



ASX Release

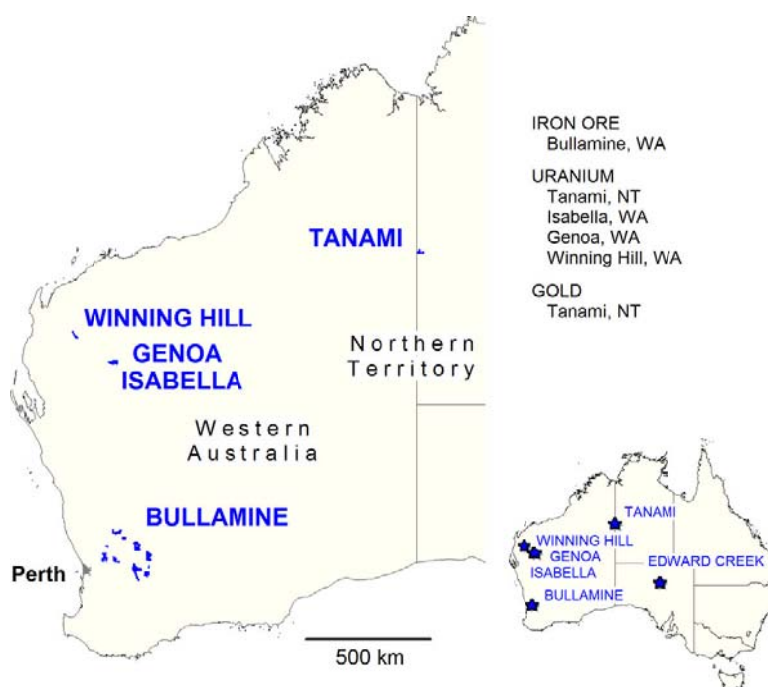
ASX Code: RLC

December 2011

Quarterly Report for the period ended 31 December 2011

SUMMARY

- ❑ **Bullamine Joint venture:**
 - Wide intercepts of magnetite gneiss in drilling at Chitterberin
 - Assay data were received from drill core samples recovered from the Wongamine prospect and the smaller Cleansweep and Bollo prospects.
 - 2,631.4 metres diamond drilling was completed at the Chitterberin and West Burracoppin prospects.
- ❑ Heritage surveys were conducted to enable drilling at the Victory uranium prospect (Edward Creek project, SA).
- ❑ Encouraging assay data were received from a soil samples at the Winning Hill uranium prospect, WA
- ❑ **Corporate:**
 - \$0.87 M cash on deposit (nil debt) at 31 December 2011
 - 48.6 M issued shares (13.25 M options, average exercise price 30 cents)
 - \$ 4.6 M market cap (\$5.9 M fully diluted) at 9.5 cents per share



CURRENT EXPLORATION ACTIVITES

Bullamine (WA)

