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Dear shareholders

Good afternoon and welcome to the 2013 Annual General Meeting of Reed Resources. It's my 11th year in the role and it's fair to say that there have been few tougher years.

It has been a year of challenge and change. From the outset, I want to assure you that our commitment to overcome and deliver value to our shareholders remains rock solid. To this end, I have taken the step of providing a substantial funding facility to allow the Board and management to undertake an orderly rationalisation of non-core assets and to commence our turnaround by unlocking value in our prized titanium and lithium assets.

In August, we took the proactive decision to place the Meekatharra Gold Project (**MGP**) into administration. We had high hopes for the project and the outcome is regrettable. We share your disappointment and acknowledge that short-term shareholder value has been eroded. The Company is working with the Administrators to optimise the outcome for all concerned, including Reed Resources.

Reed acquired the project in July 2011 and after completing a Bankable Feasibility Study in February 2012, the decision to mine was made by the board, and equity and debt funding was secured. Work on refurbishment and the upgrade of the Meekatharra plant and infrastructure was completed on budget and on schedule. The mine officially opened on the 26 February this year.

Despite extensive due diligence undertaken by the Company and independent reports received, gold production at the MGP was adversely affected by lower head grade, principally attributed to the loss of high grade ore tonnes previously mined from the legacy Bluebird open pits that were included in the Bluebird Reserve. It was also adversely affected by periods of negative mine-to-mill ounces reconciliation, which placed further strain on MGP holding company's cash flows. All this occurred in an environment of deteriorating gold prices over 2013, the full impact of which was mitigated for the Company by its prudential hedge arrangements.

With RDR no longer involved in a full scale production environment at Meekatharra, RDR's CEO, Luke Tonkin resigned and left the Company at end of September. We thank Luke for his efforts.

Operationally, RDR has scaled down its organisational and cost profile, conducting a material restructure and reducing its board and management teams to suit its future activities.

Chris Reed, whose primary responsibility over the last 18 months has been the continued development of RDR's non-gold assets, has resumed the role of CEO/MD. In addition, Cobb Johnstone also stepped down from the board and the corporate management team has been reduced with the departure of the CFO and the Legal Counsel. I thank all those departing from office for their tireless efforts over this challenging period for the Company. This will also be the final meeting for non-executive director, Dr Vanessa Guthrie, who retires from the board. Understandably, Vanessa has stepped down to focus on the increased demands of her role as Managing Director of Toro Energy. Her counsel and contribution in recent years has been invaluable. We wish her the best and intend to recruit a new independent non-executive director with the appropriate experience in the coming months. This includes knowledge in advanced materials, adding to the existing board's skills base.

Assessment of the Barrambie Titanium and Vanadium Project and the Mount Marion Lithium Project continued during the year. Considerable work was undertaken to identify, secure and commence the evaluation of the optimal process routes to ensure long-term cost competitiveness and maximise the enterprise values of the projects. Shortly, the Chief Executive will provide further detail on the strategy associated with these assets in his presentation.

In closing, I want to provide assurance that I remain personally and financially committed to restoring and reinvigorating RDR. With a restructure that reflects our current circumstances and a refocused strategy, we have laid the foundations for better days ahead.

I thank all our directors and staff for their contribution and to our shareholders for their continued involvement and support of the Company.

Mr David J Reed
CHAIRMAN - REED RESOURCES LTD