

QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2005

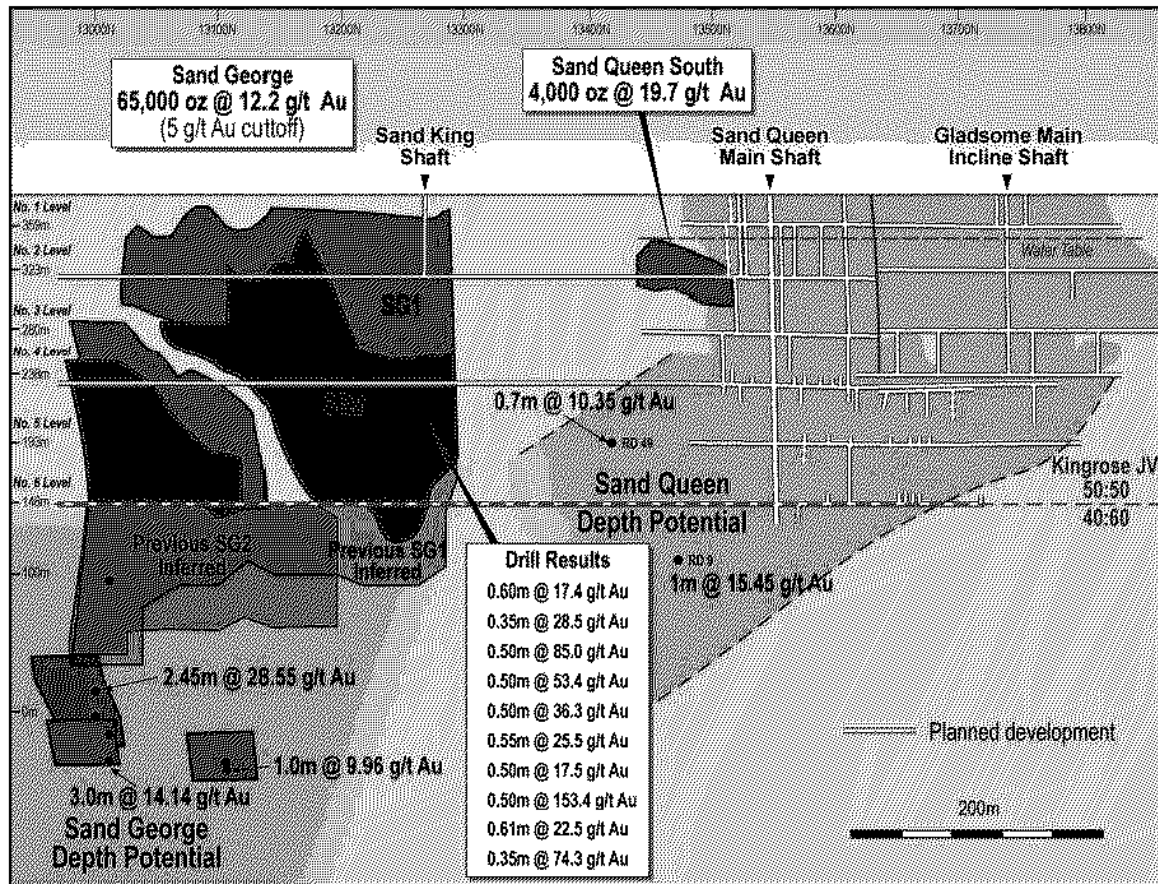
COMET VALE PROJECT

Production Joint Venture Sand Queen-Sand George Gold Deposits (Kingsrose Pty Ltd earning 50%)

During the quarter, Joint Venture Operator's Kingsrose Pty Ltd completed the re-construction of the shaft collar and construction of a base for installation of the headframe and winders, which were erected 25 July. The Joint Venturers have received approval to recommence underground development following receipt of approvals from the Department of Industry and Resources for the Notice of Intent and the Project Management Plan and a land clearing permit from the Department of Environment. Other site works completed by Kingsrose include enlargement of the compound and re-positioning of the fuel farm, workshop, offices and change-room.



