

QUARTERLY ACTIVITIES REPORT

28 APRIL 2008

Highlights

- Barrambie (vanadium) – Pilot roast-leach test work results in Germany confirm excellent metallurgical recoveries at lab scale. Gas transport secured.
- Comet Vale (gold) – Latest milling results in record cash margin of A\$700/oz. Arrival of first international workers to expand production rates.
- Mt Finnerty (iron) – Apparent high grade intersections from recent RC drilling program – assays pending. Beneficiation testwork commenced on alluvial iron mineralisation – upgrading via screening effective.
- Mt Finnerty (nickel) – Two strong “end of line” geophysical anomalies identified – follow up work required .

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.

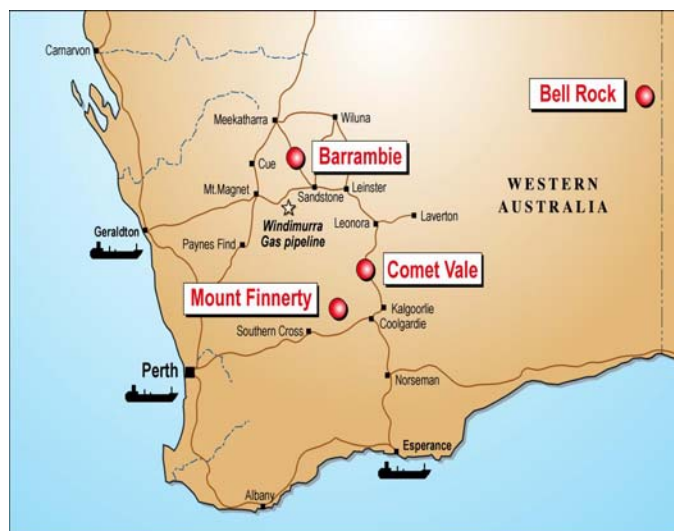


Figure 1 Location of Reed Resources’ main projects in Western Australia.



BARRAMBIE VANADIUM PROJECT (Reed 100%)

Definitive Feasibility Study

During the quarter, Phase 2 of the Definitive Feasibility Study (DFS) continued as scheduled with the study progressing in the areas of metallurgical test work, process optimisation, plant design, environmental approvals, mineral resource estimation and mine planning.

Beneficiation Test work

Sufficient beneficiation plant test work, supervised and directed by Sinclair Knights Merz ("SKM"), has been performed at AMDEL's (IML) Perth laboratory to enable the process flow sheets to be finalised with a relatively high level of confidence based on laboratory scale validation.

Results from variability test work have identified trends to assist in predicting optimal treatment routes and recoveries from the resource. The test work has resulted in a conservatively designed and highly flexible beneficiation plant that will provide a high level of metallurgical control; particularly in the early years of operation of the plant.

The test work was based on five composite ore samples obtained by the Caldwell auger rig, and five eastern zone and eleven central zone samples collected from selected diamond drill core.

Dense media separation test work and reverse flotation test work aimed at improving the rejection of gangue materials along with SLon (newly introduced machines developed in China for oxidised iron ores) testing is proposed for April 2008.

Roasting Test Work

The laboratory salt roast (sodium carbonate) test work program carried out at CSIRO's Bentley laboratories is complete. Encouraging results were used as a guide for the Polysius pilot roast testing carried out in Germany and as a guide for the baseline plant design.

Roast Pilot Plant Test Work

Results from the pilot roast test work performed in Germany in late January Early February 2008 have been received and analysed. Satisfactory levels of vanadium recovery of approximately 90% were achieved by roasting Central Zone Concentrate in the presence of sodium carbonate at a temperature of 1200 degrees centigrade.

Calcined product from the pilot roast tests have been air freighted back to Australia for on going test work. A test work program to manufacture V_2O_5 flake from the calcined product has been initiated at SGS's laboratories at Malaga. This test work program will investigate leaching, filtration and thickening efficiencies and operating parameters as well as testing the Ammonium Meta Vanadate, de-ammoniation and flaking process steps. This test work program is expected to run to the end of May 2008.

Plant Design

Process plant design based on an optimised flow sheet prepared from the results of the beneficiation and salt roast test work is a major component of the Phase 2 engineering works that was completed by SKM during the quarter.

Process flow sheets have been finalised for the ROM and beneficiation circuit; kiln and leach circuit; and de-silicification, AMV de-ammoniation and vanadium flaking circuit.

As advised last quarter it is proposed to use continuous rather than the conventional batch processes for the leach and de-silicification process.

A 3-D computerised model of the total process plant has been completed.

Final piping and instrumentation diagrams have been completed and discussions are continuing with equipment vendors to obtain design drawings and equipment selections to be included in the plant layout. Equipment data sheets and specifications have been distributed to vendors.

Gas Supply and Delivery

Reed Resources Limited has agreed to purchase gas from companies producing gas from the North West Shelf and a Gas Supply and Purchase Agreement is expected to be executed in the June quarter.

A Reed Resources Limited subsidiary, Barrambie Gas Pty Ltd, has executed a Standard Shipper Contract with the owners of The Dampier to Bunbury Natural Gas Pipeline (DBNGP), hence securing future transport of gas through the DBNGP.

