



ASX Release

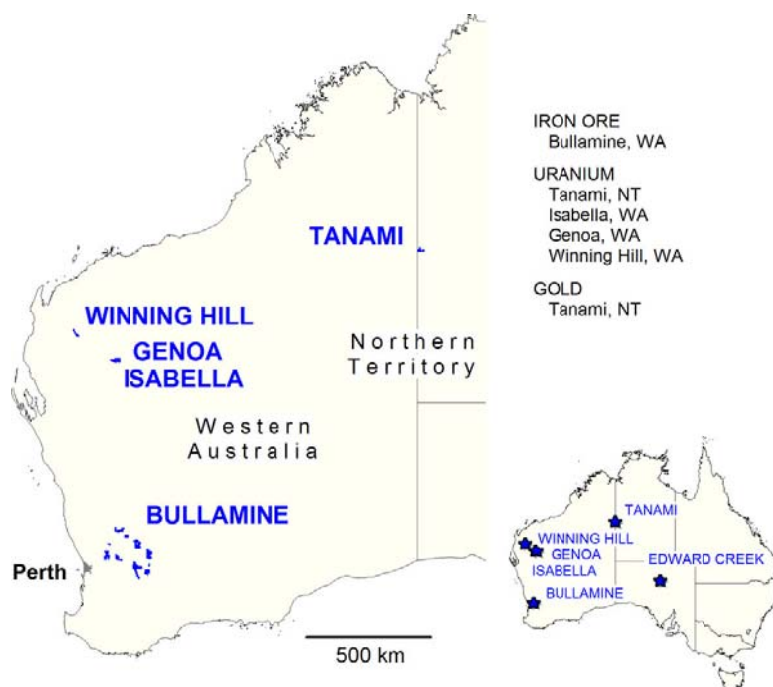
ASX Code: RLC

July 2011

Quarterly Report for the period ended 30 June 2011

SUMMARY

- ❑ Bullamine Joint Venture – iron ore (WA): Cliffs, our joint venture partner and manager, completed the Stage 1 expenditure (\$1m) more than 7 months ahead of schedule and gave notice that it will continue with Stage 2.
- ❑ Bullamine Joint venture completed preparations for drilling – which commenced on 17th July at the Bollo prospect.
- ❑ Interpretation of detailed geophysical data, acquired by airborne survey during the prior period, continued at the Victory uranium prospect (Edward Creek project, SA).
- ❑ Interpretation of open file geophysical data continued at the Winning Hill uranium prospect, WA.
- ❑ Corporate:
 - \$1.17 M cash on deposit (nil debt) at 30 June 2011
 - 48.6 M issued shares (13.55 M options, average excise price 30 cents)
 - \$ 5.6 M market cap (\$7.1 M fully diluted) at 11.5 cents per share on 27 July 2011



CURRENT EXPLORATION ACTIVITES

Bullamine (WA)