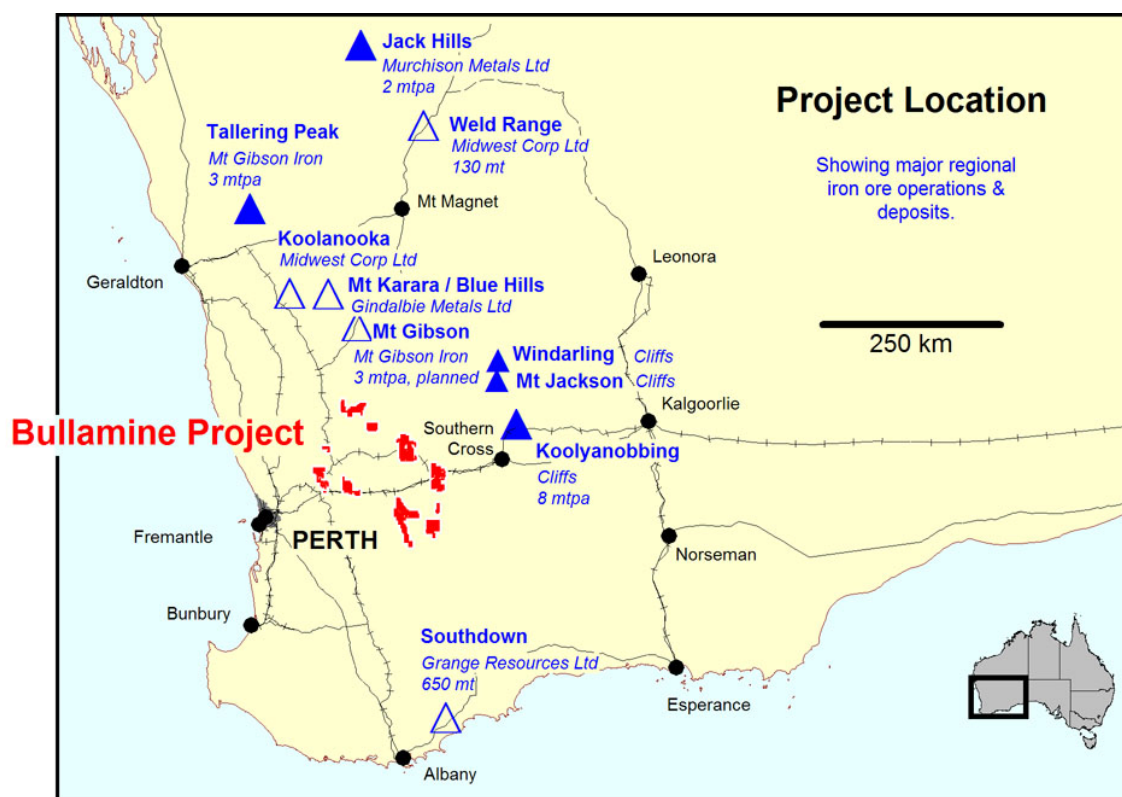
Iron

RLC 25% : E70/2846, 3462, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773, 3774, E70/3805 & 3806).

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.

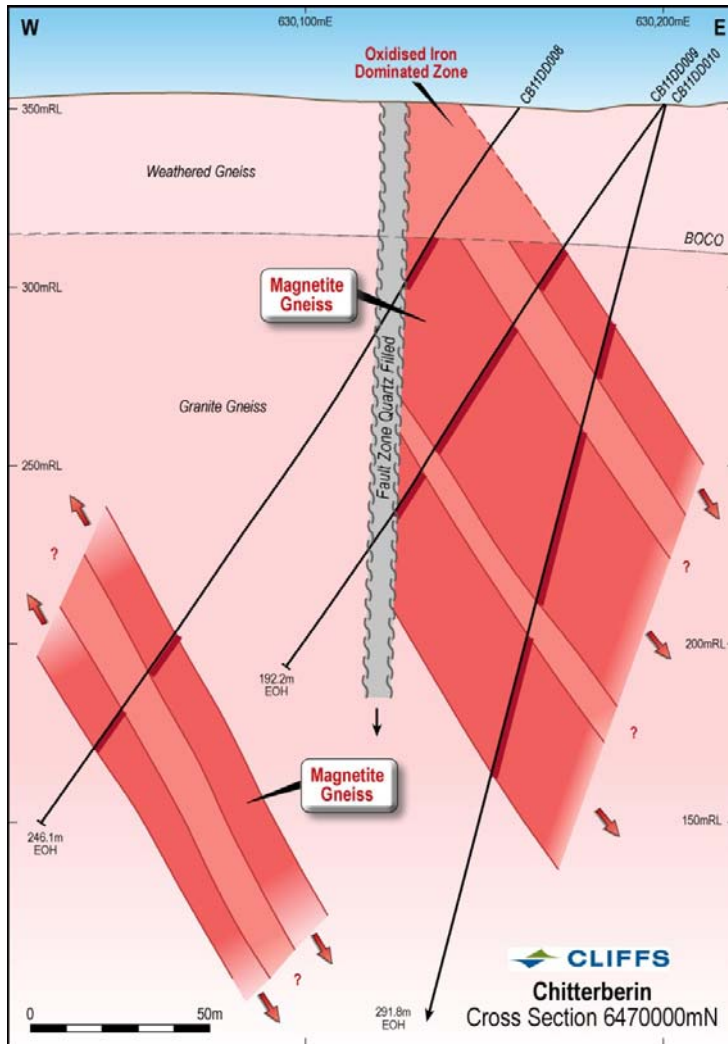


Drilling continued during the quarter and was conducted at the Chitterberin and West Burracoppin Prospects. Magnetite mineralisation was intersected at both prospects. A total of 2,631.4 metres of diamond drilling was completed (table 3).

Chitterberin Prospect – KEL 5

Significant intercepts of magnetite gneiss were drilled at the Chitterberin Prospect during the period. Initial results were sufficient to increase the planned drilling metres at Chitterberin in order to recover sufficient data on which to determine the metallurgical characteristics of the magnetite gneiss intersected and to commence resource definition. The joint venture hopes to determine an

inferred resource for the Chitterberin Prospect during the first quarter 2012 from the drilling completed.



