

Company Announcements Platform
Australian Securities Exchange Limited
Via electronic lodgement

23 October 2009

Dear Sirs

NOTICE OF ANNUAL GENERAL MEETING

Please find enclosed, a copy of the notice of meeting for the 2009 Annual General Meeting of Reed Resources Ltd (RDR) which will be delivered to shareholders of RDR today.

Yours sincerely



Jason Carone
COMPANY SECRETARY



Dear Shareholder

ANNUAL GENERAL MEETING

On behalf of the Board of Reed Resources Ltd (**Company**), it gives me pleasure to invite you to our Annual General Meeting (**AGM**) of shareholders to be held at 3.00pm Western Standard Time on Thursday, 26 November 2009 at first floor, 104 Marine Parade, Cottesloe, Western Australia.

The business of the AGM will be to receive the Annual Report of the Company for the year ended 30 June 2009 which includes the Directors' Report, the Financial Report, the Remuneration Report and the Report of the Auditor.

Shareholders will also be asked to vote on the:

- (a) re-election of David Reed and Peter Collins as Directors of the Company;
- (b) approval for a proposed issue of, in aggregate, 5,350,000 options to acquire fully paid ordinary shares in the Company to Directors of the Company; and
- (c) adoption of the 2009 Annual Remuneration Report of the Company.

Please find enclosed the following documents in relation to the AGM:

- (a) Notice of AGM together with the Explanatory Statement;
- (b) Proxy Form for the AGM together with instructions; and
- (c) Form for the Appointment of Corporate Representative for the AGM.

If you are not able to attend the AGM in person, you are urged to complete and lodge the enclosed Proxy Form or Appointment of Corporate Representative (if a company).

Your Directors hope that you will be able to attend the AGM.

Yours sincerely



Jason Carone
Company Secretary
Reed Resources Ltd

Date: 23 October 2009



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Reed Resources Ltd ABN 89 099 116 631 (**Company**) will be held at **first floor, 104 Marine Parade, Cottesloe**, on **Thursday, 26 November 2009 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 ASX Listing Rules and the Corporations Act 2001 (Cth), can be found in the Explanatory Statement.

BUSINESS

Annual Report for year ended 30 June 2009.

To receive the Annual Report of the Company for the period ended 30 June 2009 which includes the Financial Report of the Company, the Directors' Report, the Remuneration Report and the Report of the Auditor, Deloitte. During the consideration of these items, shareholders are invited to ask questions or make comments on:

- the Financial Report of the Company for the period ended 30 June 2009;
- the Directors' Report in relation to that period; and
- the Report of the Auditor on the Financial Report.

A representative of the Company's Auditor is anticipated to be in attendance to respond to any questions raised of the Auditor or on the Auditor's Report in accordance with the terms of section 250T of the Corporations Act.

1. Re-election of David Reed and Peter Collins as Directors

To consider and, if thought fit, to pass respectively as separate and independent ordinary resolutions, with or without amendment, each of the following:

Resolution 1

"THAT David John Reed who will retire as a Director by rotation in accordance with Articles 11.3 and 11.5 of the Company's Constitution, and who is eligible for re-election as a Director in accordance with Article 11.4 of the Company's Constitution and who offers himself for re-election, be re-elected as a Director."

Resolution 2

"THAT Peter Lionel Fleury Collins who will retire as a Director by rotation in accordance with Articles 11.3 and 11.5 of the Company's Constitution, and who is eligible for re-election as a Director in accordance with Article 11.4 of the Company's Constitution and who offers himself for re-election, be re-elected as a Director."

2. Approval of proposed issue of options to Directors

To consider and if thought fit to pass, respectively as separate and independent ordinary resolutions, with or without amendment, each of the following:

Resolution 3

"THAT for the purpose of ASX Listing Rule 10.11 and section 208 of the Corporations Act 2001 (Cth), and for all other purposes, this meeting approves and authorises the Company to grant 3,000,000 options to acquire fully paid ordinary shares of the Company to Christopher John Reed, a director of the Company, to be exercised at any time when vested, on or before 30 June 2012 at an exercise price of \$0.80 each, and to be issued on the terms and conditions particularised in Appendix 1 of the Explanatory Statement forming part of this Notice of Meeting."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.13.6 and Section 224 of the Corporations Act 2001 (Cth), and for all other purposes, the Company will disregard any votes cast on the Resolution by Christopher John Reed and any of his associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a person chairing 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.

Resolution 4

"THAT for the purpose of ASX Listing Rule 10.11 and section 208 of the Corporations Act 2001 (Cth), and for all other purposes, this meeting approves and authorises the Company to grant 1,500,000 options to acquire fully paid ordinary shares of the Company to David John Reed, a director of the Company, to be exercised at any time when vested, on or before 30 June 2012 at an exercise price of \$0.80 each, and to be issued on the terms and conditions particularised in Appendix 1 of the Explanatory Statement forming part of this Notice of Meeting."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.13.6 and Section 224 of the Corporations Act 2001 (Cth), and for all other purposes, the Company will disregard any votes cast on the Resolution by David John Reed and any of his associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a person chairing 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.

