



ASX Release

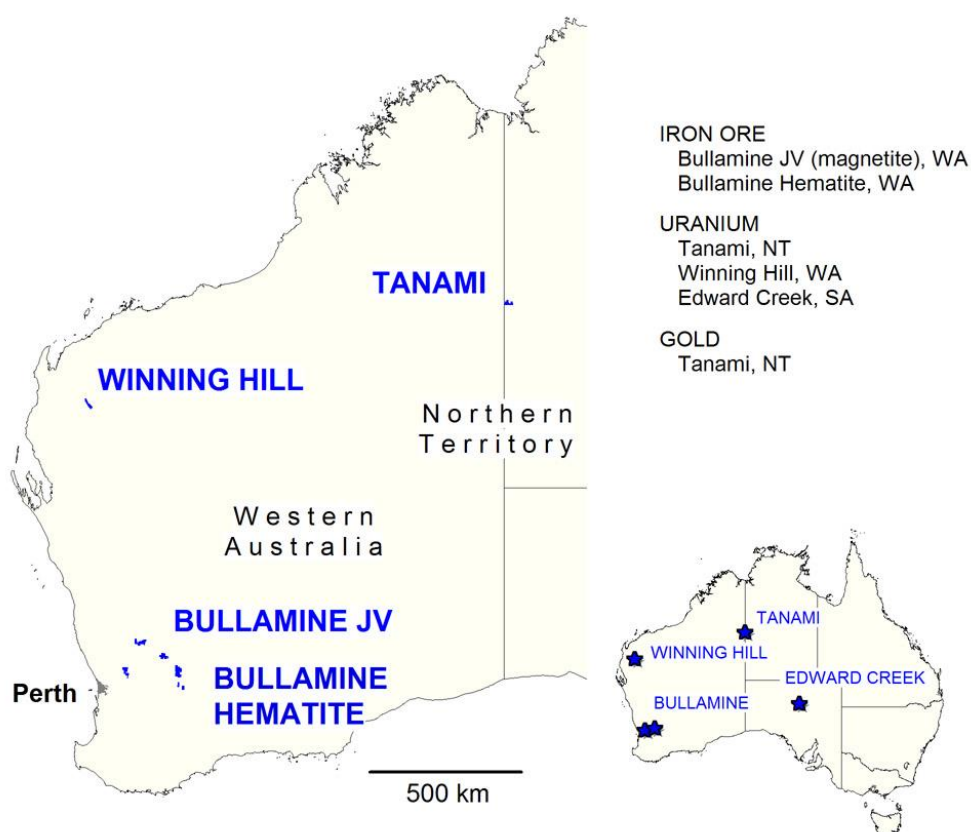
ASX Code: RLC

July 2013

Quarterly Report for the period ended 30 June 2013

SUMMARY

- Bullamine Joint venture – Magnetite iron ore (WA):
 - No exploration was conducted by the Joint Venture during the period.
 - The Manager has advised that its exploration budget will meet government expenditure commitments but does not currently include drilling for remainder of 2013.
 - Burracoppin remains the prime prospect and awaits further work.
- Winning Hill uranium (WA)
 - Ground geophysical survey (EM) completed – data processing commenced.
- Tanami – uranium & gold (NT)
 - Airborne geophysical survey (magnetic and radiometric) contracted.
- Corporate:
 - \$607,000 cash and deposits (nil debt) at 30 June 2013.
 - raised \$494,849 under an entitlements issue during April 2013
 - shares on issue 53.5 M and 4 M options.



CURRENT EXPLORATION ACTIVITES

Bullamine JV Iron (Magnetite) (WA)

