NOTICE OF
EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of shareholders of Reed Resources Ltd ABN 89 099 116 631 (***Company***) will be held at the **Celtic Club, 48 Ord Street, West Perth, Western Australia** on Friday, 8 August 2014 at 3:00pm Western Standard Time for the purpose of transacting the following business.

An Explanatory Statement and proxy form accompany, and form part of, this Notice. Information relevant to the proposed resolutions set out below, including information required by the Listing Rules and the Corporations Act, can be found in the Explanatory Statement.

BUSINESS

1. Selective Buy-Back

To consider and, if thought fit, to pass the following as a **special resolution**:

> *"That, for the purposes of section 257D(1)(a) of the Corporations Act and for all other purposes, approval be given for the Company to conduct a selective share buy-back of 24,000,000 Shares from Metals X on the terms set out in the Explanatory Statement."*

Voting exclusion

The Company is required under the Corporations Act to disregard any votes cast in favour of the proposed resolution by Metals X or any of its associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Jason Carone
Company Secretary
Date: 3 July 2014

EXPLANATORY STATEMENT

THIS EXPLANATORY STATEMENT accompanies and forms part of the Notice convening the Extraordinary General Meeting of shareholders of Reed Resources Ltd ABN 89 099 116 631 (***Company***) to be held at the **Celtic Club, 48 Ord Street, West Perth, Western Australia**, on Friday, 8 August 2014 at 3:00pm Western Standard Time.

This Explanatory Statement is to provide shareholders with explanatory notes and information relevant to the Extraordinary General Meeting and its business. It comprises of a Part A and a Part B. This Explanatory Statement should be read in conjunction with the accompanying Notice.

PART A: VOTING

1. Definitions

In this Notice and Explanatory Statement:

ASX means ASX Limited, or the financial market operated by it, as the context requires.

Board means the board of Directors of the Company.

Buy-Back Agreement means the buy-back agreement between the Company and Metals X dated 27 June 2014.

Company means Reed Resources Ltd ABN 89 099 116 631.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means this explanatory statement incorporated in this Notice.

Extraordinary General Meeting means the extraordinary general meeting notified to the shareholders by the Notice.

GMK means GMK Exploration Pty Ltd ABN 57 143 216 915.

Listing Rules means the Listing Rules from time to time of the ASX.

Metals X means Metals X Limited ABN 25 110 150 055.

Notice means the notice of extraordinary general meeting incorporating this Explanatory Statement.

Selective Buy-Back means the selective buy-back by the Company of 24,000,000 Shares held by Metals X for a total consideration of $1, as described in this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

2. Required Majority

(a) In accordance with the Corporations Act, for the resolution to be effective:

  (i) the resolution must be passed at a meeting of the Company of which not less than 28 days' written notice specifying the intention to propose the resolutions has been given (satisfied by this Notice); and

  (ii) must be passed by not less than 75% of all the votes cast by shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

(b) On a show of hands, every shareholder has one vote, and on a poll, every shareholder has one vote for each Share held.

3. Entitlement to Vote

The Company has determined that, for the purposes of the Corporations Act, the persons eligible to attend and vote at the Extraordinary General Meeting are those persons who are registered shareholders of the Company at 5:00pm Western Standard Time on Wednesday, 6 August 2014.

4. Proxies

(a) Votes at the Extraordinary General Meeting may be given personally or by proxy, attorney or representative.

(b) A proxy need not be a shareholder of the Company.

(c) The proxy form sent with this Notice should be used for this Extraordinary General Meeting.

(d) Each shareholder who is entitled to cast 2 or more votes at this Extraordinary General Meeting may appoint up to 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a shareholder does not specify the proportion or number of that shareholder's votes that each proxy may exercise, then each proxy will be entitled to exercise half of that shareholder's votes. An additional proxy form will be supplied by the Company on request. No shareholder may appoint more than 2 proxies.

(e) In the case of a shareholder who is an individual, a proxy form must be executed under the hand of the individual or his or her attorney duly authorised in writing and, in the case of a member that is a corporation, a proxy form must be executed by the corporation under common seal, pursuant to section 127 of the Corporations Act or under the hand of its duly authorised officer or attorney.

(f) Any shareholder may by power of attorney appoint an attorney to act on his or her behalf and such power of attorney or certified copy thereof must be received by the Company as specified in paragraph (k).

(g) Any corporation which is a shareholder of the Company may appoint a representative to attend and vote for that corporation at the Extraordinary General Meeting. Appointments of representatives by corporations must be received by the Company as specified in paragraph (k) or handed in at the Extraordinary General Meeting when registering as a company representative.