Environmental and Water Studies

An Environmental Referral and Scoping document was prepared during the quarter and lodged with the EPA in January 2008. The EPA have since advised that a Public Environmental Review (PER) will be required to address the various Environmental Issues connected to the project. Meetings continued during the quarter with various stakeholders including the Shires, local land holders, the EPA, DOW and the DOIR

A program of test and production bores was completed in the bore field during the previous quarter and modelling of the water table indicated that sufficient water existed to provide water for the proposed operation for a period 9 years with only minimum draw down.

Mineral Resource estimation

As advised previously, Snowden Mining Industry Consultants (Snowden) completed an initial Mineral Resource estimate for the Barrambie deposit and reported it in August 2007 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. The total **Indicated and Inferred Mineral Resource** was estimated at 23.6 Mt at **0.83% V_2O_5** , 17.9% TiO_2 and 48.6% Fe_2O_3 at a block cut-off grade of 0.5% V_2O_5 .

Additional drilling (154 RC drill holes, 16 diamond drill holes) has subsequently been completed with all results incorporated into the data base to be used to calculate an up-dated Mineral Resource. This third phase of drilling was designed to infill to a 100-metre along strike drill spacing and to drill a test area with close-spaced drill holes to improve the understanding of grade continuity within both the Eastern Band and Central Bands and to test the interpreted connectivity of high grade lodes of the Central Bands.

A revised resource estimate is due to be received at the end of April 2008

Project Management

Sinclair Knight Merz have continued with the metallurgical test work program examining the variability of the ore and are well advanced with completing the flow sheet and engineering design to allow the estimation of capital and operating costs for Phase 2 of the Definitive Feasibility Study to be completed during the next quarter.

Forward Work Program

The following activities are planned for the next quarter:

- Optimisation test work confirming the effectiveness of high-gradient SLoN magnetic separators and Reverse Floatation on beneficiating the Barrambie ore.
- Monitor and analyse the test work program at SGS Lakefield for the post kiln leach, de-silicication and Ammonium Meta Vanadate circuits.
- Continue with the test work using the roasted concentrate produced in Germany, in particular examining the leaching, de-silicication, Ammonium Meta Vanadate production (AMV), fusion and flaking test work; the filtration test work to provide data to select the filter belt; and thickening test work to provide sufficient data to warrant thickener performance.
- Examine the modification of the current process flow sheet and process plant (which has been designed to produce V_2O_5 flake) to produce Ferro Vanadium as an additional or alternate saleable product.

Market Price

The current price of vanadium is quoted by the Ryans Notes at US\$13/lb (28 April 2008). The primary use for vanadium is to harden steel.

COMET VALE PROJECT (gold, nickel)
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Sand Queen Mine operations (Reed Resources 100 %, Kingsroose Mining earning 50 %)

Mining

Production from the Sand Queen mine during the quarter amounted to **3,973 tonnes** at an estimated grade of **10.25 g/t Au** (based on bulk sampling). This included 2,800 tonnes of high grade ore estimated at 13.2 g/t Au (bulk samples) and 1,173 tonnes of low grade material (3.29 g/t Au). The ore was sourced mainly from remnant stoping above the 2 Level (R7A stope) and new stoping above the 3 Level (SG3A and SQS3A stopes). Level development during the quarter advanced an additional 72.1 metres.

Kingsroose will extend mine operations to the 4 Level at Sand Queen during 2008 and expect to be hoisting ore from this level during the second half of the year. The arrival of additional miners from overseas to overcome the current shortage of experienced operators will aid in expanding production.

Work commenced on improving the accuracy of underground grade control sampling procedures with trials conducted to compare different sampling techniques. Results from this work will contribute to more precise reconciliation with milling campaigns.