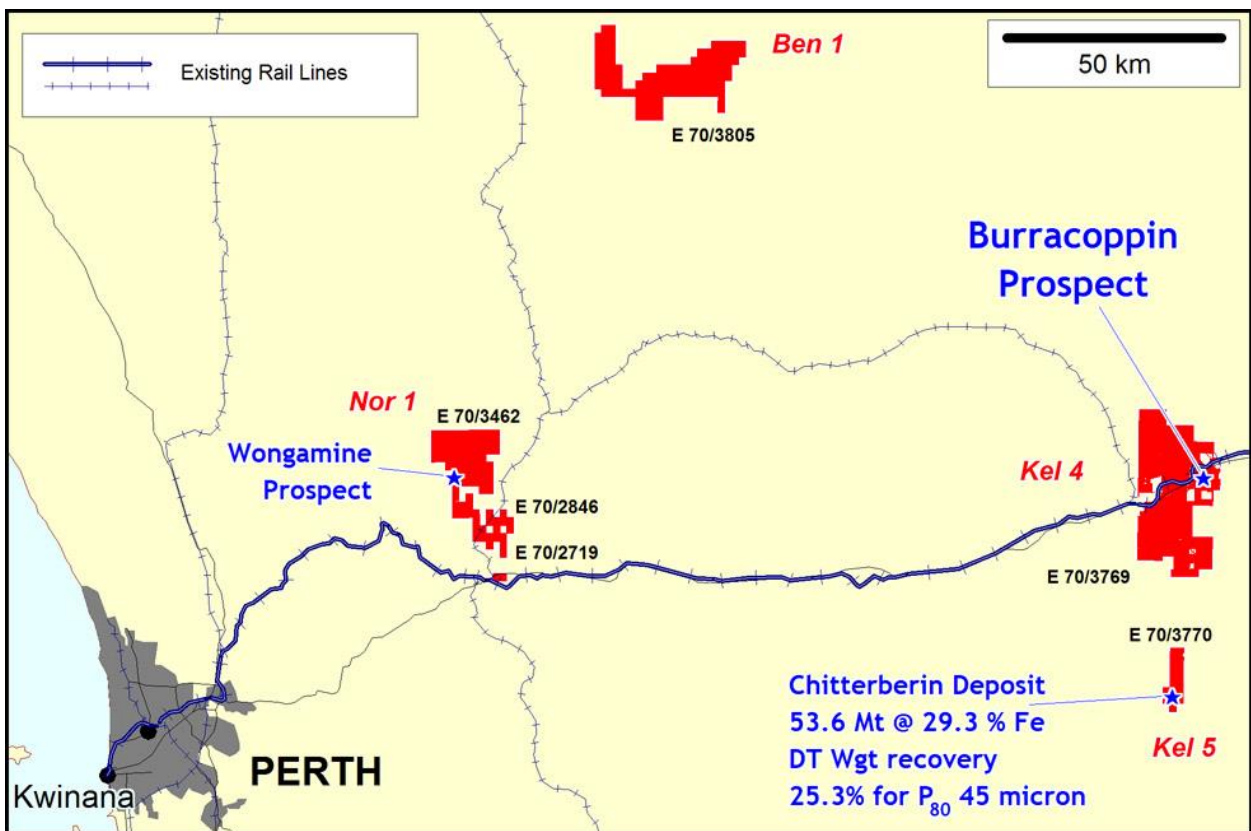
Iron (magnetite)

RLC 25% : E70/2846, 3462, 3769, 3770 & 3805. (E70/3805 was surrendered on 16/07/2013)

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

Total area 1,148 km²

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. The Chitterberin Deposit comprises an Inferred Resource described in RLC's ASX Release 22 Oct 2012.

