

ASX Release
30 July 2012

REED RESOURCES QUARTERLY ACTIVITIES REPORT
For the quarter ended 30 June 2012

Highlights:

Meekatharra Gold Project

- 65% Mill Refurbishment completed
- Project capital expenditure within forecast
- Primary crusher installation contract awarded
- Accommodation Village upgrade awarded
- Power Supply contract awarded

Mt Marion Lithium Project

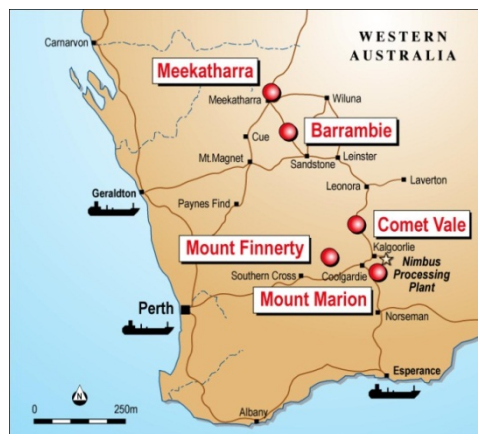
- Reviewing timing/production profile
- Evaluating higher-margin lithium battery feed stocks

Barrambie Fe-Ti-V Project

- Commenced proprietary hydrometallurgical test work to recover high-purity titanium product

Corporate Update

- As of 30 June 2012, Reed had \$40.3 million in cash and term deposits, including \$14.7 million in restricted use term deposits supporting performance bonds and other contractual obligations.
- Successful completion of an underwritten, non-renounceable \$40 million entitlement offer to primarily fund the development of its 100%-owned Meekatharra Gold Project in Western Australia.
- Subsequent to Quarter end, Commitment Letter received from Barclays confirming credit approval for the debt facility and mandatory hedging program for the Meekatharra Gold Project.



MEEKATHARRA GOLD PROJECT
(Reed 100%)

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.

