

QUARTERLY ACTIVITIES REPORT

30 OCTOBER 2007

Highlights

- Barrambie (vanadium) – Phase 1 of DFS completes with initial Resource estimate confirming highest grade resource in Australia and metallurgical test work indicating substantial increases in concentrate grade and recovery.
- Mt Finnerty (iron) – Major drilling programs (280+ holes) to test surface iron enrichment at FIN10 (rockchips 60-64%Fe) & FIN11 (rockchips 56-61%Fe) prospects and numerous detrital and concealed iron targets
- Mt Finnerty (nickel) - Highly anomalous soil geochemical anomalies coincident with the basal ultramafic/basalt contact, over 10 km of strike, targeted for follow-up ground EM/IP surveys.
- Comet Vale (gold) – Ore production ramp up continuing, including completion of 3 Level access to Sand George lodes.

Reed Resources' exploration and development activities during the quarter have continued to focus on advancing the Barrambie vanadium project and the Comet Vale gold operations. Portman Iron Ore Ltd and Western Areas NL are continuing with exploration of the Mt Finnerty project for iron ore and nickel sulphide mineralisation, respectively, under joint venture agreements. The Bell Rock Range project in Central Australia is progressing steadily.

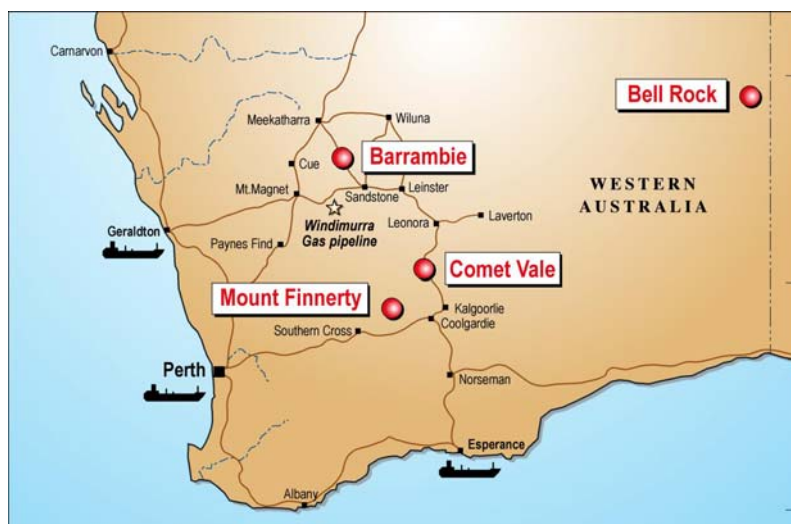


Figure 1 Location of Reed Resources' main projects in Western Australia.



BARRAMBIE VANADIUM PROJECT

(Reed 100%)

Definitive Feasibility Study

During the quarter, the Definitive Feasibility Study (“DFS”) proceeded as scheduled with the Phase 1 program comprising resource definition drilling, assessment of ore types and feed options, metallurgical test work focusing on optimising the beneficiation process, preliminary environmental assessment, infrastructure studies, and appraisal of process water. The closeout report for Phase 1 along with the scope of works for Phase 2 have been received from Sinclair Knight Merz (“SKM”) and are currently under peer review prior to the award of the remainder of the study.

Metallurgical Test Work

SKM are currently supervising testwork to confirm the recovery of vanadium pentoxide from conventional salt roast-leaching of a gravity/magnetic concentrate.

A substantial increase in the mass of concentrate recovered from bulk samples, once confirmed by variability testwork, will greatly reduce the mill throughput rate needed to achieve the planned output of 9,000t of V_2O_5 per annum. This augurs well for a reduction in the size of a beneficiation plant and kiln from the 2 Mtpa circuit envisaged in the Pre-Feasibility Study, with commensurate reduction in capital cost.

An increase in concentrate grade is expected to further reduce operating costs, as a result of more vanadium being recovered per tonne of concentrate and hence less tonnes roasted. Processing costs accounted for more than 80% of operating costs in the PFS.

Beneficiation test work is currently being performed by SGS on bulk samples from both the Central and Eastern Bands, separately. All ore samples were ground to P_{80} 150 μ m before single-pass testing. Results of this test work provided below relate to the front-end of a plant, with previous beneficiation test work conducted as part of the Pre-Feasibility Study (“PFS”) included for comparison.

Gravity concentrates produced from a Wilfley table gave the following results:

Ore Type	Recovery mass %	V_2O_5 mass %
Eastern, Oxide (PFS)	36.1	1.37
Eastern, Oxide	19.8	1.24
Central, Oxide	30.3	1.72

Magnetic concentrates produced from a high-intensity, rare earth drum at 6,000 Gauss gave the following results:

Ore Type	Recovery mass %	V_2O_5 mass %
Eastern, Oxide (PFS)	36.1	1.37
Eastern, Oxide	45.73	1.30
Central, Oxide	63.75	1.68

Mineral Resource Estimate

Snowden Mining Industry Consultants (“Snowden”) completed an initial Mineral Resource estimate for the Barrambie deposit and reported it at a range of V_2O_5 block cut-off grades of 0.2, 0.3, 0.4, 0.5 and 0.6% V_2O_5 , and according to weathering type (oxide, transitional and ‘fresh’) and resource classification. Resource estimates outlined in Attachment 1 are for a cut-off grade of 0.5% V_2O_5 .

The Mineral Resource has been estimated over a strike length of 5 km between 7535 mN and 12600 mN (local grid) (see Figure 2). This is equivalent to about 40% of the interpreted total strike length of about 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 9700 mN and 12110 mN (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. The deposit remains open to the north and south, and at depth.

The total **Indicated and Inferred Mineral Resource** is estimated at 23.6 Mt at **0.83% V_2O_5** , 17.9% TiO_2 and 48.6% Fe_2O_3 , as summarised below, at a block cut-off grade of 0.5% V_2O_5 (additional details in Attachment 1).

