



ASX Release

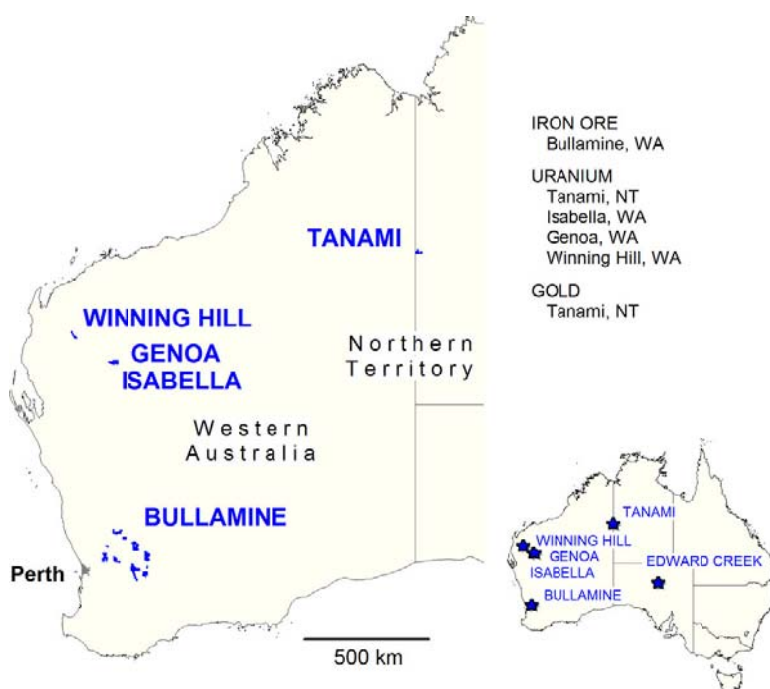
ASX Code: RLC

October 2011

Quarterly Report for the period ended 30 September 2011

SUMMARY

- ❑ Bullamine Joint venture:
 - magnetite mineralisation intercepted in diamond drilling at the Bollo, Cleansweep, Wattening, Wongamine and Chitterberin prospects - completed 3,246 m diamond drilling.
 - Dense rock material, possibly indicating significant volumes of iron mineralisation, interpreted from gravity data from the Kell 3, Kell 4, Kell 6 and Kell 7 areas.
- ❑ Possible fault structures which may have provided pathways for uranium mineralisation, were interpreted from detailed geophysical data from the Victory uranium prospect (Edward Creek project, SA).
- ❑ Detailed ground gravity survey was conducted at the Winning Hill uranium prospect, WA
- ❑ Corporate:
 - \$1.03 M cash on deposit (nil debt) at 30 September 2011
 - 48.6 M issued shares (13.55 M options, average exercise price 30 cents)
 - \$ 4.3 M market cap (\$5.6 M fully diluted) at 9 cents per share on 24 October 2011



CURRENT EXPLORATION ACTIVITES

Bullamine (WA)

