

17 April 2012

Company Announcements Office  
ASX Limited  
Via Electronic Lodgement

Dear Sirs

**Non-Renounceable pro rata Entitlement Offer – Confirmation of Prospectus dispatch**

The Company advises that the Entitlement Offer prospectus, including a personalised Entitlement and Acceptance Form, has been dispatched to eligible shareholders today.

A notice in the form of the attached letter has been mailed to ineligible shareholders.

Yours faithfully

Darren Wates  
**COMPANY SECRETARY**



17 April 2012

Dear Shareholder

**Reed Resources Ltd – Non-renounceable pro rata entitlement offer – Notification to ineligible shareholders**

This letter is to inform you that, unfortunately, you are not eligible to participate in the Entitlement Offer (defined below). You are not required to do anything in response to this letter.

On 2 April 2012, Reed Resources Ltd (**Reed**) announced that it was conducting a non-renounceable pro rata entitlement offer of new fully paid ordinary shares in Reed (**New Shares**) to raise approximately A\$40 million (**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 allows eligible shareholders to subscribe for 3 New Shares for every 4 existing ordinary shares in Reed held at 5.00pm (Perth time) on 13 April 2012 and is fully underwritten by Bligh Capital Partners Pty Ltd.

A prospectus for the Entitlement Offer was lodged with ASIC and released on ASX on 2 April 2012 and is being mailed to eligible shareholders.

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

**Why am I not eligible to participate in the Entitlement Offer?**

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those persons who:

- (a) are registered as a holder of ordinary shares in Reed at 5.00pm (Perth time) on 13 April 2012;
- (b) have a registered address in Australia or New Zealand or are, in the opinion of Reed and Bligh Capital Partners, otherwise eligible under all applicable securities laws to receive an offer for New Shares under the Entitlement Offer; and
- (c) are not in the United States and are subscribing for the New Shares in an 'offshore transaction' (as defined in Rule 902(h) under the US Securities Act).



The securities laws of many countries require the use of offer documents specific to that country or compliance with local laws for the Entitlement Offer to be made in those countries. Having regard to the number of shareholders in particular countries and the cost of compliance with local laws to make the Entitlement Offer in those countries, Reed has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to extend the Entitlement Offer to shareholders in all countries outside Australia and New Zealand, subject to Reed and Bligh Capital Partners determining that certain shareholders in other countries are eligible under all applicable securities laws to receive an offer for New Shares under the Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Reed wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer or be able to subscribe for New Shares under the Entitlement Offer.

As the Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible to participate in the Entitlement Offer.

If you have any questions in relation to any of the above matters, you can call Computershare 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.

For other questions, you should consult your broker, solicitor, accountant, financial adviser or other professional adviser.

On behalf of the board and management of Reed, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

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.*