Resolution 5

"THAT for the purpose of ASX Listing Rule 10.11 and section 208 of the Corporations Act 2001 (Cth), and for all other purposes, this meeting approves and authorises the Company to grant 250,000 options to acquire fully paid ordinary shares of the Company to Peter Lionel Fleury Collins, a director of the Company, to be exercised at any time on or before 31 December 2013 at an exercise price of \$0.80 each, and to be issued on the terms and conditions particularised in Appendix 2 of the Explanatory Statement forming part of this Notice of Meeting."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.13.6 and Section 224 of the Corporations Act 2001 (Cth), and for all other purposes, the Company will disregard any votes cast on the Resolution by Peter Lionel Fleury Collins and any of his associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a person chairing 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.

Resolution 6

"THAT for the purpose of ASX Listing Rule 10.11 and section 208 of the Corporations Act 2001 (Cth), and for all other purposes, this meeting approves and authorises the Company to grant 250,000 options to acquire fully paid ordinary shares of the Company to Ian Courtney Junk, a director of the Company, to be exercised at any time on or before 31 December 2013 at an exercise price of \$0.80 each, and to be issued on the terms and conditions particularised in Appendix 2 of the Explanatory Statement forming part of this Notice of Meeting."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.13.6 and Section 224 of the Corporations Act 2001 (Cth), and for all other purposes, the Company will disregard any votes cast on the Resolution by Ian Courtney Junk and any of his associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a person chairing 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.

Resolution 7

"THAT for the purpose of ASX Listing Rule 10.11 and section 208 of the Corporations Act 2001 (Cth), and for all other purposes, this meeting approves and authorises the Company to grant 350,000 options to acquire fully paid ordinary shares of the Company to Steven Cole, a director of the Company, to be exercised at any time on or before 31 December 2013 at an exercise price of \$0.80 each, and to be issued on the terms and conditions particularised in Appendix 2 of the Explanatory Statement forming part of this Notice of Meeting."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 10.13.6 and Section 224 of the Corporations Act 2001 (Cth), and for all other purposes, the Company will disregard any votes cast on the Resolution by Steven Cole and any of his associates. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by a person chairing 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.

3. Adoption of Remuneration Report

To consider and if thought fit to pass, with or without amendment, the following as an ordinary resolution:

Resolution 8

"THAT for the purposes of section 250R (2) of the Corporations Act 2001 (Cth) the Remuneration Report for the year ended 30 June 2009 be adopted."

The Remuneration Report is set out on pages 21 to 27 of the 2009 Annual Report. Please note that in accordance with section 250R (3) of the Corporations Act 2001 (Cth) the vote on this resolution is advisory only, and does not bind the Directors or the Company.

4. Other Business

In compliance with section 250S(1) of the Corporations Act 2001 (Cth) the shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the meeting.

BY ORDER OF THE BOARD



Jason Carone
Company Secretary
Perth, Western Australia
Date: 23 October 2009

EXPLANATORY STATEMENT

THIS EXPLANATORY STATEMENT accompanies and forms part of the notice of meeting convening the Annual General Meeting of shareholders of Reed Resources Ltd ABN 89 099 116 631 (**Company**) to be held at 104 Marine Parade, Cottesloe, Western Australia, Western Australia, on **Thursday, 26 November 2009 at 3:00pm**.

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

PART A: VOTING

1. Definitions

AASB means the Australian Accounting Standards Board.

Annual General Meeting means the annual general meeting notified to the shareholders by the Notice.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

Board means the board of Directors of the Company.

Business Day has the meaning ascribed to it in the Listing Rules.

Company means Reed Resources Ltd (ABN 89 099 116 631).

Corporations Act means Corporations Act 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Director means a Director of the Company.

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

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

2. Required Majority

- (a) In accordance with the Corporations Act for the resolutions to be effective:
- (i) the resolutions must be passed at a meeting 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) in the case of ordinary resolutions, must be passed by more than 50% of all the votes cast by shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative); and
 - (iii) in the case of special resolutions, 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.

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 Annual General Meeting are those persons who are registered shareholders of the Company at 5:00pm Western Standard Time on Tuesday, 24 November 2009.

4. Proxies

- (a) Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- (b) A proxy need not be a member of the Company.
- (c) The proxy form sent with this Notice should be used for this Annual General Meeting.
- (d) Each shareholder who is entitled to cast 2 or more votes at this Annual General Meeting, may appoint 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 each proxy may exercise, then each proxy will be entitled to exercise half of the 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 must be 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 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 (h).
- (g) Any corporation which is a shareholder of the Company may appoint a representative to attend and vote for that corporation at the Annual General Meeting. Appointments of representatives by corporations must be received by the Company as specified in paragraph (h) or handed in at the Annual General Meeting when registering as a company representative.
- (h) In accordance with Article 10.34 of the Company's Constitution, proxies and powers of attorney granted by shareholders must be received by the Company by 5pm Western Standard Time, Monday 23 November 2009 at:
 - (i) The registered office of the Company – 97 Outram Street, West Perth, Western Australia; or
 - (ii) By facsimile at the registered office of the Company – facsimile number (08) 9321 0556.

