



ASX Release

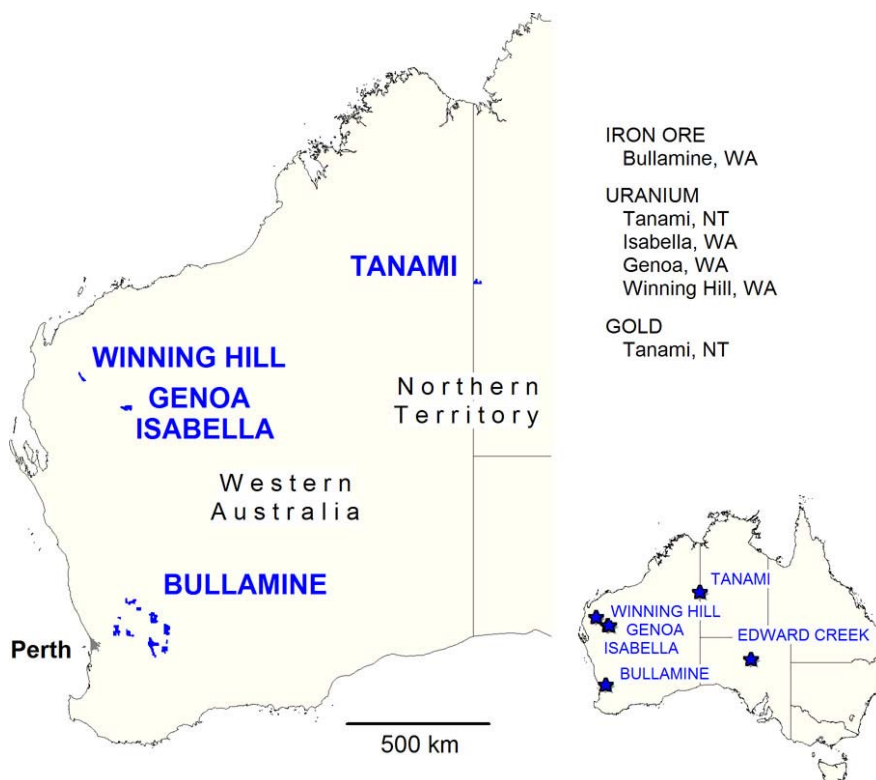
ASX Code: RLC

April 2011

Quarterly Report for the period ended 31 March 2011

SUMMARY

- ❑ Entered a joint venture ("Bullamine Joint Venture") under which Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs") can earn a 75% interest in RLC's Bullamine project (WA).
- ❑ Bullamine Joint venture completed substantial magnetic and radiometric surveys and detailed airborne gravity gradiometer surveys.
- ❑ Assay results from follow up sampling at the Victory prospect confirmed anomalous uranium and REE (Edward Creek project, SA)
- ❑ Corporate:
 - \$1.39 M cash (nil debt) at 31 March 2011
 - 48.6 M issued shares (13.55 M options, average exercise price 30 cents)
 - \$ 6.1 M market cap (\$7.8 M fully diluted, at 12.5 cents per share)



CURRENT EXPLORATION ACTIVITIES

Bullamine (WA)

Iron

RLC 25% : E70/2846, 3462, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773 & 3774

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

RLC 25% : Bulla JV (provides interest in iron only) (E70/2719 & E70/2720)

Total area 3,484 km².

On 11 February RLC and Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc., completed documentation of the Bullamine Farm-in and Joint Venture Agreement in accordance with the terms announced on 20 October 2010.

The terms of the joint venture agreement include payment to RLC of \$500,000, a commitment by Cliffs to spend \$1 million on exploration by 11 February 2012 with a further expenditure of \$4 million to maintain its 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 is the manager of the joint venture.

Substantial airborne surveys, commenced in the last quarter, were completed on 9 March. These surveys comprised 39,926 line kilometres of magnetic and radiometric data and 3,408 line kilometres of airborne gravity gradiometer data.

