



ASX Release

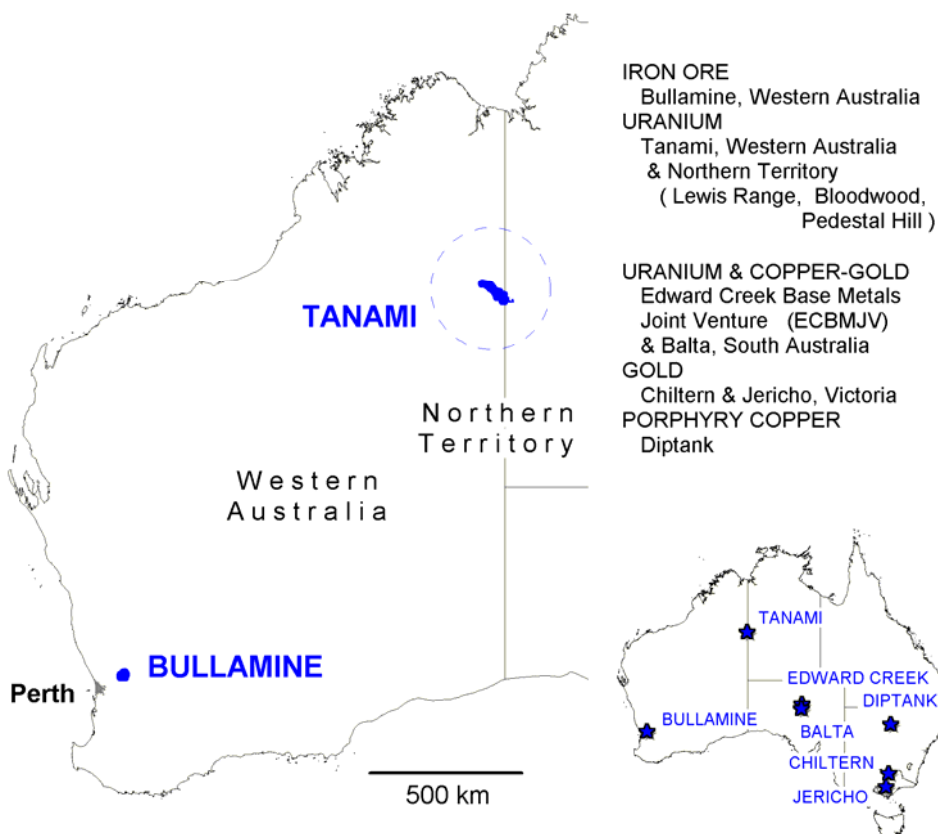
ASX Code: RLC

31 October 2007

Quarterly Report for the period ended 30 September 2007

HIGHLIGHTS

- ❑ Modelling of magnetic data from part of the Bullamine Iron project indicates robust widths and lengths to interpreted banded iron formations.
- ❑ Completed 4.2 line kilometres of IP survey at the Chiltern gold project in Victoria and identified three chargeability anomalies for drill testing.
- ❑ Acquired 2,337 line kilometres of EM data at the Edward Creek project, Gawler Craton, SA.



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)

A number of horizons of Banded Iron Formation containing magnetite (iron mineralisation) have been identified. These could form the basis for a low cost shallow open cut mining operation to produce a magnetite concentrate. 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.

During the period selected profiles of magnetic data acquired previously and covering the eastern part of the project area were modelled. Steeply dipping magnetic rocks with strike lengths exceeding 1,000 metres and widths of 100 metres have been identified. Some of these magnetic rocks are coincident with mapped outcropping banded iron formation. Field investigations suggest these indicated widths are comprised of alternating bands of iron bearing and non-iron bearing rocks. RLC believes their dimensions would potentially support an economically viable project depending on the minable grade of the deposit.

The airborne magnetic survey, planned over the remainder of the project area, scheduled for the September quarter was delayed and commenced in October. 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.