PART B: EXPLANATORY NOTES

5. Re-election of David Reed and Peter Collins as Directors

Resolutions 1 and 2 - Re-election of Directors

It is a requirement under Article 11.3 of the Company's Constitution that at the annual general meeting in every year one third of the Directors retire from office. The Directors to retire are those who have been longest in office since their last election. Accordingly, David Reed and Peter Collins will retire at the end of the Annual General Meeting in accordance with this requirement. Both David Reed and Peter Collins offer themselves for re-election.

Information in respect of **David Reed** is set out below:

David John Reed, OAM, FCPA, age 63

Position: Executive Chairman

Term of Office: Appointed 20 December 2001

Independent: No

Current External Directorships: None

Skills, Experience and Expertise: Mr David Reed is a Fellow member of CPA Australia, and graduated in accountancy in 1965. He has 40 years experience in stockbroking including 22 years based in Kalgoorlie. In 1985 he became chairman of stock-broking firm Eyres Reed Ltd in Perth until its sale to CIBC World Markets in 1997. He has extensive public company experience having sat as chairman of several listed exploration companies. He has a long history in the gold mining industry, including chairman of Fund Raising for the Australian Prospectors and Miners Hall of Fame. He is also a Founder and Session Chairman of the Diggers and Dealers Forum in Kalgoorlie, and a past Secretary of the amalgamated Prospectors and Leaseholders Association.

Information in respect of **Peter Lionel Fleury Collins** is set out below:

Peter Lionel Fleury Collins BSc(Hons) PhD MAIG, age 60

Position: Non-Executive Director

Term of Office: Appointed 20 December 2001

Independent: Yes

Company Board Committee Membership: Nominations and Remuneration Committee and Audit and Risk Management Committee.

Current External Directorships: None

Skills, Experience and Expertise: Dr Peter Collins graduated with a Bachelor of Science with honours from the University of Tasmania, where he also gained his Doctor of Philosophy. He has 25 years experience as a geologist in Tasmania and Western Australia. He has been an economic geologist and tin-tungsten commodity specialist with the Tasmanian Geological Survey. He has lectured in geology at Curtin University of Technology since 1987 and has been widely active in the investigation of mineral

deposits in WA. Dr Collins was responsible for the planning and management of the exploration programme that discovered the Sand George deposit at Comet Vale.

Recommendation of Directors

The Directors, after considering the recommendations of the Nominations and Remuneration Committee, recommend that shareholders vote in favour of both Resolutions 1 and 2 to re-elect both David Reed and Peter Collins. Neither David Reed nor Peter Collins make any recommendation in relation to their own re-election.

6. Approval of issue of securities to Directors

6.1 Background

Resolutions 3, 4, 5, 6 and 7: Grants of Options to Christopher Reed, David Reed, Peter Collins, Ian Junk and Steven Cole, respectively

The effect and purpose of Resolutions 3, 4, 5, 6 and 7 is to authorise the grant to Christopher John Reed, David John Reed, Peter Lionel Fleury Collins, Ian Courtney Junk, and Steven Cole (collectively the **Grantees**), each a director of the Company, of a total of 5,350,000 options (as set out in the table below) to acquire fully paid ordinary shares of the Company at an exercise price of \$0.80, on or before:

- (a) in the case of the non-executive directors (Peter Lionel Fleury Collins, Ian Courtney Junk and Steven Cole), 31 December 2013; and
- (b) in the case of the executive directors (David John Reed and Christopher John Reed), 30 June 2012.

Name	No of options
Christopher John Reed	3,000,000
David John Reed	1,500,000
Peter Lionel Fleury Collins	250,000
Ian Courtney Junk	250,000
Steven Cole	350,000
TOTAL	5,350,000

On Monday, 31 August 2009, the Board resolved to issue 5,350,000 options to the Grantees as recognition of their continued contribution to the Company's progress to date and to further incentivise their ongoing performance and commitment to the Company.

6.2 Approvals Required

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. In particular, section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party of the company without shareholder approval, unless sanctioned by an exception to that section (which exceptions either do not apply or are not sought to be relied upon by the Company in the present circumstances). A director of a company is a related party for the purposes of the Corporations Act.

As the Grantees are directors of the Company, the grant of the options may be prohibited by section 208 of the Corporations Act as providing a financial benefit to a related party.

Pursuant to section 208 of the Corporations Act, a public company is permitted to give a financial benefit to a related party of that company if:

- (a) it obtains the approval of its members in the way set out in sections 217 to 227 of the Corporations Act; and
- (b) it gives the benefit within 15 months after the approval.

Further, ASX Listing Rule 10.11 requires that a listed company obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1 (refer to ASX Listing Rule 7.2, Exception 14). No other relevant exceptions under the ASX Listing Rules apply in the case of the issue of the relevant shares to the Grantees.

Accordingly, approval for the issue of the options to the Grantees is required pursuant to Listing Rule 10.11 and section 208 of the Corporations Act.

6.3 Corporations Act and ASX Listing Rules

Section 219 of the Corporations Act specifies matters which must be addressed in an explanatory statement for the purposes of a notice convening a meeting to obtain the approval of the shareholders, under section 208 of the Corporations Act, for the issuing of the options to the Grantees. ASX Listing Rule 10.13 sets out the relevant information requirements that are to be provided to shareholders in an explanatory statement with respect to an approval being sought under ASX Listing Rule 10.11.

