



ASX Release

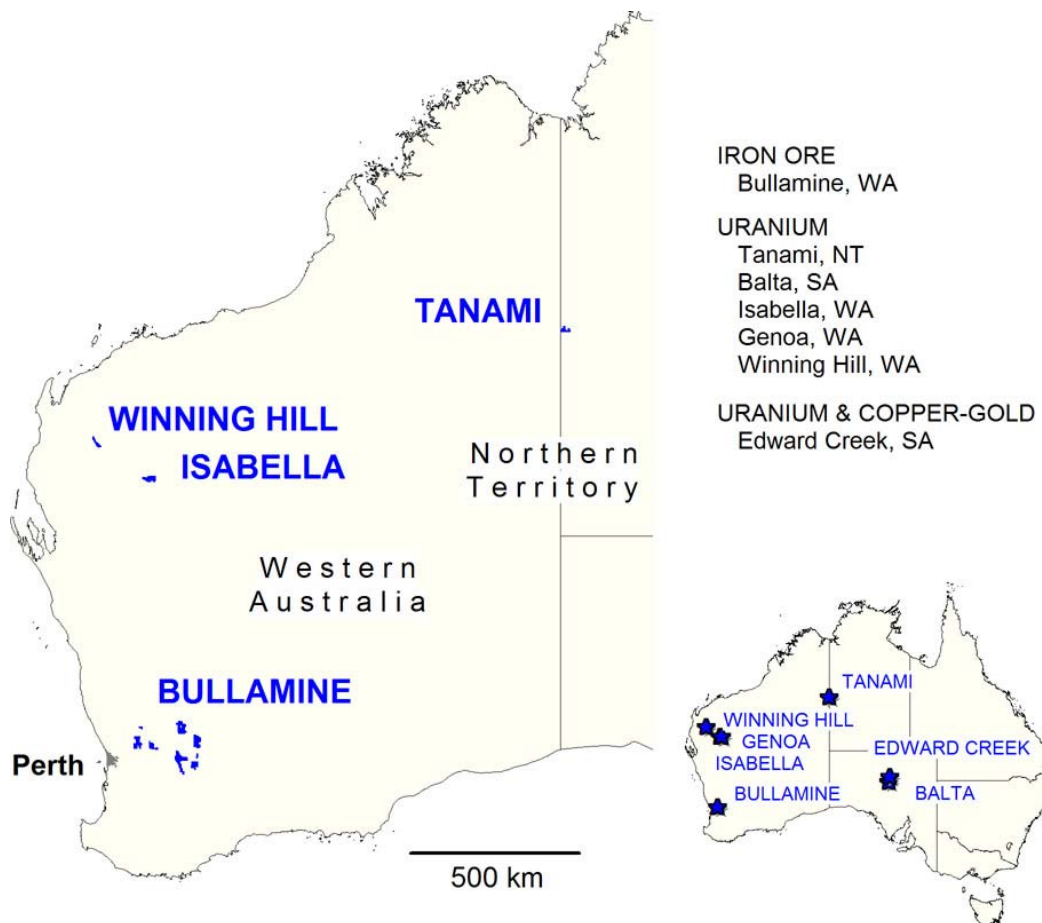
ASX Code: RLC

28 January 2010

Quarterly Report for the period ended 31 December 2009

SUMMARY

- Expansion of Bullamine iron-ore project with 3,150 km² now under tenure and application
- Commencement of Isabella and Winning Hill uranium projects in the Gascoyne region of WA
- Corporate:
 - \$1.8 M cash on deposit (nil debt) at 31 December 2009
 - 48.6 M issued shares (13.85 M options, average excise price 30 cents)
 - \$2.9 M market cap (\$3.7 M fully diluted, at 6 cents per share on 25 January 2010)



CURRENT EXPLORATION ACTIVITIES

Bullamine (WA)

Iron

RLC 100% : E70/2846, ELA70/3462, ELAs: 70/3766, 70/3767, E70/3768, E70/3769, E70/3770, E70/3771, E70/3772, E70/3773 & E70/3774

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

Tenement applications, prepared during the quarter and lodged in early January, have increased the Company's tenure for the Bullamine project, granted and under application, to 3,150 km².