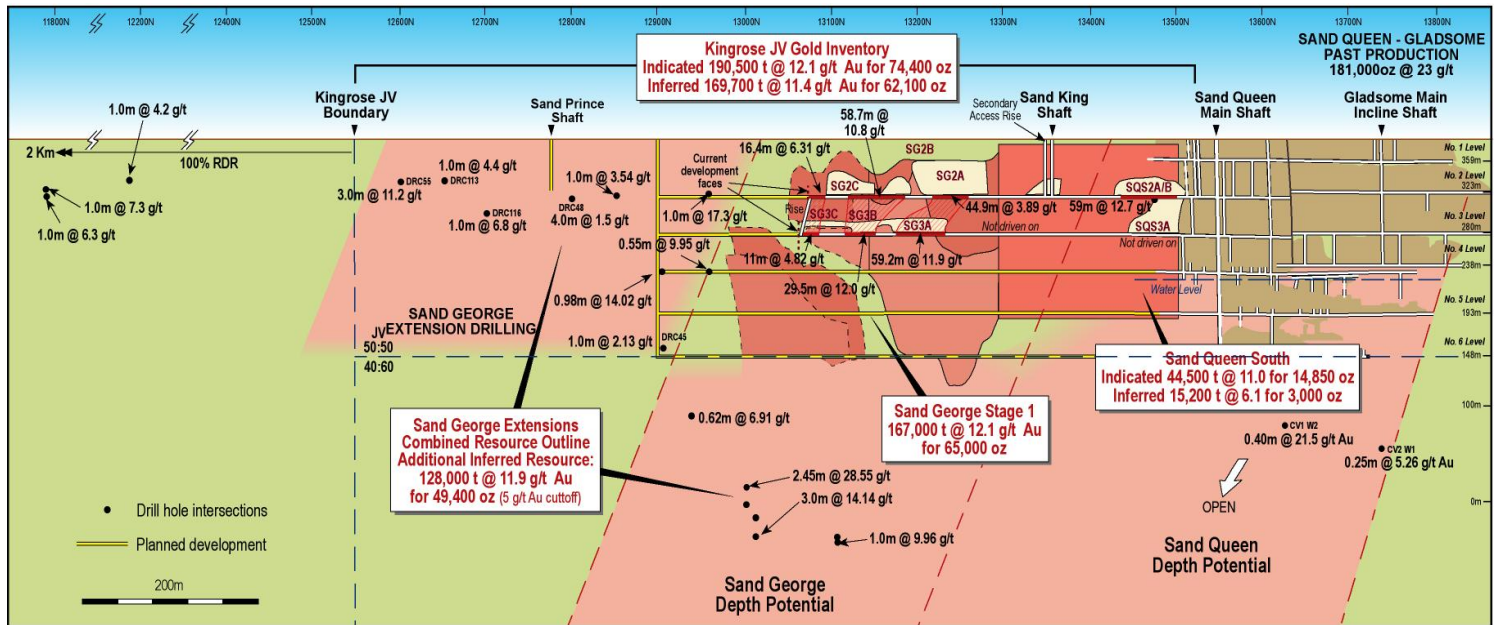


Figure 2 Long section of the Sand Queen mine showing stopeing outlines and proposed development of the Sand George lodes and current workings. Gold assay results on development drives are for diluted bulk samples taken during trucking. Samples were analysed by Amdel Laboratory Services using a 400g Leachwell with a 50g Fire Assay charge on the residues. Coordinates are for a local grid.

Milling

A parcel of **4,190 tonnes**, comprising 3,712 tonnes of stoped ore grading 10.66 g/t Au (calculated mill feed grade) and 478 tonnes of flushing material grading 2.45 g/t Au from the Sand George deposit was processed at Higginsville Mining's Greenfield's plant at Coolgardie in January 2008. This toll treatment campaign produced 1,235 ounces of gold (RDR share 608 ounces) at an estimated cash cost of A\$311 per ounce.

The next milling campaign is scheduled for the first week in May.

Comet Vale exploration (Reed Resources 100 %)

Sand Prince West and Princess Grace pit optimisation

During the quarter, Cube Consulting completed pit optimisation studies on the Sand Prince West and Princess Grace resources to ascertain the economics of open pit mining of the two deposits. The Sand Prince West pit could also be utilised as a box cut for any future decline into the Sand George lodes.

These studies show that the optimal pit for Princess Grace would produce 69,320 tonnes @ 2.56 g/t Au for 5,470 ounces of gold, for Sand Prince West, the optimal pit produced 47,630 tonnes @ 2.3 g/t Au for 3,380 ounces. The company has entered into negotiations with a third party to undertake all mining and milling of the Sand Prince West and Princess Grace resources, with Reed receiving a royalty. Resource models and metallurgical data are currently being reviewed by the third party.

Regional exploration

SRK Consulting commenced a geological review of the Comet Vale project area to advise on structural controls on the primary gold mineralization in order to develop an updated structural model with which to predict additional ore locations to provide drill targets based on the new models. This work is due for completion at the end of April.

Heron Resources Ltd (Heron) completed five RC drill holes testing the weathered profile above a section of the Walter Williams Formation along strike from Heron's Goongarrie nickel laterite deposits. Heron is earning an interest in part of M29/186, for nickel only. Assay results from the drilling program are pending.

Environmental management

Recon Environmental completed a survey of native vegetation communities within a large area of the Comet Vale project, to the east of the Goldfields Highway. No threatened ecological communities and no Declared Rare Flora have been observed in the survey area.

This survey also identified and outlined environmental management issues arising from historical exploration and mining, which Reed Resources plans to rehabilitate during the Company's regional rehabilitation work programme which commenced at the beginning of April 2008. This work is being undertaken by Rally Environmental.

Exploration Forecast

Compilation of the Comet Vale database will be completed with the production of 2-D factual and interpretation geology maps of the project area.

A preliminary program of auger drilling beneath lacustrine sediments of Lake Goongarrie will test for indications of buried Au and Ni mineralisation in the eastern tenements.

Following receipt of SRK's report on their geological review of structural controls on primary gold within the Comet Vale project, planning will commence on the implementation of a diamond drilling program to test any prime structural targets.

MOUNT FINNERTY PROJECT (iron, nickel, gold)
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Iron ore exploration (Reed Resources 20 %, Portman 80 %)

Exploration during the March Quarter focussed on RC drilling to test targets interpreted from geological mapping, previous RC drilling and geophysical (aeromagnetic) survey data in the area, including a gravity survey completed early this quarter. The gravity survey was over structurally complex and poorly exposed areas of banded iron formation (BIF) and the acquired data assisted in the design of the RC drilling program.

The RC drilling program tested three areas of potential iron enrichment at the FIN9, FIN10 and FIN11 prospects (Figure 3). The program comprised 21 drill holes for a total 1,560 metres of drilling, and 1,601 samples submitted for assay. Assay results from this program are pending.

Results interpreted from geological logging are varied. Drilling at FIN9 was planned on an area that had shown significant results during a previous RC program (21, 12 & 10m @60% Fe) but the drilling did not intersect any obvious high iron enrichment.

The FIN10 prospect (Figure 3) was identified as a target on the basis of geological mapping and aeromagnetic survey data. Several holes intersected apparent high grade intersections which are up to 15m thick.