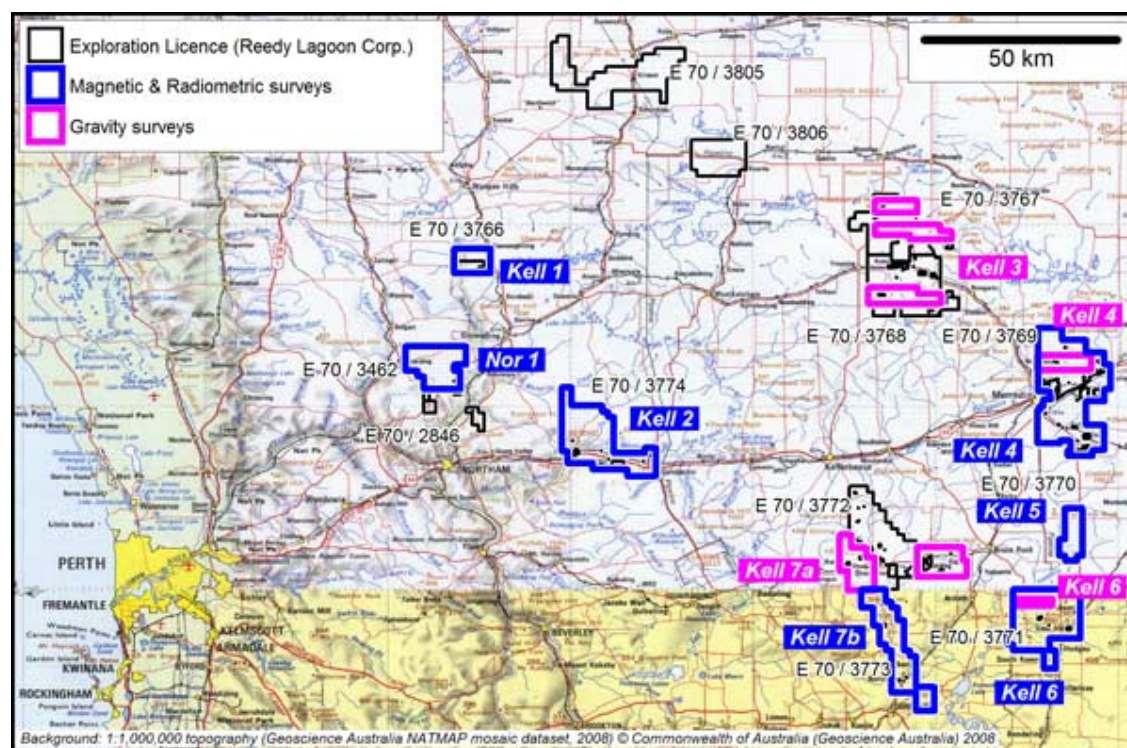


Figure 1. Locations of areas covered by the geophysical surveys flown during the period November 2010 to March 2011.

Cliffs, as manager, reported that:

Exploration to date focused on a review of the existing geophysical data and drilling as well as acquisition of airborne geophysical data by surveys which commenced last quarter and the

processing and interpretation of some of these newly acquired data. Review of the existing data has highlighted a number of prospects for further follow up. With Frenches, Bolo, Wattening, and North Wongamine being the priority targets north of Northam. Magnetic anomalies south of Merredin and Burracoppin have also been identified and are considered to be representative of BIF lithologies.

