



# ASX Release

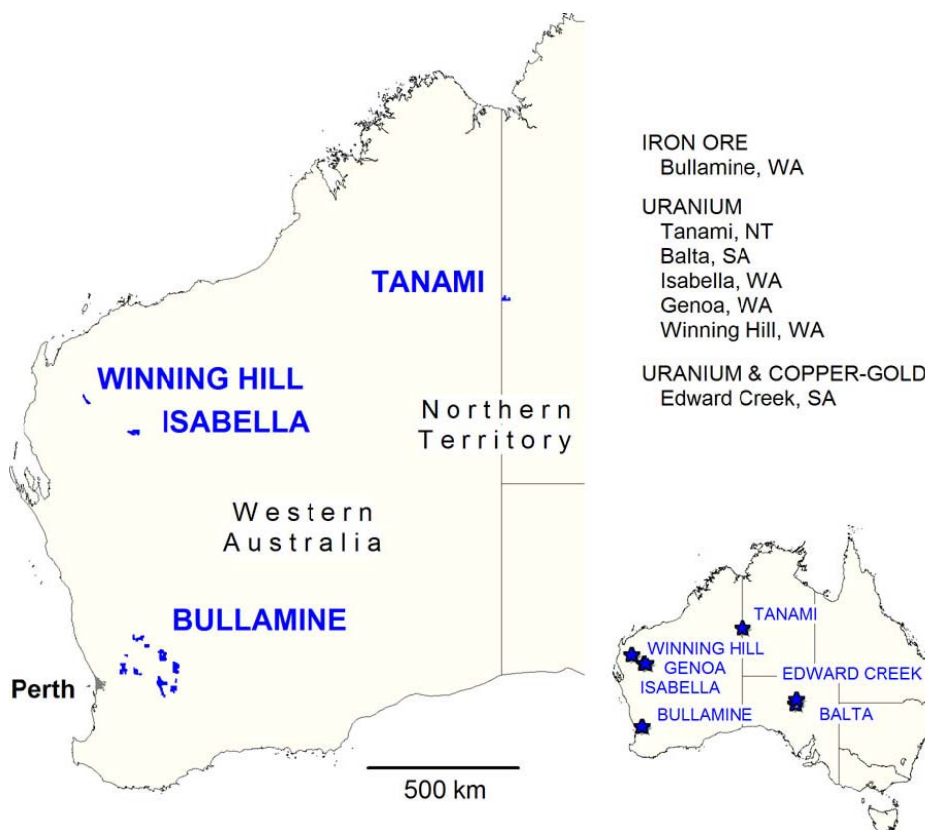
ASX Code: RLC

September 2010

## Quarterly Report for the period ended 30 September 2010

### SUMMARY

- Uranium and Rare Earth Element (“REE”) mineralisation was discovered at the new Victory prospect (Edward Creek, SA)
- Diamond drilling was completed at the Santorini IOCG target. No significant mineralisation was identified from drill results (Edward Creek, SA).
- Drilling has intersected magnetite (iron) mineralisation at the Bollo iron-ore targets (Bullamine, WA).
- Corporate:
  - \$1.09 M cash on deposit (nil debt) at 30 September 2010
  - 48.6 M issued shares (13.85 M options, average exercise price 30 cents)
  - \$ 8.0 M market cap (\$10.3 M fully diluted, at 16.5 cents per share on 28 October 2010)



## **CURRENT EXPLORATION ACTIVITIES**

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

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

**RLC 100% (excluding diamonds) (EL 4377) total area 440 km<sup>2</sup>**

#### **Victory Prospect (Uranium)**

Ground spectrometer survey investigated an airborne radiometric anomaly and identified sufficiently anomalous uranium to establish a new uranium prospect: 'Victory'.

