

ASX RELEASE

5 May 2011

Progress towards resumption of mining at Meekatharra Gold Project ahead of schedule as Resources and Reserves increased and other key activities about to commence

HIGHLIGHTS

- **Resource increase at three deposits within Project:**
 - **Prohibition Resource INCREASED by 2.8MT for an additional 158,000oz**
 - **Surprise and Jess identify additional new Resources of 40,000oz**
- **Reedys first open pit Reserve since 1997 of 36,600oz has been completed on Jack Ryan, Rand and Callisto Pits at a gold price of A\$1300/oz.**
- **Mickey Doolan and Prohibition pit optimisations commence.**
- **Resource-Reserve and exploration drilling planned to commence in July.**
- **Project progressing ahead of schedule.**

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed Resources”) continues to yield positive results from its evaluation of the recently acquired Meekatharra Gold Project (“the Project”) in Western Australia, with significant Resource increases at three deposits within the Project, pit optimisation completed at three deposits and progress towards resumption of mining activities occurring ahead of schedule.

Through diligent validation, reworking and remodelling of the existing known orebodies, Reed Resources is pleased to announce significant increases in both Resources and Reserves at the Meekatharra mining centre, and release the first Reserve Statement at Reedys since mining ceased in 1997. This comes after only 4 months of reviewing the assets.

Managing Director Christopher Reed said, “The Resource and Reserve review is progressing exceptionally well with the geological team now in place and an underground planning engineer due to start in a month. A key aspect in de-risking this project is being able to incorporate multiple sources from multiple locations, which is something we have primarily focussed on.

“The increase to the Resource at the Prohibition deposit represents the second milestone (after the Resource increase at the Bluebird deposit) to potentially create another base-load feed for when operations recommence at the Meekatharra Gold Project. In addition, the delineation of the first open pit Reserve since mining ceased at the Reedys deposit in 1997 is very important.

“Once the optimisation of the Prohibition deposit is complete we will be undertaking intense evaluation work at the Mickey Doolan deposit, which hosts over 600,000oz in Resources.”



Prohibition Resource Increase

A Resource model incorporating the Prohibition and Golden Bar Banded Iron Formation (BIF) - hosted lode has been completed by Snowden Mining Industry Consultants Pty Ltd (see Table 2). The 2011 Mineral Resource for the Prohibition deposit was estimated using a geological interpretation provided by Reed Resources internal geological team. Gold grades were estimated by ordinary block kriging using appropriate top-cuts. The Mineral Resource has been reported and classified using the guidelines of the 2004 JORC Code and has been depleted for all historic mining.

Mineral Resources above 350mRL (approximately 15m beneath the base of the existing Prohibition Pit) were reported using a 0.5g/t lower cut-off, and Resources beneath this (more amenable to underground mining) were reported at 2.0g/t lower cut-off (see Figure 1).

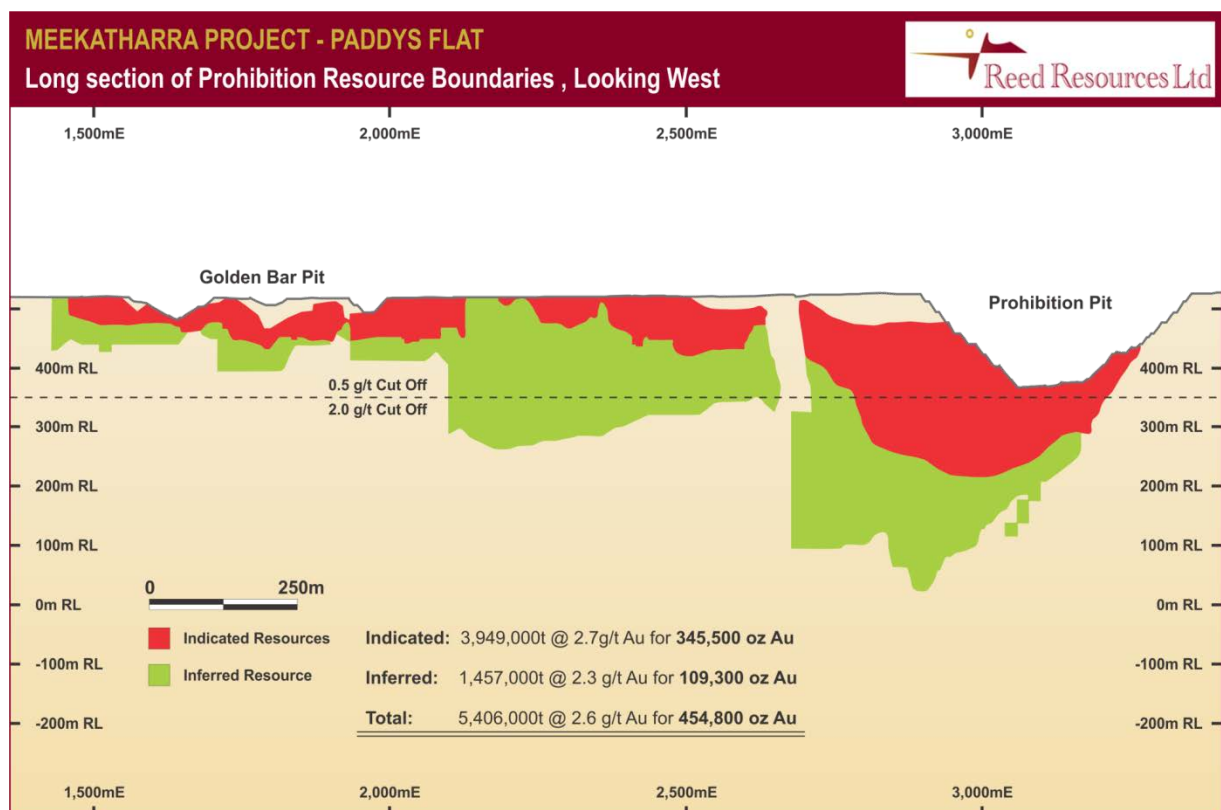


Figure 1. Long section of the Prohibition Resource classification

Prohibition is the largest ore system in the Paddys Flat system that is immediately available for mining (see Appendix A - Figure 9). The mineralisation is hosted in a BIF and extends from the current Prohibition Pit through to the Golden Bar Pit. The “BIF-Line” of mineralisation has been remodelled and for the first time, a Resource model has been created that covers mineralisation from Prohibition to Golden Bar, a total strike length of approximately 2 km, allowing the mineralisation to be evaluated as one ore body (see Figure 2 below).

