



ASX Release

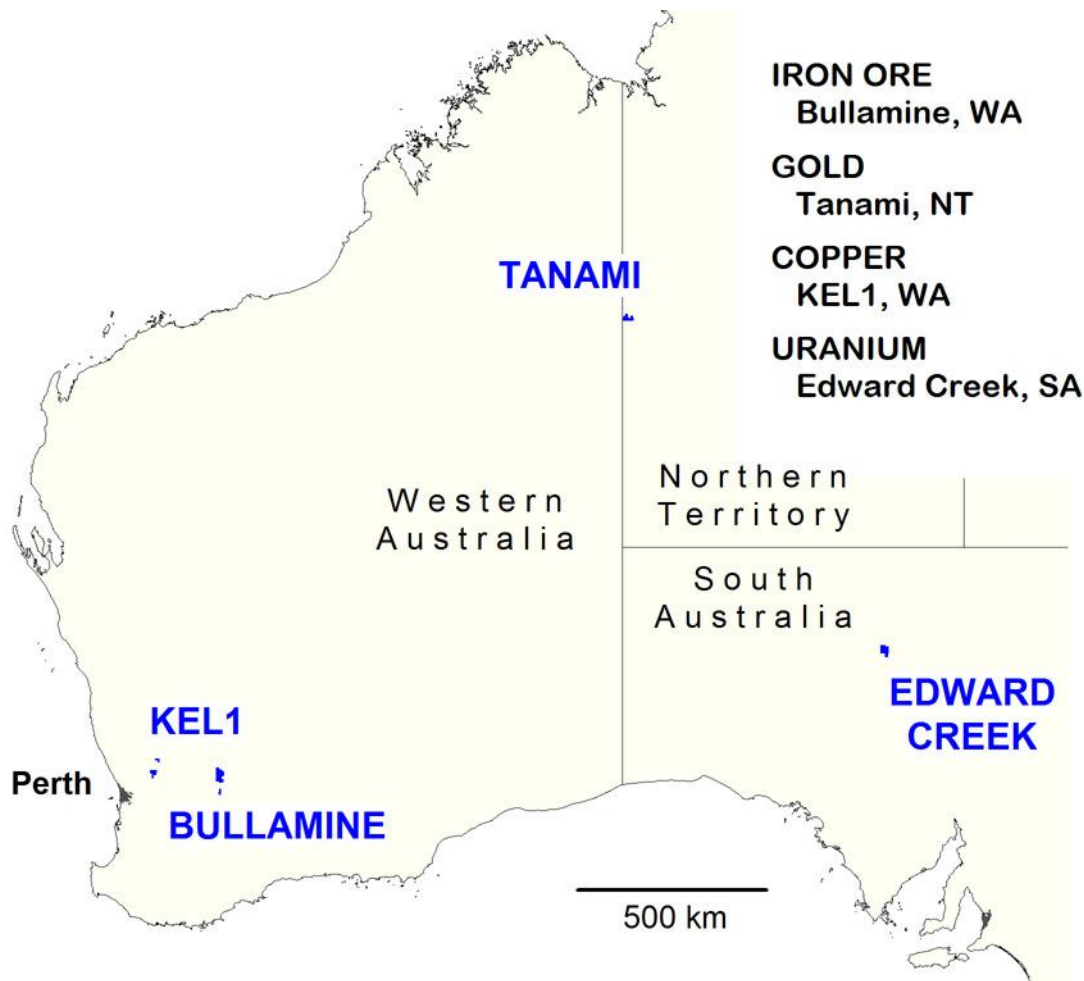
ASX Code: RLC

31 July 2014

Quarterly Report for the period ended 30 June 2014

HIGHLIGHTS

- Bullamine – Magnetite iron ore (WA):
 - RLC resumed full control
 - Testing program to determine range of product possible from Burracoppin designed.
- Corporate:
 - Adrian C. Griffin appointed a director on 30 June 2014.
 - 2 for 3 Entitlement Offer announced 23 June 2014 opened 2 July 2014.



CURRENT EXPLORATION ACTIVITIES

Bullamine Iron (Magnetite) (WA)

Iron (magnetite)

At the date of this report the tenements are held:

RLC 100% : E70/3462, 3769 & 3770

Total area 736 km²

Tenements surrendered during period: E70/2719 & 2846

RLC regained management in the Bullamine project tenements upon the withdrawal of the farm-in parties on 17 April 2014 which led to the termination of the Bullamine Joint Venture.

