

ASX RELEASE

27 February 2012

Reed makes decision to mine at Meekatharra Gold Project

HIGHLIGHTS

- **Bankable Feasibility Study for Meekatharra Gold Project completed.**
- **Reed Board makes decision to mine, subject to equity and debt financing arrangements.**
- **Stage 1 (95,000 oz pa) is a low-risk multiple open pit mine plan, targeting first gold in DecQ 2012.**
- **Direct Construction, Pre-commissioning Mining and Owners Costs – A\$35.5m**

Emerging Australian gold producer Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed Resources”), announces the Bankable Feasibility Study (BFS) for the Meekatharra Gold Project has been completed. Subject to finalisation of debt and equity financing arrangements, the Board has resolved to commence Project execution which would see gold production scheduled in the December quarter of this year.

The Meekatharra Gold Project has a number of key advantages, including:

- Existing 3 Mtpa (oxide) processing facilities and infrastructure
- Low capital expenditure
- A large reserve and resource base with significant exploration potential

The completion of the BFS and the decision to mine together represent a significant milestone for the Company, as Reed Resources continues its focus on bringing the Meekatharra Gold Project into production.

Gold production is planned to proceed in three stages:

Stage 1 - to commence immediately equity funding arrangements are settled. It is a low-risk start-up which the Company anticipates will become a considerably larger project in future years. Stage 1 will focus on production of 2.0 Mt @ 2.0 g/t Au for 134,000 oz over 19 months from the Bluebird, Whangamata, Batavia and Surprise open pits, all within a six kilometre radius of the mill at Yaloginda.

Stage 2 – presently projected to commence in early 2014 and to include production from eight existing and identified reserves at Yaloginda and Paddy’s Flat (6 Mt @ 1.7 g/t Au for 328,000 oz).



Geotechnical, hydrological, metallurgical, and environmental studies are in progress and are planned to be completed before the end of the third quarter of CY2012. A BFS-level evaluation is anticipated to be completed before the end of the first quarter of CY2013.

Stage 3 - currently under continuing evaluation and is anticipated to supplement the Stage 2 open pits with ore from the Paddy's Flat Underground reserve (2 Mt @ 3.6 g/t Au for 225,000 oz). A BFS-level evaluation is anticipated to be completed by second quarter of CY 2013.

Reed Resources has also budgeted during these early stages to be actively exploring its numerous Brownfield and Greenfield targets at Meekatharra to further enhance both its resources and reserves to continue life of Project into subsequent staged developments.

Table 1. *Stage 1 Summary target operational statistics*

Annual production rate	95,000 oz per annum 1.65 Mtpa @ 1.77g/t (recovered)
Total planned recovered ounces in Stage 1	134,200 oz (after mill recovery of 94%)
Direct construction cost	A\$24.1 million
Pre-commissioning mining and owners costs	A\$11.4 million
Average cash cost (C1)	A\$1,076/oz
Stage 1 duration	21 months (mining)/19 months (milling)
Stage 1 inventory (@A\$1300/oz)	2.2 Mt @ 2.0g/t (Mining Stocks) 0.17 Mt @ 0.8g/t (Low Grade Stocks)
Average strip ratio	7.8:1

Reed Resources Managing Director, Mr Christopher Reed said: **“The completion of the BFS and the decision to commence operations are significant achievements, and a reflection of the hard work by our technical team since Reed Resources acquired the Meekatharra Gold Project.**

“With strong gold prices and appropriate finance structuring, the economic viability of the Project is robust. The BFS uses live tendered prices, providing solid confidence in cost inputs. The execution strategy and schedule have been finalised and assuming prompt completion of the required financing arrangements, we are looking forward to pouring gold before the end of the calendar year. Our work in sourcing the equity and debt funding required to restart operations at Meekatharra is well advanced” Mr Reed concluded.

Project Execution and Progress

The Project Execution methodology for the re-commencement of gold production at Meekatharra is in place. Key operational staff have been appointed (ASX Announcement 11 January 2012), and further operational staff will commence in the coming months.

