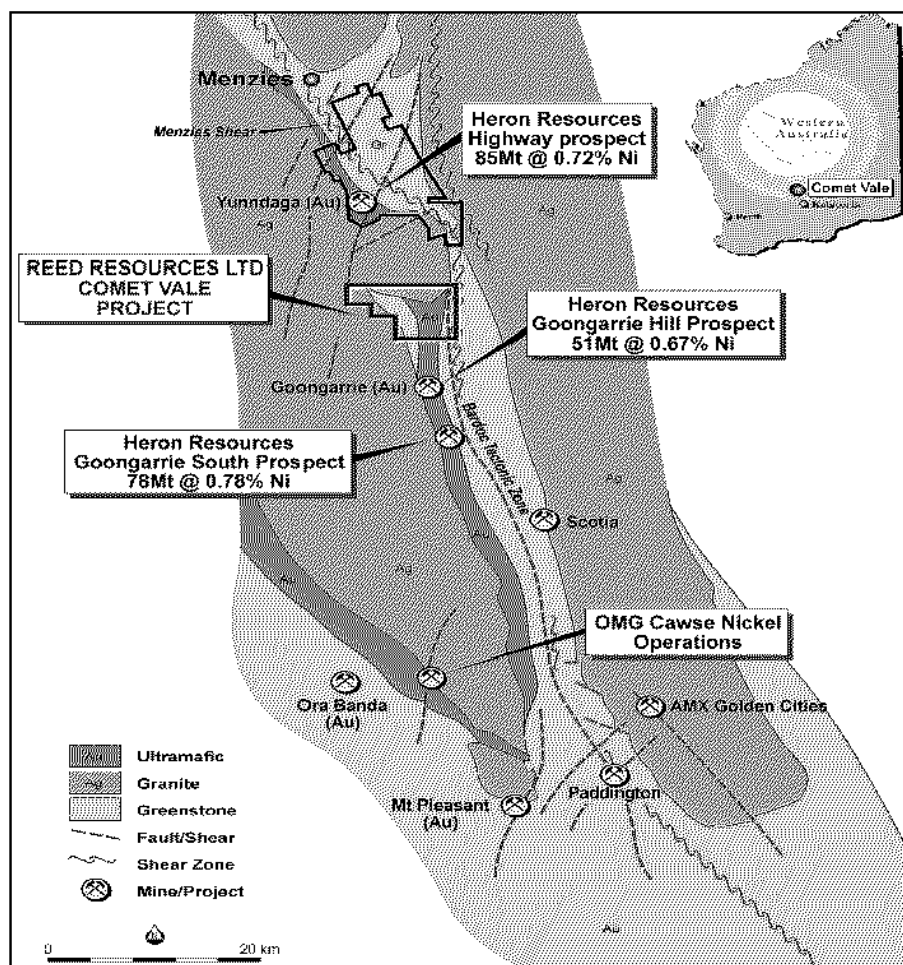


COMET VALE NICKEL LATERITE UPDATE

Reed Resources Ltd ("Reed") wishes to provide an update on its nickel laterite prospects which lie directly to the north of and along strike from Heron Resources NL ("Heron") Goongarrie Prospects. The Goongarrie Prospects are the keystone of Heron's Kalgoorlie Nickel Project "KNP" (903Mt @ 0.74% Ni, 0.05% Co).