Although there have been some delays in re-engineering of the headframe and construction of the winders, they will be commissioned by the end of the month and underground work will commence immediately on dewatering and preparation of the Sand Queen shaft for production from the Sand Queen South Deposit and development drives from the shaft to the Sand George lodes.



Sand Prince West Deposit (100% RDR)

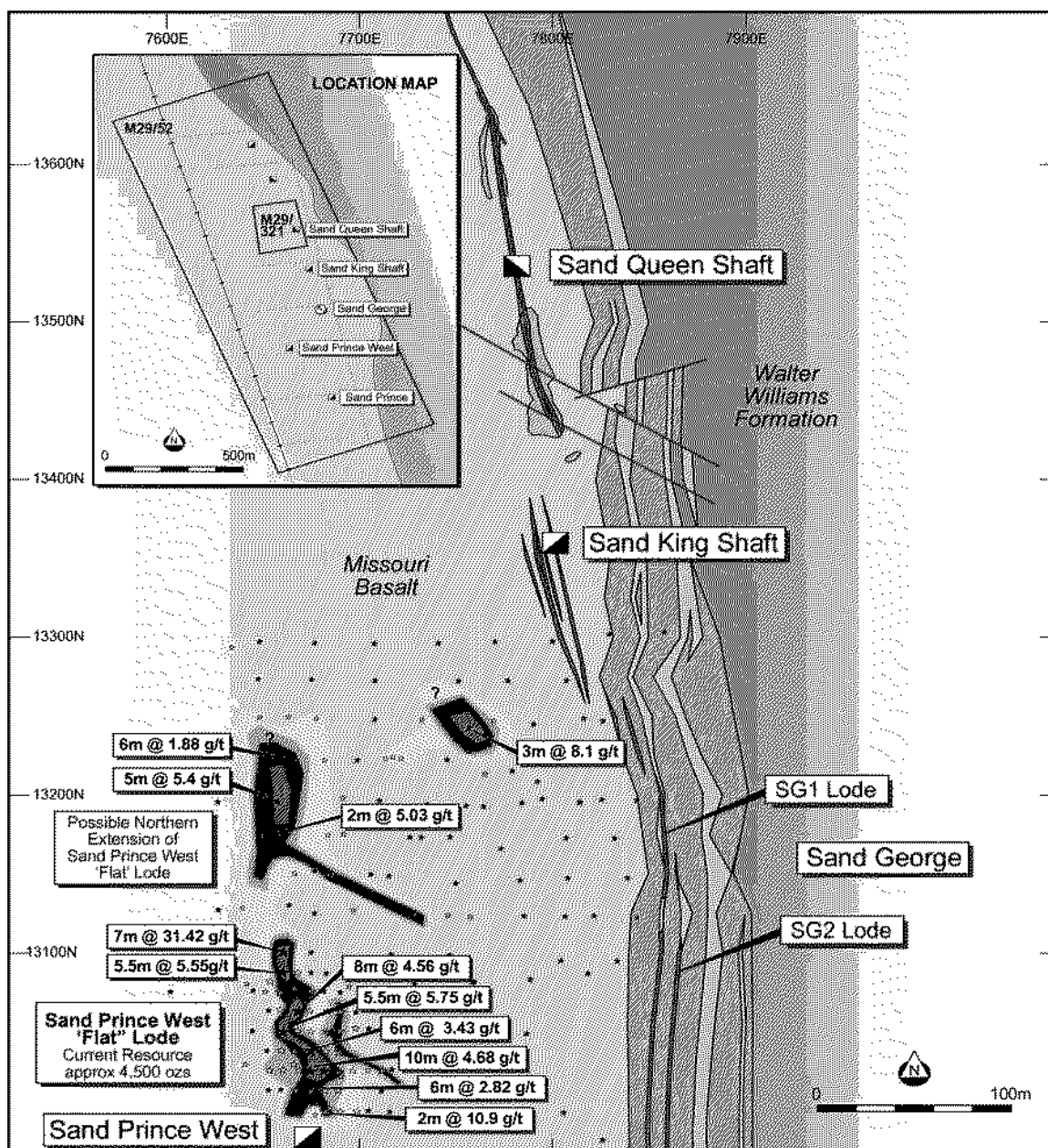
Following completion of a grade control drilling program in February 2005, consultants Hellman & Schofield Pty Ltd were commissioned to calculate a Mineral Resource for the Sand Prince West lode.

