

RLC.AU

Reedy Lagoon Corporation Limited

A\$ 0.10

27 September 2011
 Iron Ore, Uranium, Gold
 Western Australia, South Australia, Northern Territory
 Early Exploration
 Exchanges: ASX:RLC

Bullamine iron ore (25% RLC) has returned positive drill results on three magnetic anomalies with further drill testing underway. Initial DTR results show >68% Fe concentrate. Located near existing infrastructure. Experienced partner and manager in Cliffs Natural Resources.

Capital Profile

Share price (A\$)	0.10
52 week range (A\$/share)	0.05 to 0.19
Number of shares (m)	48.6
Options and warrants (m)	13.6
Convertible notes (m)	0.0
Fully diluted (m)	62.2
Market capitalisation (undiluted) (A\$m)	4.9
Debt (A\$m) - Sep 11F	0.0
Enterprise value (A\$m)	4.9
Major shareholders:	
Pyrope Holdings Pty Ltd (13.88%), Sked Pty Ltd (13%)	
Avg monthly volume (m)	0.2
Cash (A\$m) - Sep 11F	1.0
Price/Cash (x)	4.8
Price/Book (x)	4.2
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Jun-11a	Sep-11F	2011a	2012F	2013F
Exploration and evaluation (A\$m)	0.10	0.09	0.71	0.37	0.37
Corporate (A\$m)	0.07	0.03	0.25	0.11	0.10
Exploration/(Expl.+ Corporate) (%)	59	75	74	78	79
Funding duration at current burn (years)	6.7	8.3	1.2	1.5	0.5
Shares on issue (pr end) (m shares)	48.6	48.6	48.6	48.6	48.6
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	0	4,000	937	9,700	0
Land holding ('000 ha)	413	413	413	413	413
Tenement costs (\$k per year)	-	-	0.37	0.37	0.37
Capital raisings (A\$m)	0.00	0.00	0.00	0.00	0.00
Funding from JV partners (A\$m)*	1.0	2.0	1.0	4.0	0.0
Cash (A\$m)	1.2	1.0	1.2	0.7	0.3
Cash backing (Ac/share)	2.4	2.1	2.4	1.4	0.5
Net asset backing (Ac/share)	0.0	2.4	2.4	2.3	2.2

* RCR estimate based on planned Bullamine JV activities in RLC Jun '11 quarterly report. Quarters stated on calendar year basis.

Investment Points

Iron ore at Bullamine JV, WA and early stage uranium exploration in WA, Gawler Craton, SA and Tanami, NT.

Bullamine Iron JV (25%): Cliffs earning 75% by spending \$5m. Cliffs is manager of JV. Located close to existing infrastructure.

Drilling at 3 magnetic anomalies intersected magnetite. North Wongamine est potential of 30mt to a depth of 200m. Assays expected late Oct '11. Drilling continues 4Q11.

Initial DTR tests on rock samples returned >68% Fe at coarse grind size (p80 @ 190 microns).

Experienced partner and manager in Cliffs Natural Resources (NYSE:CLF, ~US\$11.4bn market cap) with DSO operation nearby.

RLC EV of ~\$5m is equal to Cliffs initial exploration spend and doesn't include upside potential for exploration success.

Company Comment

Overview: Reedy Lagoon Corporation Limited (RLC) is a Victorian based exploration company which listed on ASX Jun '07. RLC retains 25% of the Bullamine Iron JV with exploration funded and managed by Cliffs Asia Pacific Iron Ore Pty Ltd, wholly owned subsidiary of Cliffs Natural Resources Inc (NYSE: CLF; ~US\$11.4bn market cap). RLC is exploring for uranium in some of Australia's frontier uranium provinces.

Bullamine Iron JV (Fe, WA, 25%): Over 3,000km² under 15 tenements located in SW Western Australia, <70km E of Perth which are strategically located near road and rail links to major bulk cargo ports of Fremantle and Esperance. Limited scout drilling of magnetic anomalies (Cleansweep, Bollo1 and Bollo 2) have intersected steeply dipping mineralisation from surface ~20m thick with strikes of 500-800m. DTR tests performed on RC chips from Cleansweep returned 69% Fe at 500 micron. DTR tests performed on rock samples conducted at Cliffs laboratory, returned >68% Fe at a grind of p80 190 micron. Cleansweep was redrilled (diamond) by the JV to investigate metallurgical characteristics on core. A 9,700m diamond drill program began Jul '11 to test several magnetic targets. Four diamond holes at North Wongamine (Aug '11) intersected a shallow dipping magnetite-bearing unit 70-90m thick estimated to potentially contain 30mt of iron ore/BIF to a depth of 200m. Assay results are expected late Oct '11.

