Reed Resources Ltd
ABN 89 099 116 631

97 Outram Street
West Perth WA 6005
Tel: + 61 8 9322 1182
Fax: + 61 8 9321 0556

BARRAMBIE RESOURCE ESTIMATE & PFS UPDATE

As part of the Pre-feasibility Study ("PFS") for the production of vanadium pentoxide (V_2O_5) from Barrambie deposit, independent mining consultants Ravensgate Pty Ltd have prepared an updated resource estimate.

Mineral Resource Estimate

Vanadium-titanium mineralisation outcrops at surface and has been extended down dip to a depth of approximately 80 metres below surface. This depth is considered to be a nominal limit for "low-cost" open pit mining.

The Mineral Resources listed below have been estimated using the Ordinary Kriging method and from a standard 3-D block model, following a thorough review of the localised deposit geostatistics. Careful consideration was given to localised variations in drilling and sampling density. Care has also been taken to include the geologic variation as logged, measured or modelled to refine ore zone definition. The effects of localised faulting and changes of oxidation state throughout the deposit were also incorporated.

The resource has been estimated over a strike length of 4.4 km between 7740N and 12110N (local grid). This is equivalent to about 40% of the expected total strike length of 11 km of vanadiferous-titaniferous magnetite mineralisation within Mining Lease M57/173. Most of the resource is over a 2.4 km strike length within the Bay-Cove area between 9700mN and 12110mN (local grid). Drill holes in the southern 2 km of strike length, referred to as the Gulf area, are not sufficiently close-spaced for most of this area to be included in the resource estimate (see attached plan). The deposit remains open to the north and south, and at depth.

Mineral Resource Estimate for the Barrambie V-Ti deposit at a lower cut-off grade of 0.30% V_2O_5

Category	Tonnes	Grade
Indicated	22,000,000	0.48 % V_2O_5, 10.6 % TiO_2
Inferred	26,000,000	0.51 % V_2O_5, 14.0 % TiO_2
TOTAL	48,000,000	0.496 % V_2O_5, 12.4 % TiO_2

Notes:

1. Resource estimates completed by Ravensgate Pty Ltd and associated data prepared by BFP Consultants and Reed Resources Limited.
2. The reported tonnages and grades are in accordance with the guidelines and recommendations of the JORC Code (December 2004).

LISTED ON AUSTRALIAN STOCK EXCHANGE

3. Drill data used at Barrambie is from Diamond Drilling and Reverse Circulation Drilling. Assay determinations were carried out by atomic absorption and XRF techniques.
4. Drill hole samples were composited to uniform 1m "down-hole" lengths.
5. Variograms were developed and interpreted by Ravensgate Pty Ltd to define the observable spatial relationship of the V, Ti and Fe assay grades.
6. Density has been calculated from down-hole nuclear densometer readings and from Diamond Core density measurements.
7. Block sizes for Barrambie were 8x20x5m (X,Y,Z).
8. Block grades were interpolated into the 3-D block models using the Ordinary Kriging algorithm and were "constrained" according to the local ore zone geometry, and also the understood structural regime.

Resource Extension and Reserve Delineation Drilling

A low-altitude, high-intensity airborne geophysical survey over the Mining Lease is scheduled to be flown during June 2005. The aim of the survey is to confirm continuity of the vanadiferous-titaniferous magnetite mineralisation over the full length of the tenement (11km), as interpreted from surface mapping. The survey will also help optimise the interval between drill lines for a planned 10,000 metre RC/diamond drilling programme to upgrade and extend existing resources and to delineate reserves. Approval has been received from the DoIR for ground disturbance for the proposed drilling programme.

PFS Update - Metallurgical Testwork

Mineral Engineering Technical Services Pty Ltd (METS) are currently supervising test work to confirm the recovery of vanadium pentoxide from conventional salt roast-leaching of a gravity concentrate. Previous test work conducted by the Colorado School of Mines Research Institute recovered 80% of vanadium from roasting a gravity concentrate with 10% w/w sodium chloride (sea salt). The scope of the roast-leach testwork has been broadened to test the recoveries using sodium's carbonate, oxalate and sulphate, as reagents to further optimise the process flowsheet. The test work program is being performed by AMMTEC on PQ-size diamond core from the Bay-Cove area of the deposit.