This resulted in combined Mineral Resource of **34,600 tonnes** at **3.90 g/t Au** for **4,330 ounces** gold (at 1 g/t Au cut-off grade), as detailed below. At a cut-off grade of 2 g/t Au the reduction in total tonnes is offset by an increase in grade, with minimal affect on the total ounces of gold.

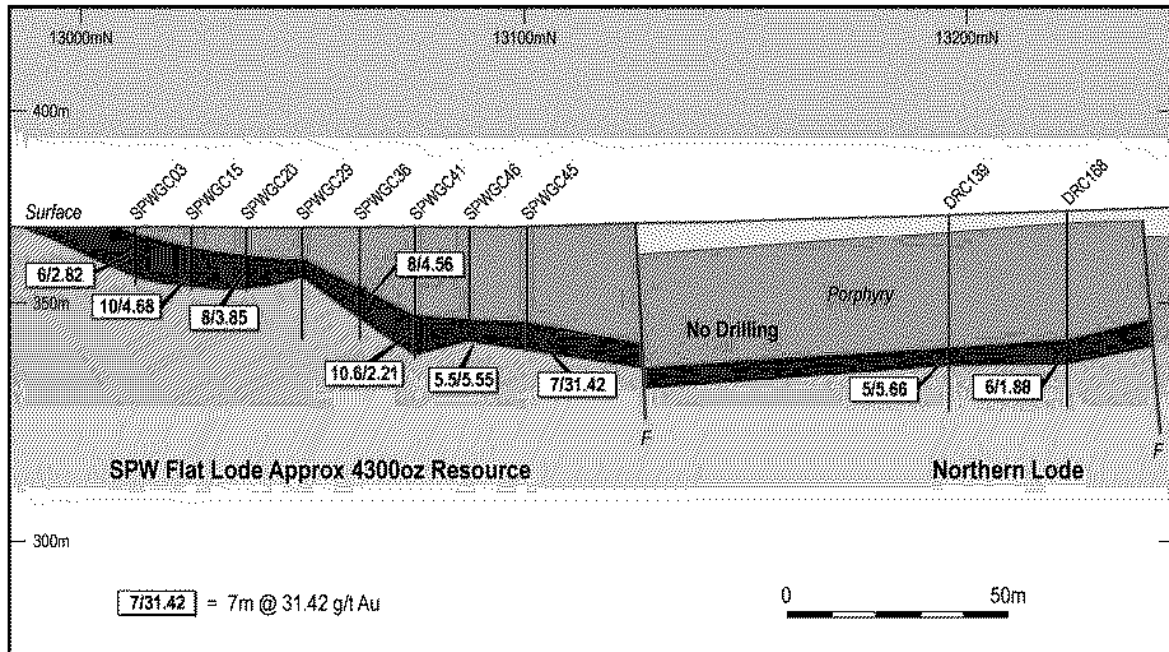
Mineral Resource Estimate for the Sand Prince West lode

Cut-off grade	Category	Tonnes	Grade g/t Au	Contained gold ounces
1 g/t Au	Measured	25,615	3.46	2,849
	Indicated	8,987	5.14	1,485
	Total	34,602	3.90	4,334
2 g/t Au	Measured	20,771	3.89	2,598
	Indicated	8,557	5.31	1,460
	Total	29,328	4.31	4,058

The current Resource is between 13000mN, where the lode comes to the surface at the old Sand Prince West workings, and 13100mN which is the limit of the grade control drilling. The lode is open to the north with the last hole in the program on 13100mN intersecting a robust **7m at 31.42g/t Au** in SPWGC045.



