



# ASX Release

ASX Code: RLC

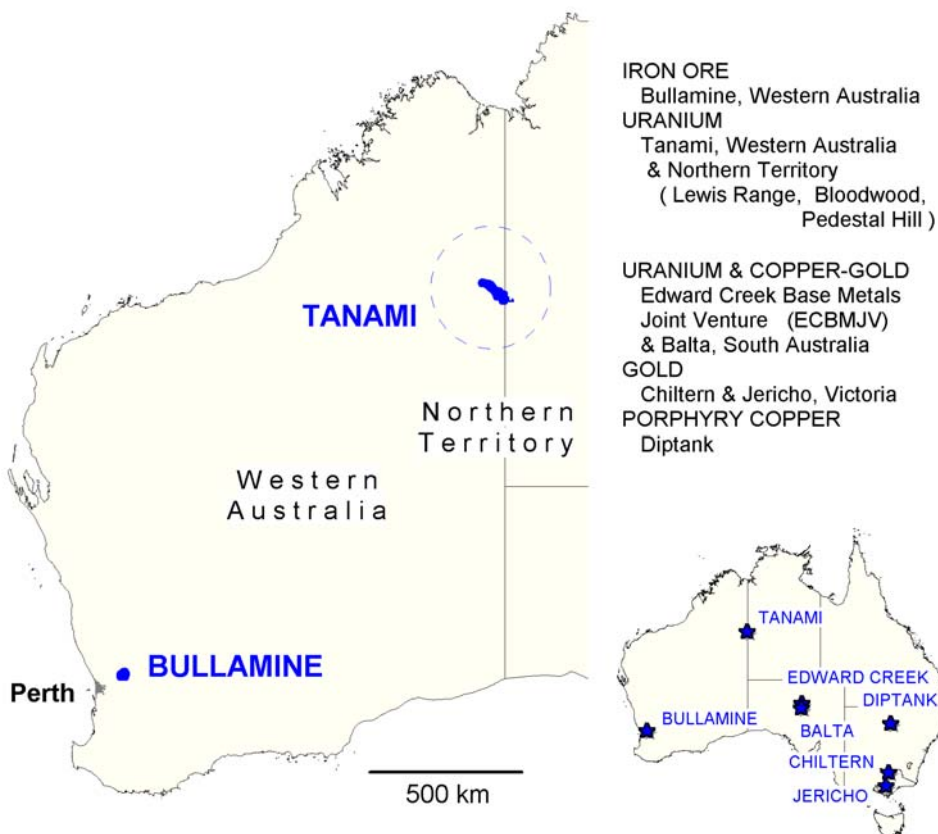
31 January 2008

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## Quarterly Report for the period ended 31 December 2007

### HIGHLIGHTS

- Drilling at the Diptank copper-gold project in NSW.
- Acquired 2,333 line kilometres of magnetic and radiometric data at the Bullamine iron project in WA. Drilling at a number of targets scheduled for the March 2008 quarter.
- Uranium drill targets identified in EM data recovered at the Edward Creek project.
- Drilling scheduled for the March quarter includes:
  - Diptank (copper-gold, NSW)
  - Bullamine (iron, WA)
  - Jericho (gold, VIC)
  - Chiltern (gold, VIC)



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## 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)

An airborne magnetic and radiometric survey was completed and comprised 2,333 line kilometres flown at 200 metre flight line spacing. Final data were received on 19 December and preliminary interpretation indicated a number of new targets requiring further investigation including drill testing are evident.

Processing and interpretation of the magnetic data was underway at the time of this report. Land owner visits, field inspections and drilling at selected targets are planned for the March quarter.

The new survey data indicate pods and lenses of iron mineralisation which, if drilling shows a sufficiently high level of mineralisation, could form the basis for a low cost shallow open cut mining operation for magnetite. The short distance, 90 kilometres, to bulk cargo facilities at Fremantle Ports' Kwinana facility south of Perth is a significant attribute of the project.

