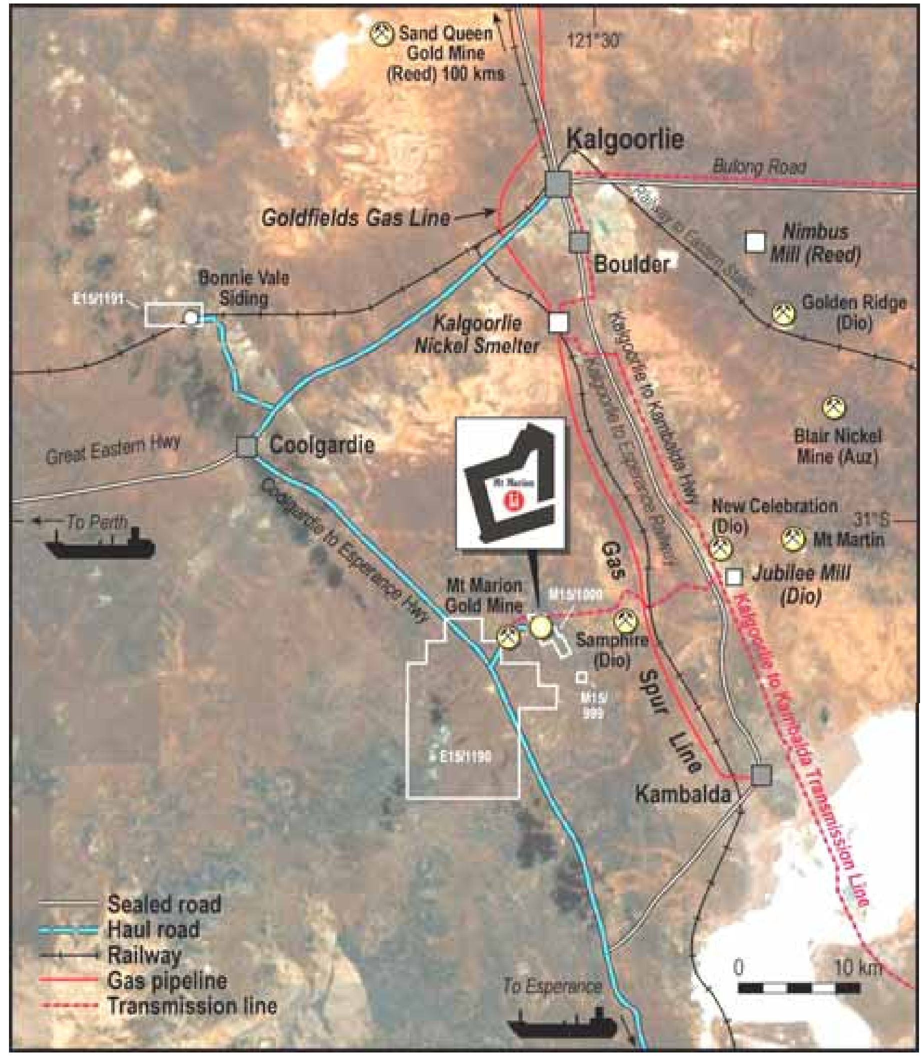


BRINE PRODUCERS



Mount Marion Lithium Project Overview

- 100% Reed
- Landmark JV with Mineral Resources Ltd (ASX 200)
- Second largest Spodumene producer in the world, planned output - **200,000 tpa of +6.5% Li_2O**.
- Mineral Resources JV:
  - Fund Evaluation and Development Costs
  - BOO Processing Plant
  - Operate project – DTM 16 July 10
  - Commercial Production by 31 Mar 2011 to earn 40% of EBIT.
  - **RDR retain 60% EBIT and right to offtake**
- In discussions for downstream processing to high-value lithium carbonate and compounds
- Demand driven by increasing quantity and size of lithium batteries (particularly Electric Vehicles)



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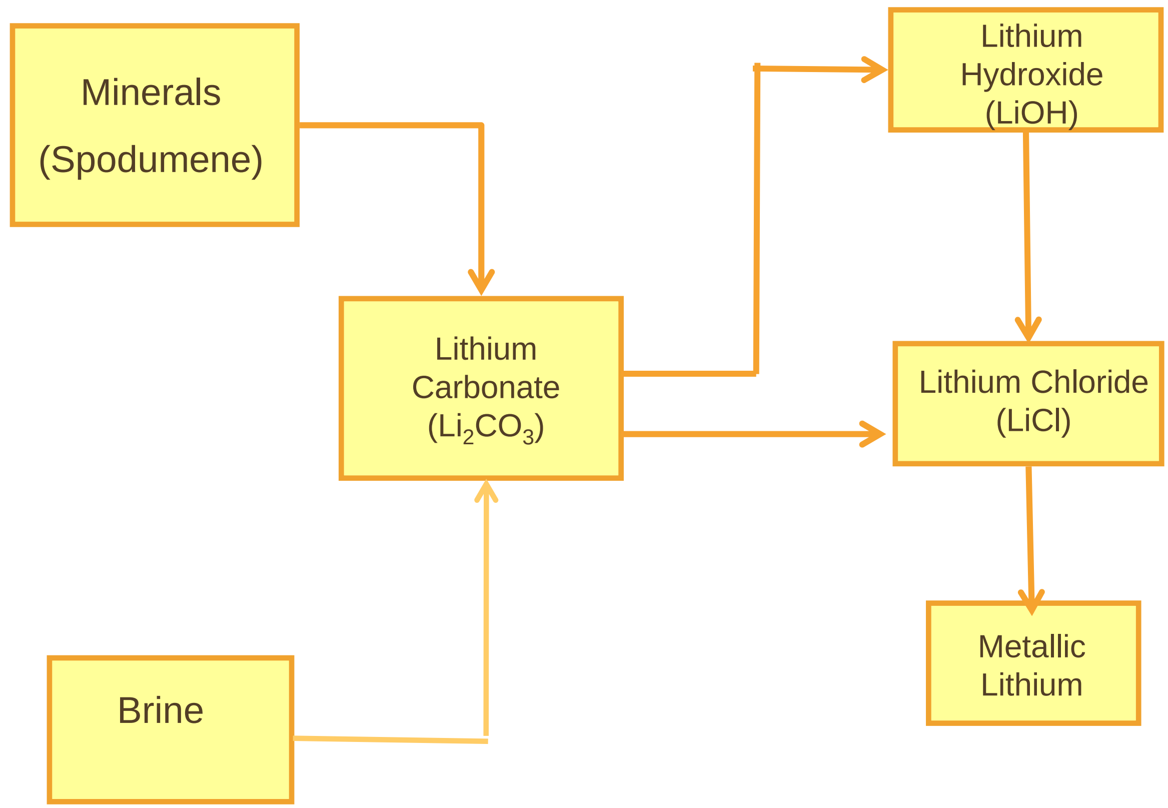
LITHIUM PRODUCTION CAPACITY

2010 Capacity	Kt LCE*
Talison	42
Mt Marion	32*
Galaxy	20
China	8
Zimbabwe	8

SQM	60
Chemetall	41
FMC	18
China	21



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(*) Planned Production Rate, LCE : Lithium Carbonate Equivalent