Chitterberin Prospect, KEL 5, Bullamine Iron Ore Project.

Wongamine Prospect – NOR 1

Initial drilling at North Wongamine, completed during the previous report period, identified a shallow dipping magnetite gneiss, which is interpreted to have a true width of between 70-90m (refer Figure 1). Reassessment of the aeromagnetic survey results in light of the drilling has identified the East Wongamine prospect for further drilling. The current interpretation, based on detailed modelling of the 50 metre line spaced airborne magnetic data and constrained by the existing drill data, is that the magnetite gneiss horizon intersected is part of a shallow dipping unit which has repeatedly been thrust closer to surface with potential for a number of shallow dipping magnetite gneiss units within the prospect area.

Drill holes have been planned and a POW submitted for future target validation and drilling (refer figure 2). This program commenced following the end of the report period on 17 January when drilling resumed at the Wongamine Prospect with 5,000 metres diamond planned.

Assay results were received (table 1) and a summary cross section of the results is provided in figure 1.

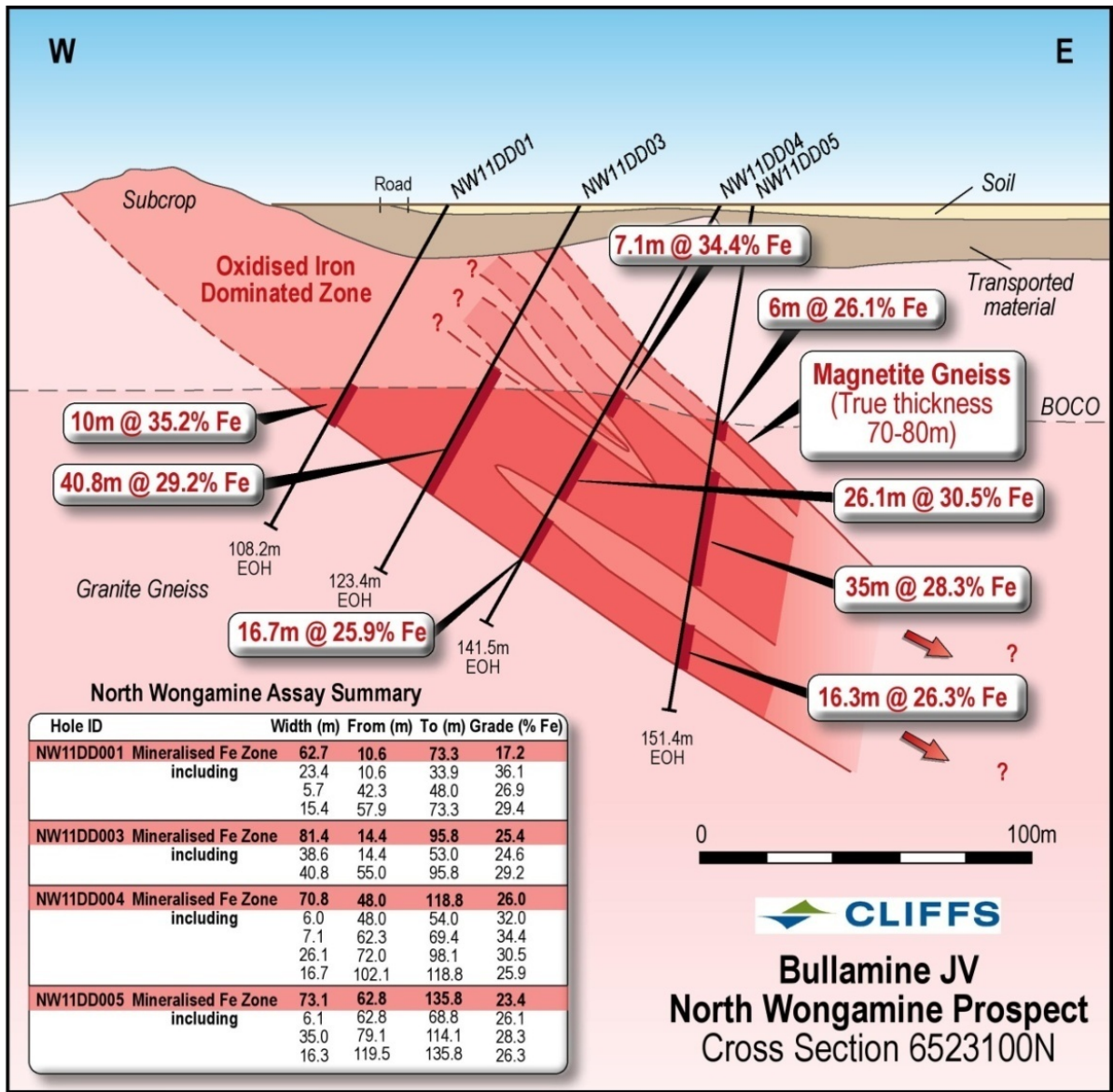


Figure 1 - Cross-section through the Wongamine Prospect.

