

ASX Announcement

24 August 2010

Barrambie – NFC Update

Key points:

- Reed Resources has extended exclusivity period with China Non-ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC") until 30 September 2010,
- The discussions to date specifically cover an engineering procurement & construction contract and project financing.

Australian diversified resources company Reed Resources Ltd (ASX: RDR) ("Reed" or "the Company") announces that it has extended the exclusivity period with China Non-ferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC").

A delegation of senior NFC technical and commercial management representatives have completed a 5 day visit to Perth which included a site visit. As a result of the visit and the discussions held with Reed's technical and management teams, the Company has agreed to extend the exclusivity arrangements to 30 September 2010.

Reed has agreed to deal exclusively with NFC and Arcon regarding a development and financing proposal, which, if successfully concluded, would allow development of Reed's Barrambie Vanadium Project in Western Australia.

The discussions to date relate to the provision of a **fixed-price** engineering, procurement and construction contract and project financing assistance by NFC for Barrambie, which is recognised as one of the world's highest grade vanadium deposits.

Whilst due diligence has substantially progressed, discussions are at a preliminary stage. No party is under any obligation to proceed and there is no certainty that a transaction will eventuate.

Reed will keep the market informed should anything of a more formal and or complete nature be received.

Ends



For further information please contact:

Chris Reed

Managing Director

Reed Resources Limited

T: +61 89322 1182

E: chris@reedresources.com

David Tasker

Professional Public Relations

T: +61 89388 0944/ +61 433 112 936

E: david.tasker@ppr.com.au

About Reed Resources

Reed Resources Ltd is a diversified mining and exploration Company based in Western Australia. It has modest gold production and is diversifying and expanding its production base. Reed Resources has five main projects (all in Western Australia) including:

- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Limited. First production planned by March 2011.
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process. Exclusivity Agreement with China Nonferrous Metals for EPC & Financing.
- **Comet Vale** – High-grade underground gold mine on care & maintenance.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.
- **Bell Rock Range** – Nickel-Copper-PGM Farm-out to Anglo American Exploration.

Website: www.reedresources.com

About NFC

NFC is a state controlled company mandated by the Chinese central government to develop overseas mineral resources to meet China's growing demand for metals. Listed on the Shenzhen Stock Exchange, NFC is the largest Chinese contractor for foreign industrial projects in the nonferrous metals sector, and had built and financed mining plants and smelters across Asia and Africa. NFC's overseas projects include:

- [Kazakhstan Aluminum Smelter Project](#)
- [Chambishi Copper Mine of Zambia](#)
- [Vietnam Sin Quyen Copper Mine](#)
- [Iran Yazd Zinc Smelter](#)
- [Faryab Ferroalloy Plant of Iran](#)
- [Arak Aluminum Smelter of Iran](#)
- [Upgrading Project of Iran Jajarm Alumina Plant](#)
- [Iran Khatoon Abad Copper Plant](#)

Website: www.nfc.com.cn