Iron

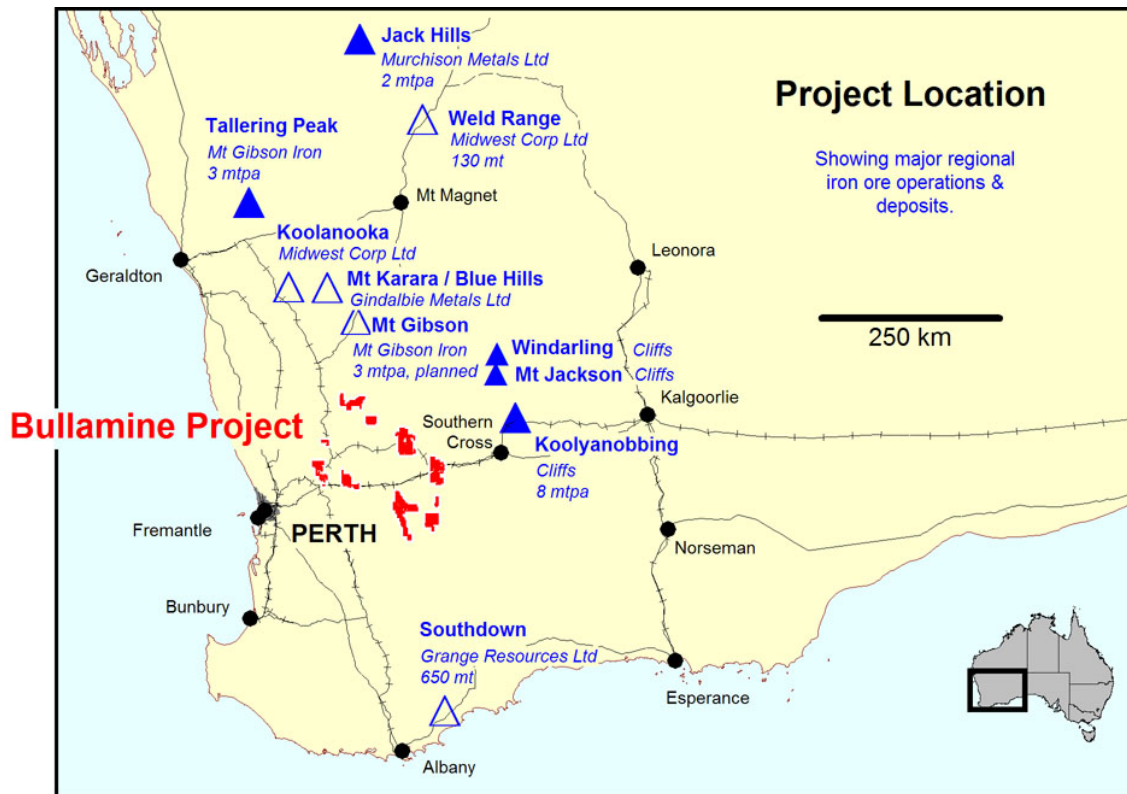
RLC 25% : E70/2846, 3462, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773 & 3774

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

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

Total area 3,342 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.



Drilling commenced during the quarter and was conducted at the Bollo, Cleansweep, Wongamine, Wattening and Chitterberrin Prospects. Magnetite mineralisation was intersected at all targets. A total of 3,246 metres of diamond drilling was completed.

Of the targets drilled to date, further drilling has been planned at Wongamine and Chitterberrin to better determine the quantity, extent and metallurgical characteristics of the magnetite mineralisation intersected.

Whilst metallurgical test work is continuing on samples from Bollo and Cleansweep, no further drilling is currently planned at these and the Wattening prospects.

Assay results are pending for all samples of the core from drilling since commencement. 763 samples of the core were submitted to an independent laboratory (Ultra Trace Pty Ltd) during the quarter.

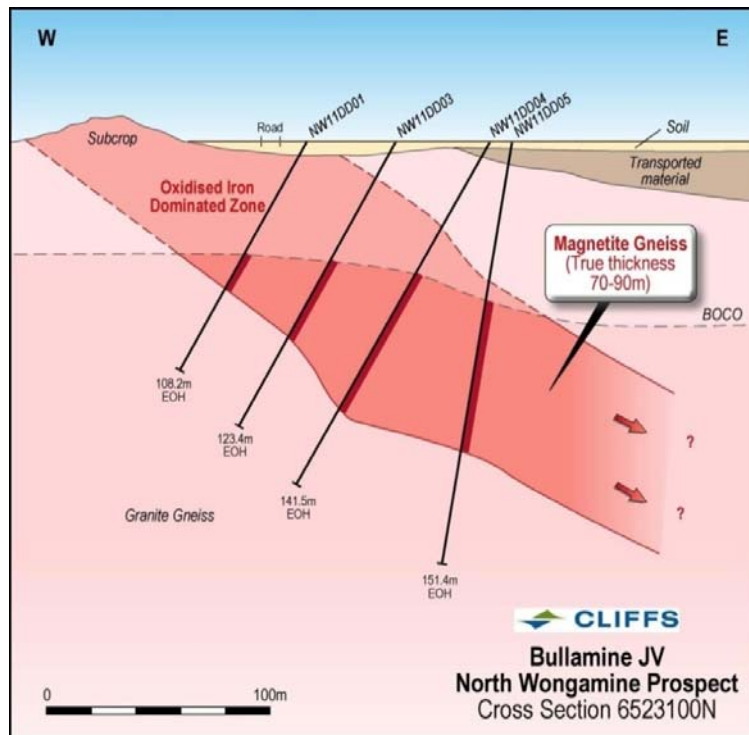
Activities at each of the sub-project areas during the period were as follows:

NOR-1 Tenements E70/2719, E70/2720, E70/2846 & E70/3462

Drilling within the NOR 1 area, located north of Northam, was directed at the Bollo, Cleansweep, Wongamine and Wattening Prospects. Metres drilled within NOR 1 during the quarter totalled 2,079.45 metres and details are provided in table 1.

