

QUARTERLY ACTIVITIES REPORT

30 June 2011

Highlights:

Meekatharra Gold Project

- Bankable Feasibility Study on schedule for completion February 2012
- Mineral Resource Inventory increased 235,200 oz to 2.75 Moz Au
- Open Pit Ore Reserve Inventory increased 137,100 oz to 251,100 oz Au
- Underground mine design/reserve calculation in progress.
Current Ore Reserve 308,000 oz Au

Mount Marion Lithium Project

- Resource expansion drilling at Mt Marion Lithium Project yields positive results

Barrambie Vanadium Project

- New MOU Signed with NFC

MEEKATHARRA GOLD PROJECT

(Reed 100%)

On 12 January 2011 Reed Resources Ltd (ASX: RDR) (“the Company” or “Reed Resources”) announced the acquisition, via its wholly owned subsidiary GMK Exploration Pty Ltd, of 100% of the landholdings and assets of Mercator Gold Australia Pty Ltd (“Mercator”), which is currently in Administration (ASX release 12 January 2011). The settlement of the acquisition took place on 1 July 2011.

The Meekatharra Gold Project, centred on the Bluebird processing plant, is located 640km northeast of Perth and 10 km south of Meekatharra, in the Murchison Region of Western Australia (Figure 1).



MEEKATHARRA PROJECT

Regional Location

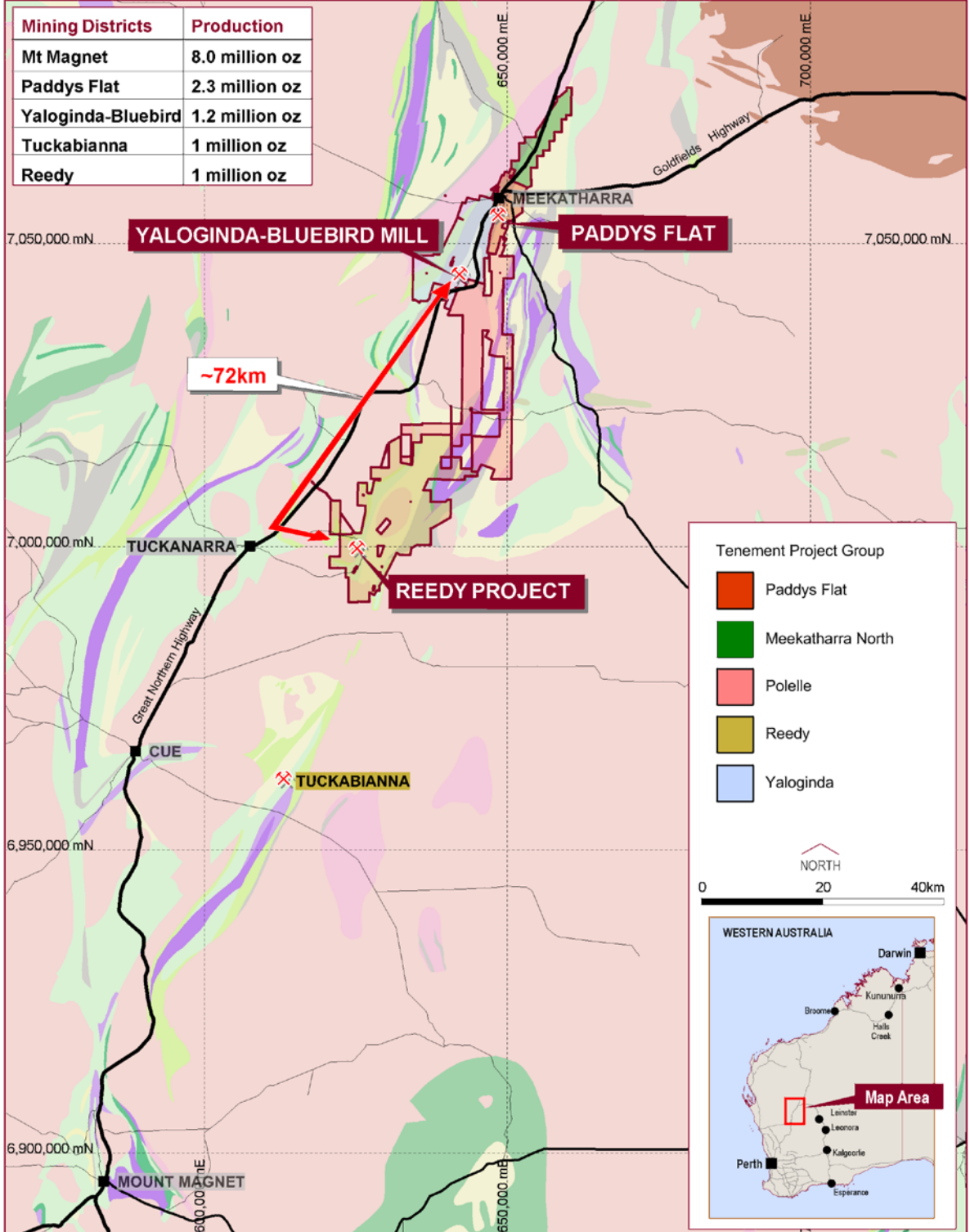


Figure 1 Location of tenement holdings overlain on bedrock geology and historical gold production from key mining camps in the district.

