

ASX RELEASE

28 November 2012

Debt Financing Facility Finalised for Meekatharra Gold Project

HIGHLIGHTS

- **Credit Suisse and Reed execute A\$19 million debt finance facility agreements; funds available for immediate drawdown.**
- **Participating Forward hedge to provide floor price of approximately A\$1641/oz for hedged ounces.**
- **Commissioning of Meekatharra Gold Project on schedule to begin in December.**

Emerging Australian gold producer Reed Resources Ltd (**ASX: RDR**) (**Reed**) is pleased to advise that it has finalised the documentation for a A\$19 million syndicated finance facility with Credit Suisse, enabling the facility to be drawn down immediately. The funds will be used to meet working capital requirements for Reed's 100%-owned Meekatharra Gold Project (**MGP**) located in the Murchison region of Western Australia, where commissioning is on schedule to start next month.

The key features of the facility are summarised as follows:

- A\$19 million Senior Secured Term Loan Facility.
- Repayment in twelve months from first utilisation, with an option for Reed to extend by a further six months.
- A hedging facility which includes 70,000 ounces in forward delivery contracts and 40,000 ounces in bought puts.

Reed Managing Director Luke Tonkin said the refurbishment of the Bluebird mill at the MGP is nearing completion with the successful commissioning of the new primary crusher in November.

"Installation of the new diesel-fired power station has commenced and is expected to be completed by early December whilst electrical terminations between the processing facility and the new power station remain on schedule for completion by mid-December," Tonkin said.

"Given associated industry cost pressures it has been pleasing to deliver the MGP's capital works program within budget. Dry commissioning of the plant will commence in mid-December with wet commissioning shortly thereafter. Circuit gold inventory will be established during commissioning whilst plant throughput is scheduled to increase throughout the fiscal third quarter as ore generated from the Bluebird open pit is mined."



Tonkin said the start of commissioning will mark another major milestone for Reed and transition Reed from an emerging gold producer to a disciplined gold producer.

Commenting on Reed's strategy to manage gold price risk, Tonkin said: "While gold hedging is required under the facility, the combination of puts and forwards establishes a gold price floor which protects the MGP's revenue base, effectively mitigating risk should the gold price deteriorate, whilst retaining some exposure to gold price upside."

Gold Price Risk Management

Reed has selected a Participating Forward Gold Hedging Structure to manage gold price risk, which involves selling 70,000 ounces of production as forward delivery contracts and purchasing put options over 40,000 ounces, with put-only protection in the first four months before forward deliveries commence in month five.

Under this agreed hedging structure, Reed will mitigate its risk should an unexpected gold price downturn occur whilst retain some upside participation should the gold price increase. Reed will achieve a gold floor price of approximately A\$1641/oz over 110,000 hedged ounces.

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About Reed Resources

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is an emerging Western Australian gold producer focused on bringing its flagship Meekatharra Gold Project into production in December 2012.

Reed Resources' wholly owned Meekatharra Gold Project is located in the prolific Murchison region of Western Australia and currently has 3.59Moz of gold in JORC resources (see table below) and existing infrastructure including the 3 Mtpa Bluebird processing plant.

Reed Resources' other projects include:

- **Mount Marion:** High-grade lithium project located 40km south of Kalgoorlie in JV with Mineral Resources Limited (ASX: MIN).
- **Barrambie:** Currently in approvals process and evaluating recovery of titanium, vanadium and iron units via a proprietary hydrometallurgical processing route.
- **Comet Vale:** Currently on care & maintenance. High grade resource of 209,500 oz at 7.6 g/t Au.
- **Mount Finnerty:** Iron ore JV with Cliffs Natural Resources and nickel option with Barranco Resources NL.

Reed Resources' American Depositary Receipts (ADR's) trade under the code RDRUY (CUSIP Number: 758254106). Each Reed Resources ADR is equivalent to 10 ordinary shares of Reed Resources as traded on the ASX. The Bank of New York Mellon is the depository bank.

Website: www.reedresources.com

Deposit	Resource Category	Tonnage (Mt)	Au (g/t)	Au (koz)
Meek. North	Indicated	1.2	1.8	65.7
	Inferred	0.2	1.6	9.3
Paddys Flat	Indicated	25.2	1.6	1,280.7
	Inferred	13.4	1.6	670.0
Yaloginda	Indicated	10.0	1.7	563.6
	Inferred	6.3	1.7	346.9
Nannine	Indicated	0.6	1.6	30.9
	Inferred	0.2	1.6	12.7
Reedys	Indicated	2.7	3.1	276.4
	Inferred	4.0	2.7	337.9
Total		63.9	1.8	3,594.1

Comet Vale	Category	Tonnes (Mt)	Au (g/t)	Gold (koz)
Comet Vale	Indicated	0.41	7.2	96.9
	Inferred	0.43	8.1	112.6
Total		0.85	7.6	209.5

1. Resources and reserves comply with the Australian JORC Code reporting guidelines
2. Resources are inclusive of reserves

Deposit	Reserve Category	Tonnage (Mt)	Au (g/t)	Au (koz)
Bluebird	Probable	1.4	1.9	86.0
South Junct.	Probable	0.1	1.5	4.5
Prohibition	Probable	1.1	2.7	96.0
Surprise	Probable	0.1	3.0	13.0
Batavia	Probable	0.2	2.4	14.0
Whangamata	Probable	0.3	1.4	11.9
GNH	Probable	0.9	1.3	35.6
Jack Ryan	Probable	0.2	3.1	21.8
Callisto	Probable	0.1	3.1	7.2
Rand	Probable	0.1	2.4	7.6
Mickey Doolan	Probable	3.3	1.1	121.7
Maid Marion	Probable	0.2	1.4	8.7
Aladdin	Probable	0.4	1.7	21.5
South Emu	Probable	0.1	4.7	13.9
TOTT	Probable	0.5	1.8	29.4
Sub Total (O/Pit)	Probable	8.9	1.7	492.9
Prohibition	Probable	1.3	2.4	104.1
Vivian/Cons.	Probable	0.3	7.7	63.6
Fatts/Mud.	Probable	0.4	4.7	57.2
South Emu	Probable	0.2	4.3	34.2
Sub Total (U/G)	Probable	2.2	3.6	259.1
Total	Probable	11.2	2.1	752.0

COMPETENT PERSONS STATEMENT - *Geological aspects of this report have been compiled by Mr Craig Fawcett (MAIMM), a full time employee of Reed Resources Ltd. Mr Fawcett has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being reported on to qualify as a Competent Person as defined in the Code for Reporting of Mineral Resources and Ore Reserves (2004). Mr Fawcett consents to the inclusion in this report of the matters in the form and context in which they appear.*