

ASX Announcement

26 March 2010

Gold Production Update

KEY POINTS:

- **Latest gold ore sale of 14,600 t at 14.12 g/t Au.**
- **Reed attributable share 2,468 oz.**
- **New Mineral Resource Estimate due second week April 2010.**

Australian diversified resources company Reed Resources Ltd (**ASX: RDR**) and Joint Venture partner Kingsrore Mining Limited (**ASX:KRM**) are pleased to advise the sale of the latest parcel of gold ore produced from the Sand Queen Gold Mine, 100km North of Kalgoorlie (Figure 1).

Approximately 14,600 tonnes of ore grading 14.12 g/t Au was sold to a third party. The final financial results from the sale are dependent on the average gold price for the month of April and grade confirmation. The Company expects a cash margin of A\$550-600/oz for its share of production, which is 40% of recovered metal (about 2,468 ounces).

Under the JV Termination Agreement (16 October 2009), Kingsrore will continue to mine from and above the 4 Level under the existing arrangement until 31 May 2010. Reed plans to continue mining the 4 Level from the existing shaft until economic resources are exhausted. Reed has dewatered down to 5 Level and is in the process of completing a new mine plan for mining 5 and 6 Levels from the existing shaft. A new Mineral Resource Estimate is expected for completion by mid April 2010.

C J Reed
MANAGING DIRECTOR



Competent Persons Statement

Geological aspects of this report that relate to Exploration Results have been compiled by Dr Peter Collins (MAIG), a Director of Reed Resources Ltd. Dr Collins has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity being reported on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves. Dr Collins consents to the inclusion in the report of the matters in the form and context in which it appears.

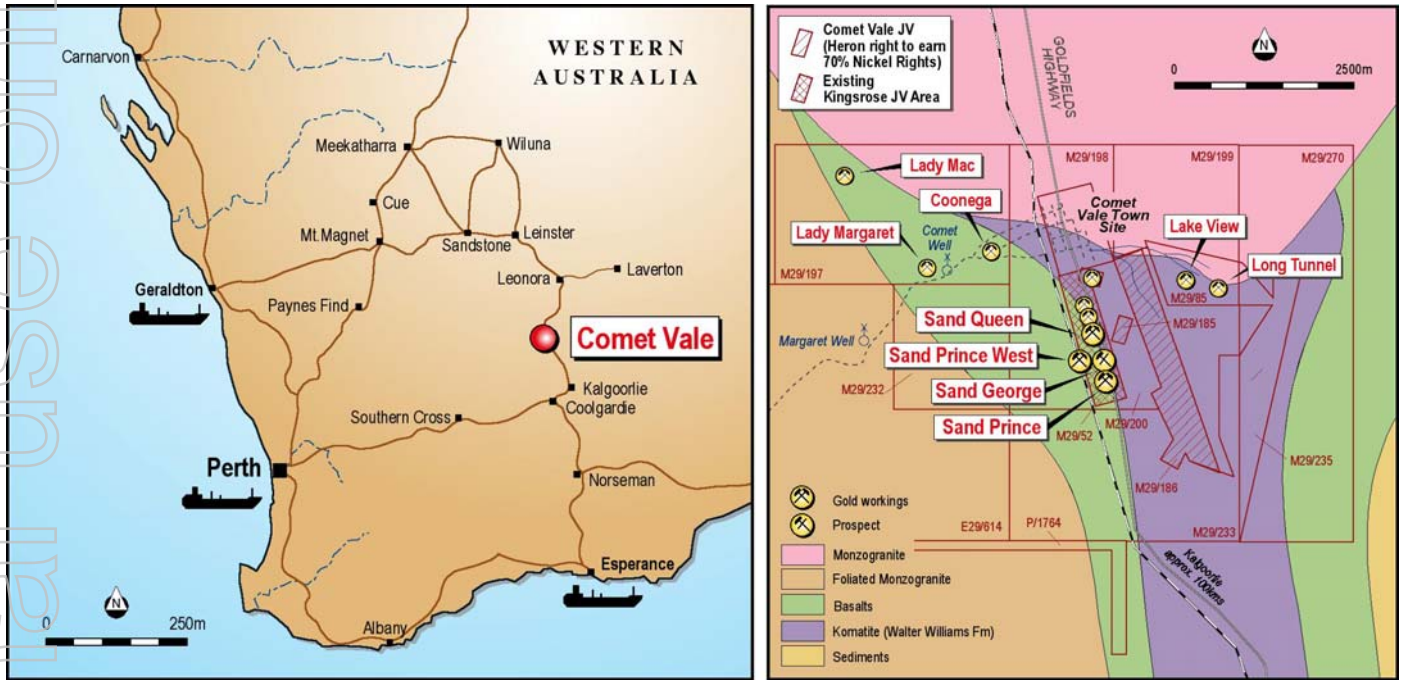


Figure 1 Location of the Comet Vale project (left) and plan of tenements surrounding the Sand Queen Mine.