Bankable Feasibility Study -Work Packages and Upgrade Studies

Work is ongoing with the mill refurbishment study (Figure 2) with GR Engineering. The preliminary condition report is nearing completion. The aim of this study is to cost and identify the areas of the current circuit that need replacement or refurbishment. The next stage will be to assess the mill and identify any upgrades or circuitry changes that are required to feed fresh rock as opposed to the oxide material that it is optimised for. This is anticipated to be completed by November 2011.

The power supply study (Figure 2 foreground) is advanced with the focus towards the various fuel options available. In particular evaluating the escalating cost of diesel, the sovereign risk associated with the carbon tax and the reduction in fuel rebates.



Figure 2 Part of the processing facility at Bluebird, and the power generation plant in the foreground.

The accommodation village (Figure 3) is being evaluated for upgrade and refurbishment. The condition report is nearing completion on this facility along with a costed option study to potentially replace some of the older rooms.

This will also include a new village messing facility that will be needed to support the increased number of employees when production commences at both open pits and underground.

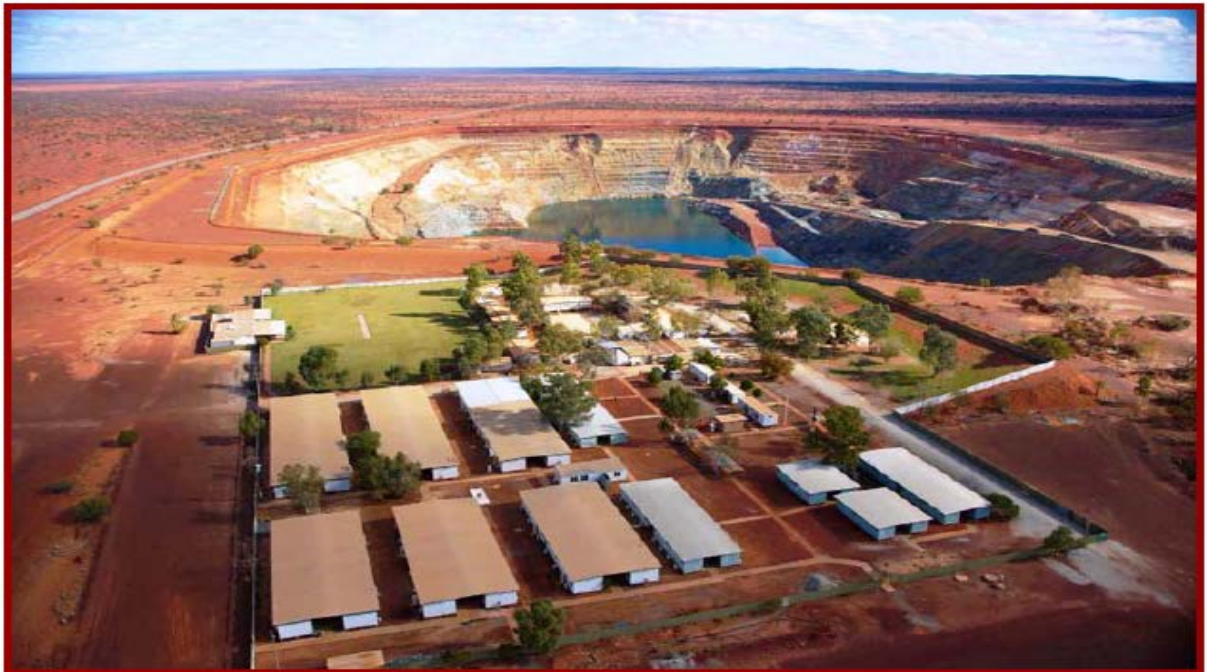


Figure 3 Accommodation facility at Bluebird alongside the South Junction pit.

