



# ASX Release

ASX Code: RLC

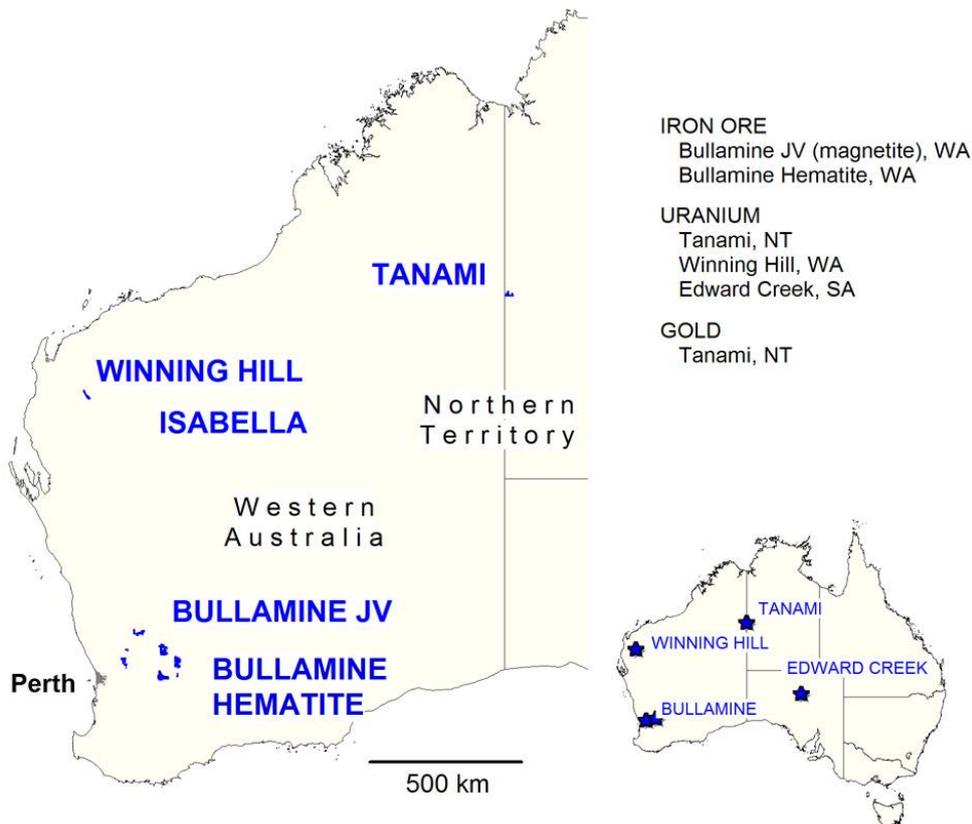
April 2013

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## Quarterly Report for the period ended 31 March 2013

### SUMMARY

- Bullamine Joint venture – Magnetite iron ore (WA):
  - Results of exploration to date were reviewed.
  - The Manager has advised that its exploration budget will meet government expenditure commitments but does not currently include drilling for remainder of 2013.
- Winning Hill uranium (WA)
  - Ground geophysical survey planned.
- Tanami – uranium & gold (NT)
  - Airborne geophysical survey planned.
- Corporate:
  - \$0.290 M cash on deposit (nil debt) at 31 March 2013.
  - Subsequent to the report period RLC has raised \$0.495 M under an entitlements issue and as a result has 53.5 M issued shares and 4 M options on issue.



