

MAIDEN RESOURCE ESTIMATE FOR NEW GOLD DISCOVERY

Reed Resources Ltd (ASX:RDR) is pleased to announce the initial resource estimate from its new gold discovery, the Princess Grace, at its Comet Vale Project, 100km North of Kalgoorlie.

An independent resource estimate undertaken by Cube Consulting (Cube) confirms an Inferred Mineral Resource of 130,000 tonnes @ 2.5 g/t Au for 10,300 ounces of gold. The new inferred resource is over ~200m of strike and down to a vertical depth of ~50m and remains open along strike and at depth. Further, the interpreted controlling structure (the Princess Grace thrust) remains untested over a further ~2km.

Reed believes that the Princess Grace could be exploited by shallow conventional open pit mining along with the adjacent Sand Prince West and Northern lode (121,000 t @ 2.39 g/t Au for 9,300 oz gold using a 1g/t cut-off)

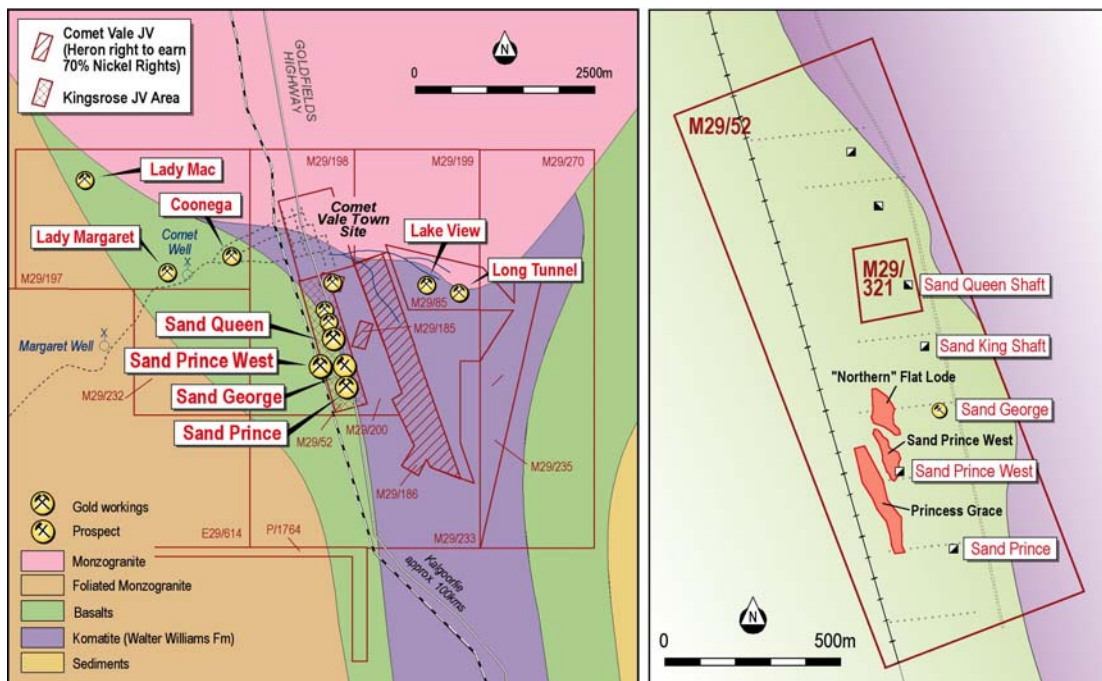


Figure 1. Tenement Plan of Comet Vale Project and plan of shallow gold mineralisation on Mining Lease 29/52.

Drill results within the resource include 5m @ 10.63g/t from 16m, 9m @ 6.9g/t from 34m, 7m @ 3.22g/t from 30m and 8m @ 3.6g/t. These intercepts are within fresh rock with minimal weathering within the profile.

The gold mineralisation is hosted within moderately dipping stacked quartz veins associated with intermediate porphyries, similar to those seen within the Sand George deposit (360,000t @ 12g/t Au), currently being mined 250m to the east. The higher grades are found where the vein is at its widest and shows a shallow plunge to the north-north east (figures 2 and 3).