Flythrough

Resources/Exploration Potential

Initial Exploration Target
7- 8 MT of 1.3 – 2.0% Li_2O

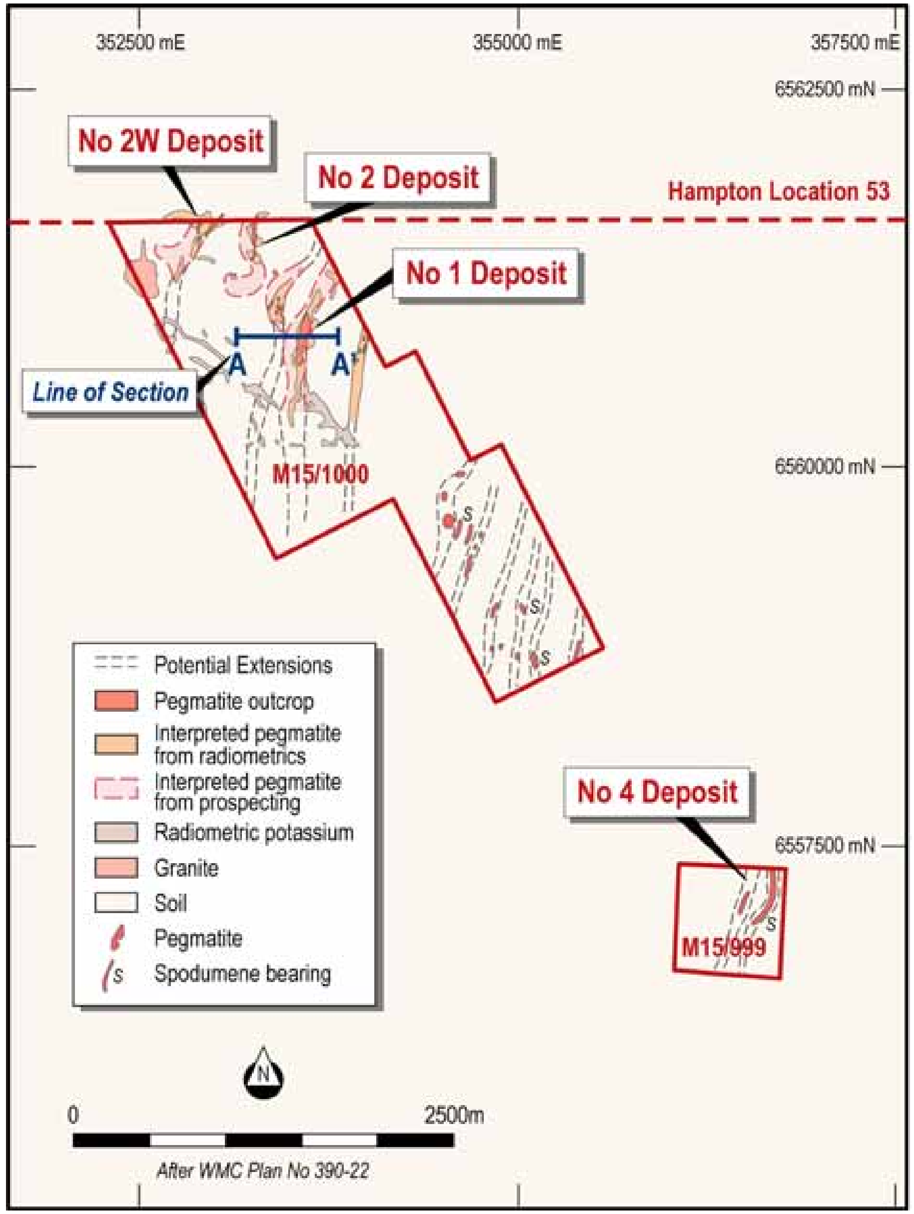
196 RC/Diamond holes

Resource Estimate - April
8.9 MT of 1.4% Li_2O

Currently all 5 Deposits are open along strike and at depth

Explored 1 of 3 Pegmatite Groups.

Additional Exploration Target
10-15 MT of 1.1 – 1.4% Li_2O



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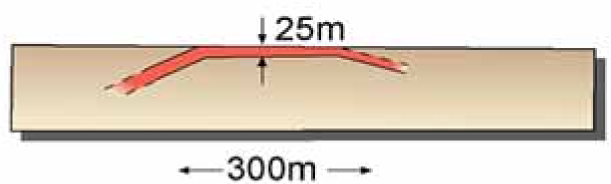
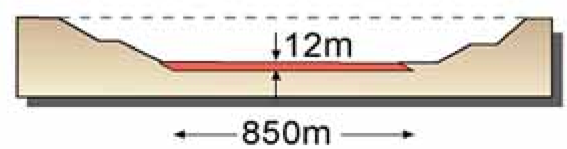
Lithium – Deposit Comparisons

Greenbushes
- Incline vein pegmatite
- Head Grade 3%Li_2O
- Glass, Ceramic, Chemical Grade
- Strip Ratio 5.6 :1 (*)

Mt Marion
- Flat lying vein pegmatite
- Head Grade 1.3%Li_2O
- Only Chemical Grade
- Strip Ratio 3.3:1

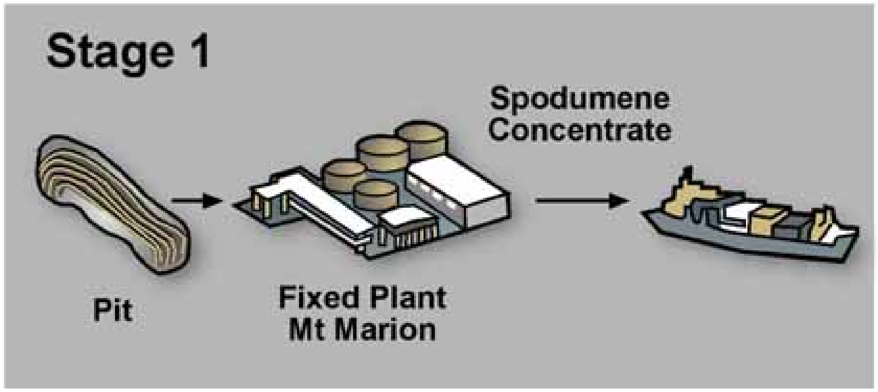
Mt Cattlin
- Flat lying pegmatite
- Head Grade 1%Li_2O
- Only Chemical Grade
- Strip Ratio 2.4:1 (*)





(*) Source : Galaxy ASX Announcement 2 June 2010

Development Timetable – Stage 1



Prospect to Production
in under 18 months

MINERAL RESOURCES LIMITED (ASX:MIN)(ASX200)

Mineral Resources Group

Crushing Services

Australia's largest specialist crushing, screening and materials movement contractor

Process Minerals

Minerals and base metals processing, logistics, ship loading & marketing

PIHA

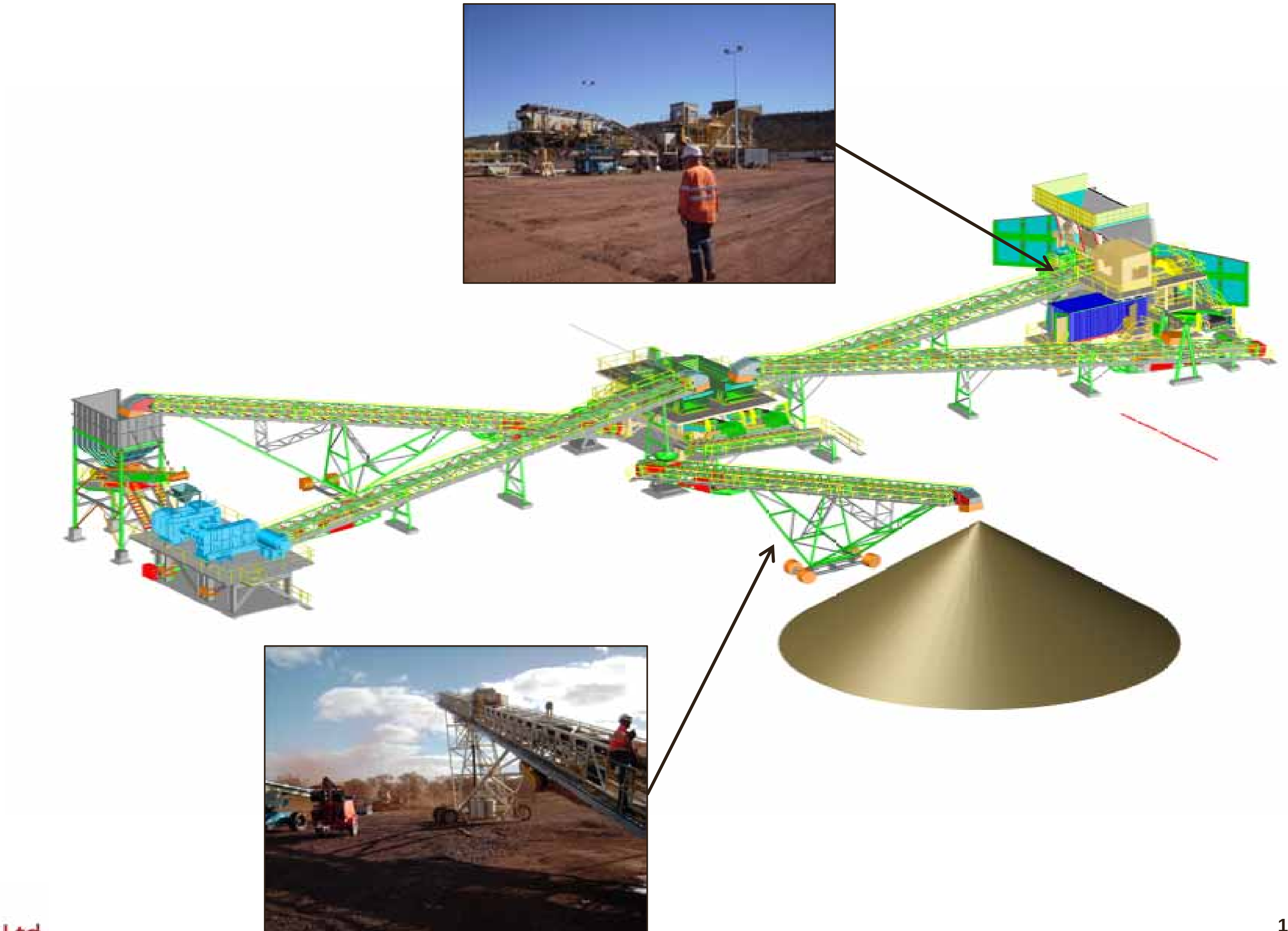
Pipeline, services, site infrastructure, contractor and polyethylene fittings manufacturer

