

**COMET VALE GOLD
PRODUCTION JOINT VENTURE EXPANSION**

1 NOVEMBER 2007

Highlights

- Comet Vale project JV partner, Kingsrose Mining Ltd, extended first right of refusal to develop new underground gold deposits over all Comet Vale tenements.
- Kingsrose to extend development of Sand Queen Gold Mine to the 4 and 5 Levels and increase production to 5,500 tonnes per month (from current 3,000 tpm).
- Reed exploration focus returns to targeting additional near-mine resources with new RC drill program commencing next week.

The Company advises that it has varied its existing Production Joint Venture Agreement with Kingsrose Mining Ltd ("Kingsrose") over the Sand Queen Gold Mine, 100 km north of Kalgoorlie.

A principal benefit to the Company is that the revised agreement will facilitate an increase in production from the Sand George lodes, through a commitment to fully utilize the haulage capacity once additional levels are opened up following an increase in mining personnel in the new year.

The Company's geological team will return its focus to exploration of the project area for additional gold resources for both the underground operation and potential open pit resources. RC drilling of several gold and gold-copper targets in the eastern part of the project will commence next week. Quartz lode intersections from a recent diamond drilling along strike from Sand George and below the near-surface Princess Grace deposit have been submitted for analysis and results are expected by end of November.

The key terms in the variation to the Joint Venture Agreement are:

- Kingsrose Mining Ltd successfully listing on the ASX.



- Kingsrose Mining Ltd has first right of refusal to form a joint venture in respect of all gold and silver occurring on the Comet Vale tenements on terms similar to the existing joint venture, which are
 - o Reed Resources will solely incur the transport and treatment expenditure to earn 50% of gold ore down to a depth of 243 metres from collar of Sand Queen Main Shaft.
 - o Reed Resources will solely incur the Transport and Treatment expenditure to earn 40% of gold ore below a depth of 243 metres from collar of Sand Queen Main Shaft.
- The requirement to produce 25,000 oz of gold within three years from 1 March 2005 has been extended to 31 May 2009. If not met, Kingsrose shall not have earned any interest in the tenements and shall be deemed to have withdrawn from the agreement.