Drilling at the FIN 11 prospect tested a projected southern extension of mineralization at the FIN9 prospect. With the exception of one hole with minor evident 'high-grade' intersections, there was no significant iron mineralization obvious in the drilling.

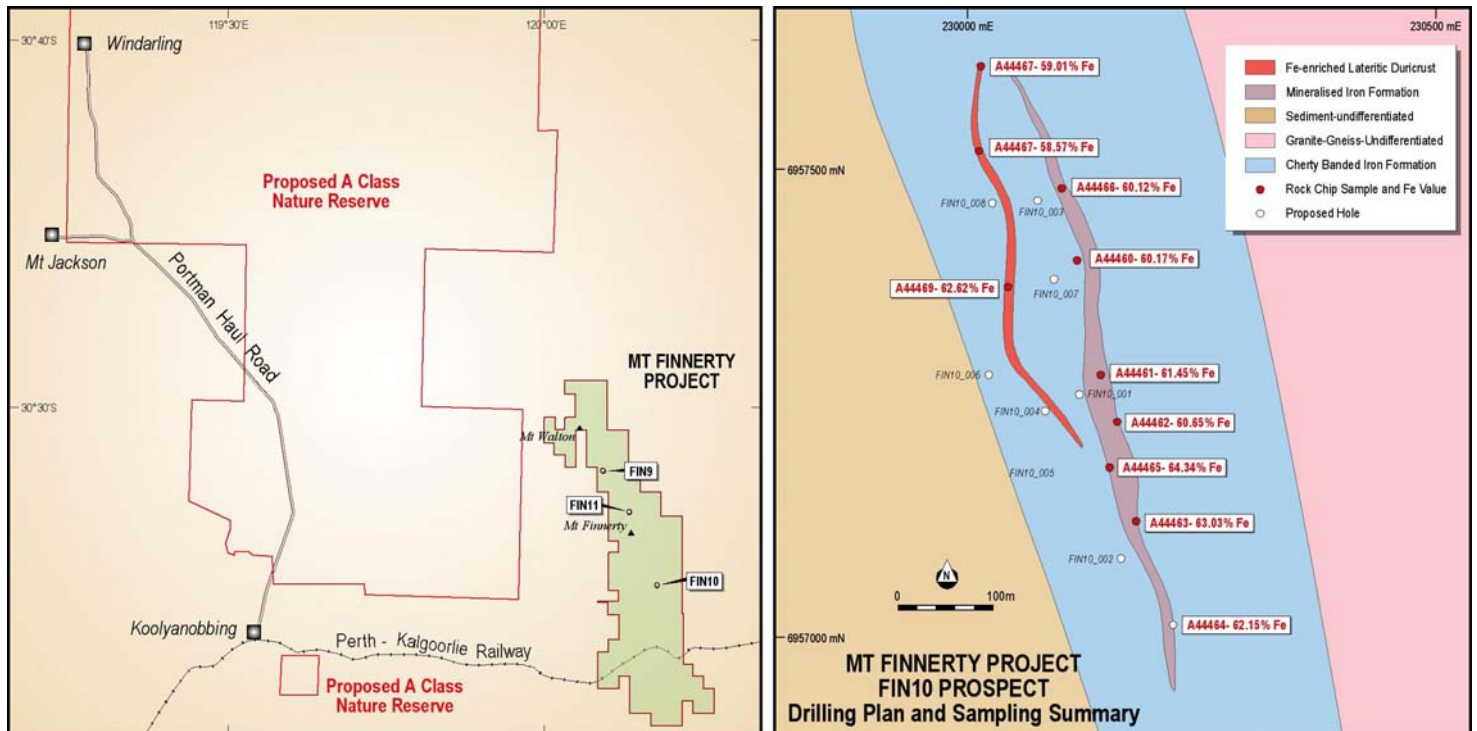


Figure 3 Location of iron ore exploration targets at the Mount Finnerty Project, within trucking distance of Portman’s Koolyanobbing Iron Ore Project (left), and planned drilling in the vicinity of the FIN10 prospect (right).

Beneficiation testwork on composite samples from the Jaurdi Alluvial Iron Channel is being undertaken by both Portman and Reed independently. Screen size analysis and mineralogy test work undertaken by Reed indicates upgrading can be achieved by screening. Further beneficiation test work is continuing with results expected in June 2008.

Nickel exploration (Western Areas NL earning 65 %)

Exploration by Western Areas continued to focus on the western ultramafic sequence, with completion of logging and sampling of 126 RAB holes from the 2007 RAB drilling program. Results from the Niton XRF in-field analysis of all 3,933 samples have been compiled and the calibration and check sampling is in progress. A total of 237 drill samples selected from 54 holes have been submitted for chemical assay to verify and calibrate the Niton XRF estimation and an additional 619 samples from 19 holes will be sampled in April to complete the geological and check sampling. Representative drill chips were retained for lithological identification.

Elevated Ni results were returned from two RAB drill holes (results below). The anomalous intervals are confined to the weathered clay zones and contain no supporting Cu values (peak value 14 ppm) and weakly anomalous PGE's and minor Au. Follow up RC drilling will be undertaken to test this target at depth.

Mt Finnerty RAB drilling exploration results:

Hole ID	Easting m, GDA	Northing m, GDA	Depth m	Intercept m	Ni %	Comments
MFR064	226250	6591400	6 - 31	25	0.91	up to 11 ppb Pt, 20 ppb Pd
MFR065	226300	6591400	35- 38	3	0.55	with 0.09ppm Au

Single metre samples were assayed by KalAssay Group and using four-acid digest (Ni) and ICP spectrometry (Pt, Pd, Au). All co-ordinates are in AMG84-51.

