

ASX RELEASE

24 April 2012

## Reed Resources appoints Luke Tonkin as Managing Director

### HIGHLIGHTS

- **Luke Tonkin joins Reed Resources as Managing Director**
- **Adds significant corporate and operational experience to Reed Resources ahead of planned production at the Meekatharra Gold Project in December quarter 2012**
- **Chris Reed moves to Executive Director to focus on business development and non-gold asset optimisation**

Emerging Australian gold producer Reed Resources Ltd (**ASX: RDR**) (the “Company” or “Reed Resources”) has appointed Mr Luke Tonkin as Managing Director, as the Company prepares to bring its flagship Meekatharra Gold Project into production in the December quarter 2012.

Mr Tonkin was formerly with Mount Gibson Iron Limited, where he held the position of Managing Director. He brings more than 25 years’ experience in the mining industry to the role, with significant expertise of gold, nickel, tantalum, lithium and iron ore projects.

Mr Tonkin has a strong track record in maximising operational and company performance and joins Reed Resources as the Company advances its plans to recommence gold production at its 100 per cent-owned Meekatharra Gold Project. The Company recently announced it had added an additional 283,000 ounces of gold in Indicated and Inferred Mineral Resource at Meekatharra, bringing the project’s total to almost 3.6 million ounces.

Reed Resources’ current Managing Director, Mr Christopher Reed, will remain as Executive Director of the Company with a specific focus on business development, as well as the incubation and optimisation of Reed Resources’ non-gold assets to deliver shareholder value.

On Mr Tonkin’s appointment, Chairman Mr David Reed said: **“We are extremely pleased to welcome Luke to Reed Resources’ executive team. His operational and corporate expertise, combined with extensive project development experience will be a key asset for the Company as we continue to move ahead with the development of our flagship Meekatharra Gold Project.**

**“Building up the executive team will ensure the Meekatharra Gold Project is adequately resourced and also allow Chris to focus on the development of the non-gold assets and the most appropriate methodology for delivering value to shareholders,”** David Reed concluded.



Mr Tonkin's appointment further expands Reed Resources' management and operations experience to support the Meekatharra Gold Project's development, following the appointments of Mr David Lim as Company Chief Financial Officer, Mr Geoffrey Cheong as Processing Manager, and Mr Ken Fairless as Maintenance Superintendent at the start of 2012.

Summaries of the key terms of employment agreements for Mr Tonkin and Chris Reed are set out in Annexure A. The Company will convene a general meeting as soon as is practicable to seek shareholder approval for the equity components of the employment agreements.

Mr Tonkin is due to commence his new role on 14<sup>th</sup> May 2012.

**For further information please contact:**

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**About Reed Resources**

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is an emerging Western Australian gold producer focused on bringing its flagship Meekatharra Gold Project into production in the December quarter of 2012.

Reed Resources' wholly owned Meekatharra Gold Project is located in the prolific Murchison region of Western Australia and currently has 3.59Moz of gold in JORC resources and existing infrastructure including the 3 Mtpa Bluebird processing plant.

Reed Resources' other projects include:

- **Mount Marion:** High-grade lithium project located 40km south of Kalgoorlie in JV with Mineral Resources Limited (ASX: MIN). Currently under construction.
- **Barrambie:** Definitive Feasibility Study completed on the production of 6300t of vanadium per annum. Currently in approvals process and evaluating recovery of titanium and iron units.
- **Comet Vale:** Currently on care & maintenance. JORC resource of 186,000 oz at 10.8 g/t Au.
- **Mount Finnerty:** Iron ore JV with Cliffs Natural Resources and nickel option with Barranco Resources NL.

Reed Resources' American Depositary Receipts (ADR's) trade under the code RDRUY (CUSIP Number: 758254106). Each Reed Resources ADR is equivalent to 10 ordinary shares of Reed Resources as traded on the ASX. The Bank of New York Mellon is the depository bank.

**Website:** [www.reedresources.com](http://www.reedresources.com)

**COMPETENT PERSONS STATEMENT**

*Geological aspects of this report have been compiled by Mr Craig Fawcett (MAIMM), a full time employee of Reed Resources Ltd. Mr Fawcett has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being reported on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves (2004). Mr Fawcett consents to the inclusion in this report of the matters in the form and context in which it appears.*

## ANNEXURE A

This document provides a summary only of the key provisions of the employment agreements. The Company's Nomination and Remuneration Committee obtained advice from an independent remuneration consultant in determining the remuneration provided under these agreements, in consideration of all of the circumstances.

### SUMMARY OF TERMS OF EMPLOYMENT AGREEMENT FOR LUKE TONKIN

#### 1. Appointment

Managing Director and Chief Executive Officer. Mr Tonkin will join the Board of Directors.

#### 2. Term

Until 30 June 2015, subject to the termination provisions in the agreement. The agreement is terminable by the Executive with 6 months' notice, or by the Company with 7 days' notice with a 12 month payment, without cause needing to be shown. The agreement is terminable in situations of redundancy (including a material diminution or change in responsibilities or status) with a 12 month payment. The agreement is also terminable promptly following material breach.

#### 3. Remuneration

- (a) Annual Fixed Salary Package: \$599,500 per annum (inclusive of statutory superannuation), reviewed annually.
- (b) Sign-on Award: subject to shareholder approval, the grant of 833,000 shares and 1,667,000 performance rights vesting in equal annual tranches until 30 June 2014 (or cash compensation in lieu of shareholder approval).
- (c) Annual Bonus: For each financial year, the Company will consider a discretionary bonus of up to half the Annual Salary Package, to be determined by the Board in its absolute discretion having regard to annual performance conditions to be set each year.
- (d) Long Term Incentive: Subject to shareholder approval, on or about the commencement of each financial year, the Executive will be granted a number of performance rights to a value of up to 83.33% of his Annual Fixed Salary Package calculated based on RDR's VWAP at the commencement of the annual period, such rights to vest at the end of the annual period based on RDR's relative total shareholder return (TSR) performance against a comparator group of companies to RDR. Vesting will be on a graduated basis as follows:
  - If the Company ranks below the 45<sup>th</sup> percentile, none of the performance rights will vest.
  - If the Company ranks at the 45<sup>th</sup> percentile to 50<sup>th</sup> percentile, 10% per percentile over 45<sup>th</sup> percentile of the performance rights will vest.
  - For each 1% ranking above the 51st percentile, an additional 2% of the performance rights will vest, with 100% vesting where the Company ranks at or above the 76th percentile.

#### 4. Miscellaneous

The agreement contains other industry standard provisions for a senior executive holding the proposed position and also contains compliance and approvals provisions dealing with matters not permitted, or requiring shareholder approval, under the Corporations Act and ASX Listing Rules.

## **SUMMARY OF TERMS OF EMPLOYMENT AGREEMENT FOR CHRIS REED**

### **1. Appointment**

Executive Director, focusing on value optimisation of non-gold assets and business development.

### **2. Term**

Until 30 June 2015, subject to the termination provisions in the agreement. The agreement is terminable by the Executive with 6 months' notice, or by the Company with 7 days' notice with a 12 month payment, without cause needing to be shown. The agreement is terminable in situations of redundancy (including a material diminution or change in responsibilities or status) with a 12 month payment. The agreement is also terminable promptly following material breach.

### **3. Remuneration**

- (a) Annual Fixed Salary Package: \$446,900 per annum (inclusive of statutory superannuation) effective 1 July 2012, reviewed annually.
- (b) Sign-on Award: subject to shareholder approval, the grant of 500,000 shares and 1,000,000 performance rights vesting on 1 July 2013 (or cash compensation in lieu of shareholder approval).
- (c) Annual Bonus: For each financial year, the Company will consider a discretionary bonus of up to one third of the Annual Salary Package, to be determined by the Board in its absolute discretion having regard to annual performance conditions to be set each year.
- (d) Long Term Incentive: Subject to shareholder approval, on or about the commencement of each financial year, Mr Reed will be granted a number of performance rights to a value of up to 50% of his Annual Fixed Salary Package calculated based on RDR's VWAP at the commencement of the annual period, such rights to vest at the end of the annual period based on RDR's relative total shareholder return (TSR) performance against a comparator group of companies to RDR. Vesting will be on a graduated basis as follows:
  - If the Company ranks below the 45<sup>th</sup> percentile, none of the performance rights will vest.
  - If the Company ranks at the 45<sup>th</sup> percentile to 50<sup>th</sup> percentile, 10% per percentile over 45<sup>th</sup> percentile of the performance rights will vest.
  - For each 1% ranking above the 51st percentile, an additional 2% of the performance rights will vest, with 100% vesting where the Company ranks at or above the 76th percentile.

### **4. Miscellaneous**

The agreement contains other industry standard provisions for a senior executive holding the proposed position and also contains compliance and approvals provisions dealing with matters not permitted, or requiring shareholder approval, under the Corporations Act and ASX Listing Rules.