A summary of the Resource estimate, at 0.5% V_2O_5 cut-off grade, is given below with additional details in Attachment 1:

Category	Tonnes (Mt)	V_2O_5 mass %	TiO_2 mass %	Fe_2O_3 mass %
Indicated	6.5	0.84	17.3	46.7
Inferred	17.1	0.82	18.2	49.3
Total	23.6	0.83	17.9	48.6

A cut-off grade of 0.5% V_2O_5 appears to best represent the higher-grade massive magnetite bands that will be the target for selective mining of the deposit. Barrambie is also the highest grade of any of the major vanadiferous magnetite deposits in Australia.

The estimated resource grade is consistent with the company’s aim of achieving a head grade of about 0.8% V_2O_5 as feed for a processing plant.

The deposit tonnage within the resource envelope is sensitive to lower block cut-off grades. If a block cut-off grade of 0.3% V_2O_5 is applied then there is a substantial increase in tonnage to an estimated 79.8 Mt but at a lower average grade of 0.50% V_2O_5 , 10.4% TiO_2 , 33.0% Fe_2O_3 (Refer to ASX Announcement 8 August 2007).

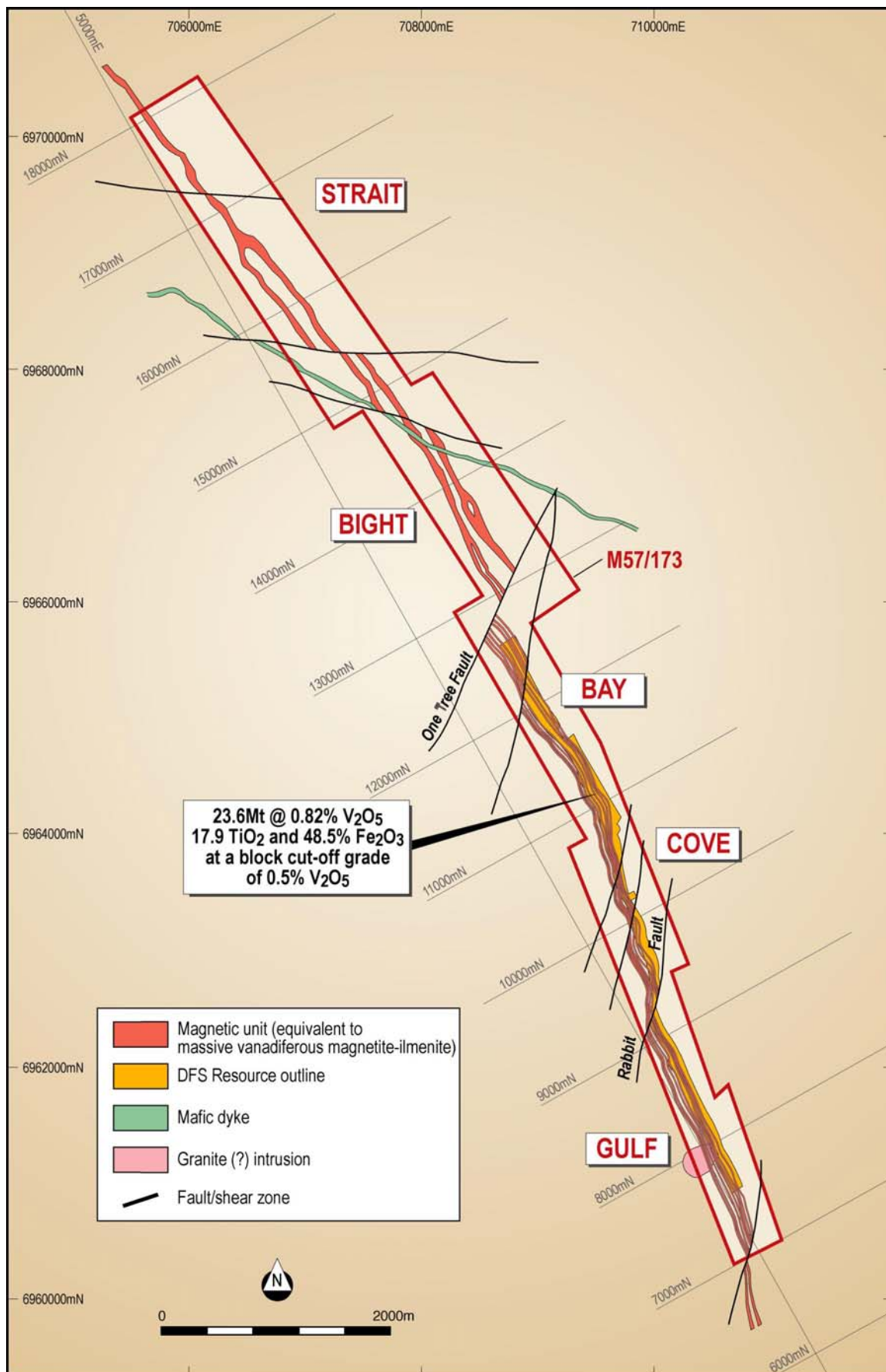


Figure 2 Barrambie Vanadium Project showing Plan of Mineral Resource Estimate over local grid. Distribution of vanadiferous magnetite mineralisation is based on interpretation of aeromagnetic survey data

Infill Drilling

A second phase of diamond drilling was completed during the quarter and a third phase of RC drilling commenced in September. This will include some infill drilling and twinning of previous drill holes to improve confidence levels in resource classification for upgrading to Measured Resource status.

A representative area of the mineralisation was selected for close-spaced drilling to improve the understanding of short range continuity within both the Eastern Band and Central Bands, and to test the interpreted connectivity of high grade lodes of the Central Bands.

Project Management

The Company is in negotiations with a highly qualified engineer to assume the position of Project Manager for Phase 2 of the DFS.

