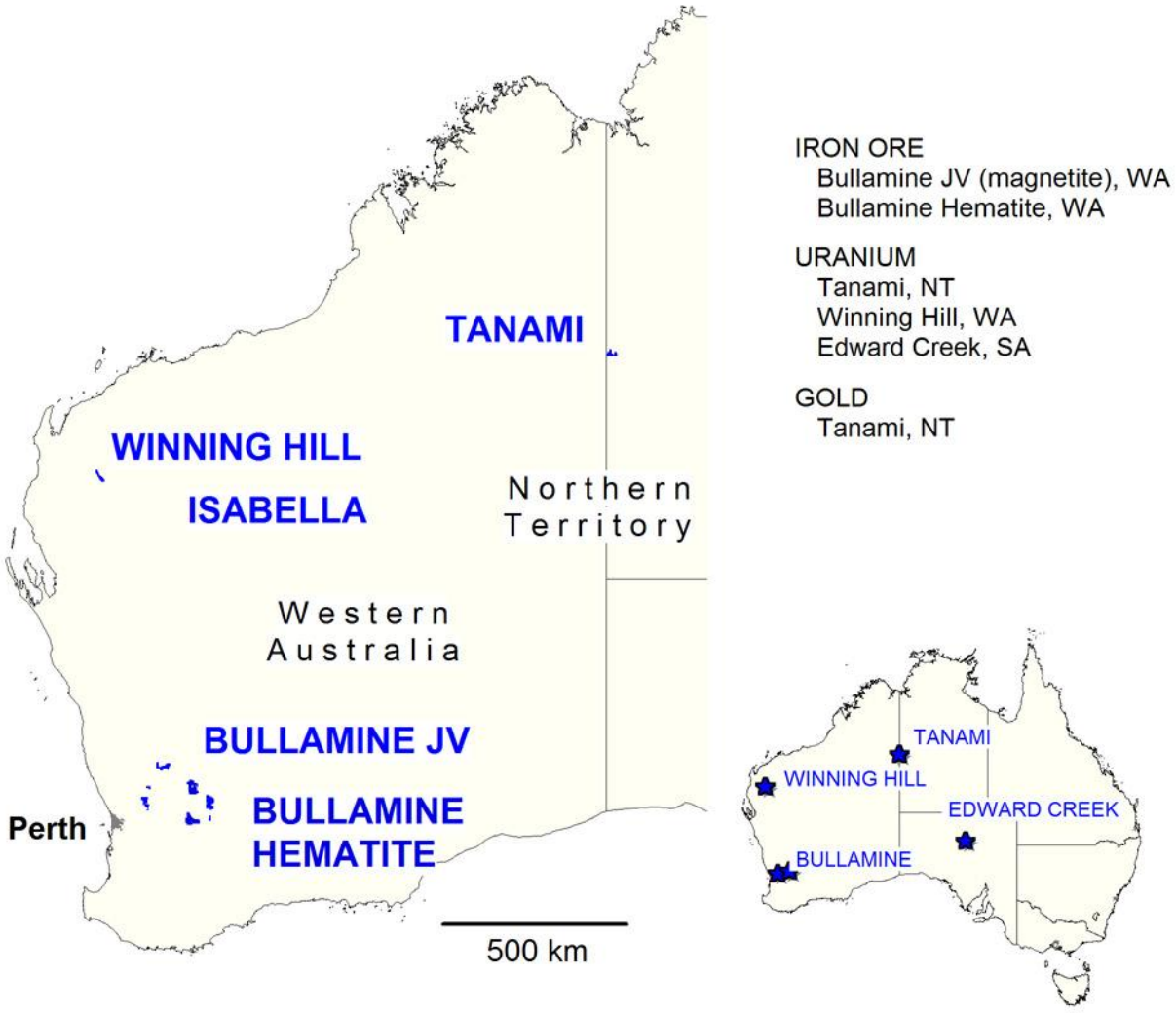
ASX Release
ASX Code: RLC

January 2013

Quarterly Report for the period ended 31 December 2012

SUMMARY

- Bullamine Joint venture – Magnetite iron ore (WA):
  - Inferred Resource 53.6 Mt @ 29.3% Fe with DT Weight Recovery of 25.3% at P_{80} 45 micron was established for the Chitterberin prospect.
  - Highly favourable metallurgical results were received for the Burracoppin prospect where limited Diamond drilling and detailed magnetic data indicate potential for commercial quantities of ore within 2 kilometres of rail linking the prospect to ports.
- Corporate:
  - $0.381 M cash on deposit (nil debt) at 31 December 2012
  - 48.6 M issued shares (4 M options)
  - $3.4 M market cap ($3.6M fully diluted) at 6.9 cents per share



CURRENT EXPLORATION ACTIVITES

Bullamine JV Iron (Magnetite) (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^2

The Bullamine JV Iron (Magnetite) Project is a joint venture between Bullamine Magnetite Pty Ltd, a wholly owned subsidiary of Reedy Lagoon Corporation ("RLC") and Cliffs Magnetite Holdings Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc., NS Iron Ore Development Pty Ltd and Sojitz Mineral Development Pty Ltd. RLC retains a 25 % interest fully funded by the other JV parties until a decision to mine with funding repayable only out of its portion of production. Joint venture operations are managed by Cliffs.