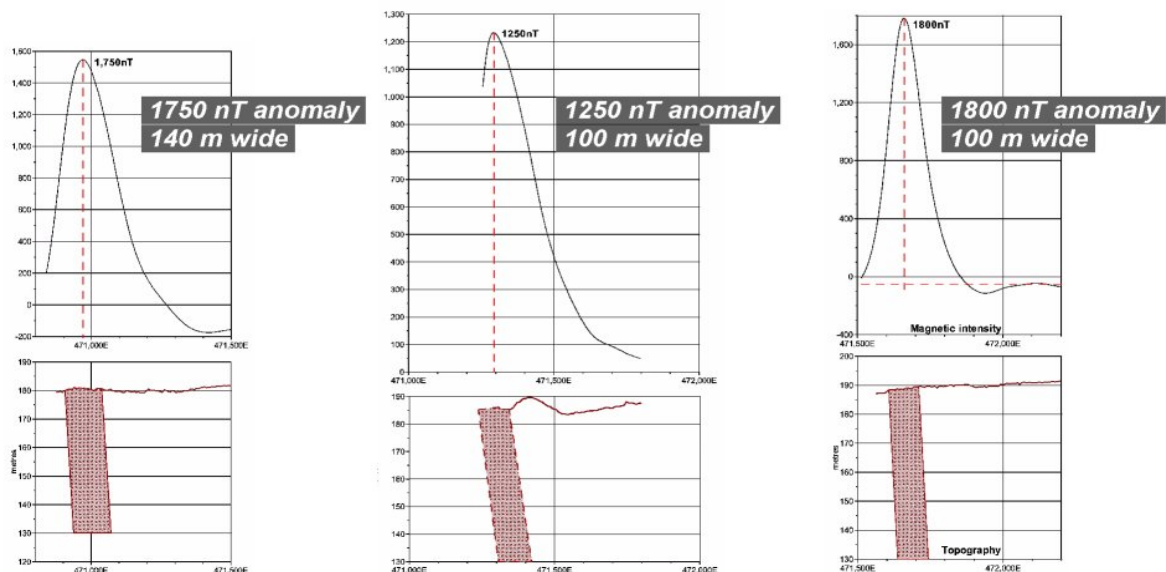
Field work followed by preliminary drilling is planned.

BULLAMINE PROJECT, W.A.

Selected Modelled Magnetic Profiles of Existing Magnetic Data

Profiles along a single magnetic body.

Profiles are 800 to 1,200 metres apart. Magnetic body is more than 4 km in length.



Tanami (NT/WA)

Uranium

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

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

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 sedimentary sequences or within fault zones.

Negotiations with the Kimberley Land Council for the grant of the WA tenement applications continued during the period but no tenements have yet been granted. Subsequent to the report period, heritage agreement negotiations with the Kimberley Land Council for the grant of the WA tenements were concluded and grant was expected in the 1st quarter 2008.

Edward Creek Projects (SA)

Uranium, Copper, Gold

RLC 62% ECBMJV (ELs 3250, 3790, 3886)

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.

Airborne EM survey was conducted during the period with 587 line kilometres flown by the joint venture. An additional 1,142 line kilometres of Electromagnetic ("EM") data were acquired over the joint venture area by separate company DiamondCo Limited and these data will be available to the joint venture. Data from the survey was expected by end October.

Drilling at the Santorini gravity anomaly, scheduled for August/September 2007, was 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.

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 were conducted over the area in conjunction with the EM surveys conducted in the area to the north by the ECBMJV. RLC is funding the acquisition of 369 line kilometres of wide spaced survey lines over the tenement and DiamondCo Limited acquired an additional 239 line kilometres of close spaced (infill) lines over a small grid within the larger survey area. DiamondCo's data will be available to RLC.

Chiltern (VIC)

Gold

RLC 100% : ELs 3032, 3281, 3376

The Chiltern Project covers approximately 230 km² of the Chiltern Goldfield which has produced 45 tonnes (1.4 m oz)¹ of gold from alluvial deep lead systems (buried river beds). Notably little gold was produced from hard rock (quartz reef) deposits. The original source of the gold found in the deep leads has never been discovered although early workers identified sediment-hosted gold (in sandstone and

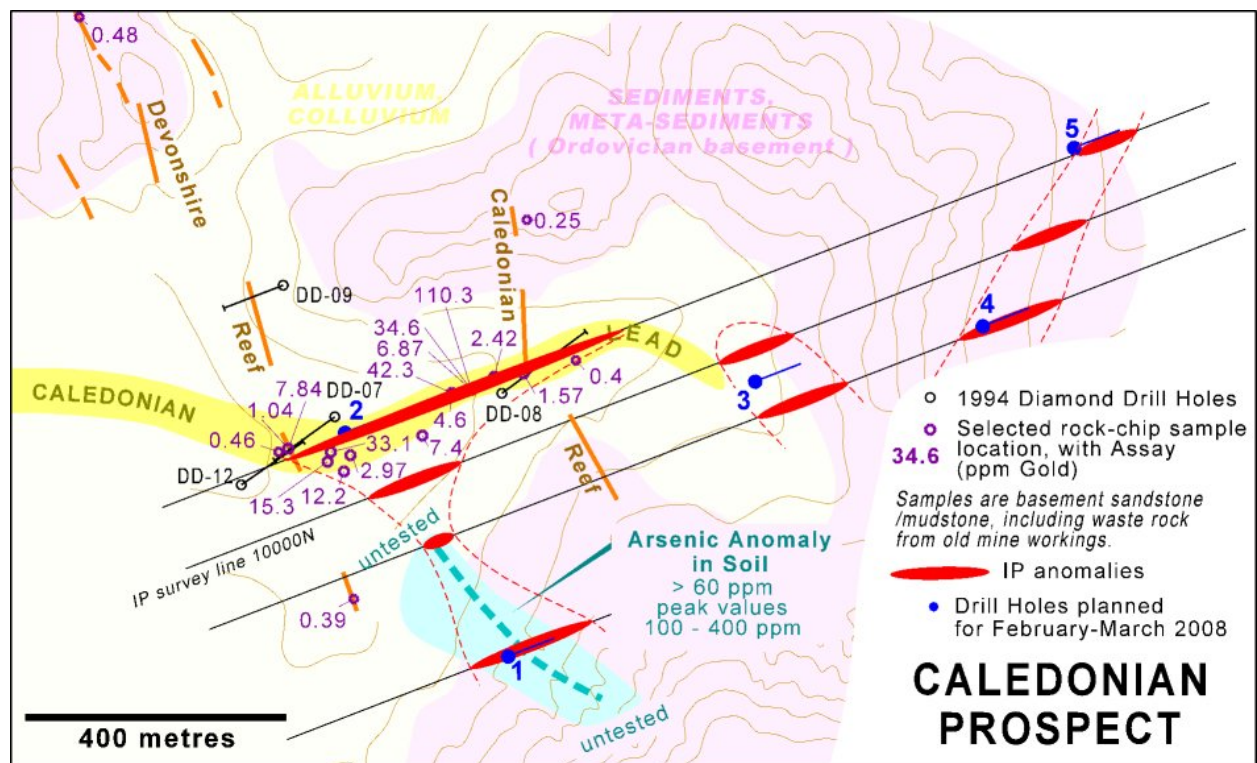
¹ Geology of Victoria, 2003 Gold –historic wealth, future potential. G.N.Phillips et al, W.D.Birch Ed., Geol.Soc.Aust., special publ. 23, p 380. [1988 edit of this publ. describes 27 t gold production from Chiltern]

