

RLC.AU

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

Reedy Lagoon Corporation Limited

A\$ 0.09

Bullamine iron ore (WA, 25% RLC) magnetite project rapidly advancing with sole funding from Cliffs to completion of a Feasibility Study. Maiden resource expected 3Q12. Located near existing infrastructure. Experienced partner in US major - Cliffs Natural Resources Inc.

Capital Profile

Share price (A\$)	0.09
52 week range (A\$/share)	0.07 to 0.15
Number of shares (m)	48.6
Options and warrants (m)	4.8
Convertible notes (m)	0.0
Fully diluted (m)	53.4
Market capitalisation (undiluted) (A\$m)	4.4
Debt (A\$m) - Jun 12F	0.0
Enterprise value (A\$m)	4.4
Major shareholders:	
Pyrope Holdings Pty Ltd (13.88%), Sked Pty Ltd (13%)	
Avg monthly volume (m)	0.4
Cash (A\$m) - Jun 12F	0.6
Price/Cash (x)	7.3
Price/Book (x)	6.1
Listed company options:	No

Investment Points

Key project Bullamine Iron Ore JV (WA, 25% RLC).

RLC's exploration spend at Bullamine JV is sole funded by Cliffs through to completion of a Feasibility Study.

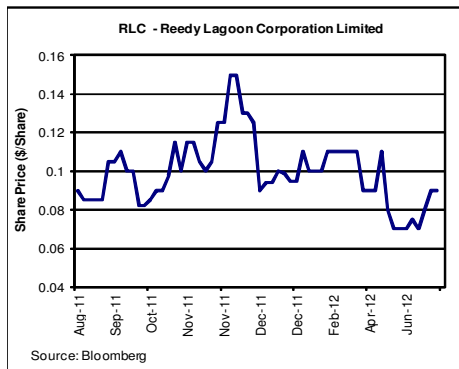
Chitterberin Prospect (Bullamine JV) resource expected 3Q12: targeting 50 - 70mt grading over 20% Fe, based on 2.4km anomaly and drill intercepts 30-100m thick.

Burracoppin Prospect (Bullamine JV): Larger target than Chitterberin, defined by magnetic survey. Drilling 4Q12.

Bullamine JV: Potential low capex and opex (relative to other magnetite projects). Located near key infrastructure, including rail; access to ports.

Cliffs Natural Resources (NYSE:CLF, Paris:CLF, member of S&P 500 index).

RLC EV of ~\$5m is equal to Cliffs' initial exploration spend. Significant valuation upside with potential for early project development at Bullamine.



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Production and Financial Forecasts

YEAR END: June	Mar-12a	Jun-12F	2011a	2012F	2013F
Exploration and evaluation (A\$m)	0.05	0.05	0.71	0.23	0.37
Corporate (A\$m)	0.08	0.08	0.25	0.38	0.32
Exploration/(Expl.+ Corporate) (%)	37	38	74	38	53
Funding duration at current burn (years)	-	-	1.2	1.0	1.4
Shares on issue (pr end) (m shares)	48.6	48.6	48.6	48.6	61.1
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	1,827	0	937	7,700	10,000
Land holding ('000 ha)	413	359	413	359	359
Tenement costs (\$k per year)	-	-	0.37	0.37	0.37
Capital raisings (A\$m)	0.00	0.00	0.00	0.00	1.00
Funding from JV partners (A\$m)	0.0	0.0	1.0	4.0	0.0
Cash (A\$m)	0.8	0.6	1.2	0.6	1.0
Cash backing (Ac/share)	1.6	1.2	2.4	1.2	1.6
Net asset backing (Ac/share)	1.7	1.5	2.4	1.5	2.4

Quarters stated on calendar year basis.

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 sole funded and managed by Cliffs Asia Pacific Iron Ore Pty Ltd, wholly owned subsidiary of Cliffs Natural Resources Inc (NYSE: CLF; member of S&P 500 index). RLC is also exploring for uranium in some of Australia's premium uranium provinces.