## CURRENT EXPLORATION ACTIVITES

### **Bullamine JV Iron (Magnetite) (WA)**

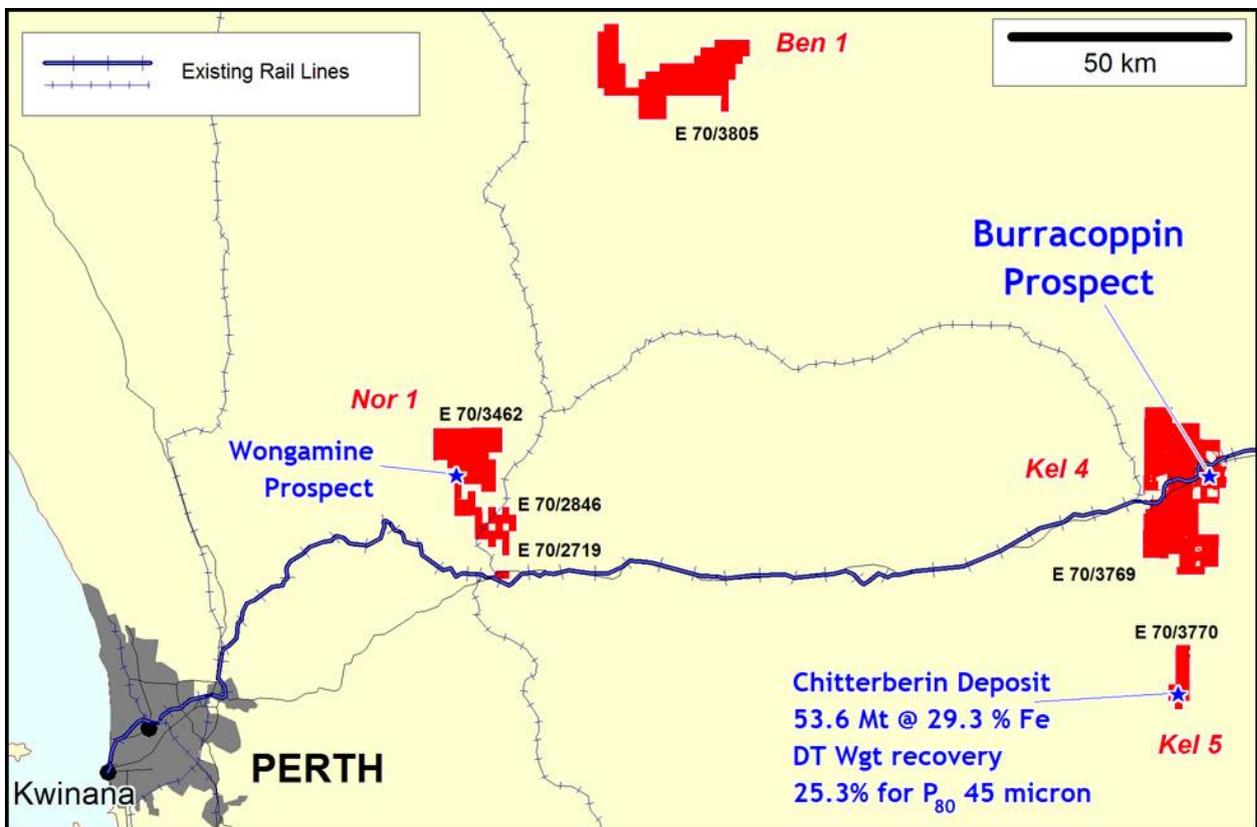
### **Iron (magnetite)**

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

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

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

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.



Location of Bullamine Joint Venture tenements and main prospects.

No field activities were undertaken.

During the quarter the Manager undertook a review of exploration completed by the joint venture in previous quarters. That review concluded that:

- in the Northam area (NOR 1 : E70/2719, 2846, 3462), the majority of the larger magnetite occurrences have been investigated during prior periods. (No new targets were generated during the quarter). Although at restricted locations drilling has identified magnetite BIF thicknesses up to 70 metres (Wongamine), typically the BIF's investigated have thin widths (less than 20 metres). These dimensions indicate limited potential for economic viability of the magnetite BIFs investigated to date in this area. The area also has a higher density of smaller farm properties and has tended to have a

higher proportion of farmers unwilling to enter into access and compensation agreements than within the tenements located further from Northam.

- At the Burracoppin prospect, located near the town of Merredin (KEL 4 : E70/3769), initial indications suggest that further exploration drilling has potential to define an Inferred Resource.
- At the Chitterberin prospect, located near the town of Bruce Rock (KEL 5 : E70/3770), an Inferred Resource was confirmed as being of continued interest.
- Exploration License E70/3805 was identified as having low prospectivity and was recommended to be removed from the JV, with management of the tenement reverting to Reedy Lagoon.

