

1 August 2012

Company Announcements Office
ASX Limited
Via Electronic Lodgement

Dear Sirs

Vesting and Grant of Employee Performance Rights

On 1 August 2011, Reed Resources Ltd (**Company**) announced the grant of 285,000 Performance Rights to certain eligible employees under its Performance Rights Plan (**PRP**). The Company has today issued 77,500 fully paid ordinary shares as a result of the vesting of some of those Performance Rights. The Company advises that 100,000 Performance Rights have lapsed as a result of the departure of the relevant employee, and 107,500 Performance Rights that remain subject to vesting on 1 August 2013.

Grant of new Performance Rights

The Company has today granted Performance Rights under the terms of the PRP to certain eligible employees in accordance with their employment arrangements as follows:

1. 800,000 Performance Rights, vesting on a progressive basis over 3 years on each anniversary of employment; and
2. 618,415 Performance Rights which may vest on 30 June 2015 or 31 December 2015 on the satisfaction of certain performance conditions, based on the Company's total shareholder return performance and percentile ranking relative to comparator companies.

Yours faithfully

Darren Wates
COMPANY SECRETARY