The survey was conducted with an Exploranium GR-320 Gamma-Ray Spectrometer, taking continuous readings at 30 second intervals, with the detector carried at walking pace about 30 cm above ground level. Each reading corresponds to a traverse of about 20 metres (average). Traverses on lines 100 metres apart indicated background readings to be of the order of 1 to 3 equivalent ppm uranium (ppm eU), with an anomalous area of about 6.5 hectares returning numerous readings over 10 ppm eU. Infill traverses at 25 metre line spacing identified areas returning common readings over 15 ppm eU, to a maximum of 25.6 ppm eU. More detailed infill surveying of the most anomalous area indicated a strongly anomalous linear zone measuring approximately 20 metres by 100 metres.

Results from 52 surface rock chip and soil samples collected from the Victory prospect include several samples with anomalous uranium (*refer ASX announcement 12 Oct 2010*). Maximum uranium assay was 412 ppm for a "grab" sample from 30-35 cm depth in the bottom of a shallow pit within the strongly anomalous linear zone identified in the ground spectrometer survey data. The sampled material was an intensely weathered, kaolinised, fine-grained rock. It also assayed 3.92 % total rare earth elements (+ Yttrium) ("TREE+Y"). The extent and thickness of this mineralised material are not known.

Other results from the Victory prospect include elevated copper-uranium in weathered metamorphic rock (1320 ppm Cu, 60.3 ppm U, 1250 ppm Co, 361 ppm Zn, 7.87 % Mn, 0.56 % TREE+Y) and in ferruginous material associated with a weathered basic dyke (1420 ppm Cu, 58.3 ppm U). These results are interpreted to represent secondary enrichment due to weathering effects and therefore unlikely to be of economic significance in themselves, but they may indicate the presence of primary source mineralisation in the vicinity.

Maximum gold assay was very low but anomalous, at 0.067 ppm Au. It was from a weathered quartz vein along the margin of the principal uranium anomalous zone.

