

**COMET VALE GOLD
GOLD PRODUCTION UPDATE AND FORECAST**

4 MARCH 2009

Highlights

- Latest gold ore sale of 5,656 tonnes @ 9.21 g/t Au for ~ 771 ounces net to Reed
- Half year to December 2008 attributable production of 2,424 ounces at a cash cost of A\$558/oz
- Half year to June 2009 forecast attributable production of 1,600 ounces due to refurbishment of shaft from 3L to 4L and development of 4L.
- FY2010 forecast attributable production of 5,200 ounces.

The Company and Joint Venture partner Kingsrose Mining Limited (ASX:KRM) are pleased to advise the sale of the latest parcel of gold ore produced from the Sand Queen Gold Mine, 100km North of Kalgoorlie (Figure 1).

Approximately 5,656 tonnes of ore grading 9.21 g/t Au were sold to a third party. The final financial results from the sale are dependent on the average gold price for the month of February, however the Company expects a cash margin of A\$650-700/oz for its share of production (about 771 ounces net). Attributable production to Reed during the half year to December 2008 returned 2,424 ounces at a cash cost of A\$558/oz.

A new mine plan received from Kingsrose Mining Limited, for the six months ending June 30 2009 has estimated production of 11,370 tonnes at 9 g/t Au for 3,290 ounces (RDR share about 1,600 oz)(including current parcel). The lower production forecast for the first six months of 2009 is due to refurbishment of the shaft between the 3 and 4 Levels and development along 4Level. Forecast production for the year 2009-10 is 36,500 at 11 g/t Au for 12,900 ounces (RDR share ~ 5,200 oz).



The new mine plan was completed following a revised resource estimate (ASX announcement, 2 December 2008) which increased the total Mineral Resources to 661,000 tonnes @ 8.6 g/t Au for 182,600 ounces of gold (Figure 2). Under the Joint Venture Agreement the Company earns 40-50% of the contained gold produced by incurring the transport and treatment costs.

Chris Reed

Chris Reed
MANAGING DIRECTOR

Competent Persons

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.

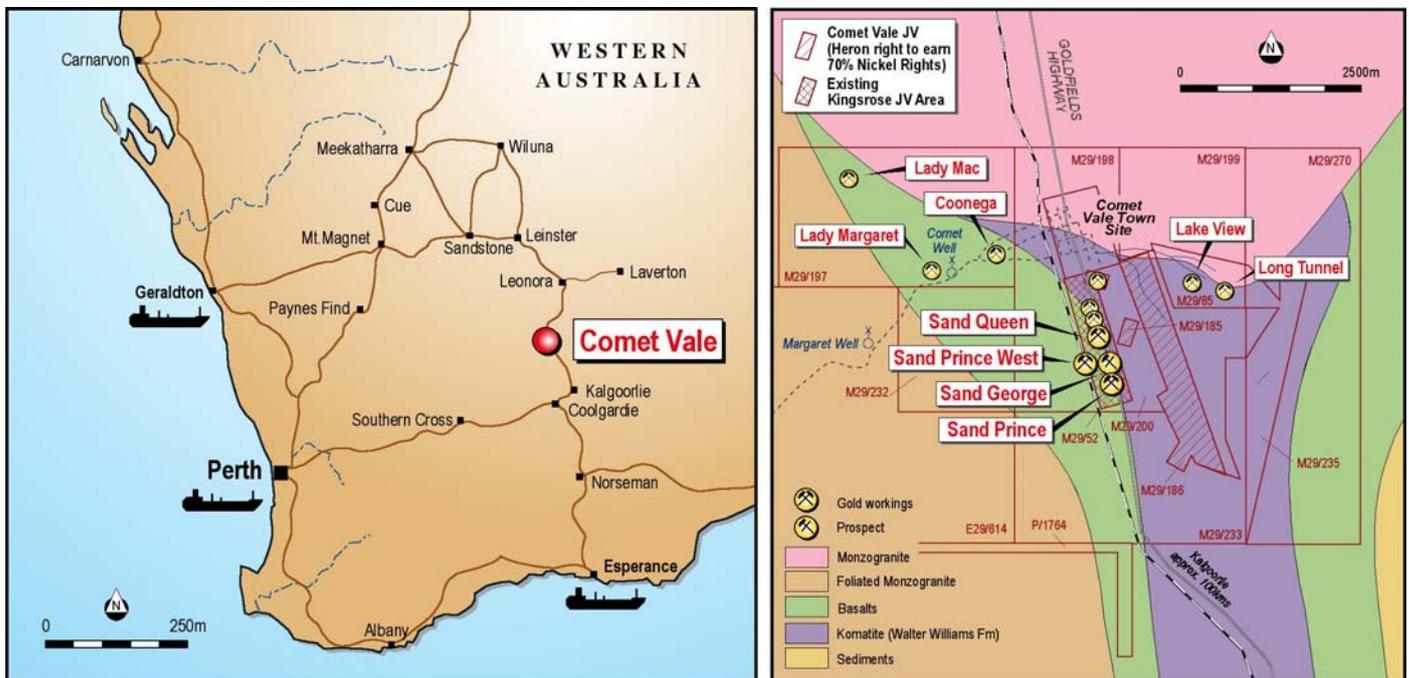


Figure 1 Location of the Comet Vale project (left) and plan of tenements surrounding the Sand Queen Mine.