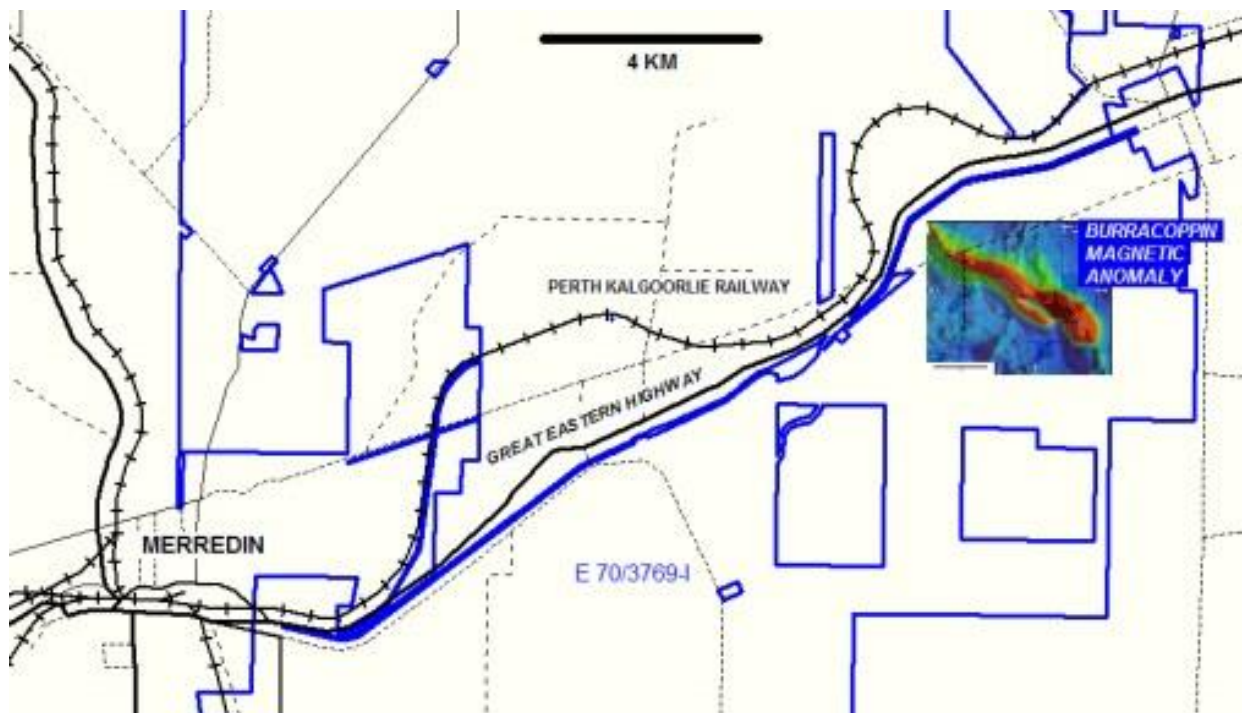
No field activities were undertaken during the period. E70/3805 BEN 1 was relinquished after the end of the period.

In RLC's opinion the magnetite deposit discovered by the joint venture at Burracoppin is the most prospective of the deposits identified by the joint venture to date. However, the potential quantity and grade of the deposit is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The Burracoppin deposit has been modelled to potentially contain between 140 M and 220 M tonnes of magnetite bearing rock using detailed magnetic survey data (50 metre spaced flight lines) and results from 3 diamond drill holes (RLC's ASX Release 31 Jan 2013). Metallurgical studies on samples from

drilling at Burracoppin have produced magnetite concentrate ranging from 67.5% to 70.2% Fe and between 24.6% and 40.5% DT weight recovery at P80 150 micron (RLC's ASX Releases 23 Nov 2012 and 18 Jan 2013). If further sampling and metallurgical studies support the initial results the coarse particle size (150 micron) at which the magnetite (iron) separates from the waste should permit lower beneficiation costs for this deposit relative to those Australian magnetite deposits which require grinding to a finer particle size.

Whilst the geometry of the mineralisation at the Burracoppin prospect is not yet clearly understood and requires additional drilling, the results to date indicate combined horizontal widths of between 150 and 200 metres of mineralized rock occur within an envelope of 330 metre horizontal width (ASX 18 Jan 2013). If so, cost efficient open-cut mining with a low strip ratio may be possible

The deposit is within 2,000 metres of the main Perth – Adelaide railway line (standard and narrow gauge) and a few kilometres from the central wheatbelt township of Merredin (population 2,897 at 2011 census) halfway between Perth and Kalgoorlie. The deposit is extremely well located to take advantage of existing infrastructure.



In order to advance the Burracoppin prospect, RLC estimates it would require expenditures of approximately:

- \$15 M drilling,
- \$ 5 M assay and metallurgy.

Should the drilling recover promising results, then additional expenditures as follows may be justified:

- \$25 M feasibility and optimisation studies, and
- \$ 5 M environmental studies and permitting.

The Manager has advised that its exploration budget does not currently include drilling for the remainder of 2013.

Bullamine Hematite Project (WA)

DSO Iron

RLC 100% : E70/3767 (KEL 3) & E70/4412 (KEL 8) total area 394 km²

No field activities were undertaken during the period.

Appraisal of the geophysical data, including gravity and magnetic data over KEL 3, was continued. Previous plans to drill test targets located on KEL 3 were cancelled pending further assessment of the potential targets.

E70/3768 and E70/3772 were surrendered during the report period in accordance with the review conducted during the previous period.

