

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2003

HIGHLIGHTS

- Sand Queen Main Shaft dewatered and rehabilitated to No.4 Level.
- High grade gold intersections in RC drill holes at the Sand Queen South Extension, including 3 metres @ 46.5 g/t Au (DRC136) and 5 metres @ 92.4 g/t Au (DRC138).
- Total Indicated and Inferred Mineral Resources in the main C lode at Sand George increased to 151,360 tonnes at an average grade of 10.56 g/t Au (51,410 ozs gold), with a total Geological Resource of 349,088 tonnes at 9.22 g/t Au (103,532 ozs gold).
- Conceptual Mining Study to develop Sand George Deposit indicates significant net cashflow from either existing Sand Queen shaft or new decline.
- Deep drilling (DDHs RD5-RD8) at the Sand George prospect has confirmed continuity of the Comet Vale lode structure to a depth of about 280 m below surface, the deposit remains open along strike in both directions and at depth.
- Acquisition of the Barrambie Ti-V-Fe deposit located about 100 km southeast of Meekatharra.
- Airborne geophysical survey completed at Mount Finnerty.

COMET VALE PROJECT

The Company's principal operations during the March Quarter continued to be at the Comet Vale Project with the focus on dewatering and rehabilitation of the Sand Queen main shaft and further exploration of the Sand Queen South Extension and Sand George prospect.

Sand Queen Main Shaft – Dewatering and Rehabilitation

Dewatering and rehabilitation of the Sand Queen Main Shaft continued throughout the quarter and the water level in the old mine workings is below the No.4 Level. The shaft is fully operational between the Surface and No.3 level and the water level is below No.4 Level (152 metres below surface). The shaft has been rehabilitated to No.4 Level and ladders installed between the Surface and No.4 Level.

The floor pillar on No.4 Level South Drive is in place and the drive and crosscuts are currently being cleared for underground geological mapping and systematic sampling.

Sand Queen South Extension

Infill drilling completed at the Sand Queen South Extension, along strike from the southern edge of the Sand Queen workings about 50-150 m south of the Main Shaft, has confirmed the presence of a gold mineralised lode in a structural position equivalent to an extension of the Comet Vale lode in the Sand Queen mine south of the known workings.

Best results include 5 m @ 92.4 g/t Au (DRC138), 3 m @ 46.4 g/t Au (DRC136) and 1 m @ 16.9 g/t Au (DRC135). This is additional to previously reported best results of 4 m @ 21.65 g/t Au (DRC073) and 2 m @ 18.4 g/t Au (DRC108). Each of the gold intersections has coincident anomalous silver, lead and zinc which is typical of the Comet Vale lode.

Additional infill drilling planned for Second Quarter 2003 will be used to refine the geological structure at the Sand Queen South Extension (in conjunction with geological mapping on No.4 Level, Sand Queen mine), modelling and estimation of a resource and to test the potential for additional remnant high grade ore below No.3 Level at the southern end of the Sand Queen mine.

Significant results from RC drilling of the Sand Queen South Extension completed during the quarter are summarised below:

COMET VALE PROJECT
Sand George RC Drilling Significant Results

Drill Hole	Collar Easting (m)	Collar Northing (m)	From (m)	To (m)	Interval (m)	Grade (g/tAu)
DRC131	7777	13499	13	14	1	9.50
			62	63	1	5.33
DRC134	7760	13474	38	39	1	5.59
DRC135	7731	13474	82	83	1	16.97
			89	90	1	8.33
			95	96	1	9.97
DRC136	7764	13500	66	67	1	9.15
			73	76	3	46.54
		including	75	76	1	136.93
DRC137	7780	13450	22	23	1	5.77
DRC138	7745	13450	64	69	5	92.41
		including	67	68	1	33.15
		including	69	70	1	424.14

Note: Collar coordinates are for a local grid. All holes drilled with a dip of -60° towards 085.5° AMG. Samples are 1 m drill intervals and analysed by Fire Assay with an AAS finish.

Sand George Exploration

During the Quarter, an additional four-hole diamond core drilling (DDH) program was completed at the Sand George prospect (drill holes RD005 – RD008). Each of the drill holes intersected a mineralised lode(s) with significant gold grades in a structural position that is consistent with the continuation of the Comet Vale lode structure at depth.

