

ASX RELEASE

7 November 2014

Australian Patent Granted for Lithium Hydroxide Process

HIGHLIGHTS

- Patent for production of high purity Lithium Hydroxide
- Semi- Pilot Plant in US successfully achieves 200hr of operation at 80% efficiency.
- Results confirm potential to deliver lowest-quartile operating costs as indicated in Pre-feasibility Study 2012.

Reed Industrial Minerals Pty Ltd (“RIM”) is pleased to announce the Company has been granted a patent from IP Australia over its proprietary process to produce high-purity lithium hydroxide (“LiOH”) directly from spodumene (lithium) concentrates. RIM holds the Mt Marion Lithium Project (Project) in Western Australia. RIM is owned 70:30 Reed Resources Ltd (ASX: RDR) (“Reed”) and leading mining services provider Mineral Resources Limited (ASX:MIN)(“MRL”). MRL funds and operates the project through its subsidiary, Process Minerals International Pty Ltd.

This patent is the first granted member of the extensive patent family for lithium hydroxide, with other patents filed or under examination in the US, Canada, Chile, China and Malaysia.

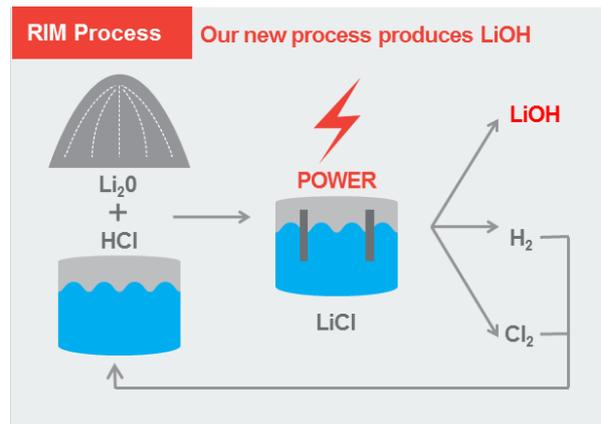
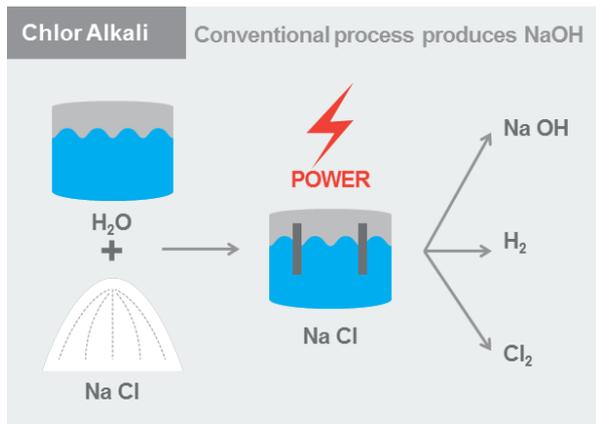
The semi-pilot scale demonstration plant conducted by specialist chlor-alkali laboratory Process Technology Optimisation in Buffalo, USA has successfully achieved 200 hours of operation at 80% efficiency. The test work demonstrates the reproducibility of the successful purification and electrolysis of lithium chloride solutions, and the suitability and durability of the ion exchange membrane for commercial operation.

Advantages of the RIM process include:

- Ability to utilise existing Chlor-alkali and new Chlor-Alkali package-plants to produce LiOH, and
- high current efficiency in electrolysis that has the potential to deliver competitive unit production costs, and
- very low impurity levels in final product without additional purification phases.

Reed and MRL are working to develop RIM into an independently financed, advanced minerals company that will be an integrated lithium compound producer and supplier to the Lithium Ion battery industry. Strategic discussions are in progress with third parties with the aim of developing an appropriate business structure for the commercialisation of the RIM process technology. Discussions remain preliminary and there can be no assurance that a binding proposal will emerge. Reed and MRL will keep the market informed as matters develop further.





LITHIUM MARKET

The prominent, respected lithium industry researchers forecast a large and sustained increase in the demand for high-purity, battery-grade lithium hydroxide and carbonate at compound rates of approximately 20% pa. The growth is underpinned by continuing use of rechargeable batteries in consumer electronics and increased market penetration of battery electric and hybrid electric vehicles (EV and HEV) in commercial and private applications. The current median prices for battery-grade lithium hydroxide and lithium carbonate are US\$7,600 and US\$6,400 per tonne, respectively, on a CIF basis to Europe and US respectively (source: Industrial Minerals 30 October 2014). Based on public announcements by an established global supplier, a market price increase of around 10% has been foreshadowed in 2015.

ENDS

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Competent Persons Statement

Information in the report that relates to metallurgical test work results is based on information compiled by Dr Yatendra Sharma of Guardian Agchem Pty Ltd, a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Dr Sharma, Managing Director, is employed by Guardian Agchem Pty Ltd and compiled the metallurgical testwork results. Dr Sharma has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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". Dr Sharma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document that relates "Mt Marion Mineral Resource Estimates" is extracted from ASX Releases 9/12/2013. The Company confirms that all material assumptions and technical parameters underpinning the estimate 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

About Mineral Resources

Mineral Resources (ASX: MIN) is a leading Australian based diversified mining service, contracting, processing and commodities production company. Since its foundation in 1993, the company has grown through strategic business development, consolidation and acquisition and now has a portfolio of market leading brands including Crushing Services International, PIHA, Process Minerals International, Polaris Metals and Mesa Minerals.

Mineral Resources has developed a strong reputation for the cost effective delivery of its services and products to the resources and infrastructure sectors. These operations have been supplemented by the acquisition of 100% of Polaris Metals and a majority stake in Mesa Minerals (ASX: MAS) and supports Mineral Resources' strategy to become a major volume player in the contracting and steel making commodity market.

Website: www.mineralresources.com.au



Figure 1 Location Plan

| Category (JORC, 2012) | Tonnage (Mt) | Li ₂ O (%) | Fe ₂ O ₃ (%) |
|-----------------------|--------------|-----------------------|------------------------------------|
| Measured | 2.0 | 1.45 | 0.93 |
| Indicated | 4.8 | 1.39 | 1.22 |
| Inferred | 8.0 | 1.3 | 1.3 |
| Total | 14.8 | 1.3 | 1.2 |

Table 1 Mt Marion Resource Table for 0.3% Li₂O cut-off