

ASX RELEASE

1 July 2011

MEEKATHARRA GOLD PROJECT – ACQUISITION SETTLEMENT AND COMMENCEMENT OF DRILLING

HIGHLIGHTS:

- **Settlement of the Meekatharra Gold Project acquisition to occur today;**
- **Commencement of Resource extension and exploration RC drilling;**
- **Diamond drilling for geotechnical and metallurgical information to commence on 12th July at the 600,000oz Mickey Doolan resource;**
- **Targets include Chunderloo copper-gold, Bluebird and Paddys Flat.**

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed”), is pleased to announce that settlement of the Meekatharra Gold Project acquisition is to occur today, and the commencement of a RC and diamond core drill program (Figure 1).

A program of Reverse Circulation (RC) drilling has been designed to target resource extensions at Prohibition, Batavia and Rhens, and also test extensions to mineralisation at Chunderloo (copper – gold – silver), Sirdar, Rocklea, Whangamata, Paddys Flat and Reedy.

Diamond core drilling has been designed to collect geotechnical information from the Prohibition ore body and metallurgical samples of the Mickey Doolan and Macquarie mineralisation.

Resource Extension Drilling

Resource RC drilling will target extensions and areas of inferred resource category in the Prohibition resource (5.4 Mt @ 2.6 g/t for 454 Koz), the Batavia resource (0.3Mt @ 2.4 g/t for 24 Koz) and the Rhens resource (2.8Mt @ 1.6 g/t for 143 Koz). The aim of the program is to increase the open pit probable reserves at each of the areas targeted.

Exploration Drilling

The exploration drilling is aimed at progressing a number of brown field targets. Projects range from exploratory drilling beneath shallow historic workings (eg, Rocklea North), to validation drilling and targeting extensions to mineralisation in areas that have been extensively drilled to shallow depths (eg, Chunderloo). Drilling around the historical pit at Whangamata is designed to significantly expand the length of the resource and reserve.