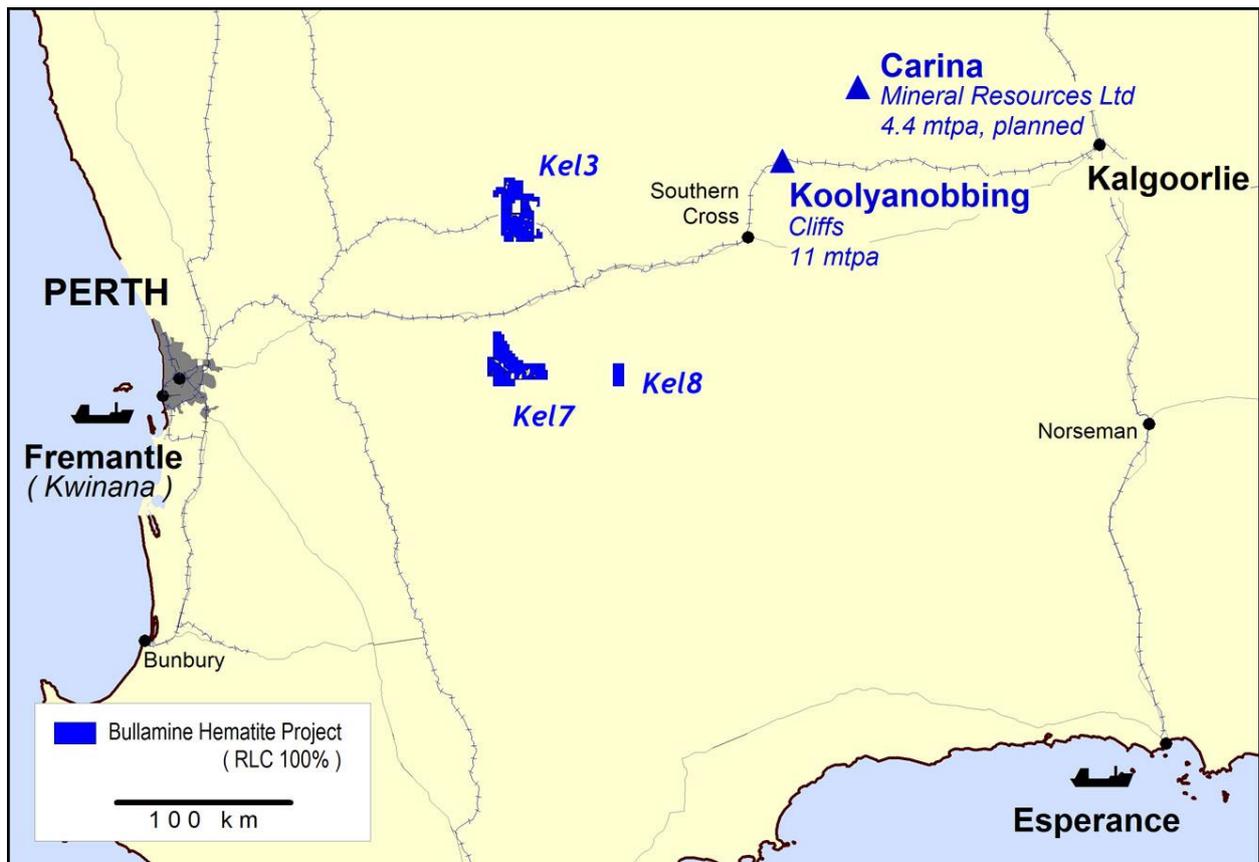
Subsequent to the end of the quarter the Manager advised that joint venture exploration expenditure is to be reduced but not less than the level required to maintain the tenements in good standing. The Manager has advised that it was not currently planning to undertake drilling during 2013.

