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MOUNT FINNERTY IRON ORE DRILLING RESULTS

Reed Resources Ltd (ASX:RDR) announces the successful completion of RC drilling program by joint venture partner Portman Iron Ore Ltd (a subsidiary of Portman Limited, ASX:PMM) at the company's Mount Finnerty project (Figure 1). Portman have earned 80% of the iron rights in the project, which lies 65km east of their Koolyanobbing Iron Ore Mine.

The best drill results were obtained from the FIN10 prospect, significant intercepts of iron enrichment (>58 % Fe), as summarised below:

Hole ID	From (m)	To (m)	Intercept (m)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
MFRC036	50	61	**11**	**61.42**	4.44	1.87	0.059	5.44
MFRC037	13	25	**12**	**62.67**	2.09	2.26	0.06	5.6
MFRC038	20	30	**10**	**60.45**	3.63	2.98	0.061	6.64

Note: Details of drill holes and assay data are included in Appendix 1.

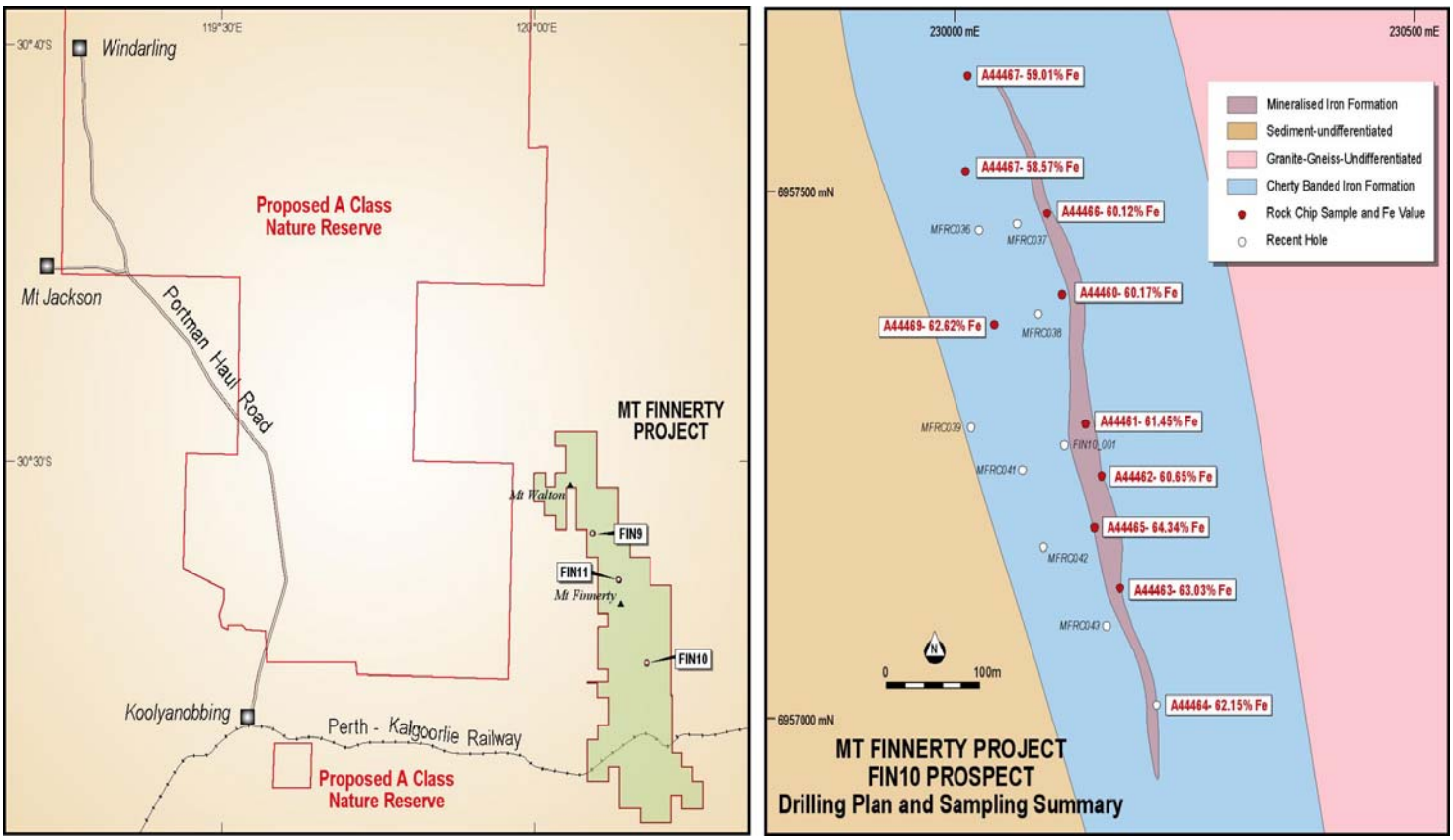

Figure 1 Location of iron ore prospects FIN9 to FIN11 (left) and the position of RC drill holes in relation to surface enrichment at FIN10 (right).

The RC drilling program was designed to test three areas of potential iron enrichment, FIN 9, FIN 10 and Fin 11. These areas were identified either by previous RC drilling, mapping or showed as aeromagnetic anomalies. The program comprised 21 drill holes totaling 1,560 meters. targeting direct shipping grade iron ore.

At FIN10 mineralisation was intersected on two drill traverses, which are located about 90 metres apart (Figure 1). Mineralisation appears to reach ore grades (i.e., >58% Fe) as massive haematite-goethite within a variably mineralised envelope of banded iron formation (BIF) (Figure 2). The mineralisation is open at depth and along strike to the north where the outcrop continues for over 100m before disappearing beneath cover.

