

BARRAMBIE VANADIUM PROJECT
FINAL MINERAL RESOURCE ESTIMATE

13 FEBRUARY 2009

Highlight

New Mineral Resource estimate by Snowden increases the Barrambie Resource by 80% to **65.2Mt** and confirms Barrambie as an **exceptionally high-grade deposit with 0.82% V₂O₅** (using a 0.5% V₂O₅ block cut-off grade).

MINERAL RESOURCE ESTIMATE

The Company is pleased to advise a substantial increase in Mineral Resources at the Barrambie vanadium deposit to a total **Indicated and Inferred Mineral Resource** estimated at **65.2Mt** at **0.82% V₂O₅, 17.3% TiO₂** and 49.2% Fe₂O₃, at a block cut-off grade of 0.5% V₂O₅ (Table 1).

The Mineral Resource has now been estimated over a strike length of 10.5km between 7535 mN and 18000 mN (local grid). This is the total strike length of vanadiferous-titaniferous magnetite mineralisation within Mining Lease M57/173 (Figure 1).

Mineral Resource estimation has been undertaken by Snowden Mining Industry Consultants Pty Ltd ("Snowden"). It includes assay results from the latest phase of drilling, as well as mineralisation and weathering interpretations based on the new drilling data. The Resource is reported by weathering type ('oxide', 'transitional' and 'fresh') and resource classification at a block cut-off grade of 0.5% V₂O₅ (explanatory notes are provided in Attachment 1). This cut-off grade is a natural well-defined boundary for the higher grade massive magnetite bands that will be the principal target for selective mining of the deposit.

The Resource has been modelled to a depth of about 60 metres below surface, which is the limit of drilling, and remains open at depth and along strike (Figure 1). The depth limit of 60 metres has been applied as this is the planned depth for initial open pit mining of the deposit.

The estimated Mineral Resource grade of 0.82% V₂O₅ at block cut-off grade of 0.5% V₂O₅ will enable the Company to achieve a very high head grade for feed to the processing plant.



