

ASX RELEASE

17 October 2014

Reed Commences Drilling of High Priority Nickel Targets in the Yilgarn Craton.

HIGHLIGHTS

- Diamond drilling to test Green Dam and Mt Gordon nickel targets anomalies has commenced
- The targets are in close proximity to previously intersected disseminated nickel sulphides

Reed Resources Ltd ("Reed") advises that it has commenced drilling nickel sulphide targets at the Green Dam and Mt Gordon prospects in the Yilgarn region of WA (Figure 1).

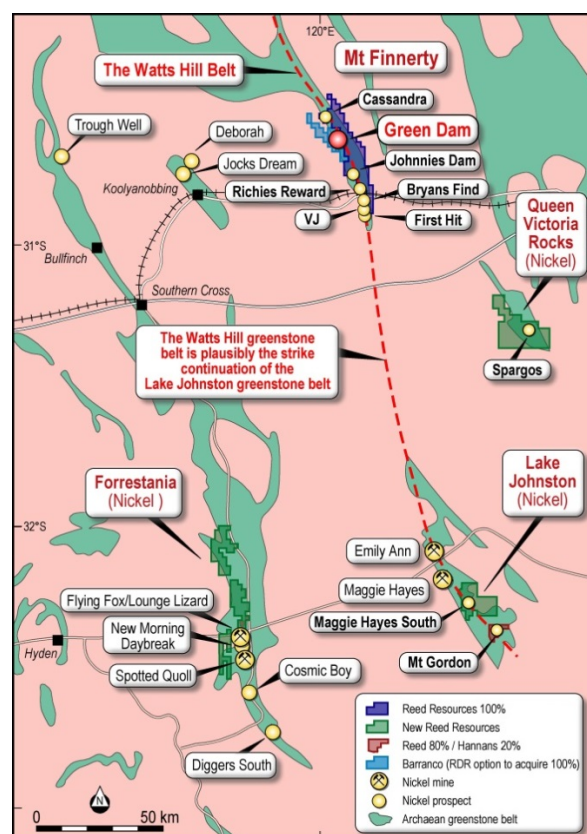
Reed has built a significant nickel exploration package with demonstrated nickel sulphide prospectivity in the Yilgarn region at minimal material up-front cost.

Reed has the option to acquire 100% of the joint venture (Barranco Resources) tenements containing Green Dam (E16/305 & E16/330) which adjoin its 100% owned Mt Finnerty Project.

Reed owns an 80% interest in Mt Gordon (E63/1365) with Hannans Reward Ltd (ASX:HNR)("Hannans") holding the balance and being free-carried up to a decision to mine.

Figure 1. Yilgarn Nickel Projects Location Plan

(Continuity is inferred between the Mt. Finnerty and Lake Johnston Greenstone Belts)



Mt. Gordon Prospect

In 2012 Hannans intersected disseminated and subgrade nickel sulphide mineralisation in a single reverse circulation drill hole (MGRC059) testing a coincident soil geochemical/aeromagnetic anomaly at Mt Gordon (please refer to Hannans announcement 30 August 2012).

Reed petrography on selected samples from the historic hole MGRC059 confirmed existence of trace amounts of slightly supergene altered (violarite) pentlandite plus accessory pyrrhotite and chalcopyrite, coincident with the end of hole sample that returned approximately 1% sulphur plus subgrade nickel (0.5% Ni).

A 3D inversion has been carried out on historical available aeromagnetic data and drill holes have been designed to intersect targets from this work. Inversion is a non-unique process and subject to ambiguity. Additionally if remanent magnetisation is present, the inversion may have inaccuracies. The modelling suggests twin apophyses depending off a larger magnetic intrusive body (Figure 4). The geochemical signatures up-plunge of the apophyses are suggestive of nickel sulphide mineralisation at depth rather than a barren mafic body. This base metal geochemistry will be checked by more advanced PGE trace element studies of selected auger resampling sites.