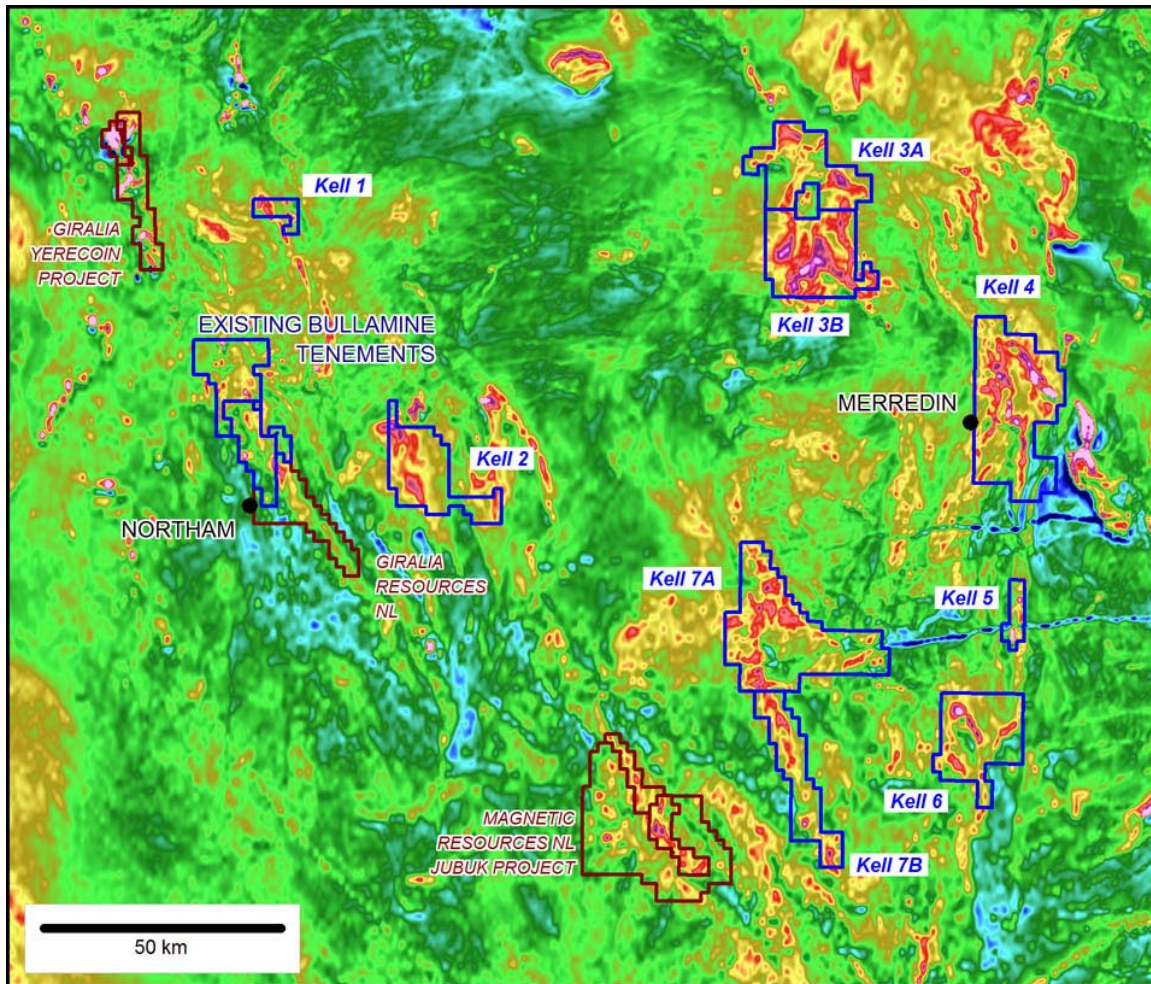


Figure 1. Reedy Lagoon Corporation Limited tenements (including RLC's applications over KELL 1 to 7) in the Northam area in south west of WA are shown in blue outline. Tenements are shown draped over regional magnetic data (in places at 1.7 km line spacing). Other projects exploring for magnetite in the area include Yerecoin (Giralia Resources NL (ASX:GIR)) and Jubuk (Magnetic Resources NL (ASX:MAU)).

