

ASX RELEASE

27 September 2013

Execution of definitive agreements for \$3 million standby loan facility from Chairman

Reed Resources Ltd (ASX: RDR) (**Reed** or the **Company**) is pleased to announce that it has executed definitive agreements for the \$3 million standby loan facility with its Chairman, David Reed, which was previously announced in the Company's investor update that was released to the market on 26 August 2013 (**Facility Agreement**).

The key terms of the Facility Agreement are broadly consistent with the term sheet previously executed by the Company and Mr Reed:

- Standby loan facility for \$3 million. Available from 28 October 2013.
- Variable interest rate, initially 10.75%, set at a 3% premium to the interest rate payable by Mr Reed under his external finance facilities, which is linked to the external financier's internal variable reference rate. Consistent with commercial basis on which previously disclosed interest rate of 10% was agreed, being a 3% premium to the rate Mr Reed expected to pay under his external facilities. Interest payable monthly in arrears.
- Undrawn limit fee of 3% pa, payable 6-monthly in arrears.
- Secured over the Company's shares in the holding company of the Barrambie Project.
- Repayable by 31 August 2014, but must be paid down so that maximum of \$2 million is owing by 19 December 2013, with right to repay earlier at the Company's election.
- Subject to shareholder approval, up to \$2 million to be replaced with \$2 million of convertible notes:
 - same interest rate and security;
 - convertible at 25% premium to 30-trading day VWAP preceding the board of the Company approving the notice of 2013 annual general meeting;
 - redeemable 12 months after issue.
- Drawdown subject to certain conditions including:
 - all necessary approvals, authorities and confirmations;
 - security granted and perfected.
- Early repayment on 90 days' notice Mr Reed's election if:
 - shareholder approval of issue of convertible notes not obtained at the 2013 annual general meeting;



- there is a change of control of the Company, Mr Reed is removed from the board or there is a change in the composition of more than half of the board of the Company that is not approved by Mr Reed;
- the Company raises more than \$6 million in debt or equity capital.
- Other usual terms for like facilities including warranties, events of default and undertakings.

Funds drawn down under the Facility Agreement will be used for the Company's working capital requirements.

The Company will seek shareholder approval at its upcoming 2013 annual general meeting for the issue of up to \$2 million of convertible notes under the Facility Agreement to replace the funds drawn down at the time of issue.

For further information please contact:

Chris Reed
Executive Director
Reed Resources Ltd
T: +61 8 9322 1182
E: enquiries@reedresources.com

About Reed Resources

Reed Resources Ltd (ASX: RDR, OTC: RDRUY) is a Western Australian resource developer.

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