

PORTMAN CONFIRMS ADDITIONAL SURFACE IRON ENRICHMENT

The Board advises that recent reconnaissance mapping and sampling throughout the northern and central parts of the Mt Finnerty area by joint venture partner, Portman Limited (ASX: PMM, 'Portman'), has identified additional surface iron enrichment (Figure 1). The Mt Finnerty Project (Reed 100%) is located about 65 kilometres east of Portman's Koolyanobbing Iron Ore Mine and Portman have the right to earn 80% of the iron rights in the project (Figure 2).

Portman's work has identified hematite/martite enriched lateritised BIF to goethitic cap rock and goethite-cemented scree (canga) at a number of locations spread over a total strike length of about 16 km. Grab sampling has returned grades of up to 64 % Fe (most samples in excess of 55 % Fe) over sample widths of up to 10 metres across strike.

This work has confirmed the presence of at least two parallel formations that show surface enrichment of the host BIF. In one of these formations, which passes to the east of Mt Finnerty, one stretch of samples collected over about 2 km strike length have returned an average of 58.3 % Fe (54.5 - 61.3 % Fe, 12 samples) and a second suite of samples collected over about 700m strike length have averaged 57.4 % Fe (55.4 - 60.2 % Fe, 5 samples). The two sets of samples are from the same formation but separated by about 1 km, along the strike of the formation.

Other zones identified by Portman with surface enrichment have been detected ~7 km south of Mt Walton (59.5-61.8 % Fe, 3 samples) and about 1 km to the north of Mt Finnerty (64.1-64.3 % Fe, 2 samples).

Further mapping and sampling to the south of Mt Finnerty has confirmed a previously identified zone of enrichment (first announced 25 November 2004) with samples returning 54.1 to 63.7 % Fe (11 samples) collected over about 4.5 km strike length, and commencing about 1.5 km south of Mt Finnerty. South of the sampled interval, the host formation is covered by alluvium and colluvium, but aeromagnetic survey data indicates that the host unit continues for about 10 km to another zone of iron-enriched outcrop adjacent to the Trans-Australian Railway line (at the discovery location in E15/621).

The latest sampling has also confirmed that the surface enriched BIF tends to have acceptable phosphorous levels with most samples containing less than 0.08 % P, and over half of the samples containing less than 0.05 % P.

The northern and central zones of surface iron enrichment are within Exploration Licences E16/272 and E16/308, which have been endorsed for iron ore under section 111 of the Mining Act. Mining lease applications have been lodged over most of the enriched sections north of Mt Finnerty.

Portman plan to test the more prospective zones of surface enrichment with an RC drilling program when a drill rig becomes available.

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The information in this report that relates to Exploration Results is based on information compiled by Dr Peter Collins from Portman Iron Ore Limited's "Mt Finnerty Joint Venture Report for December 2005". Dr Collins is a member of the Australian Institute of Geoscientists and is a director of Reed Resources Ltd. Dr Collins has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which 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'. Dr Collins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The results achieved in the sampling traverses may not necessarily represent what will be intersected at depth in the pending RC drill program, nor can they be considered an estimate of resources. Reed is very encouraged by the results, which will be used as a guide for planning future drill hole locations. Although Reed and Portman remain optimistic about the potential of the Mt.Finnerty tenements, any reference to the term "iron ore" in this report is conceptual in nature. Use of the term "grade(s)" is not intended to represent the grade of a resource; and an "average" Fe content is calculated as an arithmetic mean of the samples indicated.

Assay data⁽¹⁾ for Portman grab sample traverses with greater than 54% Fe

SAMPLE	GDA-E ⁽²⁾	GDA-N ⁽²⁾	Fe (%)	P (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	LOI (%)
A43845	226505	6603685	58.40	0.069	7.08	1.32	7.45
A43846	226387	6603909	55.47	0.099	11.53	1.53	7.04
A43847	226223	6604099	60.29	0.043	5.45	2.16	5.18
A43848	226200	6604129	55.61	0.028	10.11	1.14	8.72
A43849	226122	6604152	57.35	0.059	6.38	1.66	9.45
A43850	224982	6605975	59.70	0.030	4.07	1.43	8.65
A43851	225145	6605739	58.04	0.097	3.98	2.87	8.59
A43852	225226	6605624	58.64	0.027	8.57	2.30	4.56
A43853	225301	6605438	58.12	0.180	5.22	1.79	9.07
A43854	225346	6605342	56.00	0.025	6.31	2.94	9.55
A43855	225458	6605211	60.11	0.017	4.04	0.87	8.66
A43860	224858	6606296	57.60	0.050	5.53	2.76	8.55
A43861	224839	6606444	59.62	0.023	5.11	0.42	8.93
A43862	224647	6606712	61.30	0.011	2.58	0.50	9.01
A43863	224589	6606827	58.86	0.019	8.53	0.60	6.23
A43864	224407	6606997	57.74	0.013	7.79	0.44	8.95
A43865	224658	6606795	54.54	0.069	5.62	4.91	10.65
A43867	225102	6604083	64.32	0.036	2.14	0.67	4.95
A43868	220922	6612648	60.45	0.096	2.63	2.36	7.93
A43869	220994	6612537	59.86	0.100	3.46	2.51	7.77
A43870	221059	6612390	61.80	0.088	2.03	0.80	8.32
A43871	222628	6608746	58.82	0.038	3.63	1.63	10.14
A43872	222755	6608450	55.95	0.127	9.36	0.97	9.08
A43873	225189	6603900	64.06	0.075	2.60	0.97	4.47
A43874	225478	6602991	60.70	0.056	6.25	0.64	5.91
A43876	225686	6601390	54.15	0.021	8.30	6.85	6.78
A43877	225910	6601008	58.40	0.046	5.62	5.09	5.14
A43878	225842	6600822	57.65	0.112	7.03	2.79	7.02
A43879	226308	6600759	56.54	0.054	8.10	3.81	6.33
A43880	226464	6600586	61.02	0.053	3.43	3.05	5.69
A43881	226563	6600478	63.71	0.046	2.63	2.11	3.74
A43882	227100	6599663	62.58	0.033	4.16	2.94	2.92
A43883	227449	6598683	57.85	0.041	6.29	3.04	6.85
A43884	227561	6598576	60.69	0.041	4.91	2.35	5.29
A43885	228105	6597954	59.90	0.243	2.58	1.46	9.45
A43886	228212	6597789	54.84	0.023	7.38	6.25	6.94