Sand George DDH Drilling Significant Results

Hole ID (DDH)	Collar Northing⁽¹⁾	Collar Easting⁽¹⁾	From m	To m	Intersection m	Grade⁽²⁾ g/t Au
RD005	13073.6	7740.1	154.8	155.8	1	4.55
			182.4	184.3	1.9	11.60
		including	182.9	183.4	0.5	30.97
RD006 ⁽³⁾	13073.6	7705.9	180.9	181.3	0.4	3.82
RD007	13075.2	7644.8	302.0	305.1	3.1	16.55
		including	302.0	303.2	1.2	19.36
		including	304.2	305.1	0.9	31.50
RD008	13173.8	7642.7	298.0	301.0	3.0	2.63
		including	300.0	301.0	1.0	6.46

Notes:

1. Collar coordinates are for a local grid. All holes collared at 70° to the east.
2. All samples analysed by Fire Assay with an AAS finish (FA50/AAS) and calculated as a weighted average.
3. DDH RD006 encountered difficult drilling conditions and the drill hole appears to have been stopped prematurely.

The position of the DDH intersections in relation to the previous Reverse Circulation (RC) and diamond core drilling and the main C lodes at Sand George are shown in the attached Long Section.

Drill holes RD005 and RD006 each intersected gold bearing lodes at a vertical depth of 160-180 metres below surface. These intersections, combined with results from DDHs RD001-RD004, indicate that the Sand George lode has a strike length of at least 150 metres at a depth that is equivalent to the No.3 to No.5 Levels in the Sand Queen mine.

Drill holes RD007 and RD008 each intersected gold bearing lodes at a vertical depth of about 260-280 metres below surface which is below the equivalent depth of No.6 Level at the Sand Queen mine.

Further deep drilling planned for the Second Quarter 2003 will test for lateral extensions of the Sand George lode, to extend its strike length, and infill drilling will test the continuity and predictability of the lode structure. This drilling will use RC drill holes as pre-collars for core drilling at depth.

Sand George Resource

The Company's consultants completed a revision of the mineral resource at the Sand George prospect, using a polygonal resource calculation method. The updated resource includes the mineralised intercepts in the eight diamond cored drill holes (DDHs RD001-RD008) in the deeper levels of the Sand George lodes (ie below the previous resource modelling).

The updated Mineral Resource for the Sand George deposit is:

Indicated:	84,585 tonnes @ 11.67 g/t Au (31,740 ozs gold)
Inferred:	115,468 tonnes @ 6.57 g/t Au (24,393 ozs gold)
TOTAL:	200,053 tonnes @ 8.73 g/t Au (56,133 ozs gold)

The total Indicated and Inferred Mineral Resources in the main C lode is 151,360 tonnes at an average grade of 10.56 g/t Au (51,412 ozs gold). This is included in the above resource figures.

In addition, there is an estimated 149,035 tonnes in unclassified resources. This amounts to a possible total resource of 349,088 tonnes, compared with the previous total resource of 223,616 tonnes (November 2002).

The updated Indicated and Inferred Mineral Resource estimate for the Sand George deposit is:

COMET VALE PROJECT
Sand George Mineral Resources Estimates

Lode	Category* (No. samples)	Tonnes	Grade g/t Au	Contained gold ounces
C1	INDICATED (59)	84,585	11.67	31,740
C1 deep	INFERRED (14)	33,984	12.05	13,167
C2	INFERRED (12)	32,791	6.17	6,505
B	INFERRED (22)	33,274	3.58	3,830
D1	INFERRED (11)	15,419	1.75	868

* Indicated and Inferred Mineral Resources listed above are in accordance with the JORC Code for Reporting of Mineral Resources and Ore Reserves and have been compiled by Lenore Jepson (Maxwell Geoservices) and Isobel Algar (Maxwell Geoservices) who have relevant experience to qualify as a Competent Person under the Code.

The interpreted position of the above lodes is illustrated on the accompanying Long Section. The B lode is along strike to the north of the main C1 and C2 lodes and the D lode is to the east of and parallel to the main C lode.

Conceptual Mining Study

A Concept Study was undertaken at the company's request to identify the expenditure required to develop mining operations at the Sand George Deposit. Results for accessing the deposit from the existing Sand Queen Main Shaft or a new decline and mining by selective stoping indicated a strong net cashflow could be generated by either method. A Pre-Feasibility Study is to commence once a new Mineral Resource Statement and Geological Model have been received, planned for the Second Quarter 2003.

Sand Prince Flat

A review of results from RC drilling to the west of the Sand George prospect, and north of the old Sand Prince workings has indicated that there is potential for a shallow, flat lying resource referred to as 'Sand Prince Flat'. Although this area is covered by transported sands the position of this new lode was also detected during testing of the effectiveness of a new soil sample analytical technique. Additional drilling planned for Second Quarter 2003 will further test the potential of this area.