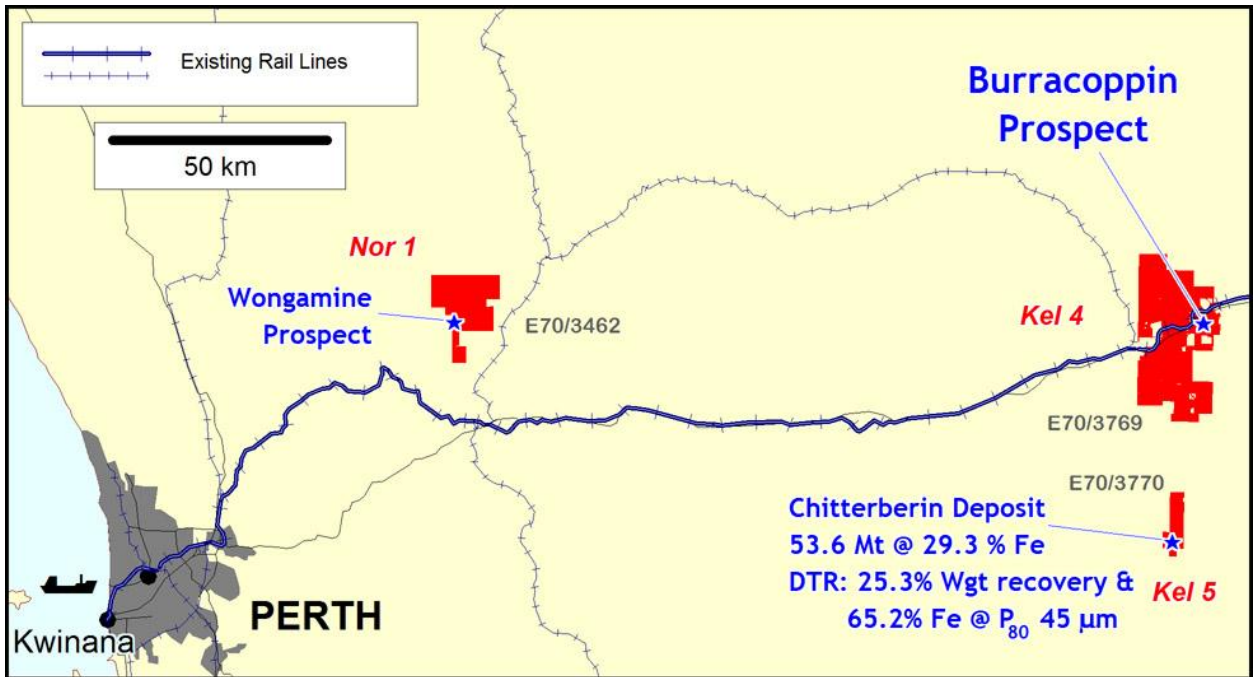
Prior to 17 April 2014, the Bullamine Joint Venture had comprised Bullamine Magnetite Pty Ltd, a wholly owned subsidiary of Reedy Lagoon Corporation ("RLC") and Cliffs Magnetite Holdings Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc., NS Iron Ore Development Pty Ltd and Sojitz Mineral Development Pty Ltd. The joint venture funded \$8.8 m in exploration of the project tenements during the period from commencement on 11 February 2011 to 17 April 2014. The joint venture generated magnetite prospects at Wongamine, Chitterberin and Burracoppin.

With the return of management of the project to RLC, the focus changed to an approach seeking production as soon as possible and as cheaply as possible. This is a fundamental change from the prior "big mining company" approach which sought sufficient tonnage to build a resource base capable of supporting a medium sized operation to produce a premium product suitable for Japanese smelters.

RLC is focussing on the Burracoppin prospect because of the size indicated by the magnetic anomaly associated with it, the wide intersections of mineralisation in two of the three bore holes completed to date, the favourable metallurgy and its location adjacent to rail connecting it to bulk cargo ports.

During the report quarter RLC identified potential markets for low grade Fe-concentrate products which are expected to be producible at low CAPEX and OPEX. Engenium, a Perth based engineering company, was requested to cost and manage a testing program for Burracoppin using available core from the earlier drilling. Engenium has experience in assessing magnetite production options where the objective is to optimise the margin between cost of production and sale price and was undertaking similar work on other small scale magnetite projects located in the same region as Bullamine.

Representative intervals of the Burracoppin core were inspected and verified at least 50% of all intervals of the original core recovered has been retained and is available for the planned test work.



Location of Bullamine tenements and main prospects. The Chitterberin Deposit comprises an Inferred Resource described in RLC's ASX Release 22 Oct 2012.

