



ASX Release

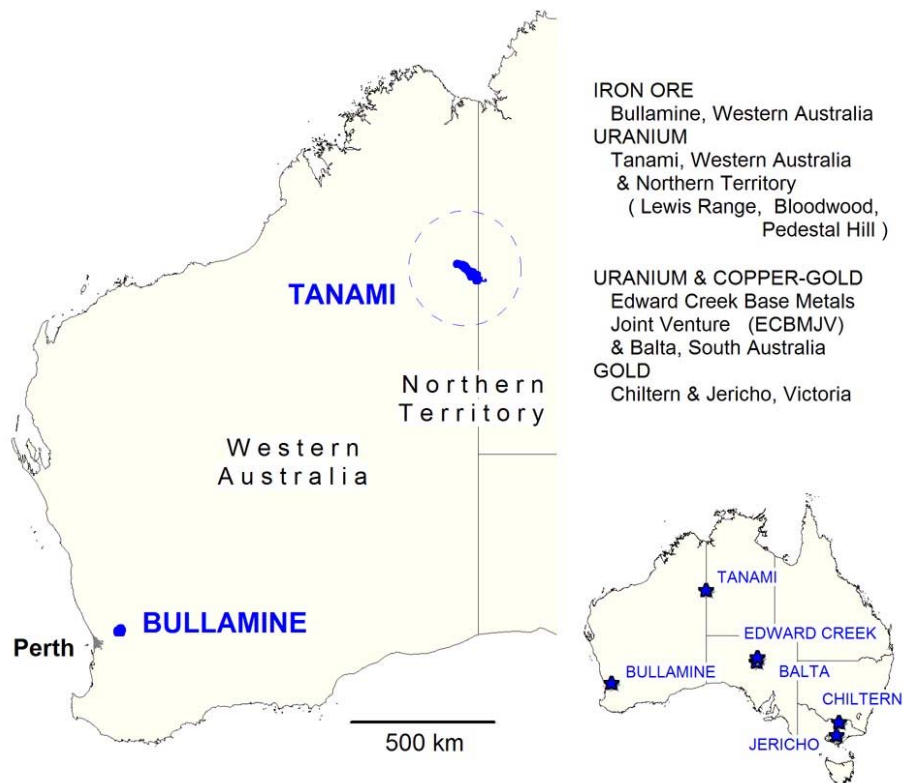
ASX Code: RLC

28 October 2008

Quarterly Report for the period ended 30 September 2008

HIGHLIGHTS

- Progress in preparation for drilling iron-ore targets at Bullamine (iron-ore, WA)
- Completion of the assessment of magnetic and radiometric data for the Western Australian part of the Tanami project (uranium, WA)



CURRENT EXPLORATION ACTIVITIES

Bullamine (WA)

Iron

RLC 100% : E70/2846, E70/3152, E70/3153, ELA70/3462

RLC 100% Bulla JV (provides interest in iron only) (E70/2719 & E70/2720)

Drilling at two targets is expected to commence in November.

Work at Bullamine is exploring for near surface iron mineralisation to 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% U₃O₈ JV (ELs 80/3706, 3707, 3708 & ELA 80/3939) (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.

During the period a meeting arranged by the Central Land Council enabled the Company to describe its planned work to Traditional Landowners whose consent must be obtained prior to our application for EL 24885 being granted.

Radiometric and magnetic data was compiled, evaluated and related to known geology for the Western Australian areas. Ground inspection and a limited defined electromagnetic survey are considered warranted as the next phase of investigation. A similar compilation and evaluation process is underway for the areas in the Northern Territory.

Edward Creek (SA)

Uranium, Copper, Gold

RLC 62% ECBMJV (ELs 3250, 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.

Heritage surveys were conducted during the period in preparation for drilling uranium targets. The targets were interpreted during prior report periods on a possible reduction/oxidation ("REDOX") boundary identified in EM data.

Drilling at the Santorini gravity anomaly (iron-oxide copper-gold-uranium or IOCG-U target), originally scheduled for last year, 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.

The provisional work program including diamond drilling to test the Santorini target and RC drilling to investigate the uranium targets described above remains under review by the JV partners.

Balta (SA)

Uranium

RLC 100% (excluding diamonds) Balta EL 3505

Heritage surveys were conducted during the period in preparation for drilling uranium targets. The targets were interpreted during prior report periods on a possible reduction/oxidation ("REDOX") boundary identified in EM data.

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.

Chiltern (VIC)

Gold

RLC 100% : ELs 3032, 3281, 3376

No work was conducted at the Chiltern project during the report period.