Forward Work Program

Assay results for the latest phase of RC drilling are expected to be available in late November. The drilling data will be compiled and validated for inclusion in a comprehensive data base from which a revised geological model of the Barrambie deposit will be constructed in preparation for resource/reserve modelling by Snowden.

DFS activities in the next quarter will include

- Finalise the development of the optimised beneficiation flowsheet incorporating the results from the metallurgical variography work being performed during this quarter.
- Complete the salt roasting laboratory testwork to provide a set of recommended operating conditions for the kiln pilot plant testwork scheduled to be performed late January 2008.
- Prepare 6 tonne of “on spec” concentrate and ship to Germany for use in kiln pilot plant test program.
- Finalise process flow diagrams, equipment lists and prepare piping and instrumentation drawings for the full process plant circuit.
- Progress the procedure for locking in gas supplies and gas transport arrangements.
- Award contract for consultant to finalise plant design and prepare study document.
- Finalisation review and submission of the EPA Referral Document.

Market Price

The current price of vanadium is quoted by the Ryans Notes at US\$7.90/lb (19 October 2007). The primary use for vanadium is to harden steel.

MT FINNERTY PROJECT

Nickel Sulphide Joint Venture (Western Areas NL earning 65% Ni rights)

Western Areas NL ("Western Areas") has focussed their initial nickel sulphide exploration efforts on the southern portion of the Western Ultramafic sequence. Exploration of selected areas of the Western Ultramafic sequence has identified four highly anomalous soil geochemical anomalies (Figure 3) that are coincident with the mapped position of the basal ultramafic contact with the underlying basalt, spread over 10 km of strike.

Western Areas has planned a program of 300 RAB drill holes to commence mid October to better define the position of the basal contact of the Western Ultramafic sequence, primarily in the Richies Reward area (Figure 3).

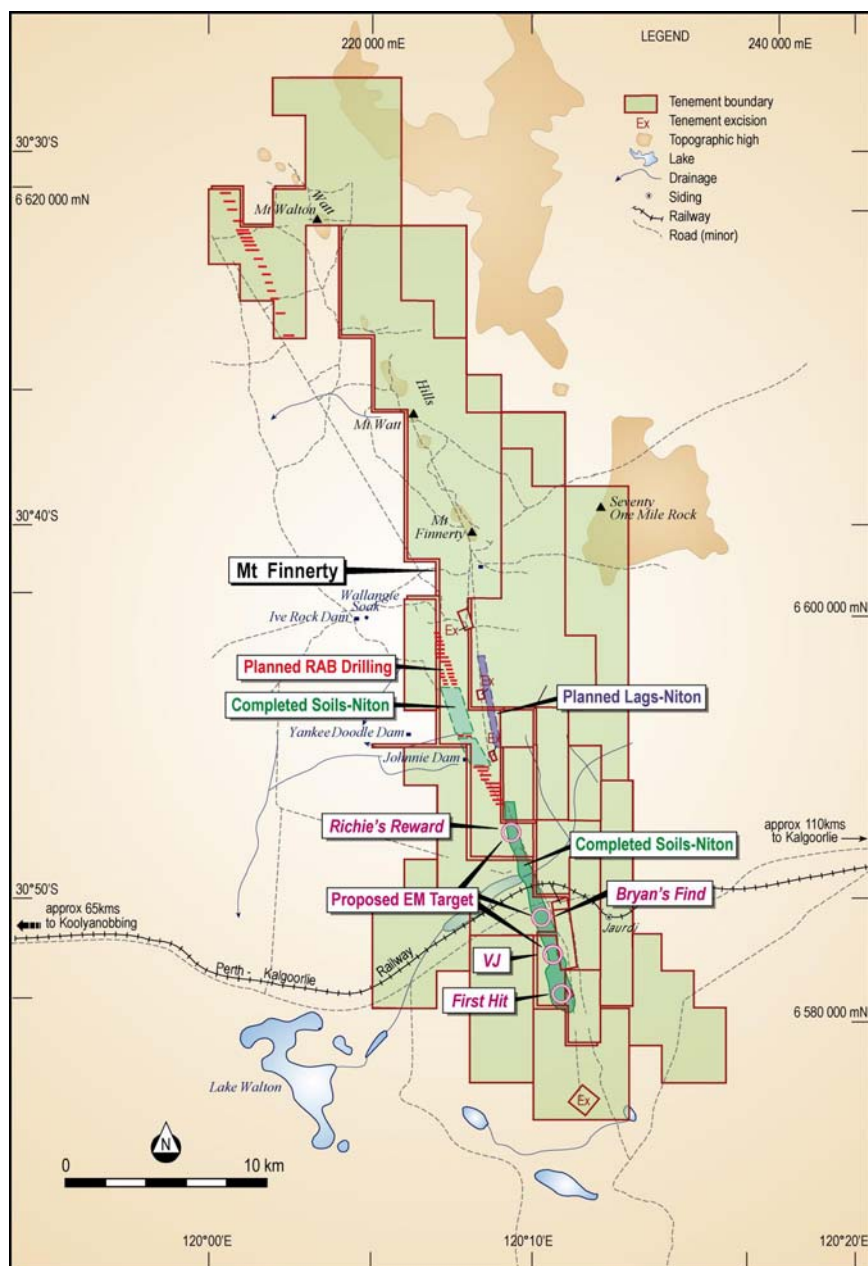


Figure 3 Exploration of the Western Ultramafic sequence completed by Western Areas, including the four soil geochemical anomaly targets, and planned follow-up exploration activities elsewhere along the Western Ultramafic sequence.

