

ASX Announcement

13 October 2010

Update on Voluntary Suspension

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (“Reed” or “the Company”) advises that it has requested the Australian Securities Exchange to lift the voluntary suspension on the Company’s securities trading, effective immediately.

Reed Resources secured rights to, and was evaluating, a prospective new project within the Goldfields area of Western Australia. The project area displayed anecdotal anomalies of precious metals including platinum group metals (“PGM’s”), gold and silver.

Reed Resources initial evaluation involved excavating trenches within the project area and samples sent for assay to a specialist laboratory in the USA with a reputation for expertise in PGM assays.

The initial assay results indicated the samples contained exceptional levels of gold, as well as highly anomalous levels of silver and PGM’s. Due to the nature of these results the Company sought to verify the results with further sampling and check assaying.

Further work was undertaken at an accredited commercial laboratory in Australia. Bulk in-situ samples were meticulously taken and tested in duplicate for gold only using multiple assay techniques. The samples could not replicate the original assay results, and showed only background levels of gold consistent with this area of the Goldfields. In addition, preliminary assays for PGM’s show only background levels of mineralisation.

Based on the information at hand, it is the view of Reed Resources that the initial assays were a result of an analytical error, and that further check assaying for PGM’s are continuing. The Company will keep the market fully informed of any material developments. The Company has no further information to announce in relation to this project.

This is the announcement to come out of suspension.



COMPETENT PERSONS STATEMENT

Geological aspects of this report that relate to Exploration Results have been compiled by Mr Craig Fawcett, (MAIMM), a full time employee of Reed Resources Ltd. Mr 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. Mr Fawcett consents to the inclusion in the report of the matters in the form and context in which it appears.

ENDS

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About Reed Resources

Reed Resources Ltd (ASX:RDR, OTC:RDRUY) is a diversified mining and exploration Company based in Western Australia. Reed's American Depositary Receipts (ADR's) trade under the code RDRUY (CUSIP Number: 758254106). Each Reed ADR is equivalent to 10 ordinary shares of Reed as traded on the ASX. The Bank of New York Mellon is the depository bank.

Reed 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. Discussions with China Nonferrous Metals for EPC & Financing ongoing.
- **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** – Grassroots Nickel-Copper-PGM Exploration.

Website: www.reedresources.com