

ASX RELEASE

22 July 2013

Meekatharra Gold Operation Update

- **Reed remains focused on delivering strong cash flow from Stage 1 operations**
- **Stage 2 and Stage 3 development deferred and cost reduction measures implemented**

Western Australian gold producer, Reed Resources Ltd (ASX: RDR) (**Reed** or **Company**), provides the following update regarding its Meekatharra Gold Operation (**MGO**).

As previously announced to the market, Reed has embarked upon a staged strategy to exploit the Reserve, Resource and Inventory base of its Meekatharra Gold assets. Stage 1 involves producing up to 134,000 ounces from open pit ore sources at Bluebird, Surprise, Batavia and Whangamata, over 19 months from December 2012 through to June 2014. Stage 2 is proposed to exploit Reserves predominantly from the Paddys Flat, Yaloginda and Reedy project areas, with production sourced from open pits and underground. Stage 3 is proposed to convert remaining Resource ounces to Reserves through latest targeting and exploration techniques, whilst seeking to define further Resources and Reserves with the ultimate aim of delivering a sustainable 10 year mine life.

Whilst carrying out the Stage 1 operations, Reed has concurrently been progressing the assessment of potential Stage 2 and Stage 3 development operations at the MGO. In light of the current gold price environment and challenging equity and debt markets for gold producers, the Company has decided that it is prudent to defer the further assessment and development of Stage 2 and Stage 3 operations until there is a sustained increase in the prevailing gold price and an improvement in market sentiment.

Reed's staged strategy was devised as a means of mitigating risk, allowing for further expansion as subsequent stages are fully evaluated in light of prevailing operational performance and market conditions. Whilst prevailing conditions do not justify further assessment and development of Stage 2 and Stage 3 operations at this point in time, Reed remains focused on delivering strong cash flow from the MGO's Stage 1 operations, which are anticipated to produce approximately 80,000 ounces over the 2013/14 financial year.

Reed has also initiated a series of other cost reduction and risk mitigation measures to maximise cash generation and give operational flexibility over the remaining Stage 1 ore sources.



Reed is preserving its flexibility to recommence the assessment and development of Stage 2 and Stage 3 operations should market conditions improve.

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About Reed Resources

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is a Western Australian gold producer.

Reed Resources' wholly owned Meekatharra Gold Operation is located in the prolific Murchison region of Western Australia and includes the 3Mtpa Bluebird processing plant.

Reed Resources' other projects include:

- **Mount Marion:** High-grade lithium project located 40km south of Kalgoorlie, owned 70:30 with Mineral Resources Limited (ASX: MIN). Currently undertaking continuous-scale test work to prove wholly-owned processing route to produce lithium hydroxide and lithium carbonate.
- **Barrambie:** Currently evaluating recovery of titanium, vanadium and iron units via a proprietary hydrometallurgical processing route.
- **Comet Vale:** Currently on care & maintenance. High grade gold resource.
- **Mount Finnerty:** Iron ore JV with Cliffs Natural Resources and nickel option 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