

GOLD PRODUCTION AND EXPLORATION UPDATE

Reed Resources Ltd (ASX:RDR) is pleased to provide an update on production and exploration activities at its Comet Vale Gold Project. The Company has commenced a drilling campaign targeting major strike extensions to the high-grade Sand Queen-Sand George orebodies.

Underground Mining

Production JV partner, Kingsrose Mining Pty Ltd have continued develop the 3 Level to provide access to the Sand George orebody as a priority (Figure 1). Level development and stoping of the Sand George on 2 Level is proceeding smoothly with the development heading continuing in ore. Access to the 3 Level ore horizon will be completed this quarter. Under the Joint Venture, Kingsrose meets all mining costs and Reed meets transport and toll milling costs, splitting the gold 50:50.

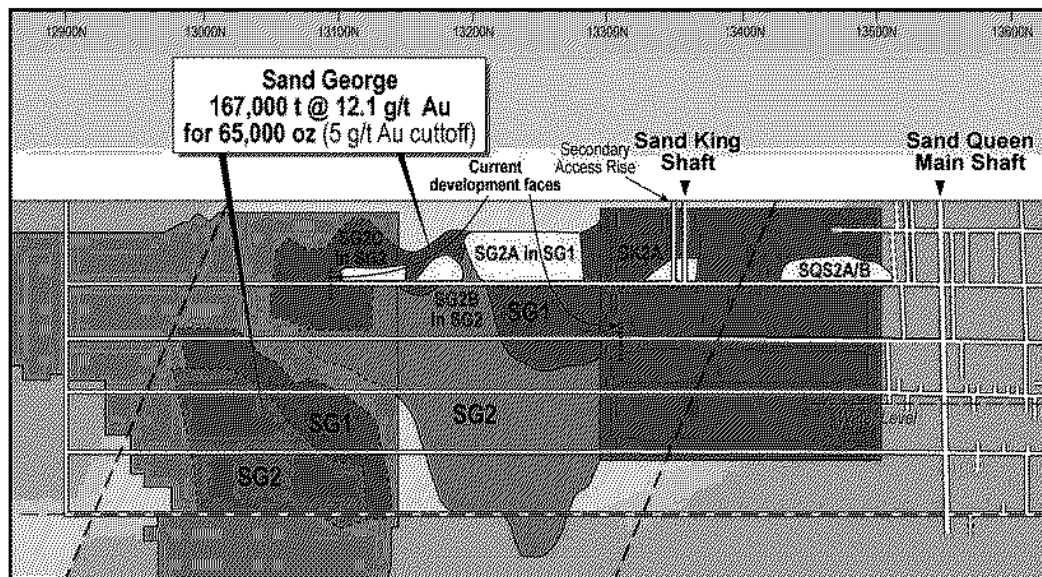


Figure 1 Long section looking west, Sand Queen Gold Mine showing stope outlines at end of May 2007.

Ore Production

Stoping of the first shrink stope (SG2A) in the Sand George 1 Lode, is almost complete enabling extraction to commence. It has produced some 2,000t already and is estimated to contain another 4,500t @ 8.5 g/t Au. The SG2B stope, is on a quartz vein outside of the resource model, and is estimated to contain 1,500t @ 8g/t Au. It is currently being extracted and stockpiled on surface.

The SG2C development drive bulk samples have averaged 11.1g/t Au (250% dilution) over 45m of strike length. The SG2C stope is on the Sand George 2 Lode and at the present height contains an estimated 1,500t @ 20 g/t Au, and is expected to produce significantly more tonnes as it remains open up dip.

To date the ore widths and grade appear to be consistent with the ore resource model. Due to scheduling constraints at the Greenfields Mill, the next milling campaign is scheduled to commence 28th July 2007.