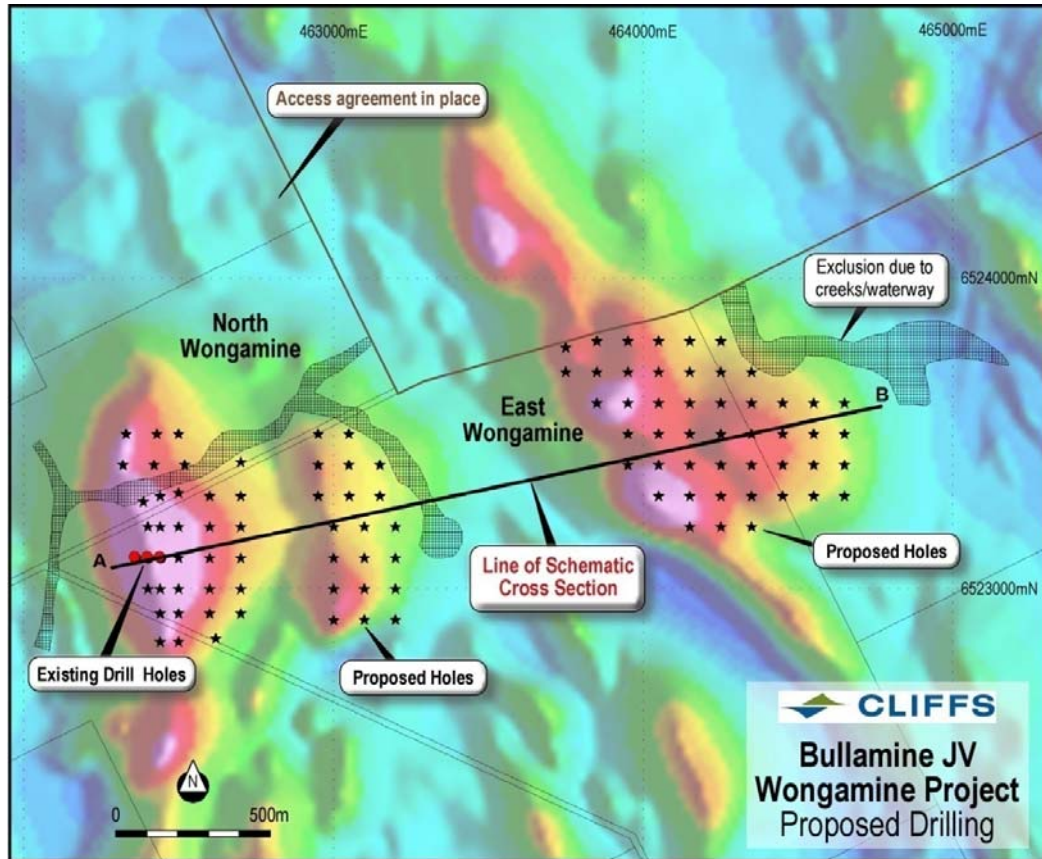


Figure 2 - Location of proposed drillholes as part of new POW for Wongamine Prospect