During the report period Cliffs introduced Nippon Steel and Sojitz to the joint venture so that the interests became 45% Cliffs (managing), Nippon Steel 15%, Sojitz 15% and RLC 25% (refer ASX 30/11/2012).

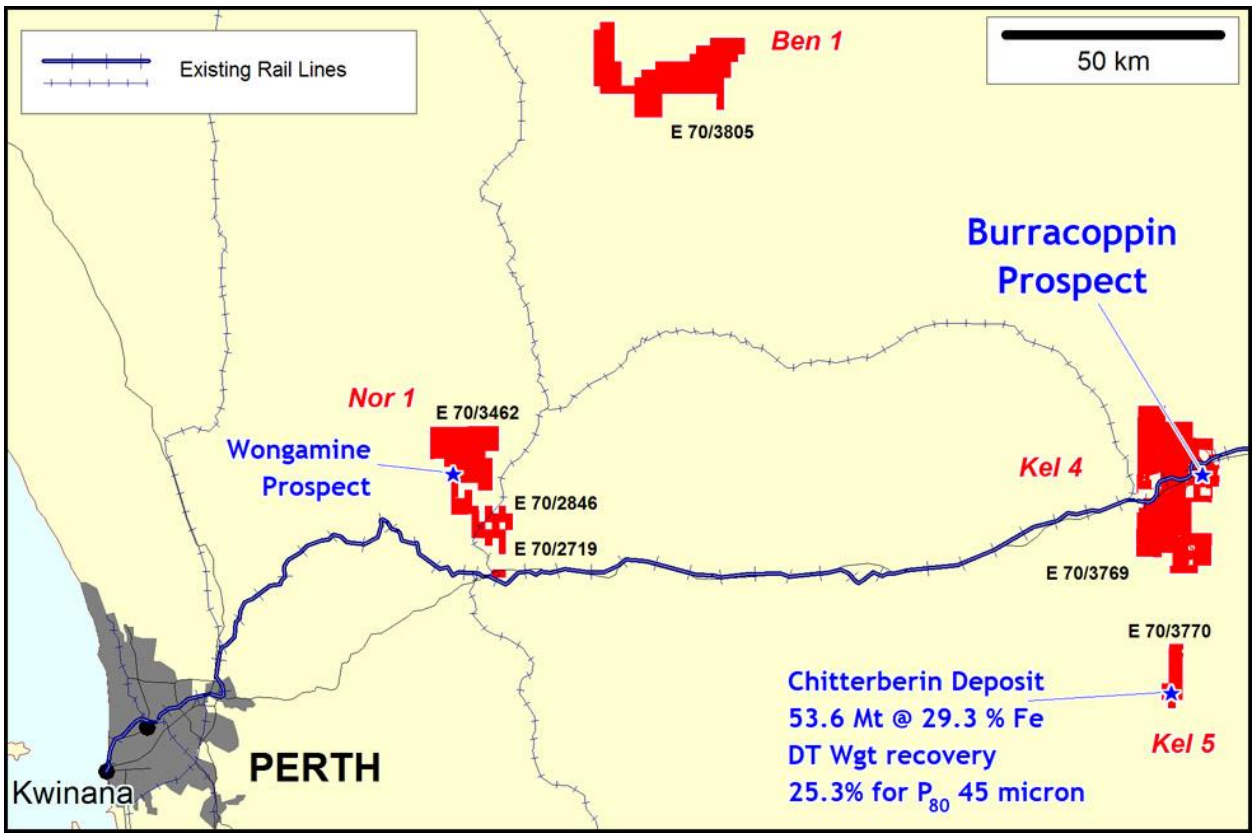
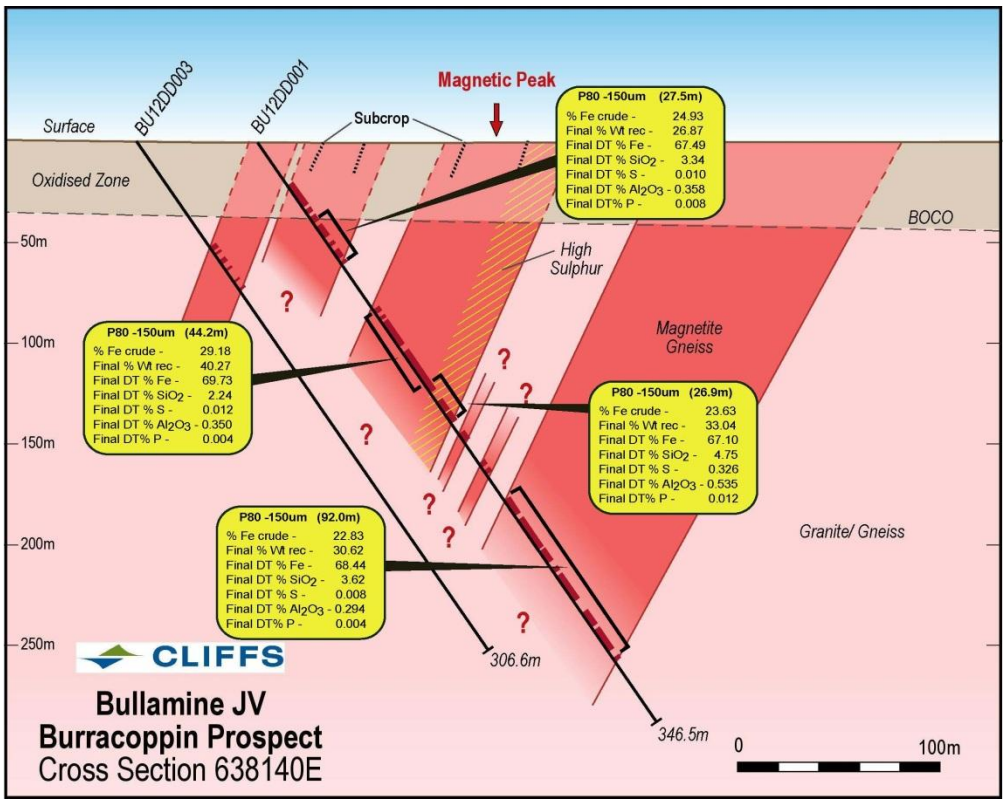


