

27 June 2006

Company Announcements Office
Australian Stock Exchange Limited
Via Electronic Lodgement

FOR RELEASE

Dear Sirs,

FIRST GOLD PRODUCTION

Reed Resources Ltd (ASX:RDR) announces the results of the first toll-treatment campaign of ore from the Sand Queen Gold Mine, situated at Comet Vale some 100 kilometres north of Kalgoorlie, Western Australia. Under the Kingsrose JV, Reed is required to truck and toll-treat the ore for 50% of the contained gold.

A 3,000 tonne parcel of predominantly development ore and some stoping of the remnant Sand Queen South resource has been processed at Higginsville Mining's Greenfields plant at Coolgardie during the 8th to 12th June 2006.

643 ounces of gold and 129 ounces of silver have been extracted of which 315 ounces of gold has been credited to Reed. The gravity circuit recovered about 65% of the gold with a total gold recovery of 97.6% calculated from the metallurgical balance. The leach and adsorption kinetics of the ore parcel were excellent and the tail grade was about 0.10 g/t.

The next campaign is scheduled for September 2006 and thence bi-monthly for the next three and a half years. The size of each campaign is expected to increase as the contribution from the Sand George deposit (295,000 t @ 12 g/t au) increases until full production is reached in the December 2006 quarter.

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