



# ASX Release

ASX Code: RLC

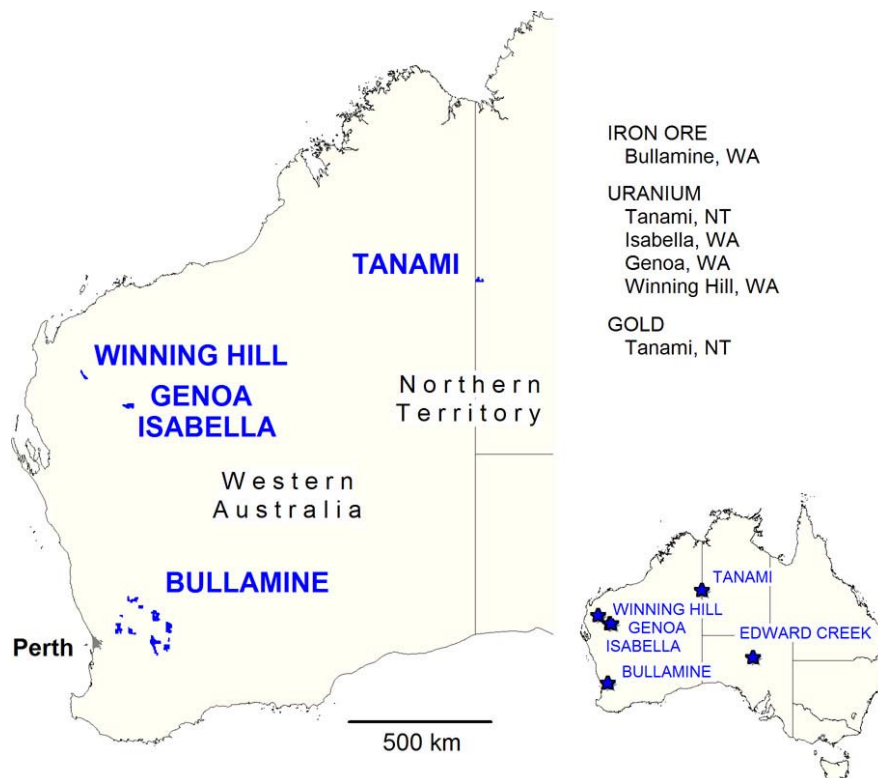
January 2011

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## Quarterly Report for the period ended 31 December 2010

### SUMMARY

- Agreement (subject to documentation) to enter a joint venture under which Cliffs Asia Pacific Iron Ore Pty Ltd (“Cliffs”) can earn a 75% interest in RLC’s Bullamine project (WA).
- Substantial detailed airborne gravity gradiometer surveys and airborne magnetic and radiometric surveys were commenced at the Bullamine project.
- Follow up sampling was conducted at the Victory prospect (Edward Creek, SA)
- Corporate:
  - \$0.56 M cash on deposit (nil debt) at 31 December 2010
  - 48.6 M issued shares (13.55 M options, average exercise price 30 cents)
  - \$ 7.8 M market cap (\$9.9 M fully diluted, at 16 cents per share on 19 January 2011)



## CURRENT EXPLORATION ACTIVITES

### **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 3,484 km<sup>2</sup>.

On 20 October RLC and Cliffs Asia Pacific Iron Ore Pty Ltd (“Cliffs”), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF, Paris: CLF), agreed (subject to documentation) to enter a joint venture under which Cliffs can earn a 75% interest in Bullamine (*refer ASX announcement 20 October 2010*).

The terms of the proposed 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 is to 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.

Substantial airborne surveys were commenced in November. A total of 1,968 line kilometres of airborne gravity gradiometer survey data were contracted and acquired during the period. In separate surveys, a total of 38,305 line kilometres of magnetic and radiometric survey data was contracted with 15,289 line kilometres acquired prior to the end of the report period.

Under separate surveys contracted by Cliffs an additional 1,440 line kilometres of airborne gravity gradiometer survey and 1,621 line kilometres of magnetic and radiometric survey data were contracted and acquired during the period.