For the purposes of both section 219 of the *Corporations Act 2001* (Cth) and ASX Listing Rule 10.13, the following further information is provided in relation to Resolutions 3, 4, 5, 6 and 7:

Disclosure Requirements for ASX Listing Rules and Corporations Act	
Information Requirement	Detail
Related parties to whom proposed resolution would permit financial benefits to be given	Christopher John Reed David John Reed Peter Lionel Fleury Collins Ian Courtney Junk Steven Cole
Maximum number of options to be issued to each Director	Christopher John Reed – 3,000,000 David John Reed – 1,500,000 Peter Lionel Fleury Collins – 250,000 Ian Courtney Junk – 250,000 Steven Cole – 350,000
Total number of options to be issued to all Directors	5,350,000
Exercise price of the options	\$0.80

Issue and allotment date	It is proposed that the options will be issued and allotted (if approved) as soon as practicable after this Annual General Meeting (and in any event within 1 month of this Annual General Meeting).
Terms of the options	<p>Appendix 1 of this Explanatory Statement sets out the key terms in respect of the options granted to the executive directors (Christopher John Reed and David John Reed).</p> <p>Appendix 2 sets out the key terms in respect of the options granted to the non-executive directors (Ian Junk, Peter Collins and Steven Cole).</p> <p>The options will entitle the Grantees to acquire fully paid ordinary shares in the Company exercisable:</p> <p>(a) in the case of the executive directors, on or before 30 June 2012; and</p> <p>(b) in the case of the non-executive directors, on or before 31 December 2013, for an exercise price of \$0.80 per share.</p> <p>In the case of executive directors, one half of the options will vest on 31 December 2010 and the remaining one half will vest in 31 December 2011.</p> <p>The current dollar value of the options to be issued is set out in paragraph 6.4.</p>
Nature of financial benefits	<p>The financial benefit to be provided to the Grantees is the issue, at no additional consideration, of options to acquire fully paid ordinary shares.</p> <p>The Grantees may acquire a financial benefit, for the purposes of the Corporations Act, if the option exercise price of \$0.80 is less than the market value of the shares at the time of exercise.</p> <p>The financial benefit to be acquired will be equal to the amount of any such discount. However, the directors believe this financial benefit is reasonable for the reasons given in paragraph 6.5 below.</p>

Use or intended use of funds raised	There will be no funds raised in connection with the issue of the options to Grantees under Resolutions 3 to 7 inclusive as the options are to be issued without payment of cash consideration. The proceeds from a future exercise of the options, however, are intended to be applied towards meeting working capital requirements of the Company relevant at, or about the time of, the exercise of the options at the discretion of the Board.
Directors' recommendations and reasons	This information is set out in paragraph 6.5 below.
Information Requirement	Detail
Directors' interests in outcome of resolutions	This information is set out in paragraph 6.6 below.
Other remuneration currently given to the Grantees.	This information is set out in paragraph 6.7 below.

6.4 Value of options to be issued

It is a requirement of ASIC that shareholders be informed of the current dollar value of the options to be issued.

In determining the fair value of the options, the Black-Scholes option pricing model was used taking into account, as at the grant date, the variables and assumptions set out below. The inputs used below against each assumption are those which applied on 31 August 2009

- (a) **(exercise price)** the options to be exercisable at \$0.80;
- (b) **(expected life of the instrument)** the options will expire, should they not previously be exercised, on or prior to:
 - (i) 30 June 2012, in the case of David Reed and Christopher Reed; and
 - (ii) 31 December 2013, in the case of options granted to Ian Junk, Peter Collins and Steven Cole;
- (c) **(current price of the underlying share)** the share price on 31 August 2009 (being the date on which the Board resolved to grant the options to the Directors, subject to shareholder approval) was \$0.37. The share price is based on the last sale of the Company's shares on ASX on 31 August 2009;
- (d) **(expected volatility)** price volatility of the shares of the Company is approximately 64%;
- (e) **(expected dividends)** there are no dividends presently expected to be paid in respect of the underlying shares; and
- (f) **(the risk-free interest rate for the expected life of the instrument)** the average current risk free interest rate is 3.95%.

On this basis, an exercise price of \$0.80 each results in an implied value of \$0.053 per option for options to be granted to the Executive Directors and an implied value of \$0.085 per option for options to be granted to the Non-executive Directors. The aggregate implied value of the 5,350,000 options to be issued in favour of the Grantees is therefore \$310,772.

By way of information, the highest and lowest market price of listed ordinary shares of the Company during the 12 months immediately preceding 7 October 2009 is set out below:

	12 month high	12 month low	last market sale price as at 7 October 2009
Ordinary share price	\$0.580	\$0.165	\$0.405

6.5 Director's recommendations to members and reasons

Each Director has a conflict of interest in relation to the resolution which, if passed, will authorise the grant of options to that Director. Accordingly, no Director makes a recommendation in relation to the resolution which involves the grant of options to himself and from which he is required to abstain from voting.