Sand Prince West mineralisation is within a flat west-north-west dipping lode structure that is surrounded by a 1-5m wide alteration halo which has been preferentially weathered. Most of the gold is confined to a shallowly north plunging quartz-rich shoot that is interpreted to continue for at least a further 150m, as indicated by previous intercepts including 5m @ 5.66g/t in DRC139 (at 13200mN) and 6m @ 1.88g/t in DRC168 (at 13225mN).



Further **RC drilling** to extend the resource to the north, between 13100mN and 13250mN, and to infill some shallow intersections at the southern end of the lode **has commenced** and will be completed in early August. It is anticipated that this drilling will substantially increase the resource tonnage, at a similar grade to that already defined, with a drilled length of over 250m.

A number of other drill holes in the Sand Queen-Sand George area have significant gold intersections, at shallow depths, and it is possible that these also are due to other flat-lying lodes in the area that could be exploited by open pit mining. This includes an intercept of 3m @ 8.1g/t Au from 25m down hole, to the northwest of the Sand Prince West lode. There is also limited drilling to the south along the Sand Prince West line of lode.

Regional exploration

During the quarter, regolith mapping, a soil geochemical sampling programme and an airborne geophysical survey were completed over the Comet Vale tenements.

The low level (30 m sensor height) airborne geophysical survey, flown by UTS Geophysics, collected located and gridded total magnetic intensity, radiometric data (K, U, Th) and digital terrain data over 1,476 line kilometres. The processed data is currently being interpreted by the Company's geophysical consultants.

Over 600 soil samples were collected by auger drilling to bedrock over the entire project and samples are currently being analysed for a multi-element suite. Regolith mapping was undertaken in conjunction with the soil sampling to facilitate interpretation of soil geochemical anomalies.

A substantial quantity of additional previous exploration data, including shallow drilling of a number of prospects and old workings, has been acquired and incorporated into the Comet Vale data base. Once collated, this information will be utilised in conjunction with the results of the soil geochemistry and geophysical interpretation to generate and rank drill targets.

MT FINNERTY PROJECT

Iron Ore Joint Venture (Portman earning 80% Fe rights)