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

**DSO Iron**

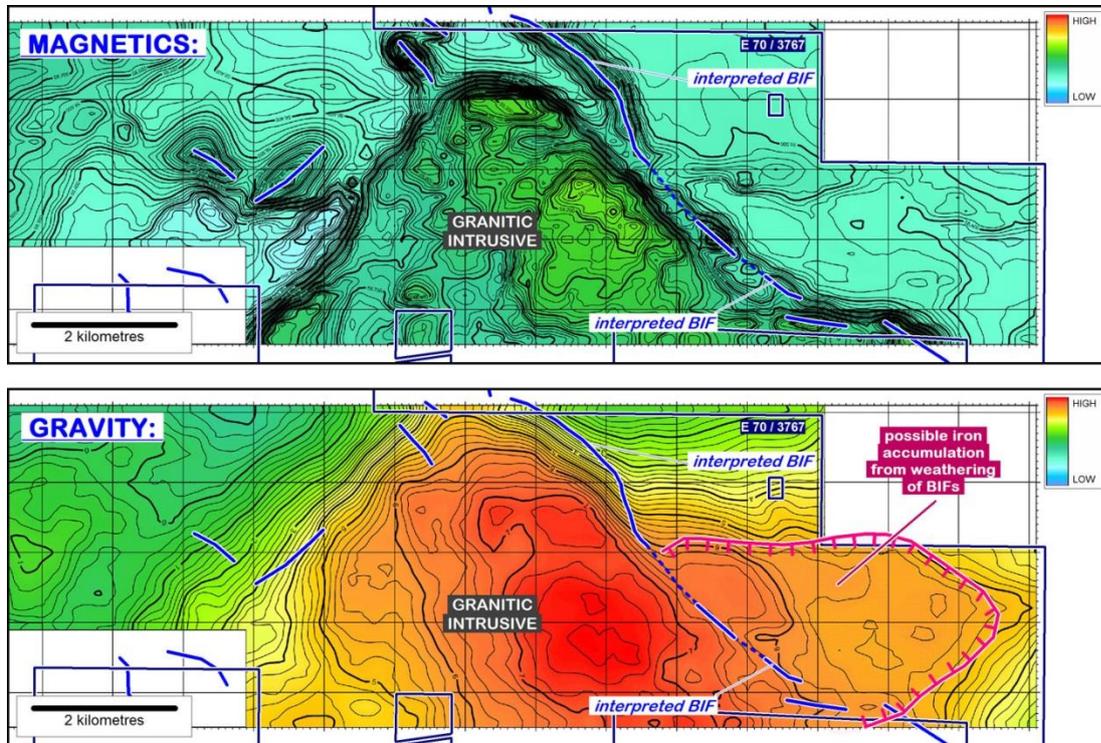
RLC 100% : E70/3767, 3768, 3772 & E70/4412 total area 1,125 km<sup>2</sup>

The Bullamine Hematite project is exploring for hematite of direct shipping ore (“DSO”) grade that is located close to existing infrastructure including transport links to Fremantle and Esperance.



Targets interpreted from Falcon (gravity gradiometer) surveys were investigated on the ground. Magnetite bearing granite outcrop was observed throughout the area of the highest amplitude gravity response at target KEL 3-2 (within KEI 3, E70/3767). However, an area of elevated gravity response extending east from the initial target was identified as having potential to be associated with iron accumulation derived

from the weathering of nearby Banded Iron Formation (“BIF”) or from iron derived from the weathering of magnetite in the adjacent granite. The target extends over an area measuring about 3 by 2 kilometres and further investigation is warranted.



*The high amplitude gravity response near the centre of the image was the initial attraction for target KEL 3-2. Outcropping magnetite bearing granite discounted the potential for the anomaly to be associated with hematite. The area of elevated gravity response extending to the east and coincident with reduced magnetic response is now being targeted for potential hematite mineralisation.*

Within KEL 8 (E70/4412) detrital iron was located. At one locality weathering has produced downslope accumulation of detrital iron enriched nodules and clay which has been intermittently exploited by the local council for road making. The pit walls stand up near vertical and the pit has a depth of 6-8m and extends laterally over an area of some 100 metres by 25 metres. It is an unconsolidated, free digging material with evidence of weak cementation near the base. Nodules compose perhaps 50% of the material. Best result from a portable XRF analysis of the nodules was 27% Fe (40% Fe<sub>2</sub>O<sub>3</sub> ). The existence of this deposit of detrital iron indicates that further exploration is warranted to search for other deposits of higher grade in the region.

Investigations at several other targets on KEL 3 (E70/3768) and KEL 7 (E70/3772) found insufficient support to warrant further investigation for hematite mineralisation and E70/3768 and E70/3772 were surrendered shortly after the end of the report period.

## **KEL 1 (WA)**

## **Copper / Gold**

RLC 100% E70/3766 total area 44 km<sup>2</sup>

No field activities were undertaken during the period.

Kell 1 is located in the Western Gneiss Terrane of the Yilgarn Craton 60 kilometres north of the town of Northam. More than half of the tenement area is concealed beneath recent alluvium, lateritic soil and sandy plains. The tenement was previously part of the Bullamine JV which acquired detailed magnetic and radiometric data (2010 airborne survey at 50 metre line spacing). Initial review of the geophysical data was undertaken.