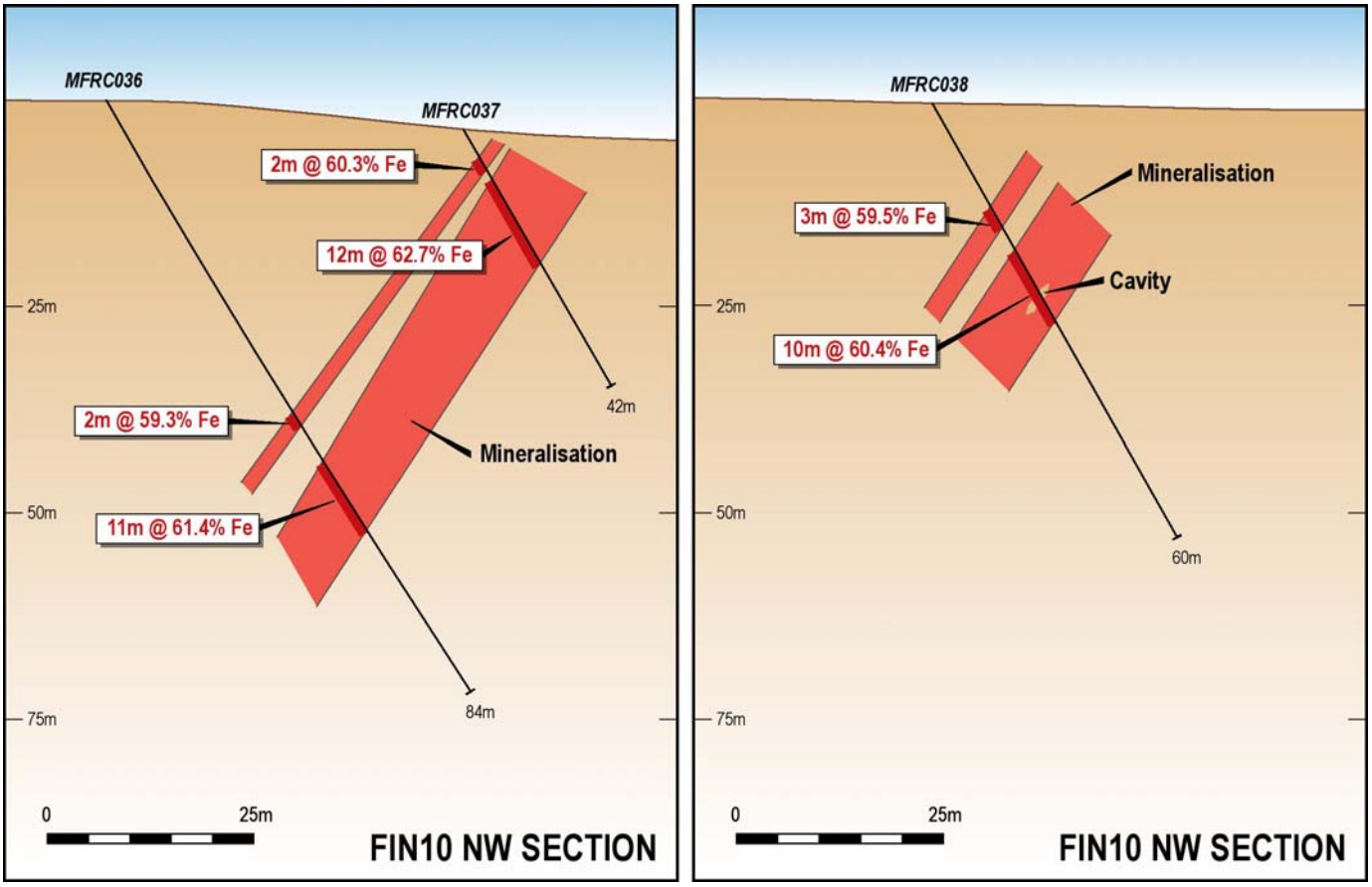

Figure 2 Interpreted sections through the northern drill traverse (left) and southern drill traverse (right) at FIN10. Drill hole locations are shown on Figure 1.

Results interpreted from logging were varied. FIN 9 was planned on an area that had shown significant results during a previous drill program (21, 12 & 10m @ 60% Fe)(Figure 3), drilling failed to intersect any obvious extensions to known mineralisation. FIN 11 tested for a southern extension of possible mineralization at FIN 9. With the exception of one hole with minor evident ore grade interceptions, there was no significant iron mineralization obvious in drilling.

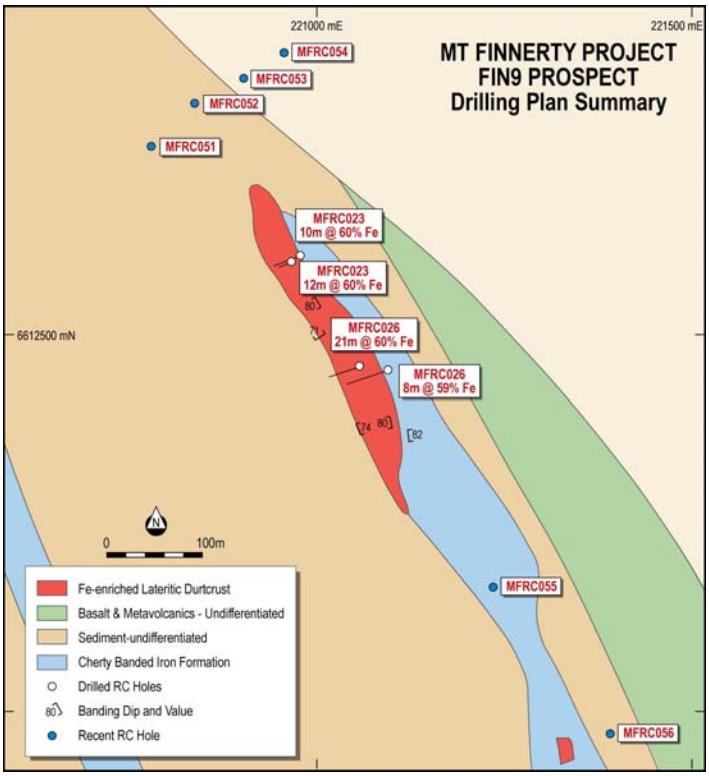

Figure 3 Location of RC drill holes in relation to surface enrichment at the FIN9 prospect.

Exploration Forecast

An RC drilling program, aimed at testing strike and down dip extensions to FIN10 and infilling FIN9 to achieve a Mineral Resource classification, is expected to commence in the September quarter following JV committee and environmental approvals. Additional drill holes in the program will also test the potential for concealed primary banded iron formation (BIF)-hosted iron ore deposits identified from aeromagnetic data and satellite imagery. Additional work will include detailed geological mapping and surface sampling to better delineate prospective zones within the BIF units.

The Mount Finnerty Iron Ore JV is targeting 5-10 million tonnes iron ore within trucking distance to Portman's 8mtpa Koolyanobbing Iron Ore Mine.