The Bankable Feasibility Study is on schedule for completion by the end of February 2012. The strategy to recommence operations (subject to decision to mine) by the last quarter of 2012, remains on track with the main requirements for operational recommencement being addressed (Table 1). Reed continues to build the dedicated technical team whose sole focus is to progress the Meekatharra Gold Project.

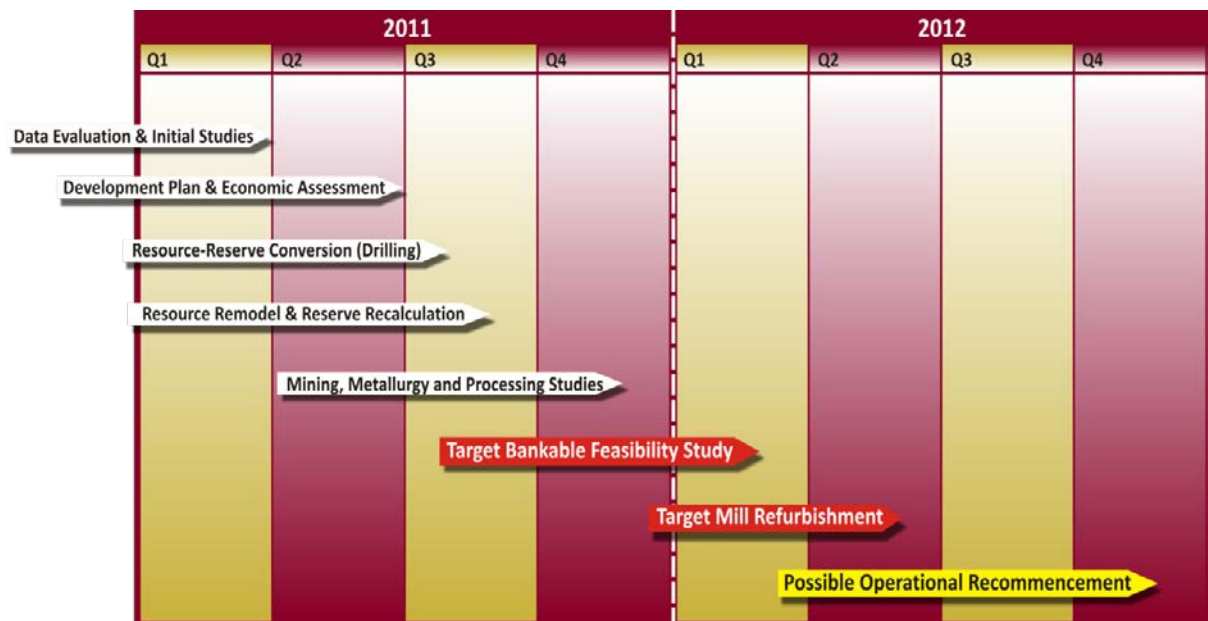


Table 1 Timeline to recommencement of operations at Meekatharra.

Geology

During the Quarter new resource estimates were completed for Prohibition, Vivian-Consols, Mudlode-Fatts, Surprise and Jess, delivering individual increases in gold grade and/or total ounces. The main resources that have been reworked focus on the targets that can realise immediate mining potential.

Since Reed Resources acquired this landholding in January 2011 the Mineral Resource Inventory has increased 288,800oz or 12% to now total 2.75 million ounces of gold.

Table 2: Project Mineral Resource Statement (inclusive of Reserves)

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	19,116,000	1.7	1,047,900
	Inferred	9,456,800	1.6	500,600
	Sub-Total	28,572,800	1.7	1,548,500
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	31,577,000	1.7	1,766,600
	Inferred	17,053,800	1.7	988,200
	TOTAL	48,630,800	1.7	2,754,800

**Resources are compiled from current and historical reports and remain current estimates of the Mineral Resource and have been reported at various cut-off grades.*

Resource Extension Drilling

A program of Reverse Circulation (RC) drilling commenced at the end of June targeting 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 (Figure 4).