Subsequent work will focus on investigating the potential for mining remnant placer gold from the deep leads previously mined in the late 1800s and early 1900s.

The Chiltern Project covers approximately 230 km² 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.

Jericho (VIC)

Gold

RLC 100% : EL 3208

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

The tenement area is within a water catchment area and subject to seasonal closure from 1 May to 31 October.

Diamond drilling prior to the closure successfully identified the continuation of a quartz reef structure below historic workings.

The zones of intersection under investigation are structurally analogous with the setting of the Cohen's Reef Mine (which produced more than 1.4 M oz gold) located about 40 kilometres to the south of Victor.

FORTHCOMING ACTIVITIES

The following activities are planned :-

| Project | Activity Planned | Timetable |
|--|---|--------------------------------|
| Bullamine <i>Iron</i> | Regulatory approvals for planned drilling are expected to be received in time to enable drilling to proceed in November. Access negotiations with additional land owners will continue. Airborne magnetic survey is planned following grant of E70/3462). | Ongoing (drilling in Dec Q) |
| Tanami <i>Uranium</i> | Continue negotiations for grant of tenements (ELA 80/3939 and ELA 24885) and access. Continue desktop studies. | Ongoing |
| Edward Creek <i>Uranium, copper, gold</i> | Drill test (diamond) Santorini (U,Cu,Au) – dependent on water supply. Drill test (RAB / RC) selected uranium targets. | TBD TBD |
| Balta <i>Uranium</i> | Drill test selected uranium targets. | TBD |
| Chiltern <i>Gold</i> | Literature review of the deep lead gold deposits at Chiltern and their potential to be re-mined. Review of geophysical data. | Dec Q |
| Jericho <i>Gold</i> | Seasonal closure of water catchment until 1 November. | TBD |

All exploration activities are subject to contractor availability.

TBD = to be determined

For further information, please contact:

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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 2008

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter | Year to date (3 months) |
|---|-----------------|-----------------------------|
| | \$A'000 | \$A'000 |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration and evaluation | (85) | (85) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (107) | (107) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 44 | 44 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) – Net GST /PAYG paid(received/recovered) | 29 | 29 |
| Net Operating Cash Flows | (119) | (119) |
| 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) | (119) | (119) |

+ See chapter 19 for defined terms.

| | | | |
|------|---|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (119) | (119) |
| | 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) – GST adjustment on equity raising | (17) | (17) |
| | Net financing cash flows | (17) | (17) |
| | Net increase (decrease) in cash held | (136) | (136) |
| 1.20 | Cash at beginning of quarter/year to date | 2,719 | 2,719 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 2,583 | 2,583 |

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 (net of GST) | 112 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

| | \$000's |
|---|---------|
| Payment of salaries and director fees to directors | 56 |
| Payments to director related entities for other professional fees and charges provided to Reedy by those entities in relation to exploration or other activities of Reedy | 56 |

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

+ 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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 550 |
| 4.2 Development | - |
| Total | 550 |

In addition to the above exploration cost the Company estimates it will incur in the next quarter office and administration expenses of \$100,000

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 | 36 | 28 |
| 5.2 Deposits at call | 2,457 | 2,601 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | | |
| Deposits lodged as security for tenement bonds | 90 | 90 |
| Total: cash at end of quarter (item 1.22) | 2,583 | 2,719 |

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 | | | | |
| 6.2 Interests in mining tenements acquired or increased | E80/3860 | Granted tenement | 100% application | 100% |

+ 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> | - | - | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | | |
| 7.3 +Ordinary securities | 48,600,000 | 38,805,330 | | |
| 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> | - | - | | |
| 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 | - | - | | |
| 7.9 Exercised during quarter | - | - | | |
| 7.10 Expired during quarter | - | - | | |
| 7.11 Debentures <i>(totals only)</i> | - | - | | |
| 7.12 Unsecured notes <i>(totals only)</i> | - | - | | |

+ See chapter 19 for defined terms.

Table 1 – Options on Issue at 30 September 2008

| Number of Options | Exercise Price | Expiry Date |
|----------------------|----------------|------------------|
| 876,260 | \$0.50 | 31 December 2008 |
| 2,600,000 | \$0.30 | 30 November 2009 |
| 876,620 | \$0.50 | 31 December 2009 |
| 1,850,000 | \$0.20 | 31 December 2010 |
| 2,500,000 | \$0.50 | 31 March 2012 |
| 6,000,000 | \$0.30 | 30 April 2012 |

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:
(Director/Company secretary)

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.