1. Fe, P, SiO₂, Al₂O₃ have been determined by X-Ray fluorescence spectrometry; LOI (Loss on Ignition) has been determined by thermo-gravimetric analysis.
2. Sample location coordinates are for the Map Grid of Australia, 1994 -Zone 51

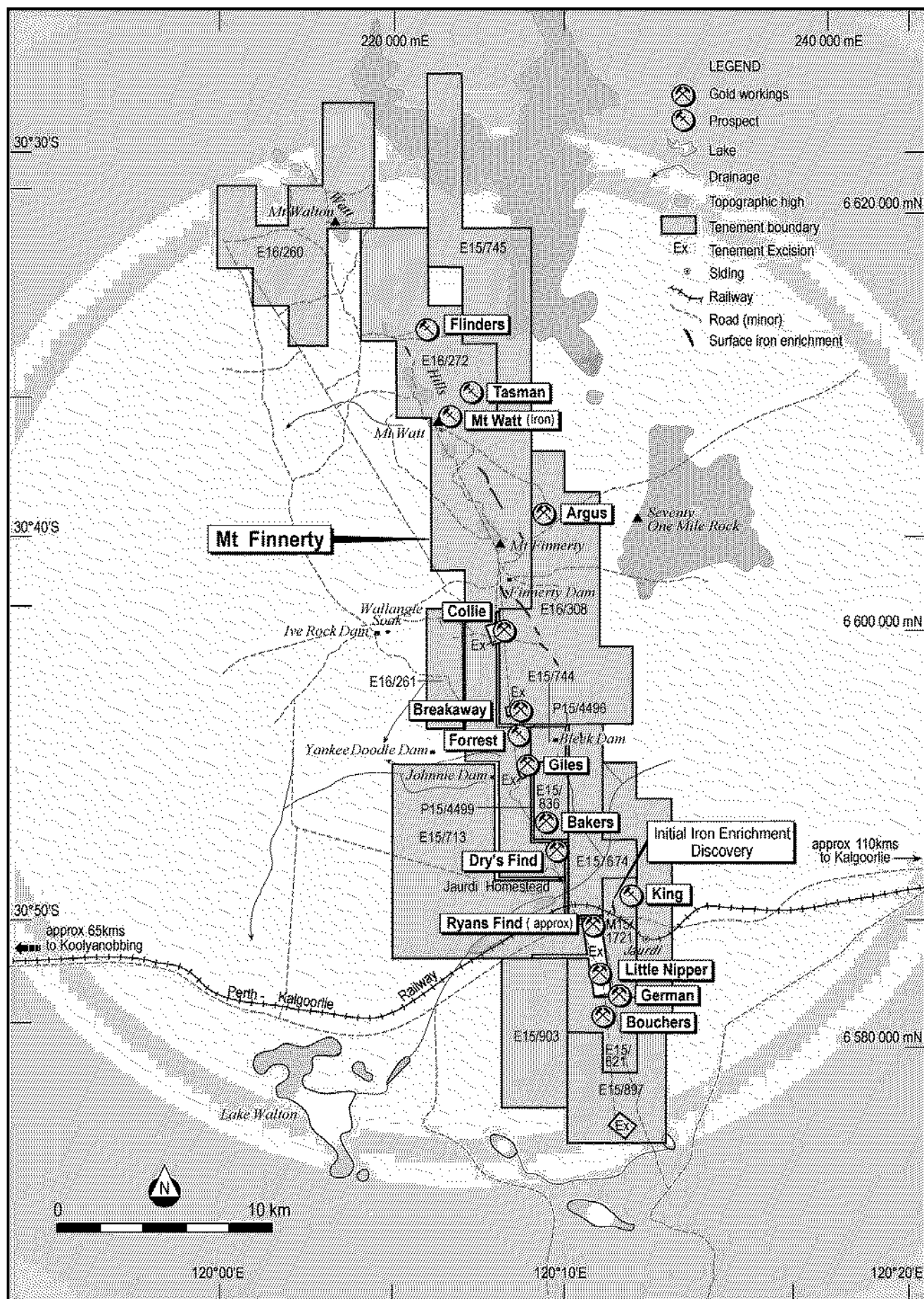


FIGURE 2. Joint venture area