The recommendation of the Directors of the Company and the reasons for that recommendation are as follows:

- each Director (other than the relevant abstaining Director) recommends that shareholders vote in favour of Resolutions 3 to 7 inclusive; and
- each of the Directors making the recommendation to vote in favour of Resolutions 3 to 7 inclusive considers that those resolutions are in the best interests of the Company as recognition of the Grantee's continued contribution to the Company's progress to date and to further incentivise their ongoing performance and commitment to the Company.

Shareholders should be aware, however, that:

- the passing of Resolutions 3 to 7 inclusive will result in the Grantees becoming entitled to, in aggregate, 5,350,000 new shares in the Company; and
- the passing of Resolutions 3 to 7 inclusive will result in, on any exercise of the options in due course, a dilution in the percentage shareholding of the Company's shareholders, but the benefit of an enhancement of the Company's capital base by reason of the receipt by the Company of the exercise price payable.

The number of shares on issue as at 7 October 2009 was 171,660,337. If shares were issued pursuant to the exercise of all the existing options and proposed new options under these Resolutions 3 to 7 inclusive, and assuming no other securities have been issued in the meantime, the aggregate number of shares in the Company would be approximately 189,793,670 (this figure reflects issue of shares pursuant to a share purchase plan approved at the extraordinary meeting of the Company held on 6 October 2009).

The proposed new options, on exercise in full, represent 5,350,000 shares or 2.82% of that fully diluted capital base. The proposed new options, when aggregated with all prior options granted to the Grantees (including those options which have not yet vested), on exercise in full, together with their other shareholdings, represent 35,303,294 shares or 18.6% of a fully diluted capital base.

Ultimately, approval of Resolutions 3 to 7 inclusive by shareholders is entirely a decision for each shareholder to be made by exercising his or her own judgment. Shareholders are encouraged to seek such expert advice on the matter as they consider appropriate.

6.6 Directors' interest in the outcome of Resolutions 3 to 7 inclusive

If Resolutions 3 to 7 inclusive for the issue of options to Grantees is passed, Grantees will become entitled to the relevant options the subject of those resolutions together with the option rights and entitlements associated with holding such options.

6.7 Other remuneration currently given to the Grantees

For the twelve months ending 30 June 2009, **Christopher John Reed** was paid \$272,500 by way of annual salary (inclusive of superannuation) for his services as Managing Director, Chief Executive Officer and Joint Company Secretary. As announced to the market on 31 August 2009, Chris has recently agreed to renew his contract and continue in the role of Managing Director, Chief Executive Officer and Joint Company Secretary. Pursuant to the terms of his renewed contract, he will receive an annual salary of \$272,500 (inclusive of superannuation). In addition, subject to the approval of Resolution 3, he will be entitled to 3,000,000 options.

He has previously been issued an aggregate 4,600,000 options (1,000,000 exercisable at \$0.35 per option on or before 31 December 2008, which issue was approved by the shareholders at the extraordinary general meeting of the Company held on 16 June 2004 (which have all lapsed unexercised), 1,000,000 exercisable at \$0.50 per option on or before 1 July 2010, which issue was approved by the shareholders at the extraordinary general meeting of the Company held on 6 July 2005, 1,000,000 exercisable at \$0.75 per option on or before 30 June 2011, which issue was approved by shareholders at the annual general meeting held on 23 November 2006, 1,000,000 exercisable at \$0.85 per option on or before 31 December 2012, which issue was approved at the annual general meeting held on 26 November 2007, and 600,000 exercisable at \$1.20 per option on or before 30 June 2013, which issue was approved at the annual general meeting held on 25 November 2008).

For the twelve months ending 30 June 2009, **David John Reed** received an annual salary of \$109,000 as Executive Chairman of the Board. As announced to the market on 31 August 2009, David has recently agreed to renew his contract and continue in the role of Executive Chairman. Under the terms of his renewed contract, he will receive an annual salary of \$163,500. In addition, subject to the approval of Resolution 4, he will be entitled to 1,500,000 options. He has not previously been issued options.

For the twelve months ending 30 June 2009, **Peter Lionel Fleury Collins** received an annual salary of directors fees totalling \$43,600. In accordance with the recommendation of the Nominations and Remuneration Committee, it is expected that Peter will receive \$43,600 for his services as a director for the twelve months ending 30 June 2010.

He has previously been issued an aggregate of 1,200,000 options (500,000 exercisable at \$0.35 per option on or before 31 December 2008, which issue was approved by shareholders at the extraordinary general meeting of the Company held on 16 June 2004 (which have all lapsed unexercised), 500,000 exercisable at \$0.75 per option on or before 30 June 2011, which issue was approved by shareholders at the annual general meeting held on 23 November 2006, and 200,000 exercisable at \$1.20 per option on or before 30

June 2013, which issue was approved by shareholders at the annual general meeting held on 25 November 2008).

For the twelve months ending 30 June 2009, **Ian Courtney Junk** received an annual salary of directors fees totalling \$43,600. In accordance with the recommendation of the Nominations and Remuneration Committee, it is expected that Ian will receive \$43,600 for his services as a director for the twelve months ending 30 June 2010.

