

BARRAMBIE VANADIUM PROJECT: INITIAL ORE RESERVE STATEMENT

Reed Resources Ltd. (ASX Code: RDR) is pleased to report the first Ore Reserve estimate for its 100% owned Barrambie vanadium deposit which is located 80 km north of Sandstone , WA.

Details of the Ore Reserve are as follows:

- **Mining reserve of 39.7 Mt of ore at a grade of 0.82% V₂O₅**
- **Conversion of Indicated Mineral Resource to Probable Ore Reserve is 81%**
- **Mine life of 12+ years at 3.2 Mtpa throughput**

Mineral Resource Estimate February 2009

As previously announced on the 13th February 2009 the Company advised of an increase in Mineral Resources at the Barrambie vanadium deposit to a **total Indicated and Inferred Mineral Resource estimate of 65.2 million tonnes at a grade of 0.82% V₂O₅, 17.3% TiO₂, and 49.2% Fe₂O₃**, at block cut off grade of 0.5% V₂O₅ (Table 1).

Mineral Resource estimation was undertaken by Snowden Mining Industry Consultants Pty Ltd ("Snowden"). The Mineral Resources are inclusive of those Mineral Resources modified to produce the estimated Ore Reserve stated in this statement.

Table 1. Mineral Resource estimates for the Barrambie V-Ti deposit, as at January 2009, for a block cut-off grade of 0.5% V₂O₅.

Category	Ore Type	Tonnes (Mt)	V ₂ O ₅ (%)	TiO ₂ (%)	Fe ₂ O ₃ (%)
Indicated	Oxide	33.5	0.83	16.9	46.8
	Transitional	12.9	0.81	18.3	52.6
	Fresh	2.7	0.73	18.8	56.5
	Sub-Total	49.2	0.82	17.3	48.9
Inferred	Oxide	3.0	0.82	15.4	46.3
	Transitional	5.1	0.81	17.5	49.7
	Fresh	7.9	0.81	17.7	52.0
	Sub Total	16.0	0.81	17.2	50.2
Total	Oxide	36.5	0.83	16.7	46.7
	Transitional	18.0	0.81	18.1	51.8
	Fresh	10.7	0.79	18.0	53.2
	Total	65.2	0.82	17.3	49.2



Whittle Optimisation April 2009

Snowden have carried out an open pit optimisation study on the Mineral Resource estimate applying the following factors to the Mineral Resource with the objective of estimating a recoverable mining reserve:

- Geotechnical design parameters
- Metallurgical recovery and metal royalties.
- Processing cost
- Mining cost
- Revenue parameters
- Pit optimisation and strip ratio

Probable Ore Reserve April 2009

The Whittle optimisation process has been applied by Snowden, using the above parameters, to the Mineral Resource to estimate a Probable Ore Reserve for the Barrambie deposit, as outlined in **Table 2**.

Table 2. Probable Ore Reserve* estimate for the Barrambie vanadium deposit, April 2009.

Ore (Mt) diluted*	V ₂ O ₅ (%) diluted*	TiO ₂ (%) diluted*	Fe ₂ O ₃ (%) diluted*	Al ₂ O ₃ (%) diluted*	SiO ₂ (%) diluted*
39.7	0.82	15.69	48.77	11.59	16.12

* Probable Ore Reserve is reported for a diluted cut-off grade of 0.6 % V₂O₅.
All tonnes are estimated as dry tonnes.

The above Ore Reserve has been calculated in accordance with the guidelines in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004).

The Ore Reserve has been assigned to the Probable Reserve classification as it is based on an Indicated Mineral Resource. Conversion of 49.2 Mt of Indicated Mineral Resource to 39.7 Mt of Probable Ore represents a conversion rate of 81%.

The Ore Reserve is for the magnetite-rich bands only with 8% dilution from adjacent low grade material, which also has disseminated vanadiferous magnetite. Low grade material on either side of the magnetite rich bands has been assigned a grade of 0.38% V₂O₅ for the purpose of calculating the Ore Reserve.

The diluted grade was estimated, as a modifying factor, by reporting the material at the 0.6% V₂O₅ *in situ* material cut-off and applying a thin shell of low grade material around the material above the *in situ* cut-off. This shell of material is 3.1 Mt at a grade of 0.38% V₂O₅.

CJ Reed.
MANAGING DIRECTOR

Competent Persons Statements

Mineral Resource Estimate

Information in this report that relates to Mineral Resources is based on information compiled by Mr Michael Andrew who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM), and Dr Bryan Smith a member of both the AusIMM and The Australasian Institute of Geoscientists (AIG).

Mr Michael Andrew is, Divisional Manager Resource Evaluation, at Snowden and produced the resource estimate based on assay data and geological interpretations provided by Reed Resources Ltd. Mr Andrew has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". Mr Andrew consents to the inclusion of this report of the matters based on their information in the form and context in which it appears.