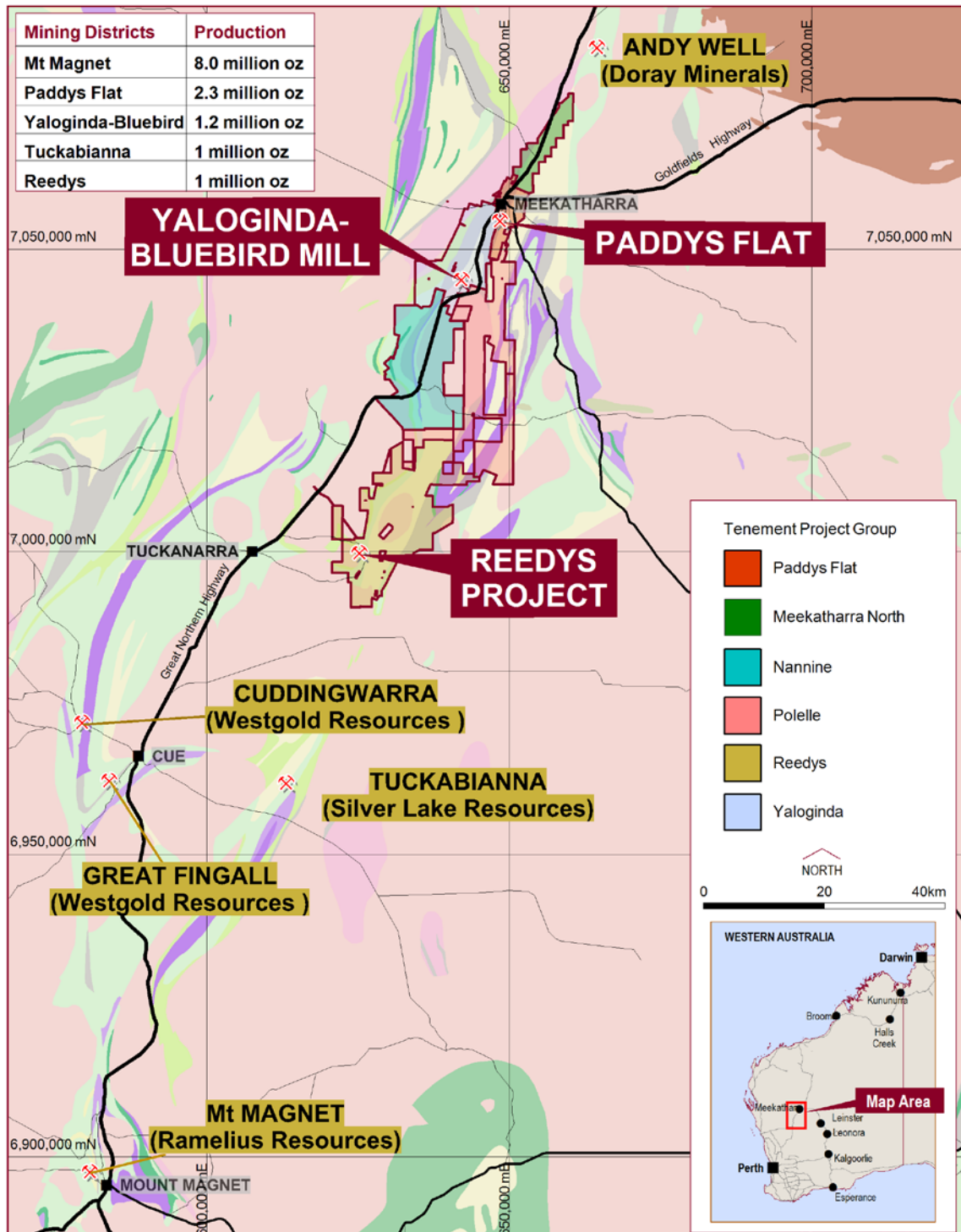


Figure 1. Location of tenement holdings overlain on bedrock geology of the Meekatharra – Mt Magnet region of the Murchison Province showing gold production from key Reed Resources mining districts and the location of other mining camps in the area.



Figure 2. Bluebird Gold Processing Facility and associated infrastructure

Meekatharra Gold Project Strategy

Within the Meekatharra Gold Project tenements Reed has a Resource inventory of 3.6Moz and a Reserve inventory of 752koz ounces (refer to Annexure A). Reed has a 3 staged strategy to exploit the Reserve, Resource and inventory base of the extensive Meekatharra Gold assets which includes producing 134,000 ounces from its low risk stage 1 open pit ore sources that are within 6.5km of Reed's Bluebird processing facility. Stage 2 will exploit the remaining 618,000 ounces of Reserves predominantly from Paddys Flat, Yaloginda and Reedy project areas with production sourced from open pits and underground. Stage 3 of Reed's strategy at Meekatharra will be executed concurrently with stage 1 and 2 and utilise the latest targeting and exploration techniques converting as many of the 2.8M Resource ounces to Reserves as possible whilst defining further Resources and Reserves with the ultimate aim of delivering a sustainable 10 year mine life from the Meekatharra Project area generating between 100,000 to 150,000 ounces per annum at a total cost below \$1000/ounce.

Equity

Reed Resources' completed a Rights Issue raising approximately \$40 million before costs during the quarter with funds being employed to upgrade and refurbish plant, equipment and infrastructure that forms part of Reed's Stage 1 Meekatharra Gold Project.

Debt

On 11 July Reed announced the receipt of a Commitment Letter from Barclays confirming credit approvals for the debt facility and mandatory hedging program. The commitment is subject to conditions including execution of formal documentation and completion of final due diligence. The key condition precedent to drawdown of the facility is Department of Mines and Petroleum mining approval for Stage 1 open pits Batavia, Whangamata and Surprise with the 86,200 ounce Bluebird open pit already approved.

The execution of the formal financing agreement is imminent with the funds employed to cover pre-production expenditure and working capital.

Hedging

Reed has purchased Puts over 70,000 ounces with a strike price of A\$1560/ounce expiring in September 2012 under an Early Access Hedging Facility with Barclays. The number of Puts is directly related to protecting the floor price received in the mandatory hedge from volatile movements in the period between signing the mandate and implementing the mandatory hedge program required under the Barclays debt facility.

Project Delivery

People

In line with the Meekatharra Gold Project execution strategy key operational staff have been appointed and further operational staff will commence in the coming months as project activity increases in preparation for mine operations.

Contract Awards

The contract for the installation of the new heavy duty primary crusher was awarded to ASX listed company GR Engineering Services Limited.

