

ASX RELEASE

11 March 2011

## Meekatharra Gold Project Update and Mineral Resource Estimate

### HIGHLIGHTS

- Successful first steps in 'grade focussed' strategy for Meekatharra
- Re-estimation of Resources at Jack Ryan boosts overall grade by 34%;
- Completed the first Resource estimate at Callisto Project since mining ceased in 1997;
- Re-interpretations at the Rand, Prohibition, Surprise and Vivian-Consols deposits is in progress;
- Re-optimisation of Reserves at Bluebird at current gold prices is underway; and
- Key consultants engaged to assist with the re-starting of the Meekatharra project.

Australian diversified resources company Reed Resources Ltd (ASX: RDR) (the "Company" or "Reed"), is pleased to announce an update on the successful implementation of its evaluation strategy to resume operations at the recently acquired Meekatharra Gold Project, Western Australia.

New Mineral Resource estimates at the Jack Ryan and Callisto deposits in the Reedy area, at the southern end of Meekatharra Golf Project, support the Company's strategy to re-estimate and optimise the resources at the historical mining centres using current economic and operational costs. The focus is to build a lower tonnage but higher grade resource and reserve base by applying better defined geological modelling of the mineralisation to delineate a more selective resource.

### Higher Grade at Jack Ryan Deposit

This strategy's first results have been a 34% increase in the grade of the Mineral Resources at the Jack Ryan deposit, increasing its potential economic viability. Although, overall, there has been a reduction in total gold ounces of 4%, those ounces are contained within 39% less tonnes.

**Table 1. Jack Ryan Resource Estimate (2005)**

Resource Classification	Tonnes	Au (g/t)	Ounces (oz)
Indicated	534,000	2.1	36,000
Inferred	846,000	1.7	47,000
<b>TOTAL</b>	<b>1,380,000</b>	<b>1.9</b>	<b>83,000</b>

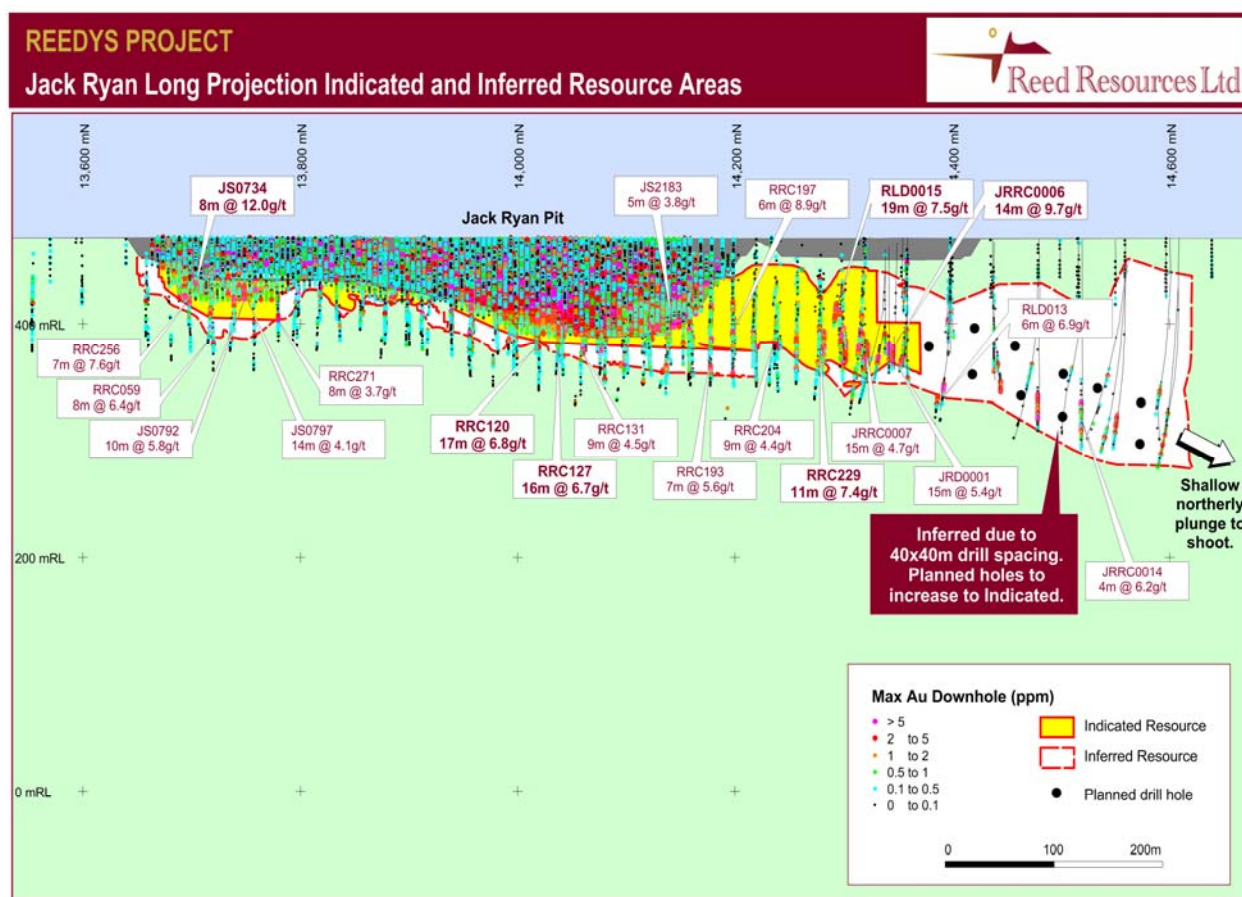
**Table 2. Jack Ryan Resource Estimate (2011)**