Iron

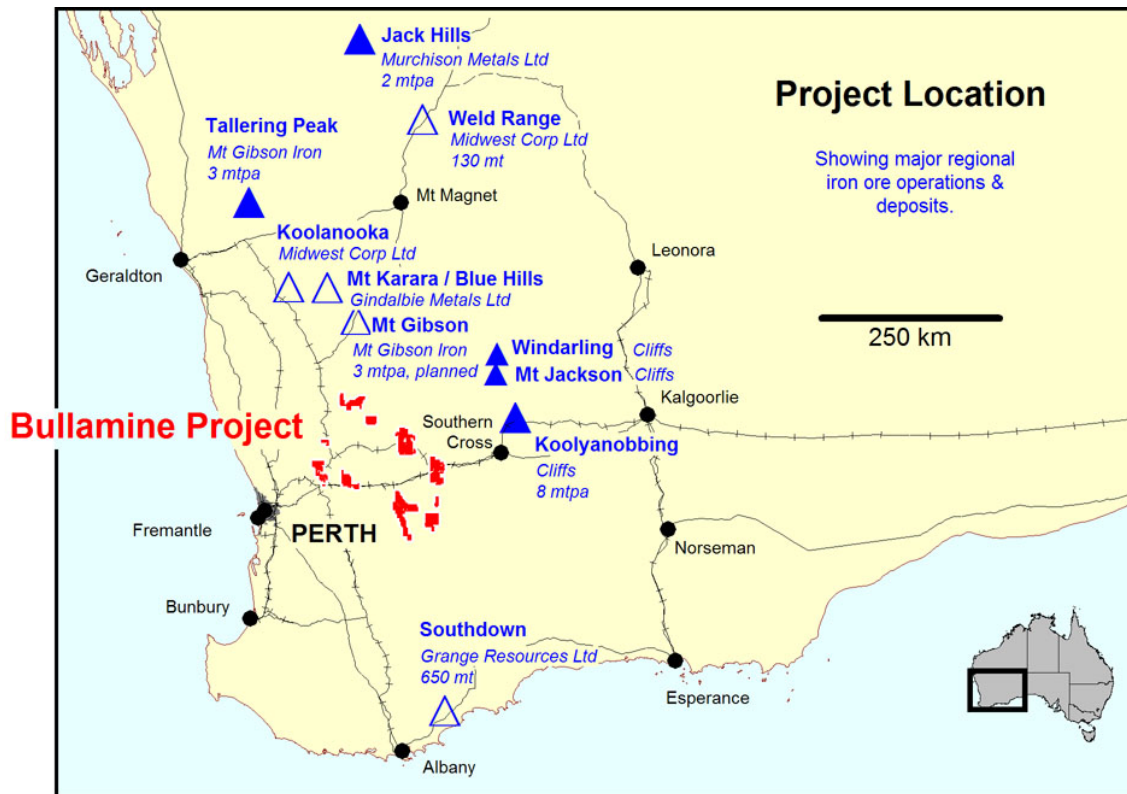
RLC 25% : E70/2846, 3462, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773 & 3774

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.

The Bullamine Iron Ore Project is a joint venture between Reedy Lagoon Corporation and Cliffs Asia Pacific Iron Ore Pty Ltd (“Cliffs”), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF, Paris: CLF). Cliffs is earning a 75% interest and is manager of the joint venture.



Cliffs, as manager, reported that:

Geophysical data acquired by detailed airborne surveys conducted during the December and March quarters over the NOR-1, KEL-1, KEL-2, KEL-4 and KEL-5 areas were processed. A number of prospects were identified for further investigations. Additional geophysical data from KEL-3, KEL-4, KEL-6 and KEL-7 were received but remained to be processed.

Ground mapping and sampling conducted at the West Burracoppin, Booran, Chitterberrin, and Wattening prospects recovered 64 rock chip samples. The highest rock chip Fe result was 53.4% Fe at the Chitterberrin Prospect, with other supporting values nearby. The location of the anomalous samples

is associated with a native vegetation area, and Flora surveys are proposed for the next quarter, prior to a test drilling programme later in the year.

Metallurgical studies conducted by the Cliffs laboratories on some preliminary samples from the project gave favourable results including concentrate grades in excess of 68% Fe by weight for grind fractions as high as P80 of 190 micron.

Activities at each of the sub-project areas during the period were as follows:

NOR-1

Geophysical modelling was used to refine drill targets at the Bollo, Cleansweep and Wattening prospects. Ground geophysical survey was conducted over the Frenches prospect. No drill rig could be sourced for the drilling planned during the quarter. However, a drill rig was secured following the end of the quarter and diamond drilling commenced at the Bollo prospect. 16 diamond drill holes were planned for the September quarter targeting BIF material interpreted to be along strike from existing mineralisation previously intersected by Reedy Lagoon.

KEL-1 & KEL-2

No work was carried out during the quarter.

