



## ASX Release

ASX Code: RLC

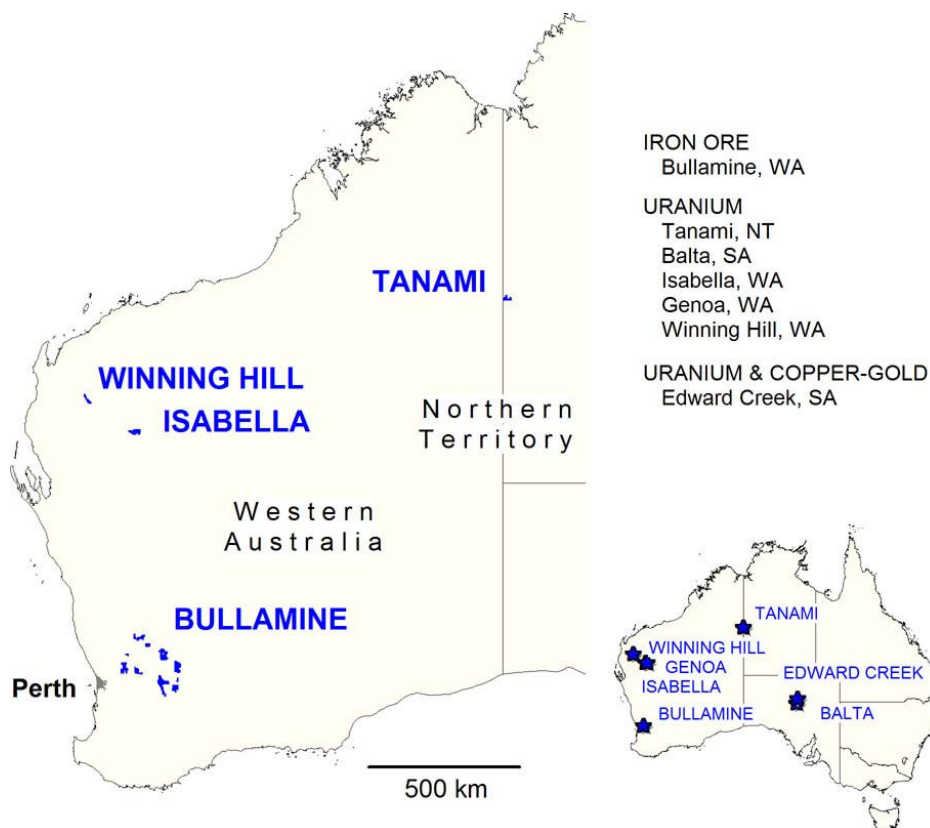
July 2010

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### Quarterly Report for the period ended 30 June 2010

#### SUMMARY

- ❑ Contracted a driller for the Santorini IOCG target (Olympic Dam type) (Edward Creek) – drilling commenced 23 July.
- ❑ Contracted a driller for the Bollo iron-ore target (Bullamine) – drilling commenced 3 July
- ❑ Gold and base metals potential identified at Kell 1, Bullamine.
- ❑ Corporate:
  - \$1.54 M cash on deposit (nil debt) at 30 June 2010
  - 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 28 July 2010)



## CURRENT EXPLORATION ACTIVITIES

### Edward Creek (SA)

### Uranium, Copper, Gold

RLC 100% (excluding diamonds) (ELs 4377, 3886) total area 684 km<sup>2</sup>

The Edward Creek project is exploring for copper-gold-uranium mineralisation on the north eastern margin of the Gawler Craton in South Australia. A contract for drilling at the Santorini iron-oxide copper-gold ("IOCG") target was executed on 29 June and drilling commenced on 23 July. The planned depth of drilling is 800 metres. Modelling of ground gravity data indicates a mass with a density of 3.0g/cc at a depth of 500 metres below surface could be present.

Prior drilling (bore hole HD-04) at the Herakleion gravity target located 7.5 kilometres to the north east of the current bore hole, intersected interpreted Paleo or Meso-Proterozoic aged basement rocks at 669 metres depth. Rocks of this age host the Olympic Dam ore-body located about 250 kilometres to the south and are therefore the target lithology for the current program.