Magnetite mineralisation was intersected at all targets.

The most significant mineralisation identified within NOR 1 during the quarter was intersected in diamond drilling at the Wongamine prospect. A shallow dipping, magnetite-bearing, rock measuring 70 to 90 metres thick was intersected at the North Wongamine prospect. The horizontal dimensions of the body are estimated at 150 metres wide (based on sub-outcrop and drill data) and detailed magnetic data suggest it is 500 metres long (ASX release 30/08/2011).



If the magnetite-bearing rock is iron ore, which will not be known until sample assay and other tests have been completed, then RLC believes that the estimated dimensions of the North Wongamine prospect indicate it has potential to contain more than 30 million tonnes of iron ore within 200 metres of the surface.

Interpretation of detailed magnetic data suggests two additional bodies of similar magnetite-bearing material are present to the east of the North Wongamine prospect. Land owner consents have been obtained for the additional targets and drill holes were planned for the January to April 2012 period.

Other targets drilled within the NOR 1 area during the quarter included the Bollo and Cleansweep magnetite deposits. The dimensions of mineralised material indicated by the drilling at these prospects are not currently considered sufficient to warrant continued drilling. Field interpretation of the amount of magnetite mineralisation intersected in the hole drilled into the Wattening target indicated the grade would be insufficient to warrant further assessment.

KEL-1 & KEL-2 Tenements E70/3766, E70/3774
No work was carried out during the quarter.

KEL-3 Tenements E70/3767 & E70/3768
High density rocks were identified in Falcon Gravity Gradiometer data within the area. Coincident magnetic anomalism suggests magnetite mineralisation may be the cause. Drilling is warranted but not currently scheduled.

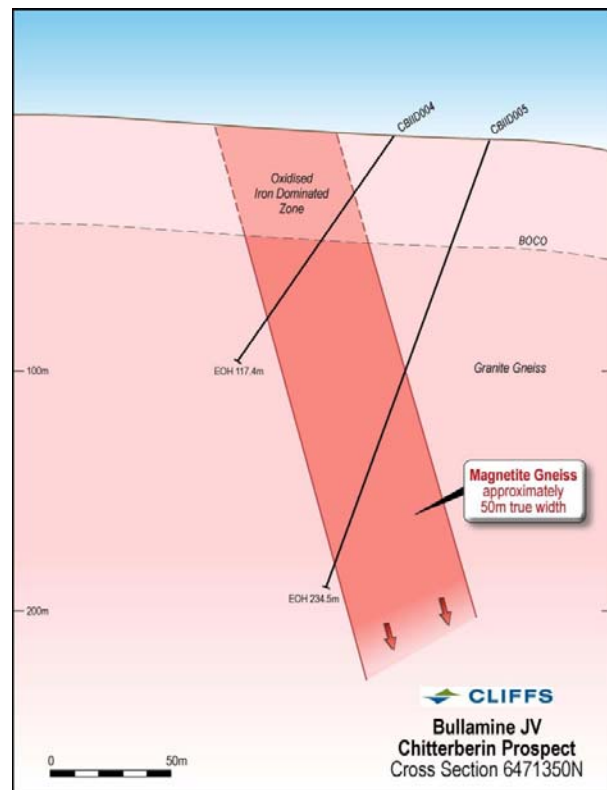
KEL-4 Tenement E70/3769
High density rocks were identified in Falcon Gravity Gradiometer data which further supports the West Burracoppin prospect.

Drilling scheduled for the September quarter at the West Burracoppin prospect was postponed whilst the Department of Mines and Petroleum process the joint venture's work application. The drilling previously planned at Booran was cancelled following a review of the prospect's potential tonnage. All necessary land owner consents for the planned drilling at West Burracoppin have been obtained.

KEL-5 Tenement E70/3770
Magnetite gneiss was intersected in diamond drilling conducted at the Chitterberrin prospect. Metres drilled within KEL 5 during the quarter totalled 1,166.6 metres and details are provided in table 1.

Steeply dipping magnetite-bearing rocks in bands comprising total thickness of 30 to 60 metres were intersected at the Chitterberrin prospect. Detailed magnetic data suggest the mineralised material extends at least 1,000 metres along strike (ASX release 26/10/2011).

