



# **ASX Release**

**ASX Code: RLC**

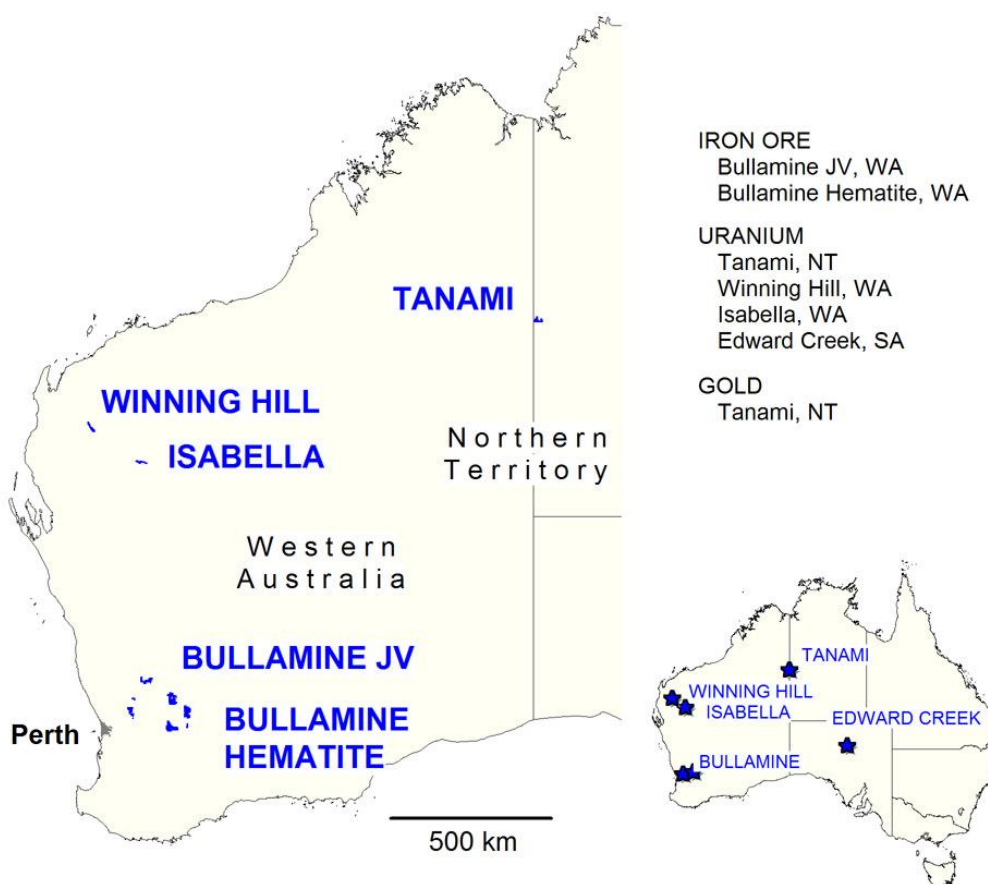
October 2012

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## **Quarterly Report for the period ended 30 September 2012**

### **SUMMARY**

- Bullamine Joint venture – Magnetite iron ore (WA):
  - Diamond drilling intersected significant widths of magnetite at Burracoppin
- Corporate:
  - \$0.509 M cash on deposit (nil debt) at 30 September 2012
  - 48.6 M issued shares (4.75 M options)
  - \$ 3.9 M market cap (\$4.3M fully diluted) at 8.0 cents per share



## CURRENT EXPLORATION ACTIVITES

### **Bullamine Joint Venture (WA)**

### **Iron (magnetite)**

RLC 25% : E70/2846, 3462, 3769, 3770 & 3805.

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

Total area 1,148 km<sup>2</sup>

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.