The applications secure the majority of the larger magnetic anomalies evident in regional magnetic data within 150 kilometres of the Company's existing Bullamine tenements. Within this region, two other companies exploring for magnetite iron-ore (see figure 1), have reported analyses of magnetite samples of similar high quality and grade as has been identified at RLC's Cleansweep prospect (ASX release 16 April 2009). Notably, Giralia Resources NL has reported favourable liberation characteristics of the magnetite from its Yerecoin Project where it identifies good separations at 100 micron and 150 micron grind sizes (refer Yerecoin Project description on www.giralia.com.au). RLC's investigations of the

liberation characteristics of the magnetite at Cleansweep identified good separation at 500 micron (refer table 1). These are important developments as they show that the high quality magnetite we have identified at Cleansweep, including the liberation characteristics, is not an isolated occurrence and may be common to other magnetite deposits in the region.

Bore hole	Weight recovered	Total Fe recovered %	Sample grind size micron	% in concentrate - DTR					
				Fe %	SiO2 %	Al2O3 %	TiO2 %	P %	S %
BCS-06	46.3%	88.4%	500	69.1	2.4	1.0	0.3	0.003	0.004
BCS-06	48.0%	88.7%	250	69.1	2.4	1.0	0.4	0.004	0.004
BCS-06	44.8%	87.7%	106	70.1	1.3	0.9	0.3	0.002	0.004
BCS-06	45.2%	89.7%	75	70.1	1.2	0.9	0.3	0.002	0.004
BCS-06	43.8%	90.5%	45	70.0	1.3	1.0	0.3	0.002	0.008

Table 1. Davis Tube Recovery (“DTR”) tests conducted at grind sizes ranging from 500 micron to 45 micron on a sample of core recovered from the Cleansweep target. Results demonstrate that relatively coarse grind sizes (80% passing 500 micron) are sufficient to liberate magnetite. (Assay by XRF, ALS Chemex, Samples from interval 42 – 50 m bore hole 6, E70/2719).

The Company completed its investigations for iron mineralisation on E70/2720 and gave notice to its joint venture partner that it does not intend at this stage conducting further work on the tenement. The Company’s rights to iron within E70/2720 are not affected by this action. In addition, assessment of the Cleansweep target determined that sufficient mineralisation for economic extraction was unlikely to be present at the target.

Work planned at Bullamine includes preliminary drilling at the Bollo targets (figure 2). Land owner approval for exploration and if applicable mining, has been obtained. Commencement of the drilling is conditional on grant of application E70/3462 (pending) and contractor availability. Additional planned drilling at the Olive prospect (E70/2856) will proceed if land owner consent is obtained.

Processing and interpretation of open file airborne magnetic survey data covering the Kell 3 and Kell 7A areas is being undertaken during the March quarter.

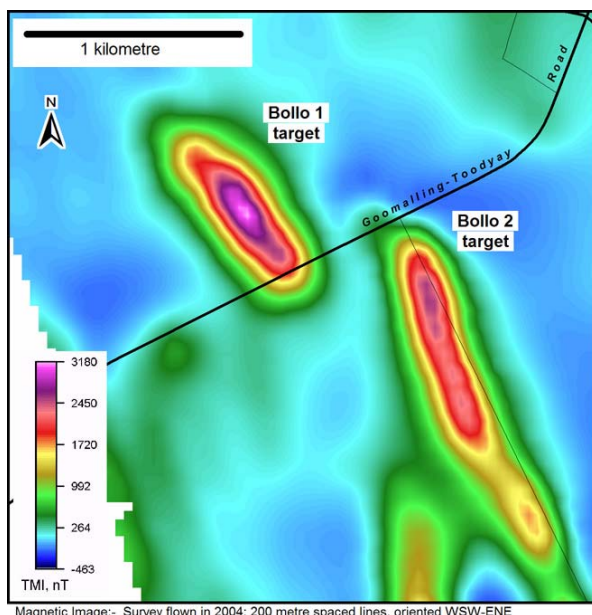


Figure 2. Bollo targets, evident in 200 metre line spaced magnetic data. Preliminary drilling is planned.