In line with the Project execution strategy, the Company is now ready to award key contracts to enable plant refurbishment, accommodation upgrade and associated infrastructure works to commence once the equity funding package is in place.

Risk Management

To mitigate technical risk, Reed Resources will execute the Project in three distinct stages. Later decisions to commence Stages 2 and 3 respectively will be based on Bankable Feasibility Studies using prevailing live tendered prices and achievable gold prices.

Financing

The Company projects that aggregate funding required to commence gold production at the Meekatharra Gold Project, until positive net cash flow is achieved, to be around A\$45million.

Net cashflow generated during the 19 months of Stage 1 milling is projected to be around A\$66 million (using a A\$1520 price floor). The Company proposes to use a 50% Participating Forward structure for price protection, essentially selling half of production as forward delivery contracts over this period and purchasing put options for the balance of Stage 1 production. In this manner the Company will shelter its risk against any unexpected gold price downturn whilst retaining significant upside participation.

It should be noted that as at 30 June 2011 the Company has carried forward losses of A\$51m, which translates to the Company not being in a taxable position until at least Stage 2 of the Meekatharra Gold Project.

The commitment to proceed with Stage 1 is subject to finalisation of funding arrangements. The company is in advanced negotiations with respect to an equity funding package and has short-listed several project financiers in relation to debt funding. The Company anticipates being in a position very soon to advise the market of the structuring of the proposed financing arrangements. The Company is being advised by Bligh Capital and Noah's Rule in relation to its funding requirements for the Meekatharra Gold Project.