Resource Classification	Tonnes	Au (g/t)	Ounces (oz)
Indicated	341,000	2.9	32,000
Inferred	655,000	2.3	47,600
<b>TOTAL</b>	<b>996,000</b>	<b>2.5</b>	<b>79,600</b>



Reed's geological team have constrained the mineralisation envelopes at Jack Ryan to better capture the higher value portion of the deposit (Table 2). This modelling philosophy is illustrated in Figure 5 which shows the difference in size of the current mineralisation envelopes compared with the 2005 modelling. The 2005 resource estimate at Jack Ryan was undertaken using a broad alteration halo as the geological domain.

It is anticipated that an additional 10 strategically placed drill holes into the Jack Ryan mineralised system (Figure 1) will result in conversion of a significant proportion of the Inferred Mineral Resource to the Indicated category, and allow a Reserve calculation to be made for expansion of the existing open pit shell.



**Figure 1.** Long section of Jack Ryan deposit with Indicated and Inferred Resources outlined showing the position of 10 planned drill holes to potentially convert Inferred Mineral Resource.

### First Resource Estimate at Callisto

The Callisto Resource (Table 3) is the first resource estimation since cessation of mining in 1997. A revised geological interpretation of this deposit has indicated a high grade plunge component to the mineralisation. Although this represents a small part of the ore-forming system, it is an integral link in the area for targeting additional resources along the Jack Ryan trend.

**Table 3. Callisto Resource Estimate (2011)**

Resource Classification	Tonnes	Au (g/t)	Ounces (oz)
Indicated	87,000	3.3	9,200
Inferred	54,000	2.17	3,800
<b>TOTAL</b>	<b>141,000</b>	<b>2.9</b>	<b>13,000</b>

Reed Resources Ltd Managing Director, Mr Christopher Reed, said “although these two resources represent the smaller deposits that we are re-evaluating, they illustrate the opportunities that that arise when the focus is GRADE rather than bulk tonnes. We expect further good results as we continue the re-evaluation process over the coming months.”