He has previously been issued an aggregate of 1,200,000 options (500,000 exercisable at \$0.35 per option on or before 31 December 2008 (250,000 of these options have since been exercised and the remainder lapsed without exercise), which issue was approved by shareholders at the extraordinary general meeting of the Company held on 16 June 2004, 500,000 exercisable at \$0.75 per option on or before 30 June 2011, which issue was approved by shareholders at the annual general meeting held on 23 November 2006, and 200,000 exercisable at \$1.20 per option on or before 30 June 2013, which issue was approved by shareholders at the annual general meeting held on 25 November 2008).

For the twelve months ending June 30 2009, **Steven Cole** received an annual salary of directors fees totalling \$49,958. In accordance with the recommendation of the Nominations and Remuneration Committee, it is expected that Steven will receive \$54,500 for his services as a director for the twelve months ending 30 June 2010.

He was previously issued 250,000 options exercisable at \$1.20 per option on or before 30 June 2013, which issue was approved by shareholders at the annual general meeting held on 25 November 2008.

Further information on the Directors' remuneration can be found in the Remuneration Report for the financial year ended 30 June 2009 which is set out on pages 16 to 19 of the 2009 Annual Report.

6.8 Other information known to the Company

Other than as provided for in this Explanatory Statement, there is no other information known to the Company or any of its Directors that is reasonably required by shareholders in order to decide whether or not it is in the Company's best interests to pass each of Resolutions 3, 4, 5, 6 and 7.

Comparative information

By way of further information for the benefit of shareholders, the following comparative information is presented. Set out below is a table of the existing shares and options of the Company held by Grantees and, for comparison, the new options to be issued and allotted pursuant to the proposed Resolutions 3 to 7 inclusive.

Director	Shares		Options currently held	Proposed options under Resolutions 3-7	Total % holding on fully diluted basis*
	Direct	Related Entity			
Christopher John Reed	1,356,421	512,781	3,600,000	3,000,000	4.5%*
David John Reed	9,019,149	12,731,102	NIL	1,500,000	12.3%*
Peter Lionel Fleury Collins	285,705	NIL	700,000	250,000	0.7%*
Ian Courtney Junk	277,034	504,068	700,000	250,000	0.9%*
Steven Cole	NIL	17,034	250,000	350,000	0.3%*

*Assumes the options proposed to be granted in Resolutions 3 to 7 inclusive are granted, and all options (including previously issued options) are exercised and no further securities are issued by the Company.

Number of Existing Options

1,000,000	Exercisable on or before 1 July 2010	\$0.50
2,700,000	Exercisable on or before 30 June 2011	\$0.75
2,500,000	Exercisable on or before 31 December 2009	\$0.78
1,600,000	Exercisable on or before 31 December 2013	\$0.80
1,800,000	Exercisable on or before 31 December 2012	\$0.85
1,333,333	Exercisable on or before 30 June 2010	\$1.08
1,850,000	Exercisable on or before 30 June 2013	\$1.20

Number of New Options

4,500,000	Exercisable on or before 30 June 2012 (if approved under Resolutions 3 and 4)	\$0.80
850,000	Exercisable on or before 31 December 2012 (if approved under Resolutions 5, 6 and 7)	\$0.80

7. Adoption of Remuneration Report

Resolution 8: Adoption of Remuneration Report

The Remuneration Report for the financial year ended 30 June 2009 is set out on pages 21 to 27 of the 2009 Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for all Directors and certain other executives.

Section 250R (2) of the Corporations Act requires the Annual General Meeting to include a vote on the adoption of the Remuneration Report. Pursuant to section 250R (3) of the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company.

Section 250SA of the Corporations Act requires that a reasonable opportunity be allowed to shareholders at the meeting to ask questions about, or make comments on, the Remuneration Report.

Recommendation of Board

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report. It is noted that each of the Directors has a conflict of interest in recommending that shareholders vote in favour of Resolution 8, as each Director has received, and continues to receive, remuneration as described in the Remuneration Report.

APPENDIX 1
TERMS OF OPTIONS TO THE EXECUTIVE DIRECTORS

Please note that the terms below set out the general 'pro-forma' terms applicable to the options proposed to be granted to the Executive Directors. The terms below must be read in conjunction with section 6.3 of the Explanatory Statement, which summarises the exercise price, expiry date and vesting rules for these options.

General Terms and Conditions of Offer

The following sets out the terms of the Options to be issued to [INSERT NAME]:

- (a) Subject to paragraph (b), there are no restrictions as to the time at which any or all the Options issued to [INSERT NAME] may be exercised, and exercise of the Options is at the sole discretion of [INSERT NAME].
- (b) Options may only be exercised when vested. Subject to [INSERT NAME]'s continued employment by the Company (or a related body corporate of the Company within the meaning of section 50 of the *Corporations Act 2001*), a portion of the Options will vest on each vesting date as indicated in the following table:

Proportion of Options	Vesting date
One half	31 December 2010
One half	31 December 2011