Figure 1. Location of Bullamine Joint Venture tenements and main prospects.

Reedy Lagoon's maiden resource was announced on 22 October 2012 following identification by the Joint Venture of a magnetite (iron) Inferred Resource of 53.6 Mt @ 29.3% Fe with DT Weight Recovery of 25.3% @ P80 45 micron at the Chitterberin prospect.

This development was augmented by receipt of very favourable metallurgical results from the Burracoppin prospect, located 55 kilometres to the north of the Chitterberin deposit (refer ASX release 23/11/2012). The metallurgical results are for core samples from the Diamond drilling which intersected wide intervals of magnetite mineralisation at the prospect during the prior period (figure 2, results table 1).



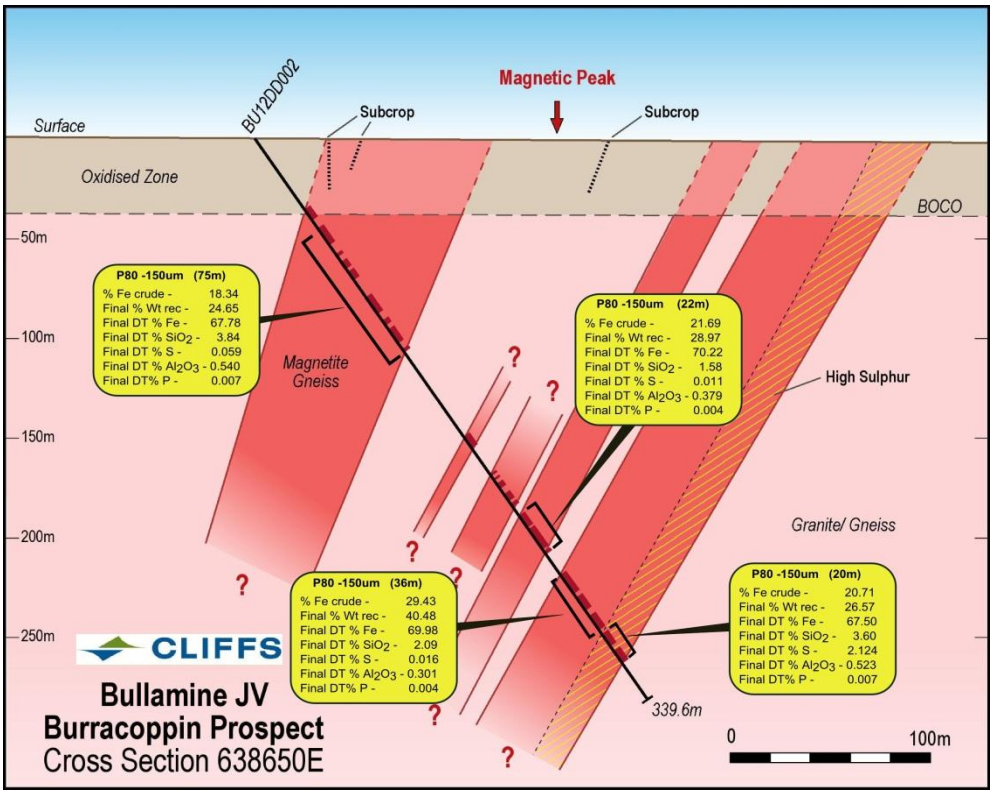


Figure 2. Bullamine Prospect sections showing metallurgical results for diamond drilling completed to date. Results are for composite samples over the intervals stated. The metallurgical data has been reported by BV Amdel, an independent laboratory in Perth. The cross sections show the orientation of diamond drill holes. The interpreted bands of magnetite gneiss intersected in the drilling are preliminary and simplistic, they do not accommodate recent interpretations of geophysical data which indicate a more complex arrangement.