### Other Deposits Currently Under Review

A four man geological team is currently working on re-interpretations at the Rand and South Emu deposits at Reedys, the Prohibition and Vivians-Consols deposit at Paddys Flat, and the Surprise ore body at Yaloginda (Figure 3). A re-optimisation of Reserves is also being undertaken on the Bluebird ore body at Yaloginda (Figure 2). This work is due for completion within the project timeline (Table 5) and is expected to result in substantial changes to the updated global resources in the Meekatharra Project listed in Appendix A.

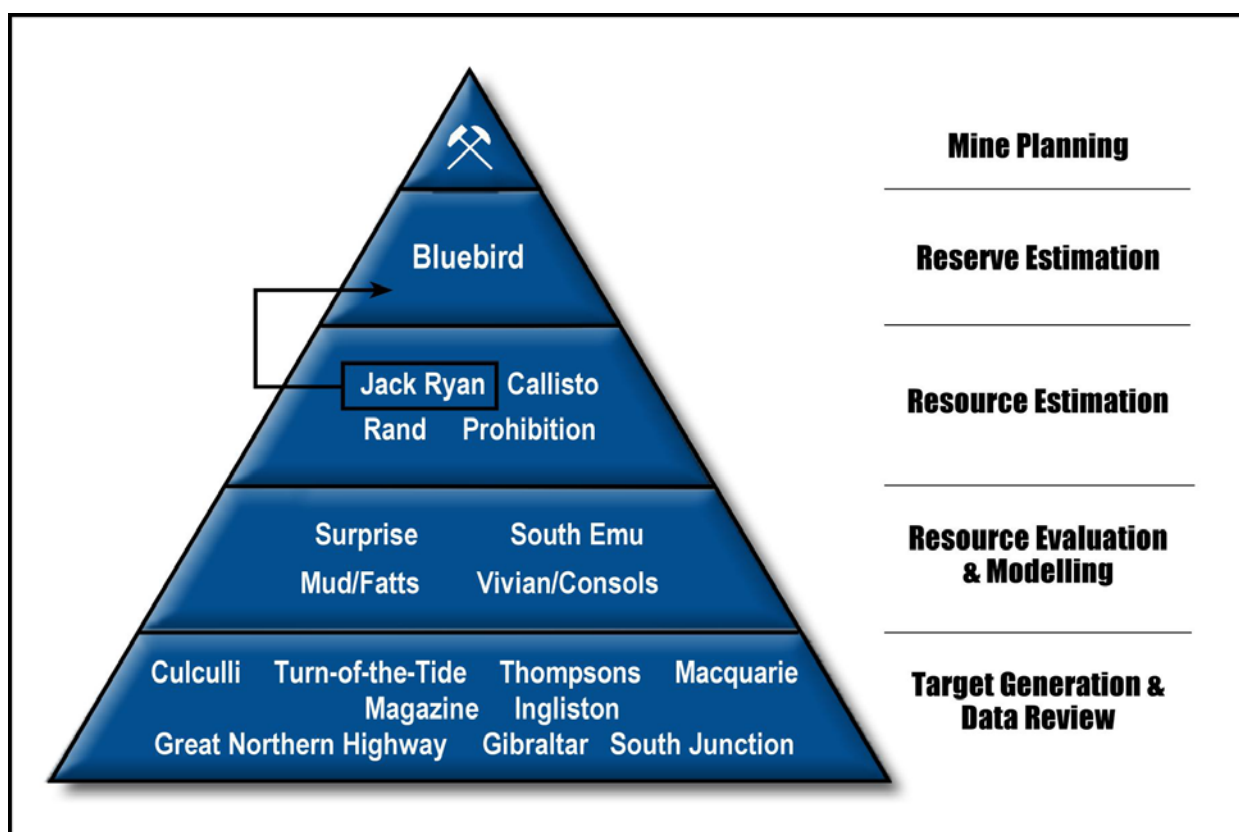


Figure 2. Project status and progression towards mine planning.