**Edward Creek (SA)**

**Uranium & REE**

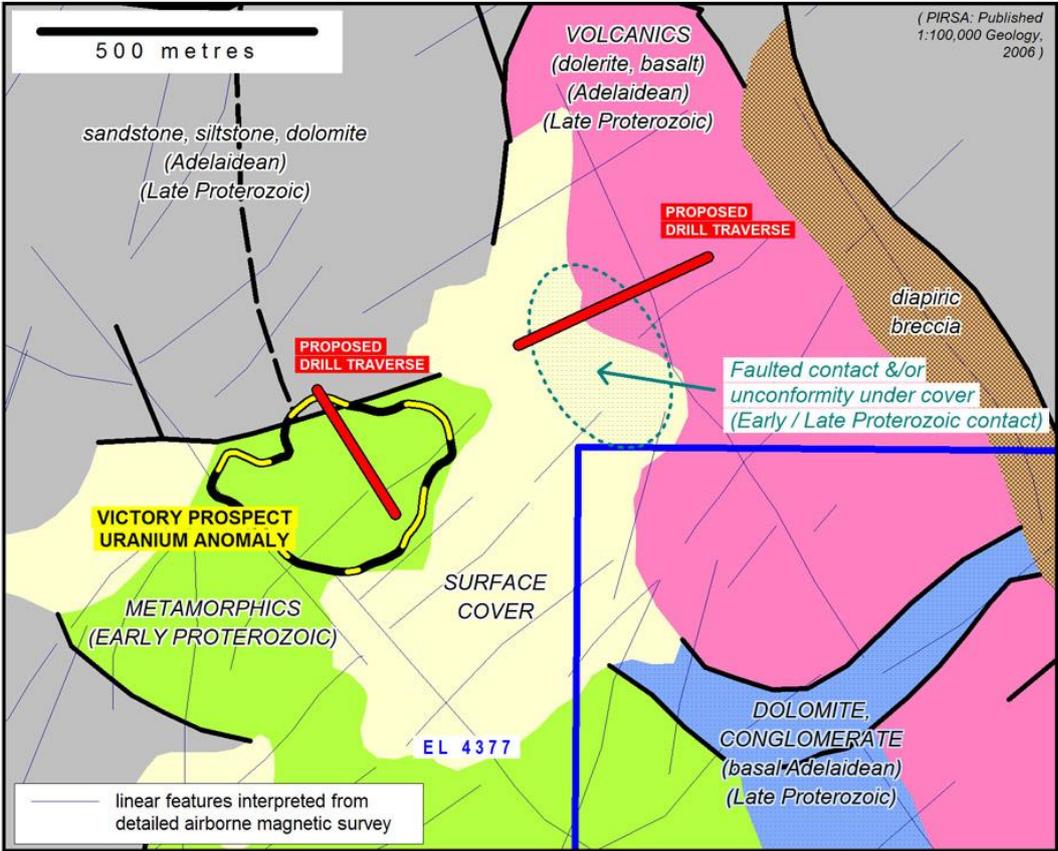
RLC 100% (excluding diamonds) EL 4377 total area 440 km<sup>2</sup>

No field activities were undertaken during the period.

A Native Title Mining Agreement has been negotiated and documented but awaits final agreement by the Native Title holders.

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.



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>

No field activities were undertaken during the period.

Preparations for an airborne magnetic and radiometric survey were made.

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.