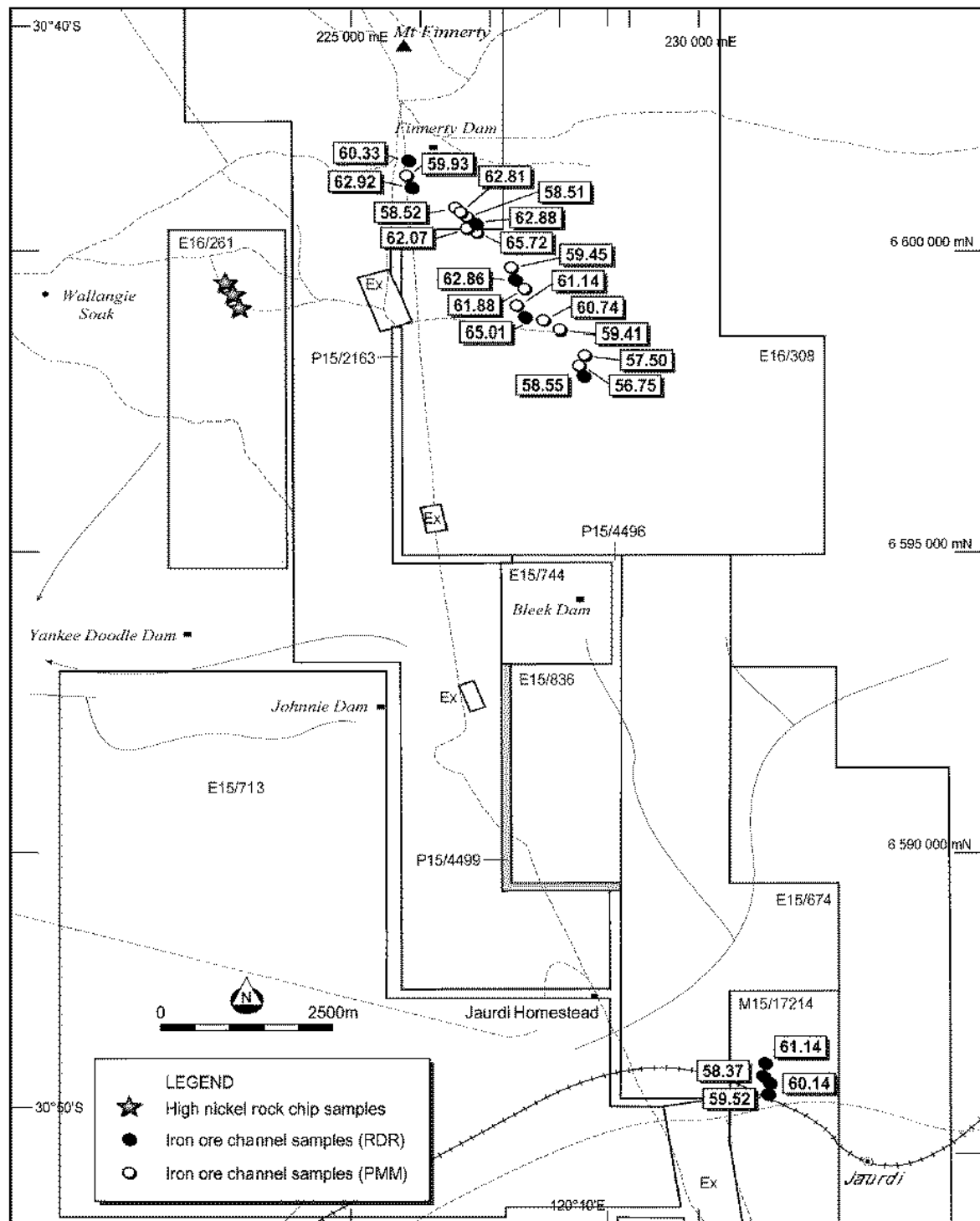
A comprehensive Joint Venture agreement with Portman was finalised and is due to be signed before the end of July. Portman have indicated that fieldwork will commence immediately and drilling is expected to commence in the December quarter.

The key terms of the Joint Venture are:

- Portman will be operator of the joint venture, and can earn 80% of the iron ore rights by solely incurring expenditure totalling \$300,000 within three years.
- Minimum expenditure of \$100,000 must be incurred by Portman on the Project Area within 12 months prior to withdrawal.
- If Portman withdraws from the Agreement prior to expending \$300,000 Portman will retain no interest in the Project (i.e. iron rights).
- Following notification from Portman of achieving minimum expenditure (\$300,000) Reed Resources ("RDR") shall either:
 - Elect to contribute to its share of expenditure thereby maintaining its twenty percent (20%) participating interest in the Project or,
 - Elect to retain a ten percent (10%) participating interest and be free carried until completion of a feasibility study and a decision has been made in favour of project development and commencement of mining (Decision to Mine ("DTM")).
- At the DTM, Reed shall elect to either contribute to Joint Venture Expenditure according to its equity, or convert all of its Participating Interest to a Production Royalty.
- REED retains ownership of all non Iron Ore minerals.

It is the Board's view that a joint venture with such a successful and progressive company as Portman, particularly with its nearby Koolyanobbing operation and its experience in the mining and haulage of iron ore, would underwrite the potential for the mining and development of the iron ore bodies on the Reed tenement holdings.

