

COMET VALE RESOURCE ESTIMATE & PROJECT UPDATE

As part of the Reed/Kingsrose Production Joint Venture an independent review of the high-grade Sand George resource estimate has been undertaken by Hellman and Schofield Pty Ltd. The previous resource estimate was based on parameters for a mechanised long-hole operation, using a new decline for access. The proposed high-grade/low tonnage scenario to be employed by Reed/Kingsrose, using the existing Sand Queen Main Shaft for underground access, required a re-evaluation of the resource.

The re-evaluation has confirmed a combined Indicated and Inferred Mineral Resource of 167,000 tonnes at 12.1 g/t Au for 65,700 ounces in the SG1 & SG2 lodes, using a 5 g/t cut-off (Table 1). This includes 146,000 tonnes at 12.2 g/t Au (57,300 ounces gold) assigned to the Indicated Category. The resource is modelled to a depth of 250 metres below surface (equivalent to No. 6 Level, Sand Queen mine). The revised Mineral Resource does not include deeper intersections of the SG1 and SG2 lodes and does not include drilled intersections of SG3, SG4 & SG5 lodes which remain open in all directions.

Although the revised Indicated Resource contains approximately 19% less ounces than the previous resource model (267,000 tonnes @ 8.1 g/t Au, using a 2 g/t cut-off), the financial outcome is markedly superior due to the higher grade and 45% reduction in tonnage. Reed is required to truck and toll-treat the ore for 50% of the contained gold, eliminating the requirement for substantial capital investment before reaching positive cashflow.

The Sand George deposit is scheduled to produce 20,000 ounces of gold per annum (RDR share 10,000 ounces) over an initial mine life of three years. Reed's cash costs in the first full year of production (2006/07) are forecast at \$150 per ounce. The projected cashflow at a spot gold price of A\$550 (and after all royalties) is approximately A\$4 million **per annum**. The drilled intersections below the current mine design confirm strong potential for mine-life extensions.

A Notice of Intent lodged earlier this year has been recommended for approval, subject to additional performance bonds totalling \$25,000.

Upgrading of the mine infrastructure at the Sand Queen Main Shaft and general mobilisation by the mining contractor has commenced.



Erection of a headframe and winder is planned for July. Initial development will be from 2 Level, Sand Queen Main Shaft and the first ore production from the Sand Queen South lode (Indicated Resource 6,500 tonnes @ 19.7 g/t Au) is scheduled for the December Quarter. Development on the 4 and 6 Levels of the Sand Queen is also scheduled to commence in the December Quarter.

Table 1. Updated Mineral Resource estimates for the SG1 & SG2 lodes, Sand George deposit, for a cut-off grade of 5 g/t Au.

Lode	Category	Tonnes	Grade (g/t Au)	Ounces
SG1	Indicated	78,000	11.4	28,800
SG1	Inferred	11,400	9.4	3,460
SG2	Indicated	68,000	13.0	28,500
SG2	Inferred	10,200	14.8	4,900
TOTAL	Ind & Inf	167,000	12.1	65,700

The Mineral Resource has been calculated using Ordinary Kriging constrained by wireframe models. All tonnage, grade and ounce values have been rounded down to three significant figures. Slight errors may occur due to this rounding of values.

Sand Prince West

A preliminary Mineral Resource has been calculated for the shallow, flat-lying Sand Prince West lode and has been forwarded to Hellman & Schofield for review and reserve estimation, which is expected next week.

C J REED
EXECUTIVE DIRECTOR

Indicated and Inferred Mineral Resources detailed in Table 1 of this statement are in accordance with the JORC Code for Reporting of Mineral Resources and Ore Reserves (2004) and have been compiled by Mr David Princep, an employee of Hellman & Schofield Pty Ltd, consulting geologists. Mr Princep is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the Code. Mr Princep consents to the inclusion in the report of the matters in the form and context in which it appears.