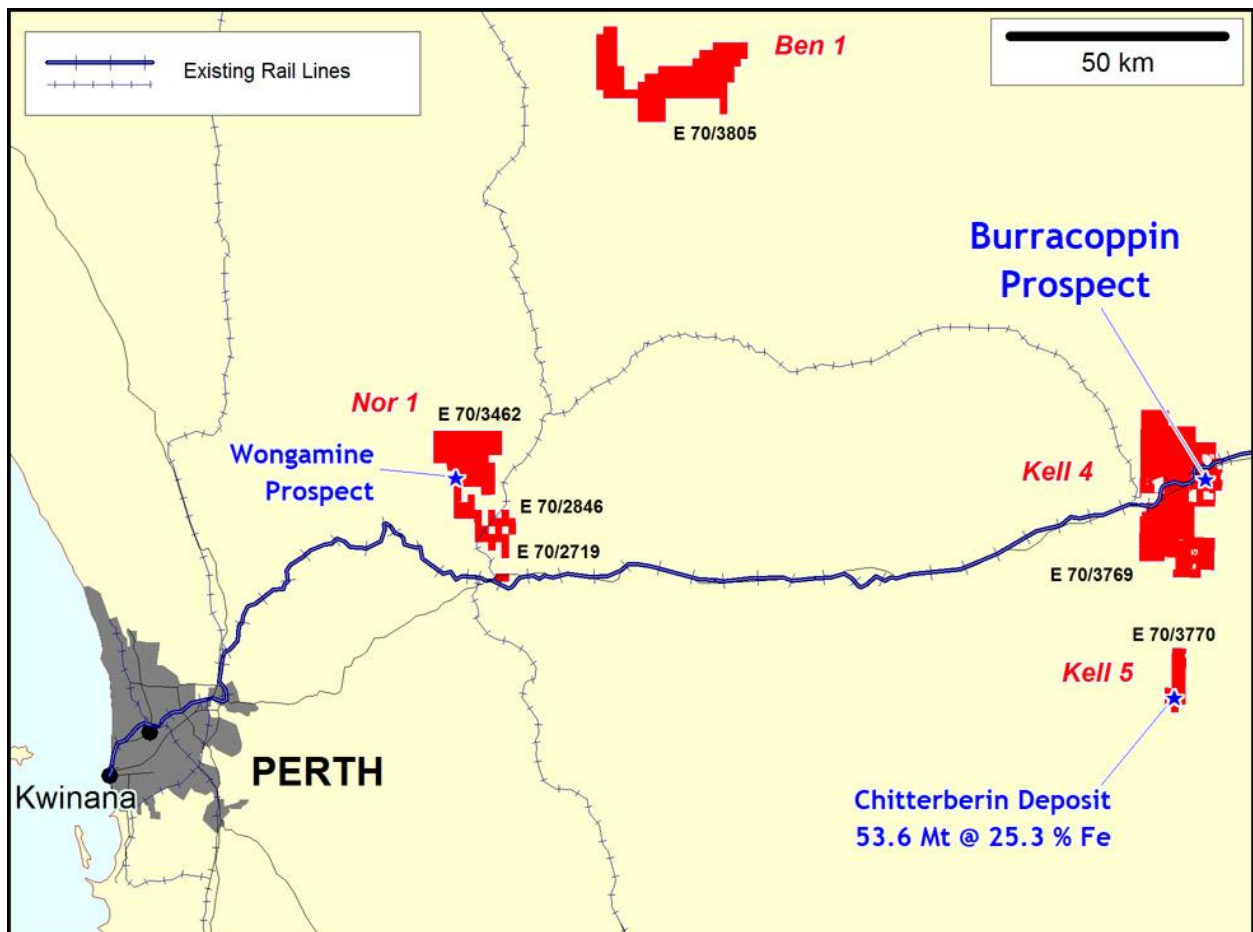


Figure 1. Location of Bullamine Joint Venture tenements and main prospects.

Activities undertaken during the September quarter included drilling 995.7 metres (diamond) on the Burracoppin magnetic anomaly.