Stream sediment sampling completed by previous explorers in the 1960s recovered anomalous copper, nickel and zinc from drainage in the vicinity of Santorini. High grade copper mineralisation in veins associated with faulting has in the past attracted small scale mining at sites located about 4.5 kilometres to the south east from Santorini.

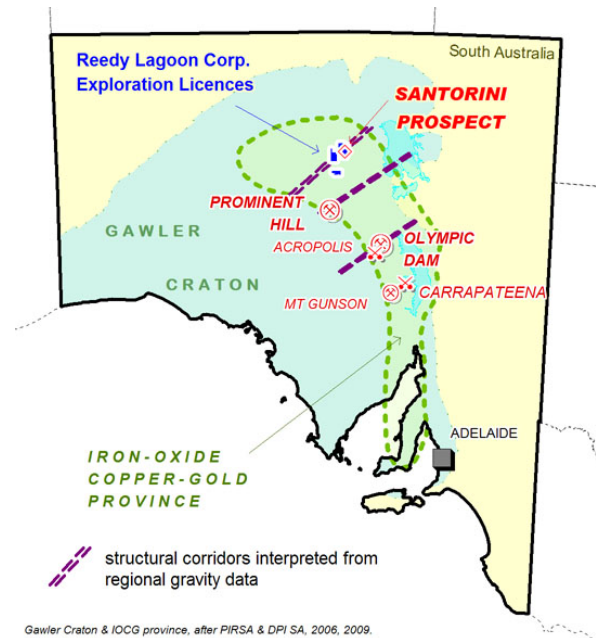


Figure 1. Santorini target, Edward Creek project.

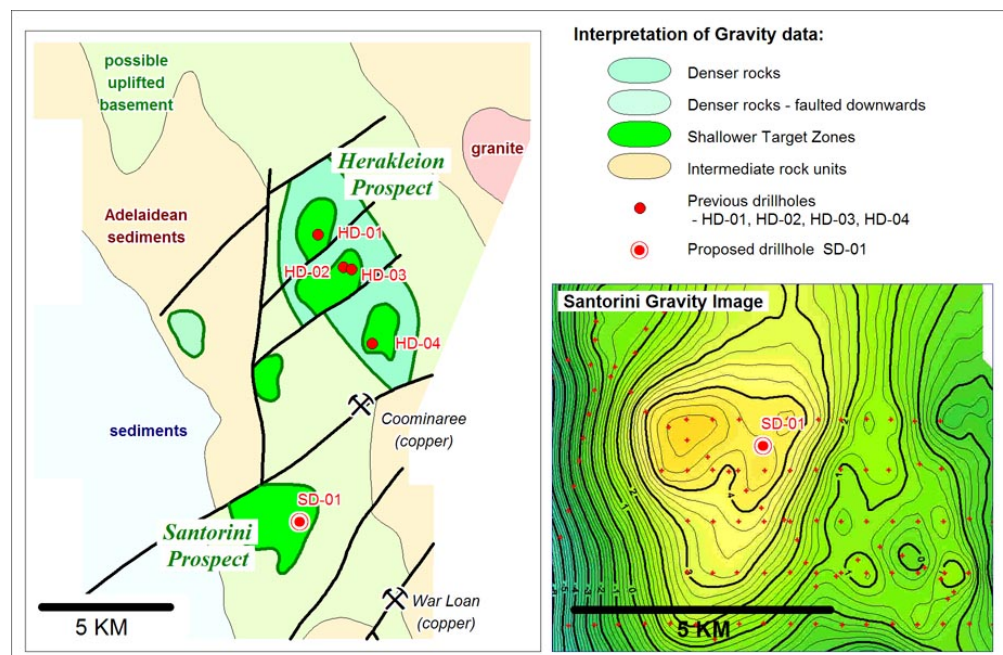


Figure 2. Gravity and structural interpretation in the vicinity of the Santorini IOCG drill target.