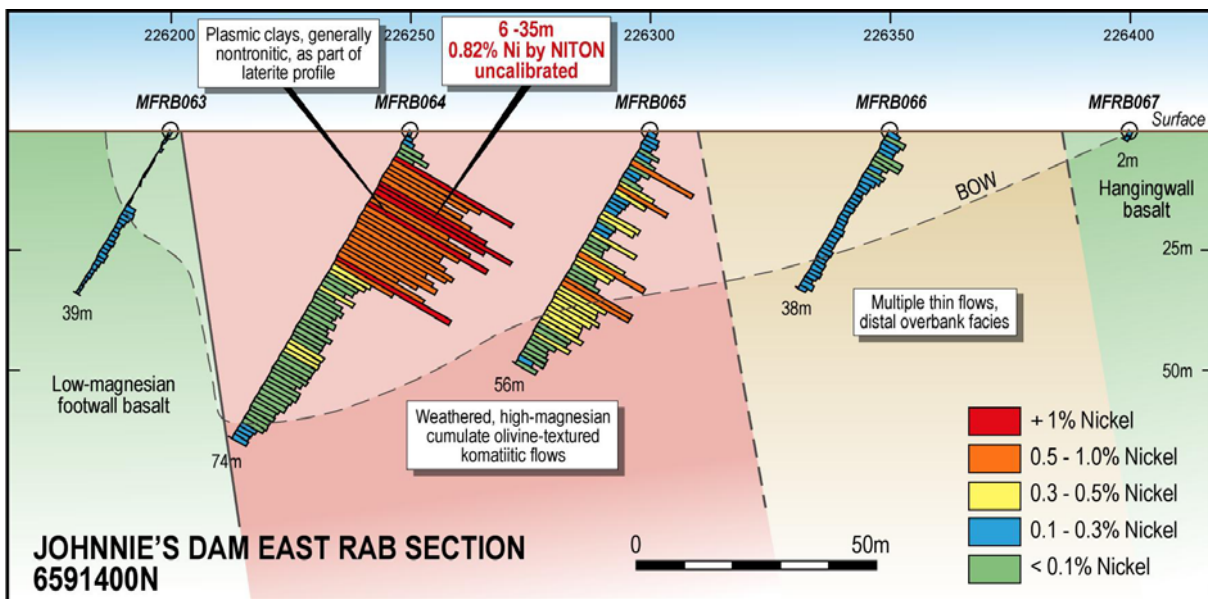


Figure 4 Interpreted geology for a RAB drilling traverse at Johnnies Dam east with anomalous Ni grades coincident with high-Mg cumulate olivine textured komatiitic rocks. Drill hole locations are shown on Figure 5.

Geophysical exploration during the quarter included a ground In-Loop TEM geophysical survey (by GPX Geophysics) and a preliminary IP survey; although unseasonal rain, bush fires and equipment breakdowns slowed the geophysical program.

A ground TEM survey was completed in the Johnnie Dam area during January-February. The survey tested about 3.5 kilometres of strike length of the western ultramafic contact from 6588700N to 6591500N along traverse lines generally 800-1000 m in length. Most of the responses from the TEM Survey are interpreted as surface conductive features and no significant conductors have been detected at depth.

A follow up IP survey on four lines was undertaken in February-March to test weak responses generated from the TEM survey. No significant IP responses were defined over the target zones, but two strong 'end of line' IP anomalies were detected on the western edge of the greenstone belt, adjacent to the flanking granites. The source of these responses is not known at this time.

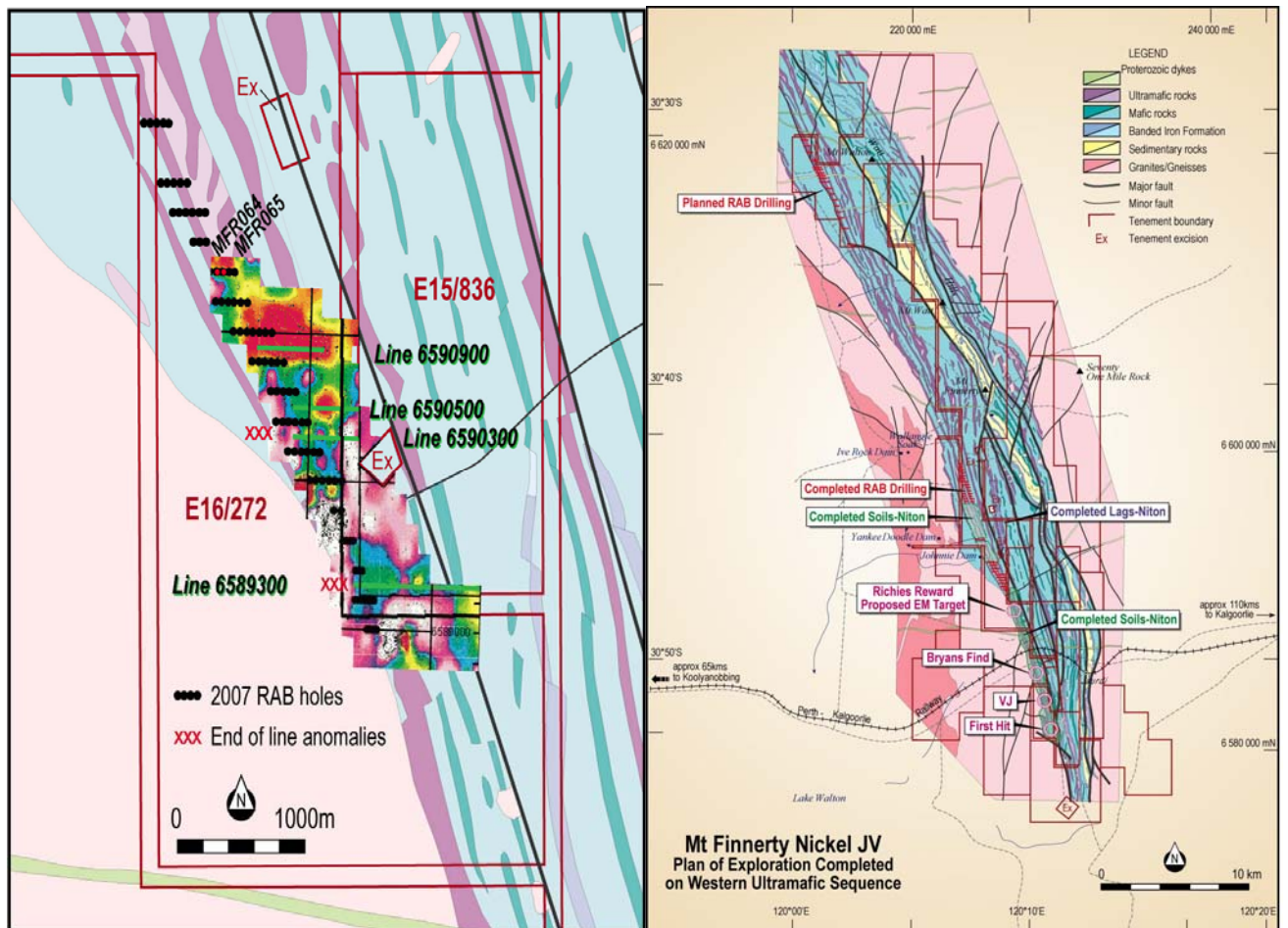


Figure 5 Plan of RAB drill holes, ground In-Loop TEM response and IP survey lines over interpreted geology at the Richies Reward – Johnnies Dam prospect. The location of nickel targets along the basal contact of the western ultramafic sequence is shown at right.

Gold exploration (Reed 100 %)

Little Nipper mine

Two drill holes (LNC001, 002) for 132m were drilled to the south of the historical workings to test for a southerly plunge component to the high grade gold ore historically mined from the Little Nipper lode. The drilling intersected minor shearing, alteration and veining within basaltic lava flows and minor interflow sediments, but with no significant gold values returned from 4 metre composite sampling.

In addition to the drilling, a total of 48 soil samples were taken during the quarter along strike and to the south of the Little Nipper mine. Assays have not been received.

Regional Exploration

During the quarter, work continued on compilation, validation and evaluation of all historical exploration data, in a GIS format. Preliminary contouring of gold-in-soil values identified 27 first-order (>50ppb), 23 second-order (>20ppb) and 43 third-order (>10ppb) anomalies. This work has shown that the entire 50 km strike of Reed's Mt Finnerty project has significant gold potential (Figure 6).