KEL-3

A review of Falcon Gravity Gradiometer data was underway during the quarter with results expected next quarter.

KEL-4

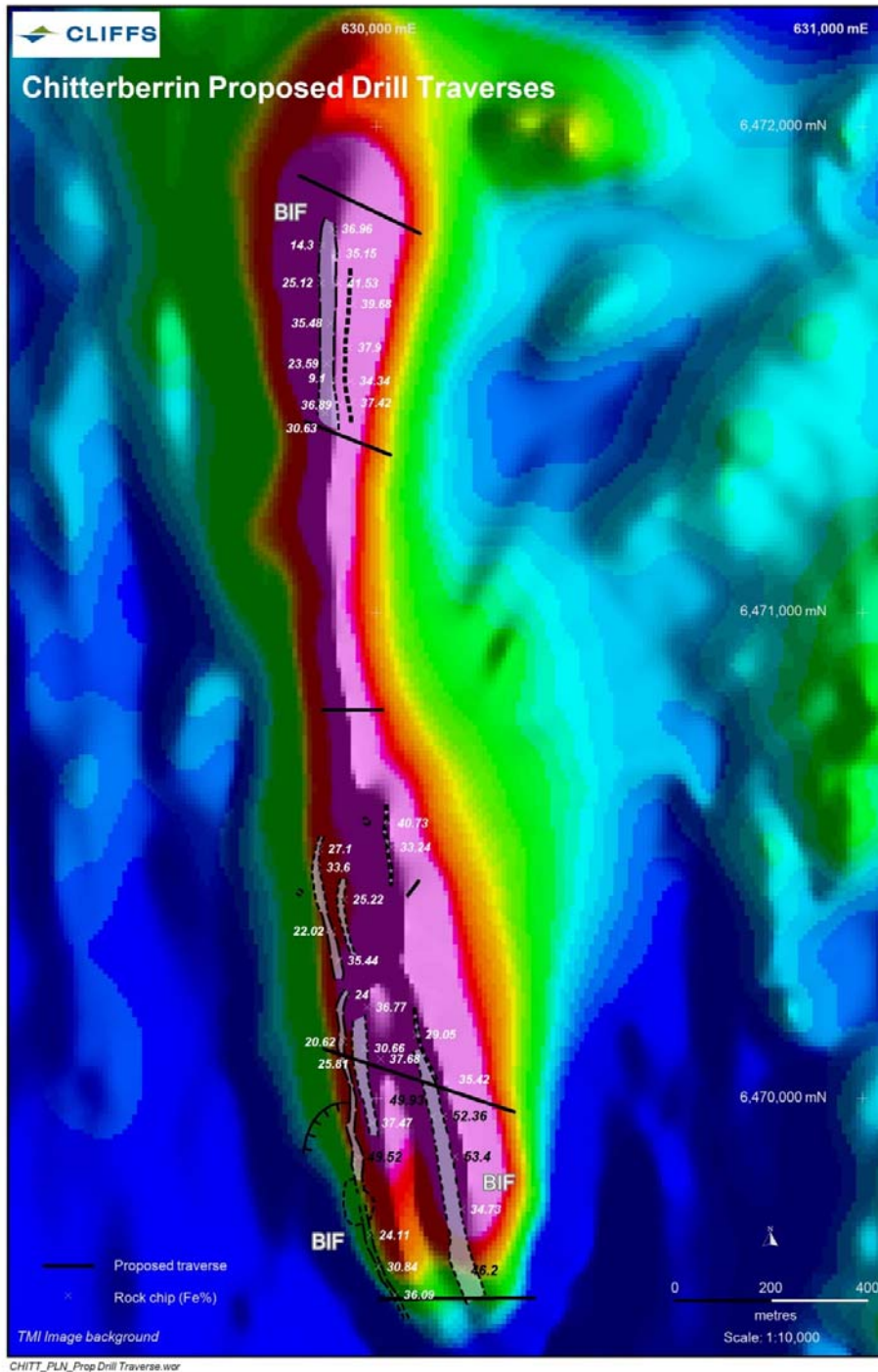
A review of the airborne gravity was conducted during the quarter with results expected next quarter. Ground mapping and sampling was conducted at the Booran prospect.