Dr Bryan Smith (Bryan Smith Geosciences), employed as a consultant geologist by Reed Resources Ltd., has compiled and provided drilling results and geological interpretations for Mineral resource estimates. Dr Smith has sufficient experience relevant to the style of mineralisation 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 Smith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Ore Reserve Estimation

Information in this report that relates to the Ore Reserve is based on information compiled by Mr Frank Blanchfield who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM), and Dr Bryan Smith who is a member of The AusIMM and a member of the Australian Institute of Geoscientists (AIG).

Mr Frank Blanchfield is Principal Consultant at Snowden and produced the Ore Reserve estimate based on data and geological interpretations provided by Reed Resources Ltd. and developed by Snowden. Mr Blanchfield has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Person for the Ore Reserve sign-off as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves". All modifying Factors have been considered in the preparation of the Probable Mineral Reserve. Mr Blanchfield consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Dr Bryan Smith (Bryan Smith Geosciences), employed as a consultant geologist by Reed Resources Ltd., has compiled and provided drilling results and geological interpretations for Mineral Resource estimates. Dr Smith has sufficient experience relevant to the style of mineralisation 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 Smith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

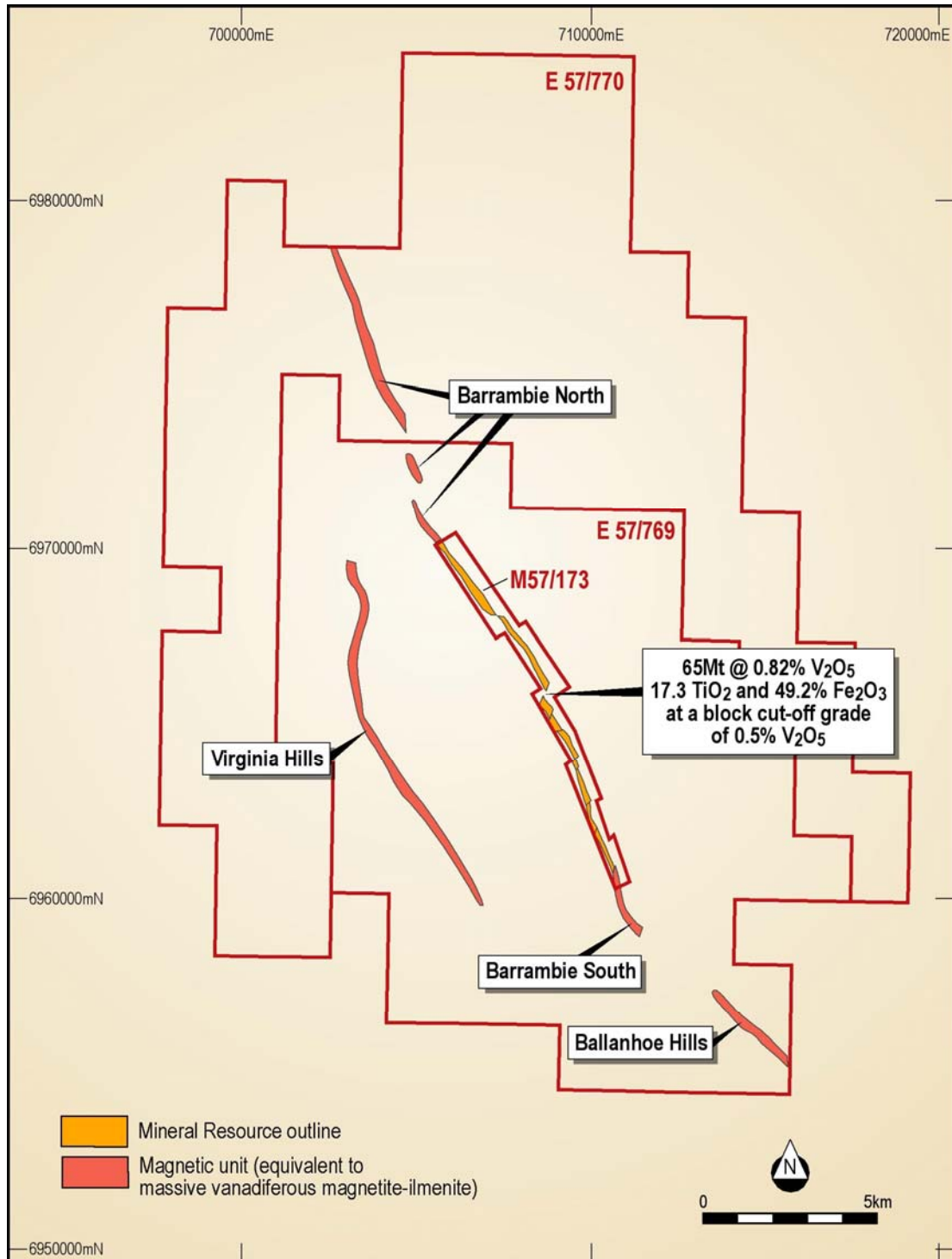


Figure 1 Plan of the Barrambie vanadium project showing position of the Mineral Resource within M57/173. The distribution of vanadiferous magnetite mineralisation along strike and to the west of Barrambie is based on interpretation of aeromagnetic survey data.