

GOLD RESOURCE EXTENSION DRILLING & TESTWORK UPDATE

Reed Resources Ltd (ASX:RDR) is pleased to announce additional high grade gold drill results which extend the strike of the Princess Grace resource (130,000t @ 2.5g/t Au for 10,300oz gold) at its Comet Vale Project, 100km North of Kalgoorlie. Reed believes that the Princess Grace could be exploited by shallow conventional open pit mining along with the adjacent Sand Prince West and Northern lode (121,000 t @ 2.39 g/t Au for 9,300 oz gold using a 1g/t cut-off).

Recent drill results include **5m @ 9.39g/t Au from 5m**, 6m @ 3.5g/t Au from 28m, 6m @ 3.27g/t Au from 29m and 7m @ 2.61g/t Au from 3m and extend the strike to 250m. These intercepts are within fresh rock with minimal weathering within the profile (Figure 1). Importantly, the interpreted controlling structure (the Princess Grace thrust) remains untested over a further ~2km of strike.

The gold mineralisation is within stacked quartz veins associated with intermediate porphyries similar to those seen within the Sand George deposit. It is Reed's belief that they could represent the top of a new major gold deposit similar to the Sand George lodes (360,000 t @ 12.0 g/t Au) that are currently being mined approximately 250m to the east.

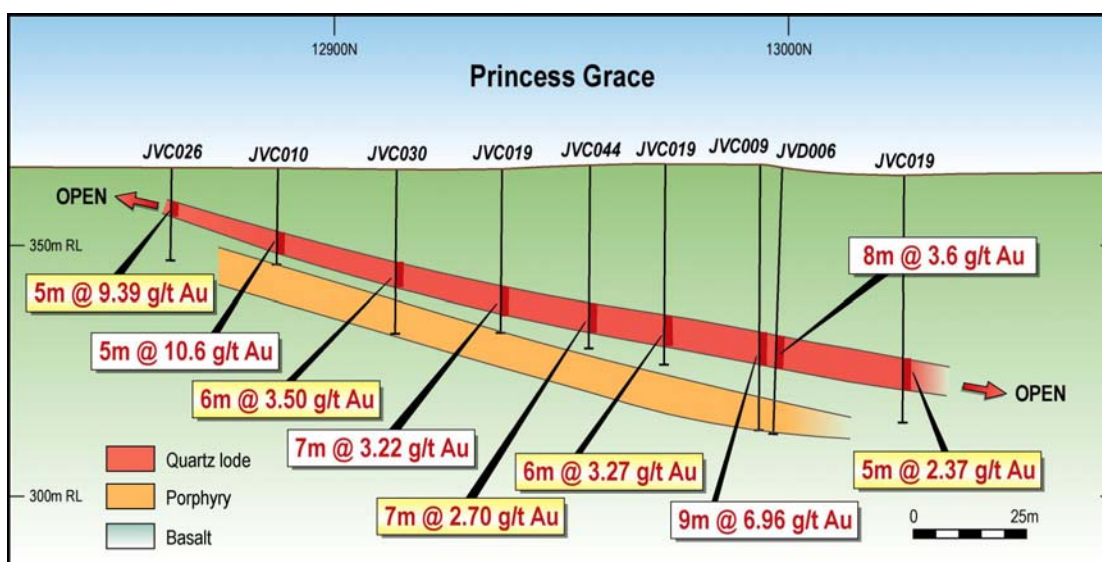


Figure 1. Princess Grace long section showing infill drill results in yellow.

Forward Work Program

The latest drill results will be incorporated into a new resource estimate, upgrading the classification of the current inferred resource which will enable pit-optimisations to commence. Three pre-collars have been drilled in preparation for diamond drilling, to test the Princess Grace down dip and along strike of the current resource envelope. RC drilling to commence next week will test part of the 2km strike length of the controlling structure, the Princess Grace thrust.



Process Testwork

Confirmation column-leach testwork is being undertaken to evaluate extraction via **low-cost vat-leaching**. Initial testwork by Independent Metallurgical Laboratories indicates excellent recoveries and low reagent consumption from ore crushed as coarse as 6.63mm. Previous owners successfully treated over 150,000 tonnes in vats during the 1980's and 90's. There are existing vat pads, tailings and waste dumps on the mining lease (Figure 2). The testwork and pit-optimisation results expected by the end of June, will form the basis of a scoping study for the re-establishment of a vat-leaching operation to treat the Company's growing inventory of wholly-owned open-pittable gold ore.