The significance of the metallurgical results from Burracoppin is evident in the plots comparing the required grinding to achieve commercial grade product for most of the known Australian magnetite deposits shown in figure 3 (ASX release 18/01/2013). Grinding is energy intensive and therefore costly. This initial data indicates it may be possible to produce a commercial concentrate product from Burracoppin ore at a much coarser grind size than is achievable at other Australian magnetite deposits. Not only is this likely to reduce operating costs but will also increase the range of market uses for the iron concentrate produced thereby potentially increasing the sale price of the product.

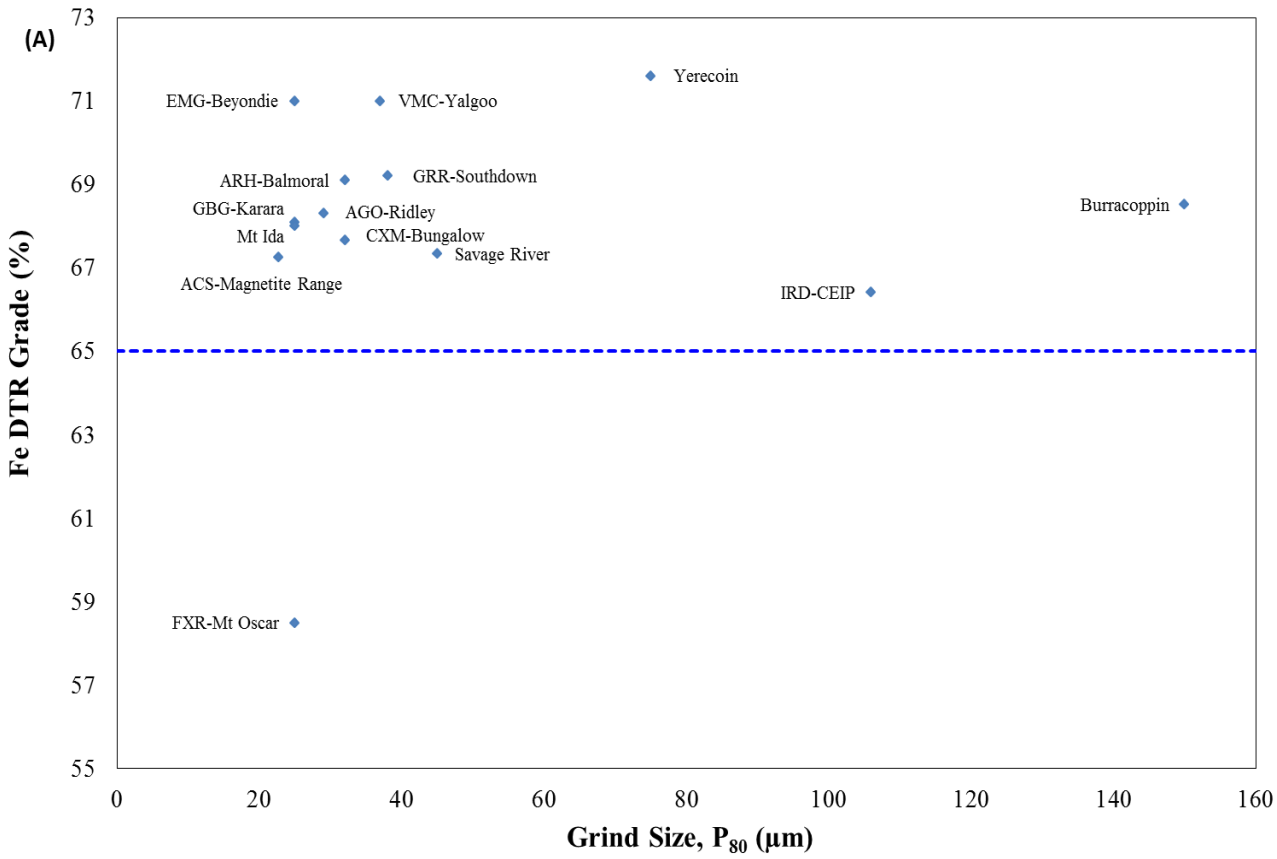


Figure 3. Davis Tube Recovery (DTR) iron concentrate grades of several Australian Magnetite Projects are plotted against grind size. The typical iron cut-off grade (minimum 65%) for commercial grade product is shown by the horizontal dotted line. Preliminary metallurgy for the Burracoppin Project shows good comparison to other projects at a coarser grind size than is typically achievable. The graph has been prepared for RLC by Mineral Engineering Technical Services Pty Ltd, an independent consultant, using information sourced from public documents and was included in ASX release 18/01/2013.

During the period Mira Geoscience Asia Pacific Pty Ltd ("Mira") was commissioned to define the shapes of the magnetic units at the Burracoppin prospect to assist in planning the next phase of drilling. The study uses the available data from the three completed drill holes to constrain 3D modelling and inversion of the magnetic data (airborne 50 metre line spaced). Results of this work were presented to the joint venture parties in January 2013 (ASX release 31/01/2013).

Table 1 Summary metallurgical data for core samples recovered from the Burracoppin prospect.