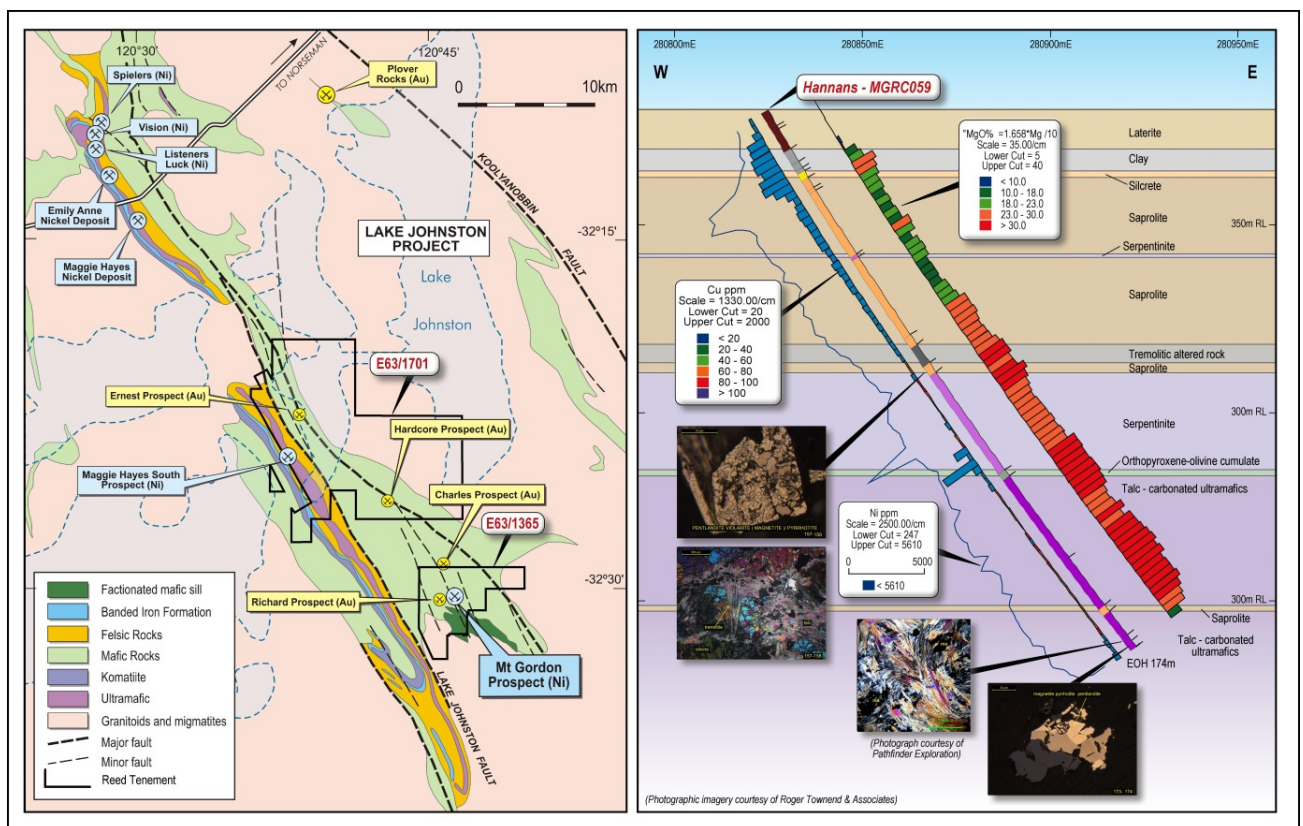


Figure 2. Tenement Plan on Interpreted Geology

Figure 3. Cross Section of Interpreted Geology

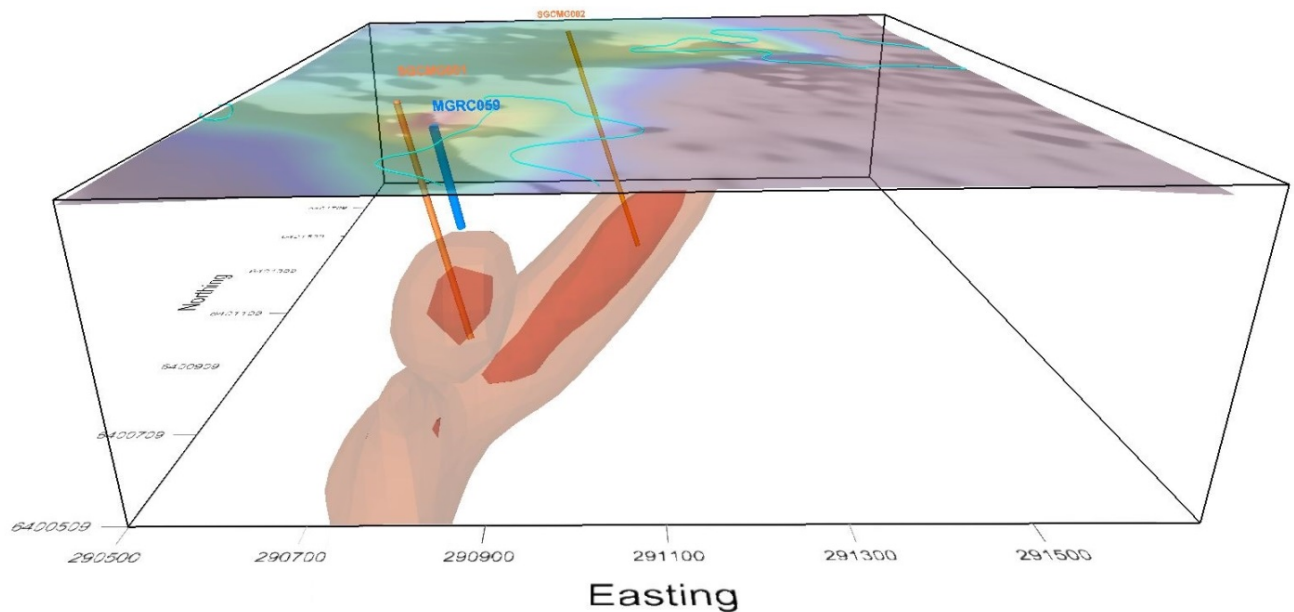


Figure 4. Historic (blue) and Planned Drill Holes and magnetic anomalies over aeromagnetic interpretation and 80ppm Cu geochemistry (light blue).

Green Dam

Numerous intercepts of disseminated nickel sulphides have been intersected over a strike length of more than 3km and whilst the intercepts are not economically significant in isolation, they are geologically significant in providing evidence for multiple sulphide mineralising events, with the metals interpreted to be hydrothermally remobilised into a shear zone(s) that have intersected disseminated and massive nickel sulphides at depth, as illustrated in the conceptual geological (Figure 7).