If the magnetite-bearing rock is iron ore, which will not be known until sample assay and other tests have been completed, then RLC believes that the estimated dimensions of the Chitterberrin prospect indicate it has potential to contain more than 30 million tonnes of iron ore within 200 metres of the surface.



KEL-6 & KEL-7 Tenements E70/3771, E70/3772 & E70/3773

High density rocks were identified in Falcon Gravity Gradiometer data within both Kel 6 and Kel 7 areas. In some instances coincident magnetic anomalism suggests magnetite mineralisation may be the cause. Drilling is warranted but not currently scheduled.

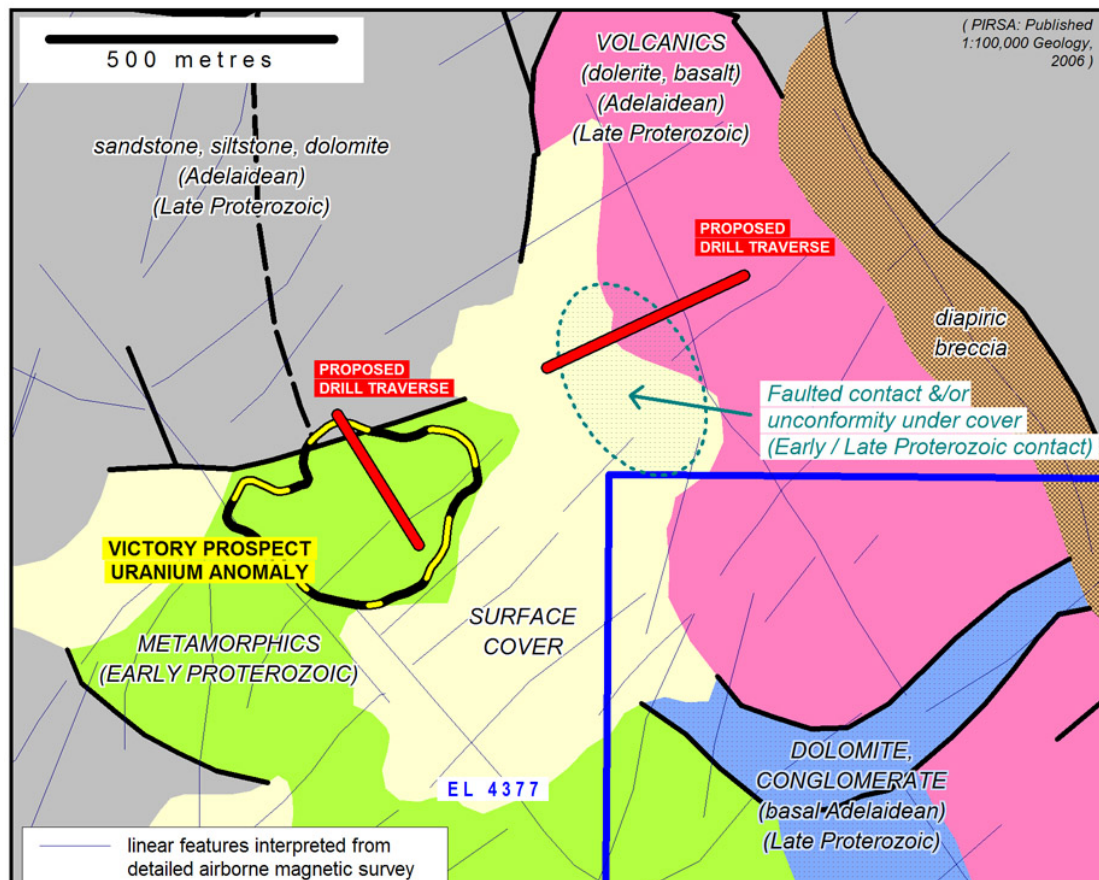
Table 1. Schedule of diamond drilling completed by the Bullamine Joint Venture during the quarter.