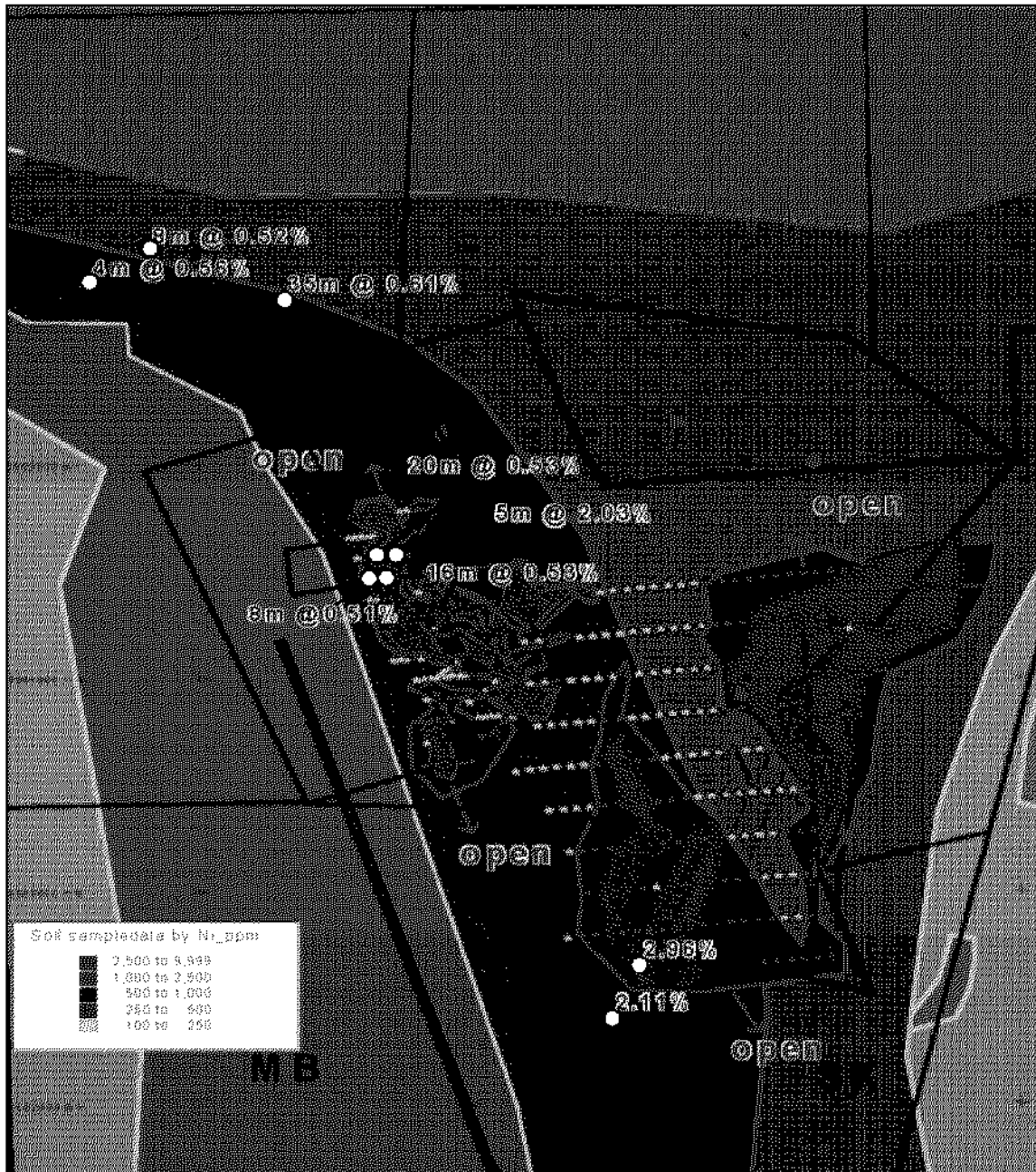
The underlying geology at Comet Vale includes 5.5km of strike (1.0km surface expression) of the highly prospective Walter Williams Formation ("WWF"), which is the same stratigraphic unit that hosts the Goongarrie, Cawse and Siberia nickel laterite deposits. Limited exploration for nickel has been undertaken on these tenements, with the few holes drilled into the WWF confirming its potential for a nickel laterite resource comparable in style (dominant ore being siliceous and goethitic) and grade to Heron's Goongarrie South resource (78Mt @ 0.78% Ni).



Historical drill intercepts include **35m @ 0.61% Ni** from 4m, **20m @ 0.53% Ni** from 5m, **8m @ 0.52% Ni** from 20m and **5m @ 2.03% Ni** (re-sampling by Reed returning 5m @ 2.2% Ni & 0.11% Co) from 14m with two surface rock chip samples returning 2.96% Ni and 2.11% Ni.



It is important to note that these samples were assayed by single acid (Perchloric) digest rather than a total acid digestion and no screening was done. Single acid digest is not effective in assaying for nickel laterite mineralisation and further, Heron reports screening can improve the actual intersection grade to feed grade on average by 50 to 100%. Thus, the results may significantly understate the potential "feed grade" of any potential minable resource.