(h) Any directed proxies that are not voted on a poll at the Extraordinary General Meeting by a shareholder's appointed proxy will automatically default to the Chairman of the Extraordinary General Meeting, who is required to vote proxies as directed on a poll.

(i) Proxy forms (including any instruments under which they have been executed) and powers of attorney granted by shareholders must be received by the Company by 3:00pm Western Standard Time on Wednesday, 6 August 2014.

At the Company's registered office:

(i) by hand delivery to the registered office – Level 1, 672 Murray Street, West Perth, Western Australia;

(ii) by post to the registered office – Locked Bag 8, West Perth WA 6872; or

(iii) by facsimile to the registered office – facsimile number +61 8 9321 0556; or

At the Company's share registry:

(iv) by post to the share registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001; or

(v) by facsimile to the share registry – 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

Online

Alternatively, shareholders can register their proxy voting instructions online at www.investorvote.com.au by 3:00pm Western Standard Time on Wednesday, 6 August 2014. Please refer to the enclosed proxy form for more information about submitting proxy voting instructions online.

Custodians and nominees are able to vote online at www.intermediaryonline.com.

PART B: EXPLANATORY NOTES

1. Overview of the Selective Buy-Back

Background

GMK, a subsidiary of the Company, was placed into voluntary administration on 16 August 2013. Andrew Saker and Darren Weaver of Ferrier Hodgson were appointed as administrators and, subsequently, as deed administrators on 18 February 2014 following a resolution of GMK's creditors on 14 February 2014 to enter into a deed of company arrangement.

Two sales processes were conducted by the deed administrators in relation to the Meekatharra gold project owned by GMK. Following the second sales process, the deed administrators entered into an agreement for the sale of the project to a subsidiary of Metals X. The consideration for the sale was $9.4 million in cash and the transfer by Metals X to GMK of its 24,000,000 Shares (**Share Consideration**) (originally $7.1 million in cash, but subsequently increased by Metals X in response to further offers for GMK received by the deed administrators).

The Company had only limited involvement in the sales process, in its capacity as a member of the committee of creditors of GMK. It was not involved in the negotiations with Metals X and it is not a party to the sale agreement.

However, in their report to creditors dated 29 May 2014, the deed administrators stated that they entered into the sale agreement and recommended the transaction with Metals X to creditors for a number of reasons, including Metals X being the only party that was able to satisfy the deed administrators as to their financial capacity to complete the offer. As far as the Company is aware, Metals X did not offer a cash alternative to the 24,000,000 Shares.

The sale agreement was subject to, among other things, approval of the creditors of GMK. Creditors approved the sale agreement at a meeting held on 12 June 2014. At that meeting, creditors also approved a revised deed of company arrangement put forward by the Company (**Varied DOCA**).

Under the Varied DOCA, the Company received $4.6 million in cash in advance of distributions to other creditors and the right to buy-back the Share Consideration for nominal consideration. It was initially intended that the Company enter into a buy-back agreement with GMK for the selective buy-back of the 24,000,000 Shares transferred to GMK by Metals X (representing approximately 4.6% of the Shares on issue).

Due to revised arrangements and the parties' preference to complete the transaction as quickly as possible, the Company subsequently entered into a buy-back agreement with Metals X for the selective buy-back of the 24,000,000 Shares instead of buying back the shares from GMK. This arrangement reflects the original commercial intent underpinning the Varied DOCA and the sale agreement and there are no other amendment or changes to the original transaction.

These Shares will be bought by the Company for nominal consideration of $1, funded from its existing cash reserves.

The Directors consider that the Selective Buy-Back is in the best interests of the Company and those shareholders entitled to vote on the proposed resolution at the Extraordinary General Meeting.

Mechanics of Selective Buy-Back

If shareholder approval is given for the Selective Buy-Back, total funds of $1 will be paid to Metals X from its existing cash reserves and the Shares brought back from Metals X will be cancelled pursuant to section 257H of the Corporations Act. This will reduce the total Shares on issue from 523,453,895 to 499,453,895.

Benefits of the Selective Buy-Back

The Directors consider that the Selective Buy-Back is in the best interests of the Company and those shareholders entitled to vote on the proposed resolution at the Extraordinary General Meeting for the following reasons.