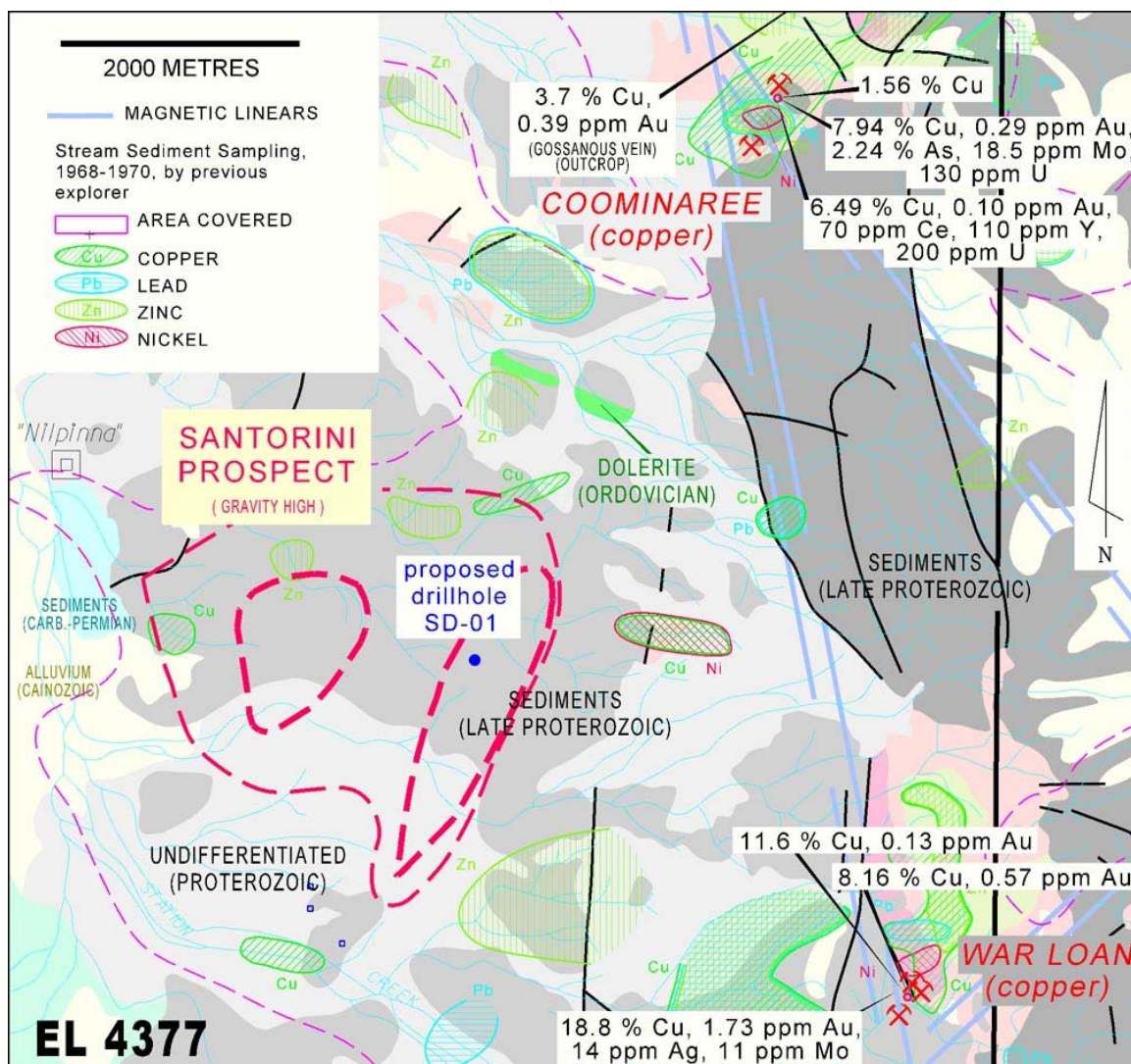


Figure 3. Stream sediment geochemistry and rock chip sampling in vicinity of Santorini drill target.