## Winning Hill (WA)

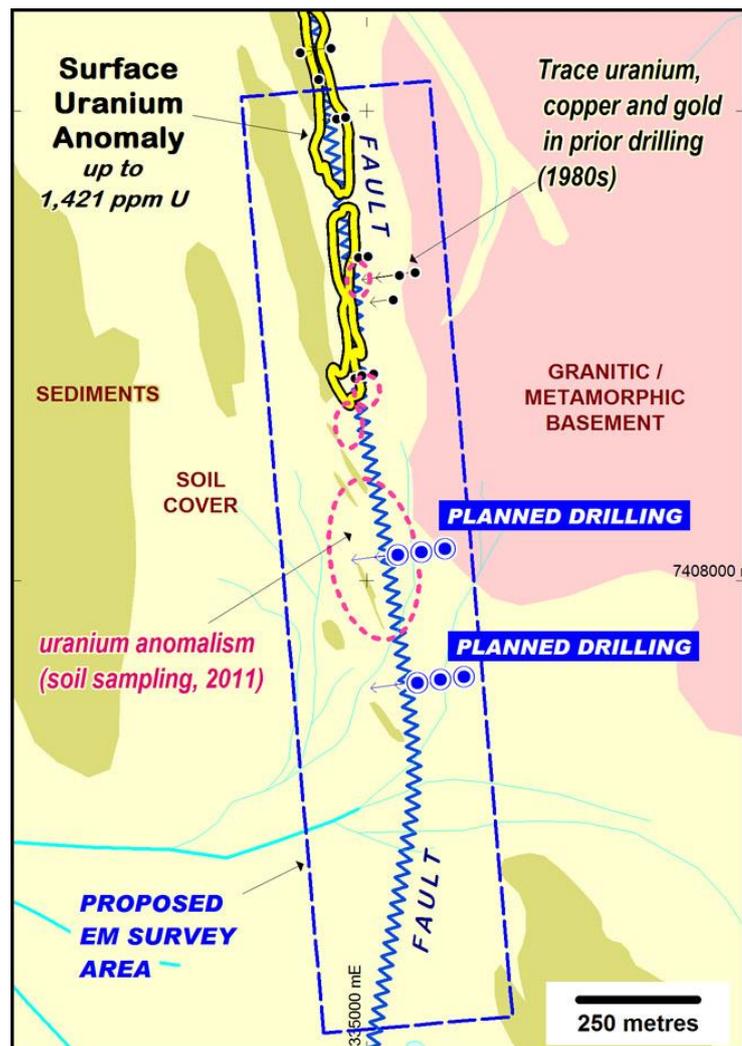
## Uranium

RLC 100% : E08/2073 area: 217 km<sup>2</sup>

No field activities were undertaken during the period.

The 'Winning Hill' project is located in the Gascoyne region in Western Australia. RLC is targeting zones of intersection between a regional fault and specific sedimentary units in which uranium mineralisation may occur. The target has been developed using the results of exploration conducted in the early 1980's which identified uranium anomalism where the fault juxtaposes younger rocks with Gascoyne Complex basement.

Preparations for ground geophysical survey (electromagnetic) were undertaken.



## COMMENT

At 31 March 2013 RLC had \$0.290 M in bank deposits and no debt. This increased to \$ 0.785 M on completion of a capital raising under an entitlement offer on 10 April 2013.

Net cash outflow for the March 2013 quarter was \$0.090 M (including \$0.025 M of exploration related expenditure).

Subsequent to the end of the report period the Company received acceptances for 4,948,484 shares at \$0.10 each (\$494,849) under a pro rata non-renounceable entitlement offer of 1.25M New Shares to shareholders. The acceptances are 40% of the offer. We are seeking to place the New Shares not taken up by shareholders (7,551,506 shares) with institutional investors (at \$0.10 each).

The planned reduction in expenditure by the Bullamine Joint Venture is disappointing. However, the continued participation in the joint venture by all our partners in the face of significant reductions to the forecast future iron ore (and by correlation, iron concentrate) prices is encouraging.

We remain confident that the work completed at the Burracoppin prospect by the Bullamine Iron (Magnetite) Joint Venture to date has recovered sufficient information to warrant further work, including substantial drilling, in order to determine whether a high margin magnetite mining operation can be achieved at this prospect. Importantly, the funding for our share of exploration costs through to decision to mine is provided by the other parties and repayable solely from our share of future production.

In view of the planned reduction in expenditure by the Bullamine Joint Venture RLC proposes to increase exploration on its wholly owned projects, particularly Winning Hill (uranium) and Tanami (uranium / gold).

## FORTHCOMING ACTIVITIES

| Project                                      | Activity Planned  | Timetable      |
|--|---|----------------|
| Bullamine JV<br><i>Iron - Magnetite</i>      | No activity planned   | Jun Q          |
| Bullamine Hematite<br><i>Iron - Hematite</i> | RC drilling – test iron (hematite) ore targets                              | Sep Q          |
| KEL 1<br><i>Copper gold</i>                  | Process and interpret geophysical data                                      | Jun Q          |
| Edward Creek<br><i>Uranium</i>               | RC drilling – Victory prospect  | Sep Q          |
| Tanami<br><i>Uranium &amp; gold</i>          | Airborne magnetic & radiometric survey                                      | Jun Q          |
| Winning Hill<br><i>Uranium</i>               | Complete access agreements with Native Title claimants.<br>Ground EM survey | Jun Q<br>Jun Q |
| New Project<br>Development                   |   | On going       |

All exploration activities are subject to contractor availability and .

