

**COMET VALE GOLD
PRODUCTION AND EXPLORATION UPDATE**

20 SEPTEMBER 2007

Highlights

- Third toll treatment campaign to commence this weekend
- Ore grades and production levels increasing
- Resource Extension Diamond Drilling commencing this week

Reed Resources Ltd (ASX:RDR) announces that the third toll-treatment campaign of ore from the Sand Queen Gold Mine, situated at Comet Vale some 100 kilometres north of Kalgoorlie, will commence this weekend.

Under the Kingsrose JV, Reed is required to truck and toll-treat the ore for 50% of the contained gold. Trucking of ore from the Sand Queen ROM pad to Higginsville Mining's Greenfields plant at Coolgardie, has commenced today.

A parcel of more than 7,000 tonnes of development and stopping ore from the Sand George deposit will be processed during the next week, of which 5,000 tonnes of high-grade ore is estimated from grade control to average 9.55g/t. Actual gold production from previous milling campaigns exceeded expectations based on grade control.

Mining is continuing on the 2 and 3 Levels, production levels and broken ore stocks are steadily increasing. The grade is increasing with depth in line with the resource model. (Figure 1)

Development is continuing in ore on the 3 Level with bulk sampling from the development cuts (nominal 1.8m wide) to date averaging 11.5g/t Au over 58m (Figure 2). Stopping grades have generally been higher due to the ability to decrease the wallrock dilution of the ore.



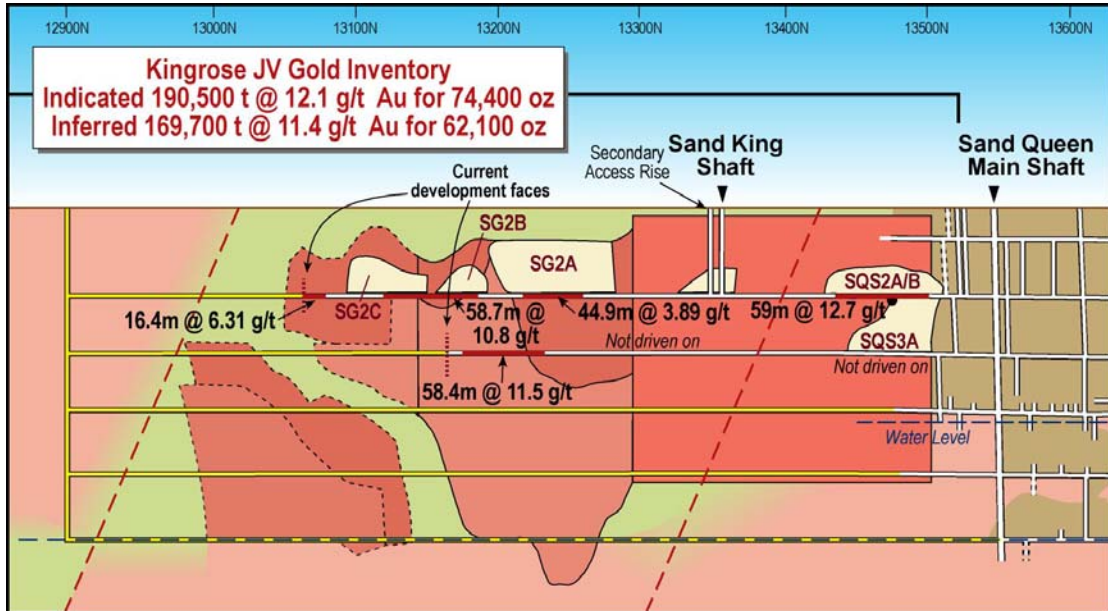


Figure 1 Long section looking west, Sand Queen Gold Mine showing stope outlines and averaged development bulk sampling at end of August 2007.

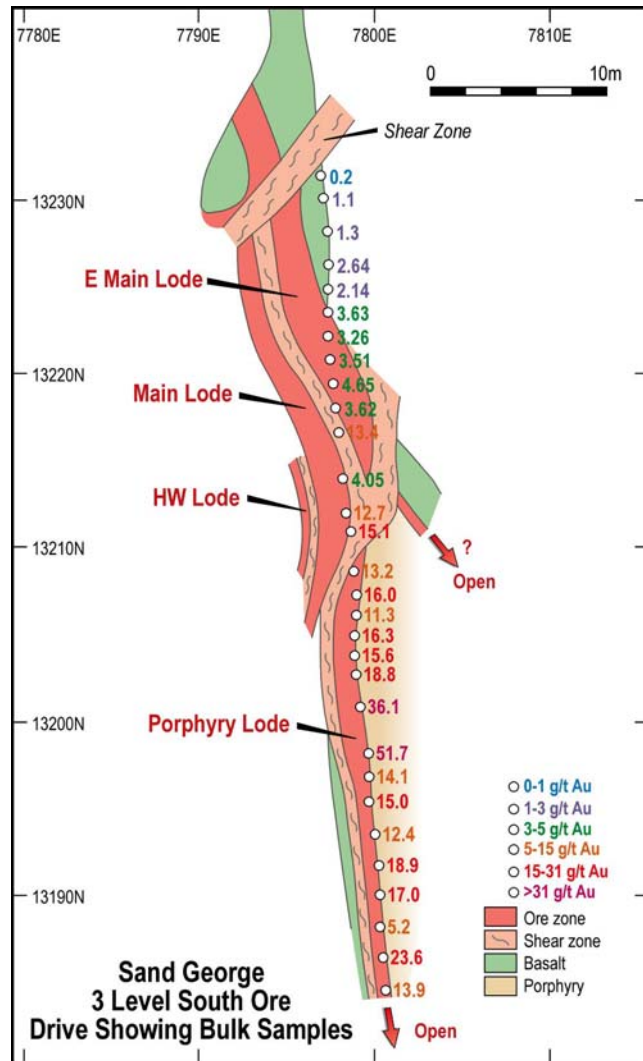


Figure 2 Plan showing development drive bulk samples on the 3 Level.