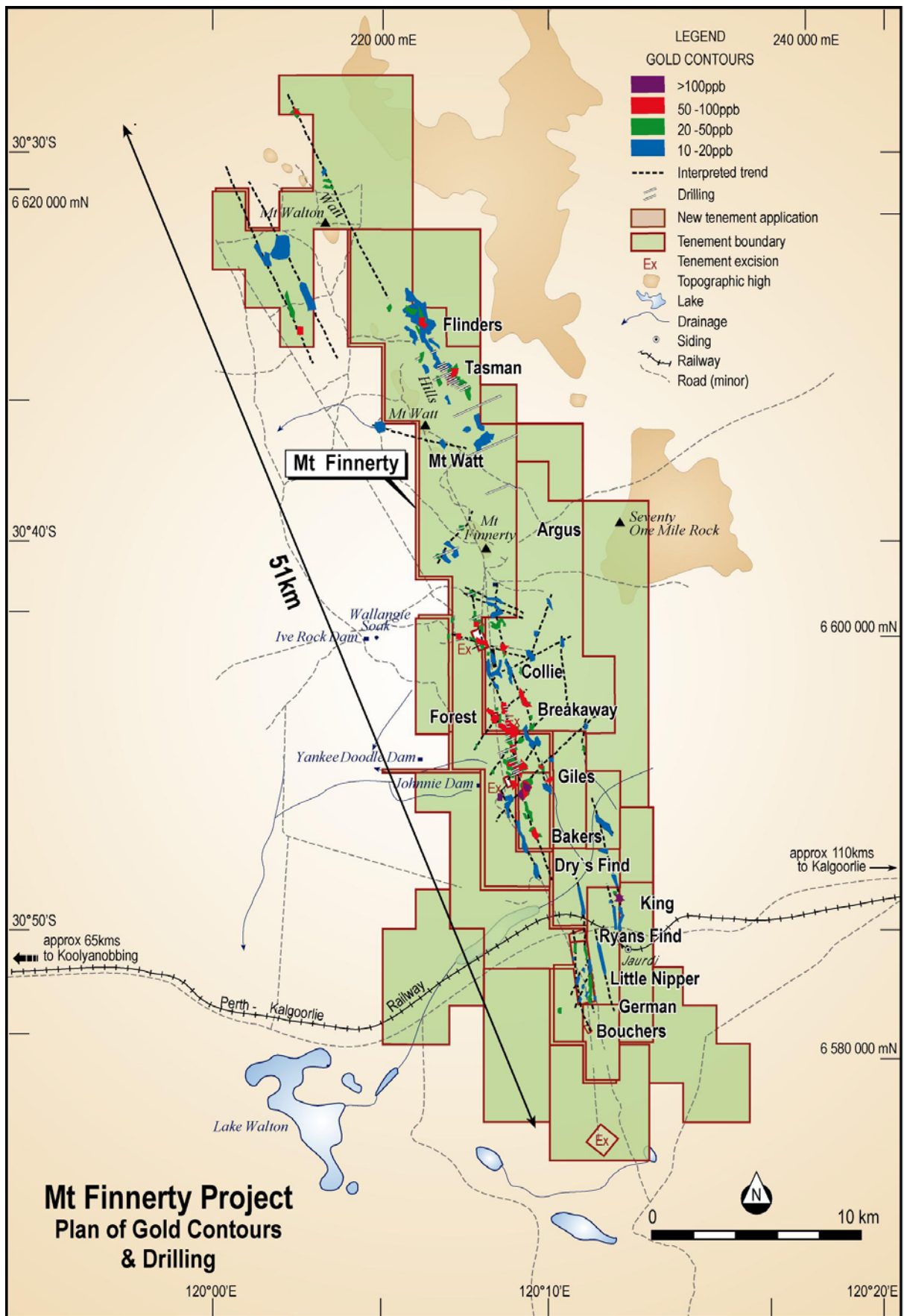


Figure 6 Location of gold-in-soil anomalies and structural trends throughout the full length of the Mt Finnerty project.

Previous drilling of some of the soil anomalies has intersected high-grade supergene mineralisation beneath thick (30m+) depleted regolith, such as at the Tasman and Flinders prospects (Figure 7). Most of the previous drilling has been shallow reconnaissance RAB and AC, with little RC and no diamond drilling testing the bedrock potential.

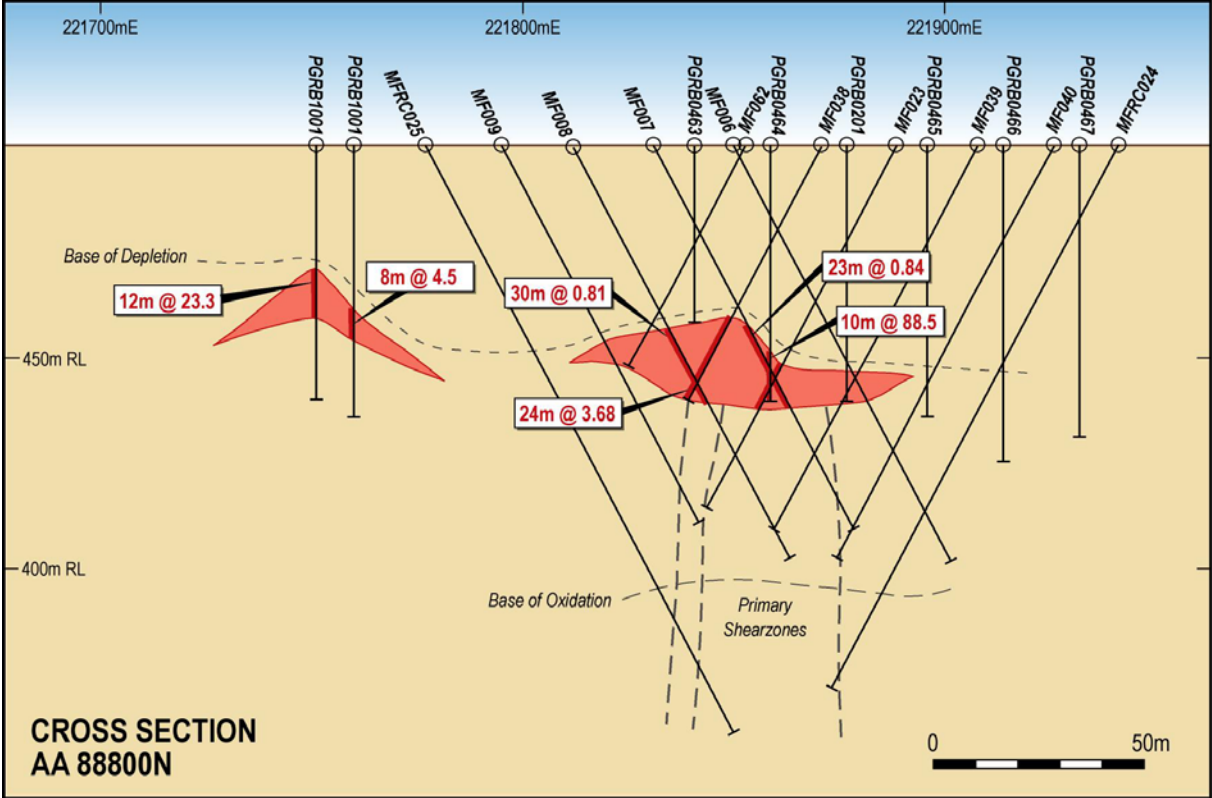


Figure 7 Section through the Flinders gold prospect with significant intersections in the weathered profile at the base of the depleted zone, compiled from previous RAB and RC drilling.