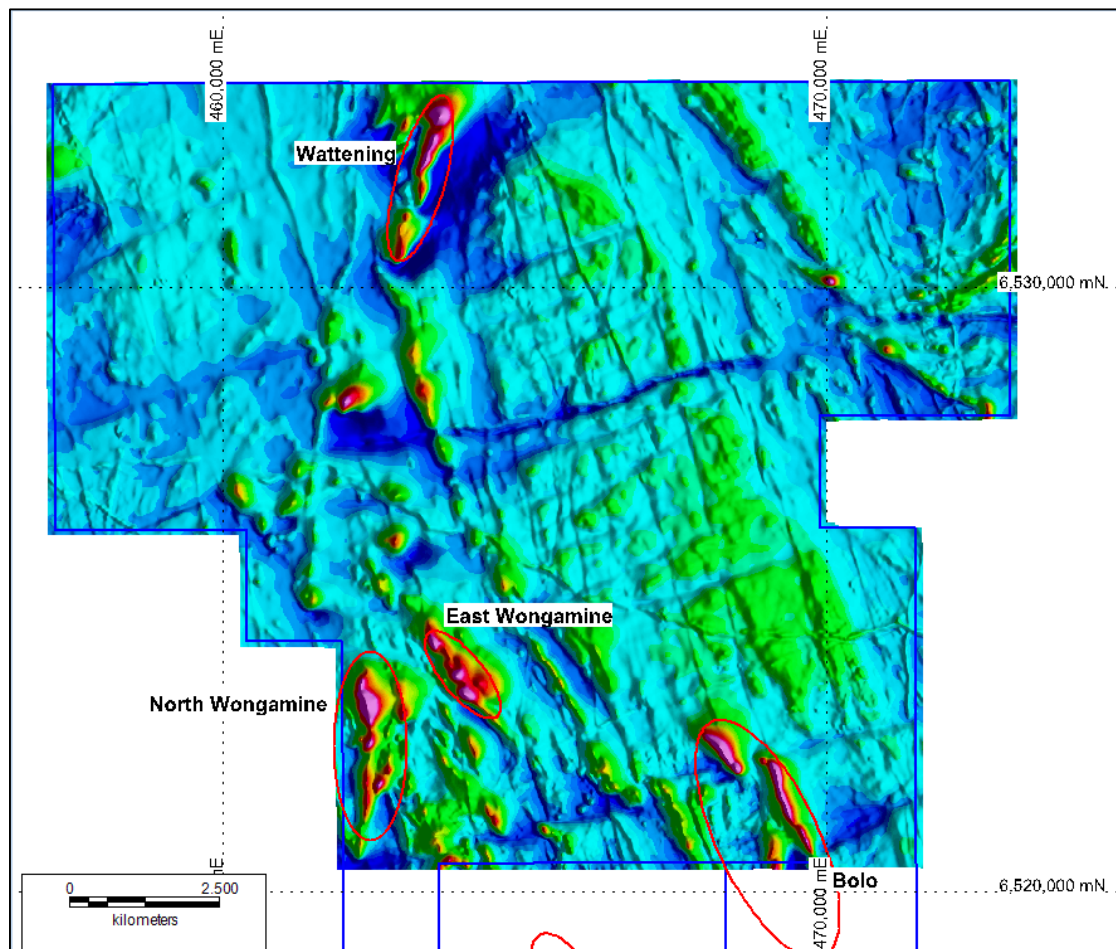
Joint venture expenditure sole funded by Cliffs during the period was \$748,447 (of which \$321,668 was reimbursement by Cliffs to RLC of expenditure reported by RLC for the December Quarter).

During the period, newly acquired aeromagnetic data was received from areas: NOR-1, KEL-1, KEL-2, KEL-4 and KEL-5. Data from the KELL-6 and KELL-7 areas were still being processed and compiled by the contractor.