siltstone pebbles and nodules) amongst the waste rock initially discarded during the alluvial mining. About one hundred tonnes of this "waste rock", in which very fine grained gold could be observed, was processed in the early 1900s at an average grade of over 20 g/t gold.

The exploration objective at Chiltern is to discover primary gold mineralisation – the source or sources to the gold previously mined from the deep leads.

4.2 line kilometres of Induced Polarisation ("IP") survey were completed during the period. Interpretation of the data has identified 3 chargeability anomalies in the subsurface. Such anomalies have potential to be caused by sulphide mineralisation which, in this environment, has potential to be connected with gold mineralisation.

Drilling is scheduled for the March 2008 quarter to investigate the chargeability anomalies.



Jericho (VIC)

Gold

RLC 100% : EL 3208

Drilling at the Victor prospect is scheduled for the March 2008 quarter and will target 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.

No work was conducted at the Jericho project during the period.

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.

Preparations to drill 9 holes into various components of the magnetic anomaly were undertaken during the period.

Drilling to determine the magnetic anomaly's potential to be associated with a large porphyry copper-gold mineralized system is planned in December 2007.

FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Bullamine	Airborne magnetic survey Interpretation of survey data Drilling at selected magnetic anomalies	Oct/Dec. Dec Mar 2008 Qrt
Tanami	Continue negotiations for grant of tenements and access	
Edward Creek	Interpretation of EM data Drill Santorini – dependent on water supply	Nov/Dec
Chiltern	Flora, fauna & heritage surveys Drill test IP anomalies (contractor booked)	Oct/Nov Feb 2008
Diptank	Drilling (contractor booked)	Dec
Jericho	Drilling	Mar 2008 Qrt

All exploration activities are subject to contractor availability.

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 SEPTEMBER 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	33	33
1.2 Payments for		
(a) exploration and evaluation	(217)	(217)
(b) development	-	-
(c) production	-	-
(d) administration	(116)	(116)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	51	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)- Receipt of June 2007 GST claim	79	79
Net Operating Cash Flows	(170)	(170)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(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)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(170)	(170)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(170)	(170)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(170)	(170)
1.20	Cash at beginning of quarter/year to date	3,867	3,867
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,697	3,697

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	114
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

Payment of consulting and director fees to directors

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

None

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

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

			\$A'000
4.1	Exploration and evaluation		310
4.2	Development		-
Total			310

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	290	134
5.2 Deposits at call	3,337	3,663
5.3 Bank overdraft	-	-
5.4 Other (provide details)		
Deposits lodged as security for tenement bonds	70	70
Total: cash at end of quarter (item 1.22)	3,697	3,867

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	EL 3886	ELA 009/07 granted, the interest is Joint Venture	62%	62%

+ 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		
7.4 Changes during quarter	-	-		
(a) Increases through issues	-	-		
(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>	Refer table 1 below	NONE	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	NONE	NONE		
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.

Table 1 – Options on Issue at 30 September 2007

Expiry Date	Exercise Price	Number of Options
31 December 2007	\$0.50	813,670
31 December 2008	\$0.50	876,260
30 November 2009	\$0.30	2,600,000
31 December 2009	\$0.50	876,620
31 March 2012	\$0.50	2,500,000
30 April 2012	\$0.30	6,000,000

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 give a true and fair view of the matters disclosed.

Sign here: Date: 31 October 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.