Exploration Forecast

Soil geochemical anomalies have been refined and field inspected for follow-up ground EM/IP surveys, and subsequent RC drilling. The ground EM surveys are scheduled to commence in November 2007. Exploration of the Western Ultramafic sequence further to the north will consist of a mixture of soil sampling and short RAB drill testing of the basal contact of the ultramafic unit. A sub-parallel formation of ultramafic rocks to the east of the western sequence will also be explored by lag sampling and RAB drilling (Figure 3).

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

Exploration Results

Exploration by Portman Iron Ore Ltd (“Portman”) in the last quarter has involved preparation for major drilling campaigns in the December quarter (Figures 4,5). Botanical surveys were completed in areas of planned RAB/RC drilling traverses. One Programme of Work (POW) application for planned RAB drilling was approved by the Department of Industry and Resources. A second POW covering planned RC drilling awaits a report on the recent botanical survey.

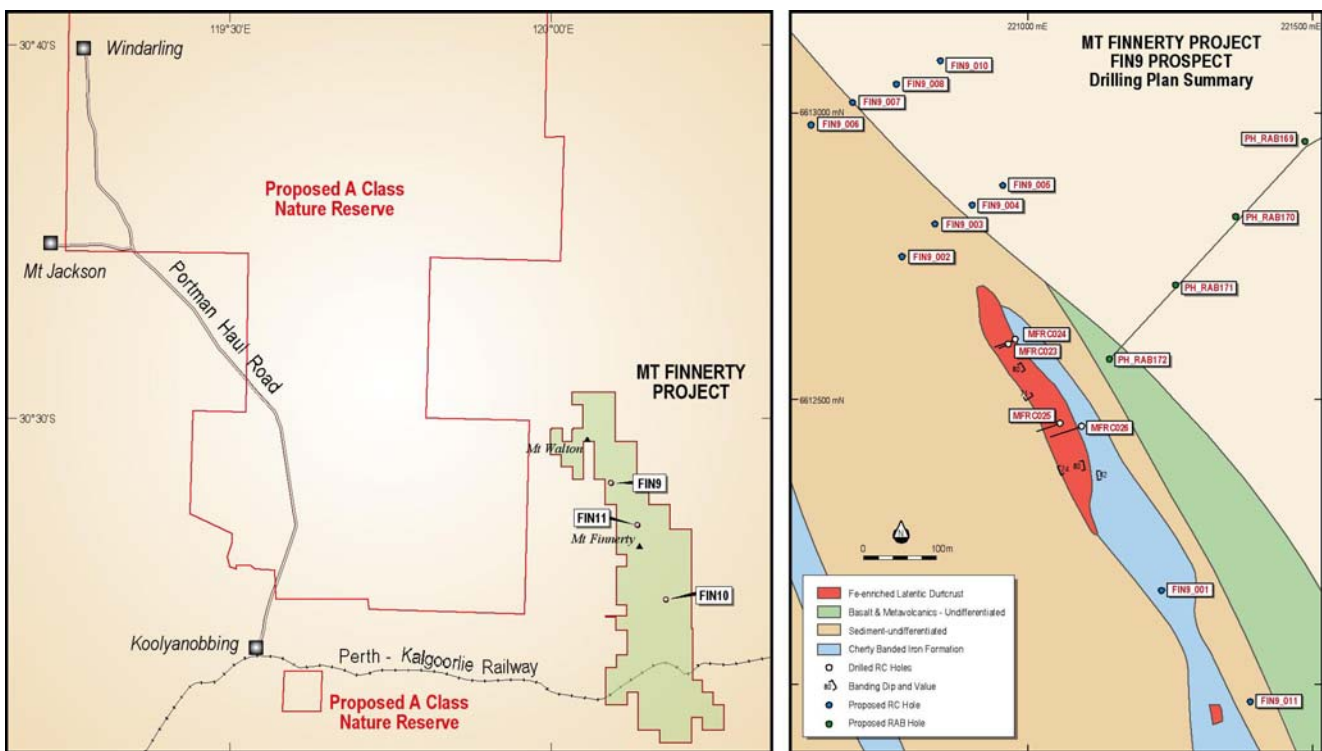


Figure 4 Location of iron ore exploration targets at the Mount Finnerty Project, within trucking distance of Portman’s Koolyanobbing Iron Ore Project (left), and planned drilling in the vicinity of the FIN9 prospect (right).

Surface exploration by Portman has confirmed surface enrichments within the targeted BIF units at two additional prospects, referred to as FIN10 and FIN11 (Figures 4,5). Rock chip sampling of lateritised iron formation at the FIN11 prospect returned iron values ranging between 56 and 61 % Fe (Figure 5, Attachment 2). The FIN10 prospect is a well-bedded exposure of hematite-goethite mineralised iron formation extending for almost 700 metres along strike and 25-30 metres at its widest part (Figure 5). Rock chip sampling of mineralised iron formation at FIN10 indicated iron values in the range 60-64% Fe (Figure 5, Attachment 2).

Geological traversing, gravity and ground magnetic readings have been collected along existing roads and fence lines where RAB drilling is planned. This information has been used to fine tune RAB hole locations.

