

GOLD PRODUCTION UPDATE

8 FEBRUARY 2008

HIGHLIGHTS

- Fourth toll treatment campaign produces 1,235 oz Au (RDR share 608 oz).
- Estimated C1 Cash Costs of A\$311/oz generating margin of A\$700/oz.

Reed Resources Ltd (ASX:RDR) and Kingsrose Mining Limited (ASX:KRM) announce the results of the fourth toll-treatment campaign of ore from the Sand Queen Gold Mine, situated at Comet Vale, 100 kilometres north of Kalgoorlie.

Under the joint venture with Kingsrose Mining Limited, Reed is required to truck and toll-treat the ore for 50% of the contained gold.

A parcel of 4,190 tonnes, comprising 3,712t of stoping ore grading 10.66 g/t Au and 478t of flushing material grading 2.45 g/t Au from the Sand George deposit has been processed at Higginsville Mining's Greenfields plant at Coolgardie.

A total of 1,235 ounces of gold and 101 ounces of silver have been extracted of which 608 ounces of gold has been credited to Reed.

The gravity circuit recovered about 66% of the gold with a total gold recovery of 96% calculated from the metallurgical balance. The leach and adsorption kinetics of the ore parcel improved from 75% to 88% and the tail grade fell from 0.60 to 0.44 g/t Au.

Reed Resources cash costs of production (C1) are estimated at A\$311/oz generating a margin of A\$700/oz on the 608 ounces sold at spot rate of A\$1011/oz. All gold production is unhedged and therefore fully leveraged to further upward movements in the price of gold.

The January 2008 ore parcel is the first parcel of ore from Sand Queen and Sand George that mostly originated from new stoping above the 3 Level and remnant stoping above the 2 Level. Kingsrose will extend mine operations in 2008 to the 4 Level at Sand Queen and expects to be hoisting ore from this level during the second half.

Kingsrose Mining is progressing the mobilization of overseas workers, with the first group of Tanzanian underground miners now in Kalgoorlie. Additional miners sourced from the Philippines are expected to arrive around the end of March 2008.

Chris Reed
Managing Director



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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 gold miner based in the Eastern Goldfields of Western Australia, with modest production and sound margins we are expanding and diversifying our production base into steel minerals.

Reed Resources has three main projects all in Western Australia.



Comet Vale - High-grade underground gold mine in JV with Kingsrose Mining Ltd, targeting 35,000 oz pa in 08/09. Nickel Laterite JV with Heron Resources NL.

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

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