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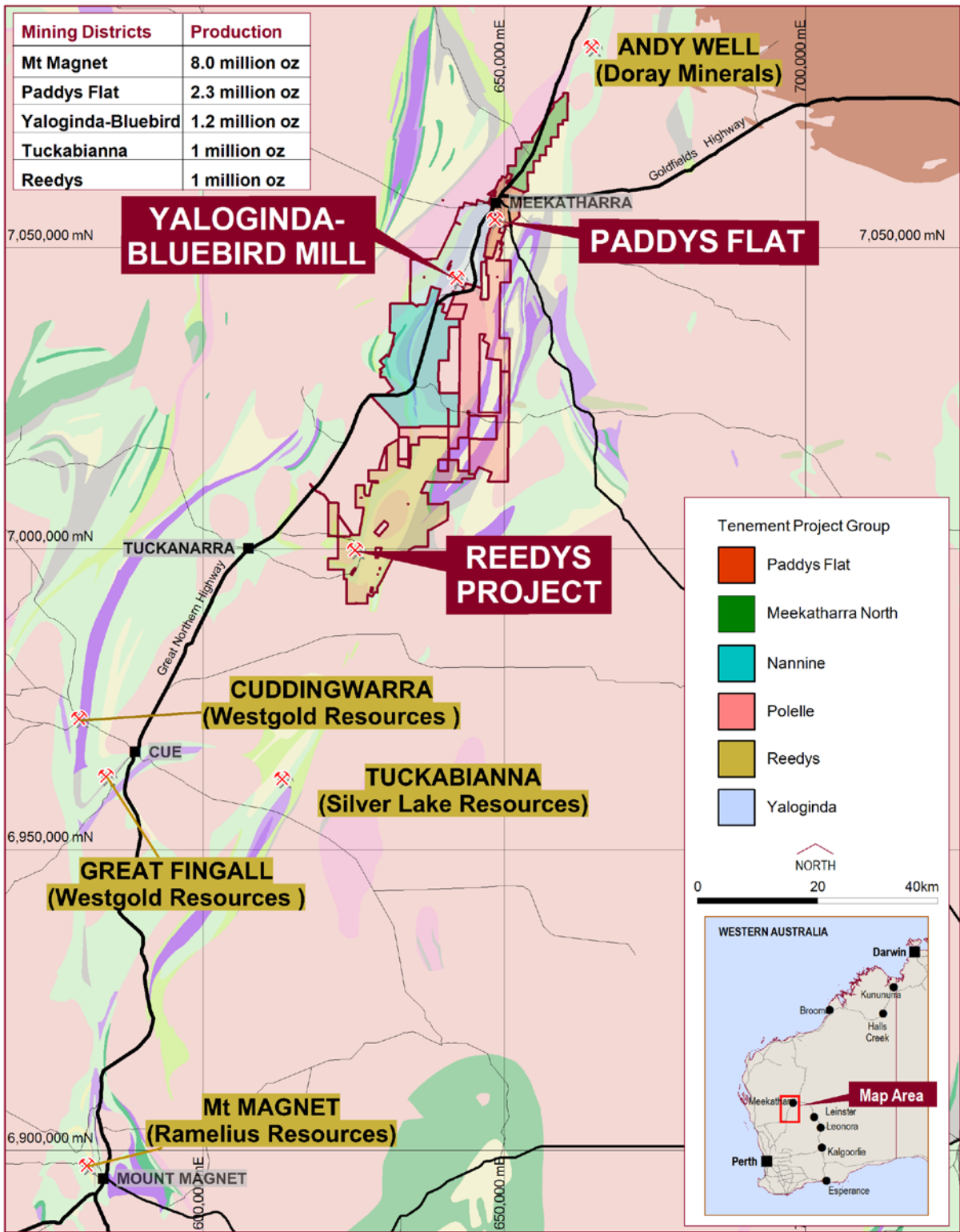
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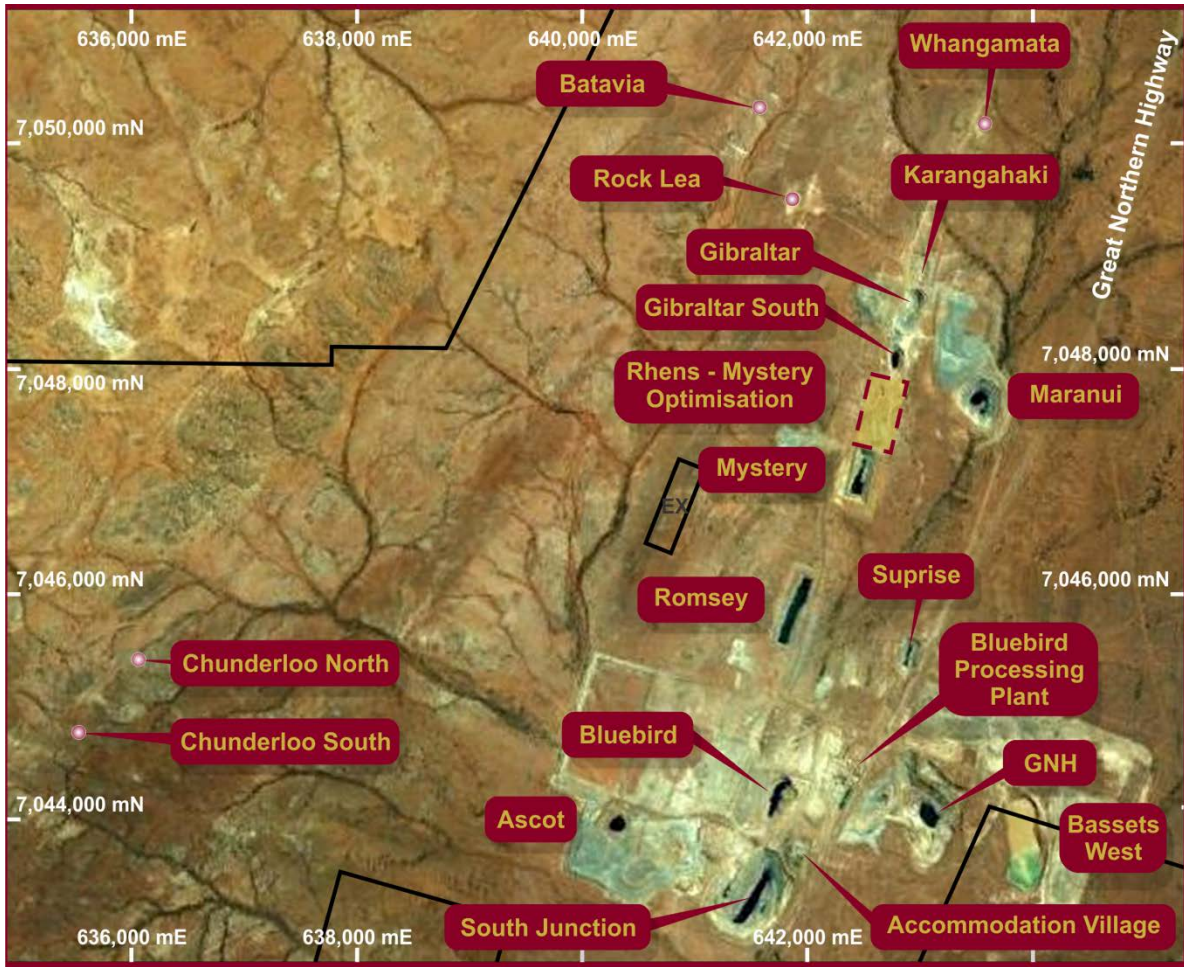
COMPETENT PERSONS STATEMENT