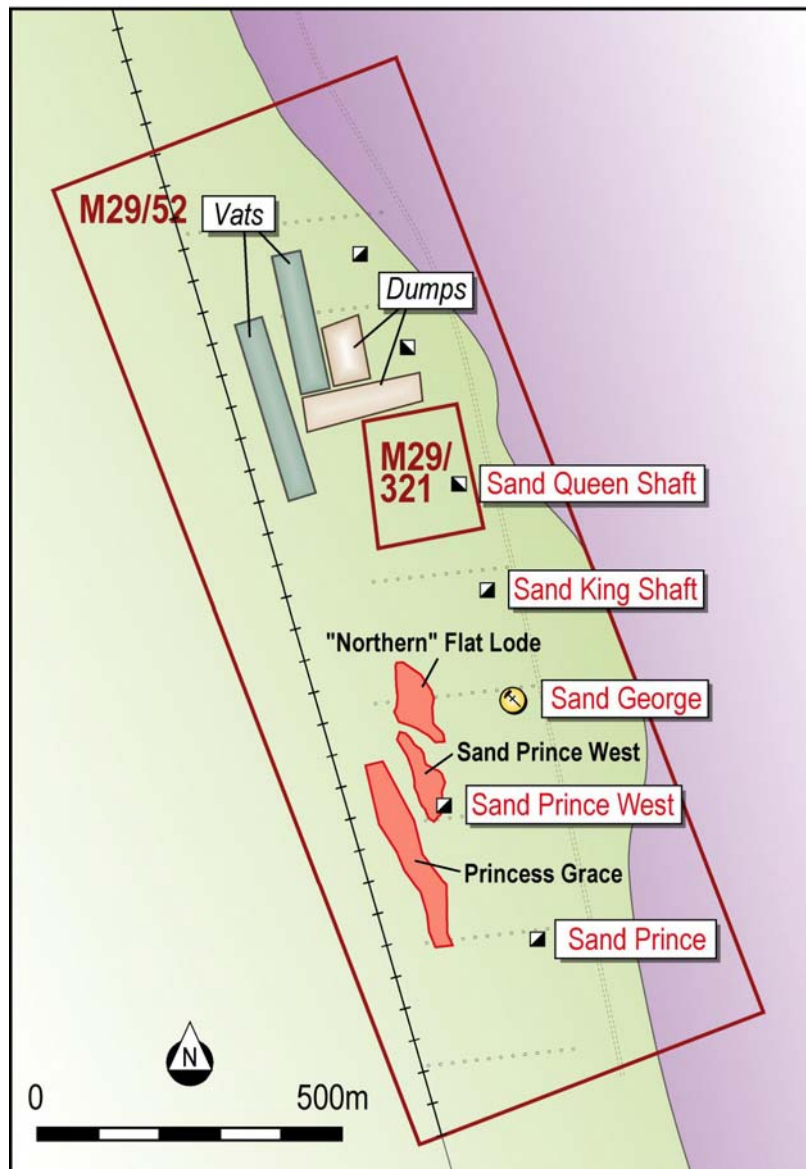


Figure 2. Plan of shallow gold resources and existing infrastructure on Mining Lease 29/52.

Chris Reed

Chris Reed
Executive Director
Tel: 08 9322 1182

Table 1: Significant intersection from Recent RC drilling

Hole_ID	Hole_type	Northing	Easting	From	To	Width	Grade
JVC026	extension	12837.5	7660	5	9	5	9.39
JVC027	infill	12862.5	7650	20	22	2	1.26
JVC028	infill	12887.5	7642.5	21	27	6	2.43
JVC029	infill	12912.5	7645	21	24	3	0.75
JVC030	infill	12912.5	7632.5	28	34	6	3.50
JVC031	infill	12955	7640	19	24	5	2.18
JVC032	infill	12955	7627.5	30	34	4	2.95
JVC033	infill	12955	7615.0	34	39	5	0.85
JVC034	extension	13025.0	7587.5	52	57	5	2.37
JVC036	infill	12975.0	7635.0	20	27	7	1.68
JVC037	infill	12975.0	7622.5	29	35	6	3.27
JVC043	infill	12862.5	7660.0	3	12	9	2.61
JVC044	infill	12955.0	7648.0	12	18	7	2.70

1. Collar coordinates are local grid. All holes collared at 60° toward 089° on the local grid.
2. Samples are of RC drillchips analysed by Amdel using a 400g Leachwell.