MEEKATHARRA PROJECT - PADDYS FLAT

Orthoview of Prohibition & Golden Bar Ore System, Looking South East

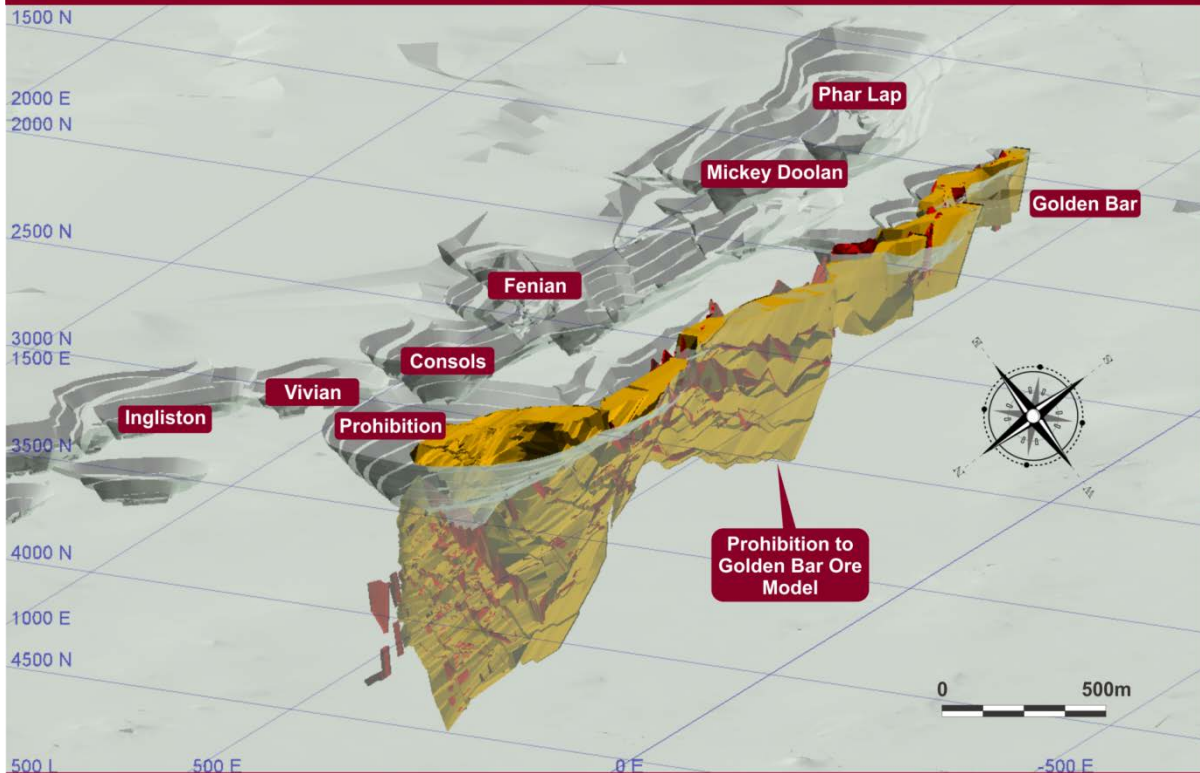


Figure 2. Ortho view of the Prohibition ore body and BIF Line extending over 2km to the Golden Bar Pit.

MEEKATHARRA PROJECT - PADDYS FLAT

Schematic Geological Section Through Prohibition - Vivians - Mudlode, 3050mN

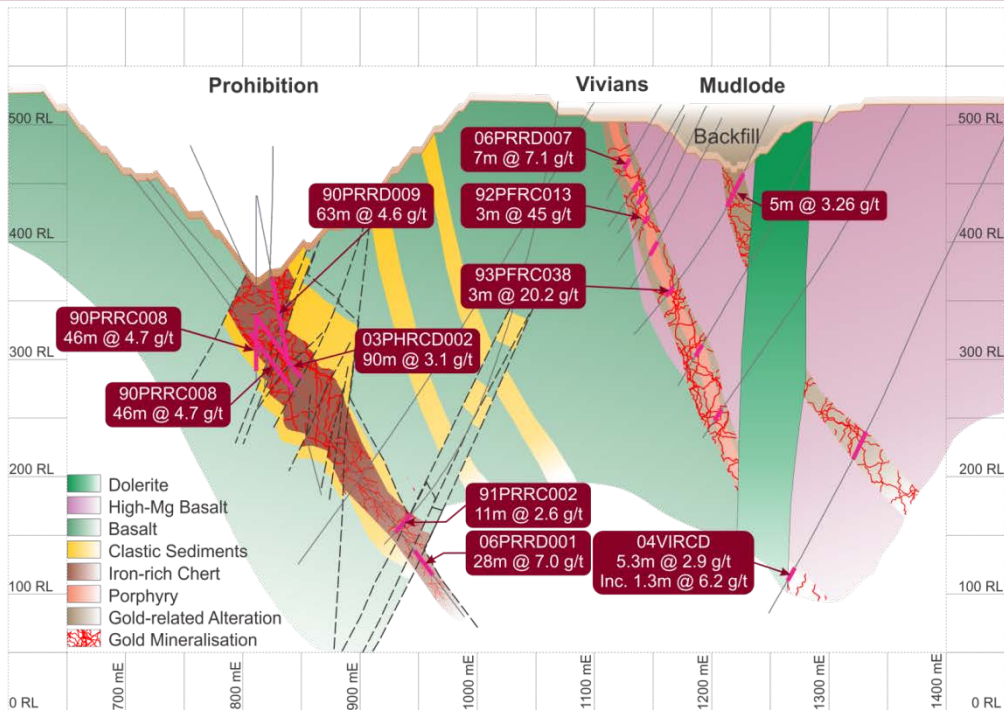


Figure 3. Schematic cross section at 3050mN looking North through the Prohibition, Vivian, Mudlode systems.

Minecomp Pty Ltd has commenced an open pit optimisation on the Resource model. The deeper Resources are likely to be accessed through underground infrastructure and will be re-evaluated in the coming months. This will incorporate the five mineralised systems Prohibition, Vivian, Consols, Mudlode and Fatts which all lie within 250m of the Prohibition deposit (see Figure 3 above).

