

18 June 2013

Ms Sandra Wutete  
Adviser, Listings (Perth)  
Australian Securities Exchange Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Sandra,

**PRICE & VOLUME QUERY**

I refer to your letter dated 18 June 2013 as to the movements in the Reed Resources Ltd (ASX: RDR) ("the Company") share price over the past four days.

On behalf of the Company I respond to your questions as follows:

1. The Company is not aware of any information that has not been announced which, if known by some of the market, could be an explanation for recent trading in the securities of the Company.
2. Not applicable.
3. Subject to the following, the Company is not aware of any other explanation for the price change in the securities of the Company. The Company notes that:
  - a) As referred to in announcements made to the market on 6 July 2011, 23 December 2011, 13 April 2012, 1 March 2013, 22 March 2013 and 22 April 2013, Mr Christopher Reed (Executive Director) has entered into a commercial loan and share pledge arrangement, under which he has pledged and assigned certain RDR shares in favour of the pledgee, as security for a loan facility.
  - b) The facility includes the right for the pledgee to make top up notice calls to top up the securities should the overall market value of the securities fall below certain loan to security ratios.
  - c) Pursuant to a top up notice, a further 2,700,000 shares were assigned in favour of the pledgee on 14 June 2013. The Appendix 3Y was to be released by 20 June 2013 in accordance with the listing rules, however, in view of the present trading in the Company's securities it has now been released today to the market. This most recent transfer to the pledgee, who is free to deal in the shares held as security may be the reason for the increase in volume of trading in the Company's shares. The number of RDR securities that are subject to the top up notice is coincidentally similar to the trades for this morning.



d) In accordance with the terms of the Board / Governance charter and its policy relating to dealings in the Company's securities approval was sought and granted for a dealing in the terms sought to meet the top up notice obligations.

e) The share price has risen back to \$0.045.

4. The Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Jason Carone', with a stylized flourish at the end.

Jason Carone  
**Company Secretary**



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2 The Esplanade  
PERTH WA 6000

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PERTH WA 6840

Telephone 61 8 9224 0000  
Facsimile 61 8 92212020

18 June 2013

Mr Jason Carone  
Company Secretary  
Reed Resources Limited  
Level 1  
672 Murray Street  
WEST PERTH WA 6005

*By email: JasonC@reedresources.com*

Dear Mr Carone,

**Reed Resources Limited (the “Entity”): ASX price and volume query**

We have noted a change in the price of the Entity’s securities from a close of \$0.054 on Monday, 17 June 2013 to a low of \$0.036 today, 18 June 2013. We have also noted an increase in the volume of trading in the Entity’s securities over this period.

In light of the price change and increase in volume, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
  - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
  - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
  - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

**When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 2:00pm (WST) today, 18 June 2013. If we do not have

your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Sandra.Wutete@asx.com.au or by facsimile to +60 8 9221 2020. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Sandra Wutete  
**Adviser, Listings Compliance (Perth)**