					Davis Tube Recoveries at P80 150 micron					
DHID	From	To	width	Fe crude	Wt Rec	Fe	SiO2	S	Al	P
	m	m	m	%	%	%	%	%	%	%
BU12DD001	44	54	9.87	32.94	29.49	65.83	4.41	0.009	0.363	0.008
BU12DD001	54	58	4	28.48	34.79	67.72	2.77	0.004	0.316	0.009
BU12DD001	58	62	4	16.94	20.03	67.05	3.96	0.018	0.450	0.014
BU12DD001	62	66	4	15.10	19.16	68.59	2.82	0.007	0.238	0.004
BU12DD001	66	72	5.85	21.28	27.25	69.69	1.82	0.014	0.395	0.004
	44	72	**27.52 @**	**24.93**	**26.87**	**67.49**	**3.34**	**0.010**	**0.358**	**0.008**
BU12DD001	98	102	4	26.72	37.03	68.97	3.22	0.038	0.427	0.005
BU12DD001	102	106	4	17.12	23.73	69.80	1.83	0.008	0.503	0.004
BU12DD001	106	110	4	25.40	35.42	70.10	1.77	0.006	0.364	0.003
BU12DD001	110	114	4	33.28	46.91	70.02	2.05	0.005	0.326	0.004
BU12DD001	114	118	4	35.34	49.12	69.86	2.06	0.006	0.341	0.003
BU12DD001	118	122	4	35.63	48.46	70.48	1.44	0.003	0.374	0.002
BU12DD001	122	126	4	15.17	20.17	69.86	1.84	0.004	0.245	0.005
BU12DD001	126	130	4	34.54	46.28	70.06	1.93	0.003	0.275	0.002
BU12DD001	130	134	4	39.45	54.87	70.31	1.64	0.003	0.328	0.003
BU12DD001	134	138	4	28.48	38.18	69.97	2.21	0.006	0.255	0.003
BU12DD001	138	142	4	29.90	42.90	67.68	4.64	0.044	0.413	0.005
	98	142	**44.15 @**	**29.18**	**40.27**	**69.73**	**2.24**	**0.012**	**0.350**	**0.004**
BU12DD001	142	146	4	24.57	32.55	69.52	1.95	0.741	0.429	0.004
BU12DD001	146	150	4	23.80	33.57	66.12	6.00	0.654	0.562	0.009
BU12DD001	150	154	4	2.70	2.70	65.89	3.74	0.099	0.918	0.043
BU12DD001	154	158	4	30.54	45.32	64.65	8.32	0.061	0.564	0.007
BU12DD001	158	162	4	28.32	39.58	67.59	4.73	0.160	0.386	0.006
BU12DD001	162	169	6.9	28.39	39.71	68.10	4.17	0.277	0.429	0.005
	142	**169**	**26.9 @**	**23.63**	**33.04**	**67.10**	**4.75**	**0.326**	**0.535**	**0.012**
BU12DD001	213	217	4	30.87	42.30	69.70	2.32	0.023	0.276	0.003
BU12DD001	217	221	4	31.48	43.44	70.08	2.02	0.005	0.179	0.002
BU12DD001	221	225	4	13.34	15.30	68.67	2.99	0.005	0.148	0.003
BU12DD001	225	229	4	31.18	43.96	69.25	3.37	0.007	0.101	0.003
BU12DD001	229	233	4	34.16	47.48	68.47	3.64	0.008	0.180	0.003
BU12DD001	233	237	4	36.64	51.69	68.11	4.46	0.012	0.134	0.004
BU12DD001	237	241	4	35.36	48.83	67.96	4.94	0.007	0.157	0.004
BU12DD001	241	245	4	20.26	27.36	68.55	3.62	0.006	0.156	0.004
BU12DD001	245	249	4	28.56	39.04	66.85	4.94	0.019	0.269	0.006
BU12DD001	249	253	4	20.66	25.73	66.09	5.81	0.018	0.295	0.005
BU12DD001	253	257	4	16.86	19.70	64.84	8.03	0.004	0.484	0.004
BU12DD001	257	261	4	14.85	20.29	69.01	3.02	0.004	0.306	0.003
BU12DD001	261	265	4	30.74	41.77	69.85	2.27	0.004	0.255	0.002
BU12DD001	265	269	4	20.85	29.03	68.33	3.68	0.007	0.302	0.005
BU12DD001	269	273	4	14.44	18.49	68.89	3.26	0.004	0.317	0.004
BU12DD001	273	277	4	14.22	17.07	66.69	4.16	0.002	0.638	0.004
BU12DD001	277	281	4	2.78	3.08	67.85	3.07	0.004	0.797	0.004
BU12DD001	281	285	4	22.16	27.19	66.55	5.48	0.003	0.256	0.005
BU12DD001	285	289	4	29.35	40.48	69.71	2.55	0.003	0.239	0.003
BU12DD001	289	293	4	7.24	9.66	68.82	3.42	0.005	0.259	0.004
BU12DD001	293	297	4	16.60	22.21	69.78	2.18	0.011	0.343	0.003
BU12DD001	297	301	4	16.96	22.90	67.79	2.16	0.021	0.386	0.004
BU12DD001	301	305	4	35.48	47.37	70.20	1.93	0.007	0.296	0.003
	213	**305**	**92m @**	**22.83**	**30.62**	**68.44**	**3.62**	**0.008**	**0.294**	**0.004**