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.

APPENDIX A: SUPPORTING IMAGES AND ORE RESERVE/MINERAL RESOURCE STATEMENTS

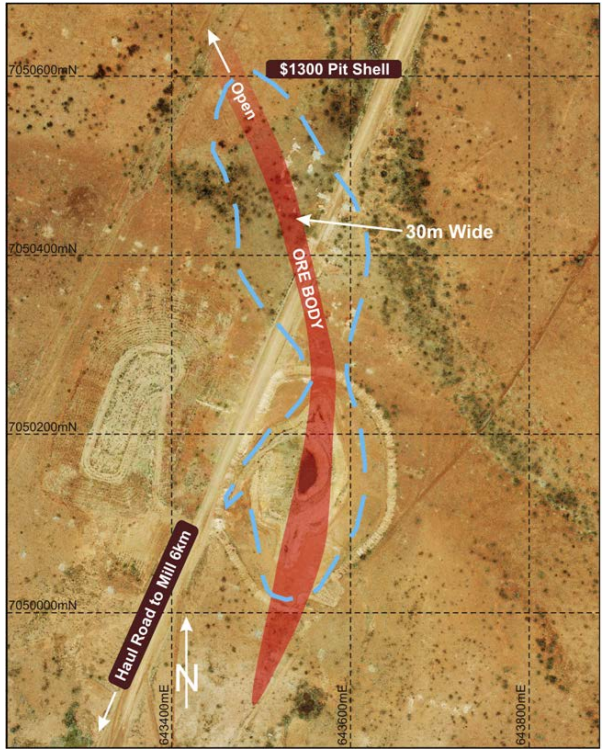
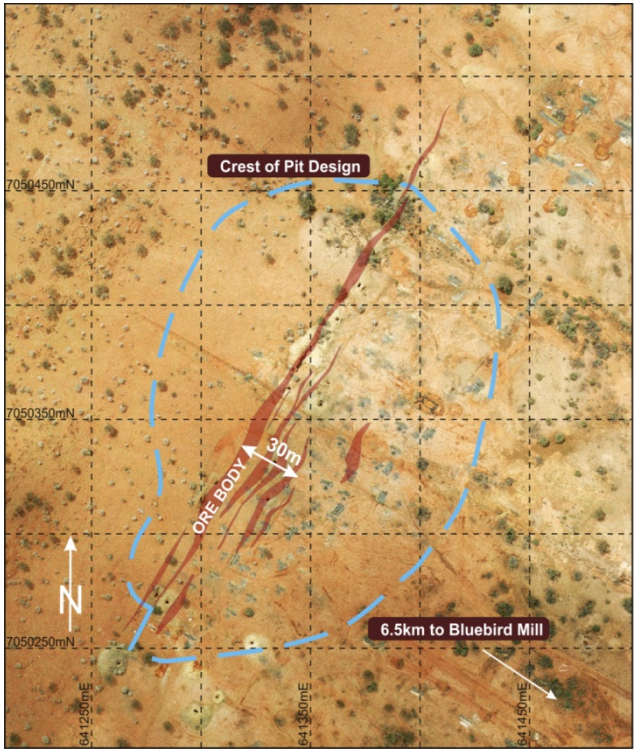