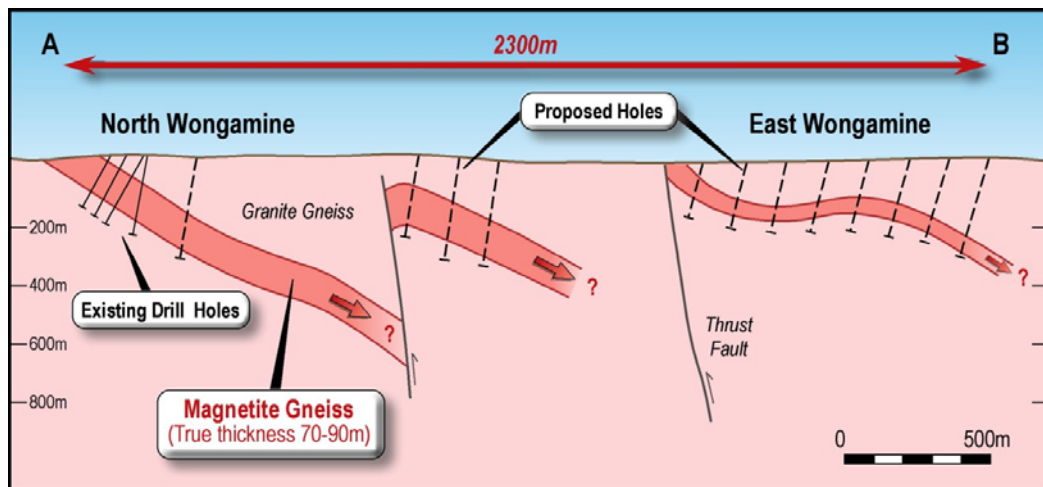


Figure 3 - Interpreted Cross Section through the Wongamine Prospect

Table 1. Assay results from the North Wongamine Prospect, NOR 1.

		North Wongamine Assay Summary			
Hole ID		Width(m)	From(m)	To(m)	Grade (% Fe)
NW11DD001	Mineralised Fe Zone	62.7	10.6	73.3	17.2
	including	23.4	10.6	33.9	36.1
		5.7	42.3	48	26.9
		15.4	57.9	73.3	29.4
NW11DD003	Mineralised Fe Zone	81.4	14.4	95.8	25.4
	including	38.6	14.4	53.0	24.6
		40.8	55.0	95.8	29.2
NW11DD004	Mineralised Fe Zone	70.8	48.0	118.8	26.0
	including	6.0	48.0	54.0	32.0
		7.1	62.3	69.4	34.4
		26.1	72.0	98.1	30.5
		16.7	102.1	118.8	25.9
NW11DD005	Mineralised Fe Zone	73.1	62.8	135.8	23.4
	including	6.1	62.8	68.8	26.1
		35.0	79.1	114.1	28.3
		16.3	119.5	135.8	26.3

Metallurgical test work continued during the period but at the date of this report and after the report period, only preliminary results from the Wongamine Prospect had been compiled and these included Davis Tube Recovery (DTR) at P82 @ 150 micron (100 mesh) of 65.83% Fe, 4.89% SiO₂, WR 30.8%, and bimodal Sulphur with peaks at 0.03 and 0.1 % Sulphur.

The high sulphur in concentrate for selected Wongamine samples will need to be evaluated to determine its impact on the economics of the Wongamine Prospect.

Bollo, Wattening and Cleansweep Prospects, NOR 1

Assay results from drilling at the Bollo, Wattening and Cleansweep Prospects were received and are tabulated below. Further drilling at these prospects is not planned.

Table 2. Assay results from the Bollo, Wattening and Cleansweep Prospects, NOR 1.

HoleID	Cut Off Grade	Depth From (meters)	Depth To (meters)	Interval Length (meters)	Fe%
BC11DD001	Mineralised Fe Zone	35.6	79.5	43.9	20.1
BC11DD001	>25% Fe	35.6	52.0	16.4	31.7
BC11DD001	>25% Fe	73.0	79.5	6.5	33.0
BCDD001	Mineralised Fe Zone	73.7	82.8	9.1	33.6
BCDD001	>25% Fe	73.7	81.0	7.3	37.1
BCDD008	Mineralised Fe Zone	47.8	75.0	27.2	29.4
BCDD008	>25% Fe	47.8	65.0	17.2	29.8
BCDD008	>25% Fe	68.0	75.0	7.0	31.3

BCDD012	Mineralised Fe Zone	25.0	69.4	44.4	27.8
BCDD012	>25% Fe	25.0	46.7	21.7	29.6
BCDD012	>25% Fe	47.4	56.0	8.6	26.0
BCDD012	>25% Fe	62.0	69.4	7.4	30.3
BCDD013	Mineralised Fe Zone	72.5	112.2	39.7	27.5
BCDD013	>25% Fe	72.5	88.8	16.3	29.5
BCDD013	>25% Fe	93.0	108.0	15.0	29.4
BCDD014	Mineralised Fe Zone	82.4	134.7	52.3	27.8
BCDD014	>25% Fe	83.5	114.3	30.8	29.3
BCDD014	>25% Fe	115.6	124.0	8.4	28.3
BCDD014	>25% Fe	126.0	133.0	7.0	28.8
BCDD016	Mineralised Fe Zone	117.0	170.6	53.6	25.5
BCDD016	>25% Fe	125.0	131.5	6.5	31.4
BCDD016	>25% Fe	133.7	154.0	20.4	27.5
BCDD016	>25% Fe	162.0	170.6	8.6	31.2
CSDD002	Mineralised Fe Zone	34.3	137.6	103.3	17.4
CSDD002	>25% Fe	46.7	58.5	11.8	34.7
CSDD002	>25% Fe	60.7	69.0	8.3	29.2
CSDD002	>25% Fe	85.8	90.8	5.1	27.0
CSDD002	>25% Fe	125.3	133.6	8.3	31.4
WT11DD001	Mineralised Fe Zone	44.0	92.4	48.5	6.2

* Grades calculated based on weighted averages of downhole assay grades as recieved from Ultra Trace.