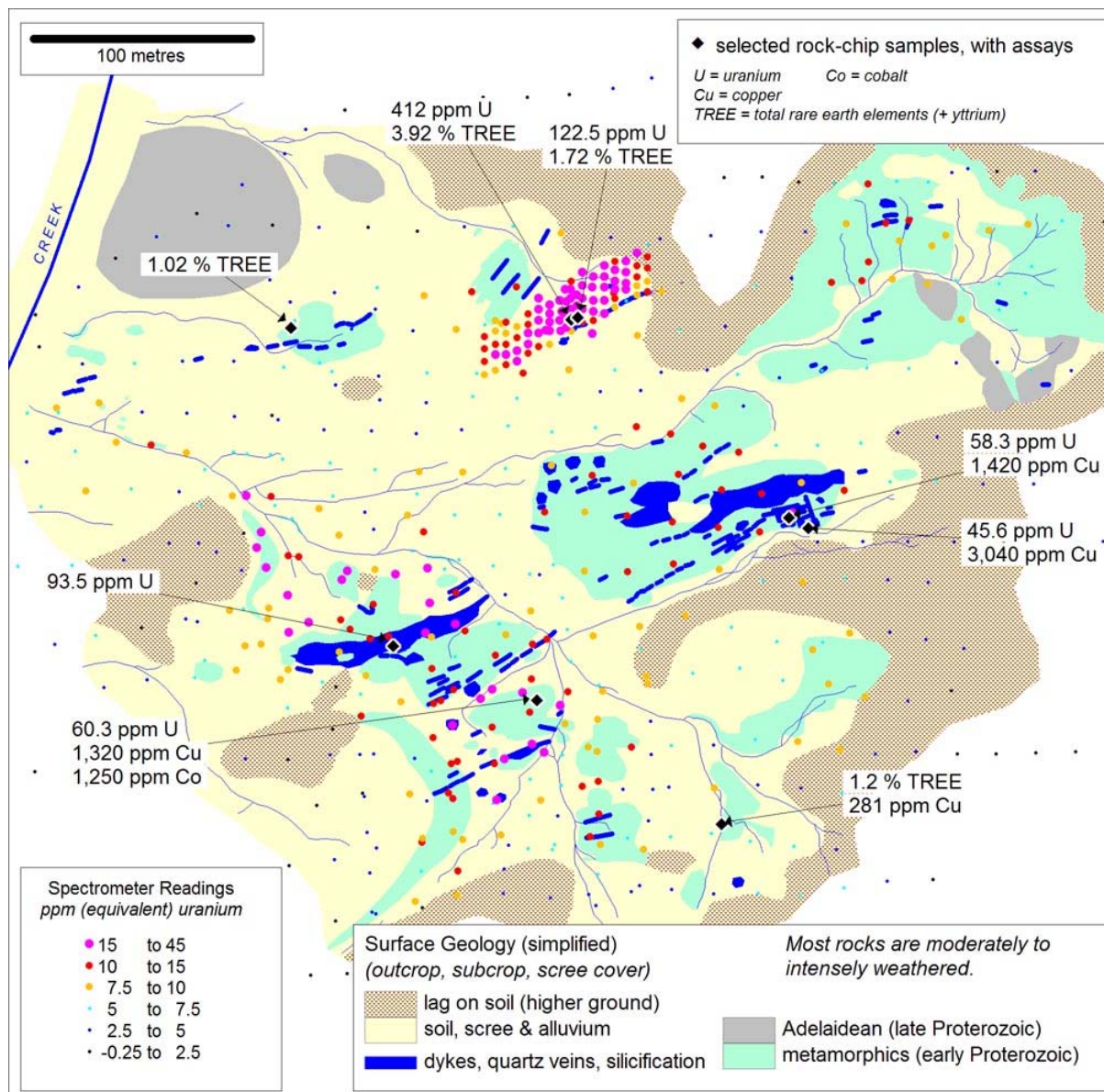


Figure 1. Victory prospect area showing surface geology, ground spectrometer readings and selected assay results from surface sampling.

### Santorini IOCG target (Copper-Gold-Uranium).

Exploration for copper-gold-uranium mineralisation was also undertaken at the Edward Creek project. The project is located within the iron-oxide copper-gold ("IOCG") province on the north eastern margin of the Gawler Craton in South Australia. Diamond drilling conducted at the Santorini IOCG target was completed during the period.

The Santorini drilling comprised one diamond bore-hole drilled vertically to a depth of 730 metres. The bore hole intersected sedimentary sequences with pyritic black carbonaceous siltstone, dolomitic sequences and some infrequent quartzite units. Minor calcite and pyrite veining (veins rarely thicker than 10 mm) and some (but infrequent) quartz veining were observed. The black carbonaceous units

intersected throughout the hole comprised nearly 30% of the sequence. These carbonaceous units contained sulphide (pyrite and pyrrhotite) in the form of thin veins (generally less than 10 mm thick), laminae and disseminations. Visual estimates suggest sulphides comprise up to 10 % of these units.

61 samples of the drill core from the Santorini bore-hole were assayed. No significant mineralisation was identified and no further work is planned at the Santorini 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 3,496 km<sup>2</sup>.

Drilling at the Bollo targets intersected magnetite mineralisation at both of the iron-ore targets being investigated. The Bollo 1 & 2 magnetic anomalies measure in excess of 500 metres and 800 metres strike length respectively. The programme comprised 4 RC holes each to nominal 60 metres down-hole depth for total 207 metres as detailed in table 1. Outcropping exposures of the target banded iron formations ("BIFs") at Bollo 1 generally indicated a steep easterly dip. The Bollo targets are located within the Nor 1 area and less than 5 kilometres distance from the Cleansweep target where magnetite mineralisation identified in drilling has previously been reported (*refer ASX announcement 16 April 2009*).

Table 1. Bollo drill program, July 2010.

Target	Hole No.	Dip (degrees)	Azimuth (degrees mag)	Interpreted magnetite intersection (down hole)	Interpreted magnetite interval (m)	End of hole (m)
Bollo 1	BRC-1	60	230	7m to 28m	21	39
Bollo 1	BRC-2	60	230	49m to 56m	7	63
Bollo 2	BRC-3	60	250	22m to 53m	31	57
Bollo 2	BRC-4	60	70	0m to 40m	40	48

Encouraging assay results were received showing the magnetite intersections sampled average in excess of 30% Fe (refer to table 2).