Polaris Metals

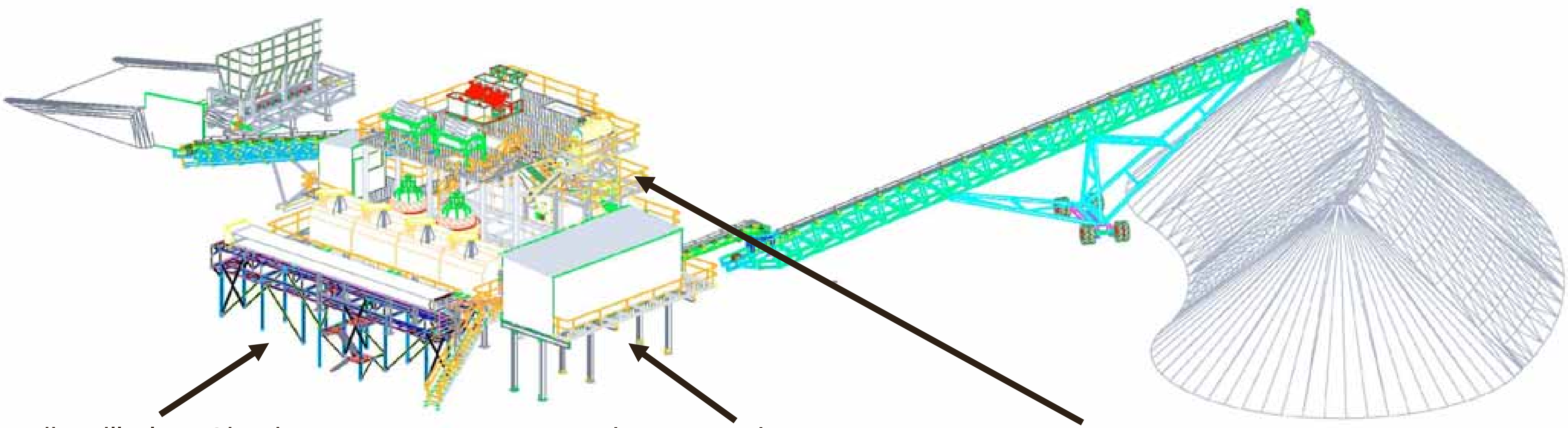
Specialist Iron Ore resources company

Shares on Issue	~161 Million
Market Cap.	~$1.3 Billion
Forecast FY10 NPAT	A$49 - 62M

Crushing Circuit Layout



Beneficiation Plant



Radio Hill Float Circuit

Plant Control Room

Sister DMS Plant at Woodie Woodie

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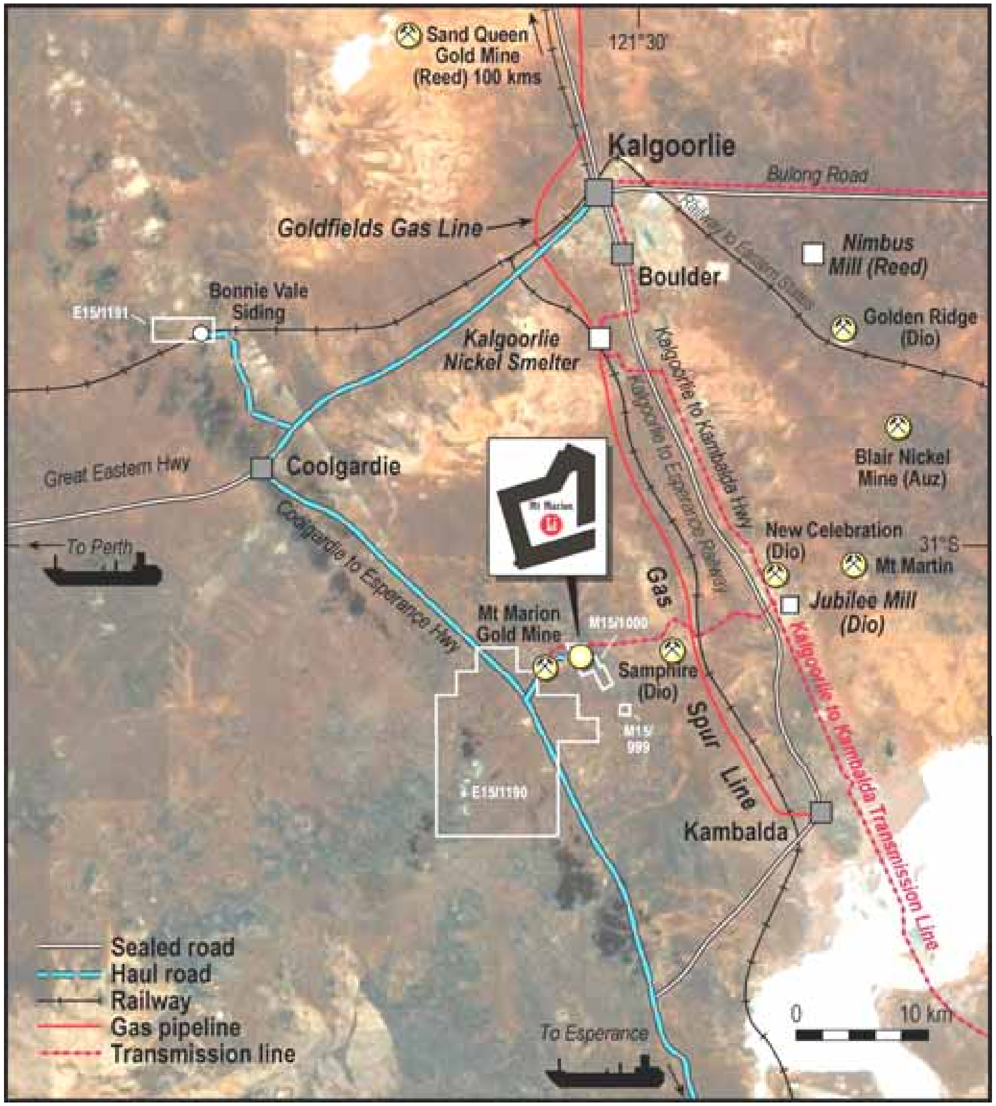
Infrastructure and Logistics