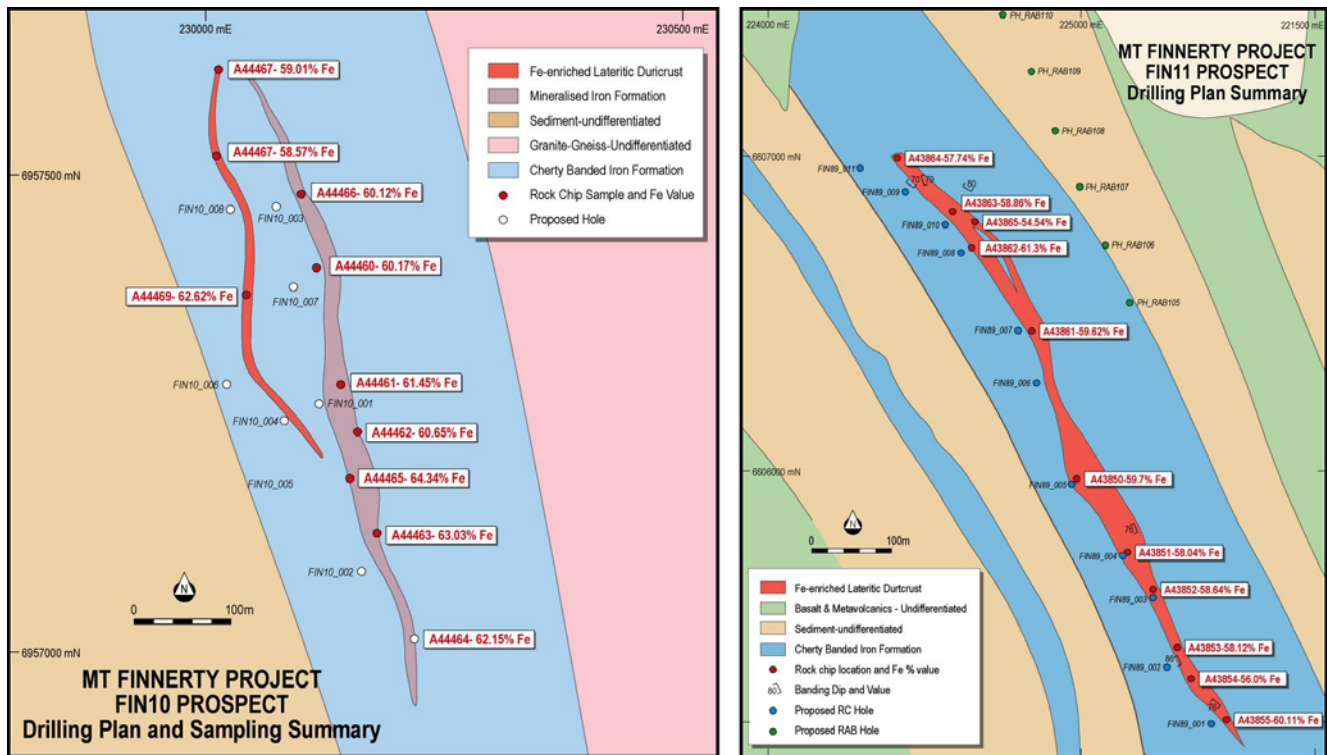


Figure 5 Geology of the FIN10 (left) and FIN11 (right) iron ore prospects and planned drilling locations. The location of the two prospects is shown in Figure 4.

Four mining lease applications covering the FIN7, FIN9 and FIN10 prospects were advertised under the expedited Native Title procedure during the quarter. All tenements containing iron mineralisation have been endorsed for iron ore under section 111 of the Mining Act.

Exploration Forecast

A two-stage shallow RAB drilling program (264 drill holes, about 5,000 metres of drilling) to test large areas of detrital and channel iron accumulation will commence in November. An RC drilling program of 19 holes is planned to commence shortly after the RAB program is finished.

Gold exploration (Reed Resources Ltd 100%)

Geological modelling of the Flinders and Tasman gold prospects on the eastern side of the Mt Finnerty Project and a detailed evaluation of data on the Little Nipper mine (historically very high grade) at the southern end of the Project have been completed.

Work will commence on calculation of preliminary resource estimates at the Tasman and Flinders prospects and an evaluation of other gold target areas with the Project.

COMET VALE PROJECT

Sand Queen Gold Mine Production Joint Venture (Kingsrose Mining Pty Ltd earning 50%)

Mining and Production

During the quarter a total of 7,749 tonnes of ore from the Sand George deposit, comprising 5,226 tonnes of stoped ore grading 7.87 g/t Au and 2,522 tonnes of development ore grading 4.56 g/t Au was processed at Higginsville Mining's Greenfields plant at Coolgardie.

This milling campaign produced 1,498 ounces of gold and 77 ounces of silver at a bullion reconciled grade of 6.80 g/t Au, which is 7% lower than the expected grade.

The gravity circuit recovered about 64% of the gold with a total gold recovery of 90%, calculated from the metallurgical balance. The leach and adsorption kinetics of the ore parcel were low, around 75% and the tail grade was about 0.60 g/t Au. The total gold recovery rate was significantly lower than the previous two milling campaigns and metallurgical investigations and contingencies are being put in place to ensure future recoveries are maximised.

The extent of underground mining and development work is steadily increasing as more headings are opened up on the 2 and 3 levels and a total of 229 bulk and 140 grade control samples were taken. New headings worked during the quarter include:

- Stopping of the northern end of SG2C
- Driving on the 3LSOD
- Instalment of 2 more sub-levels and stoping within SQS3A
- Instalment of sub-level for SG3A and 3B (including 3 mill points)

Mining within the SG2C stope is on a quartz vein on the porphyry contact. Production to date amounts to 1,297 tonnes of high grade ore (1,015 tonnes) and low grade mineralisation (282 tonnes) at an estimated average grade of 7.35 g/t Au.

Driving on the 3LSOD was at 13137mN (at end of the Quarter) and has driven on part of the "main vein" and into the porphyry vein. The ore zones are open both to the north and the south. A possible third lode position remains untested in the footwall. Production to date amounts to 2,075 tonnes of high grade ore (1,721 tonnes) and low grade mineralisation (355 tonnes) at an estimated average grade of 11.74 g/t Au.

Development and stoping in SQS3A has been mainly on the e-main reef in the footwall to the historical stoping on the main reef, although stoping has broken into the old workings. Grades have been variable, but show a dramatic increase as the two veins come together. Face samples have been as high as 100 g/t Au and bulk samples as high as 35 g/t Au. Production to date amounts to 1,100 tonnes of high grade ore (1,022 tonnes) and low grade mineralisation (78 tonnes) at an estimated average grade of 11.81 g/t Au.