The Selective Buy-Back allow the Company to buy back a significant number of Shares for nominal consideration. As previously announced, the Board has written down the carrying value of its loans to GMK to zero subject to the outcome of the total distribution paid out to the Company under the Varied DOCA. The Directors consider that reducing the number of Shares on issue for nominal consideration, and so effectively maintaining its current net asset position, will be accretive to shareholder value for remaining shareholders.

In addition, under the Varied DOCA, the Company has been able to receive its distribution as a creditor of GMK on an accelerated basis.

Potential disadvantages of the Selective Buy-Back

The Directors consider that the Selective Buy-Back will not result in any material disadvantage to shareholders.

Terms of the Buy-Back Agreement

Under the Buy-back Agreement, the Company has agreed to buy 24,000,000 of Metal X's Shares for nominal consideration of $1, subject to the Selective Buy-Back being approved by a special resolution of the shareholders of the Company.

If the Extraordinary General Meeting is not held within 3 months of the date of completion under the sale agreement, Metals X must dispose of the Shares within 3 months of the expiry of the date of completion under the sale agreement and remit the net proceeds of sale to the Company.

If shareholders do not approve the Selective Buy-Back, then Metals X must dispose of the Shares within 3 months of the date of the Extraordinary General Meeting and remit the net proceeds of sale to the Company.

A copy of the Buy-Back Agreement is available for inspection by shareholders at the registered office of the Company and will be available for inspection by shareholders at the Extraordinary General Meeting. Copies are also available at www.asx.com.au or the Company's website at www.reedresources.com as an attachment to the Appendix 3C lodged on 27 June 2014.

Effect of the Selective Buy-Back on the Company

As the consideration for the buy-back is nominal only, there will not be any material effect on the Company's financial position.

The Selective Buy-Back and subsequent cancellation of the Shares will not result in a material change on the control of the Company. The percentage holdings of the majority shareholders will not materially increase as a result of the Selective Buy-back and the relevant interest of any existing shareholders will not exceed 20%.

The Company released its financial results for the half-year ended 31 December 2013 to ASX on 7 March 2014. Copies are available at www.asx.com.au or the Company's website at www.reedresources.com and will be provided free of charge to any shareholders who request one from the Company Secretary before the date of the Extraordinary General Meeting.

If the Selective Share Buy-back does not proceed

If the Selective Buy-Back is not approved by shareholders at the Extraordinary General Meeting, the Shares owned by Metals X will not be cancelled.

Instead, Metals X will sell the Shares on-market and the proceeds of the sale (less any fees) will be paid to the Company as described above. Although the Company will receive these cash proceeds, the Company will not buy-back and cancel the Shares, and so the expected benefits of the Selective Buy-Back resulting from a decrease in the number of Shares on issue will not be realised. There can be no certainty on the price that will be obtained for the Shares. However, the Board notes that there is a real prospect that the sale of a significant number of Shares will result in downward pressure on the Company's Share price.

If shareholders do approve the Selective Buy-Back, the Company will cease to have any right to receive any proceeds from the sale of the Shares.

Approval required to proceed

The Company will buy-back the Shares from Metals X as a selective buy-back under the Corporations Act. Under section 257A of the Corporations Act, the Company may only buy back Shares if:

- the buy-back does not materially prejudice the Company's ability to pay its creditors; and
- the Company follows the procedures set out in the Corporations Act.

Section 257D of the Corporations Act requires that the terms of an agreement for a selective buy-back be approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates.

Accordingly, the proposed resolution is a special resolution and neither Metals X nor any of its associates may vote in favour of the resolution.

Share price information

The Company's closing share price on 30 June 2014, being the last trading day prior to the finalisation of this Notice, was $0.018, valuing the Shares at $432,000. The highest closing price recorded in the last 3 months was $0.03. The volume-weighted average price of the Company's shares on ASX in the 30 days prior to the finalisation of this Notice was $0.021 (valuing the Shares at $504,000), with the highest closing price recorded during this period being $0.027.

Directors' recommendation

The Directors consider that the Selective Buy-Back is in the best interests of the Company. The Board recommends that shareholders vote in favour of the resolution to approve the Selective Buy-Back.

Reed Resources Ltd
ABN 89 099 116 631

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

Vote online

Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 137043

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received 3:00pm (WST) Wednesday, 6 August 2014

How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid on the item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Reed Resources Ltd hereby appoint

☐ **the Chairman of the Meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Reed Resources Ltd to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 8 August 2014 at 3:00pm (WST) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Selective Buy-Back	☐	☐	☐

The Chairman of the meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ Contact Daytime Telephone ______________________ Date ___ / ___ /