The Burracoppin target is the largest magnetic anomaly within the Bullamine JV and surface mapping indicates a wide Banded Iron Formation ("BIF") outcropping coincident with the magnetic anomaly. The strike length of the prospect is 3 kilometres. The aim of the September quarter drilling was to determine the width and the metallurgy of the BIF system. The prospect is 2 kilometres from the main Perth-Kalgoorlie railway line.

The drilling intersected wide zones of magnetite gneiss inter-banded with granite. Cross sections of the drilling are presented in figure 2. Based on visual identification of magnetite mineralisation the best intercepts (all down hole intervals) were:

BU12DD001: 25 – 73m, 98 – 169m and 213 – 311m  
 BU12DD002: 44 – 123m, 210 – 252m and 265 – 319m  
 BU12DD003: 63 – 89m - very patchy.

Core samples of the magnetite-bearing rock have been submitted to an independent laboratory (Ultra Trace Pty Ltd) for assay. Results are expected within 4 weeks.

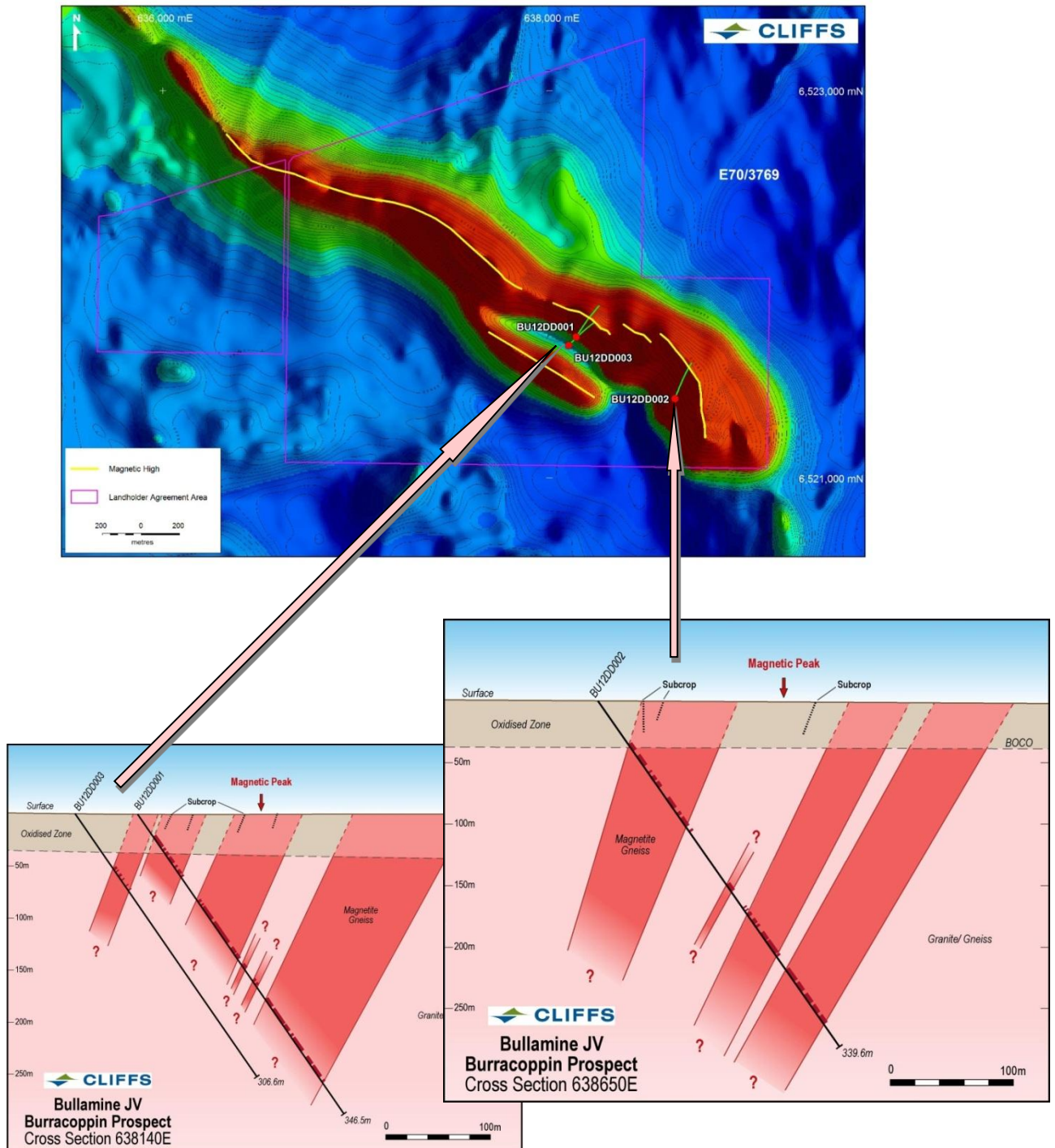


Figure 2: Collar locations for the Burracoppin drilling shown on an image of contoured aeromagnetic data. The cross sections show the orientation of diamond drill holes and preliminary interpretations of magnetite gneiss intersected.

Table 1: Schedule of diamond drilling completed at the Burracoppin prospect, KELL 4 in September 2012.

<i><b>Prospect/Target</b></i>	<i><b>HoleID</b></i>	<i><b>Easting<sup>1</sup></b></i>	<i><b>Northing<sup>1</sup></b></i>	<i><b>DEM RL</b></i>	<i><b>Azimuth</b></i>	<i><b>Dip</b></i>	<i><b>Metres Drilled</b></i>
Burracoppin	BU12DD001	638137	6521728	390	32	-55	349.5
Burracoppin	BU12DD002	638647	6521408	379	22	-54	339.6
Burracoppin	BU12DD003	638097	6521685	389	47	-55	306.6

<sup>1</sup> GDA 94, MGA Zone 50

The Joint Venture Manager reported other activities conducted during the September period which included resource estimate studies into the Chitterberrin deposit and acquisition of geophysical and satellite data for the BEN 1 area (E70/3805).

The work on Chitterberrin subsequently led to the announcement on 25 October 2012 of the JORC compliant Resource Estimate of 53.6 Mt @ 25.3% Fe.