Mining of a number of en-echelon lodes within the SG2A stope continued with a further 1,500 to 2,000 tonnes mined. Total production from SG2A stope to date amounts to 4,400 tonnes of high grade ore (2,827 tonnes) and low grade mineralisation (1,564 tonnes) at an estimated average grade of 6.34 g/t Au.

Mining of a ~0.7m wide bi-furcating quartz vein within porphyry in SG2B stope produced some 1,218 tonnes of high grade ore (973 tonnes) and low grade mineralisation (246 tonnes) at an estimated average grade of 8.16 g/t Au.

Mining of a 2-3m wide bucky quartz vein within SK2A stope has been put on hold due to a northeast trending structure that is limiting the potential tonnes and may be affecting gold grades. Production from this stope to date amounts to 315 tonnes of high grade ore (91 tonnes) and low grade mineralisation (224 tonnes) at an estimated average grade of 4.53 g/t Au.

Development on the 2LSOD has intersected a potential new ore position as the quartz reef changes dip and strike.

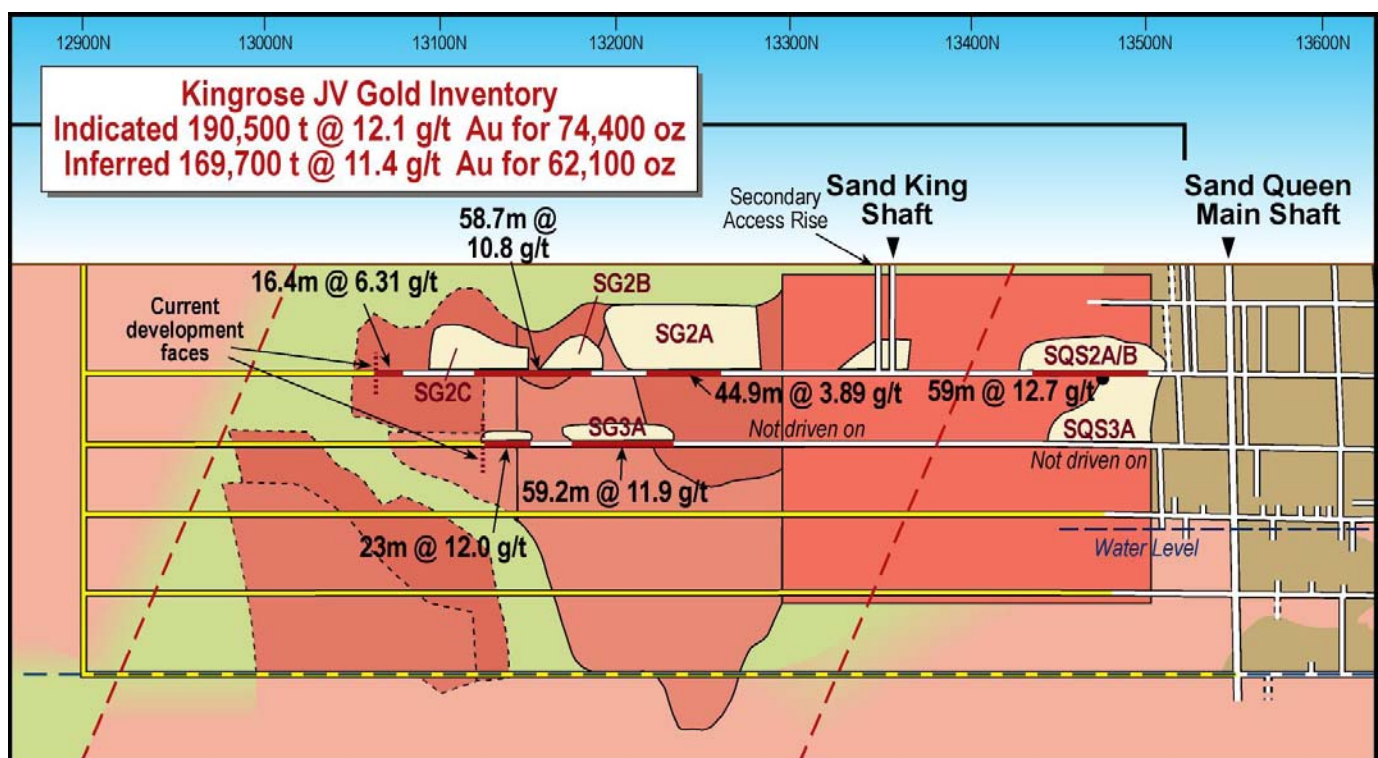


Figure 6 Long section of the Sand Queen mine showing proposed development of the Sand George lodes and current workings. Gold assay results are for diluted bulk samples taken from the development drives during trucking. Samples were analysed by Amdel Laboratory Services using a 400g Leachwell with a 50g Fire Assay charge on the residues. Coordinates are for a local grid.

Near-mine Exploration

During the quarter a total of 240 metres of core was drilled in five NQ2 diamond tails on the end of existing RC holes (JVC040, 41, 50, 52, 56) (Figure 7). Potential lode intersections have been sampled and assay results are awaited.

Holes JVCD040 and 041 were drilled to test down dip positions within the interpreted Princess Grace structure. Both intersected quartz veining (up to 0.5 metres wide) on the targeted upper porphyry contact.

Holes JVCD050 and 052 were drilled to the south of the Sand George lodes to test down dip positions within the Sand Prince lodes below and between intercepts in previous drilling. JVCD050 intersected a sequence of porphyry and ultramafic rocks with minor quartz veining. JVCD052 intersected four different quartz lodes of which two are considered to relate to known ore zones.

Hole JVCD056 was drilled to the north of the mine to test the northern extension of the Comet Vale shear structure below an extensive gold-in-soil anomaly (>100 ppb Au). No significant quartz veins were intersected.

In addition, four PQ diamond drill holes (JVD009-012, 65 metres total) were drilled to collect core for metallurgical testwork being conducted on the Princess Grace and Sand Prince West deposits.