## Bullamine (WA)

## Iron

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

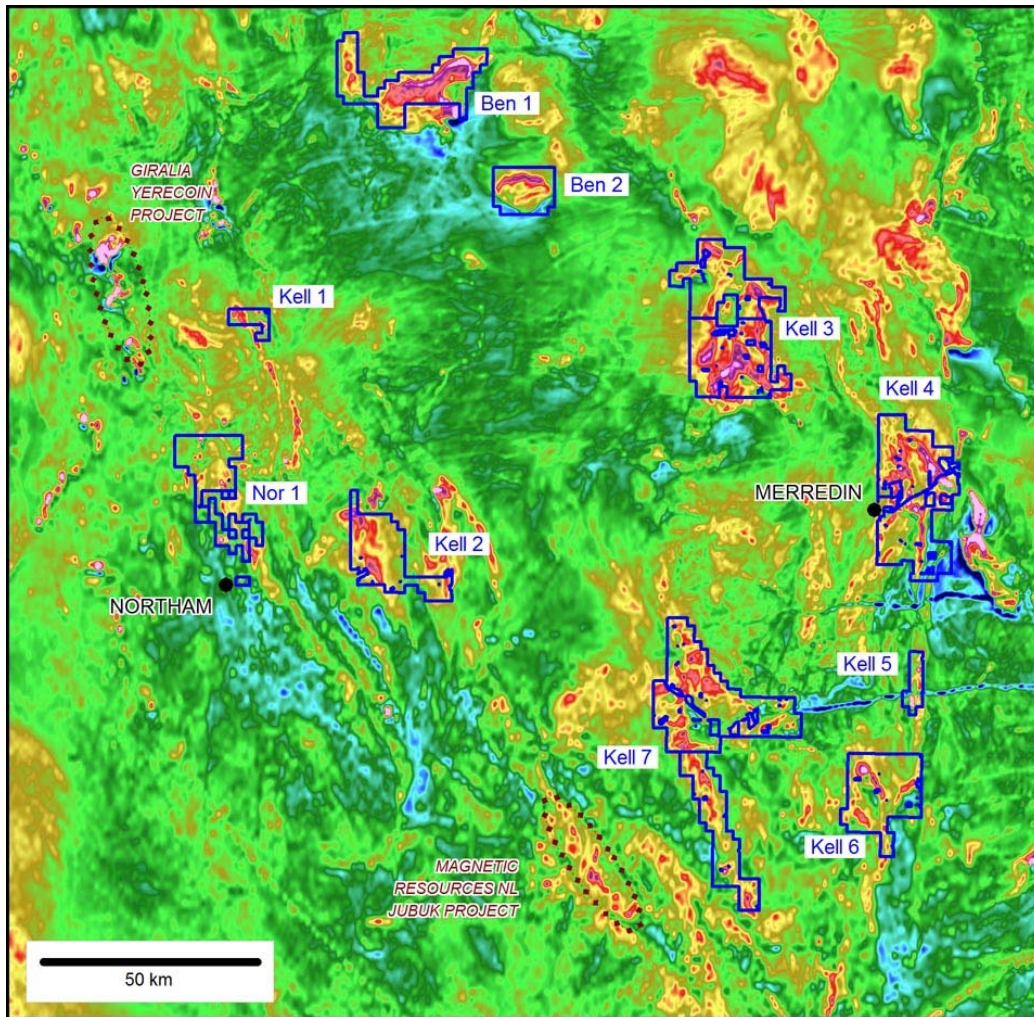
Applications: E70/3805 (Ben 1) & 3806 (Ben 2).

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

Total area 3,641 km<sup>2</sup>.

Drilling at the Bollo targets was contracted during the report period and completed in early July. Magnetite mineralisation was intersected at both targets, Bollo 1 and Bollo 2 and assay results are expected to be received during the September quarter. The Bollo 1 & 2 magnetic anomalies measure in excess of 500 metres and 800 metres strike length respectively. Early results from the drilling and outcrop suggest the mineralisation occurs from surface within a steeply dipping body of about 20 metres thickness at each target. The Bollo targets are located within the Nor 1 area and less than 5 kilometres from Cleansweep where earlier drilling has identified magnetite mineralisation of similar widths, and about 10 kilometres from the Wattening target where drilling is planned.