The locations of the Burracoppin target and Chitterberrin deposit make it possible that these two prospects could be jointly mined if the mineralisation proves favourable. Such a development would assist the project economics and increase the chance of mining at these two prospects being viable.

## **Bullamine Hematite Project (WA)**

## **DSO Iron**

RLC 100% : E70/3767, 3768 & 3772, Application E70/4412 total area 1,125 km<sup>2</sup>

During the period several land owners were visited to assist in gaining the requisite consents to enable commencement of ground activities and an application was lodged for an additional tenement.

Areas considered prospective by RLC for iron ore are located in some of the tenements surrendered by the Bullamine Joint Venture back to RLC. RLC interprets airborne gravity survey (Falcon Gravity Gradiometer) data acquired by the Bullamine Joint Venture in 2011 to indicate that these tenements contain significant, but small scale, volumes of high density rocks.

RLC intends investigating these high density rocks to determine whether they are associated with hematite mineralisation. Hematite is a non-magnetic form of iron mineralisation, which can occur with Fe grades higher than 60%. Where sufficient tonnages of hematite rocks containing concentrations approaching 60% Fe occur they may comprise iron ore capable of being mined and sold with no further beneficiation. These ores are referred to as direct shipping ores or DSO.

Potential targets for hematite interpreted from the gravity data occur within the KEL 3 (tenements E70/3767 & E70/3768) KEL 7 (tenement E70/3772) and KEL 8 (application E70/4412) areas.

The largest target area identified measures about 2 kilometres by 4 kilometres. Such an area would have potential to contain about 25 Mt per vertical metre.



## Edward Creek (SA)

## Uranium & REE

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

Work during the period was directed towards gaining regulatory approvals for the planned drilling and this included negotiations to determine a Native Title Mining Agreement.

