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BARRAMBIE VANADIUM PROJECT
FEASIBILITY STUDY UPDATE

4 AUGUST 2008

HIGHLIGHTS

- Mine planning indicates grade >0.8% V_2O_5 compared with design grade of 0.7% V_2O_5.
- Associated increased metallurgical recoveries necessitate partial plant redesign to accommodate >30% increase in output
- 30,000m RC drilling program completed over an extra 6km of strike for additional mineral resource and reserve estimations

Overview

Reed Resources Ltd. is pleased to provide an up date on the progress of its Definitive Feasibility Study (DFS) aimed at establishing Barrambie as the world's most technologically advanced vanadium mine and processing plant, thereby maximising the sustainable competitive advantages generated by the highest grade resource in Australia.

The DFS scope was based on a process plant capable of treating approximately 3.2 million tonnes per annum of vanadium bearing magnetite mineralisation at a grade of 0.7% V_2O_5 to produce 9,000 tonnes per annum of vanadium pentoxide (V_2O_5). This has been expanded to include downstream processing to 5,000 tonnes of contained Vanadium as Ferrovanadium (FeV_{80}).

Snowden's evaluation of the indicated resources identified a recoverable inventory within an optimised pit design which is significantly higher than that anticipated. Accordingly the roasting /refinery circuit of the process plant will be redesigned to accommodate the increased output associated with the increased grade of mineral inventory.

Further, ongoing testwork indicates additional revenue and cost benefits can be gleaned from a number initiatives. By carrying out the above program the Company expects to further enhance the financial returns from the Barrambie Vanadium Project before making a final decision to proceed with development early in the New Year.

Mineral Inventory

Snowden's have evaluated the resource by applying process operating costs, metallurgical recovery formulas, long term sales price of vanadium, geotechnical constraints and mining dilution factors to identify the recoverable inventory within an optimised pit design to a depth of 60 metres.

The total diluted pit inventory above economic cut-off grade and fixed cut-off grade of 0.55% V_2O_5 is as follows:

Total Diluted Inventory							
Zone	Rock Type	Mt	V_2O_5	Fe_2O_3	TiO_2	Al_2O_3	SiO_2
Central Strongly Oxidised	Oxide	10.1	0.83	44.83	11.98	14.87	19.28
Central Weakly Oxidised	Oxide	4.6	0.80	47.84	11.83	13.14	18.10
Eastern Strongly Oxidised	Oxide	4.8	0.74	47.10	26.62	8.41	11.65
Eastern Weakly Oxidised	Oxide	2.0	0.74	50.27	26.76	6.86	10.38
Total		21.4	0.80	46.48	16.56	12.33	16.51

The total material inside the pit is calculated to be 118.5 million tonnes.

As previously advised (7 May 2008), the total Indicated and Inferred Mineral Resource is estimated at 36.3 million tonnes at a grade of 0.82% V_2O_5. Only Indicated Resources (24Mt @ 0.82% V_2O_5) were evaluated in calculating the above inventory.

The resource is situated in the southern 5 kilometres of the 11 kilometre strike length of the vanadiferous magnetite mineralisation covered by the Company's Mining Lease (M57/173). The company has recently completed a program of ~30,000 metres of additional reverse circulation (RC) drilling designed to test the additional vanadium resource potential of the remaining 6 kilometres of magnetite bands to the north.

Results from the latest RC drilling program are expected to be available in the September quarter of 2008 which will enable a final resource and reserve estimate for the full 11 kilometre strike length of oxide ore in the December quarter 2008.

Metallurgical Testwork

During the course of the DFS, results of metallurgical test work have indicated significant increases to recovery and output levels are achievable from a number of initiatives.

Selective processing of the higher grade Central Zone produces a greater mass of higher grade concentrate than the more titaniferous Eastern Zone. The Central Zone mineralisation also has higher recoveries to final product. This grade/recovery relationship is consistent throughout the entire deposit.

In addition to selective processing from the Central Zone, a number of other initiatives are being evaluated, including:

- Continue to investigate the dynamics of the roasting process using laboratory scale roasting techniques in order to identify more efficient mixtures of salt and lower roasting temperatures.

- Excellent recovery results obtained using reverse flotation and SLon magnetic separators, which will be followed up during the optimisation program. This is expected to significantly improve the concentrate grade, improving overall recoveries of the process plant and enhance the project economics.

- Relocation of the electric-arc Ferrovanadium furnace from Barrambie to Kwinana to benefit from grid power as opposed to more expensive on site gas generated power.

- Production of vanadium trioxide (V_2O_3) as an intermediate product instead of vanadium pentoxide (V_2O_5), which reduces the amount of aluminium needed to be added to produce Ferrovanadium.

- Further metallurgical testwork planned for the primary mineralisation (ie, below the oxidised mineralisation at a depth of about 60 metres below surface) is included in investigations as a future source of ore. Results of recent tests indicate that a magnetite concentrate of 76% by weight can be prepared from primary mineralisation recovering 95% of the vanadium into a concentrate of 56% Fe and 1.24% V_2O_5. .

Market Price

The current price of vanadium is quoted in Ryan Notes at US $15.50/lb for V_2O_5 and US$70/kg of contained vanadium in Ferrovanadium (FeV_{80}) as at 1 August 2008.

DFS Completion Schedule		
Action	Status	Expected Completion Date
DFS Stage 3	Pending	Jan - Dec 2008
Stage 3 30,000m RC/Diamond Drilling Program	COMPLETE	May - July 2008
Stage 3 Resource Estimate - Snowdens	Pending	October 2008
Stage 3 Reserve Estimate - Snowdens	Pending	December 2008
Order Long Lead Items	Pending	December Q 2008
Optimised CAPEX, OPEX and Financial Model	Pending	January 2009
Decision to Mine	Pending	March Q 2009
Commissioning	Pending	1st Half 2011

Chris Reed
Managing Director

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.

References to Exploration/Production targets and Potential
While the company remains optimistic it will report increases in resources in the future, any discussion in relation to exploration targets, resource potential, reserves or 'ore' is only conceptual in nature.