This holistic approach, which has always been the principal strategy of Reed Resources, has yielded a significant increase to the Resource base. Table 1 and Table 2 below compare the current estimate to the previously reported Resources in this area. Golden Bar was an internal Resource estimate undertaken in 2003 by St Barabara Mines, whilst the Prohibition area was undertaken by ResEval in 2007. The increase in tonnage in the 2011 Mineral Resource for Prohibition, compared to the 2007 Mineral Resource, is largely due to additional mineralisation modelled between Prohibition and Golden Bar, along with the lower cut-off grade used above 350mRL to reflect mineralisation potentially amenable to open pit mining.

Table 1. ResEval Estimate 2007 of Prohibition using 2.0g/t cut-off and Golden Bar estimate 2003 using 0.5g/t cut-off by St Barabara Mines Ltd.

Area	Resource Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Prohibition (2.0g/t Cut)	Indicated	2,047,000	4.0	258,000
	Inferred	148,000	4.0	19,000
	Sub-Total	2,195,000	4.0	277,000
Golden Bar (0.5g/t Cut)	Indicated	379,000	1.4	17,000
	Inferred	50,000	1.1	2,000
	Sub-Total	429,000	1.4	19,000
TOTAL	Indicated	2,426,000	3.5	275,000
	Inferred	198,000	3.3	21,000
	TOTAL	2,624,000	3.5	296,000

Table 2. Snowden Estimate 2011 (0.5g/t and 2.0g/t cut-off).

Area	Resource Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Prohibition above 350mRL (0.5g/t cutoff)	Indicated	2,408,000	2.2	169,800
	Inferred	678,000	1.5	32,200
	Sub-Total	3,086,000	2.0	202,000
Prohibition below 350mRL (2.0g/t cutoff)	Indicated	1,541,000	3.6	175,700
	Inferred	779,000	3.1	77,100
	Sub-Total	2,320,000	3.4	252,800
TOTAL	Indicated	3,949,000	2.7	345,500
	Inferred	1,457,000	2.3	109,300
	TOTAL	5,406,000	2.6	454,800

The increase to the Resource represents over 100% increase in the tonnage and a 53% increase in the contained metal. The change in the grade is mainly due to the incorporation of near surface Resources that are more amenable to be mined through open pit methods and reported at a lower cut-off.

Jack Ryan and Callisto Reserves

Reserve optimisations have been completed by Minecomp for Jack Ryan, Rand and Callisto open pits (see Table 3 below) at the Reedys area (see Appendix A- Figure 10). This represents the first Reserve statement at Reedys in 14 years. The Reserves were based upon the Resource model estimated by Snowden earlier this year and using mining parameters and costs supplied by a mining contractor and peer based equivalents.

Table 3. Reedys Reserves (Minecomp 2011)

Type	Project	Reserve Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Open Pit	Jack Ryan	Probable	222,500	3.1	21,800
	Callisto	Probable	72,500	3.1	7,200
	Rand	Probable	100,000	2.4	7,600
Reedy Total			395,000	2.88	36,600

The planned open pit for Jack Ryan (see Figure 4 below) will consume the cutback previously commenced by Metana Minerals. This pit has inferred Resources at grades amenable for further exploitation sitting underneath the current pit shell. This will be followed up with drilling in due course.

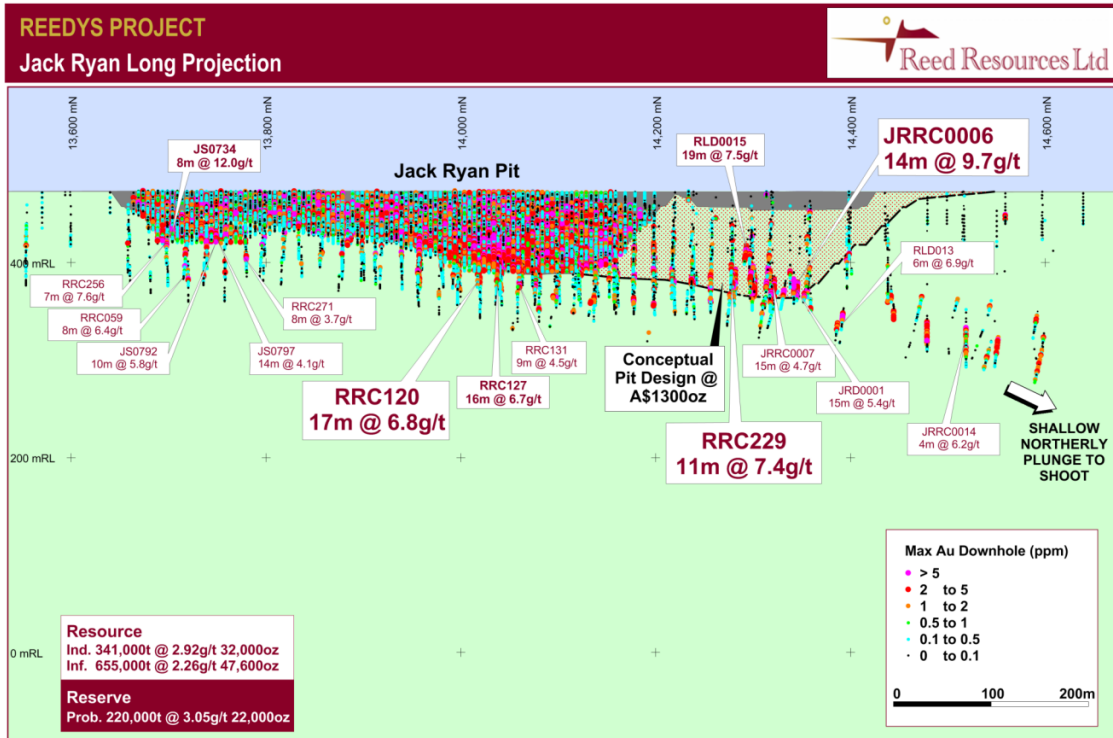


Figure 4. Long section of the proposed open pit at Jack Ryan.

Rand is largely an underground target for Reserve optimisation, however, a cutback on the northern part of the existing workings will provide a small amount of material. This cutback is likely to be pivotal for any future underground workings and portal access due to the current pit being inaccessible without significant rehabilitation due to wall failures that have occurred in the last 15-18 years.