NOR-1

Within NOR-1 a number of aeromagnetic responses were interpreted to be associated with BIF lithologies. Anomalies identified for follow up included:

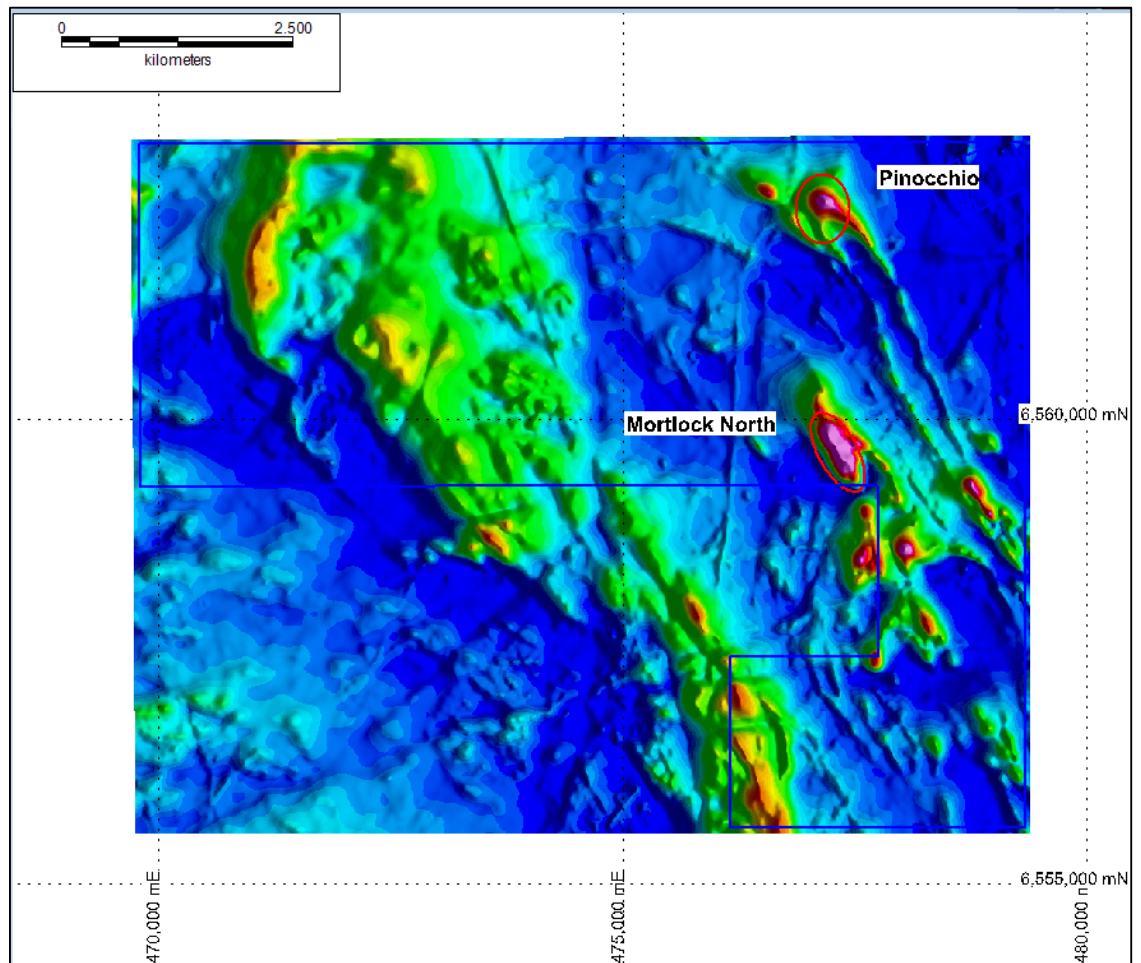
- North Wongamine,
- East Wongamine.
- Wattening