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



The Bullamine Hematite project comprises KEL3 (E70/3767) and KEL8 (E70/4412).

KEL 1 (WA)**Copper / Gold**

RLC 100% E70/3766 total area 44 km²

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. Our initial exploration is exploiting remote sensing techniques, such as geophysical methods, since more than half of the tenement area is concealed beneath recent alluvium, lateritic soil and sandy plains. Work during the report period comprised continuing the review of geophysical data acquired during prior periods.

Exploration activities by other companies on ground to the west, north and south of KEL 1 suggest the presence of a large mineralising system that may extend over the KEL 1 area. Caravel Minerals Limited reported in its ASX Release 10 Jul 2013 a maiden copper exploration target at its Calingiri Project located to the west and north of KEL 1. Mindax Limited has reported low grade gold and copper mineralisation from its Mortlock Project located to the south of KEL 1.

Edward Creek (SA)**Uranium & REE**

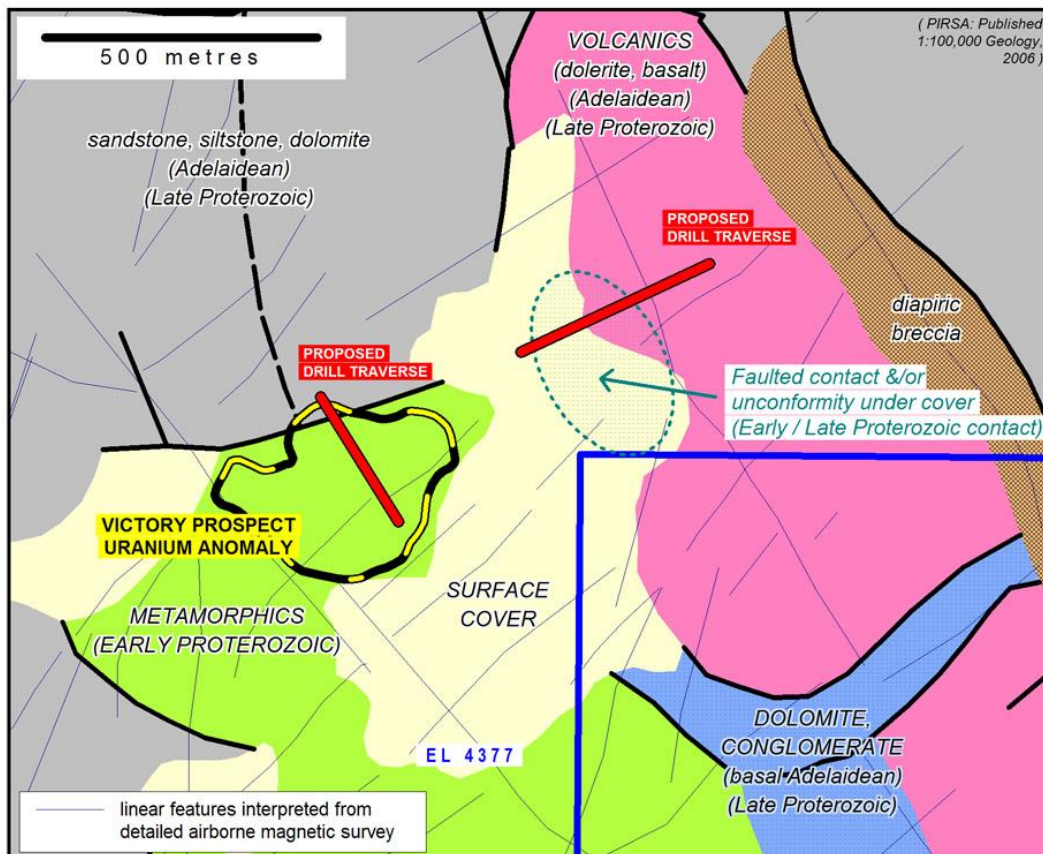
RLC 100% (excluding diamonds) EL 4377 total area 440 km²

No field activities were undertaken during the period.

A Native Title Mining Agreement has been negotiated and documented but continues to await 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 (RLC's ASX Release 17 Nov 2010) 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. A condition of the funding is completion of the drilling by 30 August 2013 unless otherwise agreed by the Minister for Mineral Resources and Energy.