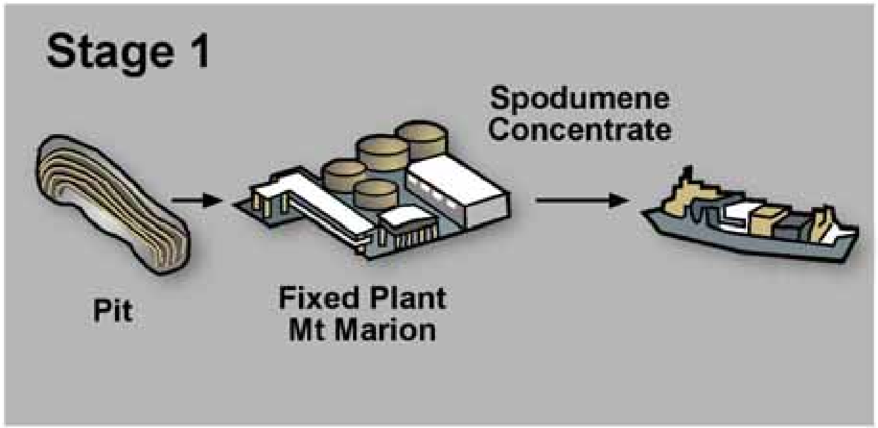


- Western Power HV Powerline to site
- Abundant process water within 10km
- Adjacent to existing haul roads(8km)
- Open Access Rail to Port (670km)
- Sealed Road to Port (360km)

Bonnie Vale Siding

Logistics – Bulk – Esperance Berth 2

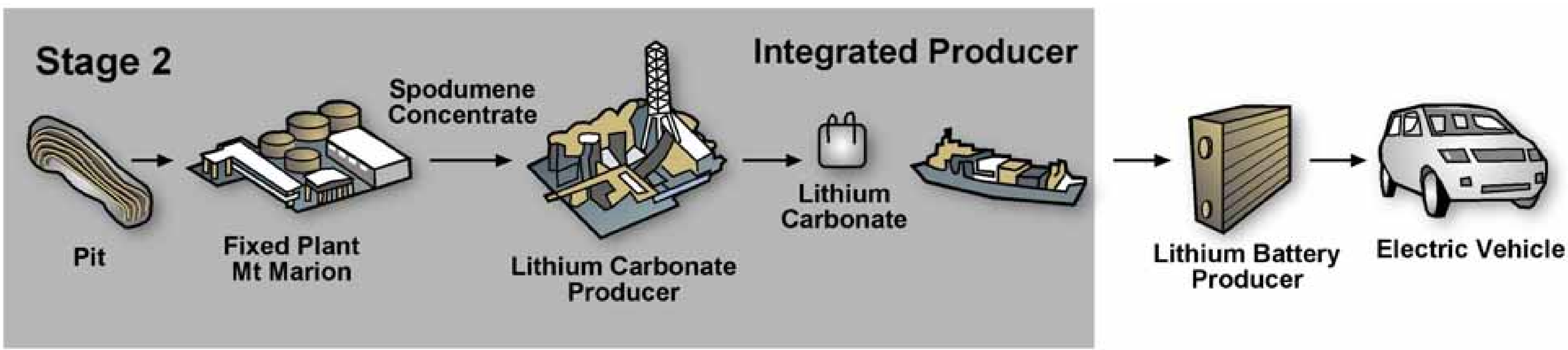
Lithium Strategy – Integrated Producer



HATCH LITHIUM CARBONATE PFS

Robust Economics and highly leveraged to the growth in electric vehicles

- NPV US$404m using 12% nom.
- IRR 68%, payback ~2 years (China Option);
- Implies additional value in conversion = ~US$270/t of con or US$32m per annum



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Comparison – Australian Lithium Mineral Producers

	Share Price A$	Market Cap A$m	Enterprise Value A$m	Production Ktpa LCE	EV/Production A$t/LCE
Talison Li Concentrate Producer	3.80	260	294 (1)	41.8 (2)	7,177
Reed Diversified Developer	0.54	105	?	19.2(*)	?
Galaxy Integrated LiC Developer	1.24	235	310 (3)	20.3 (4)	15,270

What is Reed's share of Mt Marion worth ?

Using Talison Concentrate Only Metric : $0.71c/sh

Galaxy Integrated Con/LiC Metric : $1.52/sh

In discussions with 5 Domestic and International Companies.

Proposals for toll-treatment, JV's for lithium carbonate production due 30 September

Assumptions

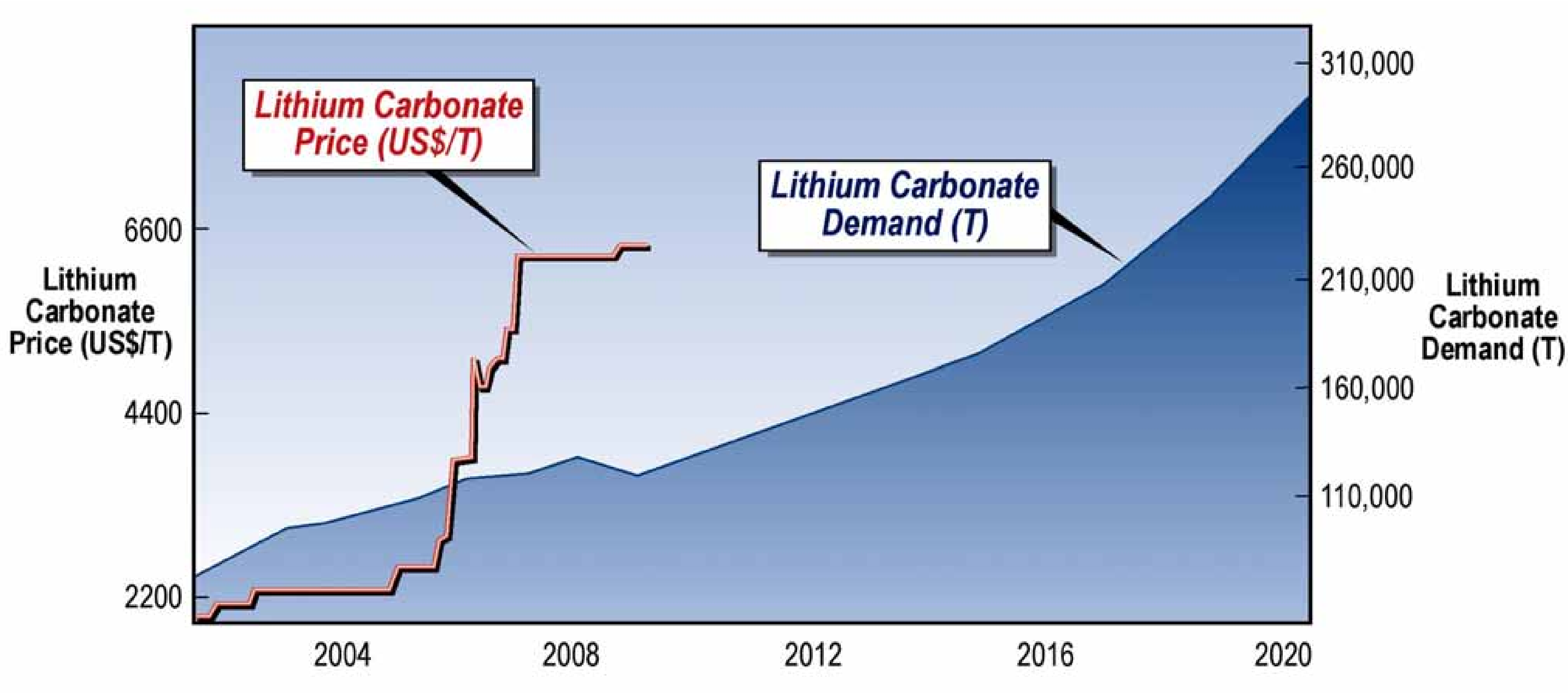
(1) Talison : Converted using 1 A$ = 0.92 C$, debt C$31 (2) Production 2010: 260,000t @ 6.5% Li2O

(3) Galaxy : Enterprise Value = Mkt Cap – Cash at Commencement of Production + Project Loan Facility

(4) Production CY 2011 : 137,000t @ 6.5% Li2O Source ASX Announcement 2 June 2010.