Table 1 Grade Control Sampling Results up to 10 September 2007

<i>Production Area</i>	<i>Tonnes</i>	<i>Grade (Au)</i>	<i>Ounces (Au)</i>
SK2A	88	5.36	15
SG2A	1589	8.16	417
SG2B	424	6.48	88
SG2C	973	8.66	271
SQS3A	593	9.18	175
SG3A	538	11.15	193
3L DEV	783	14.7	371
Stockpiles @ 10/9/07	4985	9.55	1530

Exploration

A Diamond Drilling program will commence this week testing three main targets (Figure 3):

1. Strike continuation of the Sand George lodes, south along the Comet Vale Shear.
2. Strike continuation of the Sand Queen lode (Past Production 248,564t @ 22.7 g/t for 181,659 oz), north along the Comet Vale Shear.
3. Down dip continuation of the shallow Princess Grace resource.

Drill results within the Princess Grace resource include 5m @ 10.63g/t from 16m, 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.

David Reed

Executive Chairman

Tel: 08 9322 1182

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.

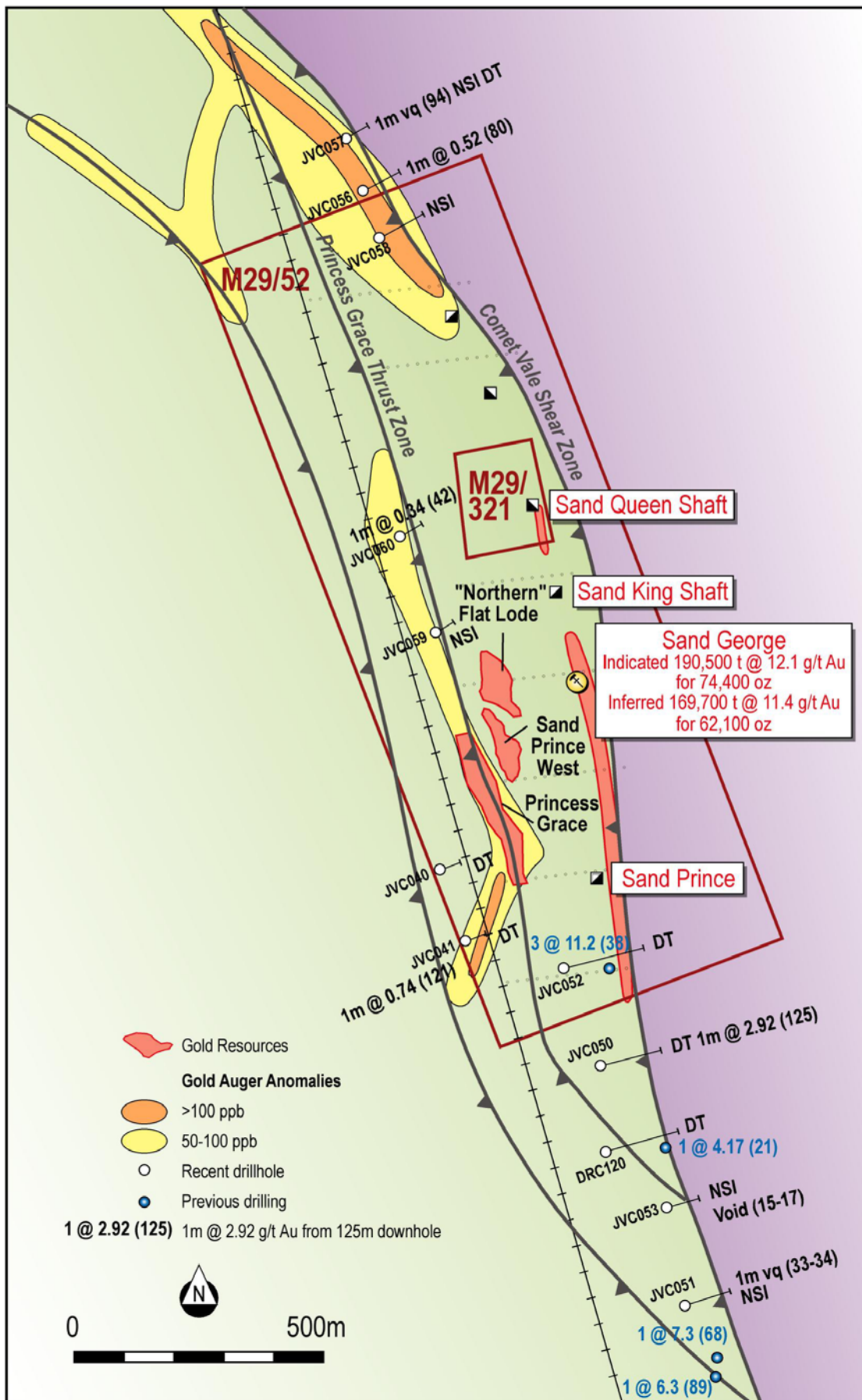


Figure 3 Plan of Current Exploration Program. Proposed holes have results from recent RC precollar, then followed by "DT".