



ASX Release

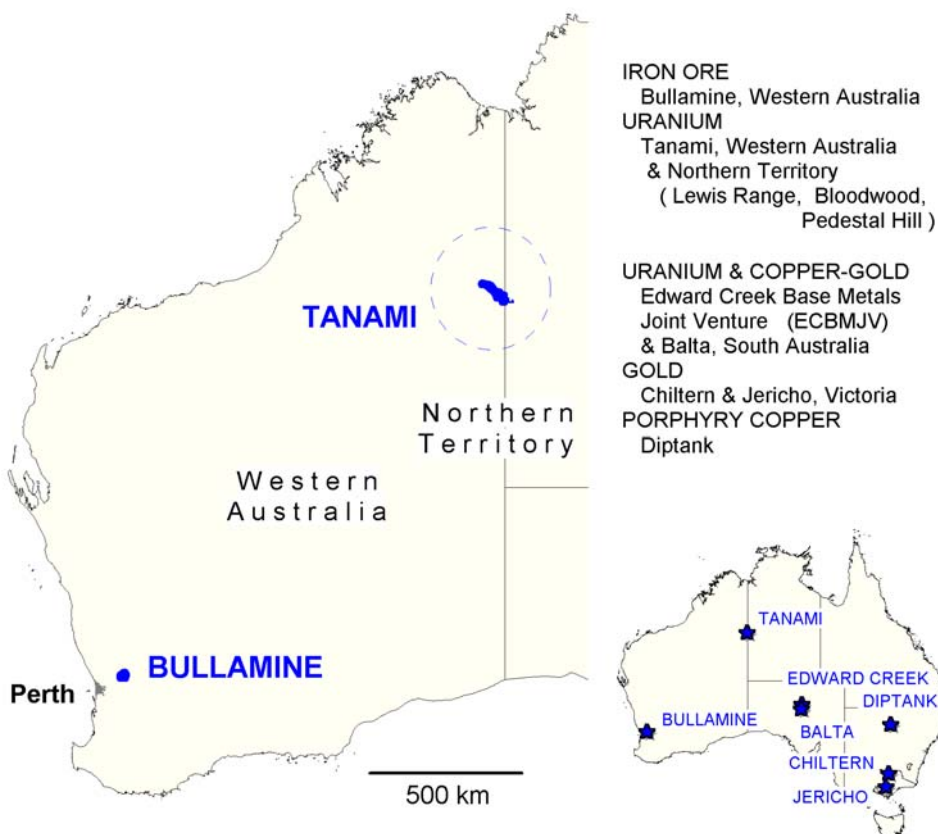
ASX Code: RLC

31 July 2007

Quarterly Report for the period ended 30 June 2007

HIGHLIGHTS

- ❑ Expanded the Bullamine iron project by acquiring all the Bulla JV interests from Washington Resources Limited.
- ❑ Formed the Tanami project (uranium) – creating a contiguous ground holding covering 1,678 km². The Tanami project includes RLC's wholly owned Pedestal Hill project together with a new tenement application and a newly acquired joint venture - the U₃O₈ Joint Venture.
- ❑ Increased the Company's equity in the ECBMJV to 62%.
- ❑ Drill tested the Poole anomaly (Jericho project).
- ❑ Raised \$4m capital and listed on the ASX.



CURRENT EXPLORATION ACTIVITIES

Bullamine (WA)

Iron

RLC 100% : EL 2846, ELA 3152, ELA 3153

RLC 100% Bulla JV (provides interest in iron only) (EL 2719 & 2720)

Magnetite (iron) mineralisation is being investigated. Opportunities for low cost mining of magnetite by shallow open cuts are being investigated. The short distance, 90 kilometres, to bulk cargo facilities at Fremantle Ports' Kwinana facility south of Perth is a significant attribute of the project. RLC believes that provided suitable mineralisation can be identified and accessed, the possibility of low cost mining, processing and transport mean that small scale iron mining could well be highly profitable.

On 22 June RLC purchased the 50% interest it did not own in the Bulla joint venture from Washington Resources Limited. RLC now holds a 100% interest in iron resources within Washington's tenements (EL 70/2719 & EL 70/2720).