JV and Partner: Cliffs is manager of the JV and is earning 75% via an initial \$500,000 payment, \$5m exploration program and could fund subsequent exploration and development to completion of a feasibility study. RLC's 25% share of these subsequent costs are repayable from future mine production. Cliffs is an international mining company with its 100% Koolyanobbing iron ore operation located ~150km E of the Bullamine project. Cliffs approved an expansion of Koolyanobbing operations (Dec '10) to 11mt via Mt Jackson (33mt @ 60% Fe). The Koolyanobbing operation is DSO however Cliffs has significant magnetite experience at its North American iron ore operations.

Edward Creek (U and REE, SA, 100%): 440km² on NE margin of Gawler Craton, SA in the iron-oxide copper-gold province containing BHP Billiton's Olympic Dam. Anomalous uranium and REE was found in surface and auger sampling. RLC is targeting a hydrothermal mineralised system under cover at Victory. An initial drill program is possible in 1Q12.

Other projects: RLC is exploring for uranium at Isabella (100%, 474km², WA) and Winning Hill (100%, 217km², WA). At Winning Hill five anomalous uranium responses were interpreted from airborne geophysical data. Previous drilling by Nord defined a 300m long and >30m wide anomalous zone in weathered, possibly depleted, rocks. RLC is targeting the intersection of the fault and carbonaceous strata. Detailed gravity survey and mapping are underway prior to drilling.

Investment Comment: RLC's Bullamine Iron Ore JV is rapidly ticking the boxes: located near existing infrastructure; coarse grained magnetite with favourable initial DTR results; and, an experienced partner/manager in Cliffs. Share price catalysts could be assay results late Oct '11 and further drilling results throughout 4Q11. RLC is currently valued at ~\$5m or Cliffs initial exploration spend at Bullamine. This does not reflect the exploration potential at Bullamine. RLC has potential to re-rate to ~\$10m (\$0.20/share) as it progresses toward a resource at Bullamine JV during 2012.



Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)					
Iron (Fe)	Classification	Project	Ore	Fe	Cut Off	Fe	Fe Equity
		Equity	mt	%	%	mt	mt
Reserves						0.0	0.0
Resources						0.0	0.0
Mineralised Material	(est., non compliant with JORC)					0.0	0.0

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Directors

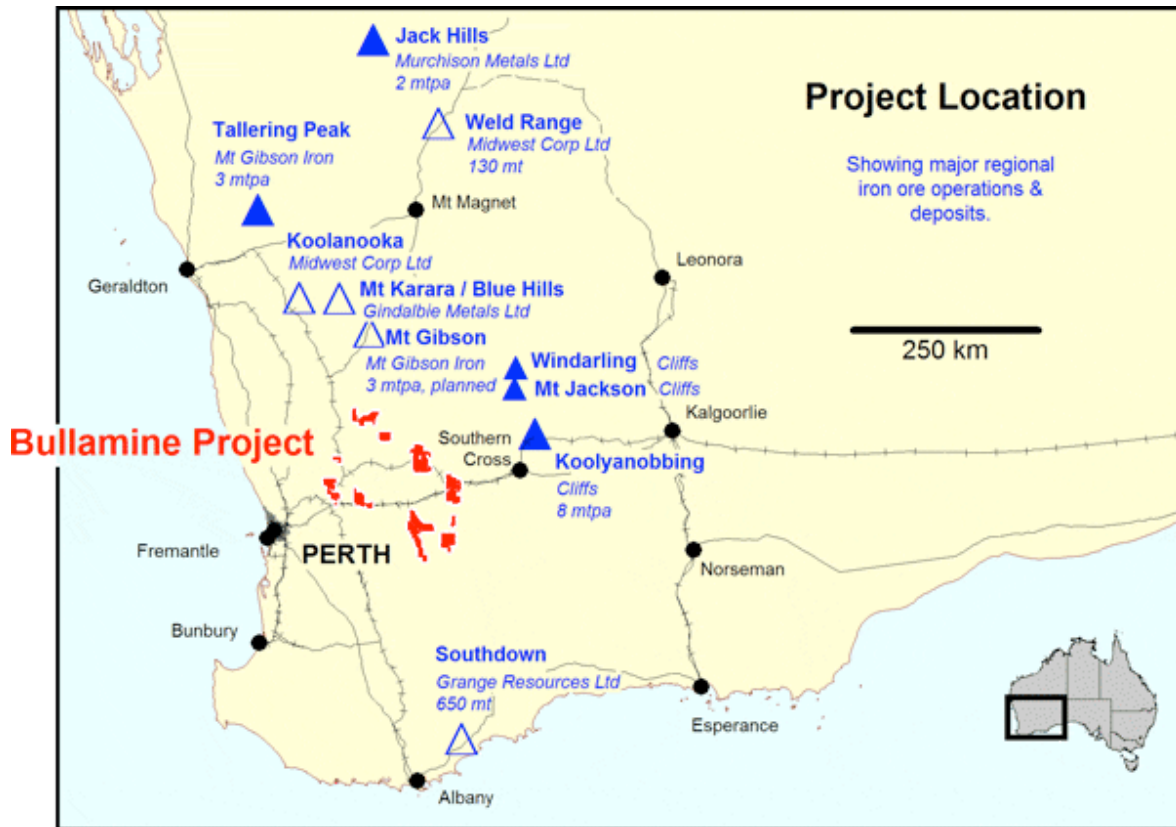
J Hamer (Chair, Non Exec)
 G Fethers (MD)
 H Ruter (Dir)