Gravity concentrates produced from the drill core at two sizes gave the following results:

Grind Size um	Recovery mass %	V_2O_5 mass %	SiO_2 mass %	Al_2O_3 mass %
106	25.9	0.85	1.8	1.15
250	37.3	0.83	2.43	1.53

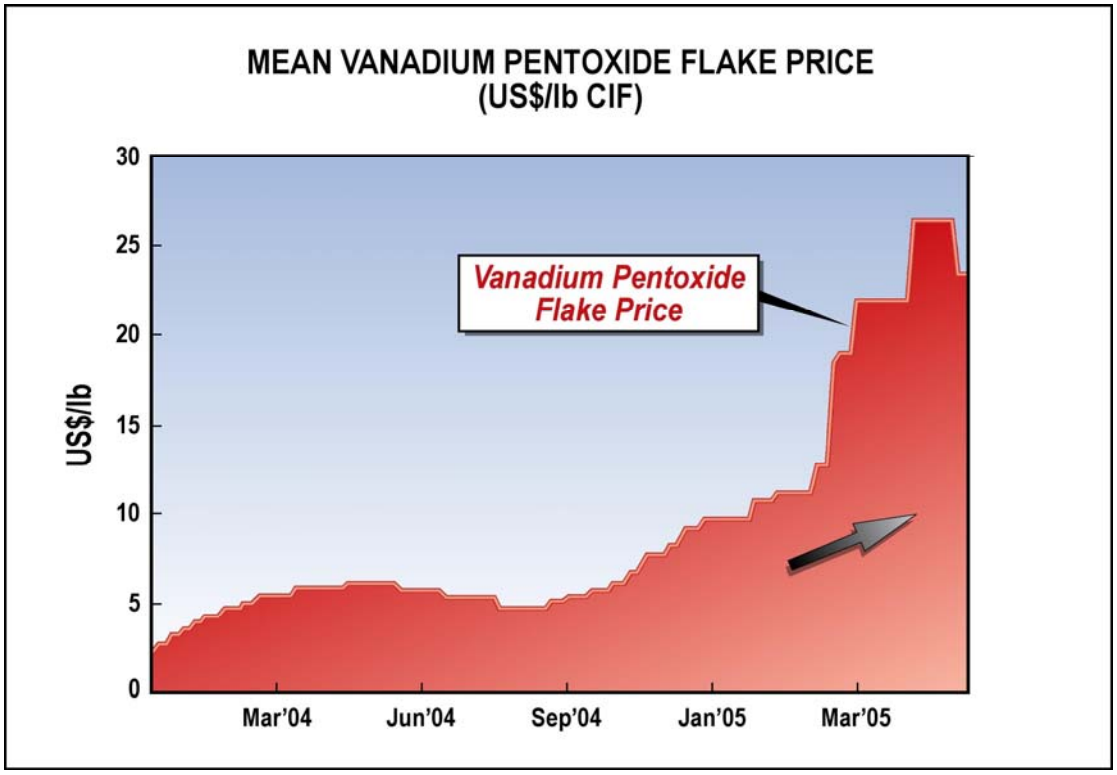
It should also be noted that tailings from the gravity circuit contain an average 24% TiO_2. Although titanium recovery is not being evaluated during this test work, it highlights an option for future titanium production from the deposit.

Accordingly, the following parameters have been forwarded to consulting engineers Sinclair Knight Merz who are designing and costing the construction of a processing plant:

Mill throughput	**2.0 Mt p.a.**
Gravity concentrate	**600,000 tonnes p.a.**
V_2O_5 Flake production	**8,000,000 lbs p.a.**
Titanium – rich tailings	1.4 Mt p.a. @ 24% TiO_2