The contract for the supply of power to the Meekatharra Gold Project was awarded to Pacific Energy (KPS) Pty Ltd, a subsidiary of ASX listed company Pacific Energy Limited.

The contract to supply replacement units and replacement dry mess facilities at the Bluebird accommodation village was awarded to Australian Portable Buildings Pty Ltd (**APB**).

Project Work Packages

Processing Plant

The refurbishment works have progressed significantly during the quarter with 65% of total planned project refurbishment activities completed with the remaining works to be completed by mid-November.



Figure 3. Bluebird Gold Processing Facility tailings discharge screen being removed for maintenance

Primary Crusher

The new Metso C125 primary crusher unit arrived on site during the quarter. GR Engineering is scheduled to remove the existing primary crusher in August and complete the new installation by mid-November.



Figure 4. New C125 Primary Crusher arriving on site during the quarter

Village

APB has commenced earthworks on site for the installation of 80 new accommodation units and the dry mess facility at the existing Bluebird accommodation village. 40 accommodation units have arrived on site with the remaining units to be delivered in August whilst the new dry mess facility will be operational in mid-October when all village works are scheduled to be completed.

Refurbishment of the existing village facilities will be completed in August.

The existing village can cater for approximately 110 personnel and is capably accommodating project and operational personnel as the site prepares for operation. The accommodation village will have capacity for 190 personnel mid-October.

Power Station

Pacific Energy (KPS) Pty Ltd was awarded the contract for the provision of power “over-the-fence” under a Build-Own-Operate (BOO) agreement. The existing diesel power generators have been removed from site as part of the refurbishment work and the existing facility made ready for the new replacement facility.

The new power generating facility is scheduled to be installed and operational by the end of November.

Mining Contract

Stage 1 mining will be performed by an open pit mining contractor. Tender documents were distributed to ten (10) interested parties with 9 respondents evaluated.

MT MARION LITHIUM PROJECT

(Reed 70%, Mineral Resources Limited 30%)

During the quarter Reed Resources Ltd (“Reed”) together with our partner Mineral Resources Ltd (“Mineral Resources”) continued to advance the Mount Marion Lithium Project (“Mount Marion”).

Mount Marion has a designed capacity of 200,000 tpa of 6% Li₂O chemical grade spodumene concentrate, 60,000 tpa of muscovite mica and 30 tpa tantalite concentrate.

Mine Development Update

Reed is working with Mineral Resources to establish the most effective production profile and optimal timing for the commencement of operations in light of the prevailing industry, economic and financial market conditions. All project approvals have been received.

During the quarter the partners met with potential marketers of lithium and mica products as part of its continuing evaluation. The world’s largest spodumene producer has announced that effective from 1 July 2012 it was raising prices a further 10% and in addition to a 15% increase in the first half of 2012, however they have now commissioned an expansion from 400,000 to 740,000t. The partners believe this has the potential to elicit a response from the large South American brine producers as both are targeting the largest market in the world, China.

Project development is fully funded by Mineral Resources.

Lithium Down-streaming Strategy

The integration or conversion of lithium spodumenes into lithium battery materials like lithium carbonate and lithium hydroxide maximises the revenue and margins. To this end Reed completed a PFS examining the construction of a 17,000 tpa Lithium Carbonate Facility and is working with the Malaysian Industrial Development Authority on its application for Pioneer Status/Investment Tax Allowance. Reed is also evaluating the production of a high purity lithium hydroxide product, a potentially higher margin feedstock preferred by some lithium battery makers.

Reed is continuing strategic discussions with third parties in relation to a partial sale of the spodumene concentrate operations and/or joint ventures for lithium carbonate production. It should be stressed that discussions remain preliminary and there can be no assurance that a binding proposal will emerge.

Reed continues to work with Mineral Resources reviewing the most appropriate method for the Project’s special purpose vehicle to become an independently financed, industrial minerals company.

BARRAMBIE FE-TI-V PROJECT

(Reed 100%)

In the December quarter of 2011 Reed commenced a concept study level evaluation of the production of a titanium rich concentrate from the Eastern Band of the Barrambie Fe-Ti-V deposit. Initially the study evaluated the recovery of titanium and iron units via the production and export of a titanomagnetite concentrate, the study has now been expanded to evaluate recovery of Fe-Ti-V units via a proprietary hydrometallurgical route. A number of companies around the world are trialling variants of this technology on hard rock titanium deposits and reporting very high recoveries (+90%) of each metal (Fe-Ti-V) into pure products.