*Figure 4. Bullamine project tenements (including applications over Ben 1 & 2) 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 1.6 kilometre line spacing). Other projects exploring for iron-ore and shown in the area include Yerecoin (Giralia Resources NL (ASX:GIR, where a 187 Mt magnetite iron-ore resource estimate has recently been announced) and Jubuk (Magnetic Resources NL (ASX:MAU)).*

Within the Kell 1 (E70/3766) area initial investigations have identified potential for gold and base metal mineralisation whilst downgrading potential for iron-ore here. As a consequence, Kell 1 will be removed from the Bullamine project, renamed Kellcoau and explored for its copper and gold minerals. Kell 1 is located adjacent to Dominion Mining Limited's Calingiri Project where copper sulphide mineralisation has recently been intersected in 3 bore holes. One of these bore holes, at the Chapman Prospect, is located within 1,500 metres of the western boundary of Kell 1,

Initial review and interpretation of available 250 metre line spaced magnetic data for the Ben 1 and Ben 2 areas has identified several discontinuous north-south magnetic trends in the western part of Ben 1 (E70/3085) which are interpreted to be potential BIFs and therefore hold potential to be associated with iron-ore. Moderate to high amplitude magnetic anomalies are also observed forming rims to granite intrusives within both the Ben 1 and Ben 2 areas. Further work will be required to determine whether or not these magnetic features are connected to any iron occurrences.

No work was conducted during the report period at Kell 2, Kell 3, Kell 4, Kell 5, Kell 6 or Kell 7 but tenements for these areas were granted on 19 April 2010.

Work planned at Bullamine includes continued testing of samples from both the Cleansweep and Bollo magnetite deposits to determine processing options for the various iron mineral species identified. Other planned activities include gaining landowner consents to exploration and mining prior to then conducting ground exploration at the Wattenning target and other BIF targets identified within the Nor 1, Ben 1, Ben 2, Kell 3 and Kell 7 areas. Ground magnetic traversing together with detailed airborne magnetic surveys are also being planned for Kell 2, Kell 4, Kell 6 and parts of Kell 7.

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 area: 272 km<sup>2</sup>

Negotiations with the Central Land Council ("CLC") in connection with gaining access and consent to explore ELA 24885 resulted in the documentation of a draft deed for exploration which the CLC presented to the land owners in late June. If the agreement is accepted by the land owners and the Federal government the CLC will arrange execution of the deed by the CLC and RLC. Once executed, the deed will then require stamping and lodging with the state mines department in order to enable the grant of the tenement. As a consequence, it is likely that it will be late 2010 or early 2011 before a tenement is granted.

The Tanami project is located in the Northern Territory and abuts the Western Australia 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% : Tenement applications: E09/1702 & E09/1715 total area: 474 km<sup>2</sup>

No work of significance was conducted on the project during the report period.

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.