Work planned on the Edward Creek project includes drilling at the Victory uranium prospect. The drilling will investigate strong surface uranium anomalism associated with quartz veining, and along strike where a concealed unconformity is interpreted. The targets occur where uranium anomalism was identified by sampling in 2010 in a window of exposed, weathered and veined Palaeoproterozoic aged rocks. Results previously reported include assays of surface rock chip and auger samples up to 412 ppm uranium, 0.30 % copper, 0.39 % TREE.

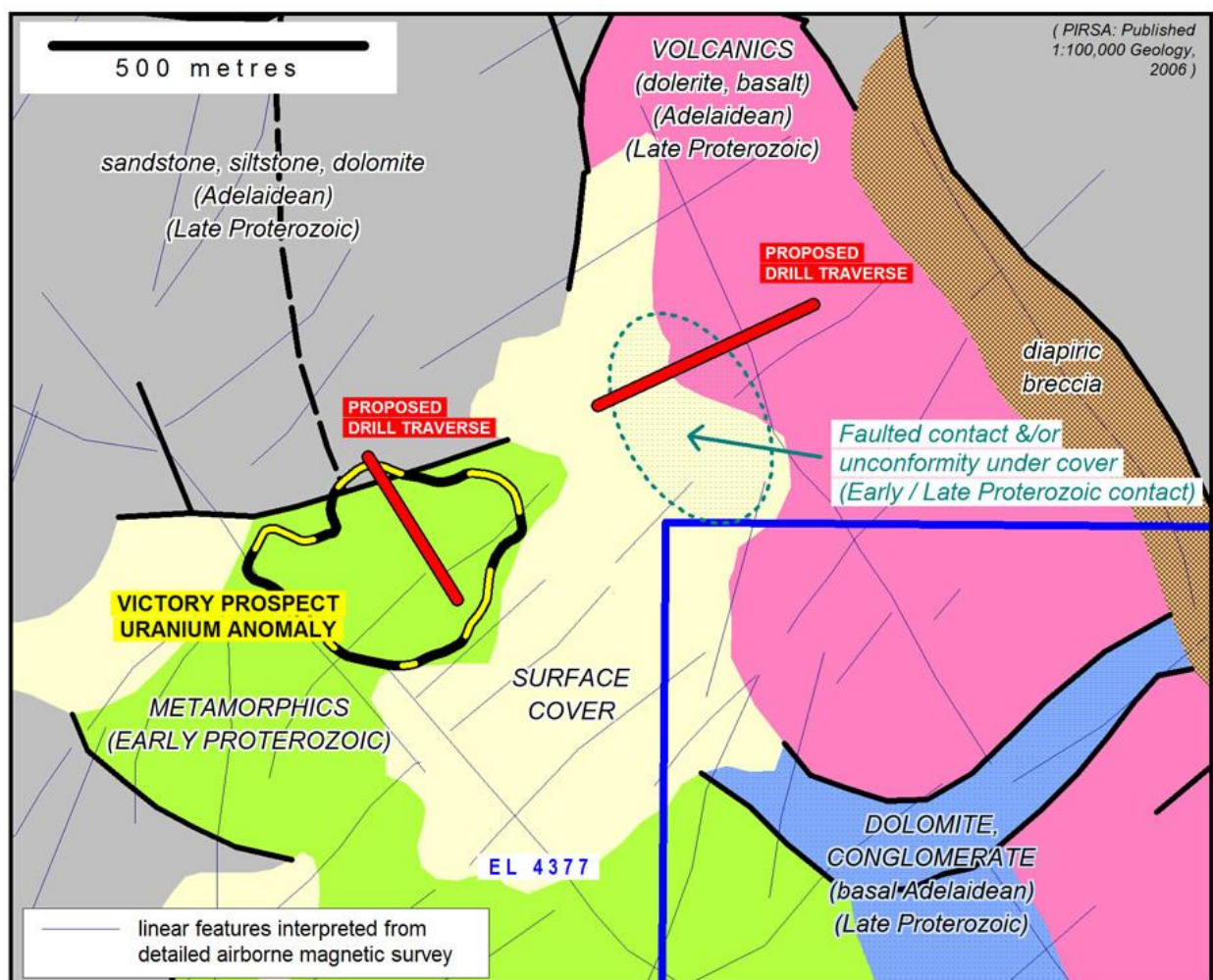


Figure 3. Planned drill traverses at the Victory uranium prospect, Edward Creek project, South Australia.