Barrambie's Eastern Band is currently the second highest grade hard rock titanium deposit globally (behind Rio Tinto's Lac Tio mine in Canada) (Mineral Resource (2005) of 48Mt @ 22% TiO₂).

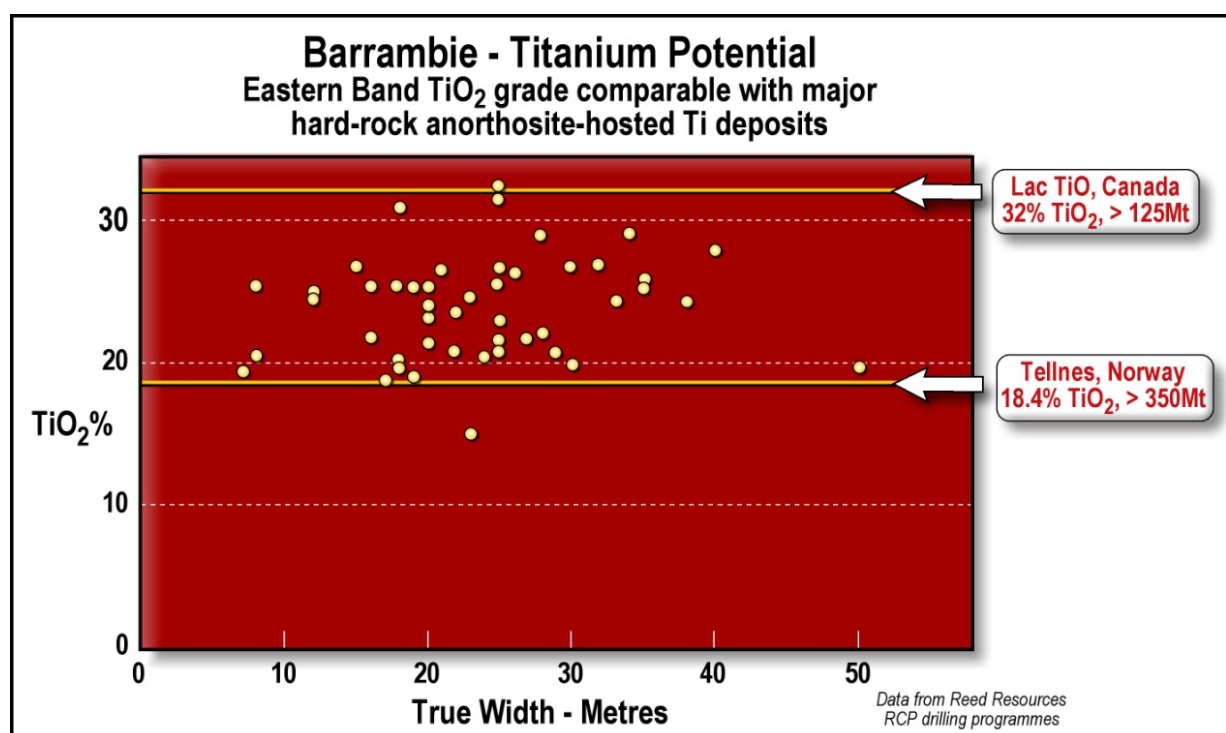


Figure 5. An indication of the size of the Eastern Band at Barrambie and its grade in comparison with two of the world's highest grade titanium deposits.

Initial laboratory scale test work has been conducted on Eastern Band magnetic concentrates generated during the 2007-09 DFS. A mini-plant (150kg) test work program is planned pending the receipt of successful laboratory scale test results. A new resource estimate will be released in the September quarter pending determination of an appropriate cut-off grade for titanium, and supported by test work recoveries.

COMET VALE GOLD PROJECT

(Reed 100%)

The Sand Queen mine remains on care and maintenance and there was no production during the quarter.

A sale process for the Comet Vale project run during the quarter did not generate a binding offer sufficiently attractive to Reed. Discussions are continuing with other interested parties in relation to a partial sale and full sale alternatives. The project has combined underground and open-pit table resources of 792Kt @ 8.2g/t Au for 208,000 oz.