Bullamine Iron Ore JV (Fe, WA, 25%): 1148km² over 6 tenements (including Chitterberin, Bollo, Wongamine, Burracoppin, and Cleansweep) located in SW Western Australia, <70km E of Perth. The project area is strategically located near extensive infrastructure servicing regional wheat growers, including road and rail links to major bulk cargo ports of Fremantle and Esperance. A 7,700m diamond drill program tested several magnetic targets was undertaken from Jul '11 through Feb '12. **Chitterberin Prospect:** magnetic anomaly supported by drilling suggests mineralisation occurs over a 2,400m strike. Maiden resource expected 3Q12 of 50-70mt grading over 20% Fe. Assuming 90% recovery, this would equate to 14 to 19mt of 65% Fe concentrate. Resource depth assumes economic cut-off at around 200m (45% pit walls, S/R ~4.5:1). It is steep dipping from surface, true thickness between 30 to 100m. Mineralisation is magnetite gneiss. Initial results indicate grind size finer than 75 micron is required, and tests are underway down to 45 micron. **Burracoppin:** located 50km north of Chitterberin; magnetic signature suggests potential for similar or larger scale magnetite resource to Chitterberin prospect. Main west-east railway line deviates around prospect; transport to ports at Kwinana and Esperance. **North Wongamine:** four diamond holes (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. **Cleansweep, Bollo1 and Bollo 2:** limited scout drilling of magnetic anomalies 2H11 intersected steeply dipping mineralisation from surface ~20m thick with strikes of 500-800m.

JV and Partner: Cliffs signed the JV agreement Feb '11 and earned 75% in the Bullamine Iron JV in less than 10 months (4Q11) after completing exploration expenditures of \$5m. Cliffs is JV manager – sole funding subsequent exploration and development to completion of a Feasibility Study. RLC's 25% share of these costs are repayable from future mine production. Cliffs is a US based, international mining company and a major global iron ore producer. Australian assets include the Koolyanobbing iron ore operation in WA. The company 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 operations.

Edward Creek (U and REE, SA): 440km² on NE margin of Gawler Craton, SA in the iron-oxide copper-gold province containing BHP Billiton's Olympic Dam. PACE funding. An initial drill program is possible 3Q12.

Investment Comment: RLC's Bullamine Iron Ore JV is rapidly ticking the boxes: located near existing infrastructure; positive exploration results, and an experienced partner in Cliffs that is also manager of the JV. With a market cap of ~A\$4.5m (including \$0.6m cash Jun '12F), and project commitments sole funded through Feasibility Study, there is potential for significant rerating 3Q12 with the maiden resource statement expected at Chitterberin; at A\$2-3/t contained metal, reflecting strategic project premium, valuation could rerate to ~A\$10-\$15m. By way of comparison, Yerecooin has a resource of 186.8mt grading 30.9% Fe, which the Giralia Target's Statement (Jan '11) indicates has a net opex of A\$68.90/t of conc at a production rate of 2.5mtpa. Assuming the current iron ore price of ~US\$125/t, the operating margin based on Giralia's figures would be ~A\$55/t, or potentially ~A\$137mpa pre royalties and tax. Given high operating margins for current and near term magnetite producers, there is additional valuation upside potential if timeframes for further project milestones are accelerated and announced by Cliffs/RLC. RLC will require additional funds in the medium term.

