

29 June 2009

Company Announcements Office
Australian Securities Exchange Limited
Via Electronic Lodgement

FOR RELEASE

Dear Sirs,

MOUNT FINNERTY IRON - DRILLING UPDATE

Reed Resources Ltd ("Reed") advises that Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs"), formerly Portman Iron Ore Ltd, has commenced drilling at the Mount Finnerty project, 65 km east of Cliff's Koolyanobbing iron ore mine (Figure 1). Cliffs own 80% of the iron rights, Reed owns the remaining 20%.

The Mount Finnerty Iron Ore JV is targeting 5-10 million tonnes of iron ore within trucking distance to Cliff's 8Mtpa Koolyanobbing iron ore operations.

The aim of this latest phase of drilling is to define resources at the FIN9 and FIN10 prospects and to test extensions to known iron mineralisation at the FIN10 and FIN11 targets. This will require some 62 reverse circulation (RC) drill holes.

Previous drilling at FIN9 and FIN10 intersected high-grade iron mineralisation (i.e., >58% Fe) as massive hematite-goethite within a variably mineralised envelope of banded iron formation (BIF) (Table 1; Figure 2).

The field component of the current drilling program will last until late August. It is anticipated that laboratory analyses for each prospect will be released as they become available. Drill results will then be used to undertake mineral resource estimations, which are expected to be completed in November 2009.

The drilling program will be complimented by further detailed geological mapping and surface sampling during the next 2-3 months from which it is hoped to define additional areas of iron enrichment within the BIF units to be targeted for drill testing.

Responsibility for iron ore exploration of the Mount Finnerty area has changed from Cliffs Asia Pacific Iron Ore Pty Ltd to Cliffs Natural Resources' new Global Exploration Group. This is seen by Reed Resources as a positive move as exploration will be conducted under a dedicated exploration team.

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Managing Director
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Technical aspects of this announcement have been compiled by Peter L.F Collins (BSc (Hons), PhD, MAIG), a Director of Reed Resources Ltd. Dr Collins has sufficient experience relevant to the style of mineralization 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 (2004). Dr Collins consents to the inclusion in the report of the matters in the form and context in which it appears.



Although Reed remains optimistic about the potential of the Mount.Finnerty tenements, any reference to the terms "iron ore", "ore" and "high-grade" in this report is conceptual in nature. Use of the term "grade(s)" is not intended to represent the grade of a resource.

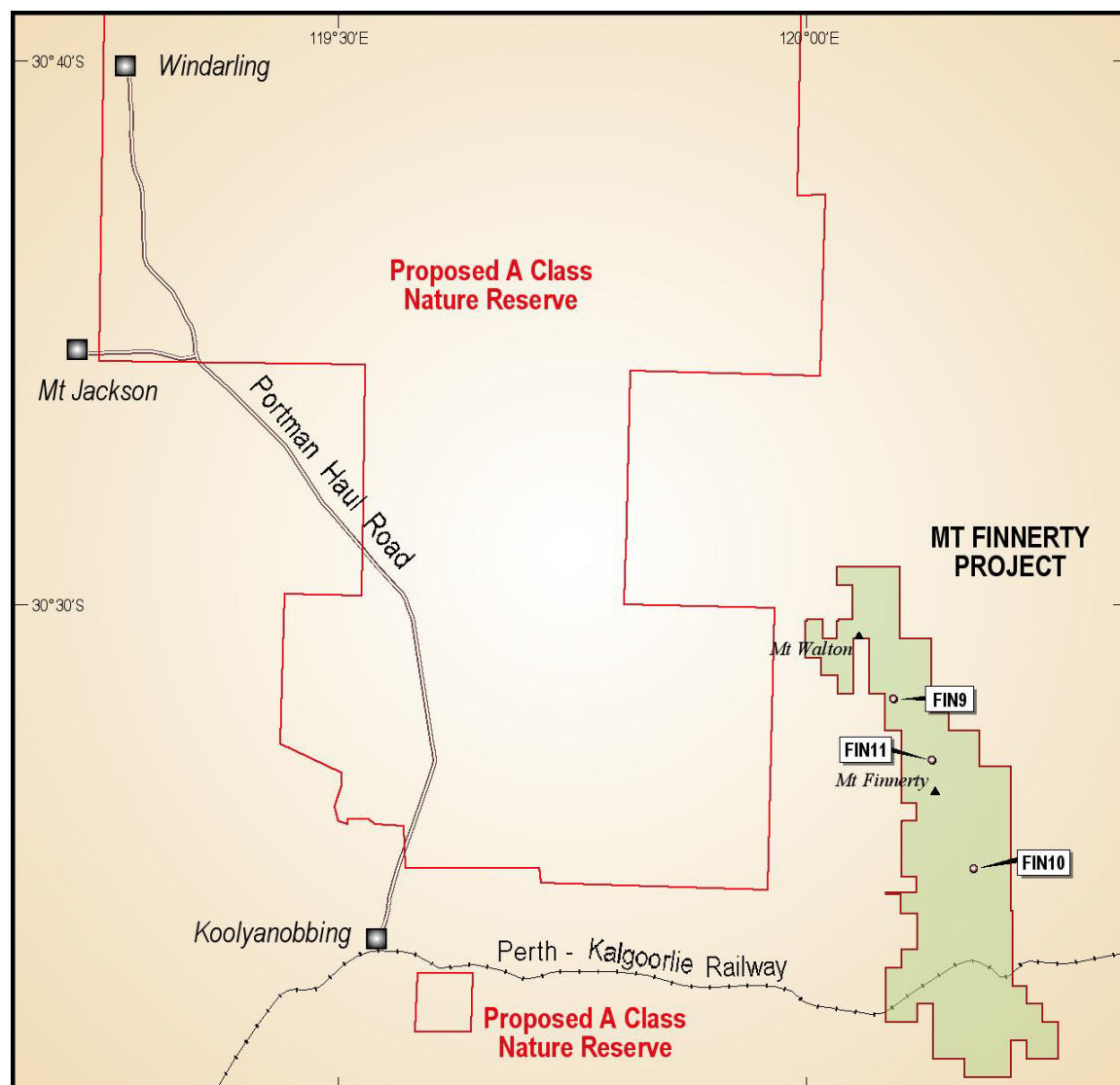


Figure 1 Location of the Mt Finnerty Project within trucking distance of Cliffs' iron ore operations at Koolyanobbing and the location of bedded iron deposits at the FIN9, FIN10 and FIN11 prospects.