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 mineralisation in its own right.

Iron Ore (Cliffs 80%, Reed 20%)

No work was undertaken at the Mt Finnerty prospects during the quarter. A budget has been approved for the 2012 exploration season with the major activities comprising a focussed diamond drilling campaign to sample favourable material types for magnetite characterisation studies.

Nickel (Barranco 100%, Reed option to acquire 100%)

During the quarter the previous geochemical data from RCP and diamond drilling was re-assessed. Of particular interest are the very high values for platinum group elements (PGEs) considered to be vectors to nickel sulphide mineralisation.

Samples from previous drilling were re-logged to identify potential ultramafic host rocks for nickel sulphides and additional analyses of PGEs including ruthenium were submitted. Results are expected in the September quarter.

Corporate Update

At the end of the quarter the Company had \$40.3 million in cash and term deposits, including \$14.7 million in restricted-use cash deposits.

During the quarter, the Company completed an underwritten, non-renounceable entitlement offer to raise approximately \$40 million. The Company intends to use the proceeds of the Entitlement Offer primarily to fund the development of the Reed's 100% owned Meekatharra Gold Project, including accommodation facilities upgrade, plant refurbishment, infrastructure, pre-commissioning costs and capital raising costs, and for general working capital purposes.

Subsequent to the quarter Reed announced the receipt of a Commitment Letter from Barclays confirming credit approval for the debt facility and mandatory hedging facility. The facility also provides the ability to increase both debt and hedging limits as additional Reserves are added to the Life of Mine that satisfy Barclays due diligence criteria.

Reed also announced it has purchased Puts over 70,000 ounces with a strike price of A\$1560/ounce expiring in September 2012 under an Early Access Hedging Facility with Barclays. The number of Puts is directly related to protecting the floor price received in the mandatory hedge from volatile movements in the period between signing the mandate and implementing the mandatory hedge.

ENDS

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: MEEKATHARRA GOLD PROJECT RESOURCES & RESERVES AS AT 30 JUNE 2012

MINERAL RESOURCE INVENTORY

Project	Category	Tonnes (Mt)	Au (g/t)	Au (koz)
Meekatharra North	Indicated	1.2	1.8	66
	Inferred	0.2	1.6	9
Nannine	Indicated	0.6	1.6	31
	Inferred	0.2	1.6	13
Paddy's Flat	Indicated	25.2	1.6	1,281
	Inferred	13.4	1.6	670
Yaloginda	Indicated	10.1	1.7	564
	Inferred	6.2	1.7	347
Reedys	Indicated	2.7	3.1	276
	Inferred	4.0	2.7	338
TOTAL	Indicated	39.8	1.7	2,217
	Inferred	24.1	1.8	1,377
	TOTAL	63.9	1.8	3,594

ORE RESERVE INVENTORY (31ST Mar, 2012)

Project	Category	Tonnes (Mt)	Au (g/t)	Au (koz)
Bluebird	Probable	1.39	1.9	86.2
Prohibition	Probable	1.11	2.7	96.0
Mickey Doolan	Probable	3.31	1.1	121.7
Maid Marion	Probable	0.2	1.4	8.6
South Junction	Probable	0.1	1.5	4.5
Surprise	Probable	0.1	3.0	13.0
Batavia	Probable	0.2	2.4	14.0
Whangamata	Probable	0.3	1.4	11.9
GNH	Probable	0.9	1.3	35.6
Aladdin	Probable	0.4	1.7	21.4
Jack Ryan	Probable	0.2	3.1	21.8
Callisto	Probable	0.1	3.1	7.2
Rand	Probable	0.1	2.4	7.6
South Emu	Probable	0.1	4.7	13.9
TOTT	Probable	0.5	1.8	29.4
Total (Open Pit)	Probable	9.0	21.7	492.9
Prohibition	Probable	1.3	2.4	104.1
Vivian/Consols	Probable	0.3	7.7	63.6
Fatts/Mudlode	Probable	0.4	4.7	57.2
South Emu	Probable	0.2	4.3	34.2
Sub-Total	Probable	2.2	3.6	259.1
Total	Probable	11.2	2.1	752

Notes:

- Resources and Reserves comply with the Australian JORC Code (2004) reporting guidelines.
- Resources are inclusive of Reserves.