Geophysical modelling was used to refine drill targets at the Booran and West Burracoppin Prospects. 16 diamond drillholes were planned for drilling during the September quarter targeting BIF material interpreted from surface mapping.

KEL-5

Geophysical modelling was used to refine drill targets at the Chitterberrin Prospect (refer to image below). Surface mapping and rock chipping identified BIF units up to 25 metres in width with surface rock chips assaying up to 53.4% Fe.

A Flora Survey was contracted to assist with gaining access for drilling within areas of native vegetation.



KEL-6 & KEL-7

Geophysical data were received but no processing of these data was completed during the period. A review of Falcon Gravity Gradiometer data was underway during the quarter with results expected next quarter.

Edward Creek (SA)

Uranium & REE

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

Geophysical data, collected over the Victory prospect in March, were processed but gave limited assistance to understanding structure or other potential controls or mineralising pathways that might be associated with the uranium identified at the prospect. Further processing of the geophysical data was planned for the September quarter prior to planning a drill program.

Victory is a part of the Edward Creek project in South Australia. Uranium and REE mineralisation has been identified by rock chip and auger sampling conducted at the prospect during 2010 and early 2011.

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.

Winning Hill (WA)

Uranium

RLC 100% : E08/2073 area: 217 km²

Open file geophysical data were processed. Five areas of anomalous uranium response warranting further investigation were interpreted in the data. Additional geophysical survey and or mapping prior to drilling were planned for the September quarter.

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 30 June 2011 RLC had \$1.17 M in bank deposits and no debt.

Net cash outflow for the June 2011 quarter was \$0.220 M (including \$0.103 M of exploration related expenditure).

Continued exploration for and, if warranted, development of iron-ore resources at the Bullamine project is managed and funded by our joint venture partner, Cliffs. RLC, whilst remaining an active participant in the Bullamine joint venture activities, will 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
Bullamine <i>Iron</i>	Airborne gravity gradiometer (Falcon) surveys – data processing and interpretation Airborne magnetic & radiometric surveys – data processing and interpretation 4,000 metres diamond drilling at a number of prospects 5,700 metres diamond drilling at a number of prospects	Jul Jul Sep Q Dec Q
Edward Creek <i>Uranium & REE</i>	Continued interpretation of the Victory magnetic survey data Heritage surveys RC drilling	Jul Sep Q Sep Q
Tanami <i>Uranium</i>	Waiting on grant of EL 24885.	Sep Q
Isabella <i>Uranium</i>	Complete access agreements with Native Title claimants	Jul
Winning Hill <i>Uranium</i>	Complete access agreements with Native Title claimants. Continued processing and interpretation of open file airborne survey geophysical data (150 metre line space). Field investigations and mapping.	Jul Jul Sep 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")

30 June 2011

Consolidated statement of cash flows

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	18	357
1.2 Payments for		
(a) exploration and evaluation	(103)	(1,028)
(b) development	-	-
(c) production	-	-
(d) administration	(72)	(257)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	59
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)	(84)	71
Net Operating Cash Flows	(220)	(862)
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
Net investing cash flows	-	493
1.13 Total operating and investing cash flows (carried forward)	(220)	(369)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(220)	(369)
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			
		(220)	(369)
1.20	Cash at beginning of quarter/year to date	1,391	1,540
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,171	1,171

**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)	88
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	46
	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	42

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	140
4.2 Development	-
4.3 Production	-
4.4 Administration	90
Total	230

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	56	14
5.2 Deposits at call	703	977
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	412	400
Total: cash at end of quarter (item 1.22)	1,171	1,391

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		
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 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: 29 July 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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