Plan of Meekatharra Gold Project, Murchison Region WA

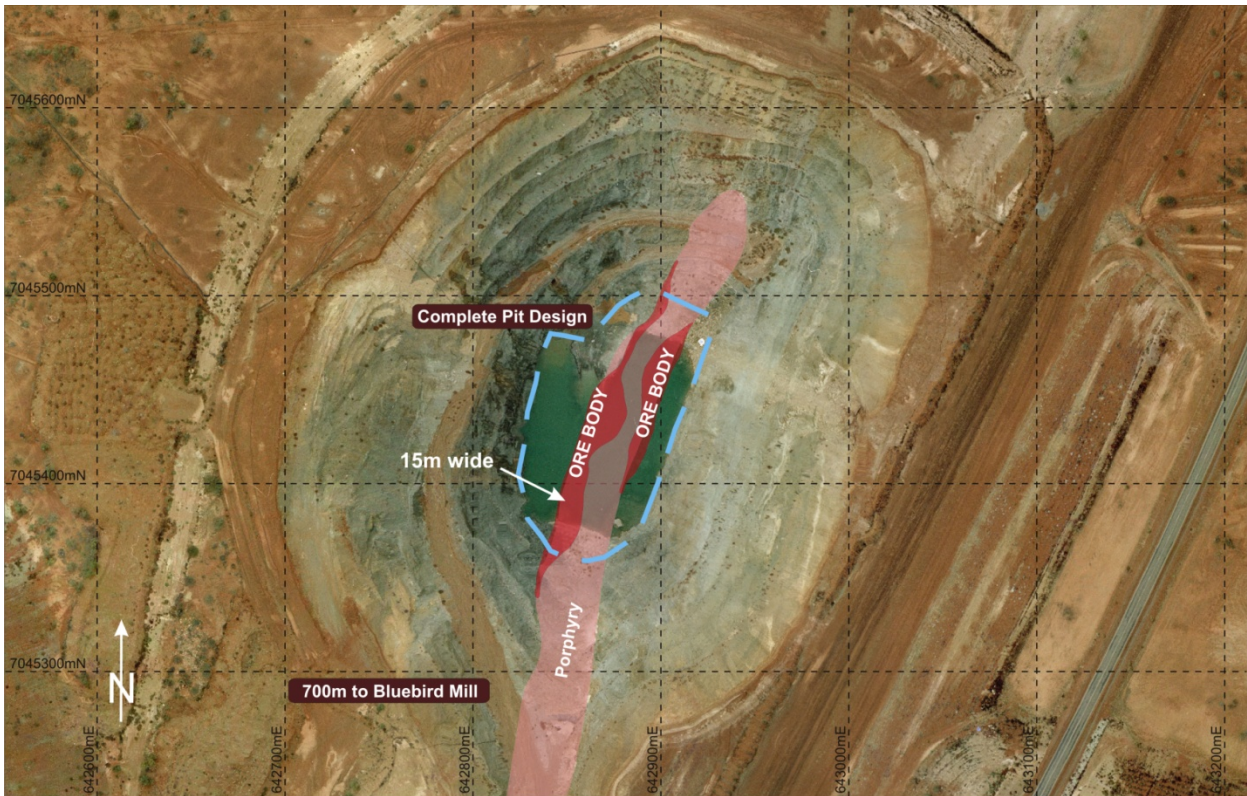


Plan of Yaloginda Area, Meekatharra Gold Project (Above) and Bluebird Pit (below)