Six strongly magnetic features were identified during the period from airborne survey data covering a portion of the project area. These magnetic features are likely to be caused by magnetite mineralisation and will be the focus for ground investigations. Importantly, the indicated widths of these magnetic features is typically 150 metres and up to 400 metres. These widths are substantially wider than the minimum widths RLC believes would be necessary for potential economic viability should the grade of the deposits prove sufficient.

Airborne magnetic surveying is planned for the areas of the project not currently covered. Commencement of this survey is expected during the September quarter. The data collected will enable the entire project area to be rapidly "prospected" for additional potential lenses of magnetite which may be indicated in the magnetic data.

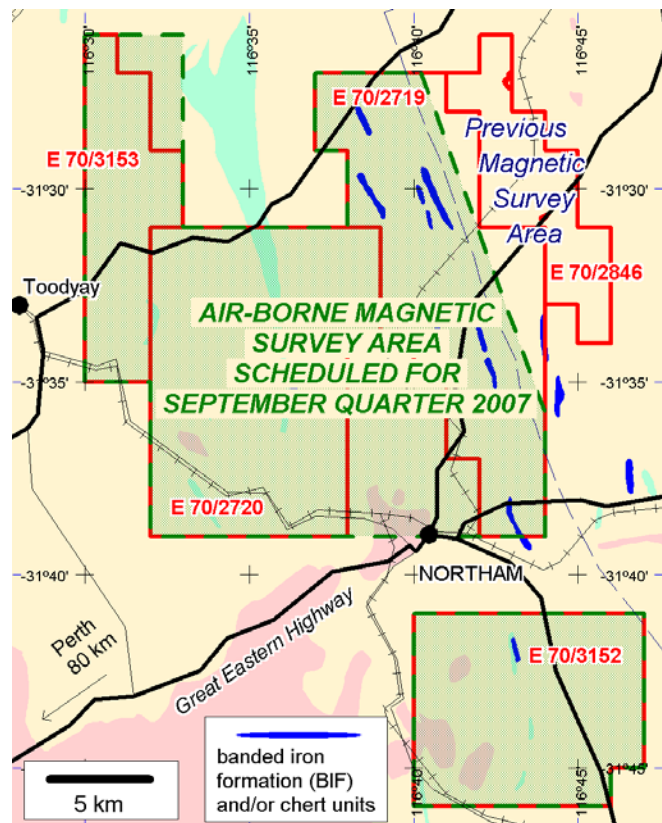


Figure 1: Bullamine project:

Areas of available magnetic data and the area scheduled to be flown in the September quarter are shown together with lenses of iron formation and/or chert mapped by the WA Geological Survey.

Tanami (NT/WA)

Uranium

RLC 100% : EL 24885 (NT), ELA 80/3860

RLC 90% U₃O₈ JV (ELAs 80/3706, 3707, 3708 & 3939)

The Tanami project straddles the Western Australia/Northern Territory border. Target mineralisation is uranium which may be precipitated and concentrated along unconformities and paleodrainage channels within Proterozoic and younger sedimentary sequences overlying Archaean to Early Proterozoic basement rocks. Available geophysical and geological data is being reviewed whilst access issues are being worked through.

This project was created by the expansion of RLC's Pedestal Hill project (EL 24885) in the Birrindudu Basin. During the period, RLC applied for ELA 80/3860 and, on the 22 June, purchased a 90% interest in the U₃O₈ Joint Venture. The U₃O₈ Joint Venture provides RLC a 90% interest in tenement applications: 80/3706, 3707, 3708 & 3939. A series of uranium anomalies (radiometric) extending for 40 km along the lower slopes of a linear range of hills suggests uranium mineralisation may be enriched on an unconformity located within, or at the base of, a sandstone unit. In the event that field investigations support these interpretations then investigations for buried and preserved extensions to the exposed unconformities will be conducted to determine potential uranium concentration sites. RLC is manager and will sole fund exploration by the joint venture.

Edward Creek Projects (SA)

Uranium, Copper, Gold

RLC 62% ECBMJV (ELs 3250, 3790, ELA 0009/07)

Uranium, Copper, Gold

The Edward Creek Base Metal Joint Venture is exploring for uranium and for copper-gold-uranium mineralisation on the north eastern margin of the Gawler Craton in South Australia. A compilation of geological information derived mainly from bore hole records, was progressed and areas of radiometric enrichment within the target lithologies were identified. Exploration strategies were reviewed resulting in airborne EM surveys replacing the previously planned magnetic and radiometric surveys. Ground gravity survey on EL 3790 and the EM survey will proceed subject to contractor availability.