### Engagement of Key Consultants

A number of consultants have been engaged to assist the Company with re-starting the Meekatharra project, including:

- **Snowden MIC Pty Ltd** – Undertaking the resource estimation process
- **Minecomp Pty Ltd** – Undertaking the resource optimisation and reserve estimation and assisting with the mine planning process.

- **SCOPE Australia Pty Ltd** – Assisting with project timelines, deliverables and the Bankable Feasibility Study (BFS) process.
- **Geomett Pty Ltd** – Undertaking metallurgical reviews on the ore types to develop an optimal crushing, grinding and processing stream.
- **Coffey Mining Pty Ltd** – Undertaking geotechnical reviews of the planned pit slope angles. Coffey have been involved in this area for over 10 years.
- **Rockwater Pty Ltd** – Reviewing dewatering strategies and options.
- **Woolard Consulting Pty Ltd** – Assisting with environmental approvals and DEC/DMP/DOW submissions.

## ENDS

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## COMPETENT PERSONS STATEMENT

*Information in this report that relates to Indicated and Inferred Mineral Resources for 2011 at Reedys (Jack Ryan and Callisto) is based upon geological domains constructed by Reed Resources internal geological team (under Craig Fawcett BSc MAusIMM – General Manager Gold) and estimates prepared by J Graindorge Bsc MAusIMM(CP) of Snowden Mining Industry Consultants Pty Ltd. Both Mr Fawcett and Mr Graindorge have 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 (2004). Both Mr Fawcett and Mr Graindorge consent to the inclusion in this report of the matters in the form and context in which it appears.*

*Geological aspects of this report 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 (2004). Mr Fawcett consents to the inclusion in this report of the matters in the form and context in which it appears.*

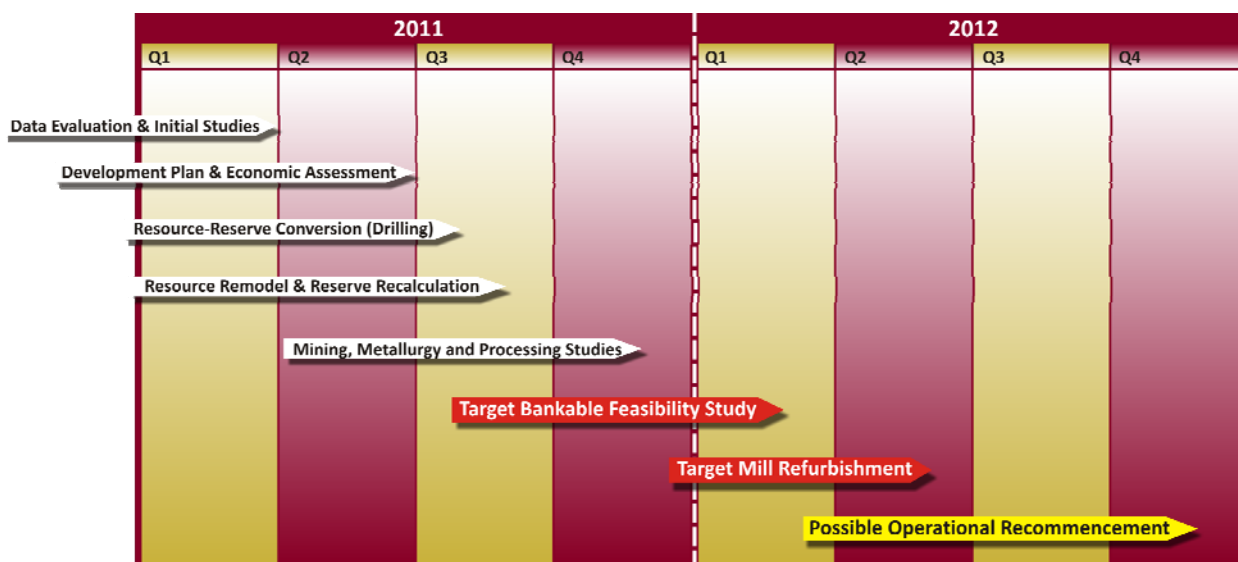
*Information in this report that relates to Indicated and Inferred Resources at Reedys was published in the St Barbara Mines Ltd 2005 Annual Report and is based upon reports prepared by Cube Consulting Pty Ltd who were commissioned by St Barbara Mines Ltd in July 2005 and its consultant Ms Ruth Vernon to undertake a new resource estimation for the Reedys Project.*