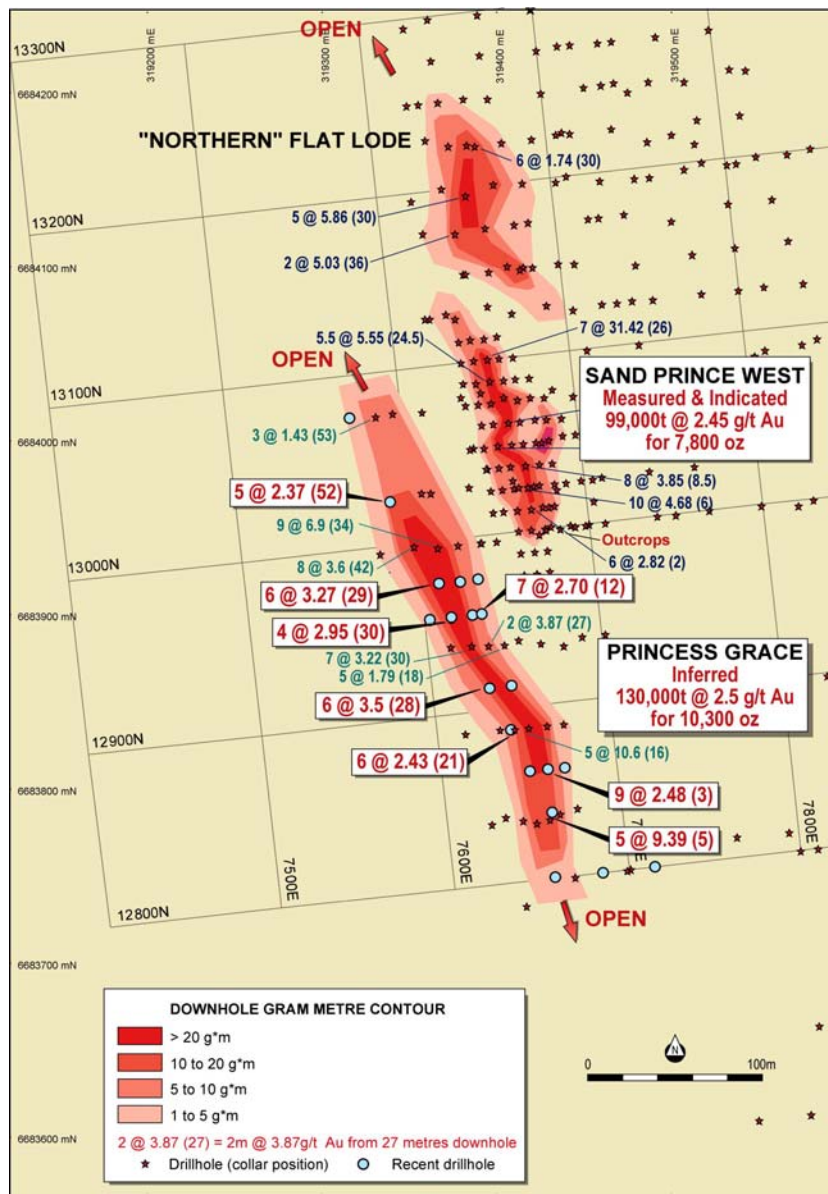


Figure 3. Gram/metre contour plan of the Princess Grace/ Sand Prince West Area. Recent results are in Red, historical intercepts within Princess Grace in light blue and Sand Prince West intercepts are in dark blue.

Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Mr. David Potter who is a member of the Australian Institute of Geoscientists.

Mr. David Potter (BSc, Dip FAI, MAIG), is a full time employee of Reed Resources Ltd. Mr. Potter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves'. Mr. Potter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Background

Reed Resources is a junior gold miner based in the Eastern Goldfields of Western Australia, with modest production and sound margins we are expanding and diversifying our production base.

Reed Resources has three main projects all in Western Australia.



Comet Vale - High-grade underground gold mine in JV with mining contractors, generating A\$5m per annum from 07/08. Nickel Laterite JV with Heron Resources NL.

Mt.Finnerty – Iron Ore JV with Portman Ltd
Nickel JV with Western Areas NL

Barrambie – Completing Bankable Feasibility Study on 20M lb per annum Vanadium Pentoxide operation.

Company Contacts

Telephone: +61 8 9322 1182
Fax: +61 8 9321 0556
Email: chris@reedresources.com
Website: www.reedresources.com
Address: 97 Outram Street
West Perth, 6005
Western Australia

Board of Directors

Executive Chairman: David Reed OAM
Executive Director: Chris Reed
Non-Executive Directors: Dr Peter Collins
Ian Junk