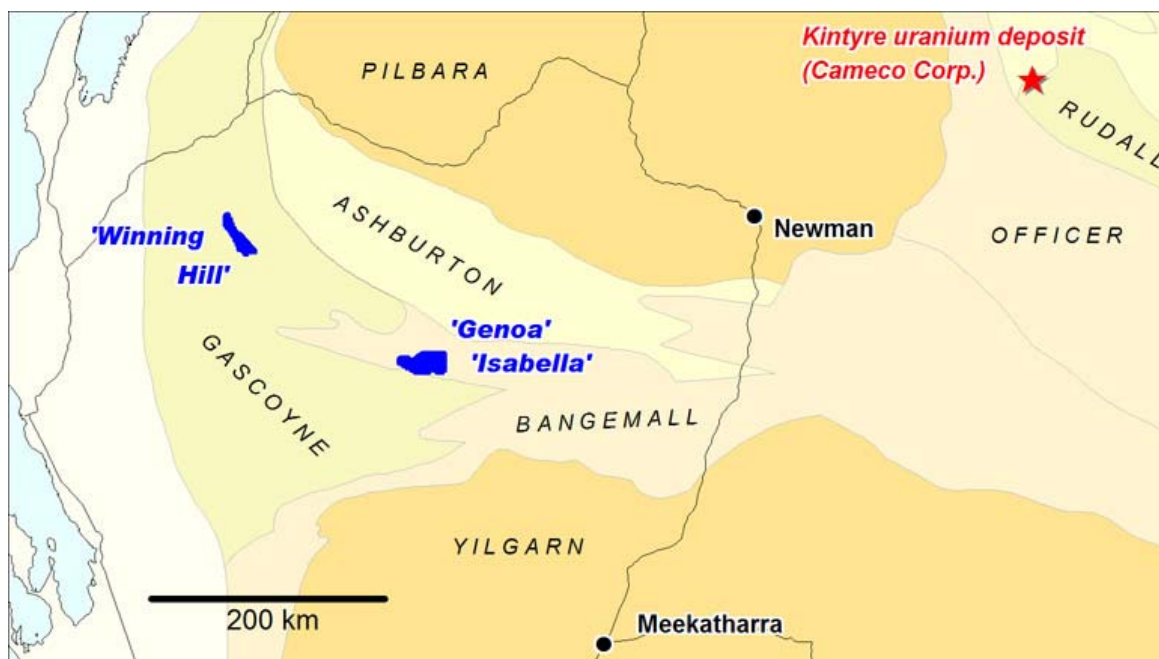


Figure 5. Winning Hill and Isabella (including Genoa) uranium projects.

## **Winning Hill (WA)**

## **Uranium**

RLC 100% : Tenement application: E08/2073 area: 217 km<sup>2</sup>

No work of significance was conducted on the project during the report period.

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 maybe 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.

## **Balta (SA)**

## **Uranium**

RLC 100% (excluding diamonds) Balta EL 3505 area: 114 km<sup>2</sup>

No work of significance was conducted on the project during the report period.

Previous exploration at Balta targeted 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. No further exploration is planned.

## COMMENT

At 30 June 2010 RLC had \$1.54M in bank deposits and no debt. Net cash out flow for the June 2010 quarter was \$89,000 (including \$37,000 of exploration expenditure).

## FORTHCOMING ACTIVITIES

The following activities are planned :-

| Project                                      | Activity Planned  | Timetable                                  |
|--|---|--|
| Edward Creek<br><i>Copper, gold, uranium</i> | Drill test (diamond) Santorini (Cu, Au, U)  | Jul/Aug                                    |
| Bullamine<br><i>Iron</i>                     | Preliminary drilling at Bollo (EL E70/3462).<br>Processing tests on samples from Cleansweep & Bollo<br>Follow-up BIF targets at Nor 1 Ben 1, Ben 2, Kell 3 and Kell 7<br>Data acquisition at Kell 2, Kell 4, Kell 5, Kell 6 | Jul<br>Sep Q<br>Sep & Dec Q<br>Sep & Dec Q |
| Kellcoau<br><i>Copper, gold</i>              | Build exploration model   | Sep Q                                      |
| Tanami<br><i>Uranium</i>                     | Continue negotiations for grant of EL 24885.  | Ongoing                                    |
| Isabella<br><i>Uranium</i>                   | Continue building data-base   | Sep Q                                      |
| Winning Hill<br><i>Uranium</i>               | Continue building data-base   | Sep Q                                      |
| Balta<br><i>Uranium</i>                      | No work planned during the Sep quarter  |  |
| New Project<br>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](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.*

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")

30 June 2010

### Consolidated statement of cash flows

|   |  | Current quarter | Year to date           |
|---|--|-----------------|------------------------|
|   |  | \$A'000         | (12 months)<br>\$A'000 |
| <b>Cash flows related to operating activities</b> |  |                 |                        |
| 1.1   | Receipts from product sales and related debtors            | 1               | 41                     |
| 1.2   | Payments for (a) exploration and evaluation                | (37)            | (433)                  |
|   | (b) development  | -               | -                      |
|   | (c) production   | -               | -                      |
|   | (d) administration   | (34)            | (198)                  |
| 1.3   | Dividends received   | -               | -                      |
| 1.4   | Interest and other items of a similar nature received      | 36              | 79                     |
| 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)                    | (13)            | (6)                    |
|   | Joint Venture dispute costs                                | (8)             | (34)                   |
| <b>Net Operating Cash Flows</b>                   |  | (89)            | (593)                  |
| <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>                   |  | -               | -                      |
| 1.13  | Total operating and investing cash flows (carried forward) | (89)            | (593)                  |