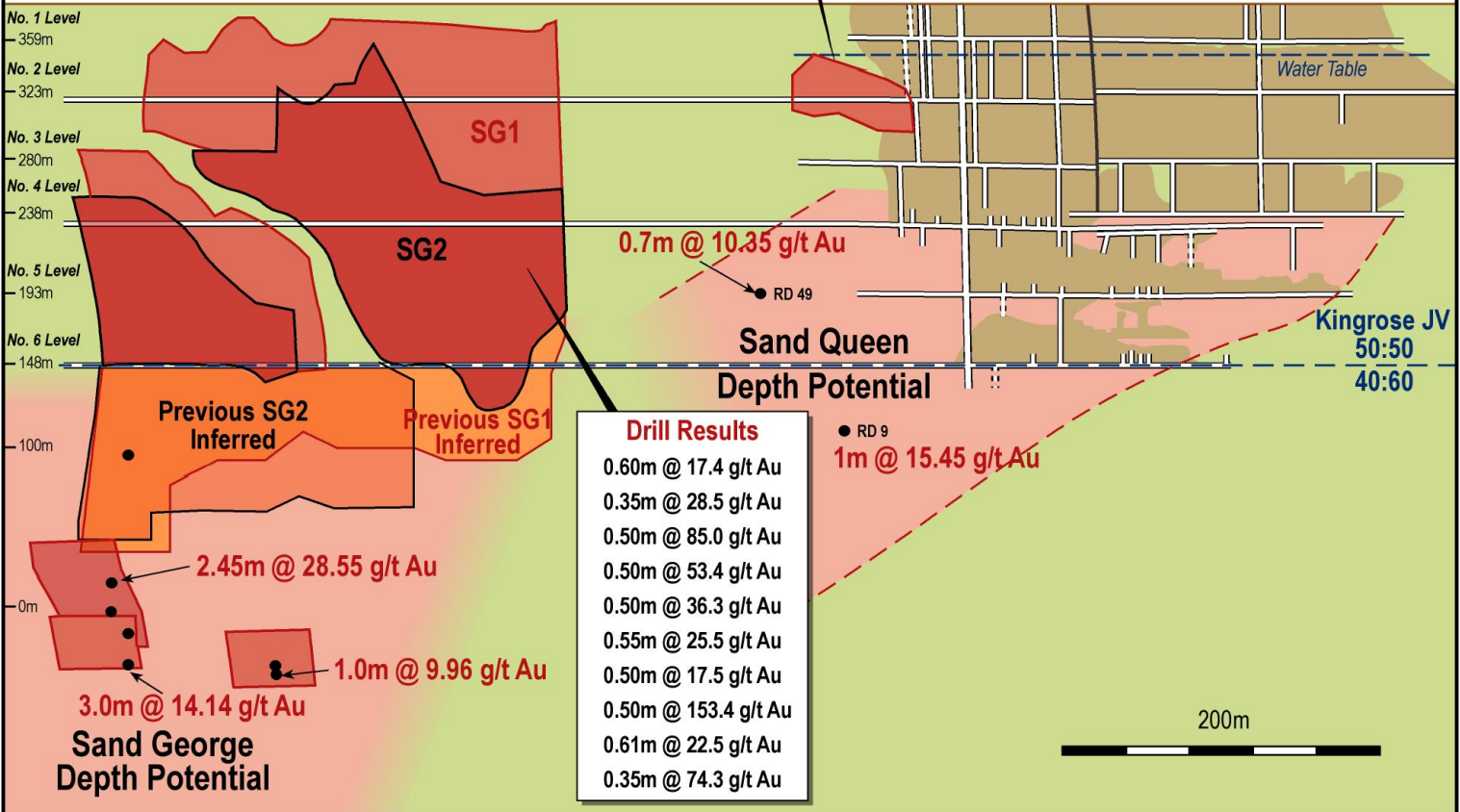
13000N 13100N 13200N 13300N 13400N 13500N 13600N 13700N 13800N

Sand George
65,000 oz @ 12.2 g/t Au
(5 g/t Au cutoff)

Sand Queen South
4,000 oz @ 19.7 g/t Au

Sand Queen Main Shaft

Gladsome Main Incline Shaft



No. 1 Level
359m
No. 2 Level
323m
No. 3 Level
280m
No. 4 Level
238m
No. 5 Level
193m
No. 6 Level
148m
100m
0m

Water Table

SG1

SG2

0.7m @ 10.35 g/t Au

Sand Queen
Depth Potential

Kingrose JV
50:50
40:60

Previous SG2 Inferred

Previous SG1 Inferred

Drill Results

● RD 9
1m @ 15.45 g/t Au

- 0.60m @ 17.4 g/t Au
- 0.35m @ 28.5 g/t Au
- 0.50m @ 85.0 g/t Au
- 0.50m @ 53.4 g/t Au
- 0.50m @ 36.3 g/t Au
- 0.55m @ 25.5 g/t Au
- 0.50m @ 17.5 g/t Au
- 0.50m @ 153.4 g/t Au
- 0.61m @ 22.5 g/t Au
- 0.35m @ 74.3 g/t Au

2.45m @ 28.55 g/t Au

1.0m @ 9.96 g/t Au

3.0m @ 14.14 g/t Au

Sand George
Depth Potential

200m