The Callisto Pit optimisation extent (see Figure 5) is bounded predominantly by the classification limits of the Indicated Resource category. Further exploration drilling in due course may expand this Reserve and increase the pit shell.

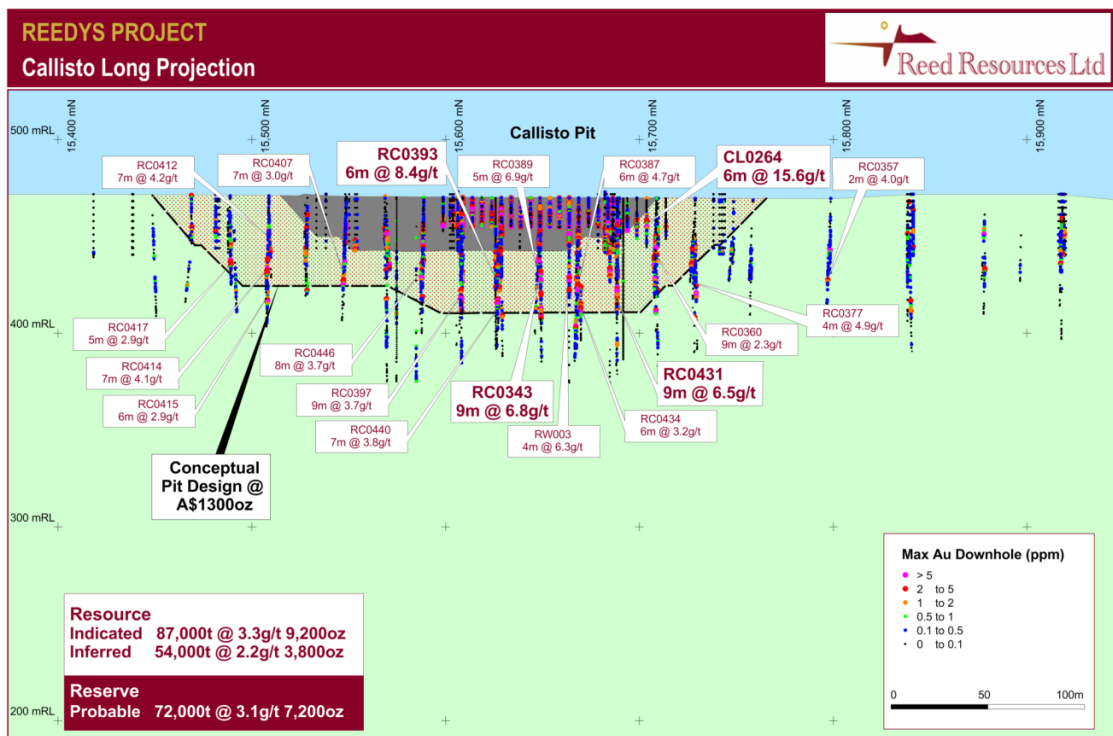


Figure 5. Long section of proposed open pit at Callisto

A combined and multi-source approach at Reedys represents a solid, low-risk opportunity. The Reserves defined represent 3-4 months of mill feed which, without further expansion will provide an immediate back up mining source and production relief should problems be encountered at one of the base-load production sources.

Further exploration work at Reedys and the surrounding pits (Thompsons Bore, Turn of the Tide and Culculli) is in progress.

Surprise, Jess and Surprise West Resources Upgrade

A Resource model incorporating the southern section of Surprise, along with Jess and Surprise West has been completed by Snowden (see Figure 6 and Table 4). The 2011 Mineral Resource for the main Surprise deposit was estimated for material south of 20,020mN only (south of the existing Surprise pit). Gold grades were estimated by ordinary block kriging using appropriate top-cuts. The Mineral Resource for Surprise has been reported and classified using the guidelines of the 2004 JORC Code and has been depleted for all historic mining.

The 2011 Surprise Resource represents material that can conceptually be sourced from open pit mining proximal to the Bluebird processing plant. This is additional to the already existing Reserve of 13,000oz (see Table 5).

The new Resource is a southern extension to the existing Resource. Of particular interest are the Jess and Surprise West orebodies that lie proximal to Surprise and remain open both along strike and at depth. These will be optimised in the coming weeks.