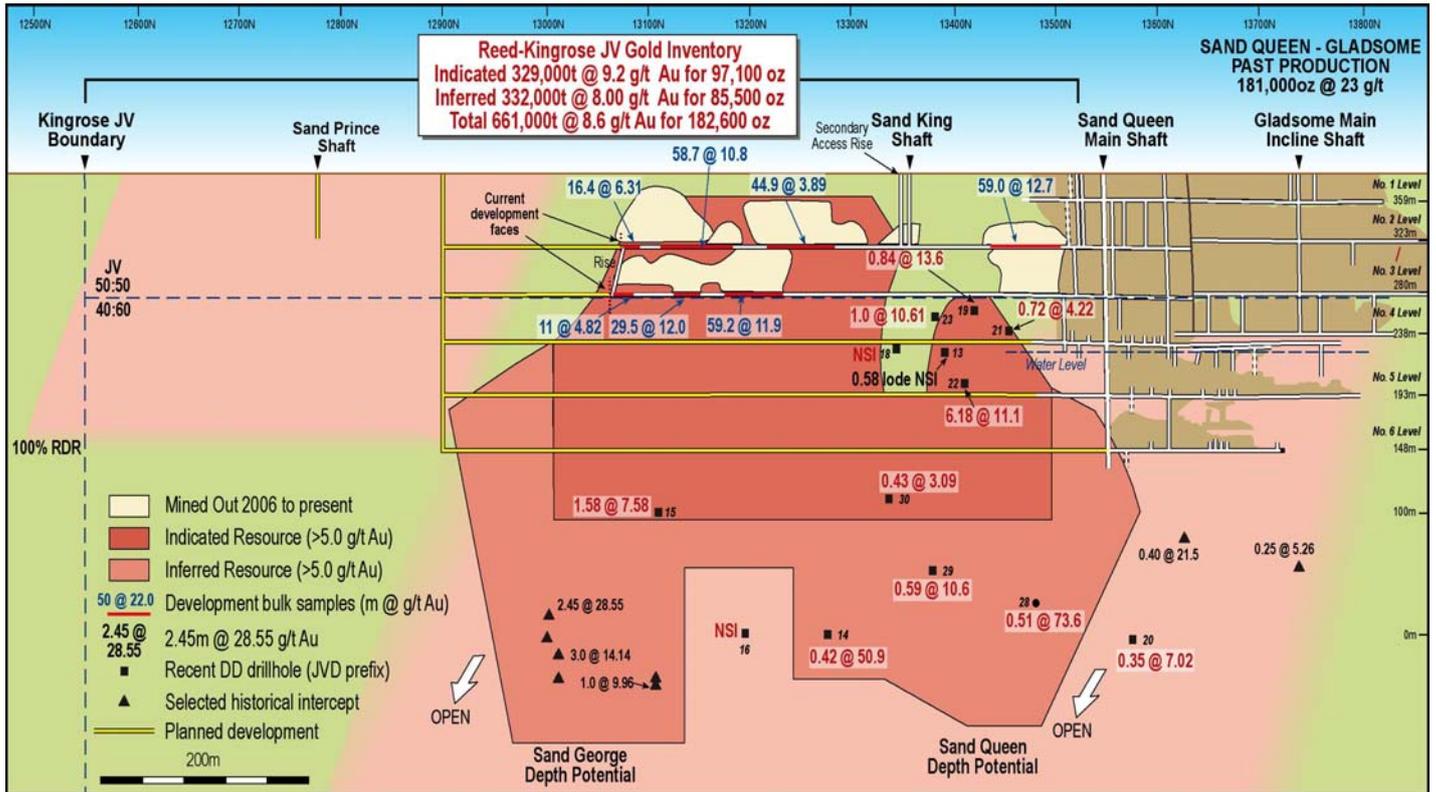


Figure 2 Vertical longitudinal projection of the Sand Queen Gold Mine, showing the resource outline in relation to current and planned development.

Reed Resources is a gold miner based in the Eastern Goldfields of Western Australia, with modest production and sound margins we are expanding and diversifying our production base into ferrous minerals. Reed Resources has three main projects all in Western Australia:



Comet Vale - High-grade underground gold mine in JV with Kingrose Mining Limited. Record grade production Dec Q08. Nickel Laterite JV with Heron Resources NL.

Mt.Finnerty – Iron Ore JV with Portman Ltd Nickel JV with Western Areas NL

Barrambie – Completing Definitive Feasibility Study on Ferrovandium operation.