Table 1 Burracoppin prospect Metallurgical results continued …

					Davis Tube Recoveries at P80 150 micron					
DHID	From	To	width	Fe crude	Wt Rec	Fe	SiO2	S	Al	P
	m	m	m	%	%	%	%	%	%	%
BU12DD002	54	59	5	21.68	28.37	67.25	3.55	0.009	0.577	0.011
BU12DD002	59	64	5	24.69	32.51	68.66	2.70	0.031	0.490	0.006
BU12DD002	64	69	5	2.13	2.34	66.40	4.95	0.018	0.602	0.009
BU12DD002	69	74	5	12.05	15.93	67.75	3.93	0.050	0.610	0.008
BU12DD002	74	79	5	24.65	32.62	67.82	4.02	0.162	0.511	0.007
BU12DD002	79	84	5	24.57	34.10	69.18	2.73	0.005	0.445	0.006
BU12DD002	84	89	5	16.70	21.16	68.76	2.57	0.100	0.517	0.006
BU12DD002	89	94	5	18.36	24.66	67.70	3.85	0.028	0.617	0.005
BU12DD002	94	99	5	23.52	33.68	66.72	5.19	0.024	0.475	0.007
BU12DD002	99	104	5	32.12	44.39	69.23	2.72	0.023	0.485	0.005
BU12DD002	104	109	5	9.38	11.92	69.21	2.78	0.046	0.444	0.006
BU12DD002	109	114	5	18.90	25.68	68.04	4.08	0.045	0.490	0.005
BU12DD002	114	119	5	13.77	18.42	67.82	3.64	0.126	0.512	0.011
BU12DD002	119	124	5	18.15	24.12	66.16	5.05	0.200	0.677	0.012
BU12DD002	124	129	5	14.43	19.92	66.00	5.90	0.013	0.646	0.005
			75m at	**18.34**	**24.65**	**67.78**	**3.84**	**0.059**	**0.540**	**0.007**
BU12DD002	230	235	5	12.30	16.56	70.04	1.53	0.022	0.415	0.004
BU12DD002	235	240	5	25.97	34.87	70.60	1.35	0.007	0.318	0.003
BU12DD002	240	244	4	20.15	26.19	69.70	1.99	0.006	0.497	0.005
BU12DD002	244	248	4	28.94	39.53	70.41	1.50	0.013	0.350	0.004
BU12DD002	248	252	4	22.38	29.32	70.30	1.60	0.008	0.319	0.003
			22m at	**21.69**	**28.97**	**70.22**	**1.58**	**0.011**	**0.379**	**0.004**
BU12DD002	264	270	6	32.00	44.73	70.56	1.58	0.007	0.259	0.004
BU12DD002	270	275	5	32.02	44.22	70.27	1.87	0.006	0.277	0.003
BU12DD002	275	280	5	19.82	27.33	68.95	2.84	0.021	0.408	0.004
BU12DD002	280	285	5	36.49	50.29	70.70	1.25	0.013	0.307	0.004
BU12DD002	285	290	5	18.51	23.99	69.44	2.87	0.039	0.307	0.005
BU12DD002	290	295	5	38.24	53.02	70.35	1.66	0.012	0.240	0.004
BU12DD002	295	300	5	28.42	38.93	69.50	2.66	0.020	0.320	0.005
			36m at	**29.43**	**40.48**	**69.98**	**2.09**	**0.016**	**0.301**	**0.004**
BU12DD002	300	305	5	29.81	35.90	68.72	2.99	0.205	0.446	0.006
BU12DD002	305	310	5	10.11	16.59	69.40	2.44	0.147	0.488	0.008
BU12DD002	310	315	5	24.22	32.42	68.14	3.66	0.443	0.538	0.007
BU12DD002	315	320	5	18.70	21.36	63.72	5.32	7.702	0.620	0.009
			20m at	**20.71**	**26.57**	**67.50**	**3.60**	**2.124**	**0.523**	**0.007**

Results are for composite samples over the intervals stated from ¼ core splits. The data has been reported by BV Amdel, an independent laboratory in Perth.

Prospect/Target	*HoleID*	*Easting*[1]	*Northing*[1]	*DEM RL*	*Azimuth*	*Dip*	*Metres Drilled*
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

[1] GDA 94, MGA Zone 50

Bullamine Hematite Project (WA) — DSO Iron

RLC 100% : E70/3767, 3768, 3772 & E70/4412 total area 1,125 km^2

No field work was conducted during the period.

RLC intends investigating high density rocks identified in Falcon surveys (airborne gravity gradiometer) 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 (tenement 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^2

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.

The drilling program has been awarded government funding (“PACE”) under the South Australian Government’s initiative to encourage exploration by contributing funding towards exploration drilling.