KEL-1 & KEL-2 Tenements E70/3766, E70/3774

No work was carried out during the quarter.

KEL-3 Tenements E70/3767 & E70/3768

No work was carried out during the quarter.

KEL-4 Tenement E70/3769

Five diamond holes were drilled at the West Burracoppin Prospect for a total of 978.2 metres.

Magnetite mineralisation was intersected over good widths, but field evidence suggests insufficient Fe grades are likely. Core from the drilling has been sampled and submitted for assay and metallurgical test work.

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

No work was carried out during the quarter.

BEN-1 & BEN-2 Tenements E70/3805 & E70/3806

Tenements were granted during the period but no work was carried out during the quarter.

Table 3. 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
CB11DD008	Chitterberrin	KEL 5	630160	6470000	280	-54	246.1
CB11DD009	Chitterberrin	KEL 5	630200	6470000	279	-55	192.2
CB11DD010	Chitterberrin	KEL 5	630200	6470000	280	-75	290.8
CB11DD011	Chitterberrin	KEL 5	630043	6470728	273	-75	41.4
CB11DD012	Chitterberrin	KEL 5	630043	6470728	269	-75	274.1
CB11DD013	Chitterberrin	KEL 5	630240	6469590	277	-55	192.1
CB11DD014	Chitterberrin	KEL 5	630240	6469590	276	-76	192.4
CB11DD015	Chitterberrin	KEL 5	630280	6469590	277	-75	243.8
WB11DD001	W Burracoppin	KEL 4	634920	6524320	30	-55	117.0
WB11DD002	W Burracoppin	KEL 4	634890	6524285	49	-56	192.5
WB11DD003	W Burracoppin	KEL 4	634890	6524285	41	-75	266.0
WB11DD004	W Burracoppin	KEL 4	634325	6524980	179	-54	177.5
WB11DD005	W Burracoppin	KEL 4	634300	6524950	43	-56	225.2

¹ GDA 94, MGA Zone 50

Edward Creek (SA)

Uranium & REE

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

Heritage surveys were conducted during the period at the Victory uranium prospect to allow drilling. Whilst a clearance report had not been received by the date of this report, the ground inspections did not identify any impediments to the proposed works.

Work planned at the Victory uranium prospect includes two RC drill traverses. 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.