- (c) For the avoidance of doubt, all vested Options may be exercised:
 - (i) during any Bid Period (as defined in the *Corporations Act*); or
 - (ii) at any time after an event in which a change of control of the Company has occurred; or
 - (iii) on an application under section 411 of the *Corporations Act 2001*, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- (d) Options not exercised on or before 30 June 2012 will automatically lapse.
- (e) Options may only be exercised by notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
 - (i) the exercise price for the number of Options specified in the notice; and
 - (ii) the certificate for those Options (if one has been provided), for cancellation by the Company.The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the exercise price (for example, if the exercise price is paid by cheque, by clearance of that cheque).
- (f) All shares of the Company allotted upon exercise of Options rank *pari passu* in all respects with the fully paid ordinary shares of the Company previously issued and, in particular, shall have rights to participate fully in:
 - (i) dividends declared by the Company after the date of allotment; and
 - (ii) all issues of securities made or offered pro rata to holders of ordinary shares of the Company.
- (g) The shares issued pursuant to the Options only carry an entitlement to participate in new issues of securities to holders of ordinary shares if an Option has been exercised and those shares allotted in respect of the Option before the record date for determining entitlements to the issue.

- (h) If there is a bonus share issue (**Bonus Issue**) to the existing holders of ordinary shares, the number of ordinary shares over which an Option is exercisable will be increased by the number of ordinary shares which [INSERT NAME] would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus shares**). The Bonus shares will be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of the Bonus shares.
- (i) If there is a pro rata issue (other than a Bonus Issue) to the existing holders of ordinary shares during the currency of, and prior to the exercise of any Options, the exercise price of the Options will be adjusted in the manner provided for in the Listing Rules.
- (j) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules.

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APPENDIX 2

TERMS OF OPTIONS TO THE NON-EXECUTIVE DIRECTORS

Please note that the terms below set out the general 'pro-forma' terms applicable to the options proposed to be granted to the Non-executive Directors. The terms below must be read in conjunction with section 6.3 of the Explanatory Statement, which summarises the exercise price and expiry date for these options.

General Terms and Conditions of Offer

The following sets out the terms of the Options to be issued to [INSERT NAME]:

- (a) There are no restrictions as to the time at which any or all the Options issued to [INSERT NAME] may be exercised, and exercise of the Options is at the sole discretion of [INSERT NAME].
- (b) For the avoidance of doubt, all Options may be exercised:
 - (i) during any Bid Period (as defined in the Corporations Act); or
 - (ii) at any time after an event in which a change of control of the Company has occurred; or
 - (iii) on an application under section 411 of the Corporations Act 2001, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- (c) Options not exercised on or before 31 December 2013 will automatically lapse.
- (d) Options may only be exercised by notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
 - (i) the exercise price for the number of Options specified in the notice; and
 - (ii) the certificate for those Options (if one has been provided), for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the exercise price (for example, if the exercise price is paid by cheque, by clearance of that cheque).
- (e) All shares of the Company allotted upon exercise of Options rank *pari passu* in all respects with the fully paid ordinary shares of the Company previously issued and, in particular, shall have rights to participate fully in:
 - (i) dividends declared by the Company after the date of allotment; and
 - (ii) all issues of securities made or offered *pro rata* to holders of ordinary shares of the Company.
- (f) The shares issued pursuant to the Options only carry an entitlement to participate in new issues of securities to holders of ordinary shares if an Option has been exercised and those shares allotted in respect of the Option before the record date for determining entitlements to the issue.
- (g) If there is a bonus share issue (**Bonus Issue**) to the existing holders of ordinary shares, the number of ordinary shares over which an Option is exercisable will be increased by the number of ordinary shares which [INSERT NAME] would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus shares**). The Bonus shares will be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank *pari passu* in all respects with the other shares of that class on issue at the date of the Bonus shares.
- (h) If there is a *pro rata* issue (other than a Bonus Issue) to the existing holders of ordinary shares during the currency of, and prior to the exercise of any Options, the exercise price of the Options will be adjusted in the manner provided for in the Listing Rules.
- (i) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules.

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Reed Resources Ltd
ABN 89 099 116 631

APPOINTMENT OF PROXY
ANNUAL GENERAL MEETING

To assist you in exercising your right to vote your shares at the forthcoming Annual General Meeting of the Company to be held at 3.00pm WST, Thursday 26 November 2009, you may wish to appoint a person who is attending as your proxy.

TO APPOINT A PROXY, FOLLOW THE STEPS BELOW

Name of Shareholder
.....
Address
.....
.....

Insert here the name and address of shareholder.



APPOINTS
Name of Proxy
Address
.....
or failing that person the Chairperson of the meeting;

OR

THE CHAIRPERSON OF THE MEETING
to vote in accordance with the directions on this form, at the Annual General Meeting of the Company and at any adjournment thereof. If the Chairperson holds the proxy and if no specific voting direction on the following page of this form is given:

- the Chairperson's intention is to exercise the proxy in favour of each Resolution;
- it is acknowledged that the Chairperson may exercise the proxy even if he or she has an interest in the outcome of the Resolution and votes cast by him or her other than as proxy holder will be disregarded because of that interest.

Insert here the name and address of the person you wish to appoint as proxy. Shareholders cannot appoint themselves.