As part of the regional assessment of the gold mineralisation, a total of 190 bottom-of-hole samples were collected from Portman’s RAB drilling program that tested a number of palaeochannels throughout the project area. Samples have been submitted for multi-element analysis and assay results are pending.

Other activities

Reed and our joint venture partners, Portman and Western Areas, prepared a submission to the Department of Industry and Resources (DoIR) in response to a proposal by the Department of Environment and Conservation (DEC) to convert the retired Jaurdi pastoral lease into a Conservation Park (not class A).

Exploration Forecast

Iron ore exploration will include an extensive RAB drilling program to confirm the potential of a number of palaeochannels as hosts for channel iron deposits (CIDs). Initial work will focus on the Jaurdi paleochannel which provided highly encouraging results from the initial investigation in 2007.

Nickel exploration during the June quarter is scheduled to include completion of the check assays (total acid digests) of samples from the RAB drilling program, to finalise the calibration of the Niton XRF sampling of drill samples. The soil geochemical survey will continue in areas where the surface cover is sufficiently shallow for this method and a second round of RAB drilling is planned to test beneath sand covered areas and additional testing of favourable parts of the ultramafic flows. A follow-up IP survey is scheduled to test the 'end of line' IP anomalies detected in the March quarter. Depending on progress, an RC drilling program will be undertaken to test anomalous Ni in RAB drilling intervals at depth.

Gold exploration will include finalising resource models for the Tasman and Flinders prospects, and evaluation of structural controls on gold mineralisation at Little Nipper. Geological mapping will commence in areas of previously untested soil anomalies, with follow-up orientation soil and auger sampling.

BELL ROCK RANGE PROJECT (Reed 100%)
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Bell Rock Range is within the western part of the Proterozoic Musgrave Block in central Australia. It is highly prospective for several commodities, particularly Ni-Cu sulphide and PGE mineralisation.

A preliminary interpretation of the Bell Rock Range project (E69/2293), using available geological and geophysical data, has identified a key target area (B9 - B10 - B11) coincident with 25-30 kilometres of strike length of an ultramafic basal unit along the northern edge of an ultramafic-mafic complex (Figure 8). Two other target areas (C4 and A6/B8) associated with ultramafic rocks are located to the north of the ultramafic-mafic complex. All of these target areas are considered prospective for Ni-Cu sulphides.

The company is currently negotiating agreements for access within the exploration licence. Once this is finalised, initial exploration is scheduled to include ground reconnaissance geological mapping and sampling and airborne geophysical surveys.

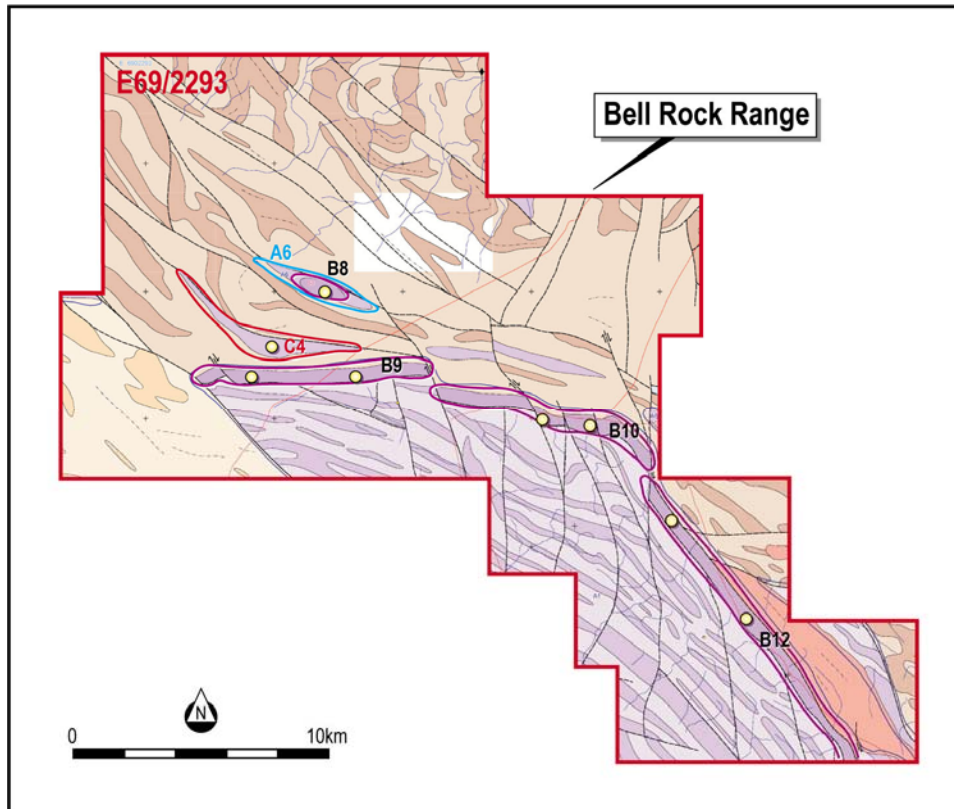


Figure 8 Principal Ni-Cu sulphide exploration target areas within the Bell Rock Range project (E69/2293). The B9-B10-B11 target zone is the interpreted basal unit of an ultramafic-mafic complex (purple colours).

D J Reed
CHAIRMAN

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.