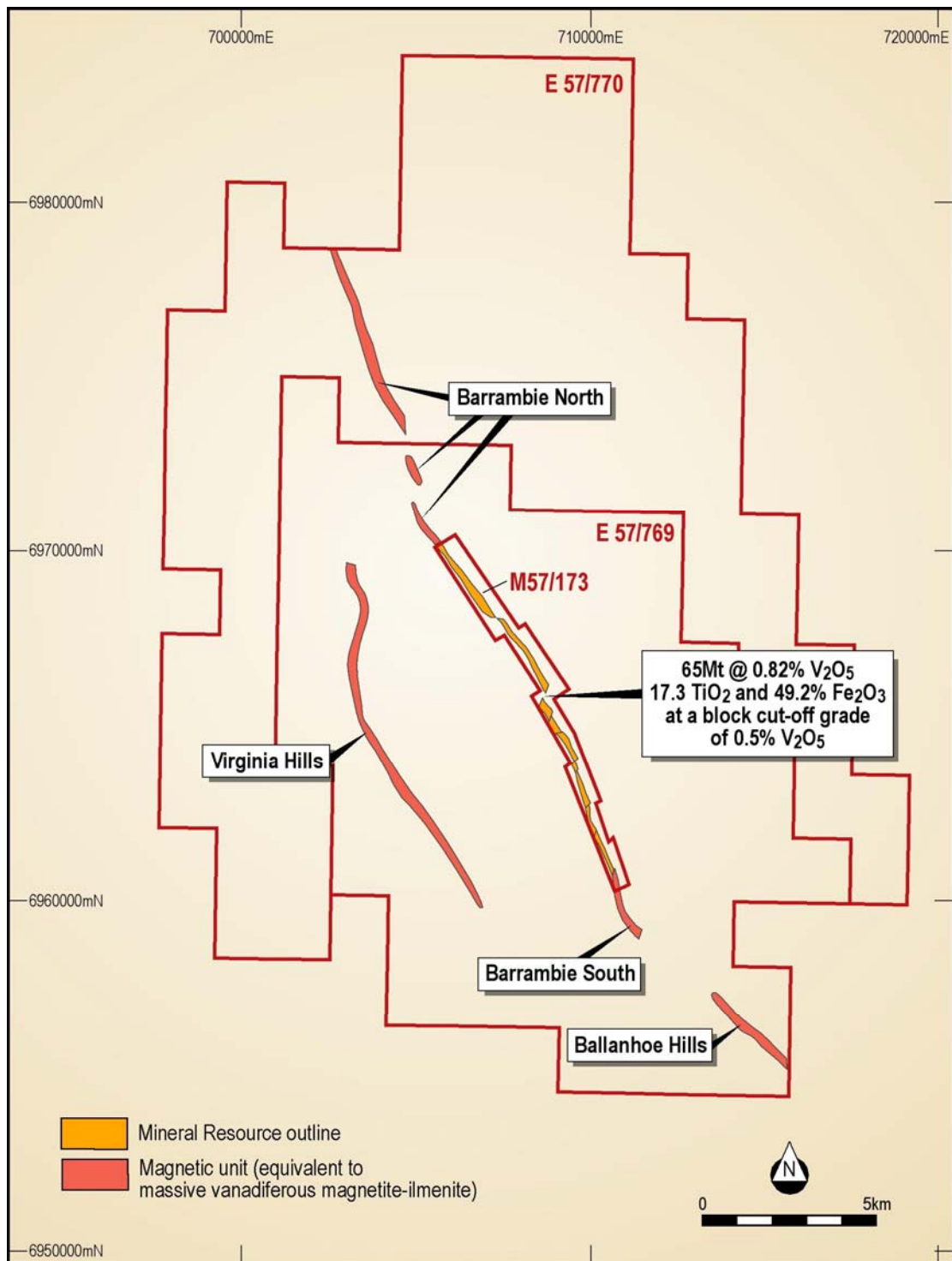


Figure 1 Plan of the Barrambie Vanadium project showing an outline of the Mineral Resource within M57/173. Distribution of vanadiferous magnetite mineralisation along strike and to the west of Barrambie is based on interpretation of aeromagnetic survey data.

Table 1 Mineral Resource estimates for the Barrambie V-Ti deposit, as at January 2009, for a block cut-off grade of 0.50% V₂O₅ (Attachment 1)

Category	Ore type	Tonnes (Mt)	V ₂ O ₅ (%)	TiO ₂ (%)	Fe ₂ O ₃ (%)
Indicated	'Oxide'	33.5	0.83	16.9	46.8
	'Transitional'	12.9	0.81	18.3	52.6
	'Fresh'	2.7	0.73	18.8	56.5
	Sub-total	49.2	0.82	17.3	48.9
Inferred	'Oxide'	3.0	0.82	15.4	46.3
	'Transitional'	5.1	0.81	17.5	49.7
	'Fresh'	7.9	0.81	17.7	52.0
	Sub-total	16.0	0.81	17.2	50.2
Total	'Oxide'	36.5	0.83	16.7	46.7
	'Transitional'	18.0	0.81	18.1	51.8
	'Fresh'	10.7	0.79	18.0	53.2
	Total	65.2	0.82	17.3	49.2

All tonnage and grade figures have been rounded down to two or three significant figures, respectively; slight errors may occur due to rounding of values.