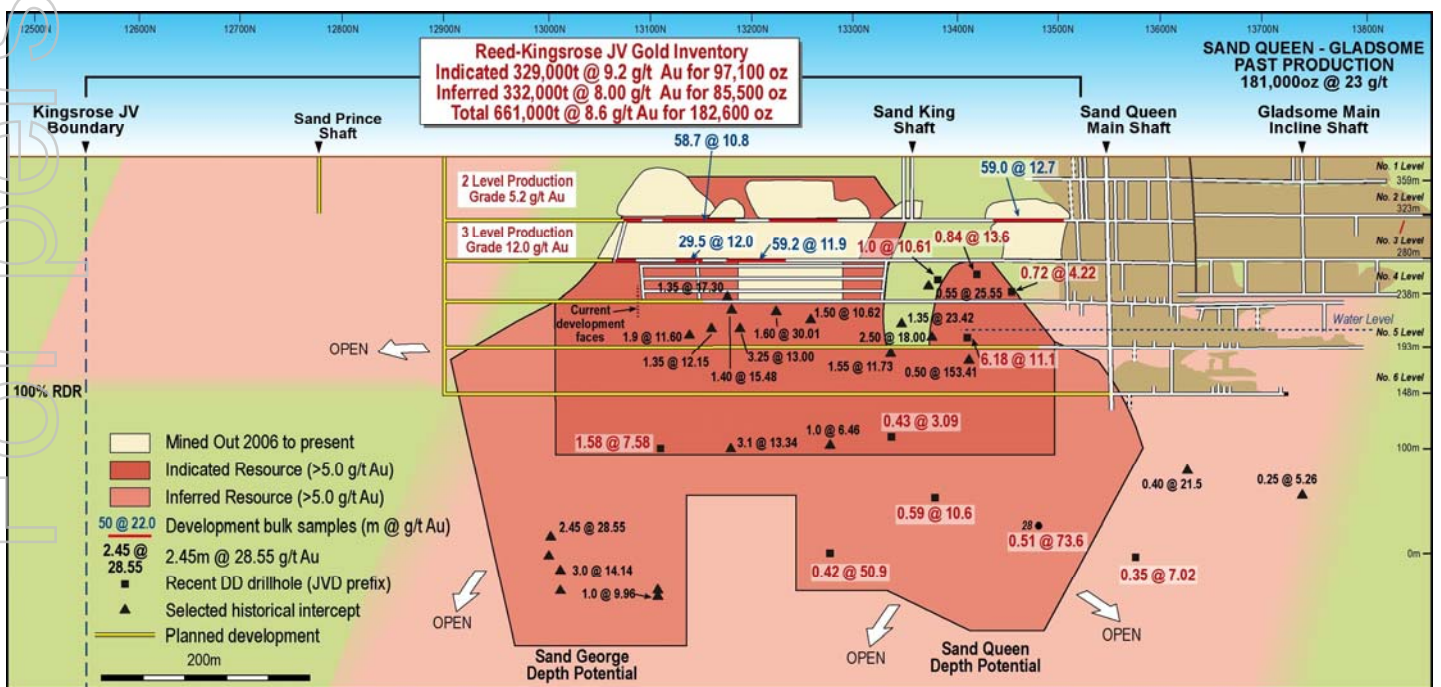


Figure 2 Vertical longitudinal projection of the Sand Queen Gold Mine, showing the resource outline in relation to current and planned development.

About Reed Resources

Reed Resources Ltd is a diversified mining and exploration Company based in Western Australia. It has modest gold production and is expanding and diversifying its production base. Reed Resources has five main projects (all in Western Australia) including;

- **Mount Marion** – High-grade Lithium project located about 40km south of Kalgoorlie in JV with Mineral Resources Ltd. Resource Estimate by April 2010.
- **Comet Vale** – High-grade underground gold mine in Production JV with Kingsrose Mining Limited (resuming 100% equity on 1 June 2010).
- **Barrambie** – Definitive Feasibility Study completed on a Ferrovandium operation to produce 6300t of vanadium per annum. Currently in approvals process.
- **Mount Finnerty** – Iron ore JV with Cliffs Natural Resources & Nickel Farm-in with Barranco Resources NL.
- **Bell Rock Range** – Nickel-Copper-PGM Farm-out to Anglo American Exploration.

Website: www.reedresources.com

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