

12 OCTOBER 2007

**A\$16.25 MILLION PLACEMENT TO COMPLETE BARRAMBIE VANADIUM  
DEFINITIVE FEASIBILITY STUDY AND ADVANCE PROJECT  
DEVELOPMENT**

**Highlights**

- A\$16.25m raised at \$0.65 per share to institutional and sophisticated investors
- Barrambie vanadium project DFS now fully funded
- Extensional resource drilling currently underway at Comet Vale gold project
- Major drilling programs on nickel and iron ore projects about to commence
- Company has substantial working capital reserves

Reed Resources Ltd (ASX: RDR) is pleased to announce it has received irrevocable commitments to a capital raising of A\$16.25 million via a placement of 25 million new shares at A\$0.65 per share. The placement will be subject to shareholder approval at the Company's Annual General Meeting to be held on 26 November, 2007.

The placement was arranged by Transocean Securities Pty Ltd (AFSL No. 230 161).

The Company is pleased to report that the placement has been significantly oversubscribed and will be corner-stoned by major existing UK institutional shareholder RAB Capital plc. The remaining shares will be placed with other institutional and sophisticated investor clients of Transocean..

Reed is anticipating an exciting 12 months with the placement funds being used to accelerate its exploration, development and production projects in Western Australia

- **Barrambie Vanadium Project (Reed 100%)** – Reed's 100% owned Barrambie vanadium project is the highest grade of all major Australian vanadiferous magnetite resources, 23.6Mt @ 0.82% V<sub>2</sub>O<sub>5</sub> (Indicated and Inferred Resource, as per ASX Announcement 8/8/07), and is set to be amongst the lowest quartile cost primary producers in the world. Reed has signed a Marketing and Sales Agreement with a leading global commodity trader, dominant in the vanadium market, for the first ten years of production and expects the fully funded DFS to be completed by June 2008



- **Comet Vale Gold JV (Reed 50-100%)** – Reed has increased the resource base at Comet Vale to 136,000oz @ 12g/t Au (Indicated and Inferred Resource, as per ASX Announcement 28/7/06). Comet Vale is a JV between Reed and experienced underground mining contractors Kingsrose with Reed retaining 100% of open pit resources. Low cost and low risk production at Comet Vale is expected to net \$5 million in annual cash flows to Reed from 2007/08 to help underpin future growth
- **Iron Ore JV (Reed 20%)** – Reed is in a JV with Australia's third largest iron ore exporter, Portman Limited, targeting an initial 5-10Mt\* of DSO within trucking distance of Portmans's 8Mtpa Koolyanobbing Mine. The JV area encompasses over 35km of enriched BIF which is attractively low in impurities and suitable for blending. Outstanding exploration results indicate potential for multiples of the original target and the JV has over 250 RAB/RC holes planned for this quarter
- **Nickel JV (Reed diluting to 35%)** – Reed has entered into a JV with one of Australia's most successful nickel development companies, Western Areas NL, to explore for nickel sulphide deposits in an area with multiple high MgO ultramafics over 45km of strike. Upcoming exploration program includes EM/IP surveys to refine four high priority targets delineated from geochemical anomalies and drill testing with over 300 RAB holes to generate additional targets for EM/IP.

For further information please contact:

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*Geological aspects of this report that relate to Exploration Results have been compiled by Dr Peter Collins (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 on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves. Dr Collins consents to the inclusion in the report of the matters in the form and context in which it appears.*

*(\*) The potential target is conceptual in nature and there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the determination of a mineral resource.*