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 or

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).

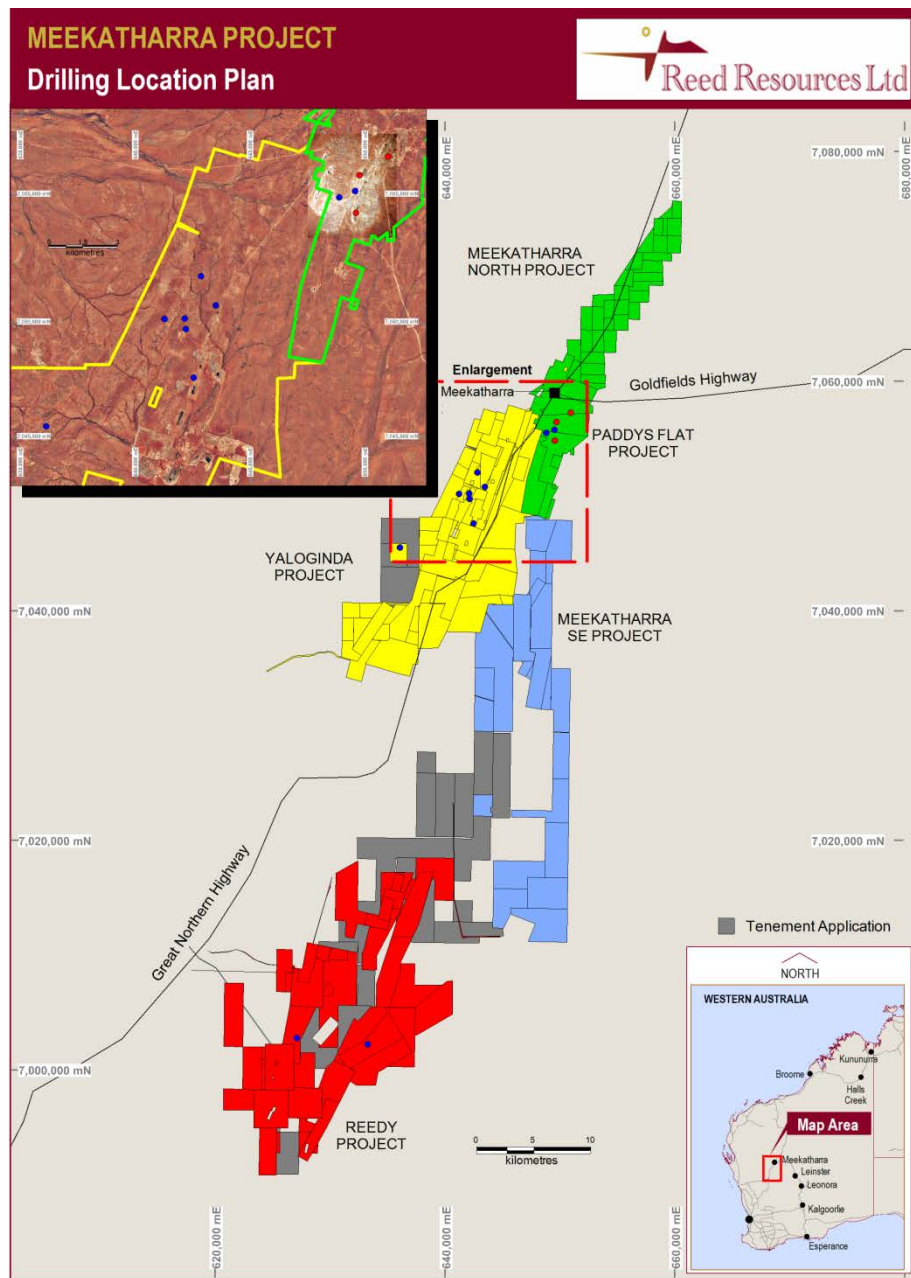


Figure 4. Plan of drilling locations at the Meekatharra operation.
Blue dots: RC drilling; red dots: core drilling

Mining

During the Quarter increases in the global reserves included a new open pit at Prohibition capable of sustaining an additional 14 months of standalone mining. This new reserve is pivotal to recommencement of operations, as it represents a second base-load feed for the mill, and compliments the current 1.4Mt Probable Ore Reserve in the Bluebird Pit.

