

1 August 2011

Company Announcements Office  
ASX Limited  
Via Electronic Lodgement

Dear Sirs

### **Performance Rights Plan**

Reed Resources Ltd (**Company**) is pleased to advise that it has adopted a Performance Rights Plan (**PRP**) for its staff. The Company believes this will assist the Company in remunerating and providing ongoing incentives to employees of the Company.

The rules of the PRP enable the Company to issue performance rights to eligible personnel subject to performance and vesting conditions determined by the Company. Each performance right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the Company for every performance right offered, if the applicable performance and vesting conditions set for that holder are satisfied.

A total of 285,000 performance rights have been offered to and accepted by certain Company staff, none of whom are related parties of the Company. These performance rights may result in the issue of a total of 285,000 shares if the applicable vesting and performance criteria are satisfied over the next 12 to 24 months.

The Company intends to seek shareholder approval of the PRP in accordance with ASX Listing Rule 7.2, Exception 9, at its Annual General Meeting later this year, so that subsequent issues of securities pursuant to the PRP will not count towards the Company's annual placement capacity under ASX Listing Rule 7.1.

Yours faithfully

Darren Wates  
**COMPANY SECRETARY**