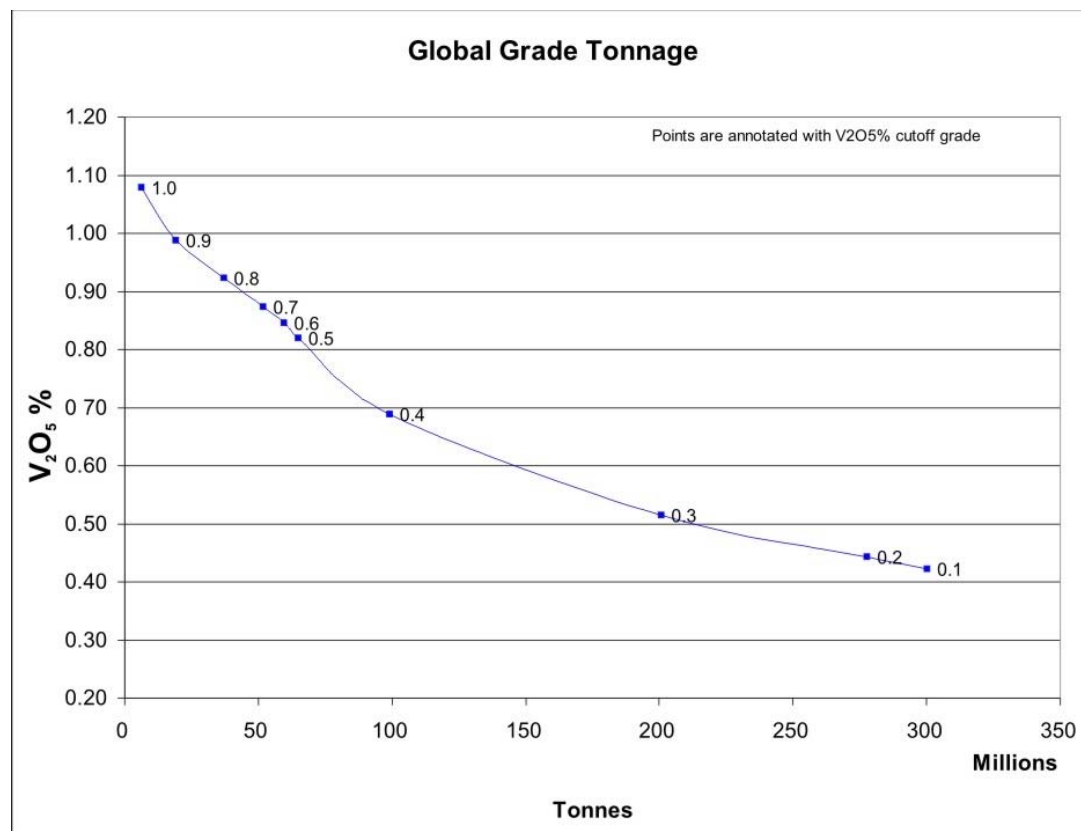


Figure 2 Global tonnage~grade curve for the Barrambie vanadium deposit, at specified cut-off grades (diagram compiled by Snowden Mining Industry Consultants Pty Ltd).

Attachment 1. Notes to accompany Mineral Resource estimates:

1. Resource estimation has been completed by Snowden Mining Industry Consultants Pty Ltd ("Snowden") using the geology, weathering, mineralisation interpretations, drilling and density data supplied by Reed Resources Ltd ("Reed").
2. The reported tonnages and grades are in accordance with the guidelines and recommendations of the JORC Code (December 2004).
3. The resource estimate is based on 796 reverse circulation (RC) and 41 diamond drill holes; of these, 782 RC and 36 diamond drill holes were drilled by Reed in 2007 and 2008. Snowden has reviewed the drilling and sampling database underlying the resource estimate and has undertaken an analysis of the available QAQC data. Snowden believes that the drilling data is of sufficient quality to support the resource classifications applied to the Barrambie Mineral Resource estimate
4. Assay determinations were carried out by XRF analysis, as outlined in previous announcements (2 March, 4 April, 1 May, 14 June and 23 July 2007), except for four early diamond drill holes which used AAS.
5. Variograms were developed and interpreted by Snowden to define the observable spatial characteristics of the V_2O_5 , TiO_2 , Fe_2O_3 assay grades.
6. Block grades were interpolated into a 3D block model with a block size of 10 mE by 40 mN by 5 mRL, and a minimum subcell resolution of 0.25 mE by 10 mN by 1.25 mRL.
7. Ordinary block kriging was used to estimate V_2O_5 , TiO_2 , and Fe_2O_3 grades into the block model reflecting the interpreted mineralised zones and the interpreted structural regime. Where appropriate, grade capping was applied prior to estimation. Search ellipses and ranges used in the estimation reflect the spatial continuity and the mineralisation trends of the mineralised domains.
8. Densities were applied to the block model using multiple regression equations with Fe_2O_3 , SiO_2 and Al_2O_3 derived from density measurements taken from diamond drill core. There were a total of 86 diamond drill core samples taken for density measurements. The average densities of the blocks for the Indicated and Inferred resource at the 0.5% V_2O_5 cut-off grade are 2.83 t/m³ for 'oxide', 3.33 t/m³ for 'transitional' and 3.86 t/m³ for 'fresh'.
9. The drill spacing at Barrambie is predominantly 100 m X 25 m and the along strike maximum grade continuity range for V_2O_5 in the Eastern and Central bands is 200 m. Mineralised zones where the drill spacing is 100 m by 25 m have been classified as Indicated Resources, except in some areas where kriging variance has identified lower confidence grade extrapolation. These areas are included in the Inferred Resources.
10. Mineralised zones that have been extrapolated below the base of drilling are classified as Inferred Resources, and the extrapolated portion of the resource below the base of drilling constitutes 67% of the Inferred Resource tonnes.
11. Snowden's recommended resource classification is based upon a number of criteria, including the geological confidence, the integrity of the data, the spatial continuity of the mineralisation as demonstrated by variography, and the quality of the estimate.