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.*

# 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 March 2013

### Consolidated statement of cash flows

| Cash flows related to operating activities        |   | Current quarter | Year to date<br>(9 months) |
|---|---|-----------------|----------------------------|
|   |   | \$A'000         | \$A'000                    |
| 1.1   | Receipts from product sales and related debtors                                 | 6               | 31                         |
| 1.2   | Payments for  |                 |                            |
|   | (a) exploration and evaluation  | (26)            | (119)                      |
|   | (b) development   | -               | -                          |
|   | (c) production  | -               | -                          |
|   | (d) administration  | (69)            | (251)                      |
| 1.3   | Dividends received  | -               | -                          |
| 1.4   | Interest and other items of a similar nature received                           | 1               | 3                          |
| 1.5   | Interest and other costs of finance paid  | -               | -                          |
| 1.6   | Income taxes paid   | -               | -                          |
| 1.7   | Other (provide details if material) –<br>Net GST /PAYG paid(received/recovered) | 1               | 5                          |
|   | <b>Net Operating Cash Flows</b>   | <b>(87)</b>     | <b>(331)</b>               |
| <b>Cash flows related to investing activities</b> |   |                 |                            |
| 1.8   | Payment for purchases of: (a)prospects  | -               | -                          |
|   | (b)equity investments   | -               | -                          |
|   | (c) other fixed assets  | (3)             | (3)                        |
| 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)<br>Proceeds from Farm-in Agreement          | -               | -                          |
|   | <b>Net investing cash flows</b>   | <b>(3)</b>      | <b>(3)</b>                 |
| 1.13  | Total operating and investing cash flows<br>(carried forward)                   | <b>(90)</b>     | <b>(334)</b>               |

+ See chapter 19 for defined terms.

|   |  |      |       |
|---|--|------|-------|
| 1.13  | Total operating and investing cash flows (brought forward)             | (90) | (334) |
| <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>                            | (90) | (334) |
| 1.20  | Cash at beginning of quarter/year to date                              | 379  | 623   |
| 1.21  | Exchange rate adjustments to item 1.20                                 |      |       |
| 1.22  | <b>Cash at end of quarter</b>  | 290  | 290   |

**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<br>\$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

Cliffs, as Manager of the Bullamine Iron (Magnetite) JV, has reported expenditure of \$88,968 on the Bullamine Iron (Magnetite) 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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 100     |
| 4.2 Development                | -       |
| 4.3 Production                 | -       |
| 4.4 Administration             | 75      |
| <b>Total</b>                   | 175     |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 9                          | 10                          |
| 5.2 Deposits at call                             | 80                         | 169                         |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)<br>Term deposits     | 200                        | 200                         |
| <b>Total: cash at end of quarter</b> (item 1.22) | 289                        | 379                         |

### Changes in interests in mining tenements

|   | Tenement<br>reference | Nature of interest | Interest at<br>beginning of<br>quarter | Interest at<br>end of<br>quarter |
|---|-----------------------|--------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed |                       |                    |  |                                  |
| 6.2 Interests in mining tenements acquired or increased           |                       |                    |  |                                  |

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | Total number                      | Number quoted | Issue price per security<br>(see note 3)<br>(cents) | Amount paid up per security<br>(see note 3) (cents)      |
|--|-----------------------------------|---------------|---|--|
| 7.1 <b>Preference<br/>+securities</b><br><i>(description)</i>  | -                                 | -             |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(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<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | -                                 | -             |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | -                                 | -             |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                                   |               |   |  |
|  | Total number                      | Number quoted | <i>Exercise price</i>                               | <i>Expiry date</i>                                       |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 1,550,000<br>1,550,000<br>900,000 | NONE          | 21 cents<br>20 cents<br>20 cents                    | 31 December 2013<br>31 December 2014<br>31 December 2015 |
| 7.8 Issued during quarter  | -                                 |               |   |  |
| 7.9 Exercised during quarter   | -                                 |               |   |  |
| 7.10 Expired during quarter  | -                                 |               |   |  |
| 7.11 <b>Debentures</b><br><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: 30 April 2013  
(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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+ See chapter 19 for defined terms.