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

Tanami (NT)

Uranium & Gold

RLC 100% : EL 24885 area: 272 km²

No field activities were undertaken during the period.

Preparations for an airborne magnetic and radiometric survey were completed with acquisition expected to commence in early August 2013.

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.

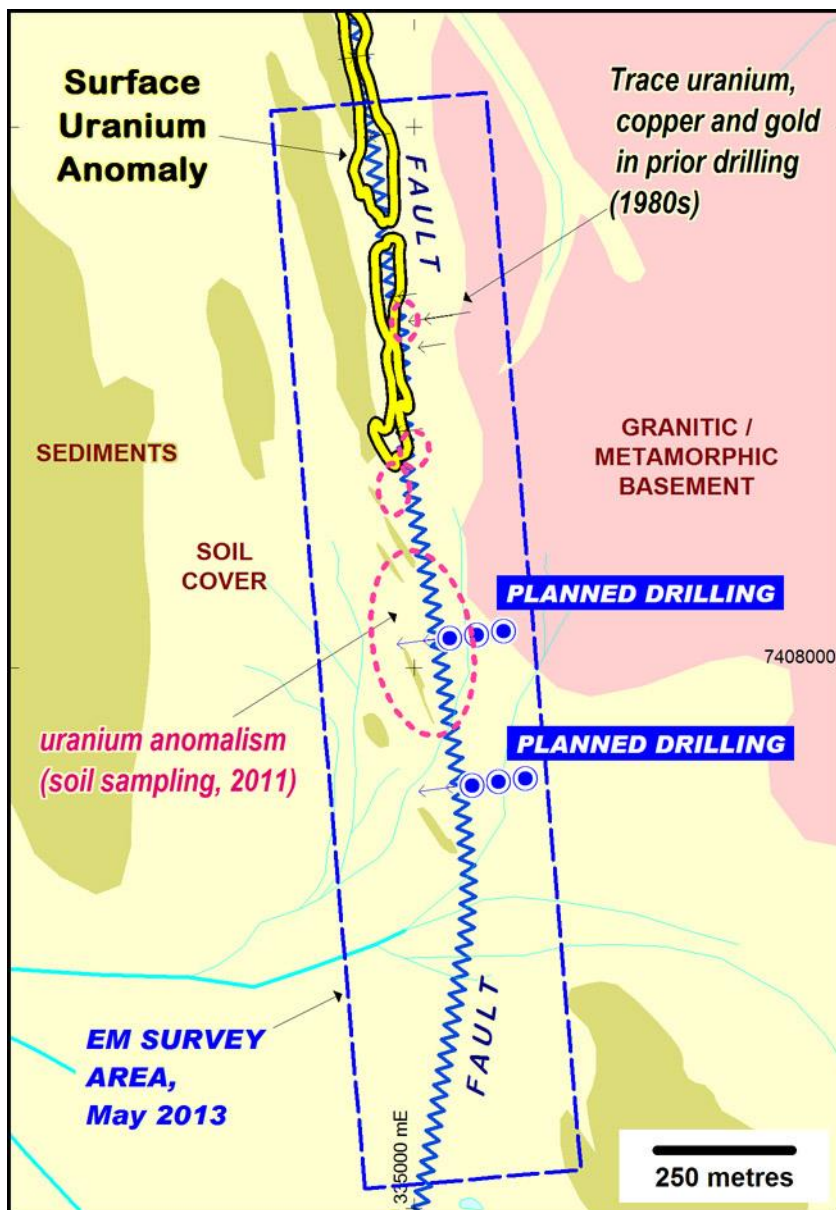
Winning Hill (WA)

Uranium

RLC 100% : E08/2073 area: 217 km²

Ground geophysical survey acquired electromagnetic data. Preliminary interpretation of the data suggests conductors are present. It is hoped that interpretation of the data will assist in determining the location of sedimentary units being interpreted by RLC to be potential hosts for uranium mineralisation.

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.



COMMENT

At 30 June 2013 RLC had \$607,000 in bank accounts and deposits with no debt.

Net cash outflow for the June 2013 quarter was \$177,000 (including \$77,000 of exploration related expenditure).

During 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 12.5M New Shares to shareholders. The acceptances equated to approximately 40% of the offer.