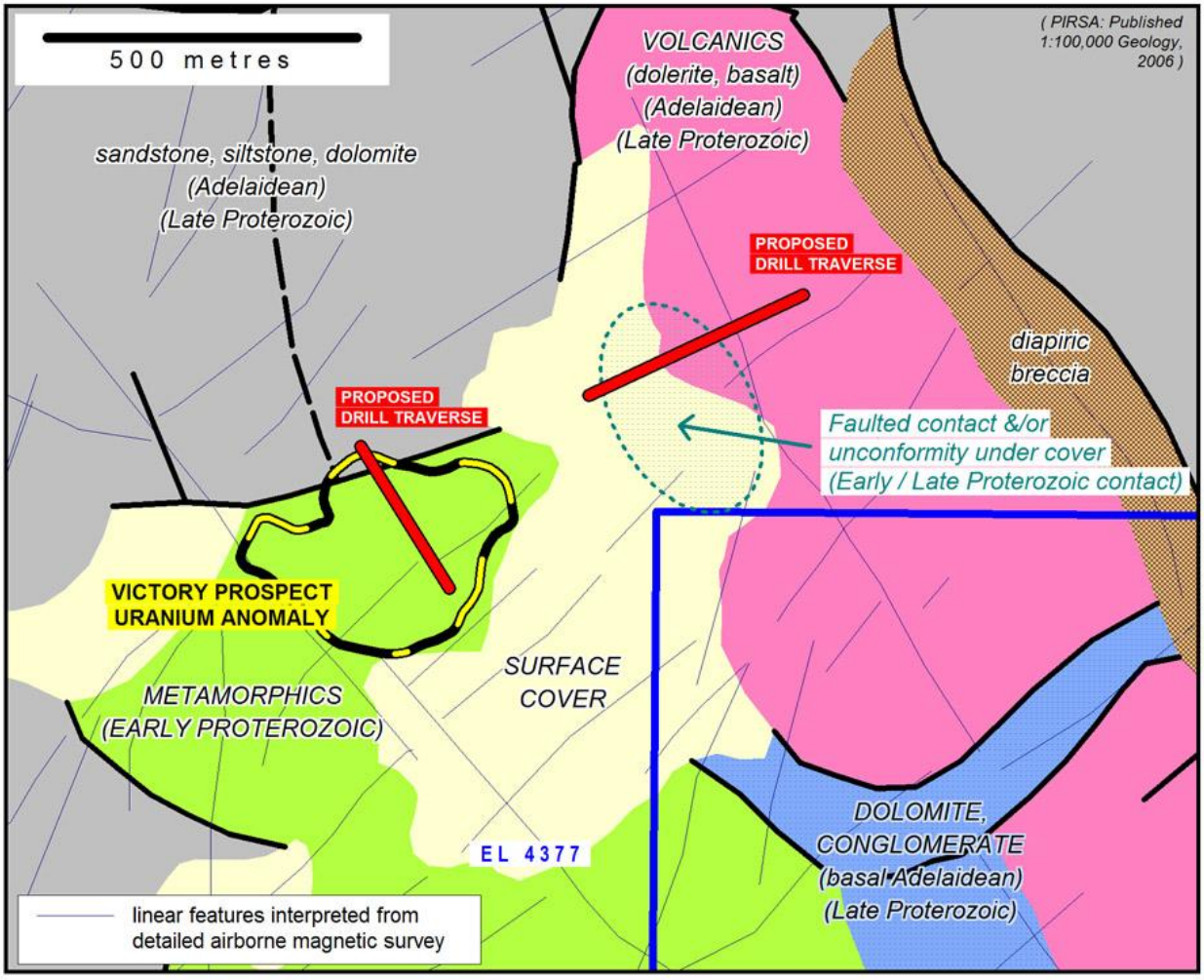


Figure 4. Planned drill traverses at the Victory uranium prospect, Edward Creek project, South Australia.

Tanami (NT) — Uranium & Gold

RLC 100% : EL 24885 area: 272 km^2

An airborne magnetic survey was planned but cancelled due to inclement and deteriorating weather during December.

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^2

A review of the project and consideration of the available working capital resulted in the termination of this project.

Winning Hill (WA) Uranium

RLC 100% : E08/2073 area: 217 km^2

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.