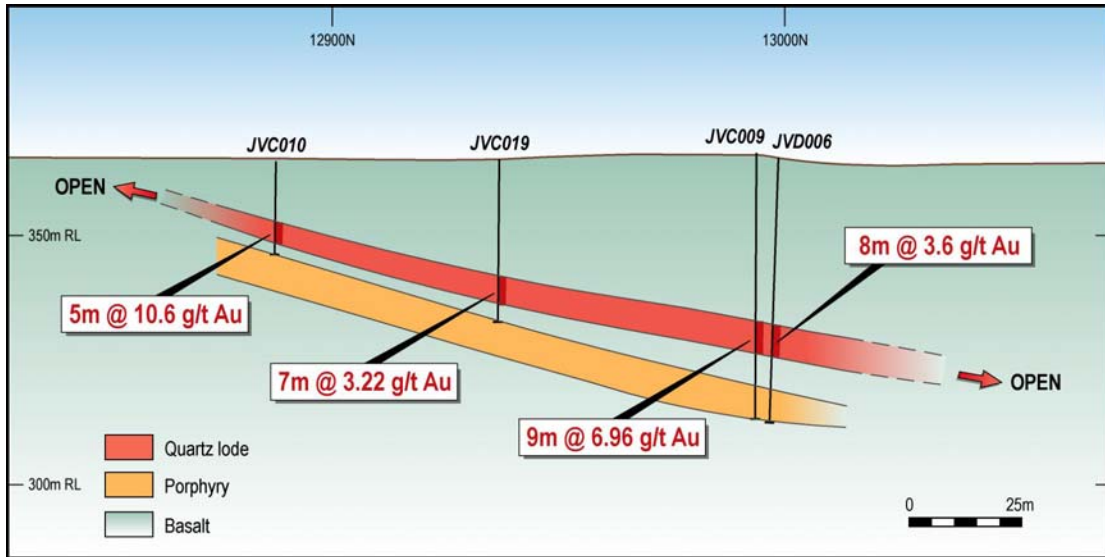


Figure 2. Princess Grace longitudinal diagram showing high grade plunge.

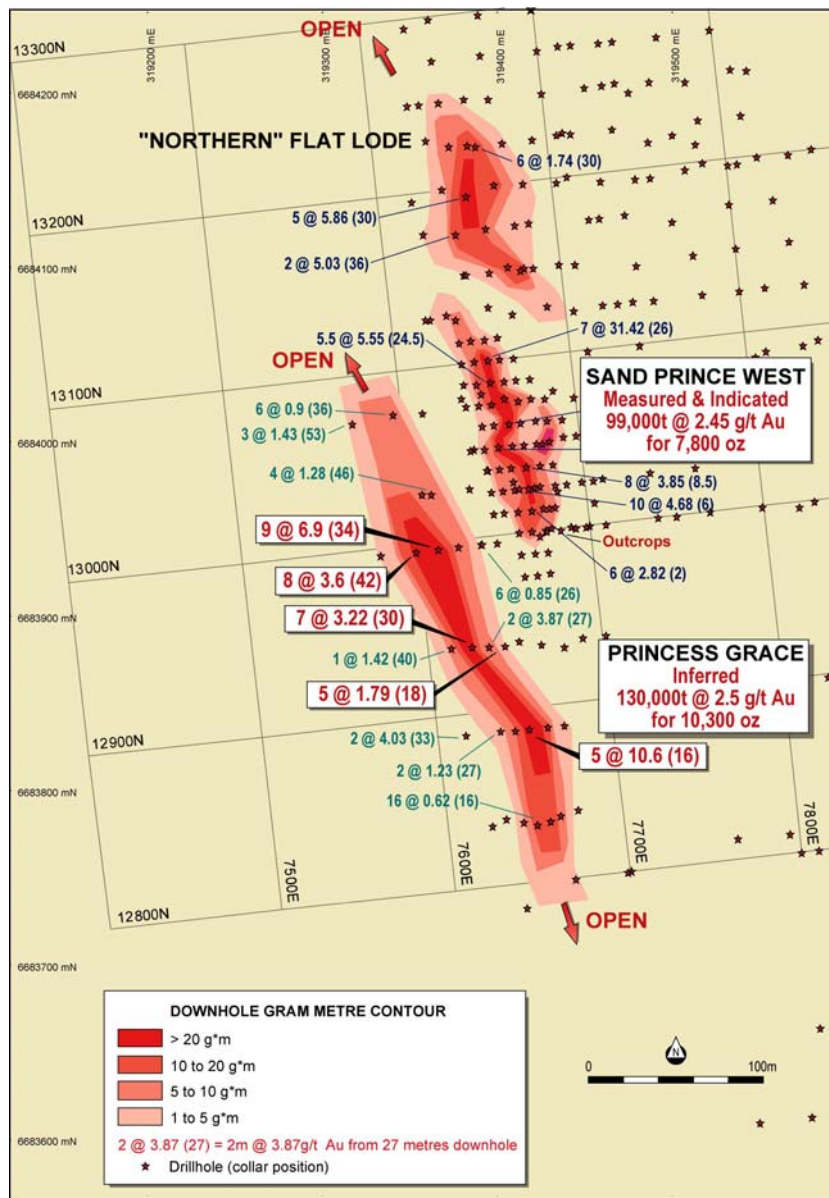


Figure 3. Princess Grace downhole gram*metre contour plan

Forward Work Program

Infill and extensional RC drilling has recently been completed on the Princess Grace, with assay results pending. A new resource estimate will commence this month, which will enable an upgrading of classification of the resources. This in turn will enable pit-optimisations to be undertaken on the Sand Prince West and Princess Grace resources.