## **Tanami (NT)**

## **Uranium & Gold**

RLC 100% : EL 24885 area: 272 km<sup>2</sup>

A work plan was lodged with the Central Land Council ("CLC") seeking approval for a short field trip to the region prior to the hotter summer months. Initial review by the CLC of the planned work indicated a CLC Sacred Site Clearance Certificate would be required.

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 (WA)**

## **Uranium**

RLC 100% : E09/1702 total area: 166 km<sup>2</sup> (reduced from 349 km<sup>2</sup>)

During the period a review of the project identified three areas on which future work would be focussed and a reduction in area was applied for.

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 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 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. The area 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 may be 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.

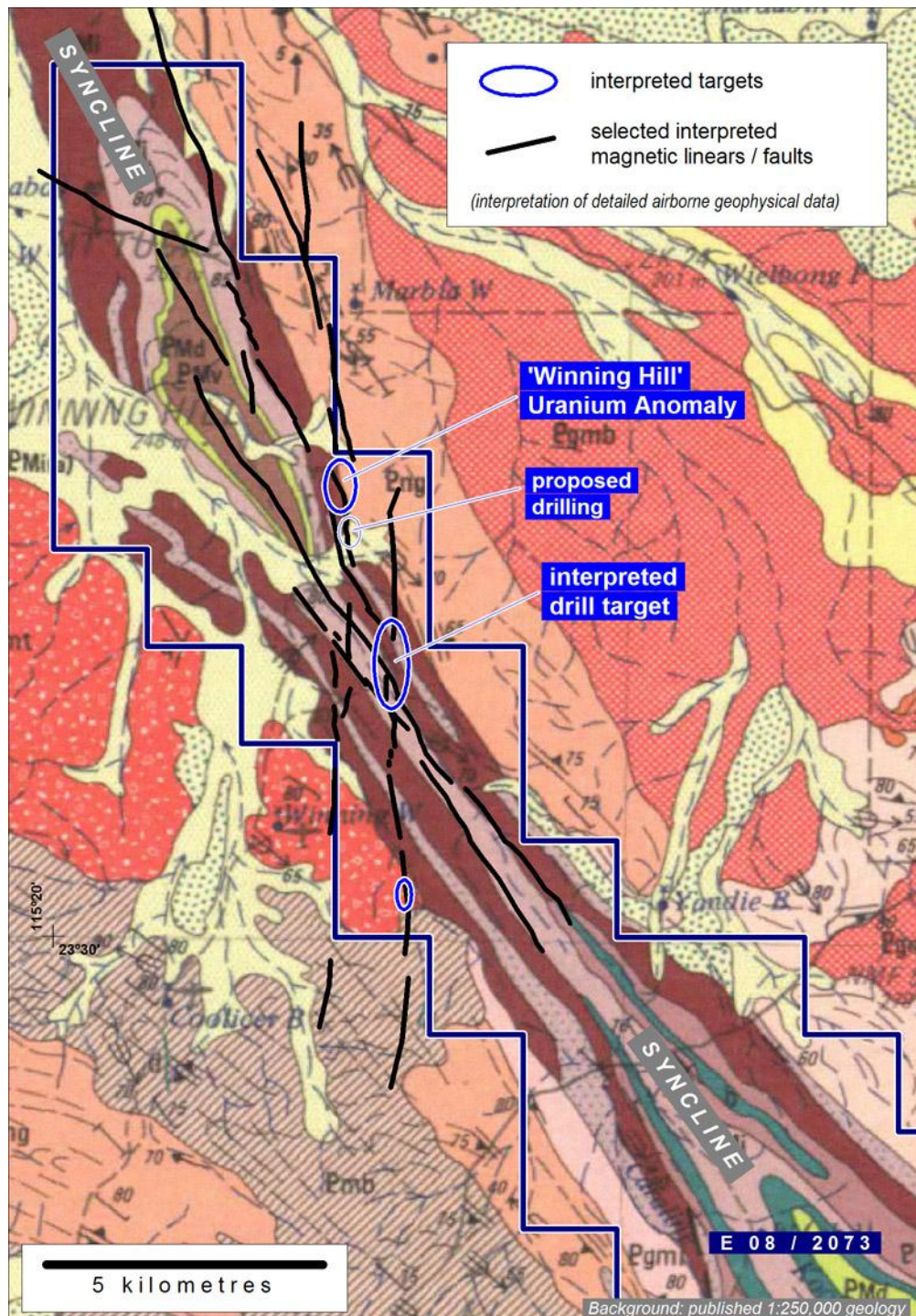


Figure 4. Winning Hill uranium project.



## COMMENT

At 30 September 2012 RLC had \$0.509 M in bank deposits and no debt.

Net cash outflow for the September 2012 quarter was \$0.114 M (including \$0.044 M of exploration related expenditure).

The Inferred Mineral Resource for the Bullamine Joint Venture Chitterberin Deposit is a significant development. It is enhanced by the positive results from the Burracoppin prospect where magnetite-bearing units with a combined thickness of up to 250 metres have been intersected by drilling. The proximity of Chitterberin to Burracoppin means the two prospects have potential to contribute to a combined tonnage which would increase the chances of achieving economies of scale in any potential development consideration.

## FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
Bullamine JV <i>Iron - Magnetite</i>	Release of Chitterberin inferred resource; Metallurgical studies for Burracoppin magnetite; Soil and rock-chip sampling of gold workings at Burracoppin; Review of historical exploration at BEN 1.	Dec Q
Bullamine Hematite KEL 3 & KEL 7 <i>Iron - Hematite</i>	RC drilling – RLC plans to test iron (hematite) ore targets interpreted in airborne gravity gradiometer data.	Mar Q
Edward Creek <i>Uranium</i>	RC drilling	Jun Q
Tanami <i>Uranium &amp; gold</i>	Reconnaissance field investigations.	Dec / Mar 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. RC drilling	Dec 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](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.*