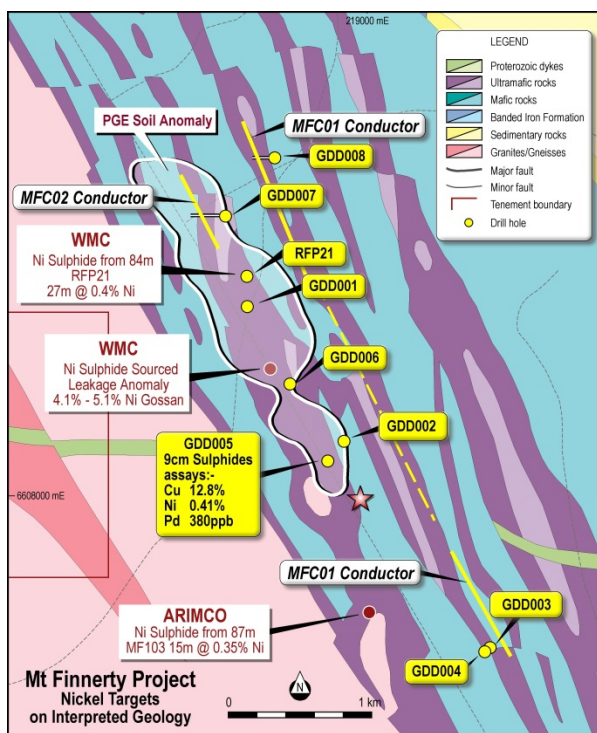


Figure 5. Nickel Targets on Interpreted Geology

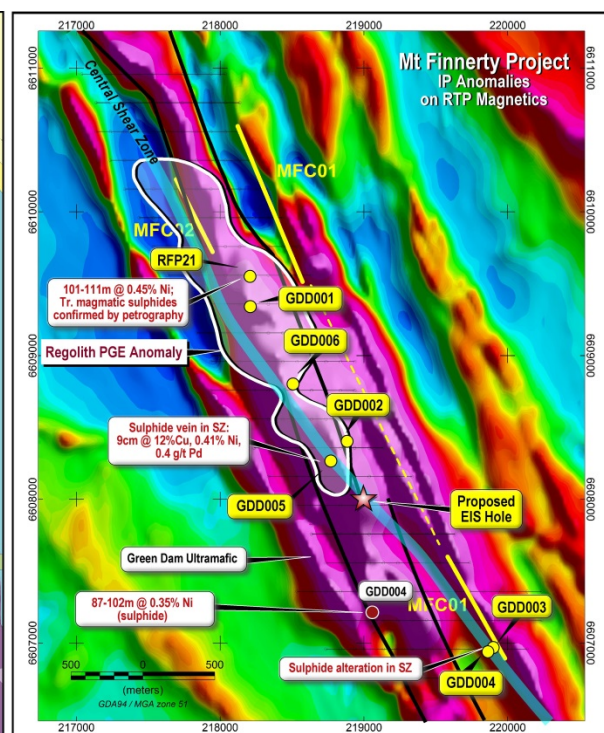


Figure 6. Nickel Targets on RTP Magnetics

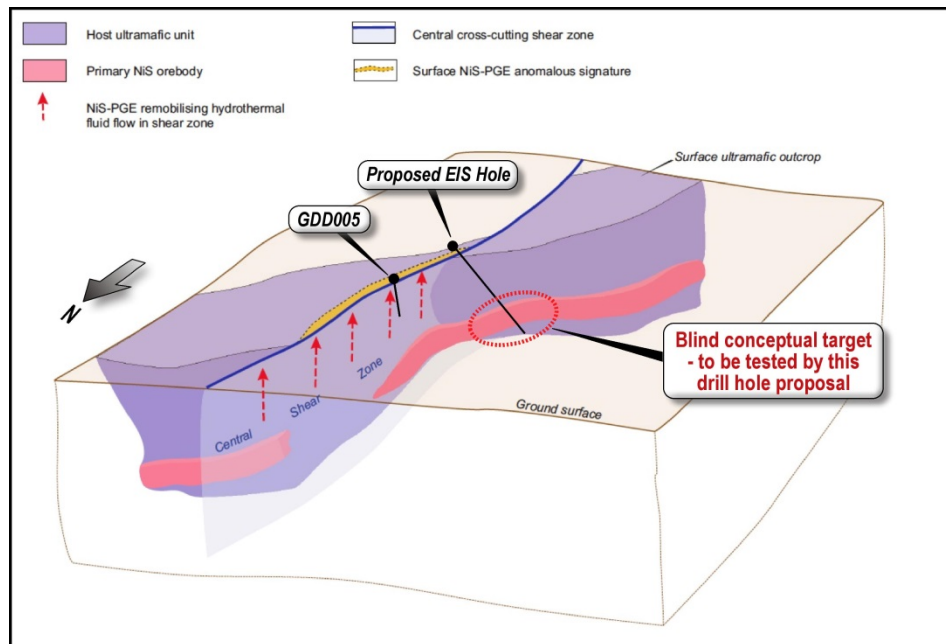


Figure 7. Conceptual Geological Model (After Western Mining Services)

A single westerly-angled diamond drill hole will target the basal contact. Importantly, the Central Shear Zone that has impeded exploration previously is interpreted to lie East of the therefore undisturbed footwall basalt contact. The drilling will be partially funded by a Government of Western Australia - Exploration Incentive Scheme grant.