Chris Reed
Managing Director

Information in this report that relates to Exploration Results is based on information compiled by MR DC Fielding. Mr Fielding is a Fellow of the Australian Institute of Mining and Metallurgy and is a employee of Portman Limited. Mr Fielding has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity that 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 Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Although Reed remains optimistic about the potential of the Mt.Finnerty tenements, any reference to the terms "iron ore", "ore" and "high-grade" in this report is conceptual in nature. Use of the term "grade(s)" is not intended to represent the grade of a resource.

Appendix 1
RC Drilling Results, Mt Finnerty Project
(intersections with better than 55 % Fe**, intersections with better than 58 % Fe)**

Hole ID	Easting (MGA94)	Northing (MGA94)	Azim. (mag)	Hole depth (m)	Depth from (m)	Depth to (m)	Width (m)	Fe (%)	P (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)
FIN10												
MFRC036	230024	6597466	60	84	33	34	1	55.62	0.064	5.34	4.95	9.23
					37	38	1	56.68	0.099	4.01	3.51	10.39
					42	43	1	57.03	0.065	4.94	3.73	8.95
					44	46	2	59.29	0.066	5.93	2.11	6.63
					50	61	11	61.42	0.059	4.44	1.87	5.44
					65	66	1	57.21	0.059	6.91	1.83	8.99
MFRC037	230067	6597471	60	42	9	10	1	55.63	0.079	4.65	4.68	10.17
					10	12	2	60.3	0.059	2.32	2.39	5.68
					13	25	12	62.67	0.06	2.09	2.26	5.6
					25	26	1	55.52	0.06	5.36	4.54	9.91
MFRC038	230091	6597386	60	60	14	17	3	59.53	0.056	3.94	3.66	6.71
					18	20	2	56.4	0.071	5.056	3.935	9.36
					20	30	10	60.45	0.061	3.627	2.977	6.64
					30	32	2	56.77	0.06	6.39	3.7	8.26
MFRC039	230019	6597276	60	84	31	33	2	56.17	0.05	6.78	6.11	6.92
					34	35	1	56.21	0.072	7.06	4.99	7.06
MFRC040	2300119	6597259	60	60	12	14	2	57.02	0.06	6.41	5.11	6.49
					14	16	2	58.55	0.05	5.06	4.14	6.53
					16	17	1	57.25	0.049	5.79	4.26	7.68
					17	19	2	62.01	0.054	2.78	2.08	6.21
					23	25	2	56.41	0.1	6.32	3.89	8.37
MFRC041	230075	6597236	60	78	16	18	2	56.3	0.036	3.76	5.43	9.34
					18	19	1	59.7	0.052	3.23	3.97	6.84
					19	20	1	57.39	0.053	5.55	5.48	6.21
					28	29	1	58.13	0.06	3.45	2.81	9.43
					29	30	1	55.63	0.084	5.24	4.21	10.45

Hole ID	Easting (MGA94)	Northing (MGA94)	Azim. (mag)	Hole depth (m)	Depth from (m)	Depth to (m)	Width (m)	Fe (%)	P (%)	SiO2 (%)	Al2O3 (%)	LOI (%)
MFRC042	230097	6597164	60	72	12	13	1	56.38	0.033	2.91	5.88	8.82
					15	16	1	57.53	0.027	2.57	4.79	9.98
					16	17	1	55.42	0.029	2.91	5.67	11.06
					17	18	1	64.60	0.034	0.64	1.69	3.68
					46	47	1	56.11	0.046	5.4	3.83	9.76
MFRC043	230167	6597089	60	66	13	14	1	55.77	0.055	4.66	4.45	10.19
					19	21	2	55.69	0.056	6.12	3.55	9.99
					27	28	1	60.66	0.072	3.55	2.44	6.59
FIN11												
MFRC048	225274	6605376	60	72	56	57	1	56.07	0.011	8.87	2.16	7.58

All holes drilled at a dip of -60 toward the azimuth indicated (Azim).

Samples collected from 1 metre drilled intervals direct from the cyclone. Only iron-bearing intervals were assayed and clay rich intervals were not submitted for assay.

Fe, SiO_2, Al_2O_3 and P have been determined by X-Ray fluorescence spectrometry and LOI (loss on ignition) has been determined by thermo-gravimetric analysis (at 950C) at Ultra-Trace Laboratories, Cannington, WA.

All combined assay intervals are calculated as an arithmetic mean of the intersections indicated.