

**COMET VALE GOLD
RECORD GOLD PRODUCTION**

22 DECEMBER 2008

Highlights

- **Record high-grade gold production of 4,055 tonnes at 14.7 g/t Au**
- **Increase of 50 % in reconciled grade of ore**

The Company and Joint Venture partner Kingsrose Mining Limited (ASX:KRM) are pleased to advise the sale of highest grade gold ore produced from its Sand Queen gold mine, 100km North of Kalgoorlie (Figure 1).

Approximately **4,055 tonnes** of ore grading **14.7 g/t Au** have been sold to a third party. The grade of this ore parcel is **50 % higher** than the previous highest reconciled grade of ore treated or sold (9.74 g/t Au).

The final financial results from the sale are dependent on the average gold price for the month of December; however the Company expects a cash margin of about A\$650/oz for its share of production.

Earlier this month the Company announced a revised resource estimate which increased the global resources to 661,000 tonnes at an average grade 8.6 g/t Au; for 182,600 ounces of gold (Figure 2).

Under the Joint Venture Agreement, the Company earns 50 % of the contained gold produced from above the 3 Level, and 40 % from below the 3 Level, by incurring the transport and treatment costs. All of the ore from the latest sale is from above the 3 Level.



Chris Reed
MANAGING DIRECTOR



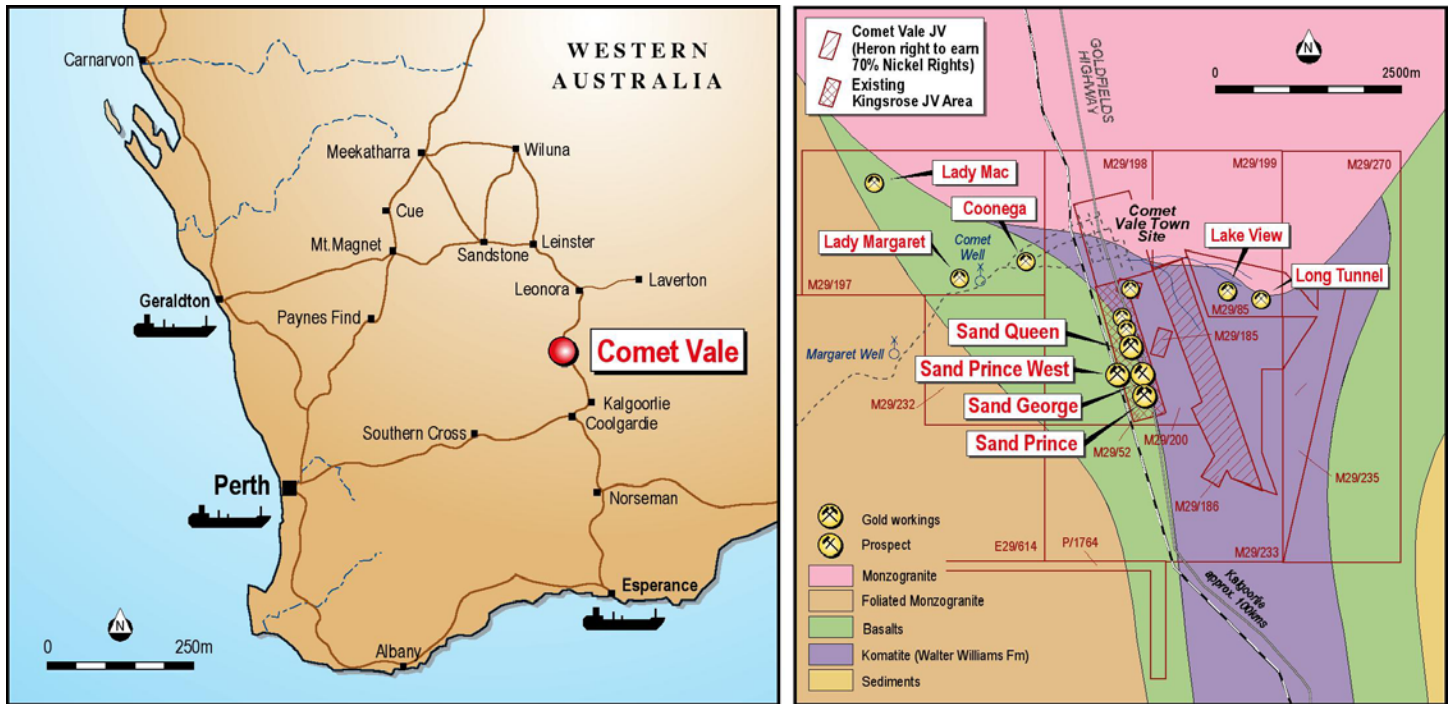


Figure 1. Location of the Sand Queen mine at Comet Vale and tenement plan (right) showing the area of the Kingsrore Joint Venture.