Comet Vale South

An initial program of RC drilling (at the end of 2002) of the projected position of the Comet Vale lode structure to the south of the Sand George prospect was inconclusive due to a thicker than expected regolith.

A new soil sample analytical technique which was tested in the Comet Vale South tenements detected a weak anomaly at the projected position of the Comet Vale lode structure and also indicated a second anomaly to the west.

Further evaluation of the RC drilling results is required and an extension of the soil sampling program is planned to refine the position of the western anomaly.

MT FINNERTY PROJECT

A low level airborne geophysical survey was completed during March 2003. A total of 8,248 line kilometres was flown by UTS Geophysics at a line spacing of 100 metres and a nominal sensor height of 30 metres. The survey recorded total magnetic intensity, radiometric data and digital terrain data. The processed magnetic and radiometric data will be used to identify targets for iron ore, gold and nickel exploration.

Aeromagnetic survey data will assist with identification of banded iron formation (BIF) that bisects the Watt Hills greenstone belt along its strike. Iron ore exploration will be directed principally at zones of potential hematitic iron enrichment within BIF, similar to deposits currently being mined at Koolyanobbing and other substantial iron ore deposits at Bungabin, Mount Jackson and Windarling within the adjoining Marda Complex to the north.

The geophysical data will also be used to identify potential gold targets, principally along major cross-cutting structures, and to identify ultramafic rocks which have potential for either nickel sulphides or as a source for lateritic nickel.

BARRAMBIE Ti-V-Fe PROJECT

At the end of the quarter the Company finalised the acquisition of 100% ownership of Mining Lease M57/173 (about 684 hectares) which covers the Barrambie titanium-vanadium-iron (Ti-V-Fe) deposit located about 100 km southeast of Meekatharra, Western Australia.

Mining Lease M57/173 was acquired from Precious Metals Australia Ltd and Magnum Properties Pty Ltd for a consideration of \$110,000 cash and 750,000 Ordinary Shares in Reed Resources. The Mining Lease was granted on 31 July 1990 for a period of 21 years.

Over \$3.5 million has been expended on exploration, metallurgy and mining feasibility studies to evaluate the Barrambie deposit's vanadium potential. This work indicated a resource of some 130,000-190,000 tonnes V_2O_5 (vanadium pentoxide) with titanium and iron as accessory products.

A previous vanadium bias has influenced exploration and evaluation programs at Barrambie but the deposit also has potential to be a major titanium producer, with vanadium and iron as accessory products. There is potential for substantial accumulations of titanium mineralisation (as ilmenite and leucoxene) in addition to that already identified in the vanadium resource.

Reed Resources' focus will be on evaluating the development potential of the Barrambie layered complex as a major titanium resource with the emphasis on a sufficiently large, high grade (in excess of 20 % TiO_2) hard rock titanium resource within the area of known mineralisation and its extensions along strike from known resources.

In addition to the Ti-V-Fe mineralisation, the Barrambie Complex also has potential for shear zone-hosted gold and for platinum group metals (PGMs) within the titanomagnetite bands or as separate layers within the complex.

Geology

The Ti-V-Fe deposit is within a 400 metre thick layered, anorthosite-gabbro intrusive complex (the Barrambie Complex) that was emplaced into an Archaean NNW-SSE trending greenstone belt. The Complex is poorly exposed beneath an extensive regolith cover but has a strike length of at least 22 km, of which about 11 km is within M57/173. Layering within the complex is near vertical to steep east dipping.

Potentially economic mineralisation occurs as cumulative segregations of vanadiferous and titaniferous magnetite horizons in the form of massive and disseminated layers within a zone up to 160m thick. The massive layers contain in excess of 80% magnetite-ilmenite in bands 1-20 metres thick which are separated by layers of anorthosite-gabbro with disseminated magnetite-ilmenite.

Drilling in the Bay-Cove area zone has shown the titanomagnetite layers to be continuous for at least 2 km along strike. Aeromagnetic and other geophysical surveys indicate that the titanomagnetite layers extend north and south of the known resources (Bay-Cove area), beneath transported and residual regolith, but exploration along strike is limited to wide spaced drilling, much of it as vertical RAB holes.

Magnetite and ilmenite are the primary ore minerals. Magnetite has been extensively altered to 'martite' and ilmenite altered to leucoxene to depths of 60 m. No discrete vanadium minerals have been identified. Vanadium occurs in solid solution in magnetite (2.2-3.6 % V_2O_5), 'martite' after magnetite (1.9-2.2 % V_2O_5), and ilmenite (0.2-1.6 % V_2O_5).