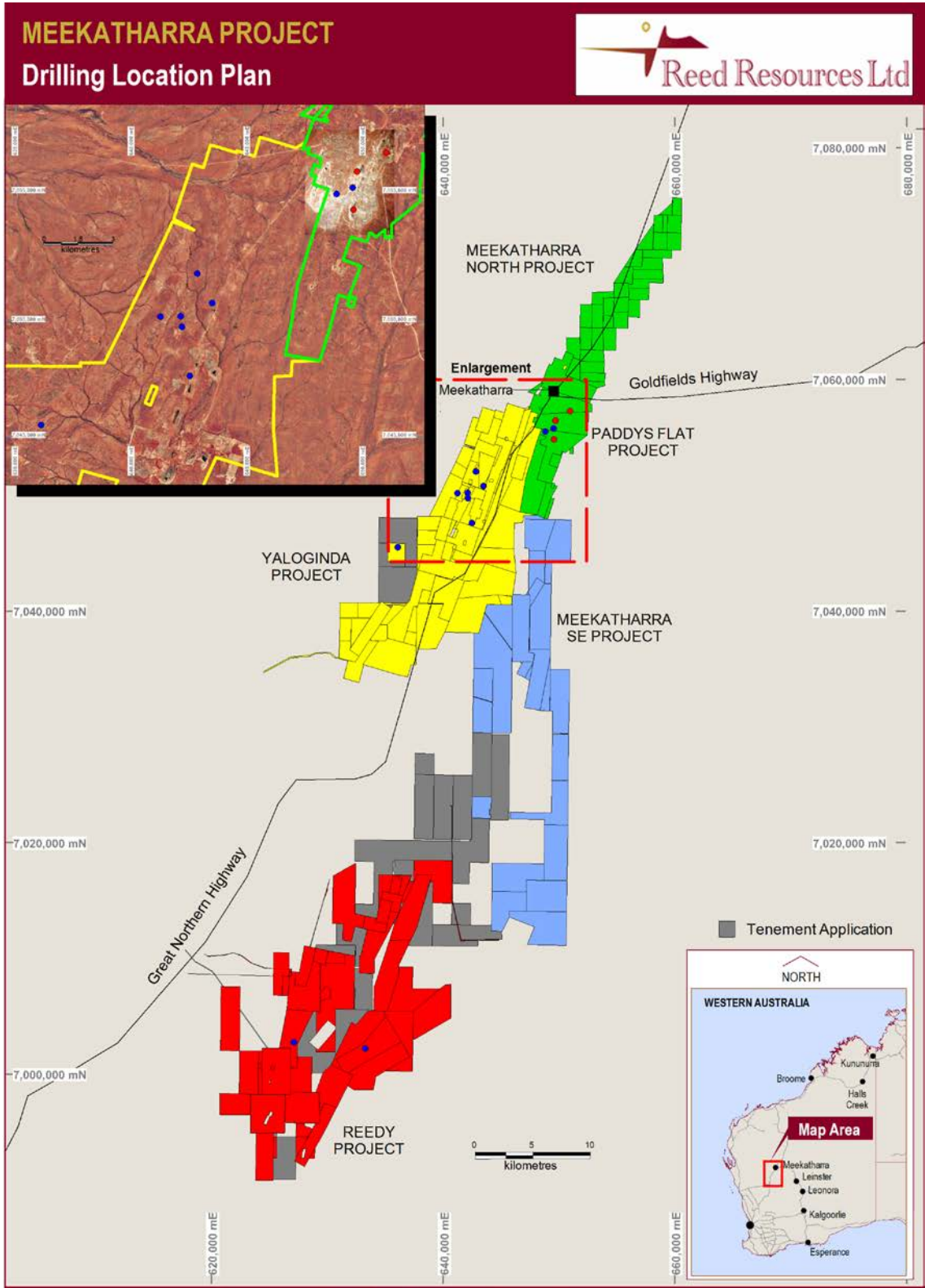


Figure 1. Plan of drilling locations at the Meekatharra operation.
Blue dots: RC Drilling; red dots: Core drilling

Chunderloo

Chunderloo is a shear hosted copper-gold-silver prospect located 3km west of the Bluebird mill, on the western contact of the belt. Mineralisation is characterised by a quartz-sulphide breccia shoot that plunges to the NNE at 20 degrees (Figure 2). The mineralised shoot was extensively drilled in the late 1980's to a depth of 50m. Only a small number of holes were analysed for silver, however all were analysed for copper and gold. Intersections in historic drill holes include 6m @ 1.8% Cu, 20.1 g/t Au and 13.9 g/t Ag (from 17m down hole in PDH-C01), 5m @ 1.5% Cu, 5.1 g/t Au and 10.6 g/t Ag (from 31m down hole in PDH-C08) and 7m @ 2.1% Cu, 5.3 g/t Au and 18.2 g/t Ag (from 26m down hole in 08CHRC001) where all three elements were analysed.

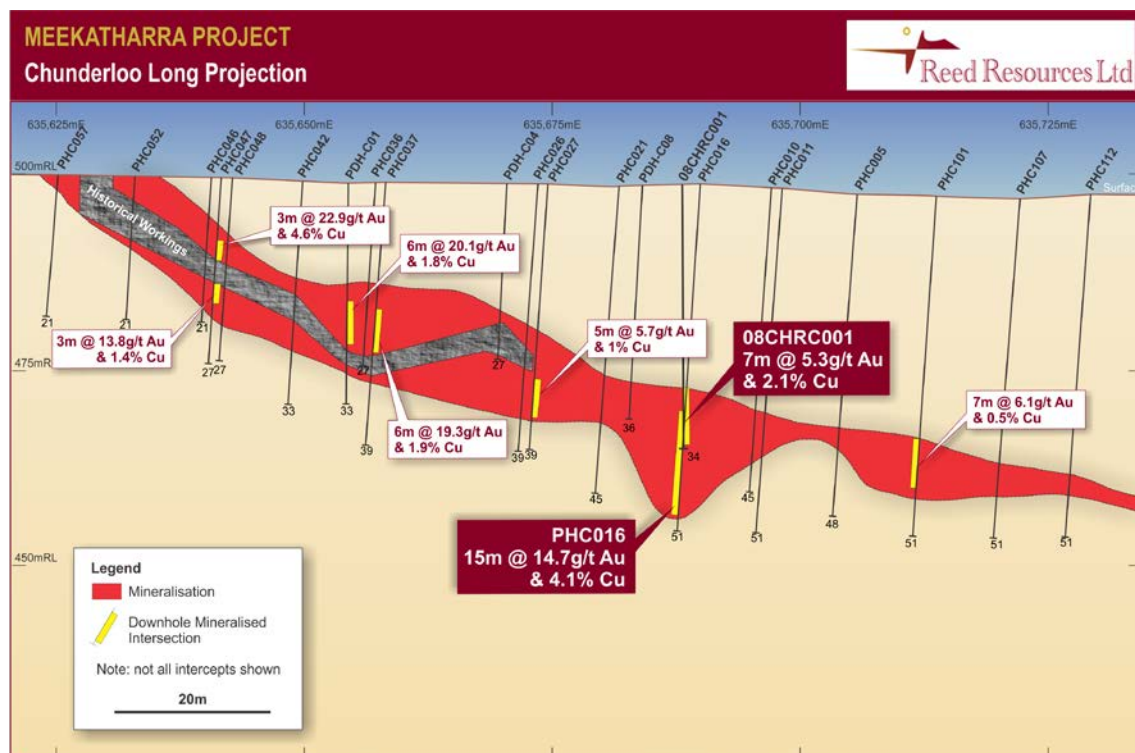


Figure 2. Long projection of the Chunderloo deposit

Paddys Flat

RC exploration drilling at Paddys Flat is targeting a fold hinge in BIF located 600m west of the Prohibition BIF. The BIF unit to be drilled is mineralised in another fold hinge located at the Grants open pit 1.2km to the northwest. The BIF hinge area was historically targeted with vacuum drilling (1-3m deep) and minor RAB drilling (5–20m deep). Much of the target area was sterilised by infrastructure between 1988 and 1996, as the Paddys Flat Mill, offices and workshops were located on top of the BIF. Given that mineralisation is located in fold hinges at Prohibition, Grants and Mt Blanc, the current target is considered prospective for mineralisation.