*Information in this report that relates to Indicated and Inferred Resources at Meekatharra was published by Mercator Gold Ltd in 2007 and is based upon information reports prepared by Snowden Consulting Pty Ltd who were commissioned by Mercator Gold Ltd to undertake a new resource estimation of the Bluebird Pit and several select deposits from the Paddy's Flat area near Meekatharra.*

**Table 4.** Updated global Resource inventory, Meekatharra Project

Project	Resource Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Meekatharra North	Indicated	706,000	1.3	29,000
	Inferred	174,000	1.2	6,000
	<b>Sub-Total</b>	<b>880,000</b>	<b>1.3</b>	<b>35,000</b>
Paddy's Flat	Indicated	17,879,000	1.7	986,000
	Inferred	7,925,000	1.4	349,000
	<b>Sub-Total</b>	<b>25,804,000</b>	<b>1.6</b>	<b>1,335,000</b>
Yaloginda	Indicated	9,693,000	1.7	528,000
	Inferred	3,856,000	1.8	227,000
	<b>Sub-Total</b>	<b>13,549,000</b>	<b>1.7</b>	<b>755,000</b>
Reedys	Indicated	1,937,000	2.6	164,200
	Inferred	2,267,000	2.6	186,400
	<b>Sub-Total</b>	<b>4,204,000</b>	<b>2.6</b>	<b>350,600</b>
<b>TOTAL</b>	<b>Indicated</b>	<b>30,215,000</b>	<b>1.7</b>	<b>1,707,200</b>
	<b>Inferred</b>	<b>14,222,000</b>	<b>1.7</b>	<b>768,400</b>
	<b>TOTAL</b>	<b>44,437,000</b>	<b>1.7</b>	<b>2,475,600</b>