The Project now has 2 base-load ore sources that will provide open pit mill feed for almost 3 years from these two sources alone. Prohibition is the largest ore system in the Paddys Flat system that is immediately available for mining.

Reserve optimisations were completed for Jack Ryan, Rand and Callisto open at the Reedy's area. This represents the first Reserve statement at Reedy's in 14 years.

Since Reed Resources acquired this landholding in January 2011 the Ore Reserve Inventory has increased 65,000oz or 13% to now total 559,000 ounces of gold. Optimisations are continuing on the new Prohibition-Vivian-Consols-Mudlode-Fatts underground resource that will provide the additional feed to support the mine and additional high grade material. The Company expects additional reserves will be identified through the technical studies, further bolstering the mine plan and produce a low-risk recommencement strategy.

Table 3: Project Ore Reserve Statement.

Type	Project	Reserve Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Open Pit	Bluebird	Probable	1,410,000	1.9	87,000
	Prohibition	Probable	1,110,000	2.7	96,000
	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	251,100
	Underground	Prohibition	Probable	1,372,000	4.1
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	559,100

**Reserves are compiled from current and historical reports and remain current estimates of the Ore Reserves*

MT MARION LITHIUM PROJECT

(Reed 70%, Mineral Resources Limited 30%)

During the June quarter 2011 the Company together with partner Mineral Resources Limited (“Mineral Resources”) continued to advance the Mount Marion Lithium Project.

The Company expects there could be a minor delay on the timing of commissioning due to the necessity to secure alternative road access after an existing access arrangement with neighbouring land owners was terminated. A Native Title Agreement has been executed allowing new miscellaneous licences to proceed to grant immediately. The Company is working with Mineral Resources on an updated Construction Schedule and expects to be able to update the market mid-August. Construction of the plant in modular form by Mineral Resources at its workshops in Kwinana is well advanced and on schedule. Clearing of the mining areas has been completed.

The Mount Marion Project is planned to initially commence operations with a capacity of 200,000 tpa of 6% Li₂O chemical grade spodumene concentrate, 60,000 tpa of mica and 30 tpa tantalite concentrate.

Resource Expansion Drilling

The Company undertook a resource expansion drilling program which was completed in April with a view to extending the open pit mine life through depth and strike extensions of existing deposits No.1, 2 and 2W on M15/1000 and the definition of new resources from pegmatite prospects at the No.4 Deposit and at Area 6 (61 holes). (Figure 5). A total of 110 holes were drilled for an aggregate of 7,093 metres at the five locations. The spacing of the holes ranged from 40 to 50 X 30 metres at Deposit No. 1, 40 X 40 metres at Deposit No's. 2, 2W and 4, and 40 X 160 metres at Area 6.

At Deposit No.1 single vertical drill holes further tested the pegmatite resources down dip to the west to an average vertical depth of 90 metres, over a strike length of 240 metres. The average thickness of the pegmatite sill intersected in these holes is 18 metres. The best result was 27 metres @ 1.53% Li₂O in MMP1126 when using a a cut-off grade (“COG”) of 0.4% Li₂O.

The No.1W Deposit is expressed as sporadic pegmatite outcrop at the surface and occurs to the NW of the No.1 Deposit. Fifteen holes were drilled to test this deposit on a 40 X 40 metre grid over a strike length of 160 metres. The pegmatite dips at a shallow angle to the west and has an average width of 9 metres at 1.20% Li₂O and 1.83% Fe₂O₃. The best result was 15 metres at 1.25 % Li₂O and 1.21 % Fe₂O₃ in MMP1113.

At the No.2 Deposit the drilling showed that the spodumene-bearing pegmatite extended a further 120 metres to the south. The best result was 12 metres of 1.57% Li₂O and 1.52% Fe₂O₃ in MMP227 and the average width was 8.5 metres at 1.40% Li₂O and 1.61% Fe₂O₃.

At the 2W Deposit nine holes were drilled to test for spodumene bearing pegmatite to the west of a NNW trending shear system. The best result was 12 metres of 1.38% Li₂O and 0.74 % Fe₂O₃ in MMP343.