(*) Reed Equity Share 60%

Lithium Market Overview



China now largest producer of Li batteries
China sources <10% from Brine, committed to Mineral Conversion
No Mt Marion production forward sold

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Source: TRU Group –Demand, Industrial minerals - Price

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_2O_5 (%)
RESOURCE		
Indicated	49.2	0.82
Inferred	16.0	0.81
Total	**65.2**	**0.82**
RESERVE		
Probable	**39.7**	**0.82**

Flythrough

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

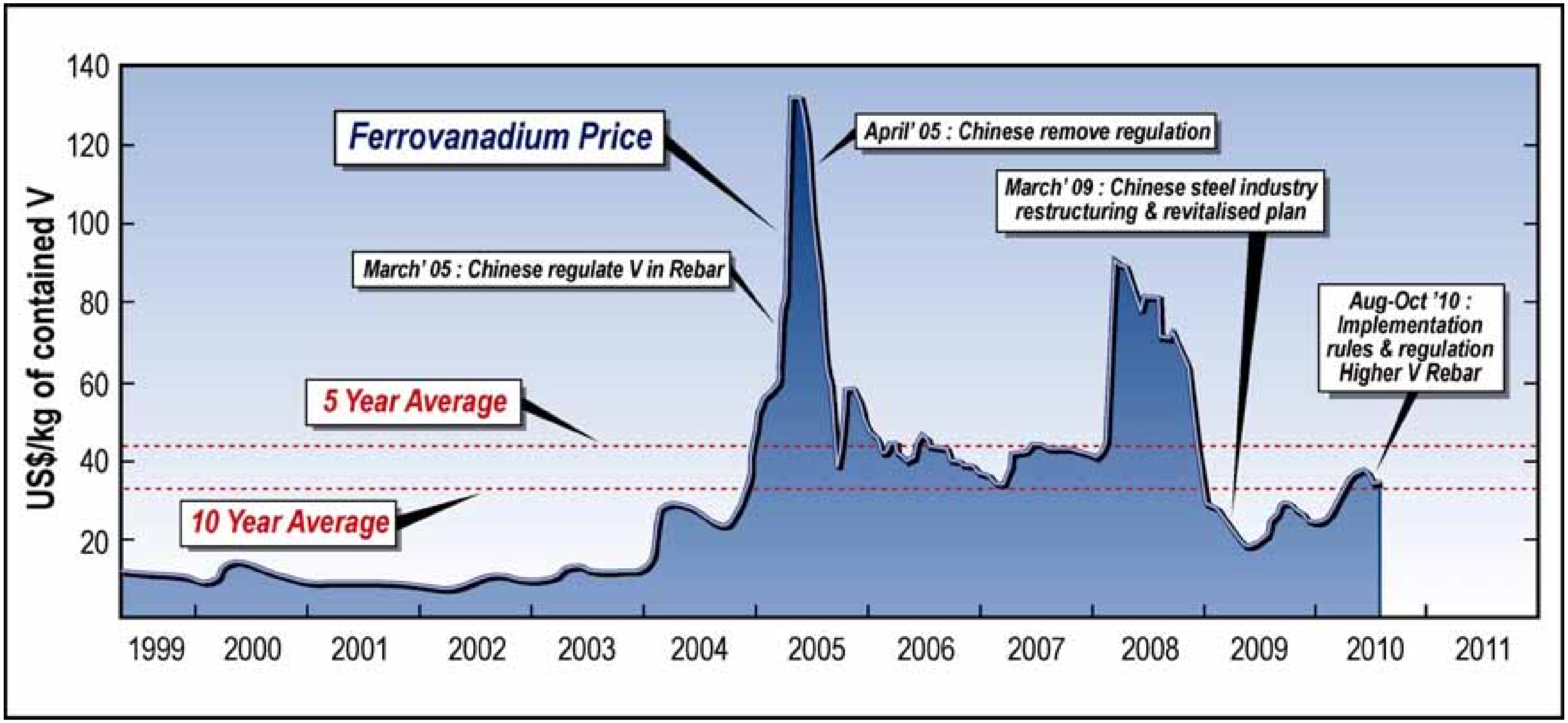
- 12yr mine life; Operating cost of < US$20/kg
- A$456m direct construction costs, A$172m EPCM, owners costs and contingencies;
- A$186m EBITDA at 5 year average vanadium price

Exclusivity Agreement with China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd

- EPCM and Financing proposal on or before 31 August 2010

PER Lodged - Environmental Approval expected Q4 2010

Vanadium Price Outlook



Steel Industry Restructuring and Revitalising Plan

Existing 335 series rebar (~100Mt) must be replaced by 400 and 500 series

Total World Capacity ~ 85,000 t of V

Current Chinese Consumption ~ 23,000 t of V, ROW ~ 40,000 t

Additional SIRRP Rebar Consumption ~ 34,000 to 56,000 t of V

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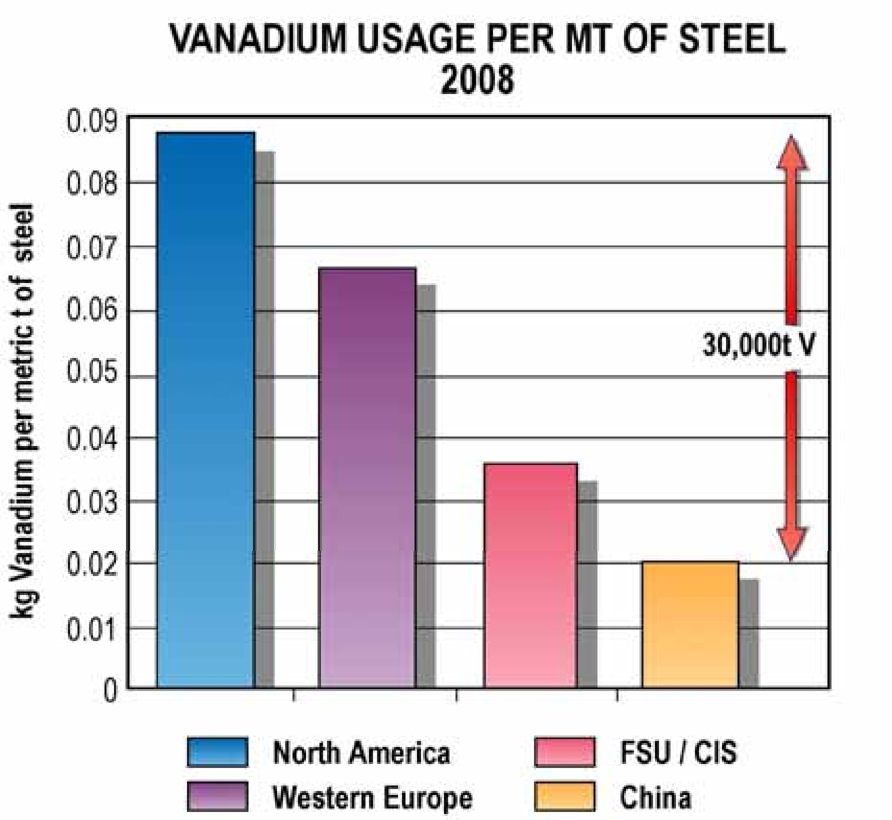
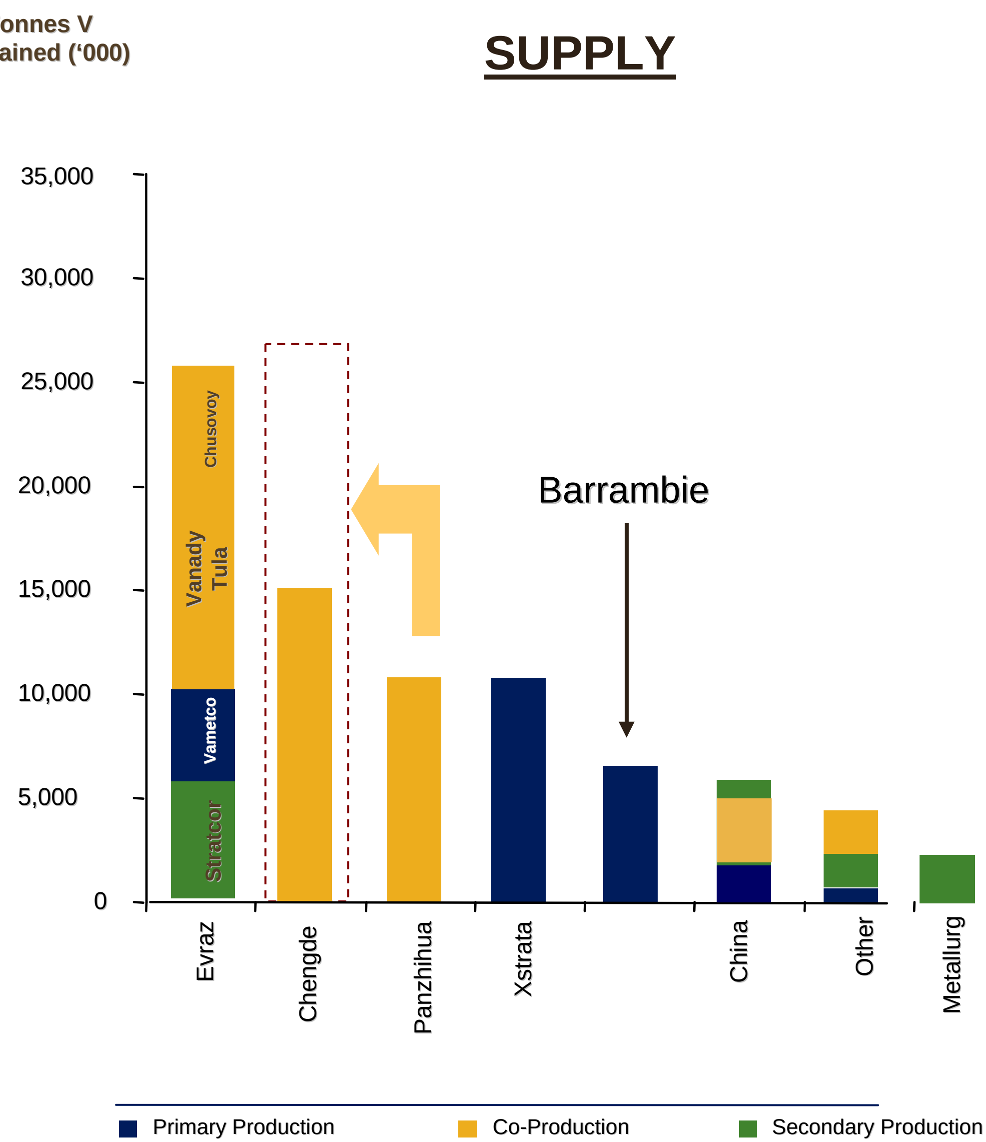
NB: All Quantities RDR Internal Estimates