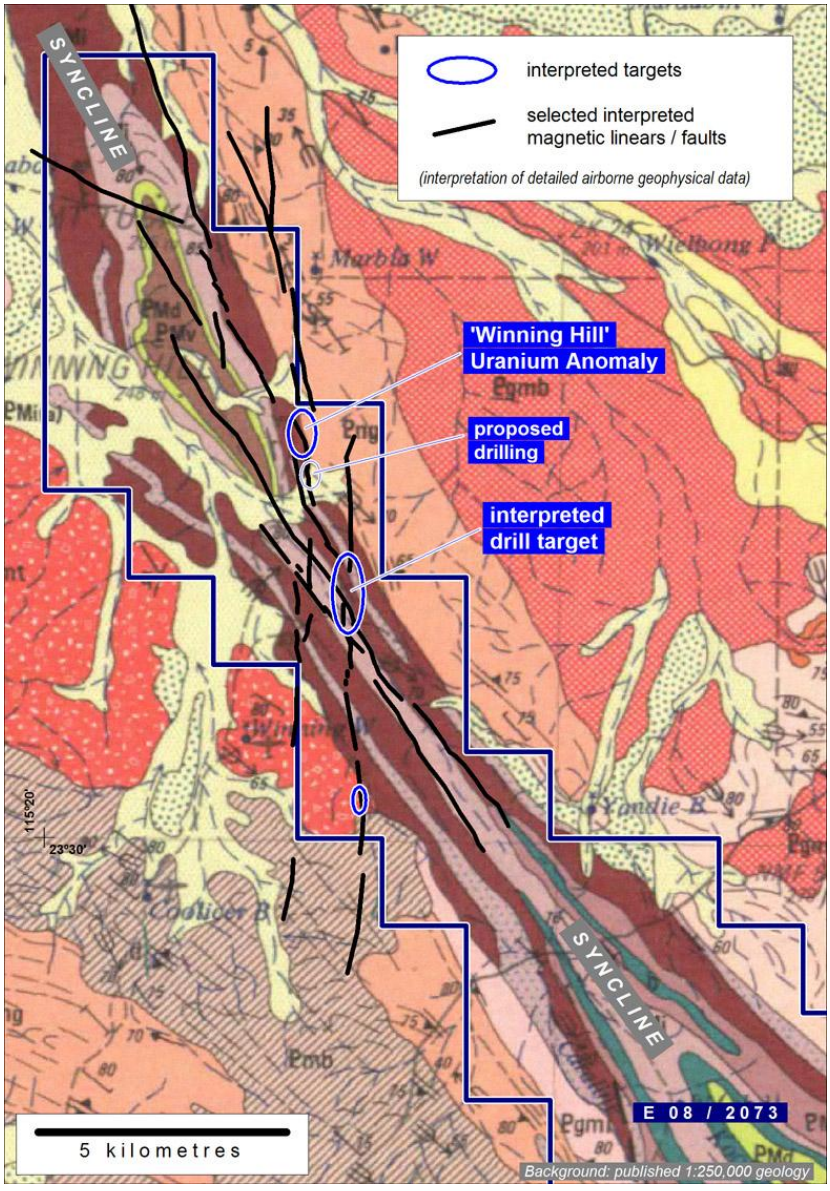


Figure 5. Winning Hill uranium project

COMMENT

At 31 December 2012 RLC had $0.381 M in bank deposits and no debt.

Net cash outflow for the December 2012 quarter was $0.128 M (including $0.049 M of exploration related expenditure).

Progress by the Bullamine Joint Venture in establishing an Inferred Mineral Resource for the Chitterberin Deposit and discovering a substantial magnetite deposit at Burracoppin is building a solid foundation for the future of the Company. Results from early stage diamond drilling at Burracoppin are indicating that a high margin magnetite mining operation may be possible at this prospect.

These developments are particularly exciting in the context of our 25% interest in the joint venture, the calibre of our partners in this project and the funding we have in place through the structure of the joint venture agreement for our share of exploration costs through to decision to mine.

FORTHCOMING ACTIVITES

Project	Activity Planned	Timetable
Bullamine JV *Iron - Magnetite*	Review of 2012 drill results and geophysical modelling	Mar Q
Bullamine Hematite KEL 3 & KEL 7 *Iron - Hematite*	RC drilling – RLC plans to test iron (hematite) ore targets interpreted in airborne gravity gradiometer data.	Jun Q
Edward Creek *Uranium*	RC drilling – Victory prospect	Jun Q
Tanami *Uranium & gold*	Airborne magnetic survey	Mar Q
Winning Hill *Uranium*	Complete access agreements with Native Title claimants. RC drilling / potential farm out	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:
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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 2012

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	12	25
1.2	Payments for		
	(a) exploration and evaluation	(49)	(93)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(93)	(180)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
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	4
	Net Operating Cash Flows	(128)	(242)
	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)	(128)	(242)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(128)	(242)
	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	(128)	(242)
1.20	Cash at beginning of quarter/year to date	509	623
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	381	381

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

	$000's
Payment of salaries and director fees to directors (incl. Superannuation)	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 $305,183 on the Bullamine Joint Venture for the quarter.

+ 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	80
4.2	Development	-
4.3	Production	-
4.4	Administration	75
	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	12	29
5.2	Deposits at call	200	436
5.3	Bank overdraft		
5.4	Other (provide details) Term deposits	169	44
	Total: cash at end of quarter (item 1.22)	381	509

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	E09/1702	Relinquished	100%	Nil
6.2	Interests in mining tenements acquired or increased	E70/4412	Granted	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** *(description)*	-	-		
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** (*description)*	-	-		
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** *(description and conversion factor)*	1,550,000 1,550,000 900,000	NONE	21 cents 20 cents 20 cents	31 December 2013 31 December 2014 31 December 2015
7.8	Issued during quarter	900,000	NONE	20 cents	31 December 2015
7.9	Exercised during quarter				
7.10	Expired during quarter	1,650,000	NONE	20 cents	31 December 2012
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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 2013
(Director)

Print name: GEOF 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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