

Results to Date

Initial surface exploration by Portman identified several areas of surface iron enrichment with assays in excess of 60 % Fe spread over a distance of 35 kilometres along the strike of the greenstone belt.

Nine prospects, identified as FIN1 to FIN9 (Figure 1) were selected for a reconnaissance drilling campaign to test the depth extent of surface iron enrichment. The best drill results were obtained from the FIN9 prospect where all four drill holes returned significant intercepts of iron enrichment (>58 % Fe), as summarised below:

Hole ID	From (m)	To (m)	Intercept (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
MFRC023	5	17	12	60.09	2.94	2.20	0.080	7.77
MFRC024	16	26	10	59.88	3.54	1.67	0.096	6.80
MFRC025	13	34	21	59.72	2.77	2.74	0.120	7.94
MFRC025	73	77	4	60.19	4.71	1.70	0.029	6.56
MFRC026	22	32	10	58.73	3.59	3.03	0.130	8.26

Note: Details of drill holes and assay data per ASX Release 15 June 2006.

Reconnaissance drilling at the other prospects (FIN1-8), all south of Mount Finnerty, returned results with only thin bands of iron enrichment approaching ore grade mineralisation.

Forward Work Program

The results from the initial drilling program warrant further exploration, which has focused on the area north of Mount Finnerty toward Mount Walton (~20km strike). This work has included detailed geological mapping, surface sampling and geophysical interpretation to better delineate drill targets within the central and eastern BIF units. The next exploration program and budget is being prepared by Portman and will be submitted to the joint venture committee for approval.

It is the Board's view that a joint venture with such a successful and progressive company as Portman, particularly with its nearby Koolyanobbing operation and its rail and port infrastructure, would underwrite the potential for the development of the iron ore mineralisation on the Reed tenement holdings.

Impact of EPA Advice

On 14 May 2007, Western Australia's Environmental Protection Agency (EPA) released EPA Bulletin 1256 advising on recommended measures to protect areas deemed to be of high conservation value in proposed extensions to the Mount Manning Nature Reserve, including that:

- an A Class Nature Reserve to include the highest priority conservation areas be established;
- the precautionary principle be applied in relation to proposals to offset loss of highly habitat specific Banded Iron Formation endemic species through translocation to other sites.

Importantly, the entire Mount Finnerty Project is outside the priority area recommended by the EPA to become an A Class Nature Reserve, and therefore the company expects to be able to continue its exploration of them in accordance with its normal practice of environmental compliance. Reed Resources has completed full fauna and flora surveys on its tenure, and the prospective tenements been endorsed for iron ore under section 111 of the Mining Act.



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Technical aspects of this report have been compiled by Dr P Collins (BSc (Hons), PhD, MAIG), a director of Reed Resources Ltd. Dr Collins has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being reported to qualify as a Competent Person as defined in the JORC Code. Dr Collins consents to the inclusion in the report of the matters in the form and context in which it appears.

Although Reed remains optimistic about the potential of the Mount Finnerty tenements, any reference to the terms "iron ore", "ore" and "high-grade" in this report is conceptual in nature. Use of the term "grade(s)" is not intended to represent the grade of a resource.

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.