Exploration

The RC Drilling program will test three main targets (Figure 3):

1. The southern strike continuation of the Sand George lodes, along the Comet Vale Shear, infilling previous wide spaced RC drilling 400 and 800 metres south of the JV boundary that intersected multiple quartz lodes consistent with the Sand George lodes (Figure 2).
2. The northern strike continuation of the Sand Queen lodes (Past Production 248,564t @ 22.7 g/t for 181,659 oz), along the Comet Vale Shear, where there is a coincident 500m long gold geochemical anomaly.
3. The interpreted controlling structure (the Princess Grace Thrust) of the newly discovered Princess Grace lodes, which are 250 metres to west of the current Sand Queen/George mine workings.

In addition to the current RC campaign, diamond drilling is planned to commence in June to test down dip underneath the shallow Princess Grace resource. Drill results within the resource include 5m @ 10.63g/t from 16m and 9m @ 6.9g/t from 34m. These intercepts are within fresh rock and are interpreted to be moderately dipping stacked quartz veins associated with intermediate porphyries, similar to those seen within the Sand George deposit (360,000t @ 12g/t Au), currently being mined 250m to the east. It is Reed's belief that they could represent the top of a new major gold system.

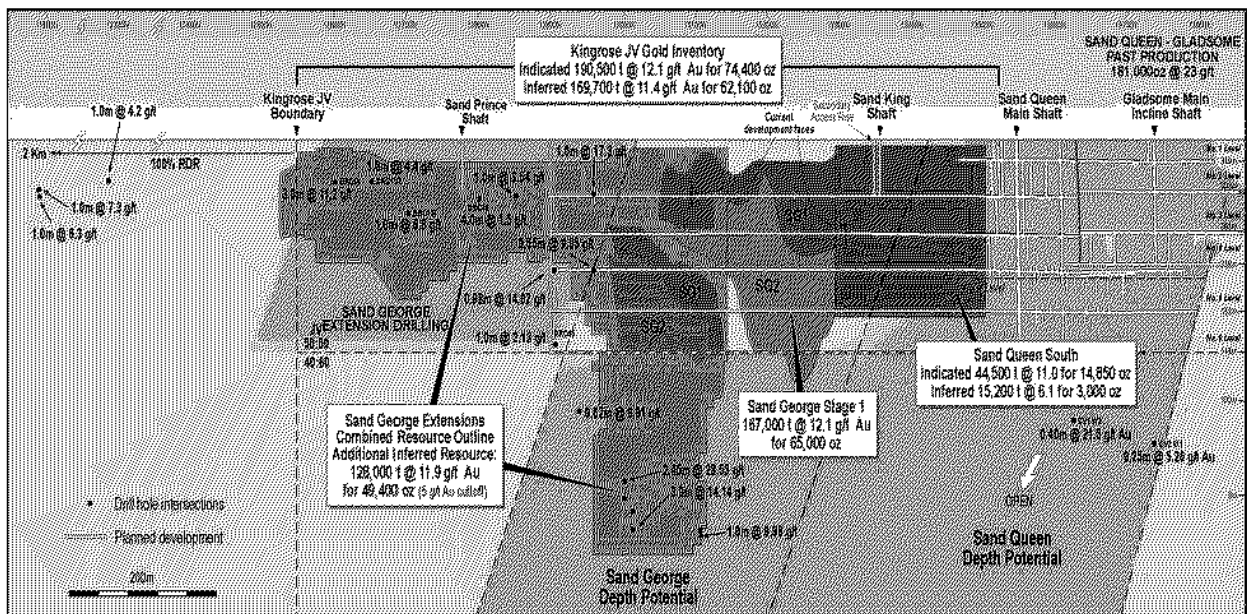


Figure 2 Long section looking west, showing previous wide spaced drilling to the south (left), along strike of current resource outline.