At the No. 4 Deposit the average thickness of the intercepts was 7.5 metres where the pegmatite forms a sill that dips at 10° to the west. The Deposit has been drill tested over a strike length of 300 metres and a down dip distance of 150 metres to an average vertical depth of 60 metres. The Deposit is open along strike to the north as well as the south and down dip to the west. The best intercept was 14 metres @ 1.34% Li₂O in MMP 434 .

At Area 6 the pegmatite intercepts were restricted to the two northern traverses some 160 metres apart of the four traverses that were drilled. The best result was a combined intercept of 26 metres @ 1.59% Li₂O where two pegmatite intersections were separated by an internal 7 metre zone of ultramafics. The pegmatite intercepts on the northern line form a flat lying structure. The overall structure of the pegmatites at Area 6 is being

Mineral Resource Estimate

A Mineral Resource estimate was undertaken by Hellman and Schofield and reported subsequent to the end of the Quarter (ASX Release 22 July 2011). Total resources now stand at 14.9Mt at 1.3% Li₂O for 201,000 tonnes of contained lithium oxide (Li₂O), representing a 38% increase over the previous estimate of 146,000 tonnes of contained Li₂O.

Forward Work

A final phase of infill and extension drilling has been deferred given the exceptional grades and the size potential of the resource in Area 6 from essentially exploration drilling. A detailed mining assessment will be completed to guide the preparation of a detailed infill and extension drill program. The current exploration target (*) post this final phase is 10 – 15 million tonnes at a grade of 1.1-1.4% Li₂O (ASX Release 15 June 2010), inclusive of the current increase in resources.

interpreted.

(*) It should be noted that the exploration target is conceptual in nature and there is insufficient data to confirm the presence of a resource and it is possible that further exploration may downgrade the area in both tonnage and grade of the area being considered for resource potential.

