

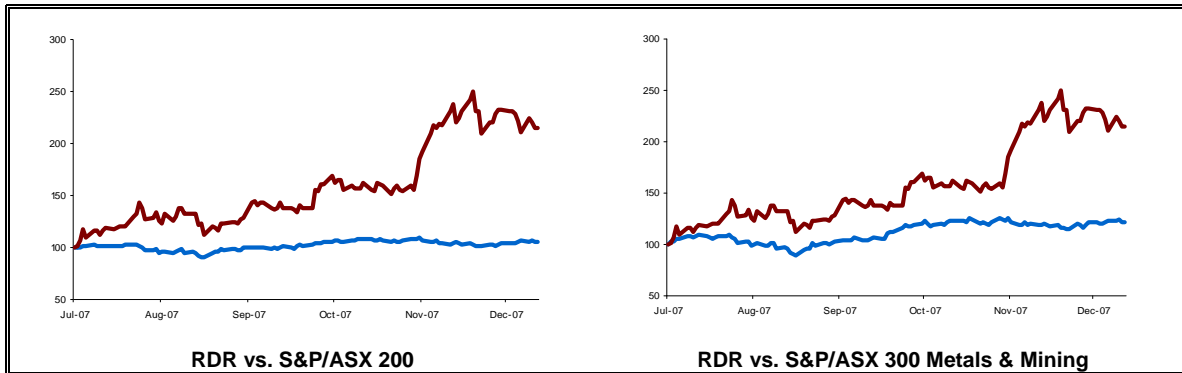
Key Highlights for 2007

- Vanadium
 - Barrambie Bankable Feasibility Study now fully funded
 - Exceptional metallurgical recoveries from roast-leach test work results indicate initial NPV of \$379 million readily achievable with a now likely 20 year mine life
 - Initial resource estimate of 80Mt @ 0.5% V₂O₅
 - **High grade component of 24Mt @ 0.82% V₂O₅ confirms Barrambie as highest grade of any major vanadiferous deposit in Australia**
 - **Indications are that Reed will be one of the lowest cost primary producers of vanadium pentoxide in the world**
- Iron Ore
 - Formed the Mount Finnerty Iron Ore Joint Venture with Portman
 - Identified multiple targets with potential for large channel iron deposits
 - **Exploration results suggest potential for multiples of original 5-10Mt target**
 - **TOS estimates every 1Mt of processed ore will net ~\$5 million to Reed**
- Nickel
 - Commenced the Mount Finnerty Nickel Joint Venture with Western Areas
 - Highly prospective tenure with multiple high grade targets over 45km of strike
 - **Initial exploration has identified four high priority nickel sulphide targets spread over 10km of strike with more expected**
- Gold
 - Full production achieved and regional exploration program underway
 - **JV partner Kingrose committed to expansion and increase production from 3,000 tonnes to 5,500 tonnes per month**
 - **Annual net cash flow to Reed expected to increase above \$5 million**
- Corporate
 - Placement and Share Purchase Plan raised A\$7m in March/April 2007
 - Private Placement raised A\$16.25m in October 2007
 - Broad shareholder base with great market exposure
 - **Reed has a significant working capital position and remains debt free**
 - **Well positioned to capitalise on the Chinese economic boom**

Another year of success in 2007...

2007 proved to be an outstanding year for Reed Resources Ltd (ASX: RDR) with a 100% rise in share price driven by significant advances across all of their Western Australian projects. In particular, a major initial resource estimate for Reed's 100% owned Barrambie Vanadium Project has seen the Company reposition itself from a gold producer to a potentially important supplier of steel inputs into the Asian steel industry.

Despite increasing volatility in Australian and overseas equity markets, Reed has continued to outperform both the S&P/ASX 200 and S&P/ASX 300 Metals & Mining indices in the new financial year (see charts overleaf).



While the sub-prime fallout and state of the US economy remain key concerns of investors the Australian mining sector will continue to benefit from China's economic development and increasing demand for raw commodities.

Reed is now poised to deliver its next phase of significant growth in 2008 as it continues to benefit from a strong and prudent management team, highly experienced JV partners, accelerates the development of all key projects across Western Australia and maintains a strong balance sheet and supportive shareholder base.

Reed is now positioned to be an important supplier of steel inputs into China...