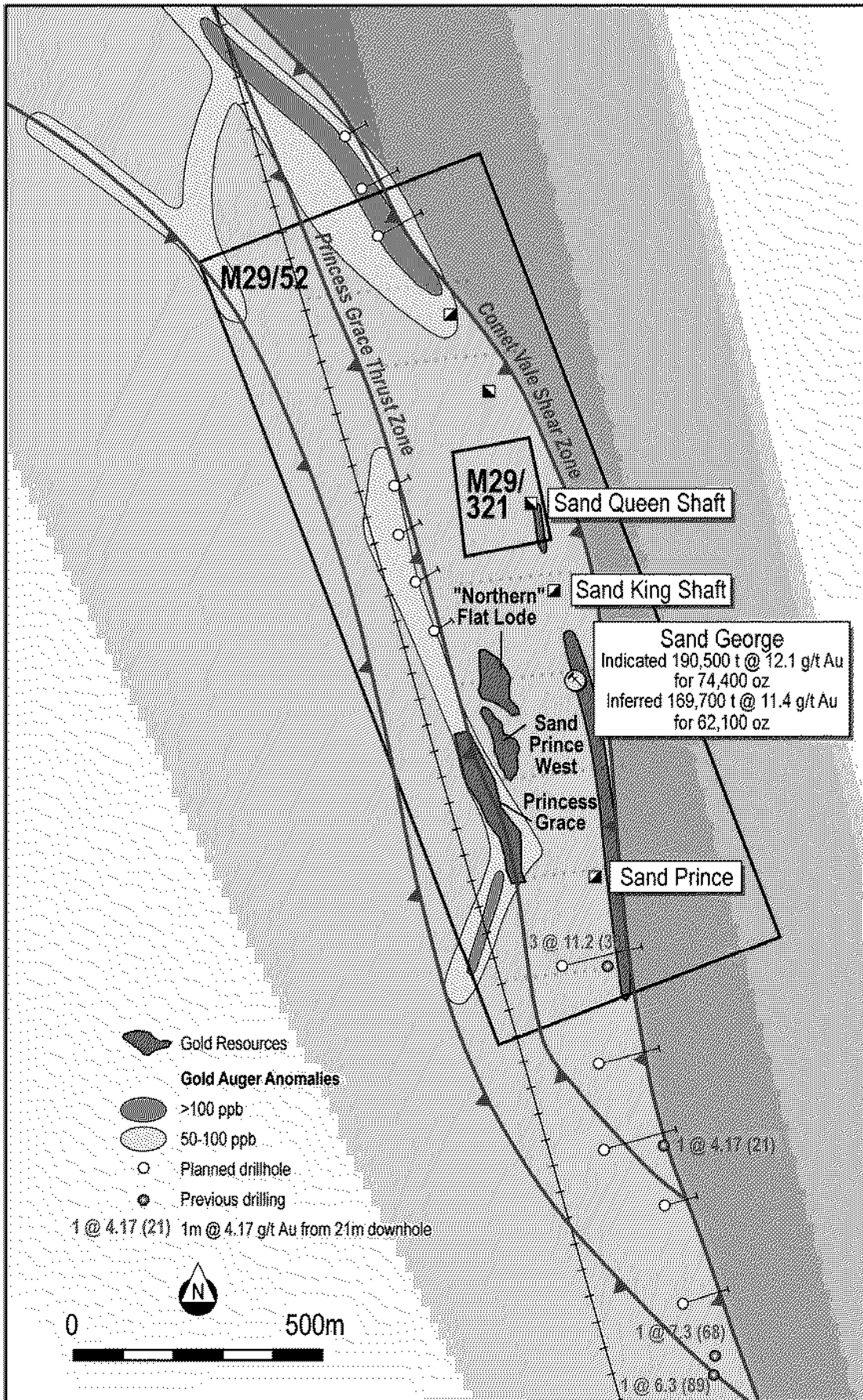


Figure 3 Plan of Current Exploration Program.