Ti-V-Fe resources⁽¹⁾

The deposit has been tested by some 263 RC, diamond and RAB drill holes (total of 11,583 metres) but sufficiently detailed exploration has only been completed over a 2 km section along the strike of the Complex and referred to as the Bay-Cove ore zone.

Several estimates of the vanadiferous titanomagnetite resource in the Bay-Cove ore zone have been published, but these have focussed on the vanadium potential. An initial estimation by Ferrovanadium Corporation identified an "indicated resource" of 37 million tons at a grade of 0.46 % V₂O₅ and an "inferred resource" of 415 million tons at 0.46 % V₂O₅ to a depth of 61 metres

A more recent estimate by Control Data Australia in 1984, calculated a "proven and probable reserve" of 38.67 million tons grading 0.48% V₂O₅, 9.67% TiO₂ and 20.99% Fe (0.3% V₂O₅ cut-off), including a "proven reserve" of 33.31 million tons grading 0.48% V₂O₅, 11.04% TiO₂ and 18.32% Fe.

Barrambie's potential as a major titanium resource has not been fully assessed. There is potential for high grade zones (in excess of 20 % TiO₂) in addition to that in the known vanadium resources. Most potential is along the eastern flank of the deposit where there are reported drill hole intersections with assays in the range 18-31.5 % TiO₂ over inferred true widths of 6-39.6 metres.

Further exploration, mine planning and processing and will include:

- Review and revaluation of all previous exploration and mining information.
- Additional drilling to confirm previous drill results and infill drilling to upgrade and extend known resources.
- Further evaluation and exploratory drilling of the layered complex to test the potential of strike extensions for high grade titanium mineralisation.
- Metallurgical testing of high grade titanium mineralisation to support a feasibility study.

Note 1: The criteria used in the 1970s and 1980s for reporting of mineral resources and ore reserves are different to those currently adopted by the JORC Code and resource estimates may not equate directly to those specified in the Code. Resource tonnages were reported in tons and these have not been converted to metric tonnes.

Other metals

In addition to Ti-V-Fe mineralisation, the Barrambie layered complex also has potential for gold, platinum group metals (PGMs), nickel-copper sulphides and silver, all of which have not been fully assessed.

Limited analysis of drill samples by previous explorers indicates that there is potential for gold within or adjacent to shear zone that dissects the gabbroic complex. Reported intersections include 3.05 metres at 5.4 g/t Au and 1.5 metres at 2 g/t Au (PDH-23) and 0.25 metres at 5 g/t Au and 0.30 metres at 33.9 g/t Au (DDH-4).

Trace amounts of platinum and palladium were recorded in random assays of samples from diamond drill core with values up to 0.44 g/t platinum and 0.07 g/t palladium (DDH-4). PGMs are likely to be genetically related to initial crystallisation of the Barrambie complex, possibly occurring as disseminations within the titanomagnetite segregations or as separate layers with nickel-copper sulphides.

CORPORATE

The company has initiated discussions with a merchant bank regarding the potential financing of mining operations at Comet Vale and is in discussions with a major underground mining contractor regarding the development of the Sand George deposit on either joint venture or a straight contracting basis

The company encourages shareholders and interested parties to visit our website (www.reedresources.com) to register to receive announcements electronically.

David John Reed
EXECUTIVE CHAIRMAN

Dr P Collins (BSc (Hons), PhD, MAIG), an employee of Curtin Consultancy Services Ltd has compiled the technical aspects of this report. Dr Collins has sufficient experience which is 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 1999 Edition of the Australasian 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.

Indicated and Inferred Mineral Resources detailed in this statement are in accordance with the JORC Australasian Code for Reporting of Mineral Resources and Ore Reserves (1999 Edition) and have been compiled by Lenore Jepson (Maxwell Geoservices) and Isobel Algar (Maxwell Geoservices) who have relevant experience to qualify as a Competent Persons under the Code.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

REED RESOURCES LTD

ABN

89 099 116 631

Quarter ended ("current quarter")

31 MARCH 2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 ... months) \$A'000
1.1	Receipts from product sales and related debtors		1
1.2	Payments for (a) exploration and evaluation	(213)	(994)
	(b) development		
	(c) production	(429)	(996)
	(d) administration	(132)	(587)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	40	102
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid		
1.7	Other ---		
	Net Operating Cash Flows	(735)	(2,476)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects		(233)
	(b)equity investments		
	(c) other fixed assets		(150)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	0	(383)
1.13	Total operating and investing cash flows (carried forward)	(735)	(2,859)