The Company's principal asset is its 25% interest in the Bullamine Joint Venture which is exploring for iron-ore in the south west of Western Australia. The directors consider the work completed at the Burracoppin prospect by the 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.

In the section describing activities at the Bullamine JV we provide guidance for the possible next stages of exploration at the Burracoppin prospect. Importantly for shareholders in RLC, the funding for our share of exploration costs through to decision to mine is provided by the other joint venture parties and repayable solely from our share of future production.

We have sufficient working capital to cover at least 12 months overheads and fund limited exploration on our non-joint ventured projects. During the quarter we contracted geophysical surveys at the Winning Hill project and at the Tanami project. These surveys commit the Company to expenditure totalling \$59,227 most of which was paid during the June quarter.

FORTHCOMING ACTIVITIES

| Project | Activity Planned | Timetable |
|--|--|----------------|
| Bullamine JV <i>Iron - Magnetite</i> | No field activity planned | Sep Q |
| Bullamine Hematite <i>Iron - Hematite</i> | RC drilling – test iron (hematite) ore targets - work on hold | TBD |
| KEL 1 <i>Copper gold</i> | Process and interpret geophysical data | Sep Q |
| Edward Creek <i>Uranium</i> | RC drilling – Victory prospect - work on hold pending access | TBD Q |
| Tanami <i>Uranium & gold</i> | Airborne magnetic & radiometric survey | Sep Q |
| Winning Hill <i>Uranium</i> | Complete access agreements with Native Title claimants. Process and interpret ground EM survey data | Sep Q Sep 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

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 2012 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. Where Exploration Results have been reported in earlier RLC ASX Releases referenced in this report, neither Geof Fethers nor Hugh Rutter has any information at the date of this report which would suggest that those Exploration Results have changed in any material respect.

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 JUNE 2013

Consolidated statement of cash flows

| | | Current quarter | Full Year |
|---|---|-----------------|--------------|
| | | \$A'000 | \$A'000 |
| Cash flows related to operating activities | | | |
| 1.1 | Receipts from product sales and related debtors | 7 | 38 |
| 1.2 | Payments for | | |
| | (a) exploration and evaluation | (77) | (196) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (115) | (366) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 16 | 19 |
| 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) | (7) | (2) |
| | Net Operating Cash Flows | (176) | (507) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c) other fixed assets | (1) | (4) |
| 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) | (4) |

+ See chapter 19 for defined terms.

| | | | |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (carried forward) | (177) | (511) |
| 1.13 | Total operating and investing cash flows (brought forward) | (177) | (511) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 495 | 495 |
| 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 | 495 | 495 |
| | Net increase (decrease) in cash held | 318 | (16) |
| 1.20 | Cash at beginning of quarter/year to date | 289 | 623 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 607 | 607 |

**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

Cliffs, as Manager of the Bullamine Iron (Magnetite) JV, has reported expenditure of \$1,814 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 \$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 | 66 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 75 |
| Total | 141 |

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 | 6 | 9 |
| 5.2 Deposits at call | 388 | 80 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) Term deposits | 213 | 200 |
| Total: cash at end of quarter (item 1.22) | 607 | 289 |

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 | E70/3768 | Relinquished | 100% | Nil |
| | E70/3772 | Relinquished | 100% | Nil |
| 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 (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|-----------------------------------|----------------------|---|--|
| 7.1 Preference +securities <i>(description)</i> | - | - | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | | |
| 7.3 +Ordinary securities | 53,548,490 | 53,548,490 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 4,948,490 | 4,948,490 | 10 | 10 |
| 7.5 +Convertible debt securities <i>(description)</i> | - | - | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| | Total number | Number quoted | <i>Exercise price</i> | <i>Expiry date</i> |
| 7.7 Options <i>(description and conversion factor)</i> | 1,550,000 1,550,000 900,000 | NONE NONE NONE | 21 cents 20 cents 20 cents | 31 December 2013 31 December 2014 31 December 2015 |
| 7.8 Issued during quarter | - | | | |
| 7.9 Exercised during quarter | - | | | |
| 7.10 Expired during quarter | - | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|---|--|--|
| 7.12 | Unsecured notes (<i>totals only</i>) | | |
|------|---|--|--|

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 JULY 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.

== == == == ==

+ See chapter 19 for defined terms.