

4 April 2012

Company Announcements Office
ASX Limited
Via Electronic Lodgement

Dear Sirs

Notice to Shareholders – Non-Renounceable pro rata entitlement offer

Please see attached a notice to be sent to Company shareholders today.

Yours faithfully

Darren Wates
COMPANY SECRETARY



NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

4 April 2012

Dear Shareholder

Reed Resources Ltd – Non-renounceable pro rata entitlement offer

As announced on 2 April 2012, Reed Resources Ltd (**Reed**) is undertaking a non-renounceable pro rata entitlement offer of 3 new fully paid ordinary shares in Reed (**New Shares**) for every 4 ordinary shares held at 5.00pm (Perth time) on 13 April 2012 at an offer price of A\$0.20 per New Share (**Entitlement Offer**).

The proceeds of the Entitlement Offer will be used primarily to fund the development of Reed's Meekatharra Gold Project, including accommodation facilities upgrade, plant refurbishment, infrastructure, pre-commissioning costs and capital raising costs, and for general working capital purposes.

The Entitlement Offer is being made to all Reed shareholders as at 5.00pm (Perth time) on 13 April 2012 whose registered address is in Australia or New Zealand or who are, in the opinion of Reed and the Lead Manager, otherwise eligible under all applicable securities laws to receive an offer for New Shares under the Entitlement Offer (**Eligible Shareholders**). Shareholders not satisfying these criteria will not be eligible to participate in the Entitlement Offer.

New Shares issued under the Entitlement Offer will rank equally with all ordinary shares already on issue. Reed will issue up to a maximum of approximately 198.5 million New Shares, resulting in total Reed ordinary shares on issue after completion of the Entitlement Offer of approximately 463.3 million.

The Entitlement Offer is fully underwritten by Bligh Capital Partners Pty Ltd. The underwriting fee payable to Bligh Capital Partners is approximately \$2,000,000.

A prospectus containing the Entitlement Offer was lodged with ASIC and released on ASX on 2 April 2012 (**Prospectus**). A copy of the Prospectus is available on ASX's website at www.asx.com.au and on Reed's website at www.reedresources.com. Eligible Shareholders will be mailed a copy of the Prospectus together with a personalised Entitlement and Acceptance Form by no later than 17 April 2012. It is important that Eligible Shareholders read the Prospectus carefully before deciding whether to invest. If Eligible Shareholders wish to participate, they should follow the directions in the Prospectus for the action required of Eligible Shareholders.

For the purposes of calculating each Eligible Shareholder's entitlement, fractional entitlements to New Shares will be rounded up to the nearest whole number. No shareholder approval is required in connection with the Entitlement Offer.




Key dates for the Entitlement Offer

Prospectus lodged with ASX and ASIC	2 April 2012
'Ex' date	5 April 2012
Record Date	5.00pm (Perth time), 13 April 2012
Opening Date	17 April 2012
Prospectus and Entitlement and Acceptance Forms dispatched to Eligible Shareholders	By 17 April 2012
Closing Date for acceptance and payment	5.00pm (Perth time), 2 May 2012
Deferred settlement trading commences	3 May 2012
Issue and allotment of New Shares and dispatch of holding statements	10 May 2012
Expected commencement of trading of New Shares	11 May 2012

Note that all dates (other than the date of the Prospectus and date of lodgement of the Prospectus with ASIC) are indicative only.

If you have any questions about the Entitlement Offer that are not answered in the Prospectus, you should consult your accountant, stockbroker, lawyer or other professional adviser before deciding to invest. Alternatively, you can call Computershare on 1300 557 010 (within Australia) or on +61 3 9415 4000 (from outside Australia) between 8.30am and 5.00pm (Perth time) Monday to Friday once the Entitlement Offer opens.

Yours faithfully



David Reed
EXECUTIVE CHAIRMAN

This letter does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this letter may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration.