

ASX RELEASE

30 April 2012

Debt Funding – Meekatharra Gold Project

HIGHLIGHTS

- **Barclays Bank PLC have been mandated to act as arranger in providing finance of up to \$23 million for the Meekatharra Gold Project by way of a \$20 million Revolving Working Capital Facility and a \$3 million Performance Bond Facility**
- **Together with Reed's \$40 million underwritten rights issue, the working capital facility will provide the funding required for ongoing production and general development activities at Meekatharra.**

Emerging Australian gold producer Reed Resources Ltd (**ASX: RDR**) (**Reed**) has mandated Barclays Bank PLC (**Barclays**) to act as arranger of a debt financing facility of up to \$23 million for the working capital requirements of the Meekatharra Gold Project Joint Venture in Western Australia.

Reed's current \$40 million underwritten rights issue will fund all construction, owners and commissioning costs, the debt financing will provide the Project's working capital requirements and ensure Reed retains sufficient funds to continue exploration and business development activities.

The financing is subject to detailed documentation and agreement in relation to the terms of the facility, the broad terms of which have been agreed in principle, due diligence, final internal Barclays approvals and approval by Reed's board, all of which are expected to be finalised within two months.

The appointment of Barclays follows an extensive tender process in which competitive proposals were received from a number of domestic and international banks.



The key features of the facility are summarised as follows:

- Facility: A \$20 million Revolving Credit Facility which allows Reed Resources to redraw principal amounts subject to certain conditions precedent and a \$3m Performance Bond facility;
- Tenor: Approximately Two years.
- Hedging: A hedging facility which includes an Early Hedge Facility giving Reed the flexibility to buy put options prior to the Revolving Credit Facility being activated. The facility includes bought puts for first six months of production, then nominally 50,000 to 60,000 ounces in forward delivery contracts and the balance bought puts.

Managing Director Chris Reed said: **“This is a great result for the Company. Support from Barclays, a leading global mining project finance provider, is a major vote of confidence in the Meekatharra Gold Project and its future production profile.**

“We are currently refurbishing the existing plant and we remain on-track for gold production in the December quarter of this year. Whilst hedging is required under the facility, it represents less than 8% of our current Probable Reserves, and it enables us to remove 100% of the downside risk in the gold price. The facility is able to be increased and extended by the inclusion of agreed reserves to the current Stage 1 mine plan,” Mr Reed concluded.

ENDS

For further information please contact:

Chris Reed
Reed Resources Ltd
T: +61 89322 1182
E: chris@reedresources.com

John Gardner
MAGNUS Investor Relations
T: +61 413 355 997
E: jgardner@magnus.net.au

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

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.