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

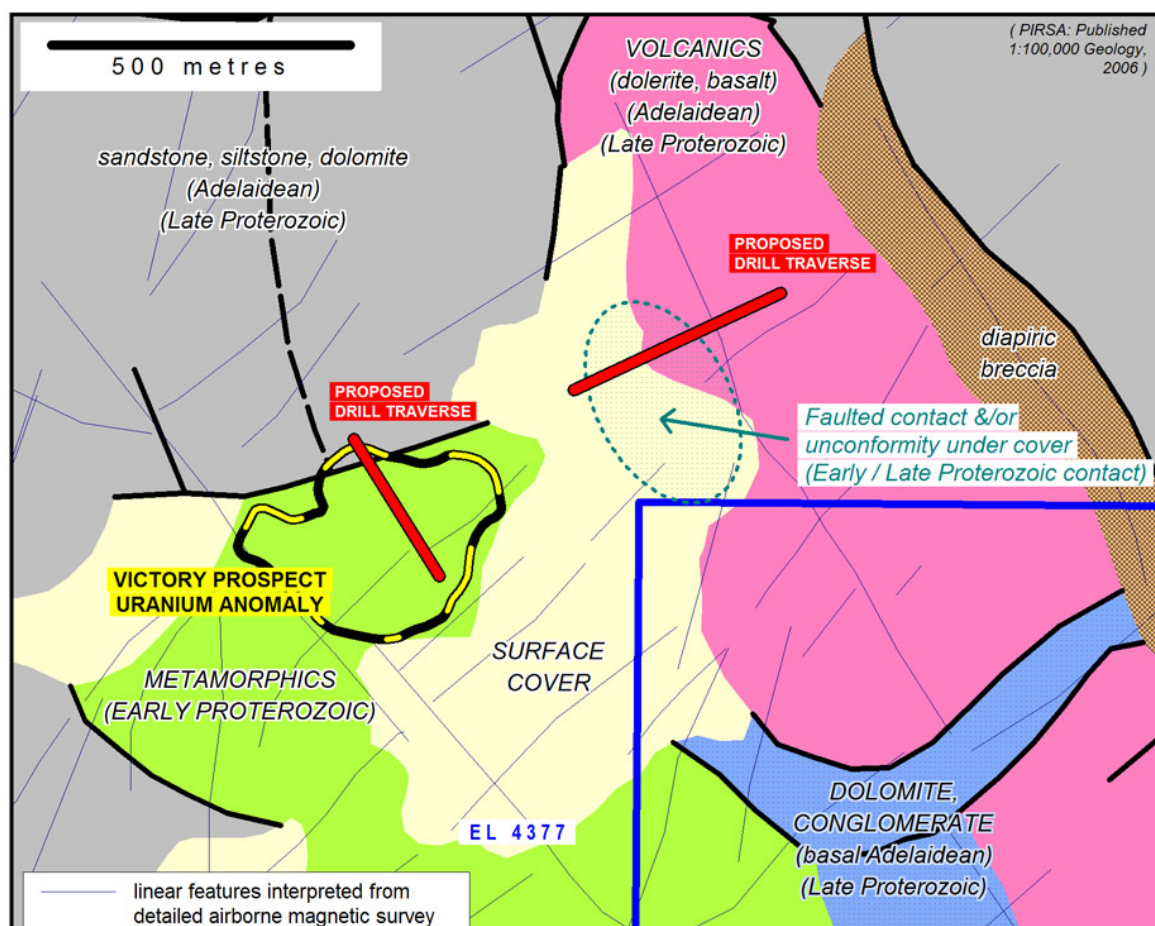


Figure 4. Planned drill traverses at the Victory uranium prospect, Edward Creek project, South Australia.

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") advised on 21 November 2011 that it had executed a deed giving its consent to the grant of EL 24885. The Company expects the NT mines department (Department of Resources – Minerals and Energy) to offer EL 24885 early in 2012.

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

Assay results from soil samples were received. Results from a sample traverse over known mineralisation clearly identify the known surface uranium mineralisation demonstrating the effectiveness of partial selective leach preparations in this environment. Results from other samples collected along the interpreted trace of a fault being targeted by the current exploration also show anomalous uranium/thorium responses (shown in figure 5). These are encouraging results.

Interpretation of gravity data collected during the September quarter continued.

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.