Table 2. Bollo drilling, July 2101. Average assay for 41 oxidised and 50 fresh samples grading 20% iron or higher from bore holes: BRC1, 2, 3 & 4 (*refer ASX announcement 7 September 2010 for full results*).

	Fe %	SiO <sub>2</sub> %	TiO <sub>2</sub> %	Mn %	CaO %	P %	MgO %	K <sub>2</sub> O %
OXIDISED	33.3	42.8	0.17	0.03	0.00	0.06	0.39	0.58
FRESH	32.4	43.9	0.18	0.12	0.00	0.03	2.09	1.46
Average	32.9	43.4	0.17	0.07	0.00	0.04	1.24	1.02



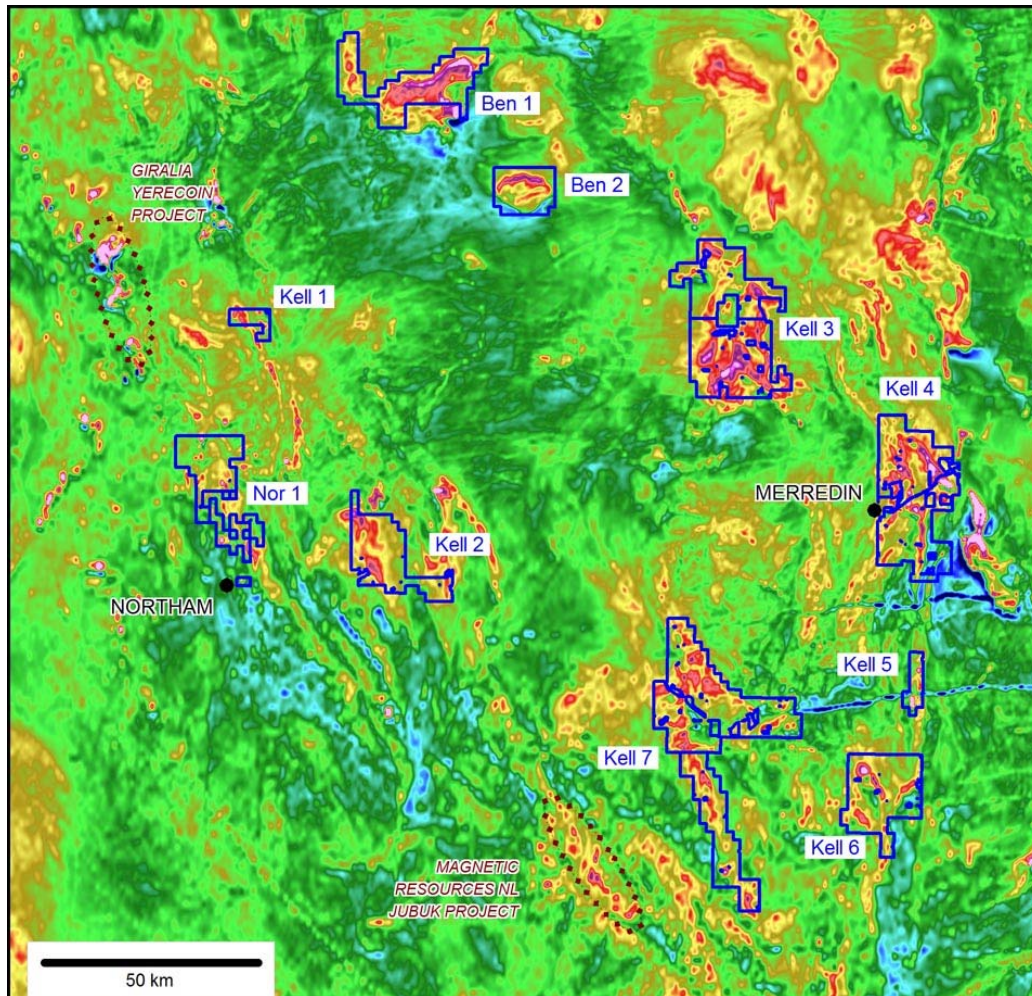


Figure 2. Bullamine project tenements (including applications over Ben 1 & 2) in the Northam area in south west of WA are shown in blue outline. Tenements are shown draped over regional magnetic data (in places at 1.6 kilometre line spacing). Other projects exploring for iron-ore and shown in the area include Yerecoin (where Giralia Resources NL announced a 187 Mt magnetite iron-ore resource (July 2010) and Jubuk (where Magnetic Resources NL has commenced scoping studies (August 2010).

Subsequent to the end of the report period RLC and Cliffs Asia Pacific Iron Ore Pty Ltd (“Cliffs”), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF, Paris: CLF), agreed to enter a joint venture under which Cliffs can earn a 75% interest in Bullamine (including E70/3766, Kell 1/ Kellcoau) (refer ASX announcement 20 October 2010).

