Reed Resources commences drilling of high priority nickel targets in the Yilgarn Craton

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ASX listed Reed Resources confirms that drilling has commenced at its Green Dam and Mt. Gordon nickel sulphide targets, located in Western Australia at Yilgarn.

Reed, with strong existing projects in Lithium and titanium, sees these targets as highly prospective for nickel.

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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 advises that it has commenced drilling nickel sulphide targets at the Green Dam and Mt Gordon

prospects in the Yilgarn region of WA.

Reed has built a significant nickel exploration package with demonstrated nickel sulphide prospectively 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) holding the balance and being free-carried up to a decision to mine. (Continuity is inferred between the Mt. Finnerty and Lake Johnston Greenstone Belts)

Mt. Gordon Prospect (80%)

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.

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.

Green Dam (100%)

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.

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.

Comment

Reed is a 4th generation family mining company, whose aim is to add value to its nickel portfolio through early-stage exploration success, and for it to become independently financed with a dedicated, experienced management team.

Reed Resources is mainly 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.

With considerable cash in the bank, a low market cap, and multiple quality projects in its portfolio, in a safe jurisdiction, Reed look an attractive investment proposition at this price.