1.13	Total operating and investing cash flows (brought forward)	(735)	(2,859)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		6,000
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(4)	(14)
1.18	Dividends paid		
1.19	Other – Prospectus Costs		(337)
	- Deposits	1	(29)
	Net financing cash flows	(3)	5,620
	Net increase (decrease) in cash held	(738)	2,761
1.20	Cash at beginning of quarter/year to date	3,259	(240)
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,521	2,521

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(67)
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Office rent and service fees paid to a company related to a director	(18)
Salary, superannuation and consulting fees paid to directors	(49)

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	200
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	338	325
5.2 Deposits at call	2,200	3,000
5.3 Bank overdraft	(17)	(66)
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,521	3,259

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	49,000,000	32,000,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~/does not*~~ (delete one) give a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: **..29 April 2003...**

Print name: **..CHRISTOPHER JOHN REED.....**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

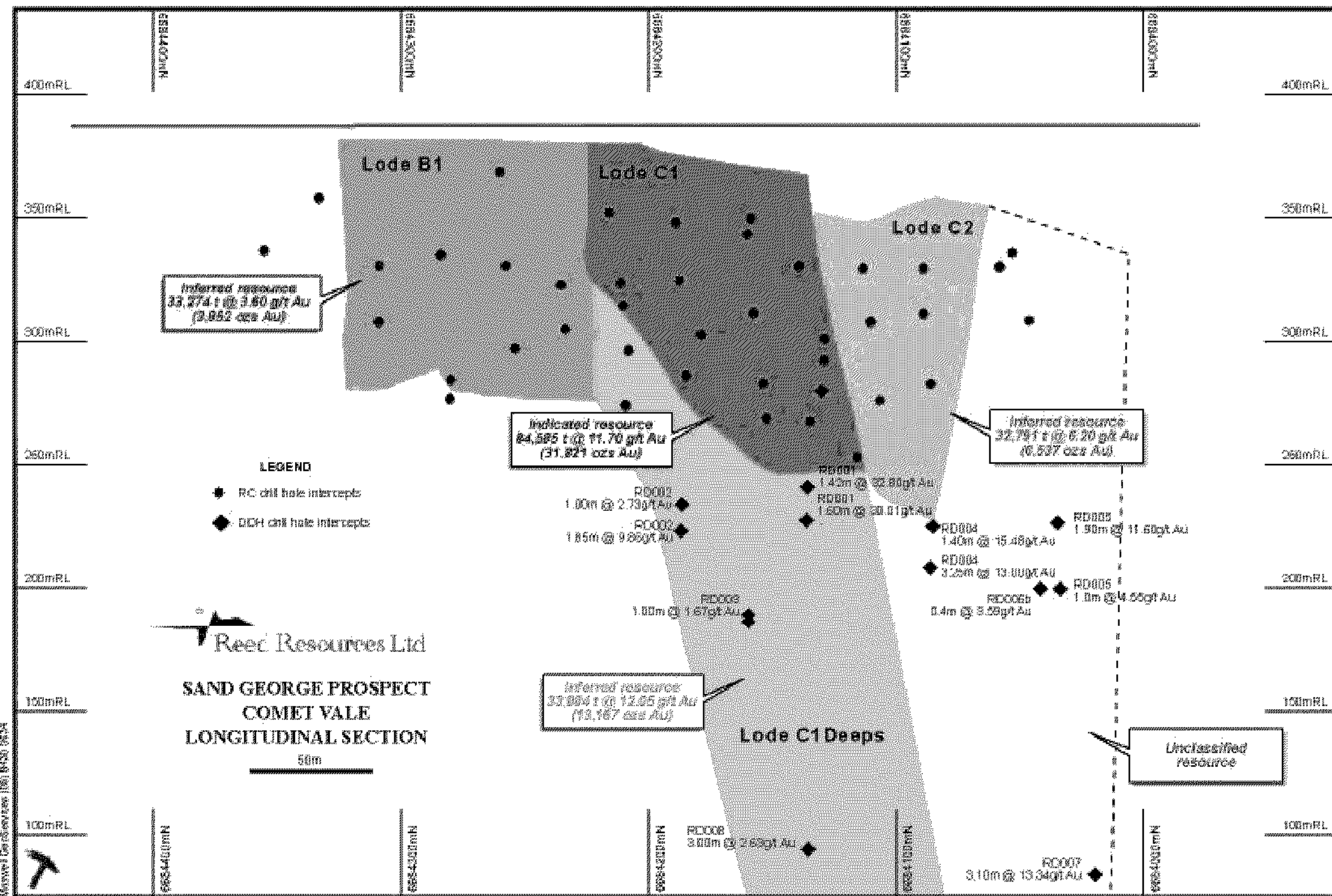
2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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MapScale: 1:50,000 (1:50,000)