In the previous quarter geological mapping and previous surface sampling by Reed of banded iron formations (BIF) south of Mt. Finnerty identified two zones of iron-enriched BIF approximately 10 km apart (Figure 2). The northern zone was sampled over a strike length of at least 4 km with assays of 58.5 to 65 % Fe in surface rock chip samples. Further surface sampling of iron-enriched BIF by Portman confirmed the high iron grades and low levels of phosphorous, aluminium, silicon and manganese over the 4 km of strike previously sampled by Reed. Geophysical interpretation suggests the prospective strike length of the BIF is 15km



Regional Exploration (RDR 100% all other minerals)

Exploration at Mt Finnerty has focused on the nickel sulphide potential of the western ultramafic sequence. This has included a regional soil geochemical survey over the western part of the project, where the tenements are underlain by the ultramafic sequence. A total of 1500 soil samples were collected at 50m intervals along lines 400m apart over approximately 30 km of strike length of the Watt Hills greenstone belt. Results from the soil geochemical sampling will be used to define targets for follow-up RAB drilling to bedrock, which is scheduled to commence on 22 August.

During the quarter, the Company also commissioned Fugro Ground Geophysics to conduct a moving loop TEM survey with lines at 200 m spacing in selected areas of the basal sections of the ultramafic sequence. This survey commenced at the beginning of July and the first results are expected at the end of the month.

BARRAMBBIE PROJECT (100%)

During the quarter, Reed Resources progressed the Pre-feasibility Study ("PFS") for the development of a treatment plant to produce Vanadium Pentoxide (V_2O_5) from its Barrambie Deposit.

As part of the Pre-feasibility Study ("PFS") for the production of vanadium pentoxide (V_2O_5) from Barrambie deposit, independent mining consultants Ravensgate Pty Ltd have prepared an updated resource estimate, which was released on 3 June 2005.

