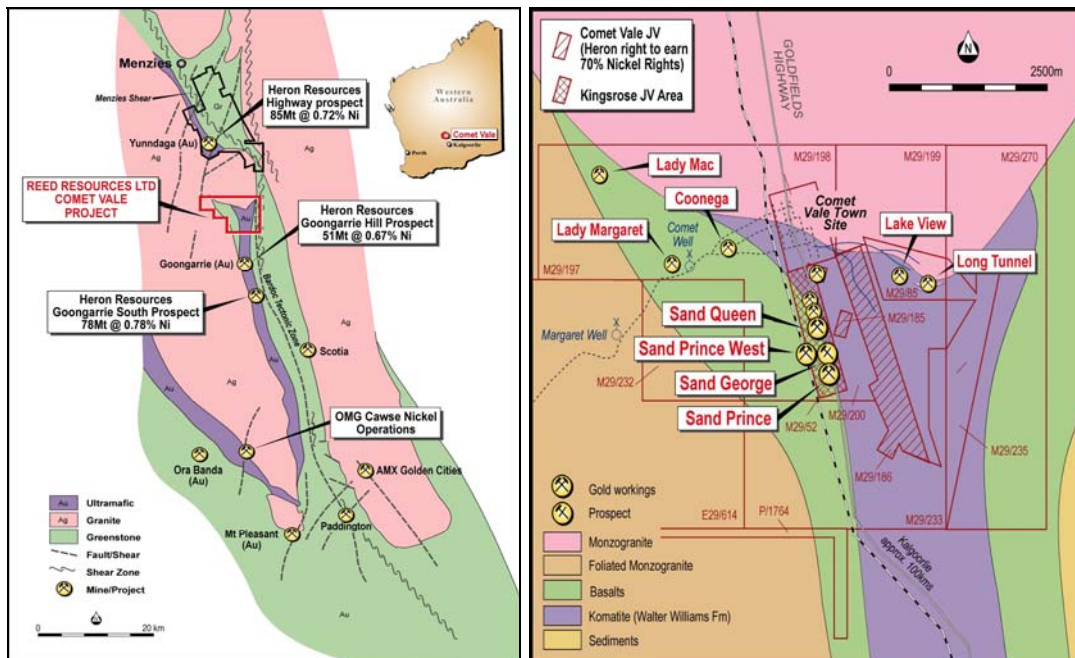


COMET VALE NICKEL LATERITE JOINT VENTURE COMMENCES

The Directors are pleased to announce the commencement of Comet Vale Nickel Laterite Joint Venture with Heron Resources Limited ("Heron")(ASX:HRR).

Background

The original agreement was between Golden State Resources NL ("Golden State") and Gilt-Edged Mining NL ("GEM") whereby Golden State may acquire an interest of up to 80% in the nickel/cobalt laterite potential over part of two mining leases at Comet Vale near Menzies in Western Australia. Heron assumed Golden State's interest and Reed acquired the GEM tenements in 2003.



Under the agreement, Heron is required to sole-fund exploration expenditure of at least \$300,000 to earn 70% interest in the nickel/cobalt laterites within three years from the grant of M29/186. Heron is to sole-fund the next \$100,000 of expenditure at which point Reed can elect to contribute or revert to a 20% interest free carried until a decision to mine. The interest of a diluting party converts to a 1.75% net smelter return royalty if its interest falls below 10%.

Reed retains a 100% interest in the gold/copper/tungsten rights in respect of the joint venture tenements.

The project tenements include 3 strike kilometres of the prospective Walter Williams Formation, the geological horizon that hosts all significant known nickel/cobalt laterite mineralisation in the Menzies - Cawse nickel laterite province.

A handwritten signature in blue ink, appearing to read 'D. Reed', with a large, sweeping arch over the first part of the name.

David Reed
EXECUTIVE CHAIRMAN

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.