Table 1. Significant drill intercepts of iron-enriched BIF (>58 % Fe) at the FIN9 and FIN10 prospects (ASX Announcements 15 June 2006 and 5 May 2008).

Prospect	Hole ID	From (m)	To (m)	Intercept (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
FIN9	MFRC023	5	17	12	60.09	2.94	2.20	0.080	7.77
FIN9	MFRC024	16	26	10	59.88	3.54	1.67	0.096	6.80
FIN9	MFRC025	13	34	21	59.72	2.77	2.74	0.120	7.94
FIN9	MFRC026	22	32	10	58.73	3.59	3.03	0.130	8.26
FIN10	MFRC036	50	61	11	61.42	4.44	1.87	0.059	5.44
FIN10	MFRC037	13	25	12	62.67	2.09	2.26	0.06	5.6
FIN10	MFRC038	20	30	10	60.45	3.63	2.98	0.061	6.64

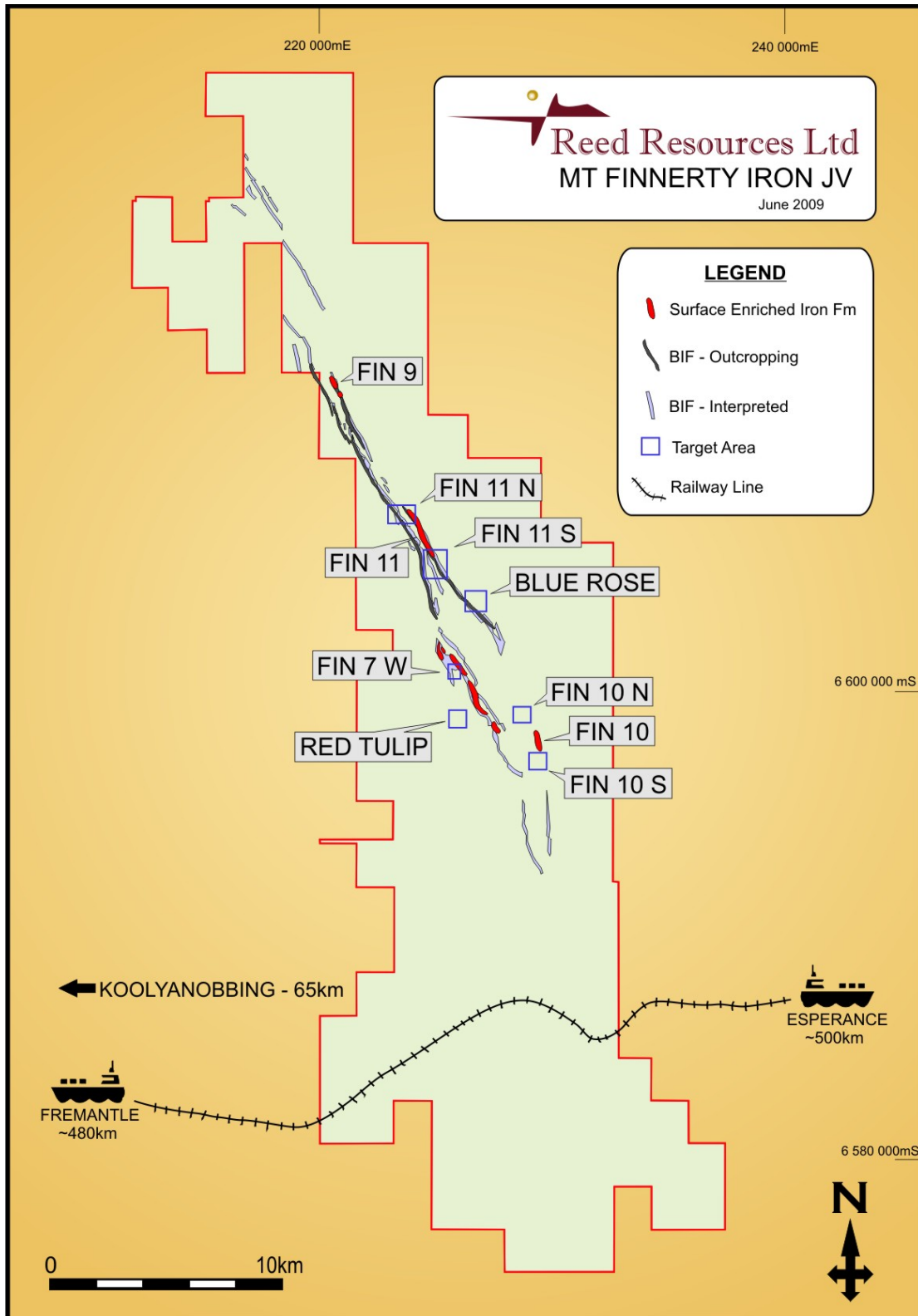


Figure 2 Location of the key iron ore targets in banded iron formations (BIFs) at the FIN9, FIN10 and FIN11 prospects scheduled for further drill testing and resource definition.