Key Projects

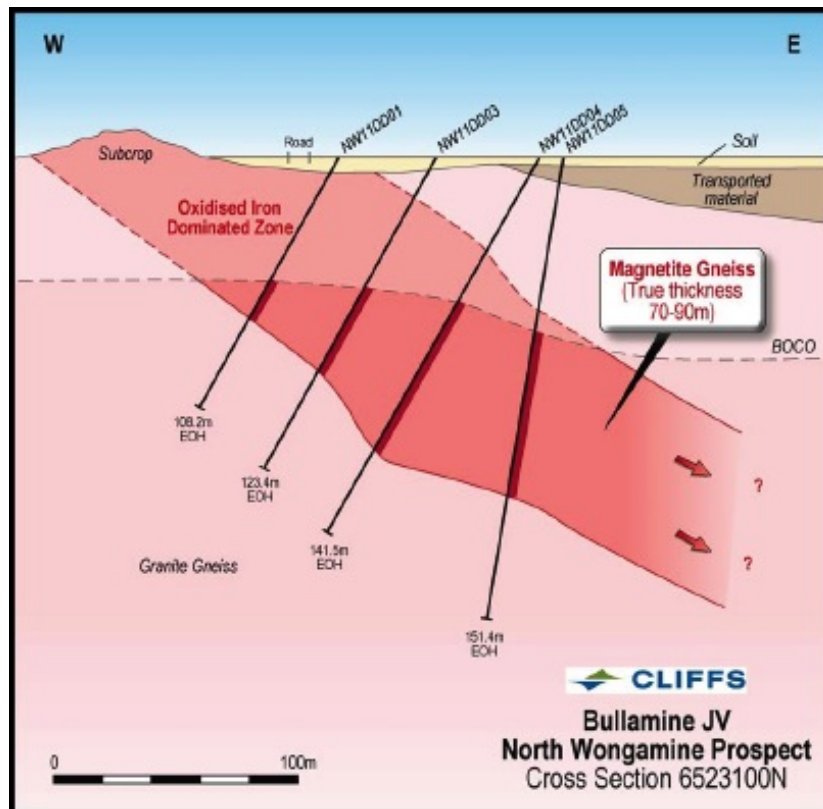
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Bullamine Magnetite JV	25%	Fe	Cliffs	Magnetite	na	Mid Expl.	WA, Australia
Edward Creek	100%	U/REE	na	Unconform	na	Early Expl.	SA, Australia
Isabella / Genoa	100%	U	na	Struc/Carbor	na	Early Expl.	WA, Australia
Tanami	100%	U/Au	na	Unconform	na	Early Expl.	NT, Australia
Winning Hill	100%	U	na	Struc/Carbor	na	Early Expl.	WA, Australia

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Bullamine Iron Ore JV (RLC 25%, Cliffs 75%): >3,000km² located near existing infrastructure and within 150km of Cliffs existing Koolyanobbing iron ore operation.



Drilling (Aug '11) at one of several magnetic anomalies, North Wongamine (WA), has demonstrated the potential for 30mt of magnetic unit; assays to confirm the grade expected Oct '11.



Disclosure and Disclaimer

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