The terms agreed with RLC, which are subject to documentation of a joint venture agreement, include payment to RLC of \$500,000, a commitment by Cliffs to spend \$1 million on exploration in the next twelve months and a further expenditure of \$4 million to maintain their 75% interest. Subsequent exploration and development to completion of a feasibility study will be funded by Cliffs with RLC’s 25% share of these costs repayable out of RLC’s share of future mine production.

Cliffs will be the manager of the joint venture.

**Tanami (NT/WA)****Uranium & Gold**

RLC 100% : ELA 24885 area: 272 km<sup>2</sup>

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

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. The project area is located 70 kilometres west from the Newmont owned Callie Gold Mine (a 10 million oz plus deposit) and about the same distance south east from Tanami Gold's Coyote Gold Mine.

**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.

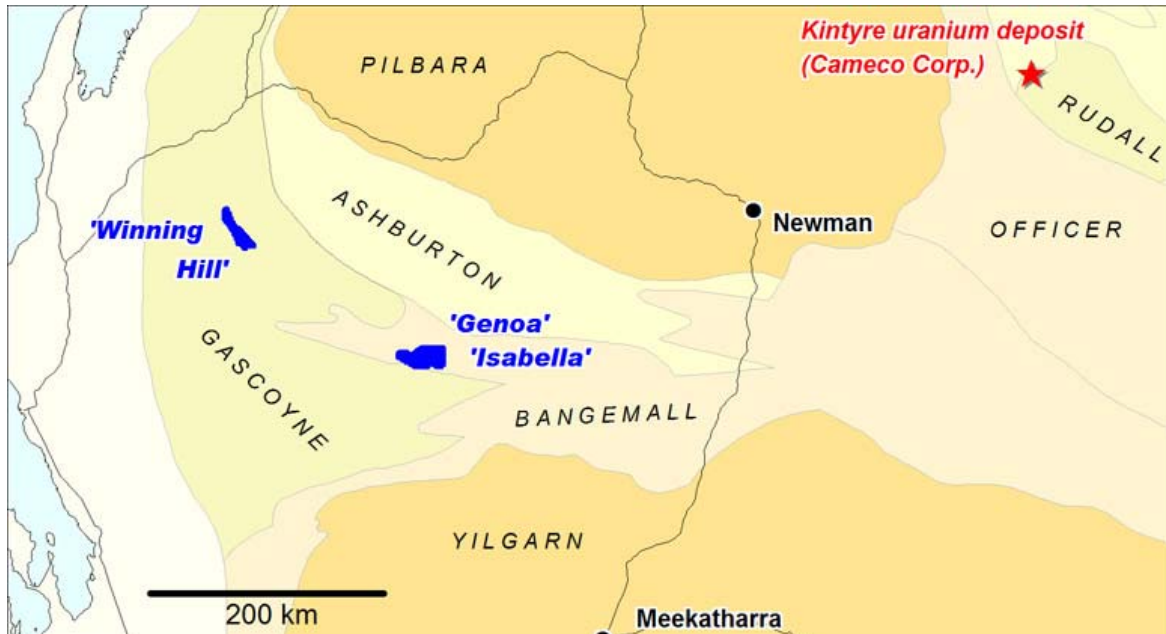


Figure 3. Winning Hill and Isabella (including Genoa) uranium projects.

