

BARRAMBIE VANADIUM PROJECT - FEASIBILITY STUDY UPDATE

As part of the recently commenced Feasibility Study, the Company has commenced an intensive drilling programme to upgrade and extend existing mineral resources at the Barrambie Vanadium Project, which is located about 80 km north of Sandstone.

The first stage of the drilling programme will require 10,000 to 15,000 metres of reverse circulation (RC) drilling, which will test the mineralisation to a depth of 50-60 metres below surface, the planned depth for the initial mining operation. Drilling results will also be used to test for variations in V, Ti and Fe grade along strike and between massive and disseminated mineralisation. This phase of the drilling programme will also include a small number of shallow cored drill holes for initial metallurgical and geotechnical test work.

The RC drilling is aimed at confirming continuity of the vanadiferous magnetite-ilmenite mineralisation throughout the entire 11 km strike length of the granted Mining Lease (M57/173). Interpretation of a low-level, high-intensity airborne geophysical survey, flown in June 2005, has already indicated that the vanadiferous magnetite-ilmenite mineralisation is continuous throughout the full length of the tenement, with minor fault offsets (Figure 1).

Several highly respected professional organizations have been secured to undertake the key work scopes for the feasibility study, which is being managed by Mr. Ken Hellsten. These include:

- Resource modelling and reserve estimation will be completed by the Snowden Group.
- Mineral Engineering Technical Services (METS) will deliver specialist process and engineering advice including definition of testwork programs.
- Sinclair Knight Merz (SKM) to provide study management and coordination services, process definition including management of test work programs, engineering design, infrastructure and utilities, capital and operating cost estimates and project implementation plans.
- Aquaterra have been appointed to manage environmental and water resource programs for the project.

The overall feasibility study will be an SKM document.



Chris Reed
EXECUTIVE DIRECTOR



Competent Persons

Information in this report that relates to Exploration Results is based on information compiled by Dr Peter Collins (BSc(Hons), PhD, MAIG). Dr Collins, a Director of Reed Resources Ltd, has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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'. Dr Collins consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

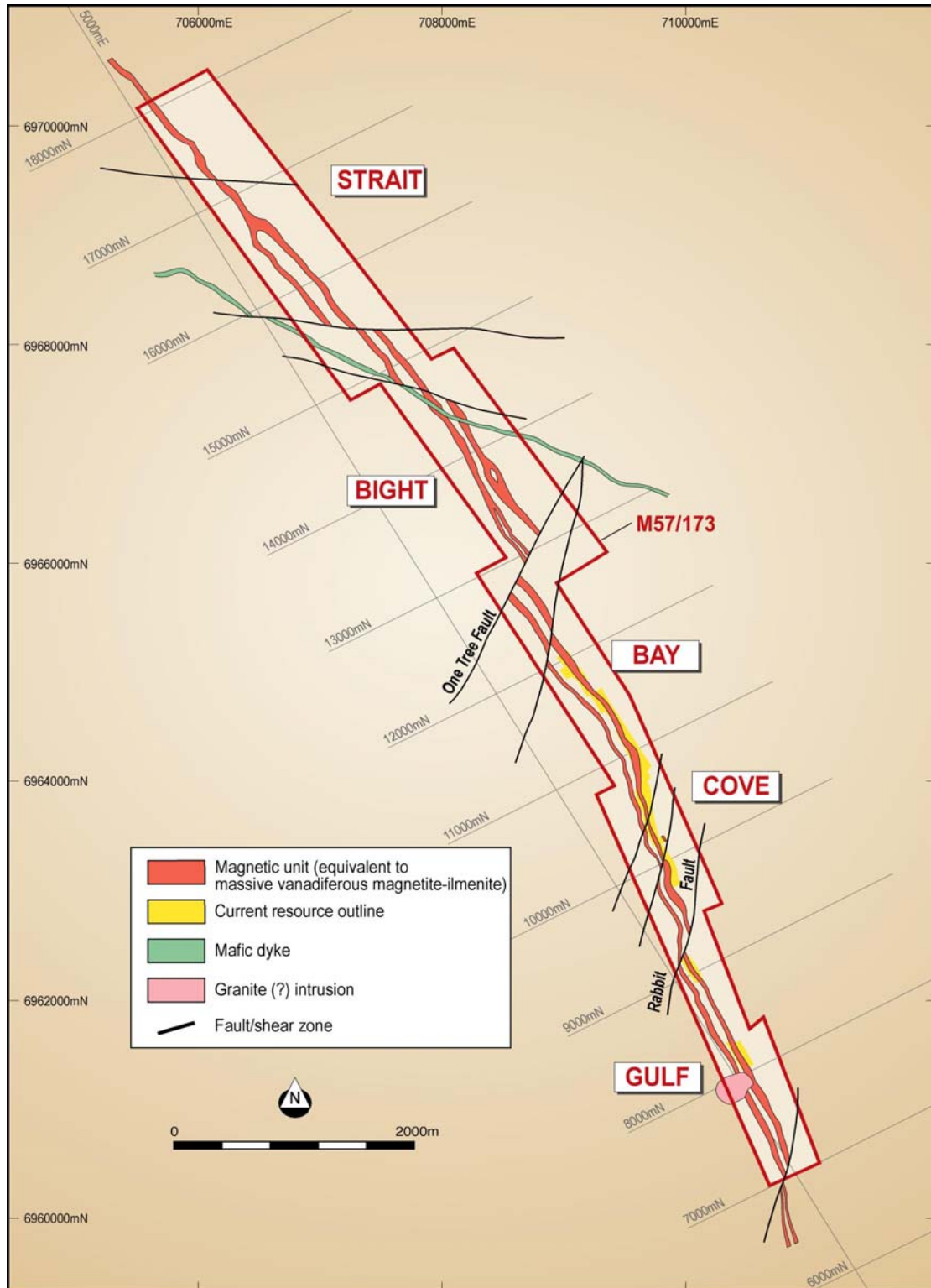


Figure 1 Continuity of massive vanadiferous magnetite-ilmenite bands, as indicated by strongly magnetic units, throughout the full strike length of the Barrambie V-Ti project.