**Table 5.** Project Timeline

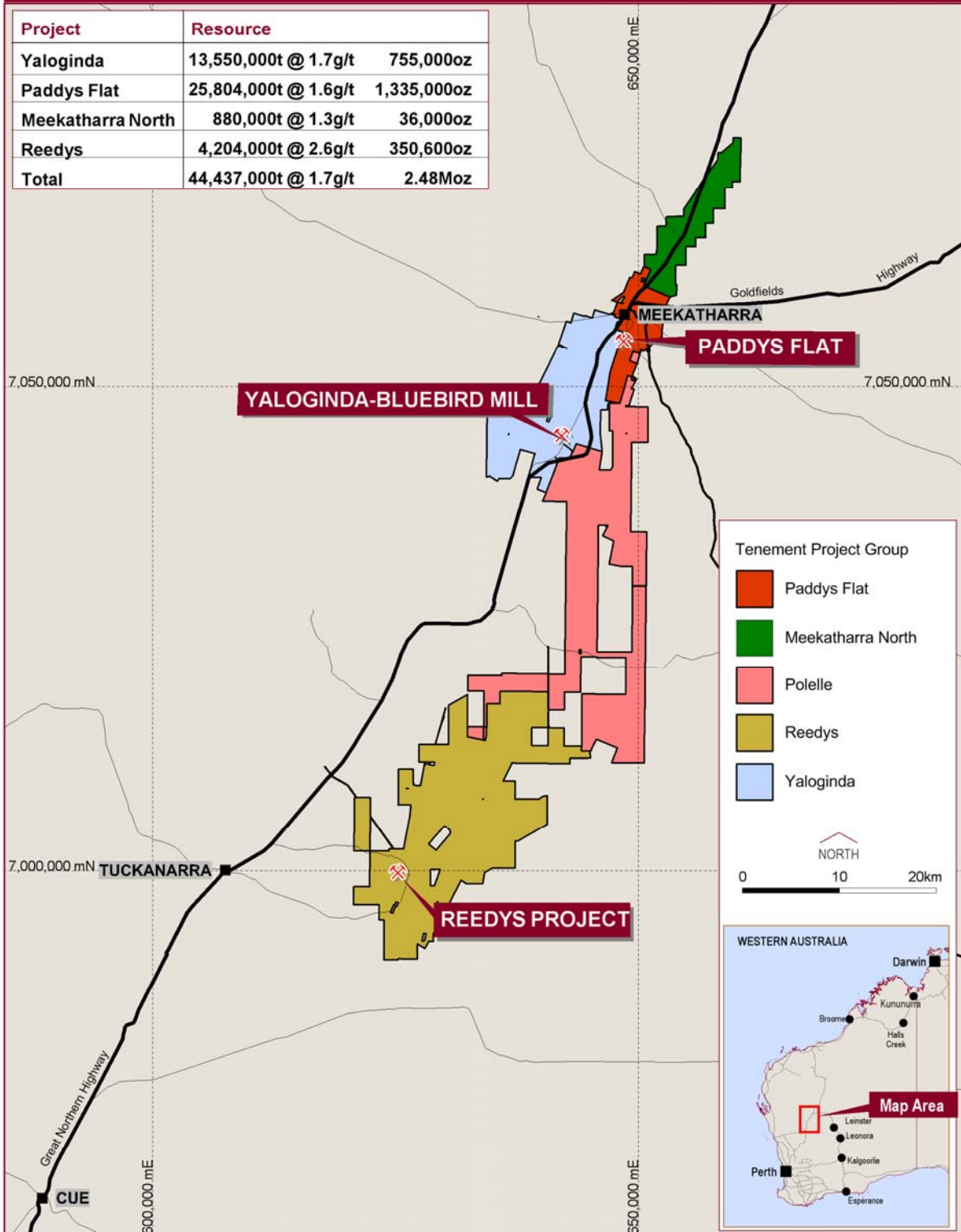


# MEEKATHARRA PROJECT

## Project Endowment



Project	Resource	
Yaloginda	13,550,000t @ 1.7g/t	755,000oz
Paddys Flat	25,804,000t @ 1.6g/t	1,335,000oz
Meekatharra North	880,000t @ 1.3g/t	36,000oz
Reedys	4,204,000t @ 2.6g/t	350,600oz
<b>Total</b>	<b>44,437,000t @ 1.7g/t</b>	<b>2.48Moz</b>