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 from a number of pits. 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 & Gold

RLC 100% : ELA 24885

No work was directed towards the Tanami project during the quarter.

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. Gold is a secondary target.

Isabella (including Genoa) (WA)

Uranium

RLC 100% : ELAs E09/1702 & E09/1715

The Isabella project was initiated during the period (ASX releases 6 Oct & 2 Nov 2009).

The project area contains folded Edmund Group ("Bangemall Basin") rocks, unconformably overlying Gascoyne Complex gneissic, granitic and metasedimentary basement. The basement is known to be uranium-bearing. Some carbon-rich stratigraphy in the Edmund Group is anomalous in uranium. RLC believes there may be potential for economic uranium mineralisation where this stratigraphy is affected by favourable deformation structures, such as folding, faulting or shearing, which may have provided pathways for and/or trapped circulating uranium rich fluids proximal to the reducing carbonaceous environment. The company believes the geology may be analogous to that of the Rum Jungle Mineral Field in the Northern Territory, where several uranium deposits occur at similar junctions of structures and carbonaceous stratigraphy.

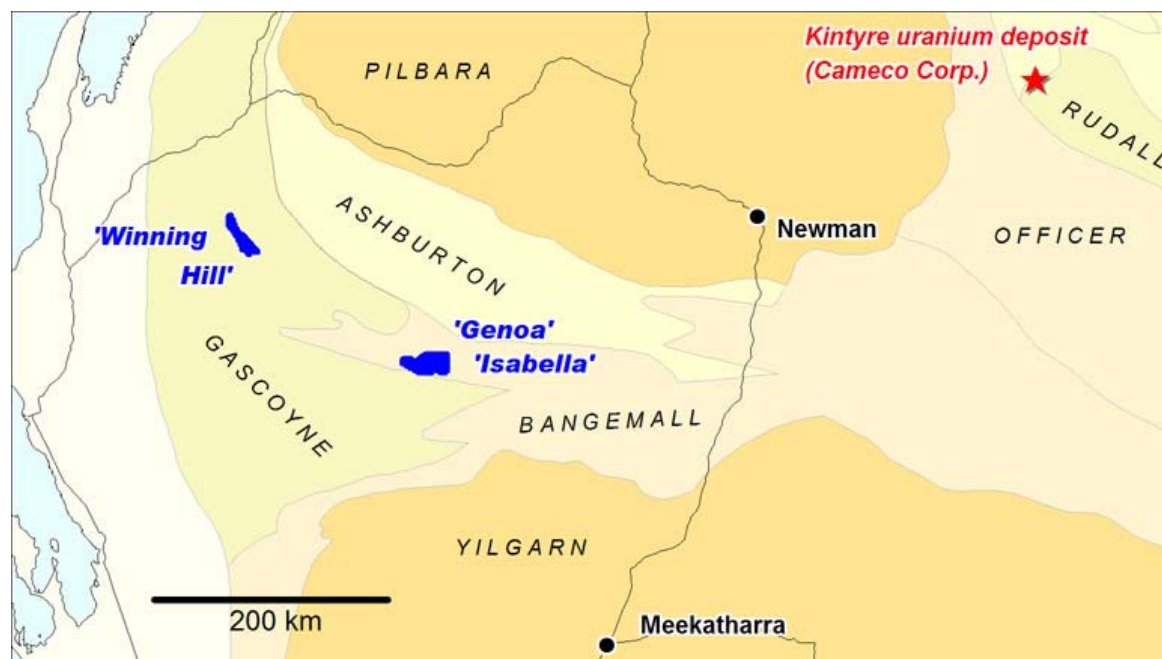


Figure 3: Winning Hill and Isabella (including Genoa) uranium projects.

Exploration, mainly for base metals, has been conducted in the region by WMC, BHP Minerals and Rio Tinto. Substantial geophysical data, including from airborne magnetic, radiometric and EM surveys acquired by the previous explorers, are available for the project area. These survey data will be used to assist in developing RLC's uranium targets. Whilst most of the prior exploration was directed towards zinc, some sample analyses were multi-element and included uranium. Results currently being followed up include reports detailing rock-chip (grab) samples up to 105 ppm uranium and anomalous drill intercepts up to 20 metres at 45 ppm uranium (including 2 metres at 125 ppm).