OR

Mark the box opposite if you wish to appoint only the Chairperson of the Meeting to act as your proxy.

If you plan to attend the Meeting your proxy's right to speak and vote for you will be suspended while you are present.



SIGNATURE OF SHAREHOLDER(S)
x
(* Individual or joint shareholder
(* Director
(* Sole Director and Sole Secretary
x
(* Director/Secretary

IF A CORPORATION AFFIX COMMON SEAL
(OPTIONAL)

Dated this day of 2009

(* Delete if not applicable

SHAREHOLDER MUST SIGN HERE AND DATE HERE

This proxy must be signed by the shareholder or by the shareholder's attorney, or if a corporation, either under its common seal or by its authorised officers, or attorney who has not received any notice of revocation. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders either personally or by attorney.

If this proxy is signed by a person who is not the registered shareholder, then the relevant authority must either have been exhibited previously with the Company or be enclosed with this proxy.



FOR YOUR VOTE TO BE COUNTED, THIS FORM MUST BE RECEIVED NO LATER THAN THE TIME SHOWN ON THE REVERSE SIDE

YOUR VOTE IS IMPORTANT

COMPLETE THE REVERSE SIDE IF YOU WISH TO SPECIFICALLY DIRECT YOUR PROXY HOW TO VOTE ON EACH RESOLUTION

OR

IF YOU DO NOT WISH TO SO DIRECT YOUR PROXY HOW TO VOTE, MARK THIS BOX AND BY SO DOING DIRECT YOUR PROXY TO VOTE AS YOUR PROXY THINKS FIT. BY MARKING THIS BOX YOU ACKNOWLEDGE THAT THE CHAIRPERSON MAY EXERCISE YOUR PROXY EVEN IF HE OR SHE HAS AN INTEREST IN THE OUTCOME OF THE RESOLUTION AND VOTES CAST BY HIM OR HER OTHER THAN AS PROXY HOLDER WILL BE DISREGARDED BECAUSE OF THAT INTEREST.



Reed Resources Ltd
ABN 89 099 116 631

Resolutions	For	Against	Abstain
1. Re-election of David John Reed as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Peter Lionel Fluery Collins as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of proposed grant of options to Christopher John Reed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of proposed grant of options to David John Reed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of proposed grant of options to Peter Lionel Fleury Collins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of proposed grant of options to Ian Courtney Junk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval of proposed grant of options to Steven Cole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A Shareholder who is entitled to cast 2 or more votes may appoint 2 persons (whether Shareholders or not) to attend the Meeting and vote. If you appoint a second proxy, state here the proportion or number of votes given to the proxy appointed on this form:



(OPTIONAL)
**APPOINTMENT OF A
SECOND PROXY**

An additional proxy form will be supplied on request

Proxy Notes:

1. A member entitled to attend and cast 2 or more votes at the meeting is entitled to appoint 2 proxies. If a member does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.
2. A proxy need not be a member of the Company.
3. Unless a member specifically directs the proxy how to vote on each Resolution, the proxy may vote as he or she thinks fit or abstain from voting. If the Chairperson is appointed and if no specific direction as to how to vote on each Resolution is given, the Chairperson's intention is to exercise the proxy in favour of each Resolution. It is acknowledged that the Chairperson may exercise the proxy even if he or she has an interest in the outcome of the Resolution and votes cast by him or her other than as proxy holder will be disregarded because of that interest.
4. In the case of an individual, a proxy must be under the hand of the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy must be under the common seal of that corporation, pursuant to section 127 of the Corporations Act or under the hand of its duly authorised officer/s or attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders either personally or by attorney.
5. To be valid, the form appointing the proxy and the power of attorney granted by members or other authority (if any) must be lodged at the registered office of the Company as set out below.

Your completed proxy must be received by 5.00pm WST, Monday 23 November 2009 at:

- (a) the registered office of the Company – 97 Outram Street, West Perth, Western Australia; or
- (b) by facsimile at the registered office of the Company – fax number (08) 9321 0556.

Reed Resources Ltd
ABN 89 099 116 631

APPOINTMENT OF CORPORATE REPRESENTATIVE
Pursuant to Section 250D of the Corporations Act

(ACN/ARBN _____)
(Insert name of Shareholder/Body Corporate & ACN/ARBN)

Hereby Authorises

(Insert name of appointee)

- (*)1. To act as the Company's representative at all meetings of:
Reed Resources Ltd ABN 89 099 116 631
- (*)2. To act as the Company's representative at the Annual General Meeting to be held at 3.00pm WST on Thursday, 26 November 2009 and any adjournment thereof.

Dated this _____ day of _____ 2009

Executed by the Shareholder
in accordance with its Constitution
in the presence of:

(*) Director

(*) Sole Director & Sole Secretary

Director/Secretary

Affix Common Seal here (optional)

(*) Delete if not applicable

This authority must be sent to the registered office of the Company, 97 Outram Street, West Perth, Western Australia or sent by facsimile to the Company, facsimile number (08) 9321 0556, by 5:00pm WST, Monday 23 November 2009 as set out in the Notice of Meeting which this appointment accompanies or handed in at the Meeting when registering as a company representative. In any case, the authority will be retained by the Company.

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