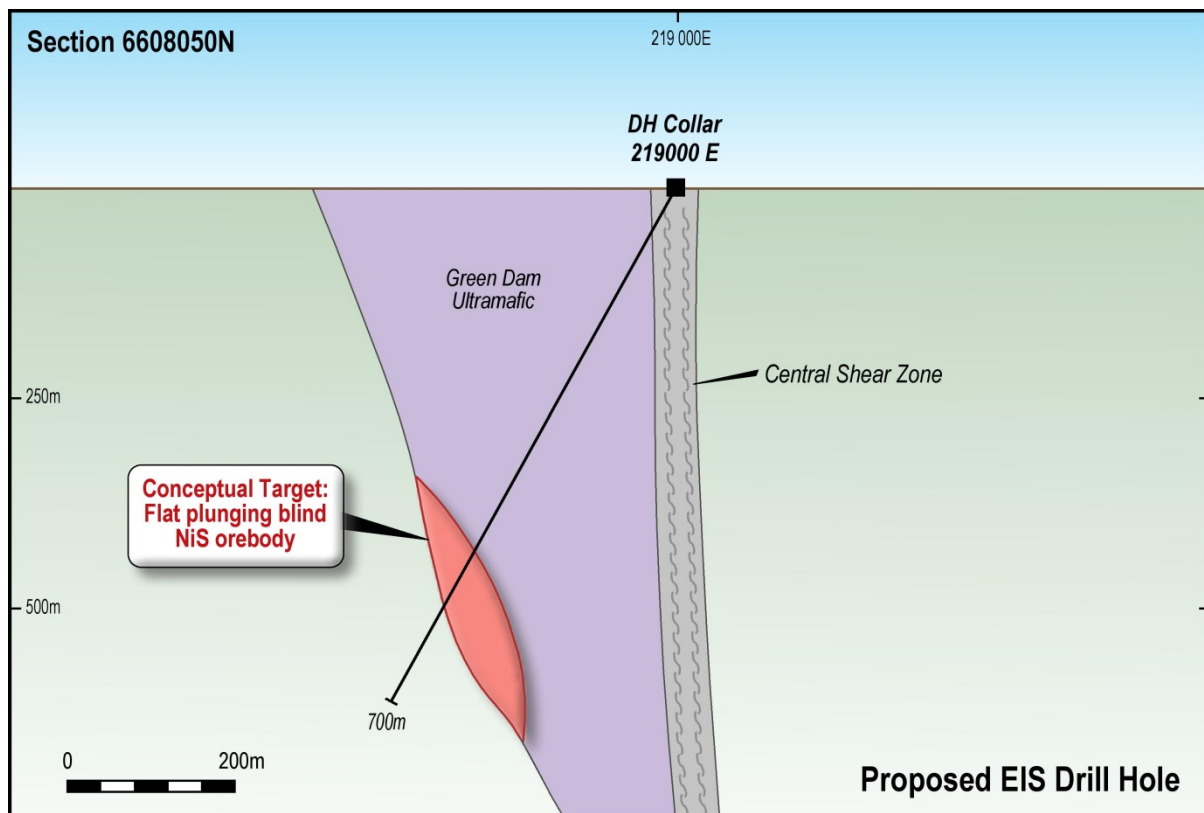


Figure 8. Cross Section of Planned Drill Hole GDD009

Reed is in a strong financial position to follow up these targets. Reed's aim is to add value to its nickel portfolio through early-stage exploration success and for it to become independently financed with a dedicated management team. Reed Resources is focussed on the development of its Mt Marion Lithium and Barrambie Titanium projects, having recently proved processing technologies on a continuous basis and commencing engineering cost studies.

ENDS

For further information please contact:

Chris Reed
Managing Director
Reed Resources Ltd
T: +61 89322 1182

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Gordon Kelly, a Member of the Australian Institute of Geoscientists. Mr Kelly is a full-time employee of Reed Resources Ltd. Mr Kelly has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kelly consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

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