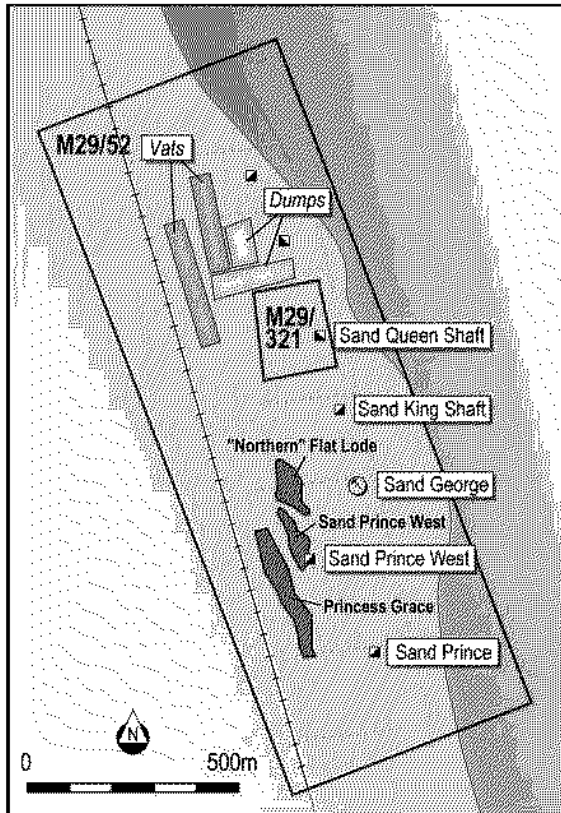


Figure 4 Plan of shallow gold resources and existing infrastructure on Mining Lease 29/52.

Open Pit Study

The Company has commenced evaluation of open-pit mining the shallow Sand Prince West and Princess Grace resources (<50m depth). The Sand Prince West deposit has a combined Mineral Resource estimated to be 121,150 tonnes at a grade of 2.39 g/t Au, for **9,310 ounces** of gold (at 1 g/t Au cut-off). The Princess Grace has an Inferred Mineral Resource of 130,000 tonnes @ 2.5 g/t Au for **10,300 ounces** of gold. (Table 1).

A new resource estimate, upgrading the classification of the Princess Grace resource is expected next week. This in turn will enable pit-optimisations and reserve calculations to be undertaken on the Sand Prince West and Princess Grace resources this month. Previous optimisation studies indicated that a large proportion of the resources could be economically mined.

Table 1. Mineral Resource Estimates for Open Pit Study

Resource	Cut Off Grade	Category	Tonnes	Grade (g/t Au)	Contained gold (ounces)
New Princess Grace ¹	0g/t	Inferred	130,000	2.50	10,300
Sand Princess West ²	1g/t	Measured	53,061	2.72	4,640
		Indicated	46,097	2.15	3,186
		Inferred	21,993	2.11	1,492
Total	1g/t	Measured	53,061	2.72	4,640
		Indicated	46,097	2.15	3,186
		Inferred	151,993	2.41	11,792
TOTAL			251,100	2.45	19,600

1. Announced 16 May 2007

2. Announced in December 2005 Quarterly Activities Report, 31 January 2006

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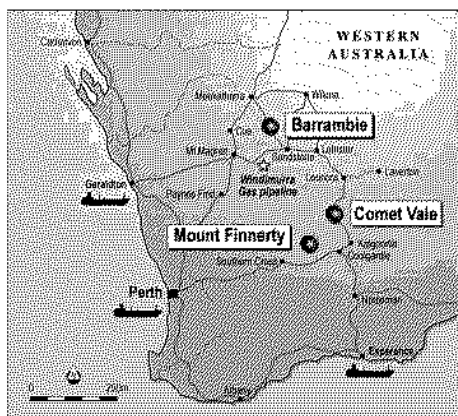
Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Mr. David Potter who is a member of the Australian Institute of Geoscientists.

Mr. David Potter (BSc, Dip FAI, MAIG), is a full time employee of Reed Resources Ltd. Mr. Potter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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'. 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.

Reed Resources is a junior gold miner based in the Eastern Goldfields of Western Australia, with modest production and sound margins we are expanding and diversifying our production base.

Reed Resources has three main projects all in Western Australia.



Comet Vale - High-grade underground gold mine in JV with mining contractors, generating A\$5m per annum from 07/08. Nickel Laterite JV with Heron Resources NL.

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

Barrambie – Completing Bankable Feasibility Study on 20M lb per annum Vanadium Pentoxide operation.