Vanadium Market Overview

DEMAND



SUPPLY



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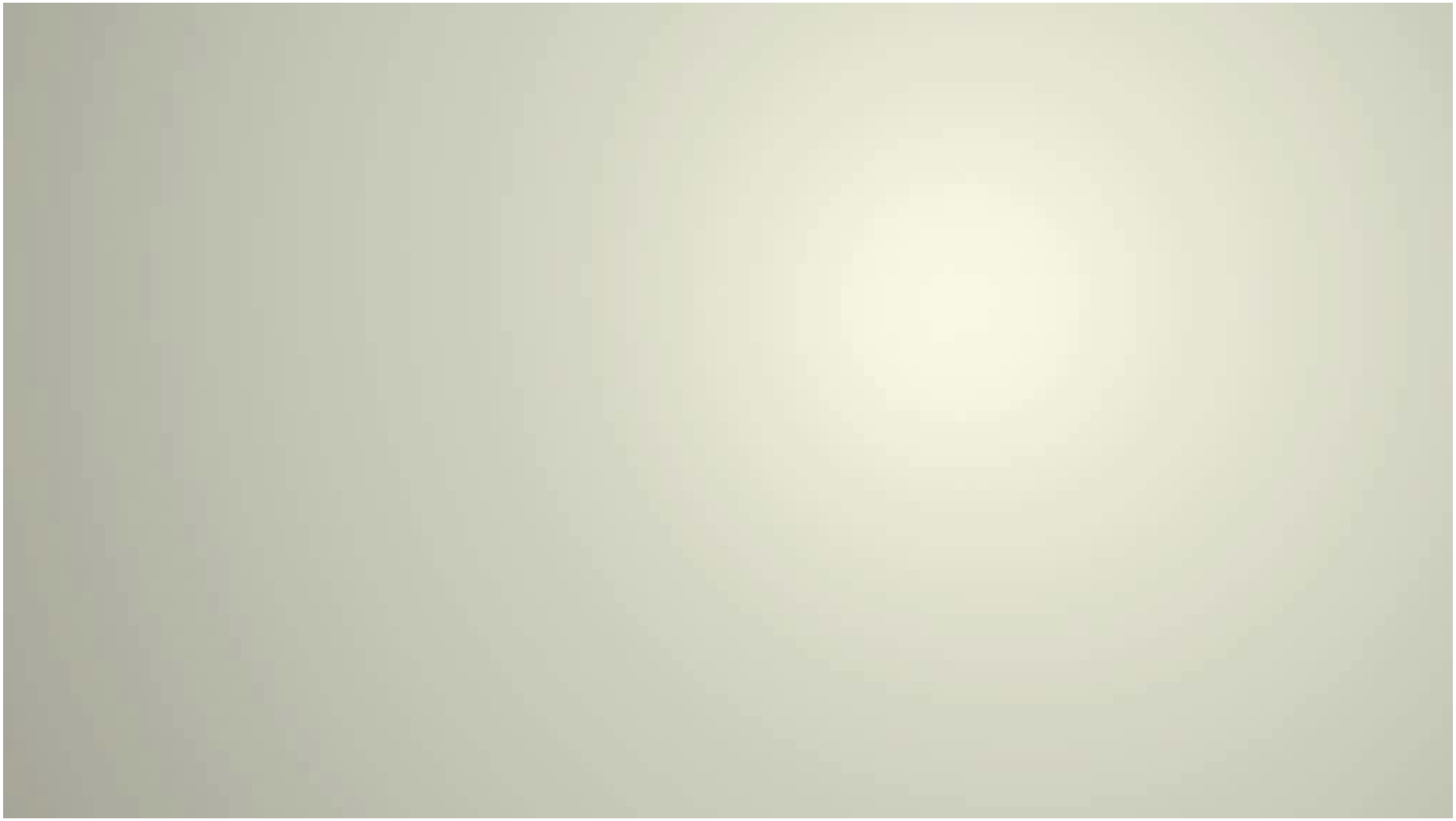
Flythrough



Comet Vale - Gold Business Overview

- **High grade underground mine**
  - High grade resource – **186,000oz @ 10.8g/t**
  - FY09 production of ~3,800 oz (RDR share), FY09 cash costs ~A$588/oz
  - FY10 production of ~ 4,300 oz (RDR share) Estimated FY10 cash costs ~ A$750/oz

- **Placed on care and maintenance 1 June 2010 – unable to secure milling agreement for FY11**

- **Strategy - Establish Nimbus as a standalone toll-milling facility and resume gold production**
  - 250,000 tpa, A$15M replacement cost, acquisition cost A$2.4m
  - MIN funding connection to grid power

Nimbus Processing Plant

Reed Resources Ltd

Mt Finnerty - Iron Ore

- **20:80 JV with Cleveland Cliffs (Australia's fourth largest iron ore exporter)**