Hole No.	Prospect / target	Area	Easting ¹	Northing ¹	Azimuth	Dip	Metres drilled
BC11DD001	Bollo	NOR 1	469421	6521243	205	-55	102.1
BC11DD002	Bollo	NOR 1	469424	6521238	235	-75	156.4
BCDD001	Bollo	NOR 1	468370	6522293	235	-55	125.0
BCDD008	Bollo	NOR 1	469220	6521820	250	-70	105.0
BCDD012	Bollo	NOR 1	469346	6521430	288	-55	111.4
BCDD013	Bollo	NOR 1	469372	6521446	277	-55	132.4
BCDD014	Bollo	NOR 1	469372	6521446	277	-65	159.3
BCDD016	Bollo	NOR 1	469390	6521444	250	-70	200.4
CSDD001	Cleansweep	NOR 1	465966	6518180	245	-75	150.5
CSDD002	Cleansweep	NOR 1	465878	6518343	245	-75	186.5
NW11DD001	North Wongamine	NOR 1	462360	6523100	270	-60	108.2
NW11DD003	North Wongamine	NOR 1	462400	6523100	270	-60	123.4
NW11DD004	North Wongamine	NOR 1	462440	6523100	270	-60	141.5
NW11DD005	North Wongamine	NOR 1	462450	6523100	270	-80	151.5
WT11DD001	Wattening	NOR 1	463580	6532820	210	-55	125.9
CB11DD001	Chitterberrin	KEL 5	629945	6471840	270	-50	105.5
CB11DD002	Chitterberrin	KEL 5	629945	6471840	270	-70	147.6
CB11DD003	Chitterberrin	KEL 5	629990	6471835	270	-70	183.9
CB11DD004	Chitterberrin	KEL 5	629940	6471350	270	-55	117.4
CB11DD005	Chitterberrin	KEL 5	629980	6471350	270	-70	234.5
CB11DD006	Chitterberrin	KEL 5	629990	6470720	270	-55	159.4
CB11DD007	Chitterberrin	KEL 5	629990	6470720	270	-75	198.6
CB11DD008	Chitterberrin	KEL 5	630160	6470000	270	-55	19.7
¹ GDA 94, MGA Zone 50							

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

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

Possible fault structures which may provide pathways for mineralising solutions were interpreted from detailed (50 metre line spaced) magnetic data at the Victory uranium prospect. Two RC drill traverses were planned during the quarter to investigate potential sites of uranium mineralisation. One traverse will investigate the subsurface where elevated uranium and REE mineralisation has been identified by rock chip and auger sampling conducted at the prospect during 2010 and early 2011. The other traverse has been planned to investigate potential unconformity sites located undercover and along strike from the surface occurrences of anomalous uranium. Heritage clearance surveys for the proposed drilling were scheduled for early November.



The Victory prospect is a part of the Edward Creek project in South Australia. .

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.

The Central Land Council ("CLC") gave its consent on 27 July 2011 to the grant of EL 24885. The Company was informed on 28 October 2011, subsequent to the report period, that the CLC had passed a resolution to execute an exploration deed in connection with gaining access and consent to explore ELA 24885.

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

A brief visit to the area was conducted at the end of field work conducted on the Winning Hill project. Limited ground spectrometer survey confirmed elevated uranium response recovered by an earlier airborne radiometric survey.

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)