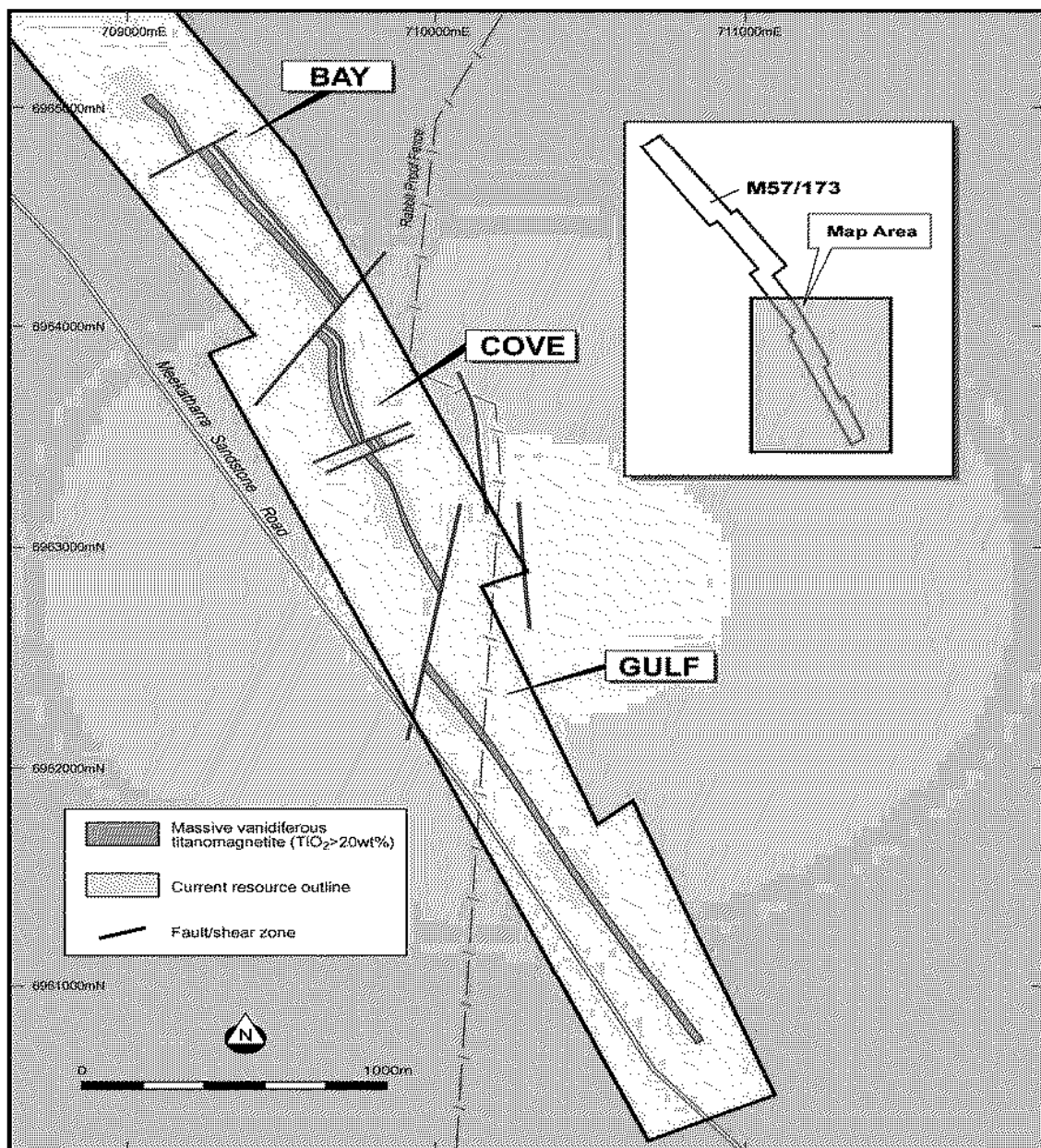
Mineral Resource Estimate

Vanadium-titanium mineralisation outcrops at surface and has been extended down dip to a depth of approximately 80 metres below surface. This depth is considered to be a nominal limit for "low-cost" open pit mining.

Mineral Resource Estimate for the Barrambie V-Ti deposit at a lower cut-off grade of 0.30% V_2O_5

Category	Tonnes	Grade
Indicated	22,000,000	0.48 % V_2O_5 , 10.6 % TiO_2
Inferred	26,000,000	0.51 % V_2O_5 , 14.0 % TiO_2
TOTAL	48,000,000	0.496 % V_2O_5, 12.4 % TiO_2

The resource has been estimated over a strike length of 4.4 km between 7740N and 12110N (local grid). This is equivalent to about 40% of the expected total strike length of 11 km of vanadiferous-titaniferous magnetite mineralisation within Mining Lease M57/173. Most of the resource is over a 2.4 km strike length within the Bay-Cove area between 9700mN and 12110mN (local grid). Drill holes in the southern 2 km of strike length, referred to as the Gulf area, are not sufficiently close-spaced for most of this area to be included in the resource estimate (see plan). The deposit remains open to the north, south and at depth



Regional Exploration

A low-level, high-intensity airborne geophysical survey was flown over the Mining Lease during the quarter. The survey has confirmed the continuity of the vanadiferous-titaniferous magnetite mineralisation over the full length of the tenement (11km), as interpreted from surface mapping.

Metallurgical Testwork

Mineral Engineering Technical Services Pty Ltd (METS) are currently supervising test work to confirm the recovery of vanadium pentoxide from conventional salt roast-leaching of a combined gravity/magnetic concentrate.