Chris Reed

Executive Director

Tel: 08 9322 1182

Competent Persons

Information in this report that relates to Mineral Resources is based on information compiled by Mr Mark Zammit a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and Mr David Potter a member of the Australian Institute of Geoscientists (AIG).

Mr Zammit is employed as a consultant at Cube and produced the resource estimate based on assay data and geological interpretations provided by Reed Resources Ltd. Mr Zammit has sufficient experience 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 as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". Mr Zammit consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mr David Potter (BSc, Dip FAI, MAIG), a full time employee of Reed Resources Ltd, provided drilling results and geological interpretations for Mineral Resource estimates. Mr Potter has sufficient experience 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 as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". Mr Potter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Resource Estimate

A summary of total Princess Grace Global Resources remaining within the mineralised interpretation above a 0 g/t lower cut off as of April 30th 2007 is shown in the table below.

Category	Volume	Tonnes	Gold g/t	Metal (oz)
Inferred	48,000	130,000	2.5	10,300
TOTAL	48,000	130,000	2.5	10,300

Table 1. Total Princess Grace Global Resource Tabulation

Category	Volume	Tonnes	Gold g/t	Metal (oz)
Inferred	45,000	121,000	2.6	10,100
TOTAL	45,000	121,000	2.6	10,100

Table 2. Princess Grace Project Tabulation using 1.0 g/t gold cut-off

Category	Volume	Tonnes	Gold g/t	Metal (oz)
Inferred	24,000	66,000	3.6	7,600
TOTAL	24,000	66,000	3.6	7,600

Table 3. Princess Grace Project Tabulation using 2.0 g/t gold cut-off

Background Data

Cube Consulting Pty Ltd (Cube) was requested by Reed Resources Ltd (Reed) to undertake an estimation of the Princess Grace gold resources as of April 30th 2007. Cube is an Australian owned company providing geological consulting services, contract staff placements, and software systems to the resources and industrial sectors.

The aims of the estimation project were as follows:

- Provide a global resource estimate of the mineralised zones within the Princess Grace project area.
- Report the resource estimate in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).
- Provide an independent review of the interpretation of mineralisation and if appropriate incorporate the interpretation into the resource estimation process.
- Provide technical input to resource classification and reporting of resource in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

Modelling Process

Cube was provided by Reed with a set of validated interpretations and the dataset for the mineralised zone within the Princess Grace area. The interpretations were based on predominantly geological controls, particularly the presence and proportion of quartz veining rather than raw gold grade. Duplicate sampling and size fraction studies show grade distribution to be highly variable. For these reasons the resource has used a lower cut of 0g/t gold. Statistical analysis within each of the interpolation domains was used to identify the need for any high-grade cutting and the appropriate level to apply the cut. After examination of the position of these potential outliers within the 3D data, it was deemed unnecessary to apply any high-grade cuts. The estimation of block grade was undertaken using Ordinary Kriging.

Mineral Resources - Compliance with the JORC code assessment criteria

Cube in collaboration with Reed have classified and reported the Princess Grace resources in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

Cube has not undertaken any independent assaying of material from the Princess Grace Project and has based this classification on information provided by Reed.

The quality of drilling information for the Princess Grace Project has been entirely the responsibility of Reed. It is Cube's assessment that Reed's drilling and sampling procedures are appropriate and of sufficient quality to allow the classification as detailed. This collaborative approach to classification adopted by Cube and Reed has resulted in the entire resource being classified as Inferred. The main criteria for this were the combination of a high relative nugget and drill spacing no closer than 25m x 12.5m.

Reed Resources is a junior gold miner based in the Eastern Goldfields of Western Australia, with modest production and sound margins we are expanding and diversifying our production base.

Reed Resources has three main projects all in Western Australia.



Comet Vale - High-grade underground gold mine in JV with mining contractors, generating A\$5m per annum from 07/08. Nickel Laterite JV with Heron Resources NL.

Mt.Finnerty – Iron Ore JV with Portman Ltd
Nickel JV with Western Areas NL

Barrambie – Completing Bankable Feasibility Study on 20M lb per annum Vanadium Pentoxide operation.

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