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Reed successfully concludes licencing agreement for Barrambie

HIGHLIGHTS

- **Non-exclusive licence agreement to use patented third-party hydrometallurgical process on Barrambie ore**
- **Process allows the simultaneous recovery of high purity titanium, vanadium and iron directly from Barrambie ore**
- **Process is low temperature and atmospheric pressure, all acid is recycled**
- **Previous lab-scale test work has confirmed high purity titanium dioxide can be precipitated selectively from a leach solution at recoveries greater than 90%**
- **Third party will receive a royalty of 5% of gross revenue as consideration for the licence**
- **A mini-plant trial is planned to commence in March Q 2014.**

Reed Resources Ltd (ASX:RDR) ("Reed") is pleased to announce that its subsidiary, Australian Vanadium Corporation ("AVC"), has successfully reached terms on agreement to licence a patented acid leach process to extract all valuable metals from the Barrambie Titanium-Vanadium-Iron deposit in Western Australia.

This technology, pioneered in Canada, has produced high purity (>99%) titanium dioxide from Barrambie oxide ores and concentrates at high recoveries. A first stage leach allows the recovery of vanadium and iron from solution before a second stage leach for the recovery of titanium units.

The recent Scoping Study by Snowden Mining Industry Consultants based on this process indicates potential for a viable hard-rock titanium and vanadium mining and processing operation and recommends progression to a Pre-Feasibility Study. Average net operating costs per tonne of titanium dioxide recovered were estimated at A$1,214/t with an indicative accuracy of ±35%, the long term price assumption used in the study was US$3,000/t.

The Scoping Study has identified many opportunities to further improve the economics by optimising factors such as using higher-grade concentrates as feed, increasing plant throughput rate, co-generation of electricity to reduce operating costs and the recovery and marketing of pure iron and aluminium oxide products.

A key feature of the patented process is the acid recovery and regeneration process which shows the potential to operate at significantly lower costs than established technologies. In addition, the process' green credentials are enhanced by its energy efficiency, low emissions and inert tailings.

In exchange for the non-exclusive licence, Reed will pay a royalty of 5% of gross revenue. In addition, the patent holders will also receive up to 20% of the value of any transaction that involves a significant change in control of AVC.

"Achieving this milestone is another step forward in the development of Barrambie into a low cost, long term multi-commodity project", said Managing Director Chris Reed.

The Company announced on 28 November 2013 that Barrambie is one of world's highest grade titanium deposits, containing total Indicated and Inferred Mineral Resources of 47.2Mt at 22.2% TiO_2, 0.63% V_2O_5, and 46.7% Fe_2O_3, at a cut-off grade of 15% TiO_2 (Appendix A).

A continuous scale mini-plant trial of the process is planned to commence in the March Quarter 2014 and subject to the success of the test work it is Reed's intention to proceed with a pre-feasibility study (PFS) as recommended by Snowden. The proposed work plan to the end of the PFS is anticipated to be funded internally, with an anticipated date of completion of September 2014.

ENDS

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Competent Persons Statement

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resource Estimate announcement of 28 November 2013 and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate of 28 November 2013 continue to apply and have not materially changed.

About Reed Resources

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

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

APPENDIX A

Barrambie Mineral Resource Estimate for 15% TiO_2 cut-off

Category (JORC, 2012)	Tonnage (Mt)	TiO_2 (%)	V_2O_5 (%)	Fe_2O_3 (%)	Al_2O_3 (%)	SiO_2 (%)
Indicated	34.7	22.25	0.64	46.77	9.48	14.95
Inferred	12.5	21.99	0.58	46.51	9.32	15.40
Total	47.2	22.18	0.63	46.70	9.44	15.07

All tonnage and grade figures have been rounded down to two or three significant figures, respectively; slight errors may occur due to rounding of values.