Initial testwork focused on the production of a gravity concentrate, previous testwork by Carpco in the US indicated that excellent results could be obtained by combined gravity and Wet High Intensity Separation (WHIMS) of the Barrambie ore, 73% V recovery into concentrate grading 1.11% V_2O_5 from a head grade of 0.52% V_2O_5 . Evidence suggests the introduction of the WHIMS into the beneficiation flowsheet maximises the contained vanadium and minimises impurities in concentrate, which is the critical path for project development.

Method (Laboratory, Year)	Size	Recovery Mass%	V_2O_5 Recovery%	V_2O_5 Grade%	SiO_2 Grade%
Gravity (AMMTEC,2005)	106	25.9	30.5	0.85	1.80
Gravity (AMMTEC,2005)	250	37.3	42.8	0.83	2.43
Gravity/WHIMS (Carpco, 1973)	125	33.7	73.3	1.11	-
Gravity/WHIMS (Lycopodium PFS,1987)	75	28.2	67.8	1.25	-
Gravity/WHIMS (AMMTEC,2005)	150	awaiting	results		

Previous test work conducted by the Colorado School of Mines Research Institute and Hazen Research of the US recovered in excess of 80% of vanadium from roasting a gravity concentrate with either sodium chloride (sea salt) or sodium carbonate. The scope of the current roast-leach testwork will test the recoveries using sodium carbonate and sodium oxalate as reagents on the new combined gravity/magnetic concentrate.

It is imperative that the company maximize the recovery of vanadium in both the concentrate and the final product, and to that end the PFS has been delayed from the ongoing optimisation of the process flowsheet. The board is confident that the roasting testwork can now proceed on the combined gravity/magnetic concentrate with the final results anticipated by mid August. The final flowsheet will then be passed on to Sinclair Knight Merz for capital and operating cost estimation. The PFS is estimated to be completed in November.

It should also be noted that tailings from the gravity circuit contain an average 24% TiO_2 . Although titanium recovery is not being evaluated in the PFS, it highlights an option for future titanium production from the deposit.

Other Workpackages

During the quarter BFP Consultants completed a geotechnical assessment of the deposit, the base of complete oxidation has been estimated at 50-60m below surface. Open pit optimisation and design work commenced during the quarter, and detailed design and scheduling will be completed once results of the final metallurgical testwork become available. Rockwater Pty Ltd carried out a review of hydrogeological reports and test pumping by previous owners, generating a nominal borefield layout to satisfy the water requirements of the proposed development. Aboriginal Heritage Surveys undertaken during the quarter did not identify any significant sites.

CORPORATE

Extraordinary General Meeting

The company's extraordinary general meeting was held on 6 July 2005 where all resolutions were passed on a show of hands.

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

A handwritten signature in dark ink, appearing to read 'D J Reed', with a stylized flourish at the end.

D J Reed

CHAIRMAN

Geological aspects of this report have been compiled by Peter Collins (BSc(Hons), PhD, MAIG), an employee of Reed Resources Ltd. Peter Collins has sufficient experience relevant to the style of mineralisation and types 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 (2005). Dr Collins consents to the inclusion in the report of the matters in the form and context in which it appears.

Metallurgical aspects of this report in relation to the Barrambie Project have been compiled by Damian Connelly (BAppSc, CPE, MAusIMM), of Mineral Engineering Technical Services Pty Ltd. Mr Connelly has sufficient experience relevant to the style of mineralisation and types 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 (2005). Mr Connelly consents to the inclusion in the report of the matters in the form and context in which it appears.

The Sand Prince West Mineral resources were estimated by Mr David Princep, an employee of Hellman & Schofield Pty Ltd, using data prepared by Reed Resources Ltd and geostatistical modelling by Hellman & Schofield. Reported tonnages and grade are in accordance with the JORC Code (December 2004). Mr Princep is a member of the AusIMM and has sufficient experience relevant to the style of mineralisation reported to qualify as a Competent Person as defined in the Code. Mr Princep consents to the inclusion in this report of the above Resource information in the form and context in which it appears.