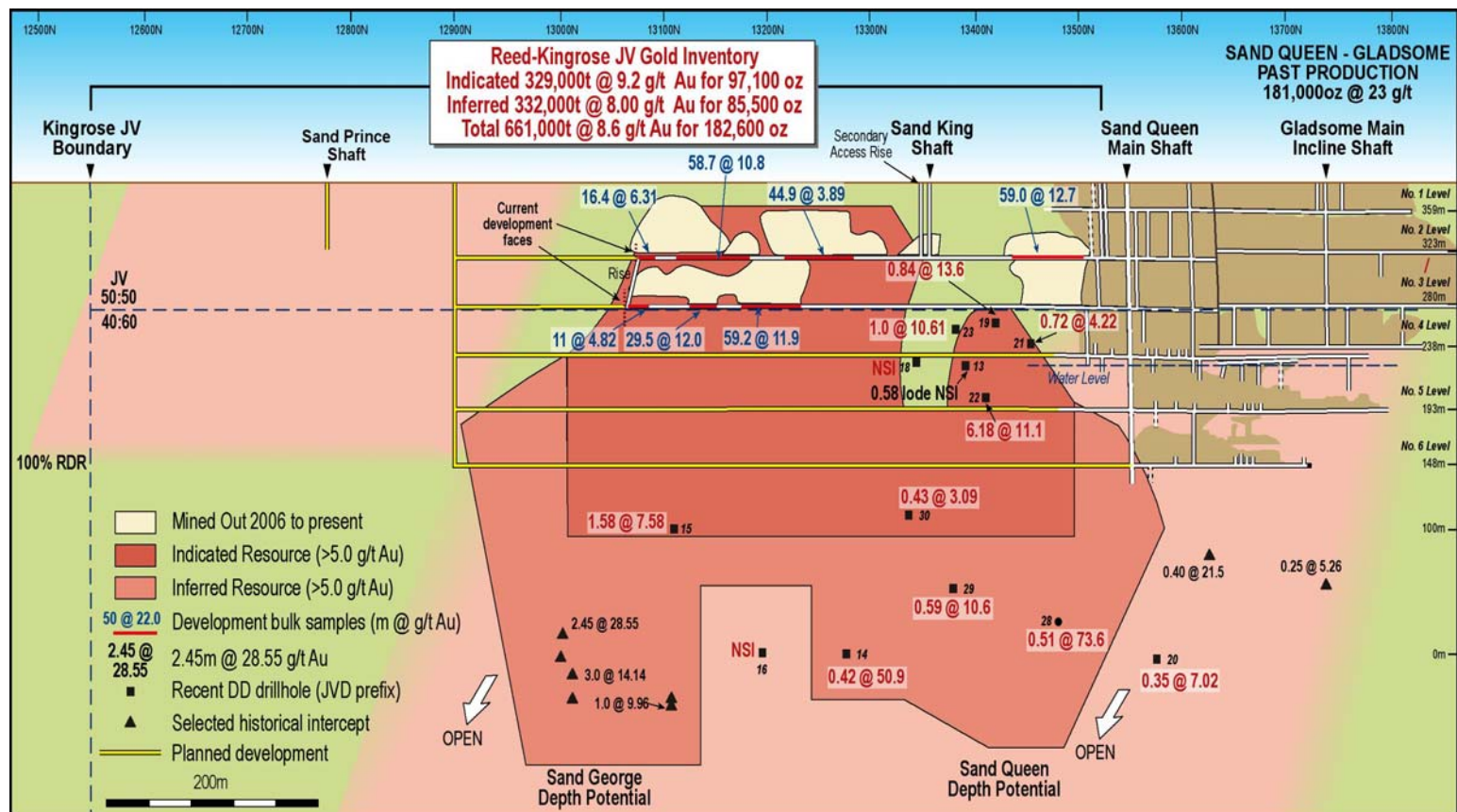


Figure 2. Longitudinal section of the Sand Queen gold mine, looking west, with the latest resource outline.

Competent Persons

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

Mr David Potter (BSc, Dip FAI, MAIG), an 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.