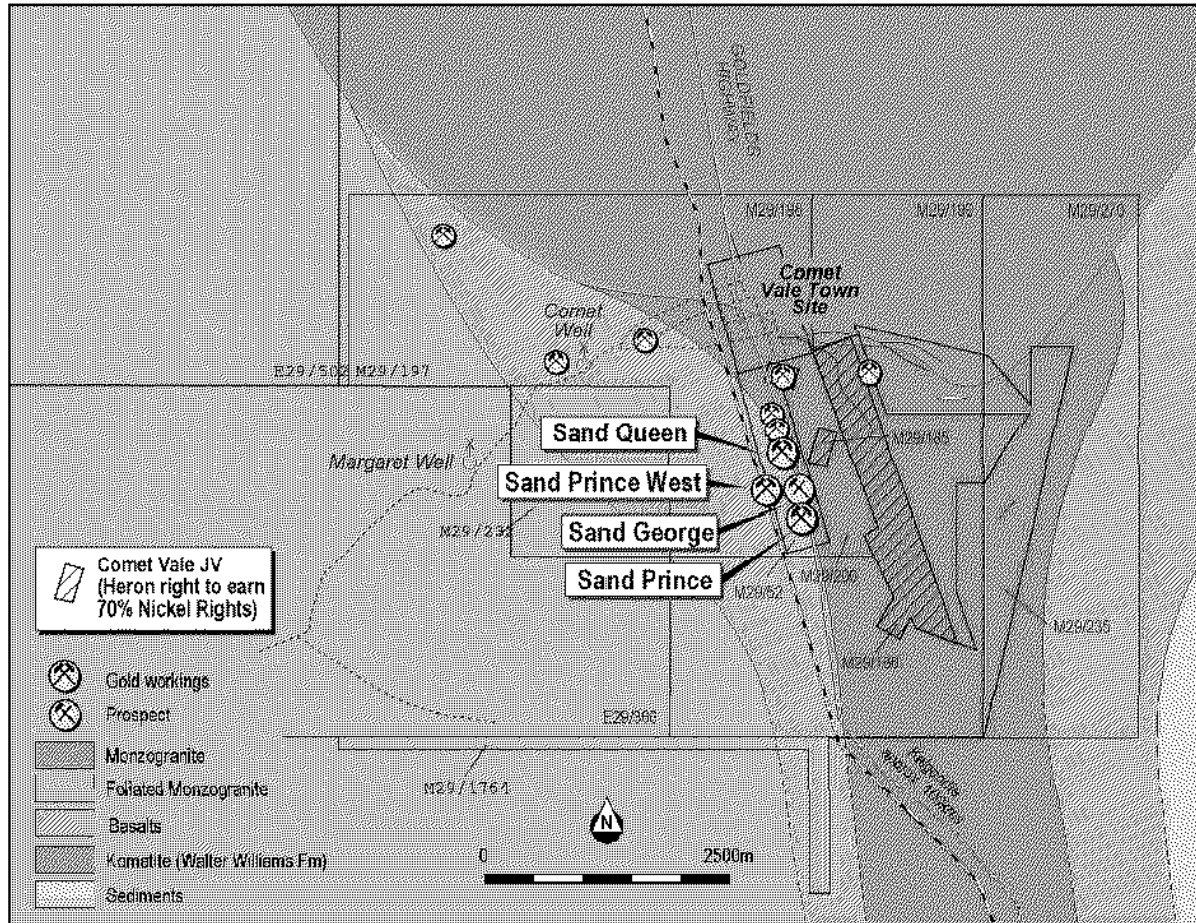


COMET VALE PROJECT							
Results of Drilling 1996-97 over Walter Williams Formation							
Hole ID	Orig_Northing	Orig_Easting	From	To	Length	Grade % Ni	Check Sample
GRC38	6686003	318816	20	28	8	0.52	
GRC04	6685774	319317	4	39	35	0.61	
ELC08	6684469	319633	25	29	4	0.58	
ELC07	6684472	319662	25	29	4	0.62	
ELC03	6684568	319621	17	21	4	0.56	
ELC04	6684570	319650	5	25	20	0.53	
ELC05	6684577	319719	14	19	5	2.03	2.2% Ni + 0.11% Co

Comet Vale Joint Venture

(Heron right to earn 70% Nickel Rights of M29/185, MLA29/186)

In December 2003, Reed acquired from Placer Dome Asia Pacific a group of tenements covering the Walter Williams Formation. Reed also acquired a 30% participating interest in the Comet Vale Joint Venture with Golden State Resources NL. Golden State's interest was acquired by Heron. Heron now has the right to earn seventy percent of the nickel rights of M29/185 and part of MLA29/186 by solely incurring expenditure totalling \$300,000 within three years from the grant of MLA29/186 and free carrying Reed for the next \$100,000 expenditure at which point Reed can maintain or dilute its interest. The area subject to the Comet Vale Joint Venture is indicated below.



Future Work

Geological mapping and soil sampling of the Walter Williams Formation at Comet Vale is currently underway and a high-intensity low-level airborne geophysical survey is scheduled for the end of April.

D J Reed

EXECUTIVE CHAIRMAN

Technical aspects of this report have been compiled by Dr P Collins (BSc (Hons), PhD, MAIG), an employee of Curtin Consultancy Services Ltd. Dr Collins has sufficient experience relevant to the style of mineralization 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 JORC Code. Dr Collins consents to the inclusion in the report of the matters in the form and context in which it appears.