

This Week

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Reed Resources (RDR)

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Reed Resources (RDR)

Capital Structure

ASX Code	RDR
Shares	122 m.
Options	8 m.
Cash (est)	20 m.
Share Price	\$ 1.06
Market Cap	\$ 129 m.

Risk Adjusted Target Valuation

Asset	\$m
Comet Vale Mine	8.5
Comet Vale Open Pit	0.5
Comet Vale Exploration	1.9
Barrambie	228
Mt Finnerty Iron	8.4
General Exploration	8.0
Cash & in the money ops	21.3
Corporate	-10.0
	<u>266</u>

Since StockAnalysis first recommended Reed Resources to subscribers at 61 cents last July, the stock has made impressive progress at its Barrambie vanadium project, as well as on its nickel and iron projects in Western Australia. The company has established a resource at Barrambie, signed an off-take agreement for product and metallurgical test work has shown excellent results. Meanwhile, the price of vanadium oxide continues to rise. The company's partners in gold production, as well as at nickel and iron exploration projects have made good advances. Reed is now in a strong position to establish a cash flow of \$10-\$15 million pa from iron ore sales within 18 months, while gold production is arcing up and currently covers ongoing costs. Reed has recently raised about \$20 million with which it can progress its plans and has employed high calibre technical staff to direct its program.

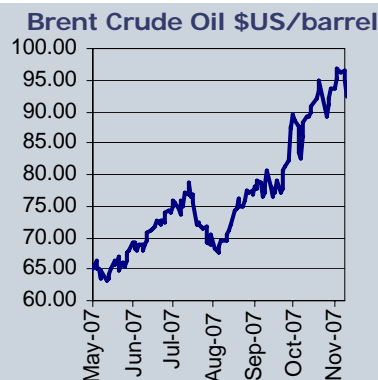
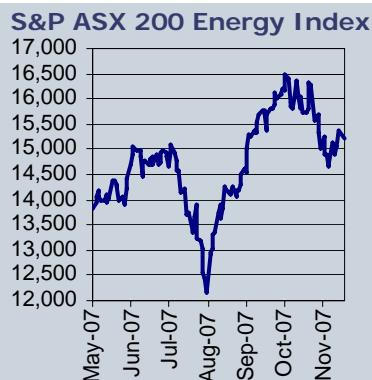
Source: Strachan Corp. Pty Ltd.



StockAnalysis estimates that Reed's assets currently hold a risk adjusted valuation of at least \$266 million, which makes the stock look cheap, when compared with a current market cap of \$129 million.

Recommendation: Allowing for additional equity dilution, StockAnalysis believes that the stock can be bought below \$1.25 per share.

Indices & Prices	
All Ordinaries	6,563.30
Energy Index	15,203.20
Brent US\$/bbl	89.47
AUS\$/US\$	0.8726
As at Close December 4th	



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