+ See chapter 19 for defined terms.



|      |  |       |       |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward)             | (89)  | (593) |
|      | <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) – GST adjustment on equity raising |       |       |
|      | <b>Net financing cash flows</b>  | -     | -     |
|      | <b>Net increase (decrease) in cash held</b>                            | (89)  | (593) |
| 1.20 | Cash at beginning of quarter/year to date                              | 1,628 | 2,132 |
| 1.21 | Exchange rate adjustments to item 1.20                                 |       |       |
| 1.22 | <b>Cash at end of quarter</b>  | 1,539 | 1,539 |

**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<br>\$A'000 |
|---|----------------------------|
| 1.23 Aggregate amount of payments to the parties included in item 1.2 (net of GST)  | 43                         |
| 1.24 Aggregate amount of loans to the parties included in item 1.10   | -                          |
| 1.25 Explanation necessary for an understanding of the transactions   |                            |
| Payment of salaries and director fees to directors  | \$000's<br>23              |
| 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 | 20                         |

**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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 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                | 0          |
| 4.3 Production                 | 0          |
| 4.4 Administration             | 60         |
| <b>Total</b>                   | <b>560</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 201                        | 9                           |
| 5.2 Deposits at call                             | 488                        | 602                         |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)<br>Term deposits     | 850                        | 1,017                       |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>1,628</b>               | <b>1,628</b>                |

## Changes in interests in mining tenements

|   | Tenement<br>reference  | Nature of interest<br>(note (2))  | Interest at<br>beginning<br>of quarter                               | Interest<br>at end of<br>quarter                                     |
|---|--|---|--|--|
| 6.1 Interests in mining<br>tenements relinquished,<br>reduced or lapsed | E70/2719<br>E70/2720   | 50% reduction in area<br>50% reduction in area  | 100%<br>100%   | 100%<br>100%   |
| 6.2 Interests in mining<br>tenements acquired or<br>increased           | E70/3766<br>E70/3767<br>E70/3768<br>E70/3769<br>E70/3770<br>E70/3771<br>E70/3772<br>E70/3773<br>E70/3774 | Granted<br>Granted<br>Granted<br>Granted<br>Granted<br>Granted<br>Granted<br>Granted<br>Granted | 100%<br>100%<br>100%<br>100%<br>100%<br>100%<br>100%<br>100%<br>100% | 100%<br>100%<br>100%<br>100%<br>100%<br>100%<br>100%<br>100%<br>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)<br>(cents)         | Amount paid up per security (see note 3)<br>(cents)  |
|--|---|---------------|--|--|
| 7.1 <b>Preference<br/>+securities</b><br><i>(description)</i>  | -   | -             |  |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | -   | -             |  |  |
| 7.3 <b>+Ordinary securities</b>  | 48,600,000  | 48,600,000    |  |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | -   | -             |  |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | -   | -             |  |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |   |               |  |  |
|  | Total number  | Number quoted | <i>Exercise price</i>                                    | <i>Expiry date</i>   |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 1,850,000<br>1,850,000<br>2,500,000<br>6,000,000<br>1,650,000 | NONE          | 20 cents<br>20 cents<br>50 cents<br>30 cents<br>20 cents | 31 December 2010<br>31 December 2011<br>31 March 2012<br>30 April 2012<br>31 December 2012 |
| 7.8 Issued during quarter  |   |               |  |  |
| 7.9 Exercised during quarter   |   |               |  |  |
| 7.10 Expired during quarter  |   |               |  |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |   |               |  |  |
| 7.12 <b>Unsecured notes</b> <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: 29 July 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.

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