Market Price

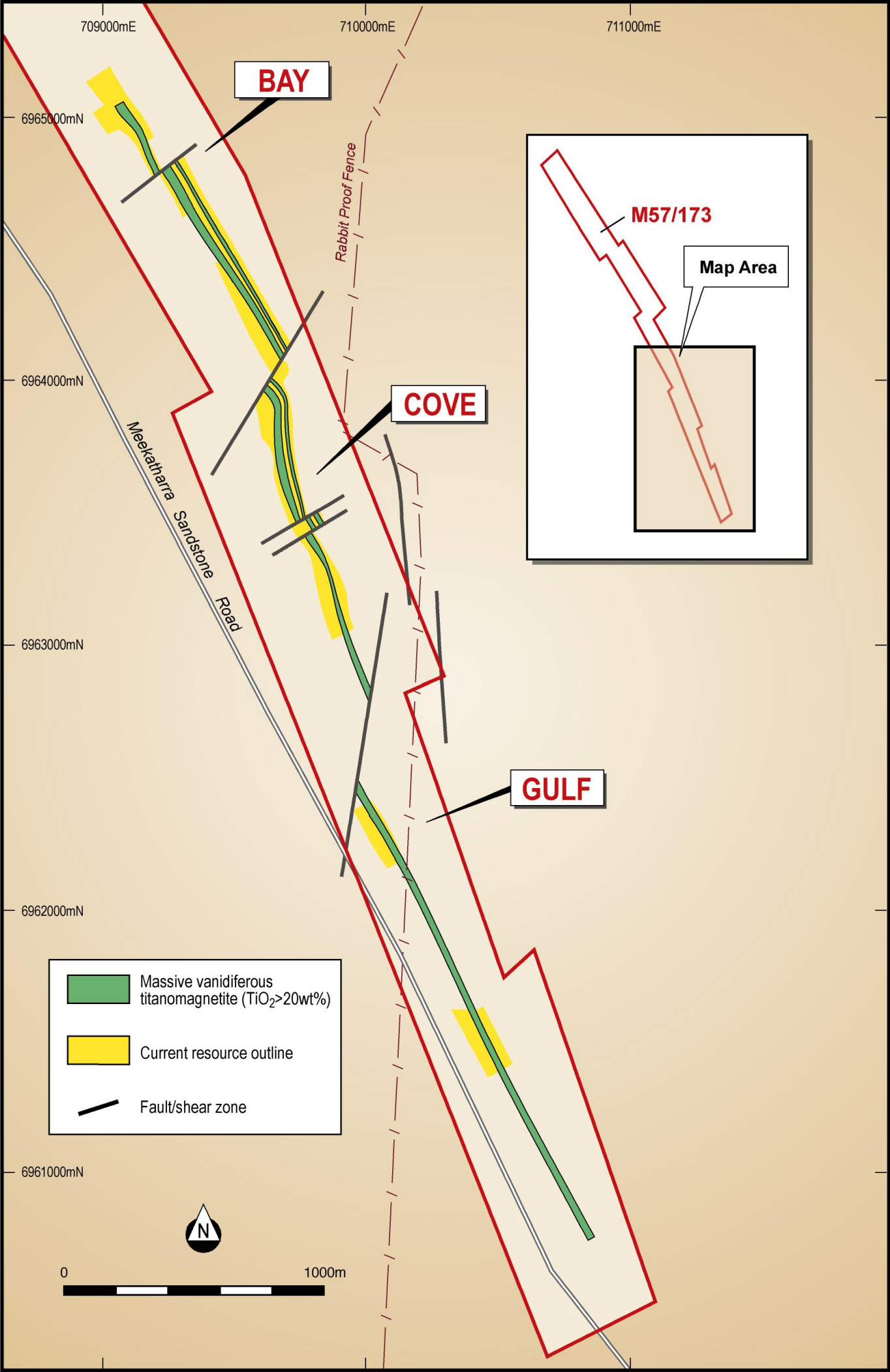
The current price of vanadium is quoted by the Ryans Notes at US$24/lb (31 May 2005). The primary use for vanadium is to harden steel.



Source: Ryans Notes

C J Reed
EXECUTIVE DIRECTOR

Indicated and Inferred Mineral Resources detailed in this statement are in accordance with the JORC Code for Reporting of Mineral Resources and Ore Reserves (2004) and have been compiled by Mr Stephen Hyland, an employee of Ravensgate Pty Ltd, consulting geologists. Mr Hyland is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience that is 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 under the Code. Mr Hyland consents to the inclusion in the report of the matters in the form and context in which it appears.


709000mE
710000mE
711000mE
6965000mN
6964000mN
6963000mN
6962000mN
6961000mN
BAY
COVE
GULF
Rabbit Proof Fence
Meekatharra Sandstone Road
M57/173
Map Area
Massive vanidiferous titanomagnetite (TiO_2>20wt%)
Current resource outline
Fault/shear zone
N
0
1000m