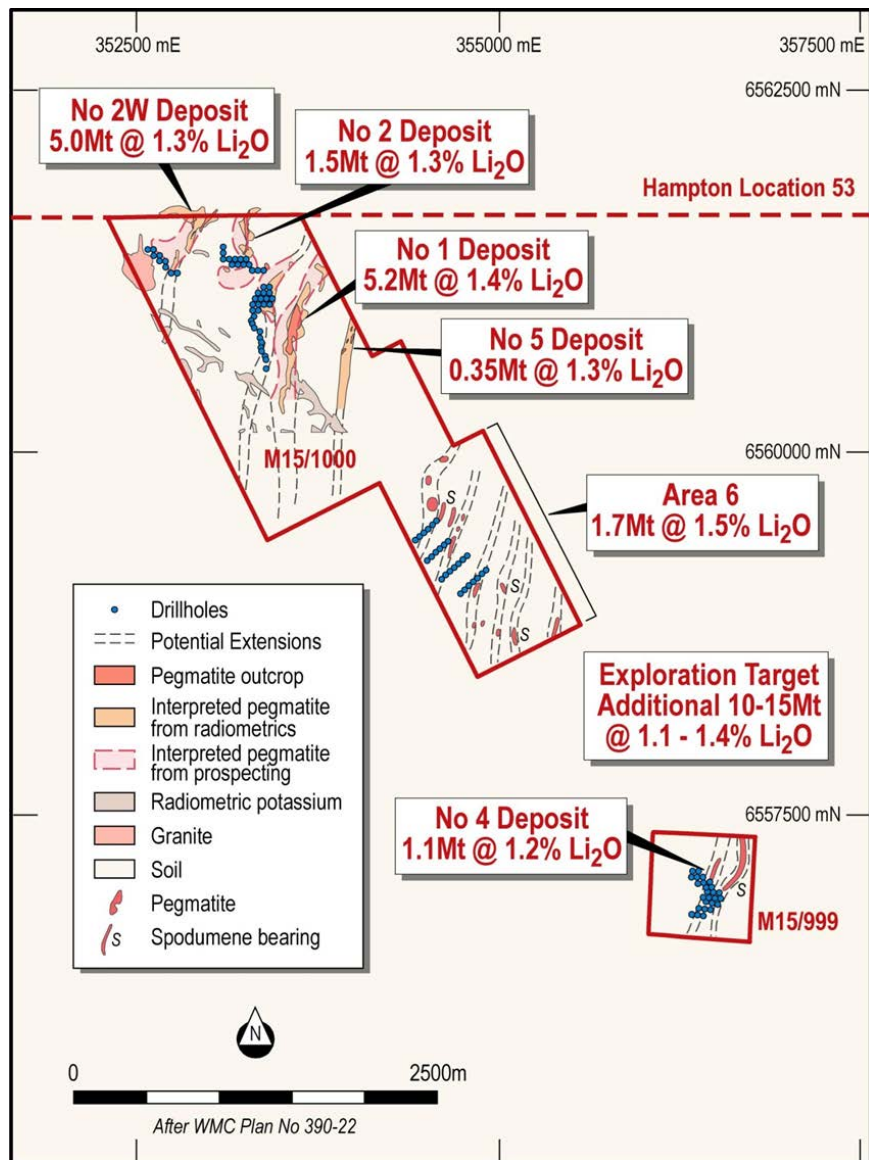


Figure 5: Mount Marion pegmatite group.

Lithium Carbonate Development Strategy

During the quarter, the company sought and received expressions of interest from a number of Asian parties involved in, or seeking to become involved in, the downstream processing of lithium concentrate, with a view to leveraging the status of Mt Marion as one of the world's largest potential sources of uncontracted spodumene.

Expressions of interest received incorporate a range of potential structures, including acquisition of an interest in the Mt Marion project, and a range of downstream processing joint ventures and investments.

The process has confirmed Reed's expectation of a robust growth outlook for lithium chemicals as a result of the burgeoning market for a range of end-uses, particularly in the electric vehicle and energy storage industries. However, at this point, the company has not been presented with an opportunity to transact on terms that are considered to be value accretive to Reed shareholders.

Reed is continuing to engage in dialogue with a number of parties with a view to furthering its downstream ambitions and, in the meantime, remains focussed on advancing preparations for the commencement of operations at Mt Marion.

BARRAMBIE VANADIUM PROJECT

(Reed 100%)

On 23 June 2011 Reed signed a new Memorandum of Understanding (MoU) with China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd ("NFC") and West Australian based engineering and construction company Arcon (WA) Pty Ltd ("Arcon") for the development of the Barrambie Vanadium Project situated in the Mid West Region of Western Australia. The MoU formalises discussions that had taken place between Reed and NFC, relating to an engineering procurement and construction contract ("EPC") and project financing.

The Company has received an EPC budget estimate in July for the Barrambie Vanadium Project. The NFC / Arcon budget estimate indicates a potential capital cost saving of approximately A\$100 million over the original Definitive Feasibility Study ("DFS"). The Direct Construction Costs and EPCM Fee estimate has been reduced from A\$539 million to \$439 million.

The expected capital cost savings are in addition to processing plant operating cost savings of approximately 6% over the DFS estimates identified by Sinclair Knight Merz, which are primarily due to reductions in power and soda ash consumption arising from optimisation test work and plant re-design work carried out by NFC / Arcon.

Reed Resources expects to receive a final, fixed price EPC quote for Barrambie in early August, at which point a full reconciliation to the DFS capital cost estimate will be released to the market.

A key term of the Company's MOU with NFC / Arccon is an obligation on NFC to procure a debt term sheet from Chinese financial institutions for at least 70% of the Project's total funding requirement. Notwithstanding this debt gearing, the equity capital component for the Project would still remain significant. Several indicative proposals have been received to-date, which suggest that an independently financed, stand-alone special purpose vehicle for the Project is an achievable outcome.

Consistent with Reed Resources' stated strategic approach of spinning out quality projects which have been de-risked to development phase, the Company is reviewing the most appropriate methodology for achieving such an outcome, with an Initial Public Offering of the Company's vanadium subsidiary being the Board's currently preferred approach, which would also relieve the need for further equity raising in Reed Resources itself to support the development of the Barrambie project.

Public Environmental Review Document (PER)

The Public Environmental Review Document (PER) was released to the public on 17th June 2010 and closed on 26th July 2010. A number of submissions were received from interested parties, and the EPA is currently considering the Company's response to the submissions before preparing its report and recommendations for the Minister. It is expected that the PER will be received early in the December Quarter 2011.