Reserves and Resources/Mineralised Material

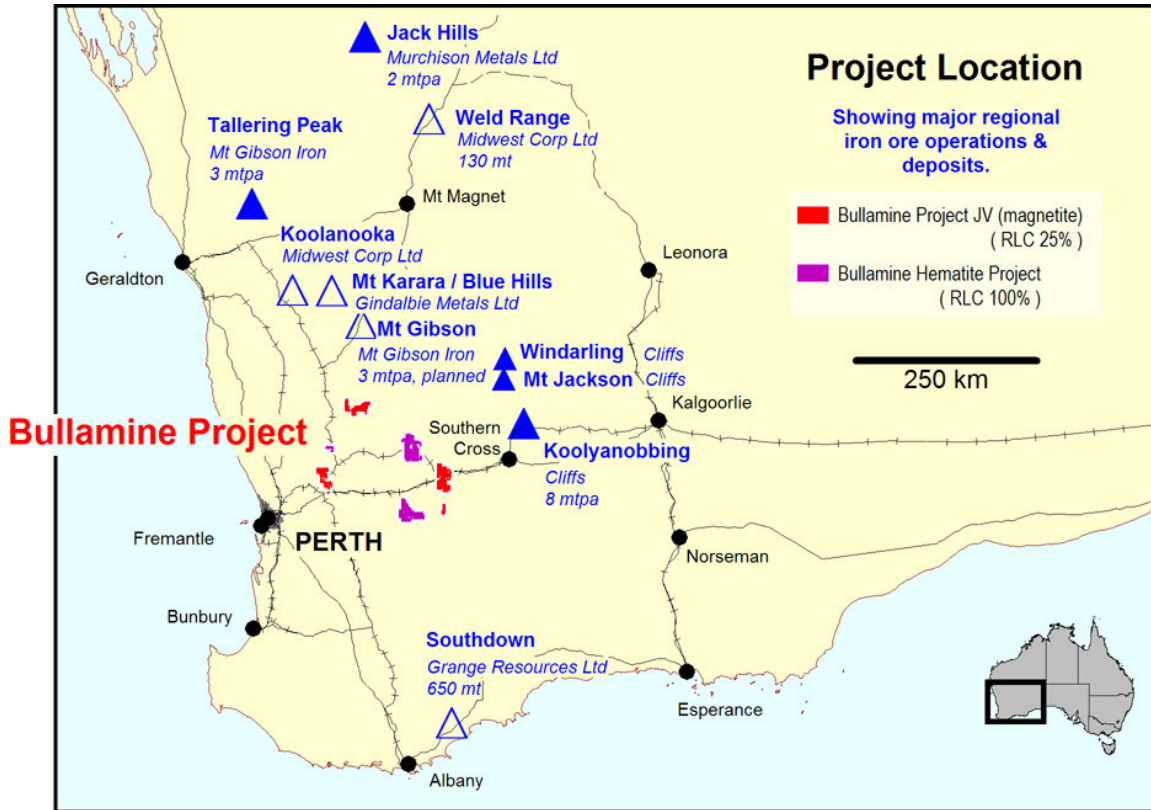
Code for reporting mineral resources - Australian: JORC; Canadian: NI 43-101

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

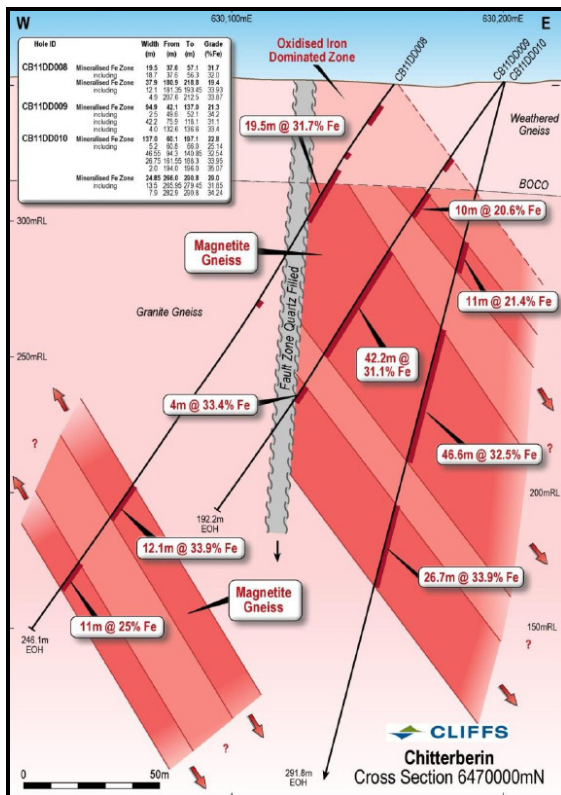
Key Projects

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
Bullamine Hematite	100%	Fe	na	Hematite	na	Early Expl.	WA, Australia
Edward Creek	100%	U/REE	na	Unconform	na	Early Expl.	SA, Australia
Tanami	100%	U/Au	na	Unconform	na	Early Expl.	NT, Australia
Winning Hill	100%	U	na	Unconform	na	Early Expl.	WA, Australia
Isabella	100%	U	na	Unconform	na	Early Expl.	WA, Australia

Bullamine Iron Ore JV (RLC 25%, Cliffs 75%): >1,000km². The Bullamine JV cost structure is expected to benefit from proximity to existing infrastructure.



Bullamine Project



Chitterberin Prospect cross section (Bullamine JV, WA): Near surface mineralisation with true thickness between 30 to 100m.

Magnetic anomaly supported by drilling suggests mineralisation occurs over a 2,400m strike.

Maiden resource expected 3Q12 of 50-70mt grading over 20% Fe.

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