Regional Exploration

During the quarter, a trial program of auger sampling of old tailings, regolith near the old town site and below lake sediments was conducted to ascertain its effectiveness as an exploration tool at Comet Vale and other projects. Sampling of the old tailings dumps (28 samples) to the west of the mine indicate the tailings contain an average of 0.47g/t Au, maximum value of 0.88 g/t Au.

Sampling on Lake Goongarrie (73 samples) produced mixed results with only about half the sample locations penetrating the lake sediments. The trial program revealed some areas of low-order anomalous gold (up to 8 ppb Au) that appear to relate to structures interpreted from the aeromagnetic surveys. Evaluation of the auger sampling method is continuing.

Exploration Forecast

Exploration will focus on prospective structures surrounding the current mine area, including compilation and interpretation of exploration undertaken at the Lake View/Long Tunnel workings and Lady Margaret prospect; RC drilling of targets in the eastern part of the project; and RC drilling southeast of the Princess Grace deposit. Work is continuing on pit optimisation studies of the Sand Prince West and Princess Grace prospects.

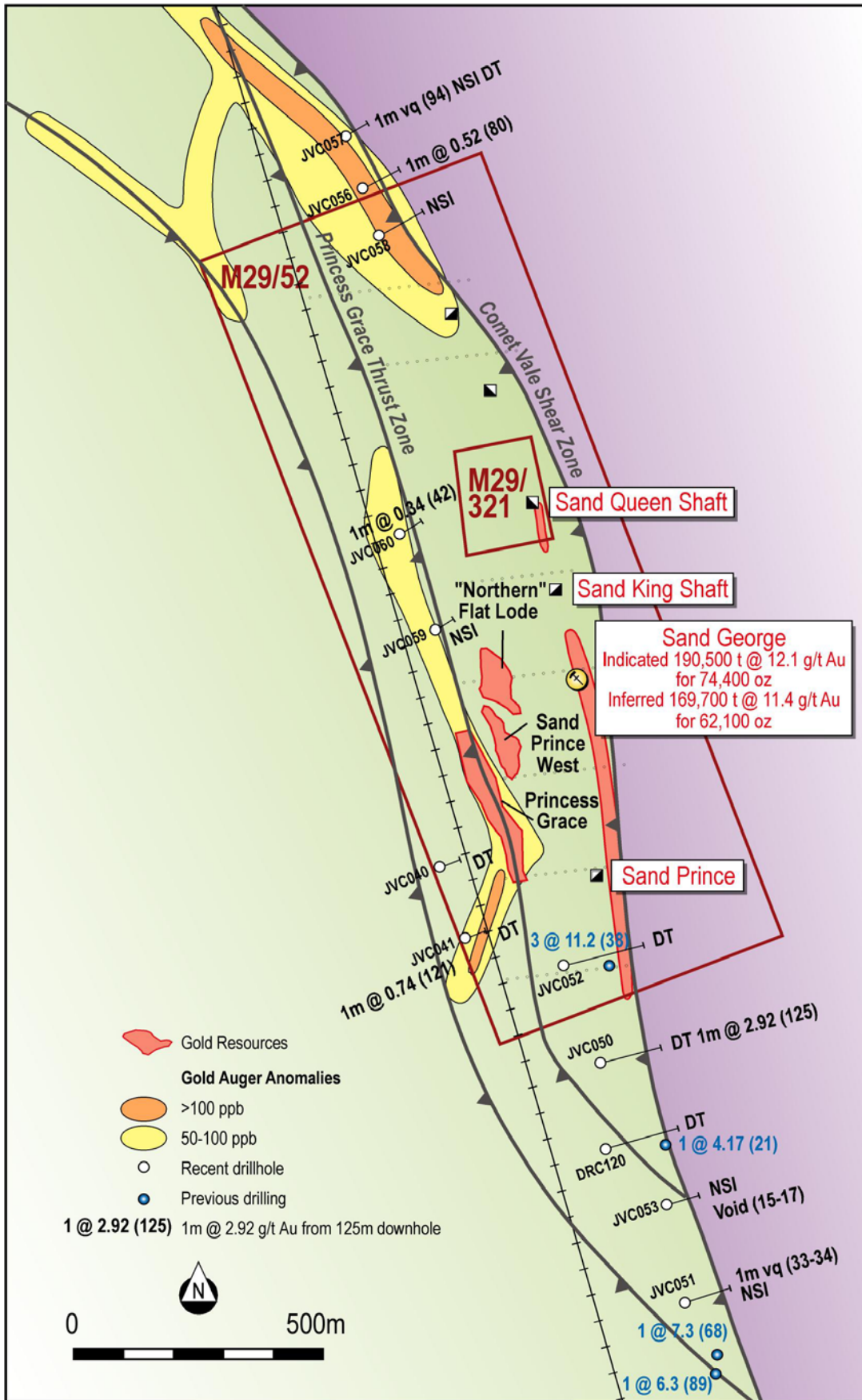


Figure 7 Diamond hole location plan(on end of holes JVC040, 041, 050, 052, 056) in relation to current resources and gold-in-soil anomalies. All holes collared at 60° toward 089° on a local grid. Samples are of RC drillchips analysed by Amdel Laboratory using a 400g Leachwell.

OTHER PROJECTS

During the quarter, an Exploration Licence (E69/2293) was cleared by the National Native Title Tribunal and is awaiting grant, covering about 470 km² of the Bell Rock Range within the highly prospective Musgrave Province in central Australia. Southern Geoscience Consultants have compiled an information package of available geological and airborne geophysical data, which will form the basis for initial exploration of this project.

CORPORATE

Annual General Meeting

The Company's Annual General Meeting of Shareholders to be held at 3pm on Monday 26 November 2007 at First Floor, 104 Marine Parade Cottesloe, Western Australia.

