

31 August 2009

Company Announcements Office  
ASX Limited  
via Electronic Lodgement

Dear Sirs

**REED RESOURCES LTD ACN 099 116 331 ("the Company")  
BOARD APPROVES OF OPTIONS AND RENEWAL OF  
DIRECTORS' CONTRACTS**

**1. Options to be offered to key employees and consultants**

The Company wishes to advise that today its Board resolved to approve to offer to four of the Company's key employees and consultants, in aggregate, 1,600,000 options to acquire fully paid ordinary shares of the Company pursuant to the Company's Employee Share Option Plan, to be granted in each case on the terms and conditions particularised in the Letter of Offer provided to the relevant offeree in relation to the offer. The options to be offered will have an exercise price of \$0.80 and an expiry date for exercise of 31 December 2013. The options are offered to the relevant employees and consultants for no additional consideration, in recognition of their contribution to the Company and in accordance with their remuneration entitlements.

**2. Options to be granted to directors**

The Board has also approved a further grant to all of its directors (including 3 non-executive directors) of, in aggregate, 5,350,000 options to acquire fully paid ordinary shares of the Company. Each grant to a director shall be subject to shareholder approval, anticipated to be sought at the Company's upcoming Annual General Meeting. The Options proposed to be granted to David Reed and Chris Reed only vest progressively during their extended term of contract (refer paragraph 3 below).

Subject to shareholder approval, the directors are entitled to be granted the following number of options, each exercisable at an exercise price of \$0.80, at any time from the relevant vesting date until, in the case of the options granted to David Reed and Chris Reed, 30 June 2012 and in each other case, 31 December 2013:



Christopher Reed	3,000,000
David Reed	1,500,000
Peter Collins	250,000
Ian Junk	250,000
Steven Cole	350,000

Further details as to the terms of the options proposed to be granted to each director will be set out in the explanatory memorandum to the notice of the Company's upcoming Annual General Meeting.

### **3. Renewal of directors' contracts**

The Company is also pleased to advise that the following directors of the Company:

- (a) David Reed; and
- (b) Christopher Reed

have agreed to renew their contracts with the Company. Both directors have extended their term for a further 3 years.

Yours faithfully



Jason Carone

**COMPANY SECRETARY**