### **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>

The project area was relinquished on 17 July 2010.

## COMMENT

At 30 September 2010 RLC had \$1.09 M in bank deposits and no debt. Net cash out flow for the September 2010 quarter was \$447,000 (including \$348,000 (excl.gst) of exploration expenditure).

As noted under the Bullamine project description RLC has agreed (subject to documentation) to a joint venture with Cliffs Natural Resources Inc., an international mining and natural resources company. A member of the S&P 500 Index, Cliffs is the largest producer of iron ore pellets in North America, a major supplier of direct-shipping lump and fines iron ore out of Australia and a significant producer of high and low volatile metallurgical coal. Its Australian operations include two iron-ore mining complexes in Western Australia. One of these, the Koolyanobbing Complex, is located 130 kilometres to the east of the Bullamine project and produced 8 million tonnes of iron-ore last year.

Cliffs as a joint venture partner will provide the joint venture with the capacity for bringing any discovery of sufficient scale at Bullamine through to production.

The Bullamine project was originally envisaged to be capable of providing an opportunity for profitable small scale mining. The potential for large scale mining was recognised by RLC in late 2009 and led to the acquisition of tenements covering a large number of high amplitude magnetic anomalies in the region.

## FORTHCOMING ACTIVITIES

The following activities are planned :-

<b>Project</b>	<b>Activity Planned</b>	<b>Timetable</b>
Edward Creek <i>Uranium &amp; REE</i>	Mapping and geochemical sampling at Victory.	Nov/Dec
Bullamine <i>Iron</i>	Processing tests on samples from Cleansweep & Bollo Airborne gravity gradiometer (Falcon) surveys Airborne magnetic & radiometric surveys	Apr Q Nov Nov
Tanami <i>Uranium</i>	Waiting on grant of EL 24885.	Apr Q
Isabella <i>Uranium</i>	Complete access agreements with Native Title claimants	Dec Q
Winning Hill <i>Uranium</i>	Complete access agreements with Native Title claimants	Dec 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](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 September 2010

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	8	8
1.2 Payments for (a) exploration and evaluation	(348)	(348)
(b) development	-	-
(c) production	-	-
(d) administration	(78)	(78)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	11
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)	(39)	(39)
<b>Net Operating Cash Flows</b>	<b>(447)</b>	<b>(447)</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>(447)</b>	<b>(447)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(447)	(447)
	<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>	(447)	(447)
1.20	Cash at beginning of quarter/year to date	1,539	1,539
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,092	1,092

**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)	36
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	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	13

**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 (note 1)	800
4.2 Development	-
4.3 Production	-
4.4 Administration	60
<b>Total</b>	<b>860</b>

Note 1. The estimated \$800,000 exploration expenditure includes \$644,711 expenditure expected to be reimbursed by Cliffs following execution of a joint venture agreement (refer to ASX releases 20 and 21 October 2010).

### 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	27	201
5.2 Deposits at call	215	488
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	850	850
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,092</b>	<b>1,540</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	EL 3505 EL 3886	Relinquished Relinquished	100% 100%	nil nil
6.2 Interests in mining tenements acquired or increased				

+ 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>	-	-		
7.2 Changes during quarter (a) Increases through issues (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 (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>+Convertible debt securities</b> <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 <b>Options</b> <i>(description and conversion factor)</i>	1,850,000	NONE	20 cents	31 December 2010
	1,850,000		20 cents	31 December 2011
	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				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <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 October 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.

=====