Author: Craig Fawcett  
 Drawn: Shane Taylor

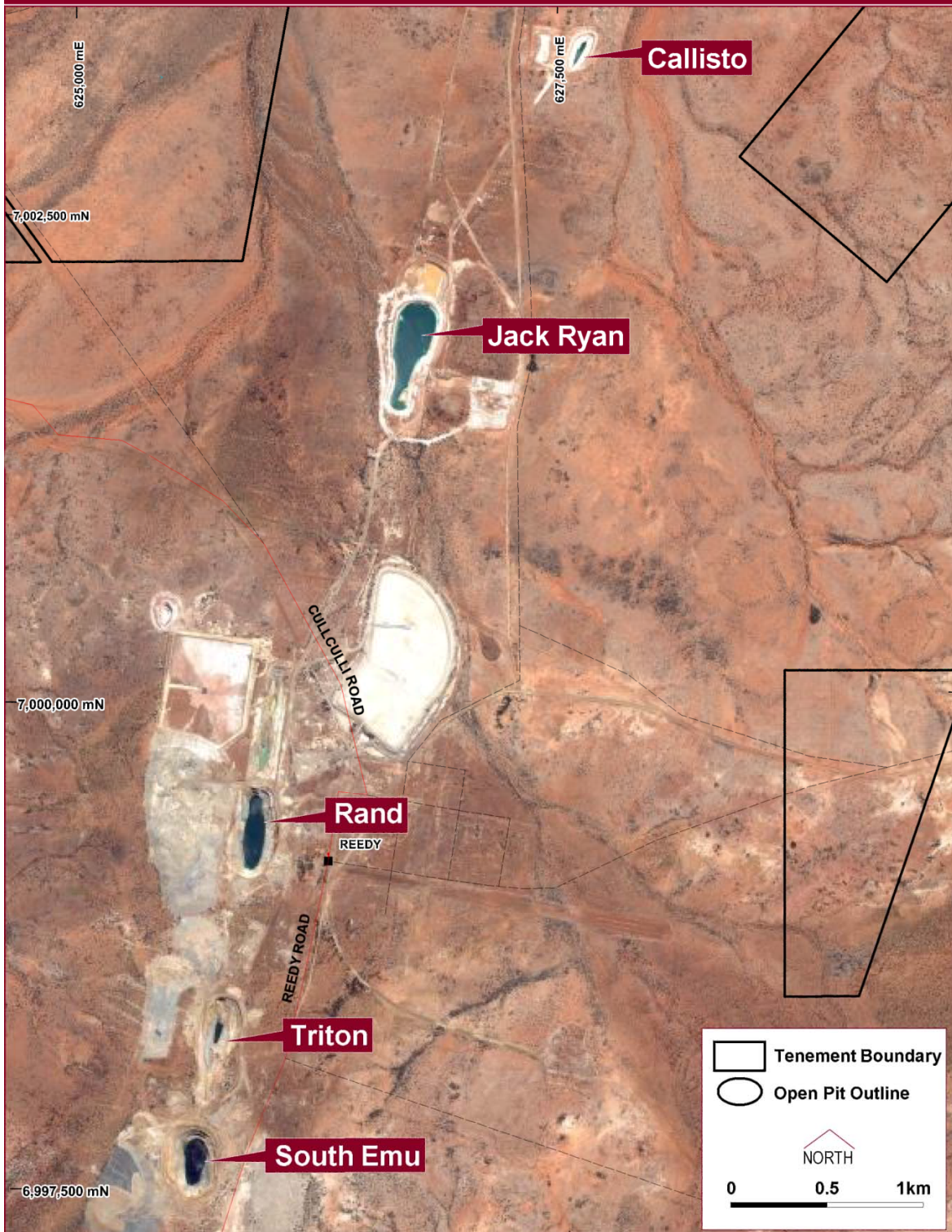
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**Figure 3.** Location of the Projects making up the Meekatharra Project Group and the gold resource inventory