Drilling at the Santorini gravity anomaly, scheduled for August/September 2007, is likely to be postponed due to continued drought conditions in the area. There is currently no water within trucking distance of the drill site and drilling cannot proceed until water is available.

On 22 June RLC purchased 42% of the ECBMJV from two of the joint venture partners in exchange for 2.6m shares and 2.6m options which are exercisable into RLC shares at 30 cents each before their expiry on 30/11/2009. This acquisition increases RLC's previous 20% free carried interest to a total interest of 62%.

RLC 100% Balta EL 3505

Uranium

Target mineralisation is uranium which may be precipitated and concentrated along unconformities and paleodrainage channels within and at the base of Mesozoic sedimentary sequences throughout the tenement area. Airborne EM surveys will be conducted over this area in conjunction with the EM surveys contemplated in the area to the north by the ECBMJV.

Chiltern (VIC)

Gold

RLC 100% : ELs 3032, 3281, 2276

Consents were obtained for the planned infill IP survey to proceed at the Caledonian prospect. A flora and fauna survey report, completed towards the end of the prior period as part of RLC's conditions of access, resulted in approval being given to proceed with the planned IP survey. The IP survey is expected to be completed during the September quarter.

Jericho (VIC)

Gold

RLC 100% : EL 3208

Drilling at the Poole anomaly succeeded in traversing the pyrrhotite enriched siltstone and intersecting broken ground interpreted to be the fault zone expected to underlie the siltstone sequence. Samples of the core recovered from the drilling did not identify economic minerals and the Poole prospect has been terminated.

Drilling at the Victor prospect is scheduled for the March 2008 quarter and targets gold mineralisation in a zone of intersection between the Victor's Quartz Reef and a diorite dyke rock. The zone of intersection is structurally analogous with the setting of the Cohens Reef Mine which produced more than 1.4m oz gold and is located about 40 km to the south of Victor.

Diptank (NSW)

Copper-Gold

RLC 85% : EL 6202

A large (2.5 km diameter) magnetic anomaly is being investigated at the Diptank project located about 100 km southeast from Bourke in NSW. Elevated levels of copper, lead and gold have been recovered in rocks located peripheral to the magnetic anomaly. RLC intends investigating the magnetic anomaly to determine its potential to be associated with a large porphyry copper-gold mineralized system and drilling is currently planned in December 2007 quarter.

FORTHCOMING ACTIVITIES

The following activities are planned for the September quarter:-

Project	Activity Planned	Timetable
Bullamine	Airborne magnetic survey	early Sep.
Tanami	Continue negotiations for grant of tenements and access	
Edward Creek	Preparation for EM survey (contract finalisation for survey due to commence Nov/Dec 2007) Re-schedule ground gravity survey – previously arranged for Sep, now uncontracted.	
Chiltern	IP survey – contract in place for July commencement, now expected to commence late August	late Aug.
Diptank	Plan access and obtain all necessary consents for drilling in Dec 2007 quarter.	
Corporate	Finalisation of 2007 annual report	Aug.

All exploration activities are subject to contractor availability.

CORPORATE

During the quarter much of the focus of the Company was on preparation of the Prospectus for the capital raising of \$4 million and management of that raising. The raising was successfully completed in early June. The subsequent listing of the Company's shares on ASX on 22 June triggered the completion of several acquisitions and the commencement of the U₃O₈ Joint Venture. The Company now has 47.6 million ordinary shares on issue.

The successful listing marked a transition in the Company's activities from seed funding and portfolio development to more active exploration. At the end of the report period the Company had funds of approximately \$3.9m. The transition to more active exploration will become more evident in the September and December quarters as contracted work commences and delivers data and results.

For further information, please contact:

Geof Fethers, Managing Director.