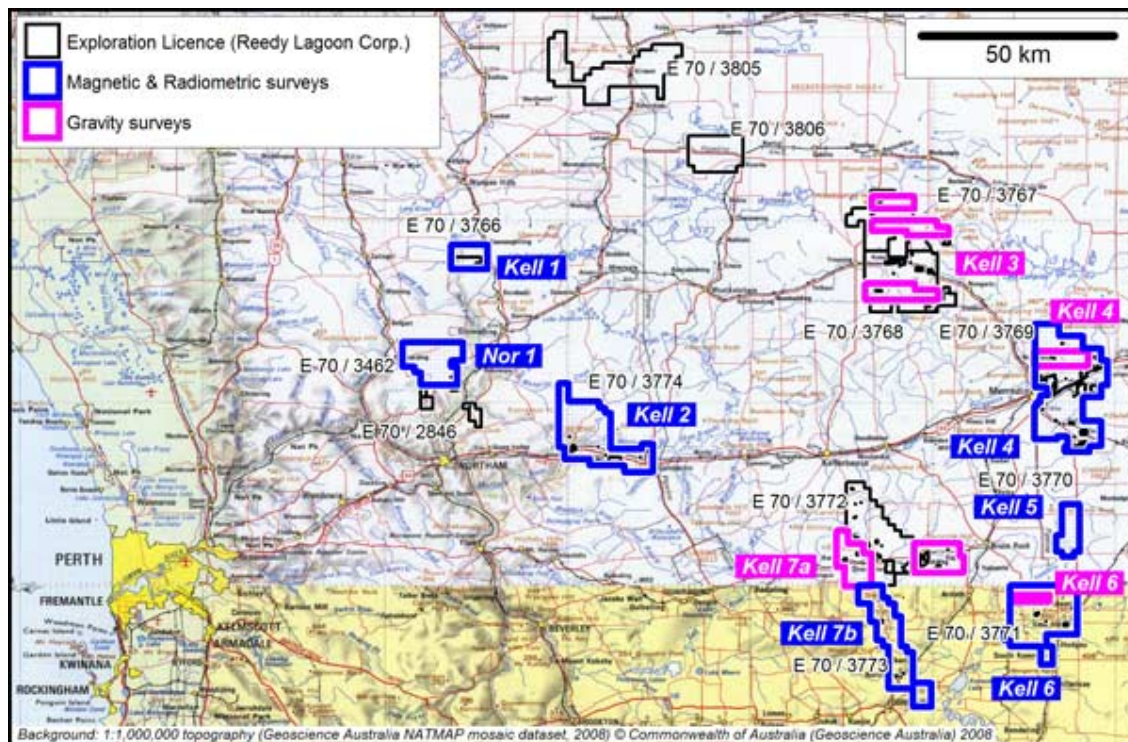


Figure 1. Locations of areas covered by the geophysical surveys contracted in October & November.

## Edward Creek (SA)

## Uranium, Copper, Gold

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

Mapping and geochemical sampling was undertaken at the Victory prospect. 42 auger samples were collected along a traverse crossing the site from which a grab sample had previously recovered 412 ppm U and 0.39% REE & Y. 11 surface rock-chip samples were also collected along with 3.7 line kilometres of ground spectrometer survey data.

Assay results for the samples collected during the period together with repeat analyses of the 52 samples collected from the prospect area during the September quarter are expected in the next few days. The repeat analyses have used a fusion sample preparation procedure in order to provide more accurate analysis of the Heavy Rare Earth Elements previously identified using an acid digest preparation.