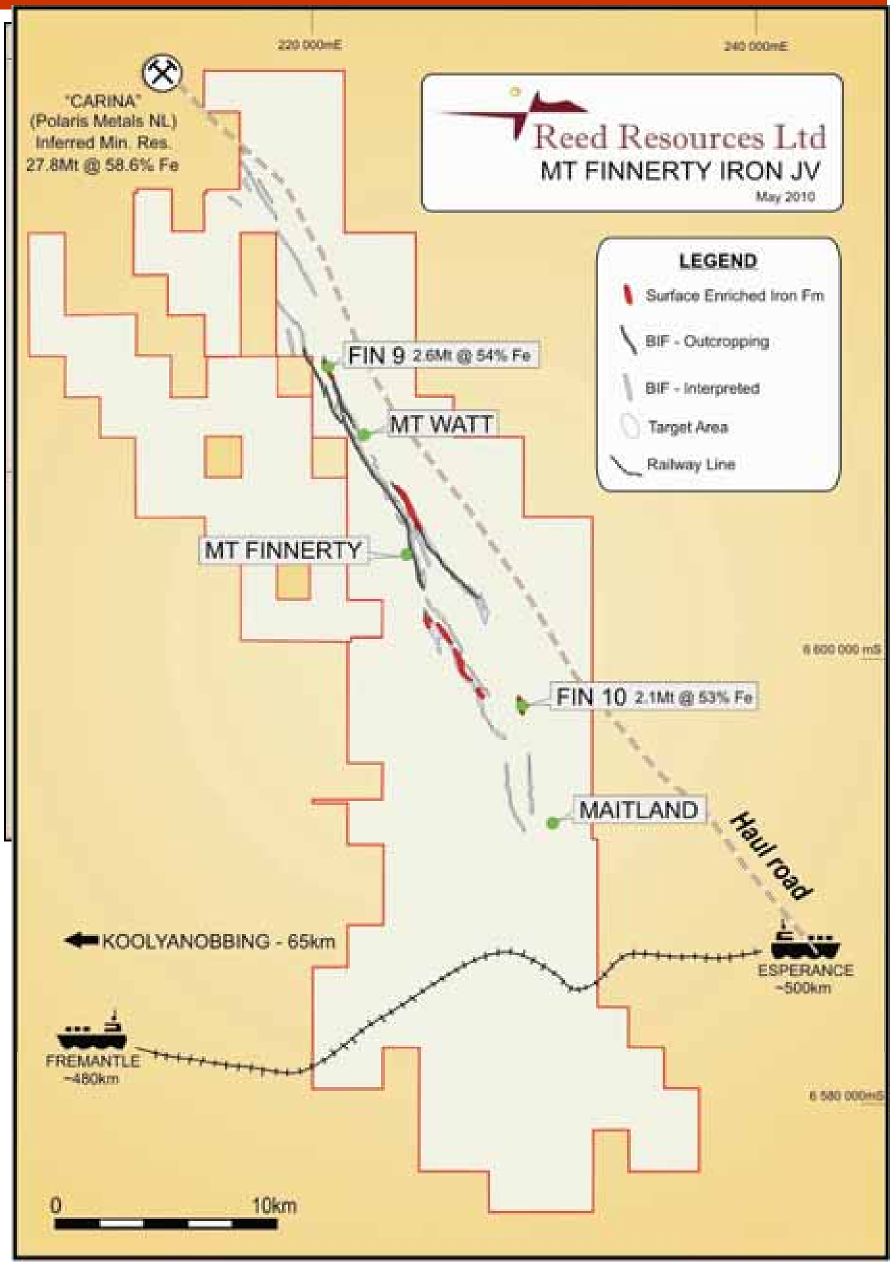
CLIFFS

- **Strategy : Satellite for Koolyanobbing**

- **Target 5-10Mt of DSO.**
- **Maiden Resource Estimate 4.6Mt @ 54% Fe**

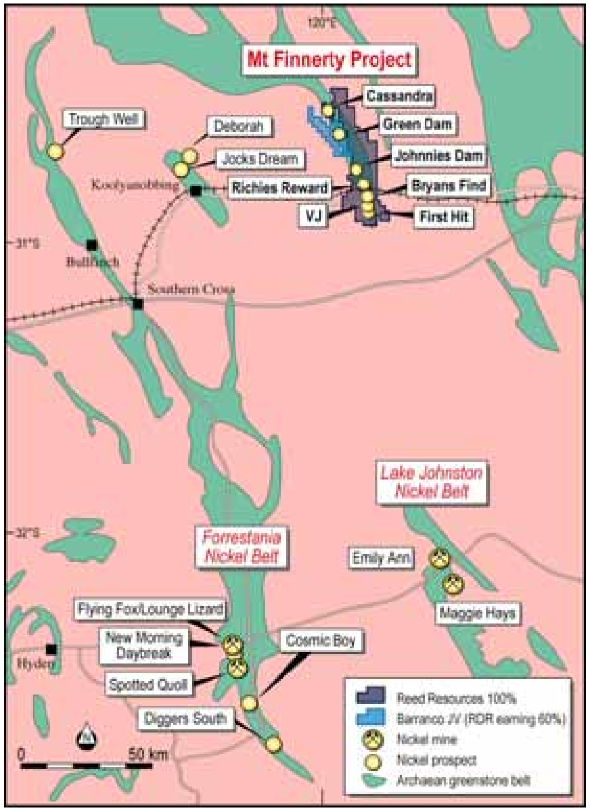
- **> 50 New Targets identified in Dec Q 09**
- **Ground Geophysics March Q 10**

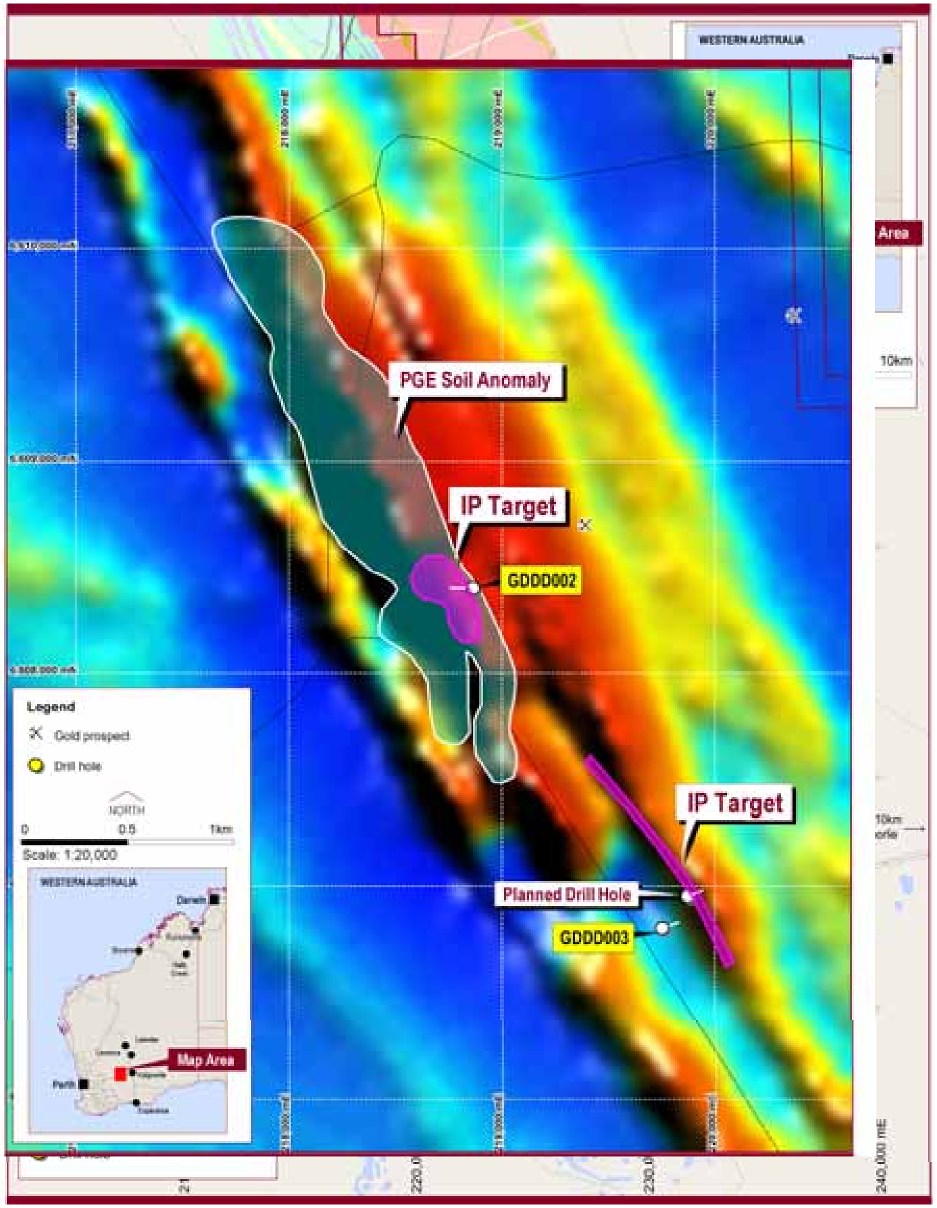
- **Priority DSO Targets FIN9, Mt Watt and Maitland drilling planned Sept & Dec Q 10**



Mt Finnerty - Nickel

- Multiple high MgO ultramafics over 45km strike confirmed by exploration to date.
  - Exploration focussed on three clearly defined nickel sulphide areas
  - Numerous geochemical, geophysical and structural targets
- Reed can earn 60% Nickel from Barranco by spending circa $1.5m on adjoining ground