Telephone: (03) 8420 6280

or visit our Website at www.reedylagoon.com.au

The information in this report that relates to Exploration Results is based on information compiled by Geof Fethers and Hugh Rutter, who are members of the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) respectively. Geof Fethers and Hugh Rutter are directors of the Company and each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to each qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Geof Fethers and Hugh Rutter consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

REEDY LAGOON CORPORATION LIMITED

ABN

41 006 639 514

Quarter ended ("current quarter")

30 JUNE 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (.12.*... months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
➤ Joint Venture management fees	33	132
1.2 Payments for		
(a) exploration and evaluation	(119)	} (357)
(b) development	-	
(c) production	-	
(d) administration	(54)	
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received	19	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
Net Operating Cash Flows	(121)	(195)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects /joint venture interests	(30)	(30)
(b)equity investments	-	(50)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)		(8)
Net investing cash flows	(30)	(88)
1.13 Total operating and investing cash flows (carried forward)		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,000	4,500
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	➤ Payment of issue & ASX listing costs	(411)	(411)
	➤ Payment of legal and D&O insurance costs	(212)	(212)
	➤ Payment of previous capital raising and prospectus costs		(120)
	➤ GST input credit on financing activities	(64)	(64)
	Net financing cash flows	3,313	3,693
	Net increase (decrease) in cash held	3,162	3,410
1.20	Cash at beginning of quarter/year to date	705	457
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,867	3,867

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	364,963
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 **Explanation necessary for an understanding of the transactions**

Payments at 1.23 include payments to Mallesons Stephen Jaques (an entity associated with the now Chairman Mr Jonathan Hamer) during the quarter of \$272,771 (gst exclusive). Mallesons have provided legal services to the Company for over 10 years. The payments made were in respect of past legal services (from 2002) to the listing of the Company in June 2007, including costs associated with preparation of the company re-organisation in March 2007 and the most recent prospectus and listing of the Company. Payments at 1.23 include payments to Chromite Pty Ltd (an entity associated with Managing Director Geof Fethers) during the quarter of \$58,534 (gst exclusive). The payments made were for services provided by geologists, including Mr Fethers, for the period January to June.

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Upon completion of the Initial Public Offering and listing of the company's shares on the ASX during June 2007 conditions precedent to various acquisition agreements were satisfied and the company acquired the following assets and issued fully paid ordinary shares in consideration. All shares were issued at 20 cents per share.	
Asset Acquired	Number of Shares Issued
50% interest in Bulla joint venture (RLC moved to 100% ownership of iron resources in the underlying tenements)	4,000,000
90% interest in U ₃ O ₈ Joint Venture (new joint venture established) * an additional 1m shares will be issued upon grant of the tenements	1,000,000*
42% interest in Edwards Creek Base Metals Joint Venture (RLC moved from free carried 20% interest to 62% interest – of which 42% is contributing)	2,600,000

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NONE

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	240
4.2 Development	-
Total	240

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,796	635
5.2 Deposits at call	70	70
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,866	705

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	None			
6.2 Interests in mining tenements acquired or increased	Bullamine Project EL 70/2719 EL 70/2720	Joint Venture	50%	100%
	Edward Creek Project EL 3250 EL 3790 ELA 009/07	Joint Venture	20%	62%
	Tanami Project ELA 80/3860	Outright Ownership	0%	100%
	ELA 80/3939 ELA 80/3706 ELA 80/3707 ELA 80/3708	Applications by new Joint Venture	0%	90%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>	NIL	NIL		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 +Ordinary securities	47,600,000	31,205,330		Fully paid
7.4 Changes during quarter				
(a) Increases through issues	27,600,000		20 cents	20 cents
(b) Decreases through returns of capital, buy-backs	-			
7.5 +Convertible debt securities <i>(description)</i>	NIL	NIL		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	813,670	-	50 cents	31 December 2007
	876,260	-	50 cents	31 December 2008
	2,600,000	-	30 cents	30 November 2009
	876,620	-	50 cents	31 December 2009
	2,500,000	-	50 cents	31 March 2012
	6,000,000	-	30 cents	30 April 2012
7.8 Issued during quarter	2,600,000	-	30 cents	30 November 2009
	6,000,000	-	30 cents	30 April 2012
7.9 Exercised during quarter	NONE	NONE		
7.10 Expired during quarter	NONE	NONE		
7.11 Debentures <i>(totals only)</i>	NIL	NIL		
7.12 Unsecured notes <i>(totals only)</i>	NIL	NIL		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not* (delete one)~~ give a true and fair view of the matters disclosed.

Sign here: Date: 31 July 2007
(Director)

Print name: Geof Fethers

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.