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



Chris Reed
MANAGING DIRECTOR

Geological aspects of this report that relate to Exploration Results have been compiled by Dr Peter Collins (MAIG), a Director of Reed Resources Ltd. Dr Collins has sufficient experience 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 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.

Although Reed Resources remain optimistic about the potential of its exploration projects, any reference to the terms "ore", "high-grade" and "low-grade" in this report is conceptual in nature. Use of the term "grade(s)" is not intended to represent the grade of a resource.

ATTACHMENT 1 – BARRAMBIE PROJECT

Mineral Resource Estimates for the Barrambie V-Ti deposit, as at August 2007

Mineral Resource estimate by category and material type for each of the Central and Eastern Bands, at a cut-off grade of 0.50% V₂O₅

Category	Ore type	Band(s)	Tonnes (Mt)	V ₂ O ₅ (%)	TiO ₂ (%)	Fe ₂ O ₃ (%)	
Indicated	'Oxide'	Eastern	2.6	0.77	24.1	46.6	
		Central	3.5	0.89	12.0	46.2	
		Sub-total	6.1	0.84	17.2	46.3	
	'Transitional'	Eastern	0.2	0.77	25.3	51.1	
		Central	0.2	0.95	12.5	51.7	
		Sub-total	0.4	0.86	19.0	51.4	
	'Fresh'	Eastern	0.02	0.75	23.6	55.2	
		Central	0.01	0.99	11.9	53.3	
		Sub-total	0.03	0.85	18.8	54.4	
	Total			6.5	0.84	17.3	46.7
	Inferred	'Oxide'	Eastern	3.4	0.75	26.3	47.4
			Central	4.4	0.88	12.4	46.5
Sub-total			7.9	0.83	18.5	46.9	
'Transitional'		Eastern	1.1	0.7	25.5	50.7	
		Central	1.5	0.89	12.7	50.0	
		Sub-total	2.6	0.81	18.1	50.3	
'Fresh'		Eastern	2.9	0.69	24.5	51.3	
		Central	3.8	0.90	12.8	52.1	
		Sub-total	6.7	0.81	17.8	51.7	
Total			17.1	0.82	18.2	49.3	
Total			23.6	0.83	17.9	48.6	

All tonnage and grade figures have been rounded down to two and three significant figures, respectively; slight errors may occur due to rounding of values.

- (1) Full details of the above Mineral Resource estimates are contained in the Company's ASX Announcement titled "Metallurgical test work results and initial Mineral Resource estimate" released on 8 August 2007.

ATTACHMENT 2 – MT FINNERTY PROJECT

Rock-chip analytical data⁽¹⁾ for Portman grab sample traverses (all samples) of surface enriched iron formations at the FIN10 and FIN11 prospects

Sample	Easting m, MGA	Northing m, MGA	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
			%	%	%	%	%	%
A44361	224442	6597392	56.22	5.38	2.06	0.135	0.039	10.83
A44362	227712	6595438	63.46	2.11	1.56	0.054	0.054	5.37
A44363	227800	6595302	58.97	7.28	2.61	0.038	0.074	4.99
A44397	226666	6600096	57.93	5.48	5.07	0.042	0.107	5.72
A44398	226639	6600144	59.3	4.96	3.15	0.052	0.106	6.33
A44399	226602	6600183	58.06	5.45	3.04	0.082	0.128	7.72
A44400	226571	6600227	58.75	5.08	2.83	0.035	0.154	7.17
A44401	226535	6600267	58.64	9.49	2.49	0.036	0.07	3.49
A44454	216710	6619682	49.13	11.92	5.38	0.004	0.047	11.56
A44455	217656	6620837	57.36	4.49	2.59	0.088	0.071	10.23
A44456	216880	6619615	45.96	19.82	4.62	0.013	0.086	8.67
A44457	217625	6620875	50.34	16.97	1.48	0.163	0.048	8.74
A44458	217482	6621060	56.01	6.86	3.22	0.083	0.084	8.8
A44459	230112	6582701	53.02	9.26	3.18	0.565	0.045	9.61
A44460	230117	6597403	60.17	2.97	1.45	0.085	0.063	8.91
A44461	230142	6597280	61.45	2.73	1.54	0.063	0.062	7.1
A44462	230160	6597230	60.65	3.26	1.92	0.112	0.072	7.31
A44463	230180	6597123	63.03	1.5	0.95	0.026	0.05	7.11
A44464	230219	6597013	62.15	2.05	0.92	0.069	0.063	7.62
A44465	230150	6597181	64.34	2.35	1.64	0.046	0.024	3.48
A44466	230102	6597479	60.12	1.86	0.95	0.075	0.067	10.56
A44467	230014	6597610	59.01	3.81	2.16	0.087	0.09	9
A44468	230014	6597521	58.57	7.7	3.26	0.06	0.072	4.52
A44469	230043	6597374	62.62	4.53	2.42	0.028	0.061	3.26
A44476	226284	6604122	53.92	10.75	2.12	0.114	0.063	9.72
A44477	226267	6604142	60.6	2.85	0.75	0.136	0.042	9.28
A44478	232154	6590539	57.05	4.4	3.07	0.053	0.055	9.91
A44479	227825	6598716	54.06	3.4	9.24	0.024	0.055	4.78

1. Fe, P, SiO₂, Al₂O₃, Mn 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

Grab sample assay data tabulated above has been compiled by Dr Peter Collins from Portman Iron Ore Limited's "Mt Finnerty Joint Venture Project, Iron Ore Exploration, 30 September 2007".

The results achieved in the sample 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. The company is very encouraged by the results which will be used as a guide for planning drill hole locations. While Reed remains optimistic of the potential of the Mt.Finnerty tenements, any reference to "resources", "reserves" or use of the term "iron ore" in this report are conceptual in nature. Further work is required to determine mineral resources and reserves.