5C Water Licence Application

Acting on the advice of the Department of Water (DoW) the Company has applied for 5C water licences for the extraction of water from the Barrambie bore field and the Barrambie Mine Site. Application for these licences will enable the company and its hydrologists to work closely with DoW in identifying the quantities of water available from the different sources and the appropriate management strategies to be adopted.

Geotechnical Site Investigation

SKM have completed their engineering work and have reported back to Reed and provided a full set of drawings and supporting documents that should enable Reed and its Environmental Advisors to lodge a Mining Proposal Document during the third quarter.

NIMBUS PROCESSING PLANT

(Reed 100%)

The Nimbus precious metals processing plant and mining leases M26/490 and M26/598 were purchased from Polymetals (WA) Pty Ltd in September 2009. The plant is designed to treat 250,000 tonnes per annum of oxide ore and is situated approximately 15 kilometres east of Kalgoorlie.

Conditional Sale Agreement

On the 20th May 2011 Reed Resources Ltd announced the conditional sale of its subsidiary Kalgoorlie Ore Treatment Company Pty Ltd (“KOTC”) to Macphersons Reward Gold Limited (ASX code: MRP) pursuant to a binding memorandum of understanding (“MOU”). KOTC holds Reed’s Nimbus processing plant and associated assets near Kalgoorlie.

The sale which was subject to due diligence will see Macphersons pay cash and scrip consideration of \$4.5 million (A4.5M cash and \$1.5M in MRP ordinary shares) plus reimburse Reed for up to \$500,000 of costs associated with power line installation and ball mill up grade prior to the contract becoming unconditional. Macphersons have paid a deposit of \$100,000 to secure the contract which includes a three month due diligence period. Reed will retain a 1% Net Smelter Royalty on zinc production from KOTC’s two mining leases.

MRP also agreed to process up to 70,000 tonnes per annum of gold ore from Reed’s Comet Vale Gold Project for up to 4 years from commencement of first milling campaign.

COMET VALE GOLD PROJECT

(Reed 100%)

The Company resumed 100% ownership of the Sand Queen Gold Mine and all associated joint venture assets and infrastructure at the Comet Vale Gold Project in Western Australia from 1 June 2010. The mine remains on care and maintenance and there was no production from the Sand Queen during the March quarter. Reed is updating the mine plan for the resumption of operations at Sand Queen to coincide with the recommissioning of Nimbus.

MT FINNERTY PROJECT

The Mt Finnerty Project, located about 65 km east of Koolyanobbing, is currently being explored for iron ore in joint venture with Cliffs Natural Resources (“Cliffs”) and nickel mineralization, partly in joint venture with Barranco Resources NL (“Barranco”).

Iron Ore (Cliffs 80%, Reed 20%)

In the reporting period, no work was undertaken at the Mt Finnerty prospects. Planning for the next phase of work to be undertaken at Mt Finnerty for submission to the Joint Venture Management Committee was undertaken.

Nickel (Barranco 100%, Reed earning 60%)

No work has been conducted this quarter. The Mt Finnerty project remains prospective for massive nickel sulphide mineralisation. A RC drilling program to target the basal contacts is planned to commence mid-August 2011.

BELL ROCK RANGE PROJECT

(Reed 100%)

No work has been conducted at Bell Rock Range during the quarter.

CORPORATE

The following corporate events took place during the quarter;

- 6 April 2011 – The Company held an Extraordinary General Meeting to approve tranche 2 of the \$40 million capital raising that was announced on 24 February 2011.
- 7 April 2011 - The Company announced the appointment of Darren Wates as Joint Company Secretary.
- 12 April 2011 – The \$40 million capital raising involving a placement and share purchase plan was finalised. Both raisings were conducted at an issue price of \$0.58 cents per fully paid ordinary share.
- 17 June 2011 –Dr Vanessa Guthrie was appointed Non Executive Director.

At the end of the quarter the Company had \$25.7 million in cash and term deposits, including \$9 million in restricted-use term deposits supporting performance bonds.

CJ Reed

MANAGING DIRECTOR

COMPETENT PERSONS STATEMENT

Geological aspects of this report that relate to Exploration Results have been compiled by Mr Craig Fawcett (MAusIMM), a full-time employee of Reed Resources Ltd. Mr Fawcett has sufficient experience relevant to the styles of mineralisation and types of deposit under consideration and to the activity 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.