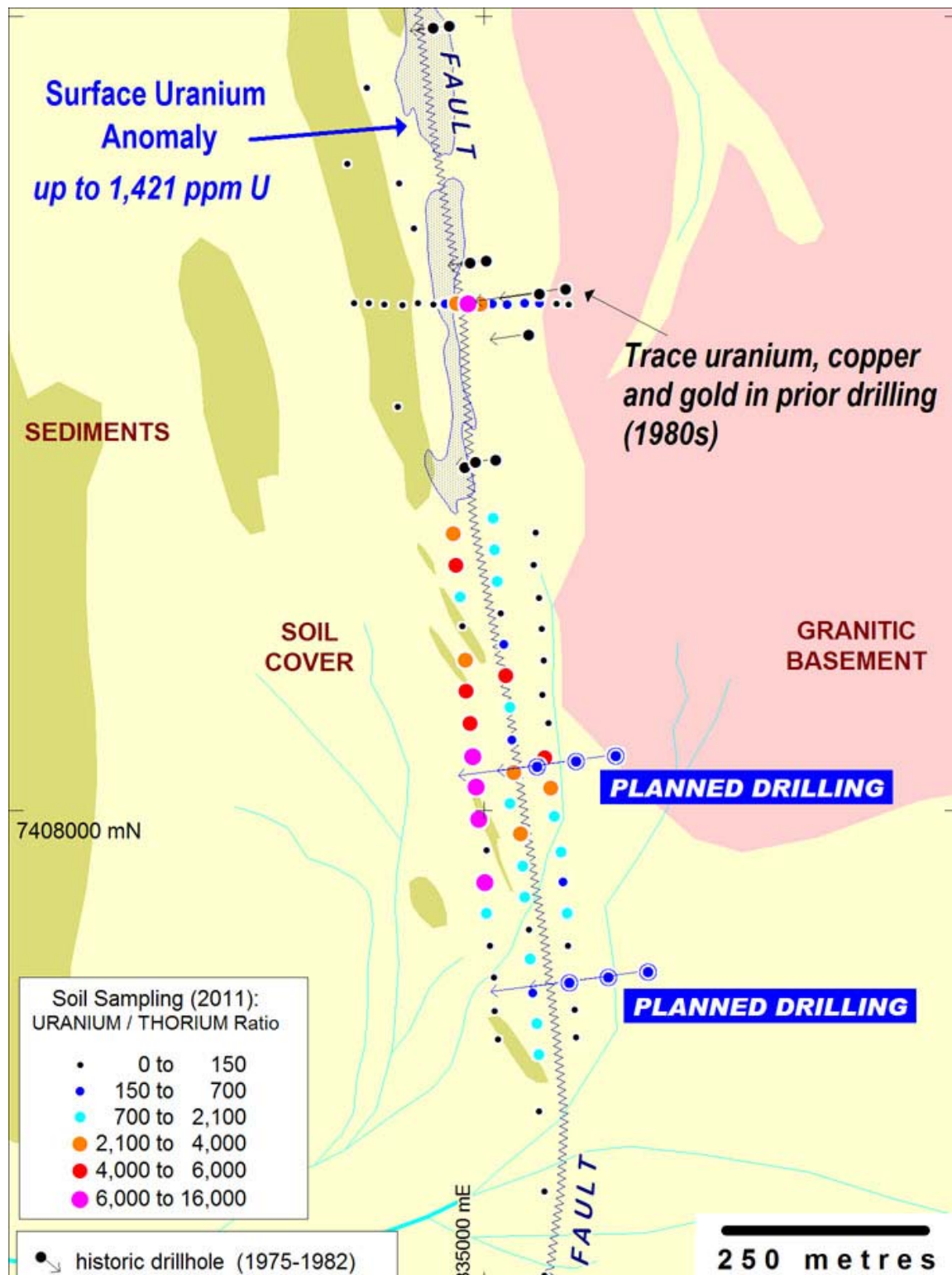


Figure 5. Soil sampling results from partial selective leach treatments.

COMMENT

At 31 December 2011 RLC had \$0.87 M in bank deposits and no debt.

Net cash outflow for the December 2011 quarter was \$0.158 M (including \$0.108 M of exploration related expenditure).

The impending resource definition for magnetite mineralisation intersected by drilling at the Chitterberin Prospect is an exciting development for the Company. While the Bullamine iron ore joint venture is the principal current focus of exploration activities for the Company shareholders can also look forward to the drilling planned at our uranium targets at Winning Hill and the Victory prospect in addition to commencing ground operations at the uranium and gold project in the Tanami.

FORTHCOMING ACTIVITIES

The following activities are planned :-

Project	Activity Planned	Timetable
Bullamine <i>Iron</i>	5,000 metres diamond drilling Resource determination at Chitterberin	Mar Q Mar Q
Edward Creek <i>Uranium</i>	RC drilling	Jun Q/ Aug Q
Tanami <i>Uranium & gold</i>	Grant of EL 24885.	Mar Q
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. RC drilling	Mar 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 December 2011

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	22	32
1.2	Payments for		
	(a) exploration and evaluation	(105)	(134)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(81)	(212)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	18	25
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)	(12)	(11)
Net Operating Cash Flows		(158)	(300)
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)	(158)	(300)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(158)	(300)
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	(158)	(300)
1.20	Cash at beginning of quarter/year to date	1,029	1,171
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	871	871

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)	47
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payment of salaries and director fees to directors	\$000's 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	1

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

RLC's joint venture partner in Bullamine, Cliffs, has reported expenditure of \$2,038,663 on the Bullamine Joint Venture

+ 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	70
4.2 Development	-
4.3 Production	-
4.4 Administration	85
Total	155

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	47
5.2 Deposits at call	424	570
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	420	412
Total: cash at end of quarter (item 1.22)	871	1,029

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	E70/3805 E70/3806	Tenement granted 13/10/2011 Tenement granted 13/10/2011	application application	25% 25%

+ 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	Exercise price	Expiry date
7.7	Options <i>(description and conversion factor)</i>	2,500,000 6,000,000 1,650,000 1,550,000 1,550,000	NONE	50 cents 30 cents 20 cents 21 cents 20 cents	31 March 2012 30 April 2012 31 December 2012 31 December 2013 31 December 2014
7.8	Issued during quarter	1,550,000	NONE	20 cents	31 December 2014
7.9	Exercised during quarter				
7.10	Expired during quarter	1,850,000	NONE	20 cents	31 December 2011
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: 31 January 2012
(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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