



ASX Release

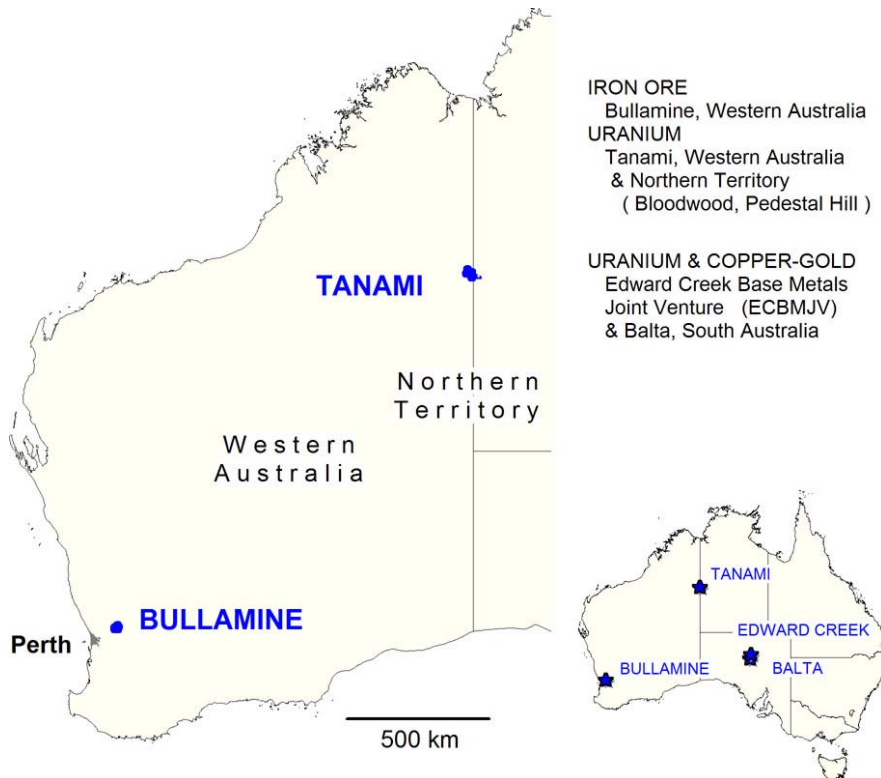
ASX Code: RLC

July 2009

Quarterly Report for the period ended 30 June 2009

SUMMARY

- ❑ Results of test work on selected intervals of weathered near-surface Banded Iron Formation rocks indicated potential for production of magnetite concentrates from shallow depths at the Bullamine iron project, WA
- ❑ Drilling at uranium targets was commenced at the Edward Creek and Balta projects in South Australia
- ❑ Several exploration projects were assessed but no new project was acquired or commenced during the period.



CURRENT EXPLORATION ACTIVITIES

Bullamine (WA)

Iron

RLC 100% : E70/2846, ELA70/3462

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

Favourable results were received from test work on iron recoveries achievable from weathered near-surface Banded Iron Formation ("BIF") at Cleansweep. Investigations focussed on testing 4 types of weathered rock intersected in the upper sections of bore holes drilled by the Company last November.

Composites of 8 to 9 metre intervals of reverse-circulation drill-chips were screened. Magnetic fractions were separated from the respective screen fractions by hand-magnet and heavy minerals were separated from the non-magnetic residues by manual panning.

Comparatively high-Fe, low-SiO₂ concentrates were magnetically separated from the partially oxidised BIF sample. Results indicate that by crushing the BIF to less than 1 millimetre prior to magnetic separation, the concentrates would grade greater than 60% Fe and less than 10% SiO₂. Magnetic separation was, however, relatively ineffective on the 3 other weathered rock types tested and panning yielded only trace to minor amounts of lower Fe concentrates from all 4 samples. Whether or not such concentrates could be marketable depends on a number of factors including whether appropriate Fe, Si and Al grades can be achieved.

Previous testing, reported in the March Quarter, showed concentrates with greater than 69% Fe, less than 2% SiO₂, less than 2% Al₂O₃ and less than 0.005% P could be produced from fresh (ie unweathered) BIF at Cleansweep.

The vertical depth to the base of oxidation (ie fresh rocks) in the 13 bores drilled at Cleansweep ranged from 20 metres to more than 53 metres and substantial pre-stripping would be required if saleable products are limited to fresh rock. However, the testing during the report period indicates high grade concentrates could be extracted from partially oxidised BIF. If further processing can produce a saleable product from these concentrates then income could be established before fresh-rock was accessed. This could substantially enhance the commercial potential of the deposit.

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 existing rail service and short distance, 90 kilometres, to bulk cargo facilities at Fremantle Ports' Kwinana facility south of Perth are significant attributes of the project.

Tanami (NT/WA)

Uranium

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

Landowners indicated they will allow RLC to mine on their land. A draft Exploration Access agreement setting out terms and conditions under which RLC would be permitted to explore and mine uranium and gold on ELA 24885 (NT) was received from the Central Lands Council, on behalf of the Aboriginal owners of the land. RLC is reviewing the terms and conditions proposed and is both hopeful that commercial terms can be agreed and grateful that the land owners are prepared to give their consent to mining on their land.