KEL-1

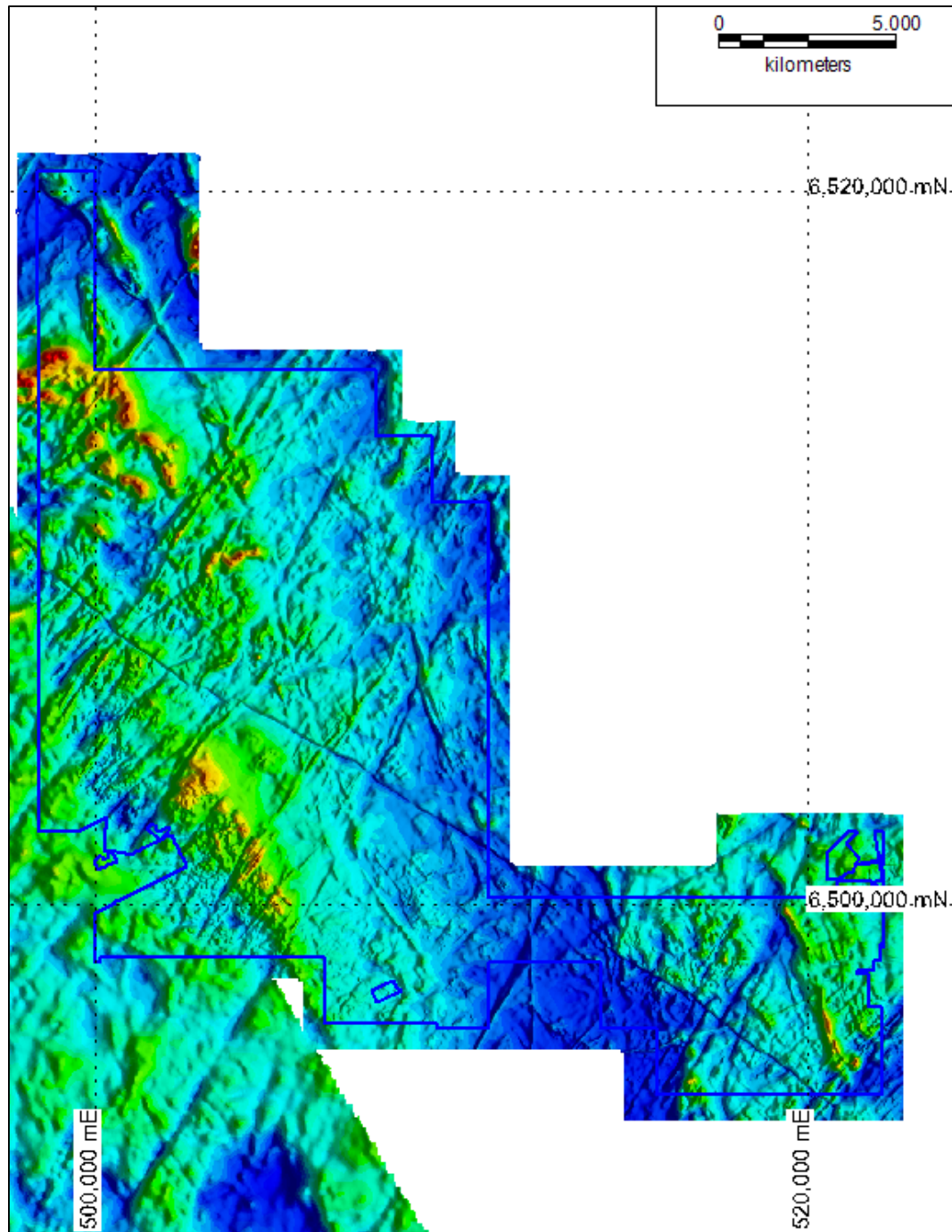
Within KEL-1 two aeromagnetic responses were interpreted to be associated with BIF lithologies. Anomalies identified for follow up included:

- Pinocchio
- Mortlock North



KEL-2

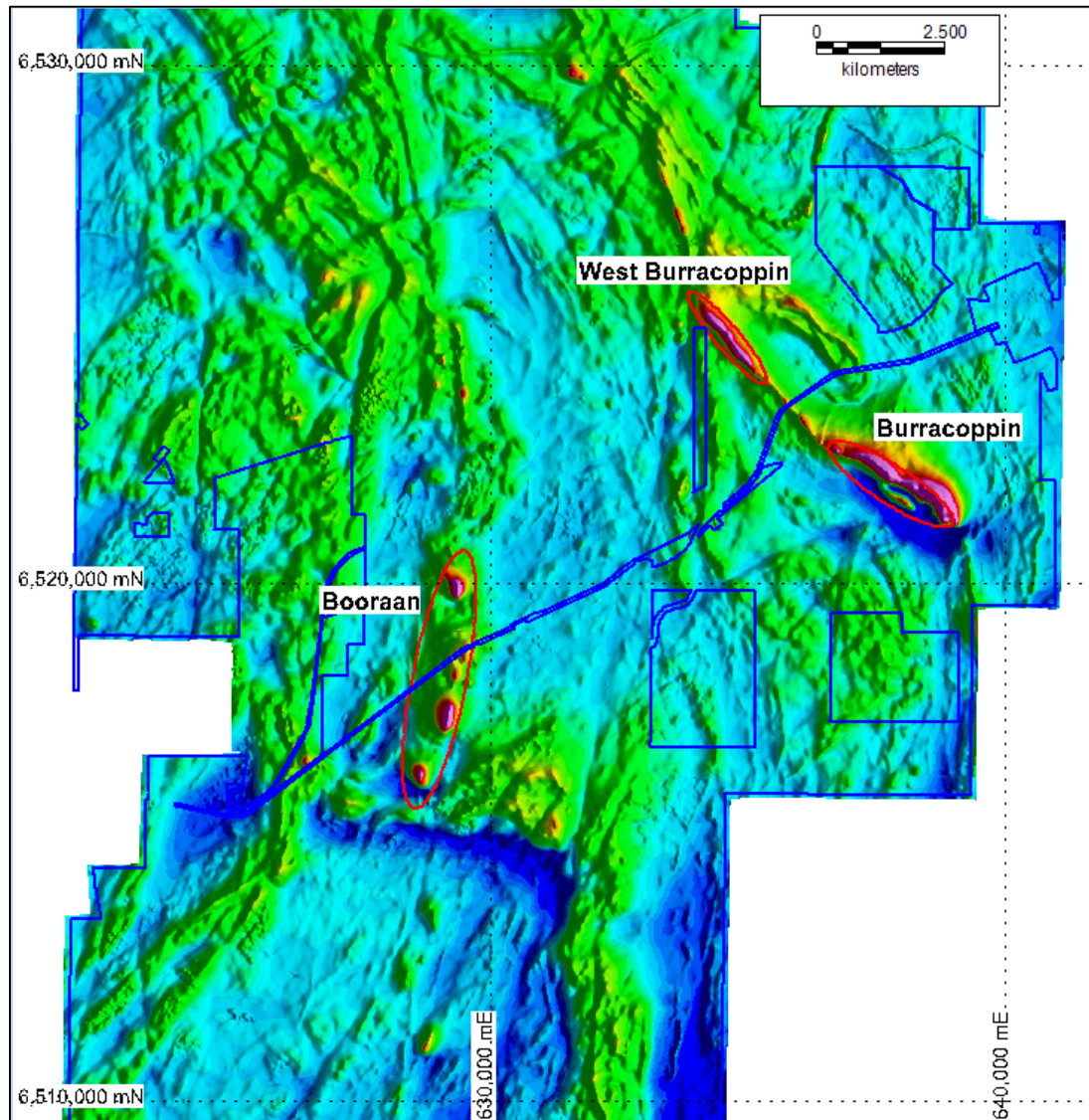
No anomalous magnetic responses were observed



KEL-4

Within KEL-4 three aeromagnetic responses were interpreted to be associated with BIF lithologies. Anomalies identified for follow up included:

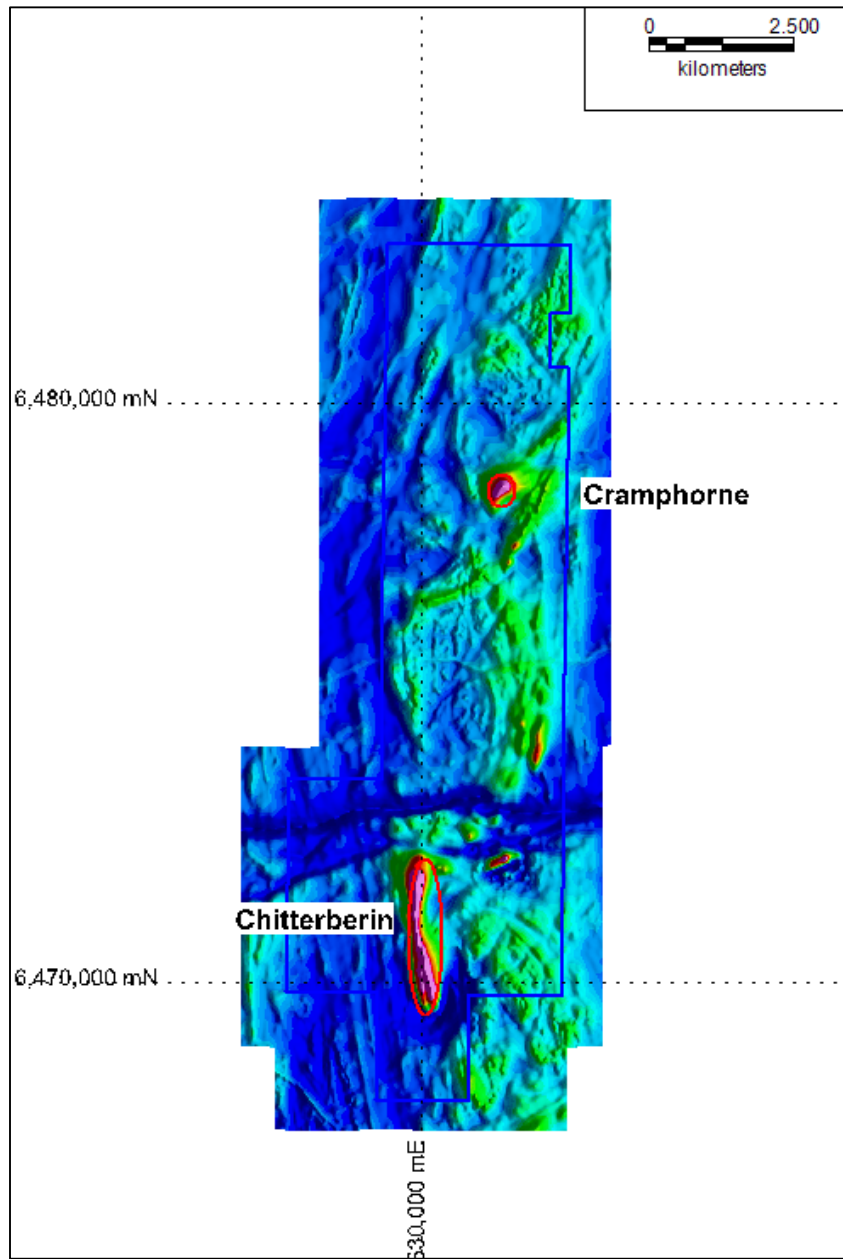
- Burracoppin
- Burracoppin West
- Booraan



KEL-5

Within KEL-5 two aeromagnetic responses were interpreted to be associated with BIF lithologies. Anomalies identified for follow up included:

- Chitterberin
- Cramphorne



Edward Creek (SA)**Uranium & REE**

RLC 100% (excluding diamonds) (ELs 4377) total area 440 km²

Assays for Rare Earth Elements (REE) and uranium (U) were obtained for samples using a fusion (Lithium) preparation. Results were received for repeat analyses of samples collected in the September 2010 quarter on the Victory prospect and auger and surface rock samples collected on that prospect in November 2010. Victory is a part of the Edward Creek project in South Australia.