# MEEKATHARRA PROJECT - REEDYS

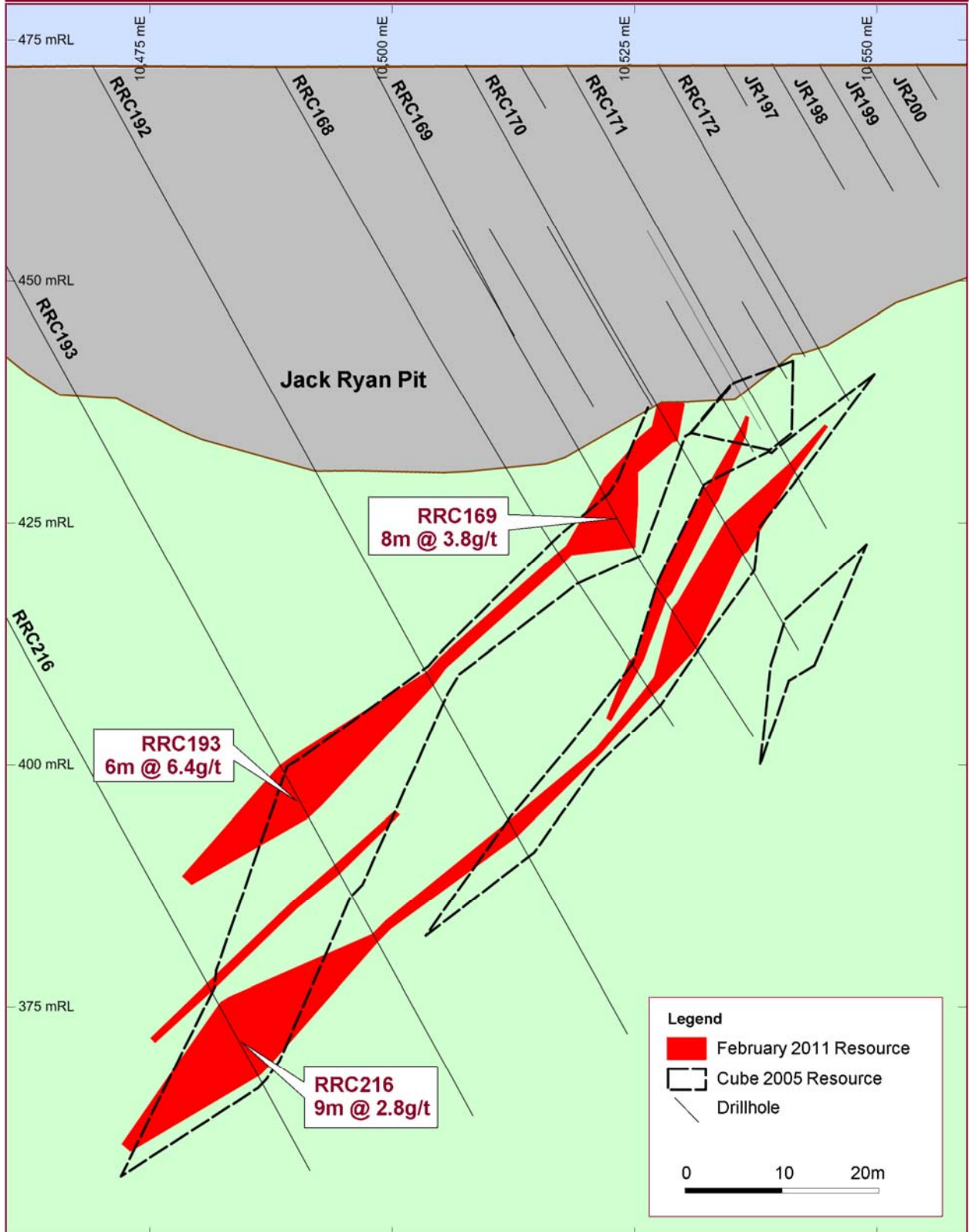
## Mine Locations



**Figure 4.** Location of the Jack Ryan, Callisto, Rand and South Emu deposits at the Reedy Mining Centre

# REEDYS PROJECT

## Jack Ryan Cross Section 14,180N



**Figure 5.** Cross section of the Jack Ryan deposit illustrating the revised resource outline below the pit floor, based on re-interpretation of the geology, compared with the wireframe used for the 2005 resource model.

## 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 Resources has five main projects (all in Western Australia):

- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Limited. World's second biggest lithium concentrate operation under construction. Commissioning to occur in December 2011.
- **Meekatharra** – Recently acquired 2.5M oz Gold project with 3Mtpa processing plant and associated infrastructure, conducting resource re-optimisation and feasibility study to recommence gold production in 2012.
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process. MOU with China Nonferrous Metals for EPC & Financing assistance.
- **Comet Vale** – Evaluating recommencement of high-grade underground gold production and refurbishment of processing plant, both currently on care & maintenance.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.

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