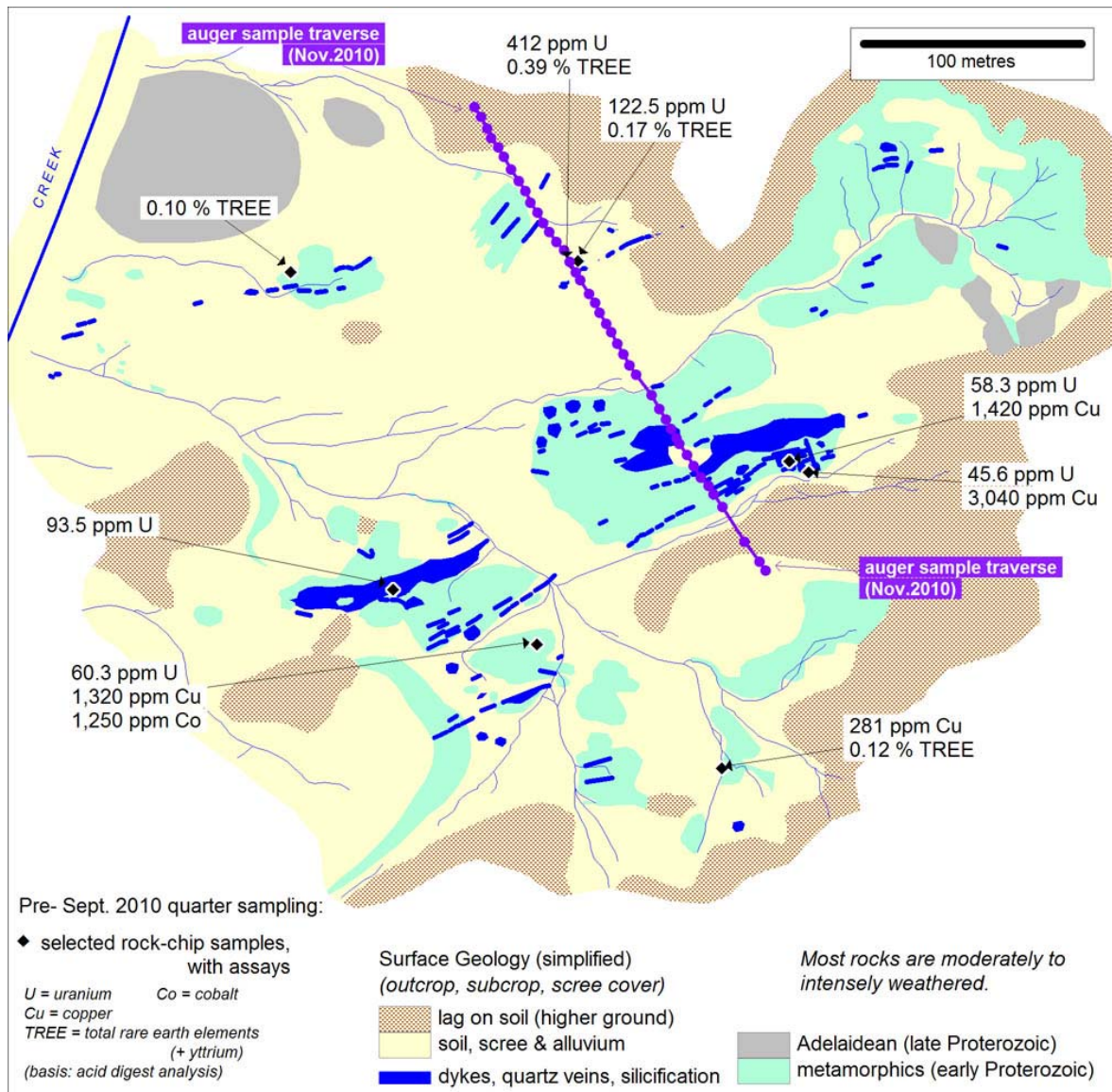


Figure 2. Victory prospect area showing location of auger sample traverse and selected assay results from prior period sampling.

## **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 continued.

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.

## **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 weathered rocks where depletion of mineralisation is possible. 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.

## COMMENT

At 31 December 2010 RLC had \$0.56 M in bank deposits and no debt.

Net cash out flow for the December 2010 quarter was \$0.524 M (including \$0.504 of exploration related expenditure).

RLC is negotiating a joint venture agreement with Cliffs in relation to the Bullamine tenements. If the joint venture is entered into then RLC will be entitled to a cash payment of \$0.5 M, and re-imbusement of exploration expenditure incurred in respect of airborne surveys commenced during the December report period.

## FORTHCOMING ACTIVITIES

The following activities are planned :-

<b>Project</b>	<b>Activity Planned</b>	<b>Timetable</b>
Edward Creek <i>Uranium &amp; REE</i>	Airborne geophysical survey Heritage surveys RC drilling	Mar Q Mar Q Jun Q
Bullamine <i>Iron</i>	Airborne gravity gradiometer (Falcon) surveys – data processing and interpretation Airborne magnetic & radiometric surveys – completion of data acquisition, data processing and interpretation Processing tests on samples from Cleansweep & Bollo	Mar – Jun Qs Mar – Jun Qs Mar Q
Tanami <i>Uranium</i>	Waiting on grant of EL 24885.	Mar – Jun Qs
Isabella <i>Uranium</i>	Complete access agreements with Native Title claimants	Mar Q
Winning Hill <i>Uranium</i>	Complete access agreements with Native Title claimants	Mar Q
New Project Development		On going

All exploration activities are subject to contractor availability.

All exploration activities planned at Bullamine are subject to revision if Cliffs enters the planned joint venture.

*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.*

# 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 2010

### Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	7	15
1.2 Payments for (a) exploration and evaluation	(504)	(852)
(b) development	-	-
(c) production	-	-
(d) administration	(54)	(132)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	32
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)	6	(34)
<b>Net Operating Cash Flows</b>	<b>(524)</b>	<b>(971)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(7)	(7)
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)	(531)	(978)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(531)	(978)
	<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>	(531)	(978)
1.20	Cash at beginning of quarter/year to date	1,093	1,540
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	562	562

**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)	108
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	85

**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
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- 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
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+ 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)	525
4.2 Development	-
4.3 Production	-
4.4 Administration	40
<b>Total</b>	<b>565</b>

Note 1. The estimated \$525,000 exploration expenditure includes \$329,793 expenditure which will be reimbursed by Cliffs if the joint venture agreement is entered into (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	162	28
5.2 Deposits at call		215
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	400	850
<b>Total: cash at end of quarter (item 1.22)</b>	<b>562</b>	<b>1,093</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E70/2846	Reduction in area to 8.7 sq km	100%	100%
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 2,500,000 6,000,000 1,650,000 1,550,000	NONE	20 cents 50 cents 30 cents 20 cents 21 cents	31 December 2011 31 March 2012 30 April 2012 31 December 2012 31 December 2013
7.8 Issued during quarter	1,550,000	NONE	21 cents	31 December 2013
7.9 Exercised during quarter				
7.10 Expired during quarter	1,850,000	NONE	20 cents	31 December 2010
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: 20 January 2011  
(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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