Barrambie Vanadium (Reed 100%)

In January Reed announced the commissioning of a full Feasibility Study for the Barrambie Vanadium Project which is due for completion in June 2008. This followed a pre-feasibility study which indicated annual production of 20Mlb V_2O_5 from 2Mt ore over an initial 12 year mine life was both technically and economically feasible with a project NPV of A\$379 million.

JORC-compliant resources for Barrambie have now almost doubled to a huge 80Mt @ 0.5% V_2O_5 . Importantly, this initial resource estimate only covers 4.6km of 11km of strike and the high grade component of 24Mt @ 0.82% V_2O_5 is the highest of any deposit in Australia. RC/Diamond drilling is currently underway to extend and upgrade this resource by February 2008.

Mt Finnerty Iron Ore (Reed 20% / Portman 80%)

During November Portman drilled 240 RAB holes over a total length of 4,619 metres. Drilling has confirmed iron enrichment on seven of the lines of RAB drill holes over prospective paleochannels, intersecting up to 10m of mineralisation in holes averaging 20m depth. RAB samples are now being assayed with results expected in January. A reasonable guide as to the likely potential of the JV will be provided in the first half of 2008 with an initial resource estimate on the smaller FIN9 target.

Portman has also applied for an additional 400km² of tenure on behalf of the JV. Whilst this application is being processed further RAB and RC drilling will commence over the project area.

Mt Finnerty Nickel Sulphide (Reed 35% / Western Areas 65%)

During November Western Areas drilled an additional 126 RAB holes over a length of 3,956 metres and drilled a further 158 auger holes. Anomalous drill and soil samples from this drilling campaign are now being assayed and results are expected in January.

Western Areas has recently commenced a ground EM survey 1km wide and striking 2.5km over the highly prospective Richies Reward prospect. Any resultant anomalies will be tested by angled RC holes shortly thereafter. Further exploration will also be conducted at the Western Ultramafic sequence in the north that will consist of soil sampling and short RAB drill testing.

Comet Vale Gold (Reed 50% / Kingrose 50%)

During the last financial year Reed doubled the resource base at its high grade low cost producing Comet Vale mine to 136,000oz @ 12g/t. During November, Reed's JV partner Kingrose announced that it would expand exploration and development of the mine into the 4 and 5 levels and that it would also increase production from 3,000 tonnes per month to 5,500 tonnes per month.

Comet Vale is set to deliver Reed annual net cashflow in excess of \$5 million from 2007/08 which will help underpin further mine development. It is important to note that as part of the JV agreement Reed is retaining all open pit resources and gold endowment is currently 1,100oz per vertical meter and growing. Exploration potential at Comet Vale is high with more than 20km of anomalous gold structures yet to be tested.

An exciting year ahead in 2008...

2008 will be another exciting year for shareholders as Reed builds upon significant milestones achieved throughout 2007. Reed will continue to focus on the development of Barrambie with confirmation and pilot plant testwork, plant engineering design and final reserve estimate all due early in the year.

Shareholders can also expect significant news flow from Reed's iron ore and nickel JV projects as accelerated drilling programs and exploration work continue throughout 2008. Reed's Comet Vale gold mine will also continue to deliver sustaining cash flow to support the development activities of the Company.

Beyond 2008 shareholders can expect to benefit as Reed seeks to advance all exploration and development projects towards production while commodity prices are expected to remain well above long term averages. In the case of iron ore, Goldman Sachs and Merrill Lynch are forecasting contract prices to rise 50% in 2008 with further increases until at least 2010.

Key Developments for 2008

- Vanadium
 - Confirmation and Pilot Plant test work results to be completed in January
 - Final resource estimate by Snowdens expected in February
 - Final reserve estimate by Snowdens expected in April
 - BFS completed by June
- Iron Ore
 - RAB, Aircore and RC drilling of bedded and detrital targets to continue through March quarter
 - FIN9 resource estimate expected in first half of calendar year
- Nickel
 - Results from high impact EM/IP surveys, soil sampling and RAB drill testing from December 2007 quarter expected early in the year
 - Aggressive exploration program planned for first half of calendar year
- Gold
 - Level 4 and 5 expansion and development occurring in the New Year
 - Steady news flow from regional exploration work

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