The repeat analyses using the fusion preparation for samples collected in the September Quarter were comparable with the analyses previously reported (ASX 12 October 2010 and 16 November 2010) and obtained on the samples using an acid digest preparation.

Assay results from the sampling conducted during November 2010 provide further support for the presence of a mineralised system at Victory.

A detailed airborne magnetic survey was undertaken to assist in identifying structural trends on which to plan follow up drilling to investigate the uranium and REE mineralisation identified in the sampling.

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

RLC 100% : ELA 24885 area: 272 km²

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 km²

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. RLC 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.

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 March 2011 RLC had \$1.39 M in bank deposits and no debt.

Net cash inflow for the March 2011 quarter was \$0.83 M following receipt of the funds from Cliffs in respect of the Bullamine JV fee and re-imbursement of previous expenditure.

Continued exploration for and, if warranted, development of iron-ore resources at the Bullamine project is now managed and funded by our joint venture partner, Cliffs. RLC, whilst remaining an active participant in the Bullamine joint venture activities, plans to focus on its existing uranium projects and on identifying new projects to develop or acquire.

FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Edward Creek <i>Uranium & REE</i>	Interpretation of the Victory magnetic survey Heritage surveys RC drilling	Jun Q Jun Q Sep Q
Bullamine <i>Iron</i>	Airborne gravity gradiometer (Falcon) surveys – data processing and interpretation Airborne magnetic & radiometric surveys – completion of data processing and interpretation Ground geophysical survey at Frenches Diamond drilling at a number of prospects	Jun Q Jun Q Jun Q Jun Q
Tanami <i>Uranium</i>	Waiting on grant of EL 24885.	Jun Q
Isabella <i>Uranium</i>	Complete access agreements with Native Title claimants	Jun Q
Winning Hill <i>Uranium</i>	Complete access agreements with Native Title claimants. Process and interpret open file airborne survey geophysical data (150 metre line space).	Jun Q Jun Q
New Project Development		On going

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 March 2011

Consolidated statement of cash flows

		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors (note 1)	325	339
1.2	Payments for		
	(a) exploration and evaluation (note 1)	(73)	(925)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(53)	(185)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	38
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)	125	91
Net Operating Cash Flows		330	(642)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	(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) Proceeds from Farm-in Agreement	500	500
Net investing cash flows		500	493
1.13	Total operating and investing cash flows (carried forward)	830	(149)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	830	(149)
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	830	(149)
1.20	Cash at beginning of quarter/year to date	561	1,540
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,391	1,391

Note 1. The receipts for the current quarter includes \$0.32 M of exploration expenditure incurred in previous period which was reimbursed by Cliffs on completion of the joint venture agreement in February 2011(refer to ASX releases 20 and 21 October 2010).

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)	63
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	31
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	32

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	110
4.2 Development	-
4.3 Production	-
4.4 Administration	90
Total	200

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	14	162
5.2 Deposits at call	977	
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	400	400
Total: cash at end of quarter (item 1.22)	1,391	562

+ See chapter 19 for defined terms.

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	100%	25%
		E70/2719	100% Fe	25% Fe
		E70/2720	100% Fe	25% Fe
		E70/3462	100%	25%
		E70/3766	100%	25%
		E70/3767	100%	25%
		E70/3768	100%	25%
		E70/3769	100%	25%
		E70/3770	100%	25%
		E70/3771	100%	25%
		E70/3772	100%	25%
		E70/3773	100%	25%
		E70/3774	100%	25%
		E70/3805	100% (applic)	25% (applic)
		E70/3806	100% (applic)	25% (applic)
6.2	Interests in mining tenements acquired or increased	E08/2073	Tenement granted 15/10/2010 but not reported in Dec Q.	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 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				
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.

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: 19 April 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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