

COMET VALE EXTENSION DRILLING RESULTS

Emerging gold producer Reed Resources Ltd (ASX:RDR) announces the successful completion of a resource extension drilling program, which has doubled the strike extent of the Sand George lodes at the Comet Vale project.

Seven cored drill holes and five RC percussion drill holes were drilled on 50m x 50m grid spacing for a total of 2,102 metres. All holes intersected mineralised quartz lodes thereby extending the strike extent of the Sand George lodes for a further 500m to the south and down to a vertical depth of 150m.

Assays of the quartz lode intersections have returned some high-grade gold intervals with assays in excess of 10 g/t Au, including:

- 1m @ 15.24 g/t Au from 93m in JVC001, within 3m @ 6.32 g/t (92-95m)
- 1 m @ 17.30 g/t Au from 20m in JVD001
- 0.98m @ 14.02 g/t Au from 155 m in JVD003

The mineralisation remains open at depth and along strike to the south where previous shallow drilling intercepted 1m @ 4.2g/t Au a further 400 metres south and 1m @ 7.3g/t Au and 1m @ 6.3 g/t Au in the same hole 800 metres further south of the Kingsrore JV boundary (see longitudinal section). A further 1.5 km of the Comet Vale shear that hosts the Sand Queen/Sand George gold mineralisation remains untested.

A diamond drill hole targeted to infill between previously drilled intersections of the Sand George lodes intersected the SG1 and SG2 lodes below the current mine (JVD006). Further drilling to test the depth potential of both the Sand Queen and Sand George lodes will be undertaken from planned underground development.

A resource estimate will be re-calculated for the Sand George lodes to justify widening of a planned ventilation shaft to a new production shaft by joint venture partner Kingsrore Mining Pty Ltd. A new production shaft would significantly increase production from the current schedule of 20,000 ounces of gold per annum (RDR share 10,000 ounces) over an initial mine life of 3.5 years. Cash costs in the first full year of production (2006/07) are projected at A\$230/ounce.

Joint Venture Operator, Kingsrore Mining Pty Ltd, reports that level development on 2 Level has progressed 40 metres south of the shaft and is currently following a new lode ("East Reef"), which is parallel to the old workings. This development ore is being stockpiled. Stopping of the Sand Queen South resource (6,500 t @ 19.7 g/t Au) is planned to commence late-March with the first toll-milling campaign scheduled for early June.

David Reed
Executive Chairman
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Significant assay intersection of the Comet Vale lodes

Hole ID	Collar Northing (1)	Collar Easting (1)	Interval From (m)	Interval To (m)	Intersection Width (m)	Grade ^(2, 3) (g/t Au)
JVC001	13100	7770	92	95	3	6.32
		including	93	94	1	15.24
JVC002	13075	7810	53	54	1	4.2
JVC004	13025	7800	75	75.3	0.3	4.55 @ BOH [#]
JVC005	12850	7825	38	39	1	3.54
JVD001	12950	7800	20	21	1	17.3
JVD002	12950	7750	135.35	135.9	0.55	9.95
JVD003	12900	7740	155.29	156.27	0.98	14.02
JVD005	12800	7780	109	110	1	2.28
JVD006	13000	7600	42	50	8	3.60
		including	48	49	1	13.64
			326.48	327.1	0.62	5.09
			373.35	373.53	0.18	4.24
JVD007	12750	7750	122.39	123	0.61	2.69
JVD008	12700	7750	169.59	170	0.41	2.12

1. Collar coordinates are for a local grid. All holes collared at 60° toward 089° on the local grid.
 2. Samples of half NQ2 core and RC drill chips were analysed by Genalysis Laboratory Services using 400g Leach well assay with an AAS finish (LW400/sAAS).
 3. Intersection grades for multiple samples are calculated as a weighted average based on individual sample widths.
- # Drill bit shanked at bottom of hole.

Competent Persons

Information in this report that relates to Exploration Results is based on information compiled by Dr Peter Collins and Mr David Potter who are both members of the Australian Institute of Geoscientists.

Dr Peter Collins (BSc (Hons), PhD, MAIG), a Director of Reed Resources Ltd, has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken 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 Collins consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mr David Potter (BSc, Dip FAI, MAIG), a full time employee of Reed Resources Ltd, 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'. Mr Potter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