Batavia Pit (Left) and Whangamata (Right)



Surprise Pit



Bluebird Mill, Yaloginda



Bluebird Camp, Yaloginda

Table 2. Summary of Current Ore Reserves

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	
	Mickey Doolan	Probable	3,312,000	1.1	121,700	
	Maid Marion	Probable	192,100	1.4	8,650	
	South Junction	Probable	97,000	1.5	4,500	
	Surprise	Probable	136,000	3.0	13,000	
	Batavia	Probable	200,000	2.4	14,000	
	Whangamata	Probable	258,962	1.43	11,900	
	GNH	Probable	880,342	1.26	33,600	
	Aladdin	Probable	383,700	1.7	21,450	
	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	
	South Emu	Probable	91,100	4.7	13,900	
	TOTT	Probable	505,000	1.8	29,400	
		Sub-Total	Probable	8,971,204	1.7	491,700
	Underground	Prohibition	Probable	1,325,260	2.4	104,100
Vivian/Consols		Probable	256,500	7.7	63,600	
Fatts/Mudlode		Probable	380,000	4.7	57,200	
South Emu		Probable	249,700	4.3	34,200	
		Sub-Total	Probable	2,211,460	3.6	259,100
Meekatharra – TOTAL			11,182,664	2.1	750,800	

Table 3. Summary of Current Mineral Resources

Project	Resource Classification	Tonnes	Gold Grade (g/t)	Total Ounces
Meekatharra North	Indicated	749,200	1.4	34,200
	Inferred	19,600	1.4	900
	Sub-Total	768,800	1.4	35,100
Paddy's Flat	Indicated	23,096,700	1.6	1,175,276
	Inferred	11,610,000	1.6	580,853
	Sub-Total	34,706,700	1.6	1,756,128
Yaloginda	Indicated	10,049,000	1.7	563,603
	Inferred	6,291,000	1.7	346,877
	Sub-Total	16,340,000	1.7	910,480
Nannine	Indicated	611,000	1.6	30,900
	Inferred	243,000	1.6	12,700
	Sub-Total	854,000	1.6	43,600
Reedys	Indicated	2,740,000	3.1	276,410
	Inferred	3,688,000	2.4	289,359
	Sub-Total	6,428,000	2.7	565,760
TOTAL	Indicated	37,245,900	1.7	2,080,380
	Inferred	21,851,600	1.8	1,230,689
	TOTAL	59,097,500	1.7	3,311,068

About Reed Resources

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is an emerging Western Australian gold producer focused on bringing its flagship Meekatharra Gold Project into production in the second half of 2012.

Reed Resources' wholly owned Meekatharra Gold Project is located in the prolific Murchison region of Western Australia and has a current JORC resource of 3.31 Moz and existing infrastructure including the 3 Mtpa Bluebird processing plant.

Reed Resources' other projects include:

- **Mount Marion:** High-grade lithium project located 40km south of Kalgoorlie in JV with Mineral Resources Limited (ASX: MIN) and set to be the World's second biggest lithium concentrate operation. Currently under construction.
- **Barrambie:** Definitive Feasibility Study completed on the production 6300t of vanadium per annum. Currently in approvals process and evaluating recovery of titanium and iron as co-products.
- **Comet Vale:** Evaluating recommencement of high-grade underground gold production, currently on care & maintenance. JORC resource of 186,000 oz at 10.8 g/t Au.
- **Mount Finnerty:** Iron ore JV with Cliffs Natural Resources and nickel farm-in with Barranco Resources NL.

Reed Resources' American Depositary Receipts (ADR's) trade under the code RDRUY (CUSIP Number: 758254106). Each Reed Resources ADR is equivalent to 10 ordinary shares of Reed Resources as traded on the ASX. The Bank of New York Mellon is the depository bank.

Website: www.reedresources.com