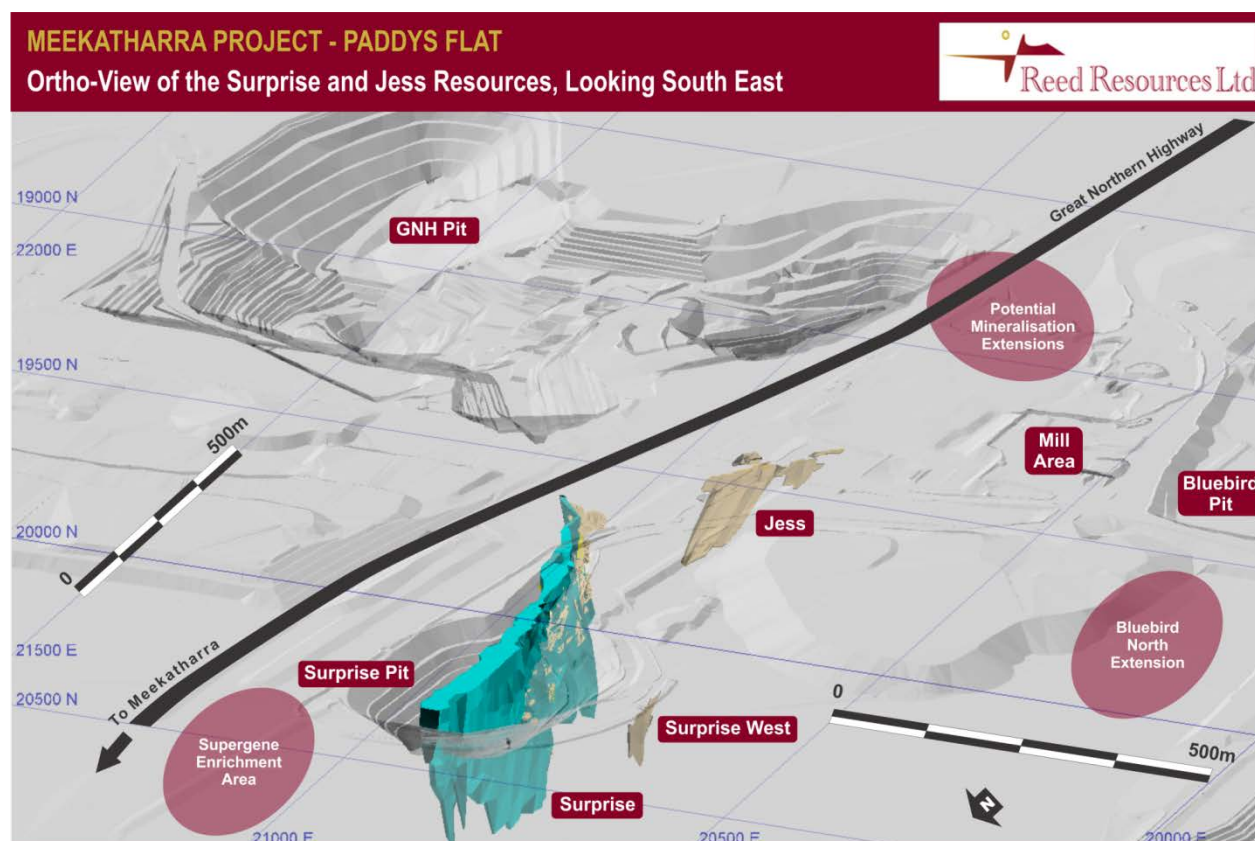


Figure 6. Ortho view of the Surprise-Surprise West-Jess system and other targets around the GNH Pit and Bluebird North being considered

Table 4. Summary of Resources in Surprise, Jess and Surprise West using a 0.5g/t lower cut off as estimated by Snowden. Resources from 2007 estimated by ResEval have been reported as a remanent resource based upon no further pit deepening potential.

Area	Resource Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Surprise 2011 (0.5g/t Cut)	Indicated	268,000	1.0	8,350
	Inferred	472,000	0.9	13,400
	Sub-Total	740,000	0.9	21,750
Jess 2011 (0.5g/t Cut)	Indicated	77,000	1.7	4,200
	Inferred	217,000	1.5	10,600
	Sub-Total	294,000	1.6	14,800
Surprise West 2011 (0.5g/t Cut)	Indicated	27,000	2.2	1,900
	Inferred	4,000	2.6	330
	Sub-Total	31,000	2.3	2,230
TOTAL	Indicated	372,000	1.2	14,450
	Inferred	693,000	1.1	24,330
	TOTAL	1,065,000	1.1	38,780

Table 5. Summary of Reserves in Surprise

Type	Project	Reserve Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Open Pit	Surprise	Probable	136,000	3.0	13,000

RESOURCE RESERVE SUMMARY UPDATE

The Resource to Reserve conversion and production pyramid is progressing ahead of schedule (refer to Figure 7 and Figure 8), with only a few Resource estimates and optimisations remaining to be completed, including the new Prohibition Reserve estimate by Minecomp.

Work at Reedys (external to the 5 main pits) has so far been a high level assessment. A review of the remaining tenement holding in this area has commenced with a view to looking at the current data and testing anomalies that exist. Expansion and re-optimising the other satellite pits will commence, along with a detailed review of the Resource underneath the South Emu Pit targeted for underground operations.

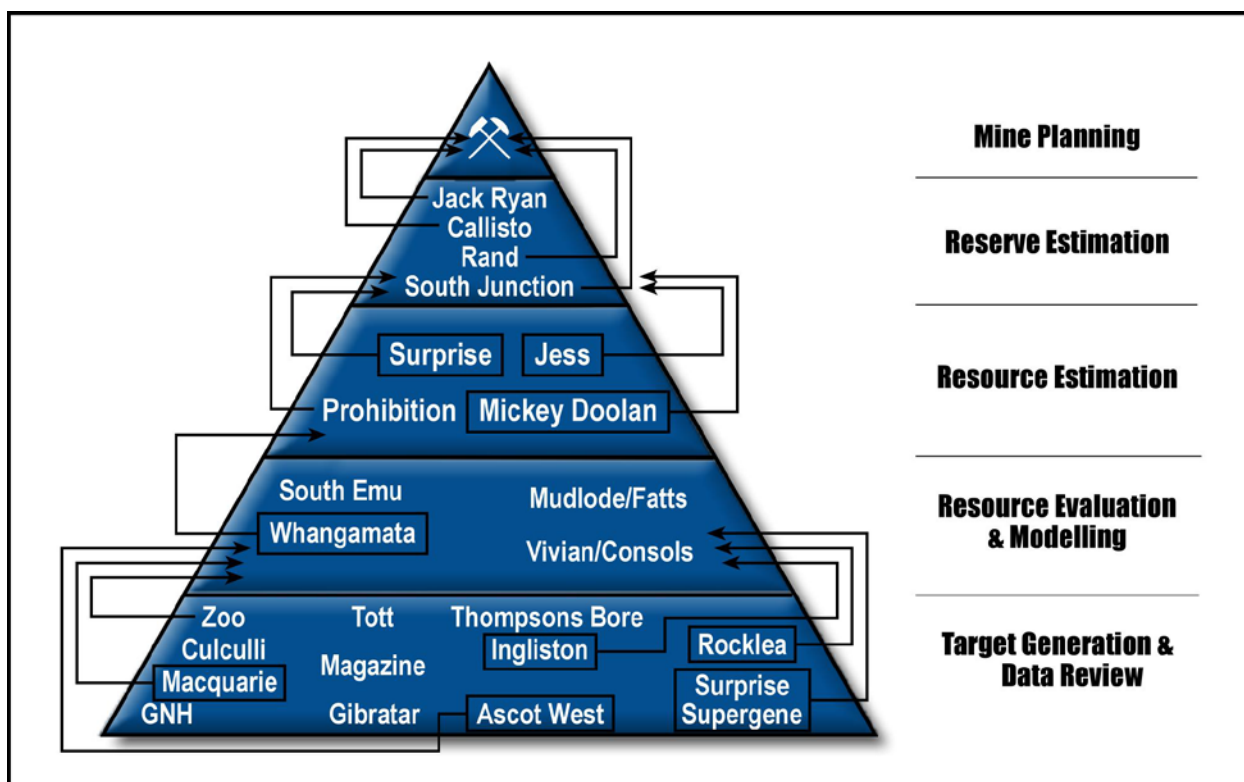


Figure 7. Project status and progression towards mine planning.