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.

Edward Creek (SA) Uranium, Copper, Gold
RLC 100% (excluding diamonds) (ELs 3250, 3886)

The Edward Creek project is exploring for uranium and for copper-gold-uranium mineralisation on the north eastern margin of the Gawler Craton in South Australia.

During the period the ECBMJV joint venture between RLC, Wallaby Resources Pty Ltd and Eromanga Hydrocarbons NL was terminated and all interests in the ECBMJV were forfeited to RLC on 9 June 2009.

The termination of the joint venture is being disputed by Wallaby and Eromanga.

A work program including diamond drilling to test the Santorini gravity anomaly (iron-oxide copper-gold-uranium or IOCG-U target), and mud drilling to investigate uranium targets associated with an interpreted reduction/oxidation ("REDOX") boundary identified in EM data, had been under review by the ECBMJV since mid 2008 as reported in quarterly activity reports since the June 2008 quarter.

It had been hoped that a drill programme conducted by RLC on its nearby Balta project could be expanded to include the proposed drilling on the Edward Creek project. However, the absence of any agreed funding from the ECBMJV precluded any expansion of the programme by the time the ECBMJV was terminated.

No drilling was conducted on the project area during the report period, but 2 mud holes (178 metres) investigated a uranium target on EL 3250 in early July. An announcement to ASX in relation to results from this drilling was made on 10th July 2009.

Balta (SA) Uranium
RLC 100% (excluding diamonds) Balta EL 3505

Drilling (mud) commenced at a uranium target, interpreted during prior report periods as a possible reduction/oxidation ("REDOX") boundary identified in EM data. Down hole gamma logging detected a low tenor but anomalous response in sediments lying on an unconformity at a depth of about 60 metres below ground surface. Drilling in the same period by joint venture partner DiamondCo (which holds the diamond rights) intersected the same sedimentary layer at sites located 8 kilometres away. Field scintillometer measurements of samples recovered from the layer in the DiamondCo bore holes recorded low tenor uranium anomalism.

RLC drilled a total of 4 holes (337 metres) across the interpreted REDOX boundary, one during the report period and 3 holes drilled in early July.

Analysis of drill cuttings and interpretation of the results is expected during the subsequent reporting period.

Exploration at Balta is targeting uranium mineralisation which may be precipitated and concentrated along unconformities and paleodrainage channels within and at the base of Mesozoic sedimentary sequences throughout the tenement area.

COMMENT

At 30 June 2009 RLC had \$2.13 M in bank deposits and no debt. Net cash out flow for the June 2009 quarter was \$125,000.

RLC's strategy in the current market conditions is to focus on establishing a cash flow from operations. Bullamine remains the Company's most promising opportunity to establish a cash flow and is accordingly receiving the most attention. Assessment of other additional projects with potential to generate early cash flow is continuing.

FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Bullamine <i>Iron</i>	Ground magnetic surveys previously planned have been delayed and will be completed subject to seasonal access restrictions. Drilling	Dec Q
Tanami <i>Uranium</i>	Continue negotiations for grant of EL 24885.	Ongoing
Edward Creek <i>Uranium, copper, gold</i>	Drill WK70 (uranium target) Interpret results from the Winter 2009 Drill programme. Drill test a uranium target on EL 3886 Drill test (diamond) Santorini (U,Cu,Au)	Jul Aug TBD TBD
Balta <i>Uranium</i>	Interpret results from the Winter 2009 Drill programme.	Aug
New Project Development		Ongoing

All exploration activities are subject to contractor availability.

TBD = to be determined

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 2009

Consolidated statement of cash flows

		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	42
1.2	Payments for (a) exploration and evaluation	(58)	(384)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(107)	(343)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	15	116
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)	-	-
		(150)	(569)
Net Operating Cash Flows			
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)	(150)	(569)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(150)	(569)
	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)
	Net financing cash flows	-	(17)
	Net increase (decrease) in cash held	(150)	(586)
1.20	Cash at beginning of quarter/year to date	2,283	2,719
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,133	2,133

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)	51
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	25
	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	26

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 (assuming the drilling planned at Bullamine proceeds)	180
4.2 Development	-
Total	180

In addition to the above exploration cost the Company estimates it will incur in the next quarter office and administration expenses of \$ 76,000

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	38	54
5.2 Deposits at call	1,015	2,114
5.3 Bank overdraft		-
5.4 Other (provide details)		
Term deposits (1 year maturity)	1,000	
Deposits lodged as security for tenement bonds	80	90
Total: cash at end of quarter (item 1.22)	2,133	2,258

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	EL 3250 EL 3886	Prior joint venture terminated Prior joint venture terminated	62% 62%	100% 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	48,600,000		
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 June 2009

Number of Options	Exercise Price	Expiry Date
2,600,000	\$0.30	30 November 2009
876,620	\$0.50	31 December 2009
1,850,000	\$0.20	31 December 2010
1,850,000	\$0.20	31 December 2011
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: 30 July 2009
(Director)

Print name: GEOFF 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.