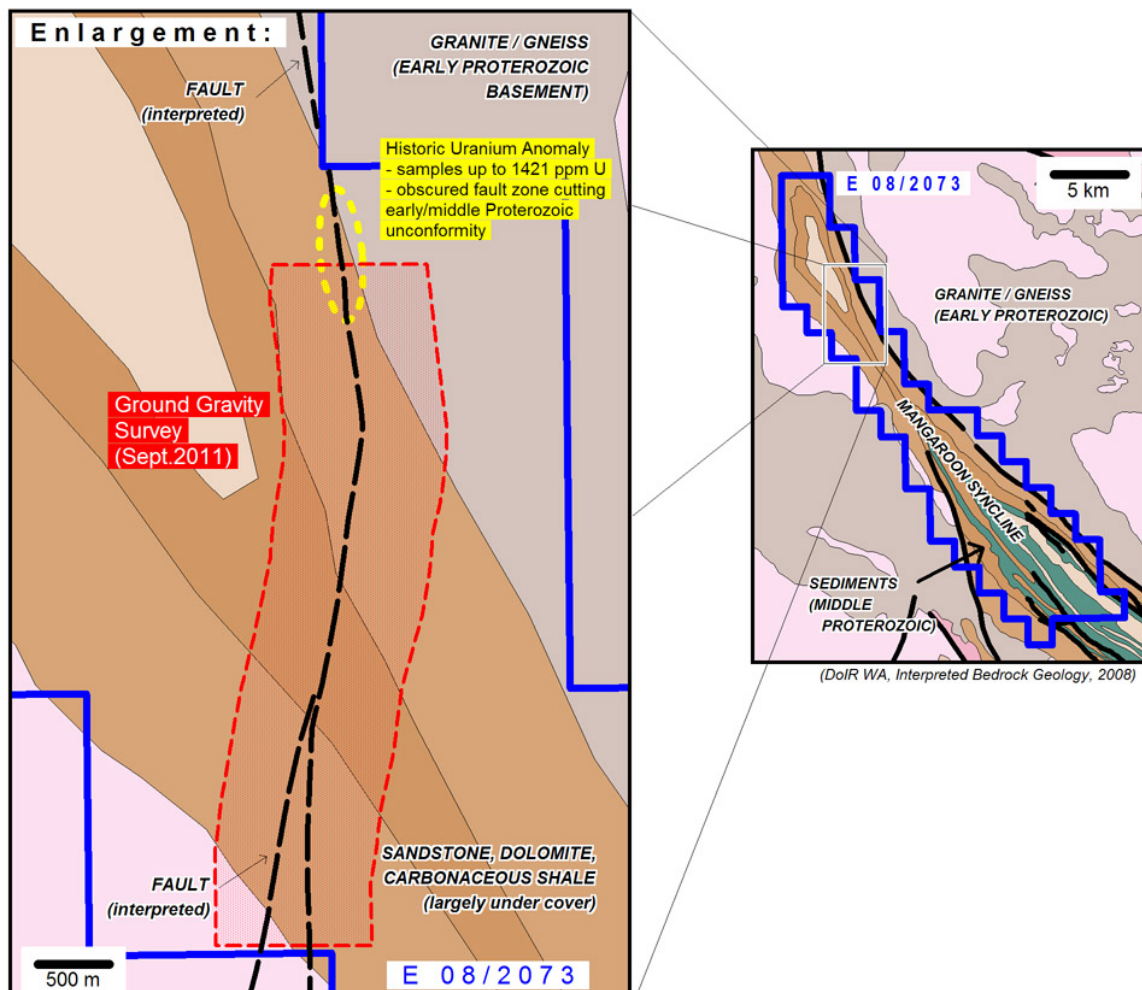
Uranium

RLC 100% : E08/2073 area: 217 km²

Ground gravity survey was conducted to investigate and locate a fault that previous workers demonstrated is associated with elevated levels of uranium mineralisation and occasionally associated with gold and copper. The gravity survey acquired data covering 4.8 kilometres of interpreted fault strike length (refer to diagram below).

Field mapping and sampling during the period recovered 329 sediment samples. The samples have been submitted to an independent laboratory (Genalysis) for processing and will be used as orientation samples to investigate the application of partial / selective leach at this project.

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 September 2011 RLC had \$1.03 M in bank deposits and no debt.

Net cash outflow for the September 2011 quarter was \$0.142 M (including \$0.029 M of exploration related expenditure).

We are excited by the thicknesses of magnetite mineralised rocks being intersected at our Bullamine iron ore project by Cliffs, the project manager. Assay results are expected in the next few weeks for samples of drill core submitted to independent laboratories. The manager intends selecting intervals of core for processing to determine metallurgical characteristics after this assay data has been assessed.

FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Bullamine <i>Iron</i>	5,700 metres diamond drilling at a number of prospects	Dec Q
Edward Creek <i>Uranium</i>	Heritage surveys RC drilling	Nov Mar Q/Jun Q
Tanami <i>Uranium</i>	Waiting on grant of EL 24885.	Dec 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. Process and interpret ground gravity data acquired in Sep Q	Dec Q Dec 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 September 2011

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	10	10
1.2	Payments for		
	(a) exploration and evaluation	(29)	(29)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(132)	(132)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	8
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)	1	1
Net Operating Cash Flows		(142)	(142)
Cash flows related to investing activities			
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) Proceeds from Farm-in Agreement	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(142)	(142)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(142)	(142)
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	(142)	(142)
1.20	Cash at beginning of quarter/year to date	1,171	1,171
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,029	1,029

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)
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	-

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	160
4.2 Development	-
4.3 Production	-
4.4 Administration	70
Total	210

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	46	56
5.2 Deposits at call	570	703
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	412	412
Total: cash at end of quarter (item 1.22)	1,028	1,171

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	E09/1702 E09/1715	Tenement granted 7/07/2011 Tenement granted 7/07/2011	application application	100% 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: 28 October 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.

== == == == ==