### **Tanami (NT/WA)**

### **Uranium**

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

RLC 90% U<sub>3</sub>O<sub>8</sub> JV (ELAs 80/3706, 3707, 3708 & 3939) (WA)

The Tanami project straddles the Western Australia/Northern Territory border. Target mineralisation is uranium 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 had been granted by the date of this report. Heritage agreement negotiations with the Kimberley Land Council for the grant of the WA tenements were advanced during the period and grant is expected in the March quarter 2008.

### **Edward Creek (SA)**

### **Uranium, Copper, Gold**

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

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.

The data from airborne EM surveys flown in August 2007 were received on 20 December. By the end of the quarter processing and interpretation of these data were underway and preliminary findings included a reduction/oxidation ("REDOX") boundary. REDOX boundaries potentially present sites of uranium deposition. Further analysis of the data is continuing.

Drilling at the Santorini gravity anomaly (IOCG-U target), scheduled for August/September 2007, remained postponed due to continued drought conditions in the area. There was no water within trucking distance of the drill site and drilling cannot proceed until water is available.

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## **Balta (SA)**

## **Uranium**

RLC 100% Balta EL 3505 (previously reported as part of Edward Creek)

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. Data from airborne EM surveys flown in August 2007 were received on 20 December and will be processed and interpreted during the March quarter.

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## **Chiltern (VIC)**

## **Gold**

RLC 100% : ELs 3032, 3281, 3376

Flora and fauna surveys were conducted in the areas of the planned drilling and in the areas covered by the Induced Polarisation ("IP") survey completed in August 2007. Findings from the flora and fauna surveys undertaken in the areas of the planned drilling are being incorporated into the drilling plan. The surveys completed over the areas of the IP survey found no noticeable impact to flora and fauna values (ie no vegetation loss or disturbance) along the IP survey lines.

The Chiltern Project covers approximately 230 km<sup>2</sup> of the Chiltern Goldfield located in northern Victoria. The goldfield has produced 45 tonnes (1.4 m oz) 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 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.

Drilling is planned during the March quarter to investigate three chargeability anomalies. Such anomalies have potential to be caused by sulphide mineralisation which, in this environment, has potential to be connected with gold mineralisation.

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## **Jericho (VIC)**

## **Gold**

RLC 100% : EL 3208

Drilling at the Victor prospect is scheduled for the March 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 Cohen's Reef Mine (which produced more than 1.4m oz gold) 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

5 reverse circulation (RC) drill holes for total 438 metres were drilled during December 2007. 4 additional RC drill holes (460.9 metres) were completed in January 2008. 6 of the 9 holes intersected granitic rock. Drilling conditions prevented 3 of the holes penetrating through the sand and gravel cover sequences.

Initial assay results and petrological reports from samples of drill cuttings submitted during the period are expected in early February.

The program is investigating the potential for a 2.5 km diameter magnetic anomaly to be associated with a large intrusive which may have related mineralization. Prior to the drilling, elevated levels of copper, lead and gold had been recovered in rocks located peripheral to the magnetic anomaly. Field observations during the drilling will be reviewed and interpreted in conjunction with the assay and petrological reports when received.

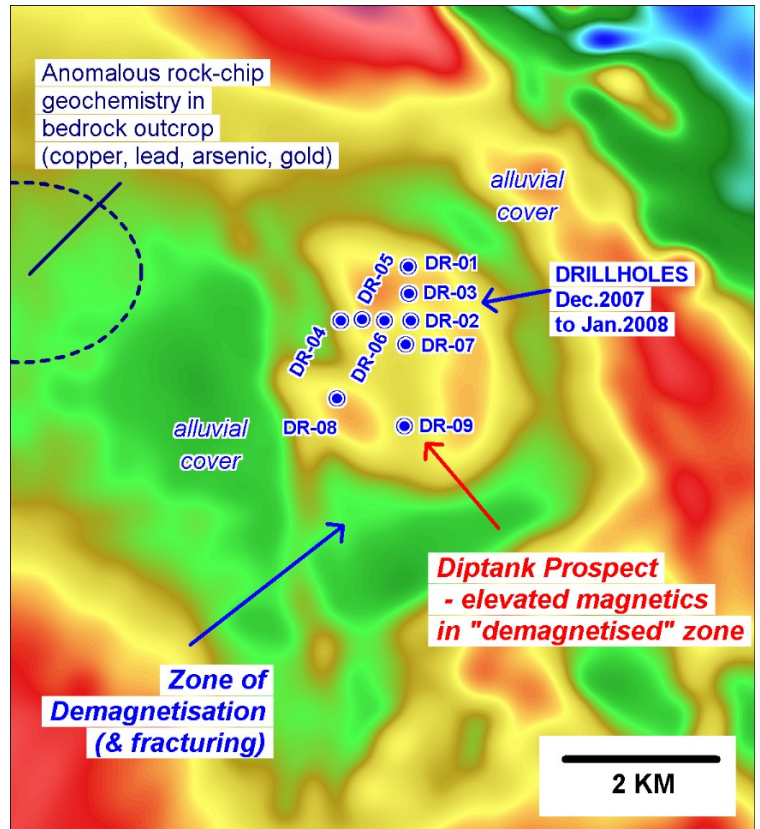
It is not unusual to require analysis of samples recovered from drilling before definitive interpretation of results can be made.