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 2012

### Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	13	13
1.2	Payments for		
	(a) exploration and evaluation	(44)	(44)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(87)	(87)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
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)	3	3
<b>Net Operating Cash Flows</b>		(114)	(114)
<b>Cash flows related to investing activities</b>			
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	-	-
<b>Net investing cash flows</b>		-	-
1.13	Total operating and investing cash flows (carried forward)	(114)	(114)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(114)	(114)
	<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>	(114)	(114)
1.20	Cash at beginning of quarter/year to date	623	623
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	509	509

**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)	51
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 (incl. Superannuation)	\$000's 51
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
- |   |
|---|
| RLC's joint venture partner in the Bullamine JV, Cliffs, has reported expenditure of \$734,518 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	90
4.2 Development	-
4.3 Production	-
4.4 Administration	75
<b>Total</b>	165

## 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	29	14
5.2 Deposits at call	436	436
5.3 Bank overdraft		
5.4 Other (provide details) Term deposits	44	172
<b>Total: cash at end of quarter</b> (item 1.22)	509	623

## 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	E70/3806 E09/1702	Relinquished Partial surrender	100% 100%	Nil 100%
6.2 Interests in mining tenements acquired or increased	E70/4412	Application	nil	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	<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	Exercise price	Expiry date
7.7	<b>Options</b> <i>(description and conversion factor)</i>	1,650,000 1,550,000 1,550,000	NONE	20 cents 21 cents 20 cents	31 December 2012 31 December 2013 31 December 2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
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: 31 October 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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