Reed Resources Ltd
ABN 89 099 116 631

706 Murray Street
West Perth WA 6005
Tel: +61 8 9322 1182
Fax: + 61 8 9321 0556

AMMENDMENT TO MEMORANDUM OF UNDERSTANDING AND SAND GEORGE UPDATE

The Directors wish to inform the market that it has agreed with its Strategic Alliance partner, Consolidated Minerals Limited (ASX: CSM) to extend the option period to form joint ventures for the exploration, development and mining of iron ore on the company's Mt. Finnerty leases and for titanium at Barrambie to 31 December 2004. Further, both parties have agreed the date for completion of an underwriting by CSM of up to $4 million in connection with a future Convertible Note issue to enable development of the company's Sand George deposit be on or before the 31st December 2004.

The preliminary mine design and reserve estimates for Sand George have been modelled to a depth of approximately 200 metres below surface and remain open along strike and at depth. Extensions of the Sand George orebodies outside present reserves will be the subject of a diamond drilling program planned to commence mid-May. Upon completion of the program, the results from all drillholes will be incorporated into an updated resource estimate.

The drilling program will also enable current resources not currently included in reserve estimate to be incorporated in the mine design to capitalise on projected mine operating costs of A$380/oz. For production planning purposes, current reserves are estimated on internal and external mining dilution based on conservative grade assumptions. Expansion of the current mine plan to include strike extensions and inferred resources will increase the current positive NPV and Rate of Return.

The Pre-feasibility study is expected to be completed by September 2004.

CJReed

C J Reed
DIRECTOR