Diptank is located 100 kilometres to the south east of Bourke in the Lachlan Fold Belt of NSW.

Hole	East	North	Azim	Dip	Depth
DR-01	482,813	6,604,982	-	-90	50
DR-02	482,848	6,604,272	-	-90	113
DR-03	482,818	6,604,632	000	-60	103.75
DR-04	481,923	6,604,272	270	-60	80.25
DR-05	482,203	6,604,287	270	-60	91
DR-06	482,503	6,604,272	270	-60	119
DR-07	482,778	6,603,962	-	-90	101.5
DR-08	481,868	6,603,252	-	-90	109.5
DR-09	482,763	6,602,882	-	-90	130.9

Total Metres:- 898.9

Projection:-  
GDA94 MGA zone 55



( Background image - total magnetic intensity, reduced to pole, Gaussian equalised )

## FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Bullamine	Interpretation of survey data Drilling at selected magnetic anomalies (dependent on access)	Jan Mar
Tanami	Continue negotiations for grant of tenements and access	
Edward Creek	Interpretation of EM data Drill Santorini – dependent on water supply	Jan
Chiltern	Drill test IP anomalies (contractor booked)	Mar
Diptank	Interpretation of results from drilling following receipt of sample assay and petrological studies.	Mar
Jericho	Drilling	Mar

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](http://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")

**31 DECEMBER 2007**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	33	66
1.2 Payments for		
(a) exploration and evaluation	(154)	(370)
(b) development	-	-
(c) production	-	-
(d) administration	(132)	(248)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	57	108
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
<b>Net Operating Cash Flows</b>	<b>(196)</b>	<b>(366)</b>
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(196)</b>	<b>(366)</b>

+ See chapter 19 for defined terms.

Appendix 5B  
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(196)	(366)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(196)	(366)
1.20	Cash at beginning of quarter/year to date	3,697	3,867
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,501	3,501

**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	98
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 director fees and consulting and office expenses to director related entities.

**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	500
4.2 Development	-
<b>Total</b>	<b>500</b>

### 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	139	290
5.2 Deposits at call	3,272	3,337
5.3 Bank overdraft	-	-
5.4 Other (provide details)		
Deposits lodged as security for tenement bonds	90	70
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,501</b>	<b>3,697</b>

### 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	None			

+ 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 <b>Preference securities</b> <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 <b>*Ordinary securities</b>	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 <b>*Convertible debt securities</b> <i>(description)</i>	NIL	NIL		
7.6 Changes during quarter	-	-		
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	Refer table 1 below	NONE	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	1,850,000	NONE	\$0.20	31 Dec 2010
7.9 Exercised during quarter	NONE	NONE		
7.10 Expired during quarter	813,670	NONE	\$0.50	31 Dec 2007
7.11 <b>Debentures</b> <i>(totals only)</i>	NIL	NIL		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	NIL	NIL		

+ See chapter 19 for defined terms.

Table 1 – Options on Issue at 31 December 2007

Expiry Date	Exercise Price	Number of Options
31 December 2008	\$0.50	876,260
30 November 2009	\$0.30	2,600,000
31 December 2009	\$0.50	876,620
31 December 2010	\$0.20	1,850,000
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 January 2008  
(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.