

23 March 2006

Company Announcements Office
Australian Stock Exchange Limited
Via Electronic Lodgement

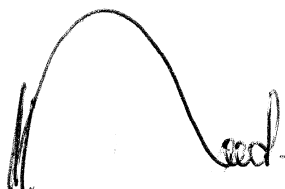
Dear Sirs,

Placement for Working Capital

The Board of Reed Resources Ltd (ASX Code RDR) is pleased to advise that it has reached an in-principle agreement to raise \$1.25 million through the placement of 5,000,000 shares to sophisticated investor clients of Hartleys Limited. The shares to be issued are within the discretionary capacity of the board under the ASX Listing Rule 7.1.

It is contemplated that a s.708(6) Corporations Act notice will be given to the ASX at or about the time of the issue.

The proceeds shall be applied toward working capital for the Company.



David John Reed
Executive Chairman