Total Mineral Resource and Reserves of the Meekatharra package are detailed in Table 6 and Table 7.

Table 6. Updated global Resource inventory, Meekatharra Project (various cut off grades from 0.3g/t to 2g/t)

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
	Sub-Total	880,000	1.3	35,000
Paddy's Flat	Indicated	19,402,000	1.7	1,056,200
	Inferred	9,183,700	1.5	437,330
	Sub-Total	28,585,700	1.6	1,493,530
Yaloginda	Indicated	9,961,000	1.7	536,300
	Inferred	4,328,000	1.7	240,400
	Sub-Total	14,289,000	1.7	776,700
Reedys	Indicated	1,794,000	2.7	153,400
	Inferred	3,095,000	2.4	241,200
	Sub-Total	4,889,000	2.5	394,600
TOTAL	Indicated	31,863,000	1.7	1,774,900
	Inferred	16,780,700	1.7	924,930
	TOTAL	48,643,700	1.7	2,699,830

Table 7. Updated global Reserve inventory, Meekatharra Project

Type	Project	Reserve Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Open Pit	Bluebird	Probable	1,410,000	1.9	87,000
	South Junction	Probable	97,000	1.45	4,500
	Surprise	Probable	136,000	3.0	13,000
	Batavia	Probable	200,000	2.4	14,000
	Jack Ryan	Probable	222,500	3.1	21,800
	Callisto	Probable	72,500	3.1	7,200
	Rand	Probable	100,000	2.4	7,600
	Sub-Total	Probable	2,238,000	2.2	155,100
Underground	Prohibition	Probable	1,372,000	4.1	179,000
	Vivian/Consols	Probable	256,000	10.4	83,000
	Fatts/Mudlode	Probable	362,000	4.0	46,000
	Sub-Total	Probable	1,990,000	4.8	308,000
Meekatharra Package - TOTAL			4,228,000	3.41	463,100

DRILLING UPDATE

Drilling has been planned into many areas of the tenement holding. The approvals are pending.

The drilling targets are varied from near grass-roots exploration drilling, Resource-Reserve definition drilling and metallurgical test work drilling into the Macquarie and Mickey Doolan orebodies. This is anticipated to commence in the June quarter, pending availability of drilling contractors.

The Chunderloo copper-gold deposit will also be targeted in this round of drilling activity with a view to extensions of the immediate ore body and testing the large copper-gold anomalies along the Granite contact.

The market will be advised when this commences.

PROJECT UPDATE

The Bankable Feasibility Study is progressing well. An electrical engineering study of the processing plant and power facility has been completed, along with a condition report of the accommodation village and office (see Figure 8).

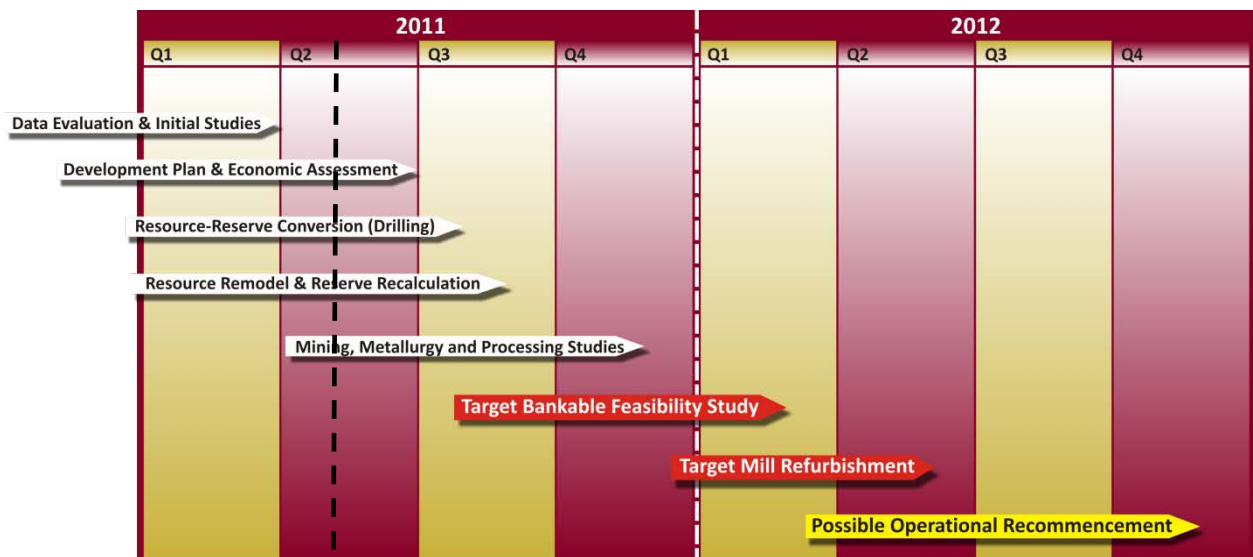


Figure 8. Project timeline

A risk assessment of the project has been completed with the engineering company SCOPE Australia, and negotiations with interested parties for several key contracts have commenced. These contracts include the load and haul open pit contract, the mill refurbishment contract and the catering contract. A preliminary scoping study of the power supply and generation options has also been completed.

Geotechnical, environmental, hydrological and metallurgical work is advanced and key reports have either been finalised or are being finalised to allow the mine planning process to commence with confidence.

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 Resources' 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

COMPETENT PERSONS STATEMENT

Information in this report that relates to Indicated and Inferred Mineral Resources for 2011 at Prohibition, Surprise, Jess and Surprise West is based upon geological domains constructed by Reed Resources Ltd's 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 these matters in the form and context in which they appear.

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 these matters in the form and context in which they appear.

Notes to accompany Mineral Reserve Estimate:

Minecomp Pty Ltd was engaged by Reed Resources Ltd to undertake an estimation of open pit gold Reserves at the Jack Ryan and Callisto Resources at Reedys, in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

The Ore Reserve is that part of the Mineral Resource which can be economically mined by open pit mining methods. Dilution of the Mineral Resource and an allowance for ore loss was included in the Ore Reserve estimate. All the Indicated Ore Resource was classified as Probable Reserves after consideration of all mining, metallurgical, social, environmental and financial aspects of the Bluebird Project.