Winning Hill (WA)

Uranium

RLC 100% : ELA E08/2073

The Wining Hill project was initiated during the period (ASX release 6 Oct 2009).

The project area covers similar stratigraphy as is present at Isabella. The rocks form a large tightly folded inlier in Gascoyne Complex basement. It was explored for unconformity-related uranium by Nord Resources (Pacific) Pty Ltd in the period 1980-1982 and in joint venture with CRA in 1981-1982. The principal target reported on by Nord-CRA was beneath surface uranium anomalism where a major oblique transcurrent fault juxtaposes Edmund Group rocks with Gascoyne Complex basement. Nord considered its drilling to have defined an anomalous zone 300 metres long and up to 30 metres wide in depleted weathered rocks. Deeper drilling by CRA targeted unweathered rocks, but failed to penetrate the fault zone. RLC believes that this drilling may have targeted the wrong area of faulted stratigraphy and the more prospective area may be the intersection of the faulting with specific carbonaceous strata. Typical "Athabasca Basin style" uranium mineralisation is associated with carbonaceous or graphitic material where faulting cuts the unconformity between younger strata and older basement rocks.

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.

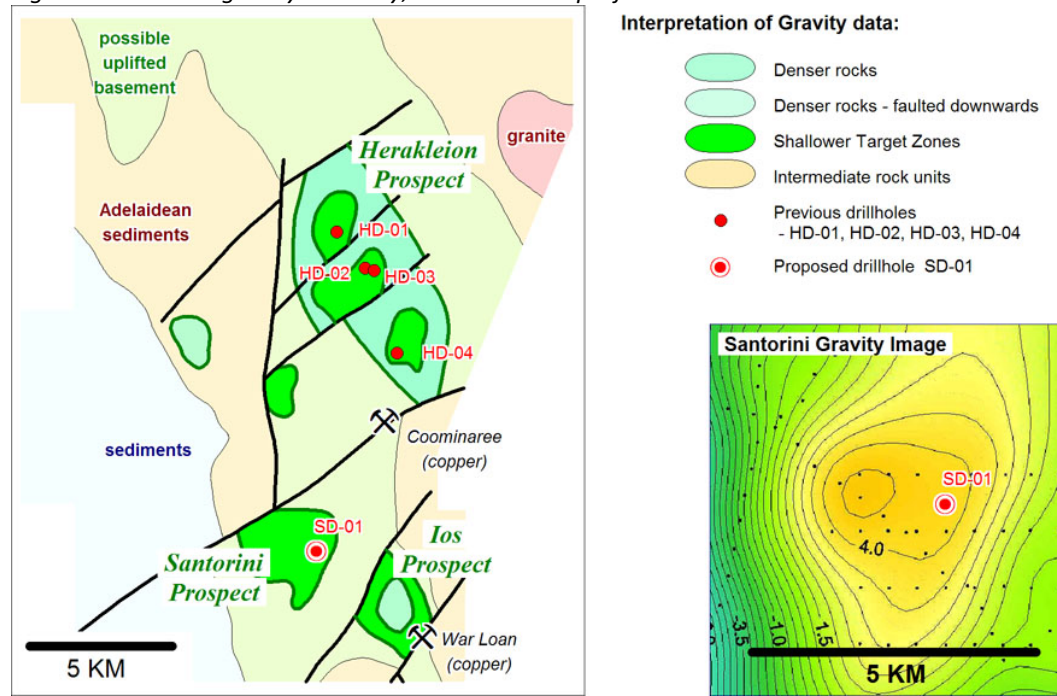
Anomalous responses in borehole gamma surveys reported by a third party exploring the area prior to RLC's tenure were investigated during the period. Scintillometer survey of the core identified a low tenor uranium response associated with a 3 metre thick sandstone layer. Sampling of the anomalous core has been initiated since the end of the quarter to obtain uranium assays for the interval.

Appraisal of the results from the drilling conducted in July has been completed. Weakly elevated uranium was observed associated with the base of weathering intersected in two holes which investigated a conductor interpreted in electromagnetic (EM) data. The results do not indicate further work is warranted investigating uranium mineralisation associated with the conductor.

