

1 SEPTEMBER 2008

## STRATEGIC LAND ACQUISITION

### Highlights

- Acquisition of 400 sq km of ground surrounding the Barrambie Vanadium Deposit from Prime Minerals Limited
- More than doubles the strike length of Barrambie Layered Intrusive Complex, which hosts the Barrambie Vanadium Deposit.

Reed Resources Ltd (ASX: RDR) is pleased to advise it has expanded its landholdings around its Barrambie Vanadium Deposit through the acquisition of Australian Vanadium Corporation Pty Ltd, a subsidiary of Prime Minerals Limited (ASX:PIM). Australian Vanadium Corporation Pty Ltd holds two Exploration Licence applications, E57/742 and E57/743, which encompass an additional 14km of strike extensions of magnetic formations within the Barrambie Intrusive Complex (see map next page).

### Summary of Agreement

- \$1m cash;
- 2 million Ordinary Shares in Reed Resources Ltd;
- 2% Net Smelter Royalty of production from within the relevant tenement area;
- Original Vendor free carried to 20% until completion of Bankable Feasibility Study.

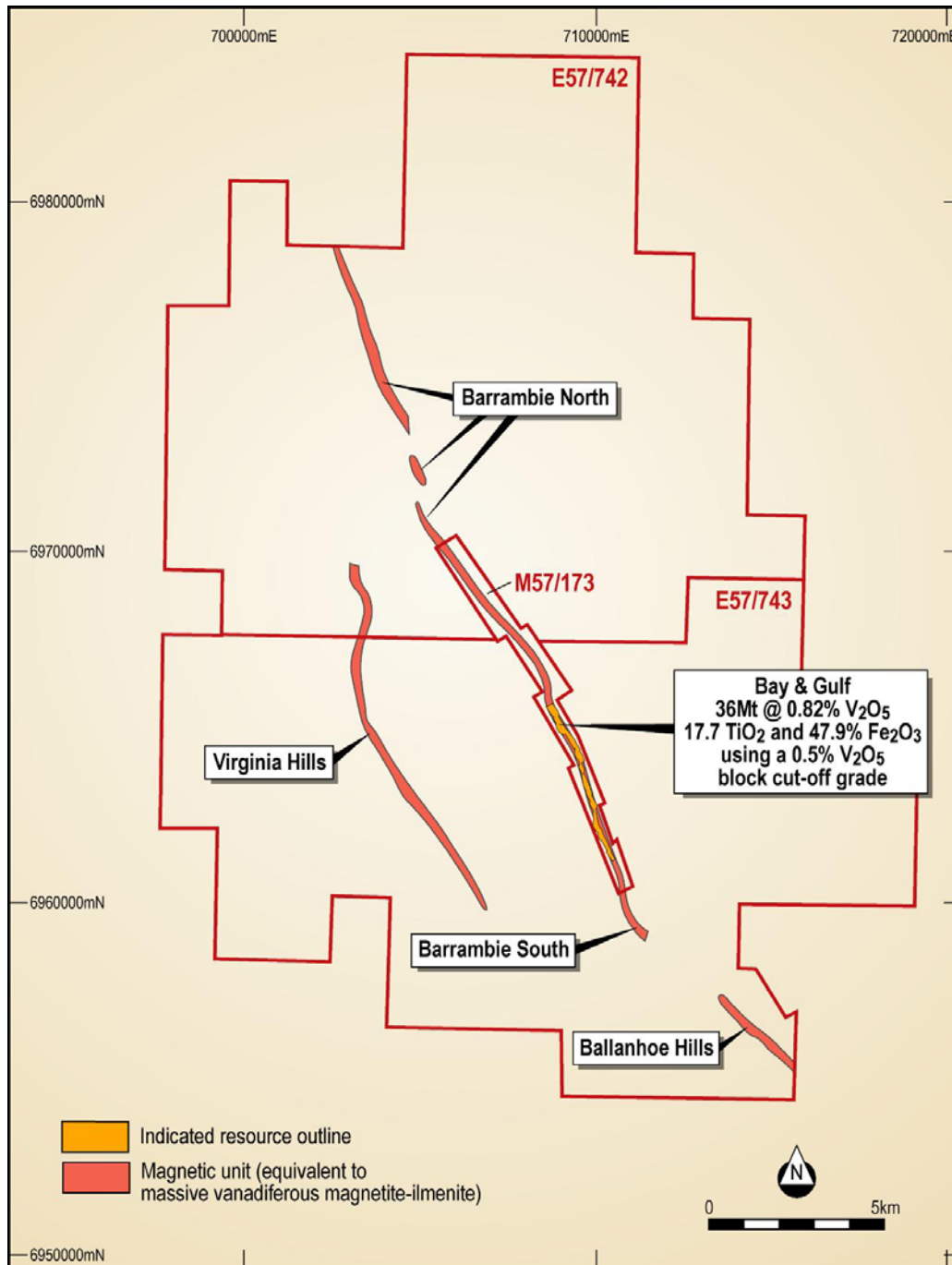
Geological and geophysical data for E57/742 and 743 confirms that there is excellent potential for extension of the same type and grade of mineralization as currently being assessed within the Company's central mining lease (M57/173) over an additional strike length of 14 km. This is slightly more than the mineralized strike length in M57/173.

Acquisition of these tenements represent a major strategic land package that will allow Reed to further grow its resource base and to place our plant infrastructure and waste dumps in their optimal positions as the Company continues fast tracking of the development of its flagship Barrambie Vanadium Deposit.



Chris Reed  
Managing Director





**Figure 1** Plan of Exploration Licenses E57/742 and E57/743, surrounding Mining Lease M57/173, showing extensions of the magnetic formations to the north and south of the current Barrambie vanadium resource.

*Geological aspects of this report have been compiled by Dr Bryan Smith (MAIG, MAusIMM), of Bryan Smith Geosciences Pty Ltd, a consultant geologist to Reed Resources Ltd. Dr Smith 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 Smith consents to the inclusion in the report of the matters in the form and context in which it appears.*

Reed Resources is a diversified mining and exploration Company based in Western Australia, with modest gold production the Company is expanding and diversifying our production base into steel minerals.

Reed Resources has three main projects all in Western Australia.



**Barrambie** – Completing Definitive feasibility study on 5,000t per annum Ferrovandium operation.

**Comet Vale** - High-grade underground gold mine in JV with Kingsrose Mining Ltd, targeting 20,000 oz pa in 2008. Nickel Laterite Farm In with Heron Resources NL.

**Mt. Finnerty** – Iron Ore JV with Portman Ltd. Nickel Sulphide Farm In with Western Areas NL.