Slope angles used in the Ore Reserve estimation were based on historical pit slope angles for that rock type and weathering profiles that have remained largely in-tact for the last 15 years and were a base recommendation by Coffey Mining. The following ore related parameters were used in the optimisation (prices quoted are in AUS\$):

- Processing costs \$21.01/t (oxide) and \$23.80/t (fresh);
- Metallurgical recovery of 96%; (historical recovery);
- A gold price of AUS\$1,300;
- Government royalty of 2.5% plus 1.5% prospectors royalty;
- Mining costs are variable depending on material and mining depth;
- Total cost of A\$1086/oz for Jack Ryan and A\$811/oz for Callisto.

Metallurgical recovery was based on recoveries encountered from previous processing of the Reedys material in the oxidised and fresh rock ore.

Mining costs were based on estimates from a mining contractor and peer based equivalents.

APPENDIX A: PROJECT MINE LOCATIONS

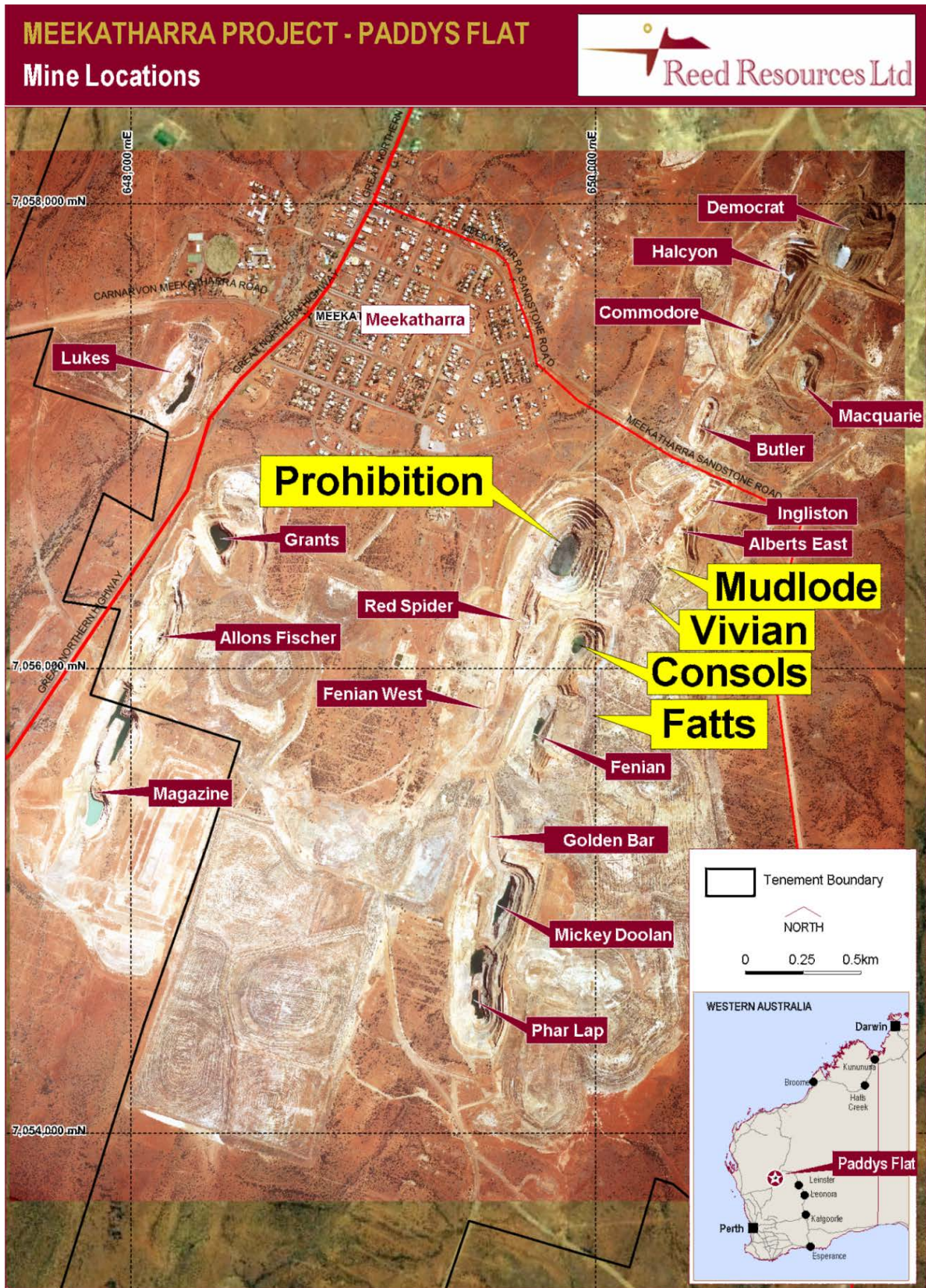


Figure 9. Overview of Paddys Flat

MEEKATHARRA PROJECT - REEDYS

Mine Locations

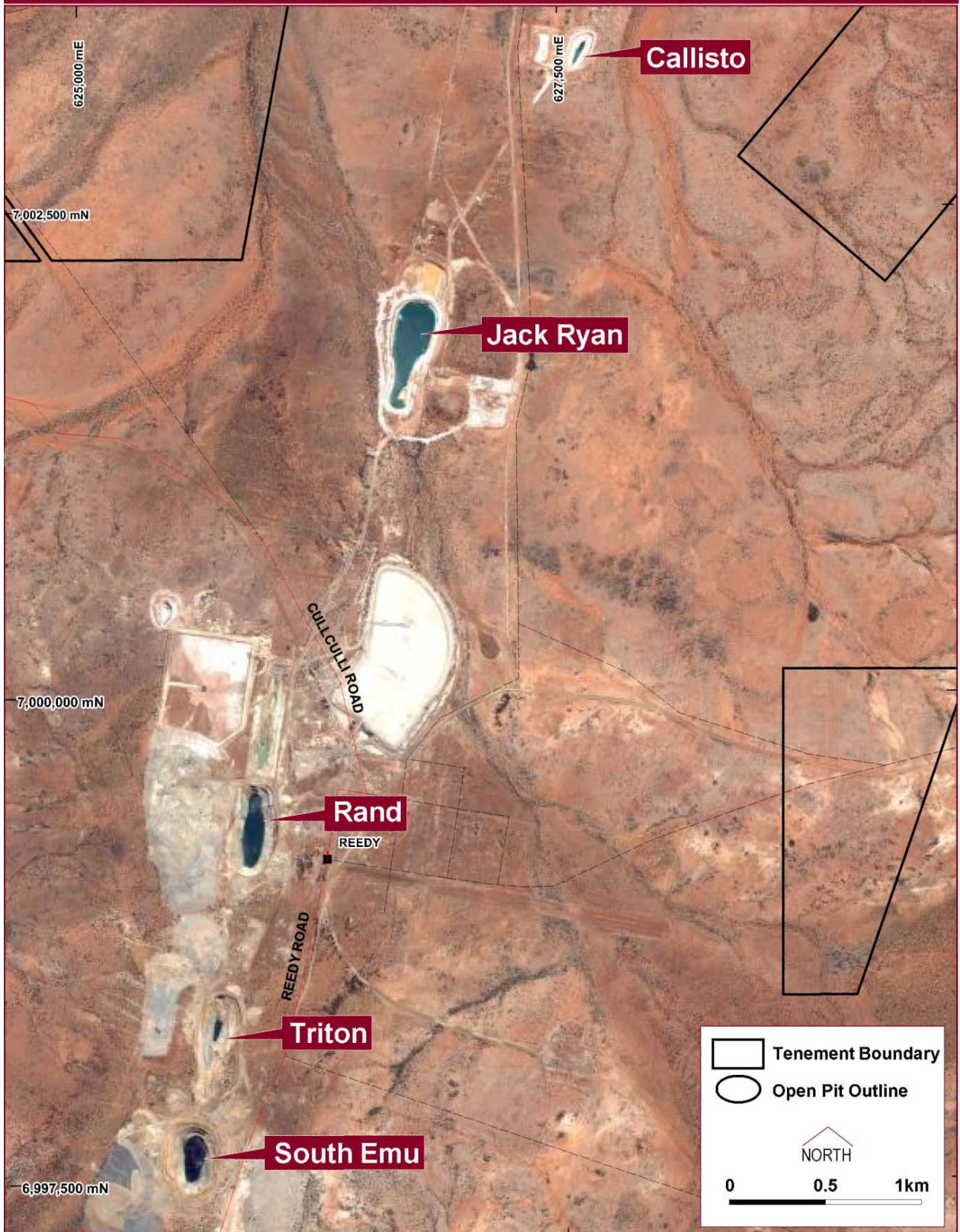


Figure 10. Location plan of the Reedy's Mining Centre

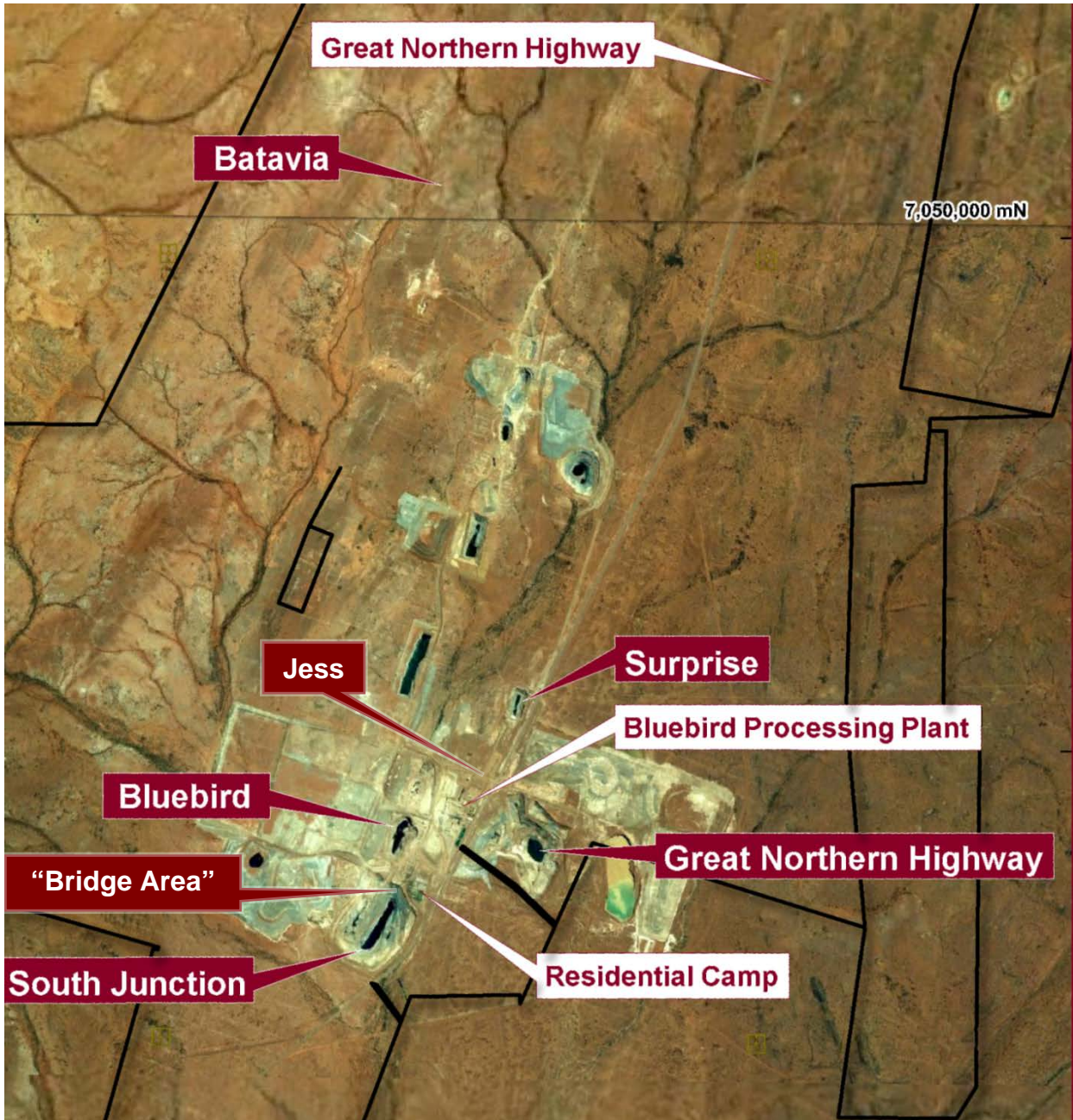


Figure 11. Location plan of Yaloginda detailing the Bluebird-South Junction "Bridge".