MEEKATHARRA PROJECT - PADDYS FLAT
Prohibition A\$1,300 ozAu Pit Shell

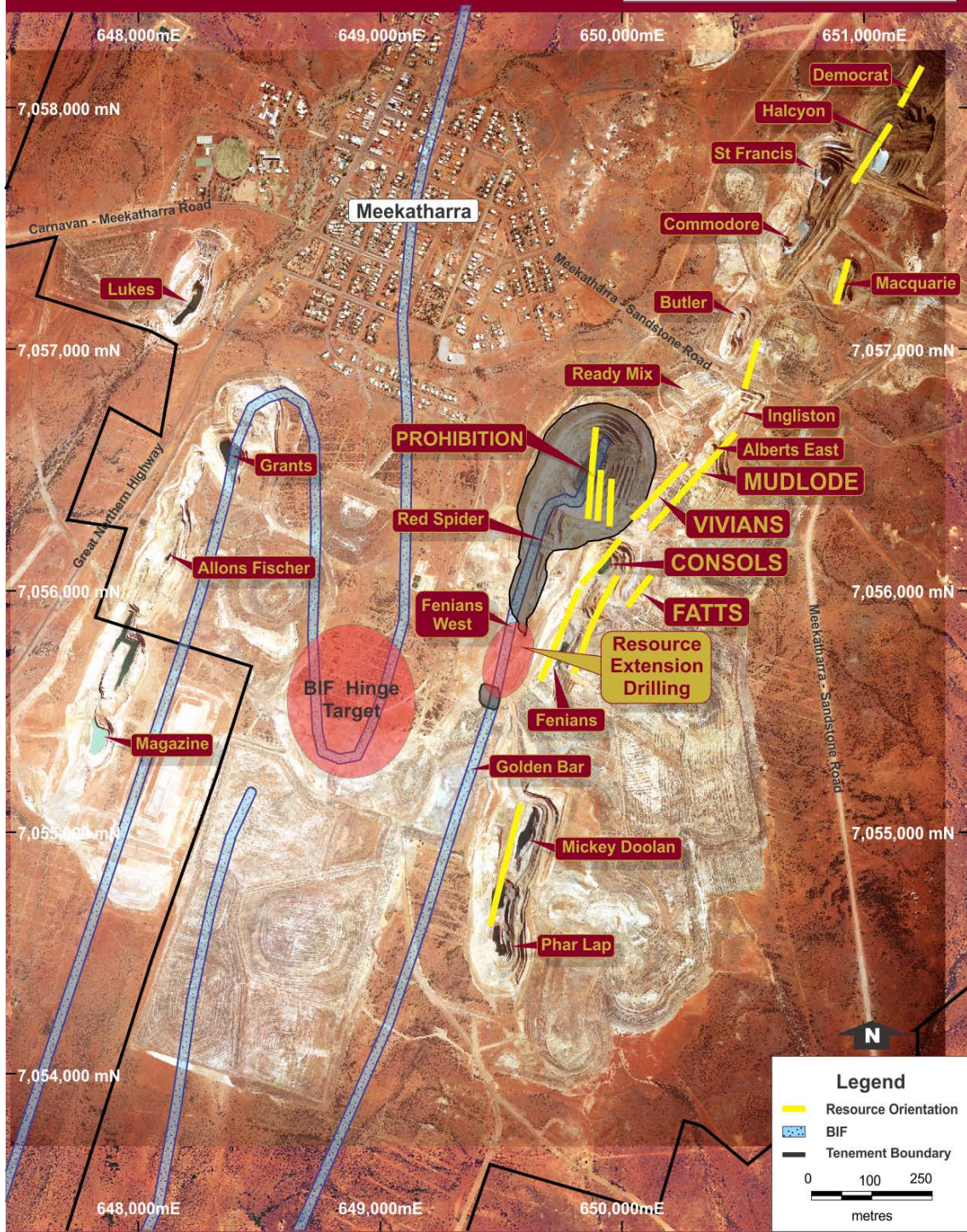


Figure 3. Plan view of the Paddys Flat “Old Mill” target and resource extension area.

Reedys

The RC drilling in the Reedy area will investigate possible depth extensions to mineralisation along the Turn of the Tide and Reedy lines of mineralisation. This will target expansions to the existing pits at Culculli, Thompsons Bore and Turn of the Tide.

ENDS

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COMPETENT PERSONS STATEMENT

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.

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 2.7M 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