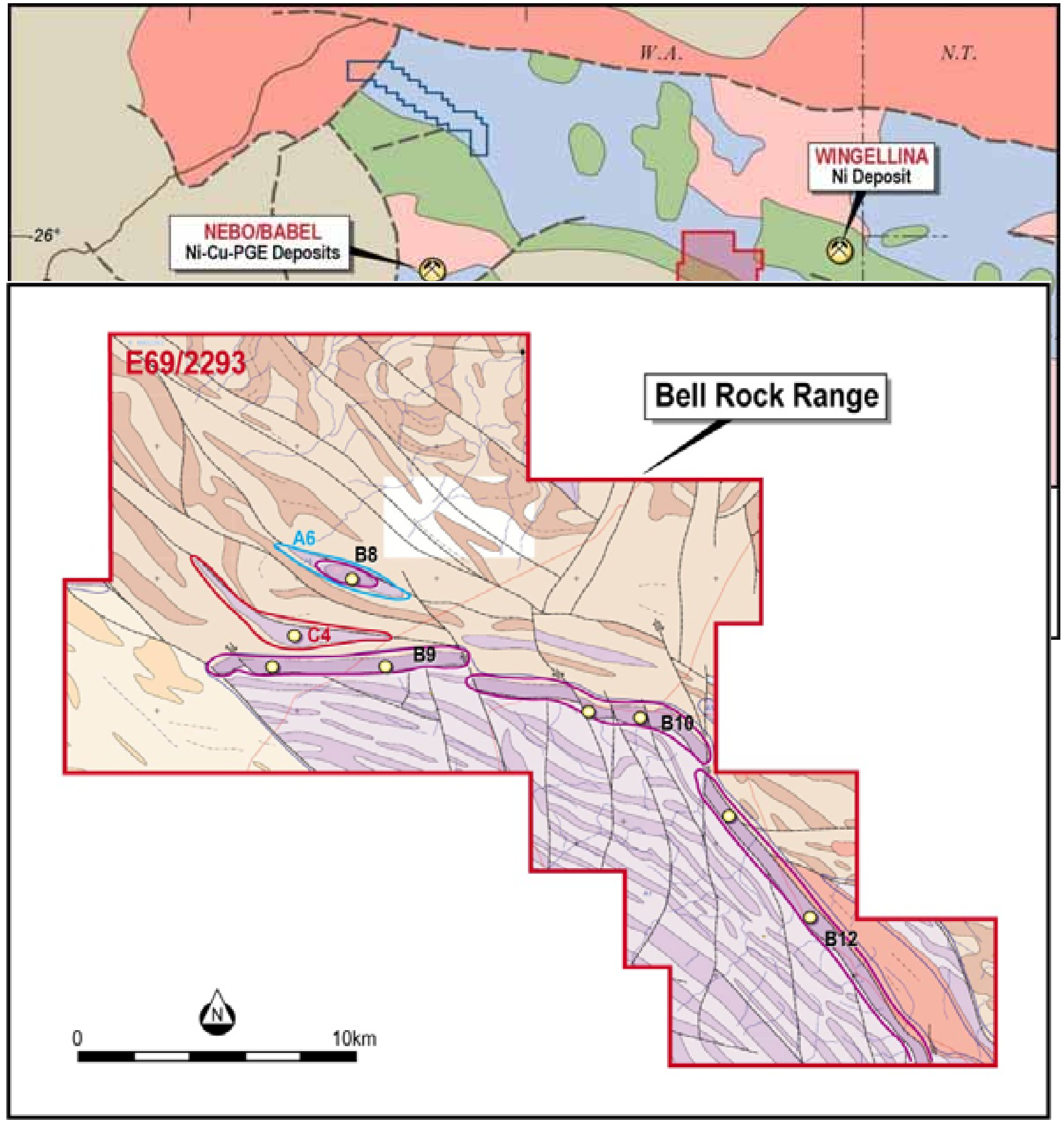


Bell Rock Range – Nickel and Copper

- Anglo American can earn 75% Nickel + Copper + PGE’s by spending $3m

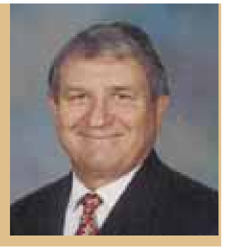
ANGLO AMERICAN

- Target 25-30km strike of basal ultramafic
  - an extensive geophysical survey in the form of a regional airborne electromagnetic (“EM”) survey using their highly successful proprietary “Spectrem” EM system
  - Follow up ground activity will include AAE’s proprietary EM “SQUID” system to investigate anomalies generated from the airborne survey.
- Aerial Survey flown – Ground truthing this CY.

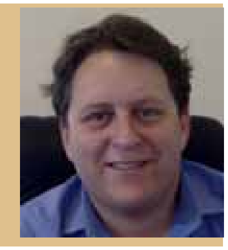


Board of Directors and Senior Management

David Reed OAM FCPA
Executive Chairman



Chris Reed
Managing Director/
Chief Executive Officer



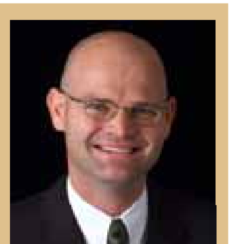
Steven Cole
Non-executive Director
Corporate Advisor

Jason Carone CA
Company Secretary/
Financial Controller

Dr Peter Collins
Non-executive Director
Geologist

Bill Crossley
Project Manager/
Mining Engineer

Ian Junk
Non-executive Director
Mining Engineer



Craig Fawcett
Chief Geologist

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Important Notice

Disclaimer

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Artists Acknowledgement
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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 Craig Fawcett (MAUSIMM), an employee of Reed Resources Ltd. Craig 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. Craig Fawcett 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.

Mt Marion Lithium Project – Mineral Resource Estimate

Reed reported on the 14 April 2010 a resource of 8.9Mt @ 1.4% Li_2O for the Mt Marion Deposits. While the Company intends to do further exploration on the Mt Marion 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 8.9Mt @ 1.4% Li_2O is only conceptual in nature. There has been insufficient explorations to define a Mineral Resources over and above the resource of 8.9Mt @ 1.4% Li_2O, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 8.9Mt @ 1.4% Li_2O.

The information in this report that relates to Mineral Resources (at Mt Marion) 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.

JORC Statement

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 0.82% 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.

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.

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 a 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.

JORC Statement

Comet Vale Gold Project – Mineral Resource Estimate

Reed reported on the 8 April 2010 a resource of 534,000t @ 10.8 g/t Au for the Sand Queen Gold Mine. 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 534,000t at 10.8 g/t Au is only conceptual in nature. There has been insufficient explorations to define a Mineral Resources over and above the resource of 534,000t @ 10.8 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 534,000t @ 10.8 g/t Au.

The information in this report that relates to that relates to geological interpretations and Mineral Resources (at Comet Vale)is based on information compiled by Mark Zammit of Cube Consulting Pty Ltd, who is a Member of The Australian Institute of Geoscientists (AIG) and Australasian Institute of Mining and Metallurgy (AusIMM). Mark Zammit has sufficient experience which is 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 Mineral Resources and Ore Reserves". Mark Zammit consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mt Finnerty Iron Ore Project – Mineral Resource Estimate

Reed reported on the 14 April 2010 a resource of 4.66Mt @ 53.5% Fe for the Mt Finnerty Iron Ore Project, currently in Joint Venture with Cliffs Asia Pacific Iron Ore Pty Ltd. While the Company intends to do further exploration on the Mt Finnerty 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 4.66Mt @ 53.5% Fe is only conceptual in nature. There has been insufficient explorations to define a Mineral Resources over and above the resource of 4.66Mt @ 53.5% Fe, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of 84.66Mt @ 53.5% Fe.

Mineral Resource estimation has been compiled in accordance with the guidelines outlined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004) by Leonora Hackman and Duncan Hackman of Hackman and Associates Pty Ltd. Leonora Hackman is a member of the Australasian Institute of Mining and Metallurgy and Duncan Hackman is a member of the Australian Institute of Geoscientists. Both have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity undertaken 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. Leonora Hackman and Duncan Hackman consent to the inclusion of the Mineral Resource estimations in the form and context in which it appears.