There has been no resolution of the dispute over termination of the Edward Creek Base Metal Joint Venture. RLC maintains its view that the joint venture has been terminated.

A deep diamond hole (850 m) is planned to commence in March/April to test the Santorini gravity anomaly (iron-oxide copper-gold-uranium or IOCG-U target).

Figure 4: Santorini gravity anomaly, Edward Creek project.



Balta (SA)

Uranium

RLC 100% (excluding diamonds) Balta EL 3505

Results of recent drilling do not indicate the existence of the interpreted REDOX boundary. Several minor variations in borehole gamma surveys were checked with a scintillometer which confirmed that uranium is present. However the results are not considered anomalous and no further exploration is planned at these targets.

Exploration at Balta has been 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 31 December 2009 RLC had \$1.8M in bank deposits and no debt. Net cash out flow for the December 2009 quarter was \$100,000 (\$73,000 exploration expenditure).

During the December quarter RLC was active building its exploration portfolio. The Bullamine expansion gives the project sufficient scale to attract third party interest in assisting with its development in exchange for project equity or for off-take arrangements over potential future production.

The potential value of Bullamine is enhanced by the current surge in the price of iron-ore. Spot prices are again well above recent contract prices. Rio Tinto achieved US\$0.97/dmtu (equivalent to \$US65/t for ore

at 67.5% iron) in May 2009 for sales of Pilbara Fines into Japan and Taiwan. Spot prices of \$135/t iron-ore have been reported in January 2010. Magnetite concentrate generally sells at a premium to the Pilbara Fines price.

In addition to our Bullamine expansion, RLC also gained two large scale uranium projects, each with substantial open file third party exploration data and with uranium occurrences identified for immediate follow up work.

FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Bullamine <i>Iron</i>	Interpretation of geophysical survey data for Kell 3 & Kell 7 Preliminary drilling at Bollo (ELA E70/3462).	Mar Q Mar Q
Tanami <i>Uranium</i>	Continue negotiations for grant of EL 24885.	Ongoing
Edward Creek <i>Uranium, copper, gold</i>	Drill test (diamond) Santorini (U,Cu,Au)	March/April
Balta <i>Uranium</i>	No work planned during the March quarter	
Isabella <i>Uranium</i>	Continue building data-base	Mar Q
Winning Hill <i>Uranium</i>	Continue building data-base	Mar Q
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.

Rule 5.3

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 2009

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	40
1.2	Payments for (a) exploration and evaluation	(73)	(226)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(67)	(164)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	29	37
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)	10	4
	Net Operating Cash Flows	(100)	(308)
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)	(100)	(308)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(100)	(308)
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		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(100)	(308)
1.20	Cash at beginning of quarter/year to date	1,924	2,132
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,824	1,925

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)	76
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	51

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 and the drilling at Santorini commences)	400
4.2 Development	-
Total	400

In addition to the above exploration cost the Company estimates it will incur in the next quarter office and administration expenses of \$ 95,000

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	180	62
5.2 Deposits at call	627	862
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	1,017	1,000
Total: cash at end of quarter (item 1.22)	1,824	1,924

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	E70/2846	50% reduction in area	100%	100%
6.2 Interests in mining tenements acquired or increased	E08/2073 E09/1702 E09/1715 EL 4377	Application Application Application Subsequent licence – for prior licence EL 3250	nil nil nil nil	100% 100% 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				
	Total number	Number quoted	<i>Exercise price</i>	<i>Expiry date</i>
7.7 Options <i>(description and conversion factor)</i>	1,850,000	NONE	20 cents	31 December 2010
	1,850,000		20 cents	31 December 2010
	2,500,000		50 cents	31 March 2012
	6,000,000		30 cents	30 April 2012
	1,650,000		20 cents	31 December 2012
7.8 Issued during quarter	1,650,000	NONE	20 cents	31 December 2012
7.9 Exercised during quarter	-			
7.10 Expired during quarter	2,600,000	NONE	30 cents	30 November 2009
	876,260		50 cents	31 December 2009
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

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: 28 January 2010
(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.

=====