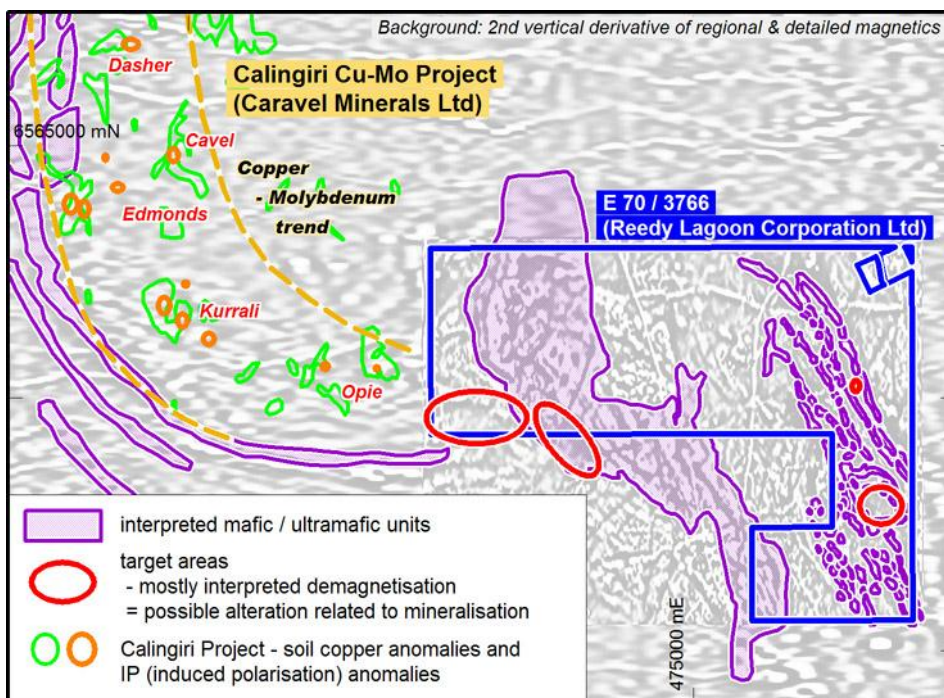
KEL 1 (WA)

Copper / Gold

RLC 100% E70/3766 total area 44 km²

No field activities were undertaken during the period.

KEL 1 is located in the Western Gneiss Terrane of the Yilgarn Craton 60 kilometres north of the town of Northam. Our initial exploration is taking advantage of remote sensing techniques, such as geophysical methods since more than half of the tenement area is buried beneath recent alluvium, lateritic soil and sandy plains.



KEL 1 project area (E70/3766) showing potential copper-cobalt-nickel targets interpreted from magnetic data.

Edward Creek (SA)

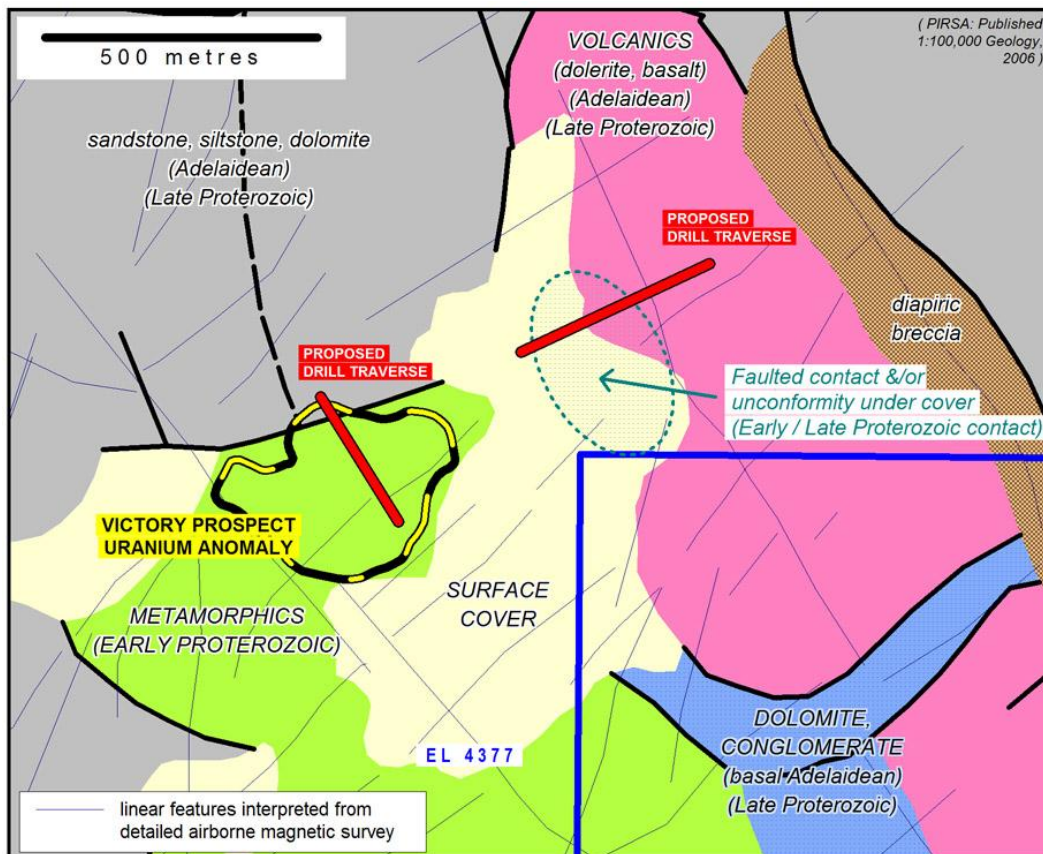
Uranium

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

No field activities were undertaken during the period.

Exploration for uranium was postponed. The low uranium price and a joint venture partner maintaining minimum exploration expenditure on the tenement enable RLC to postpone its planned exploration for uranium without penalty. Any exploration success with uranium in the current period would likely generate very little interest amongst potential joint venture partners and investors.

Work planned on the Edward Creek project includes drilling at the Victory uranium prospect. The drilling, now postponed until market conditions improve, 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 rocks of Early Proterozoic age. 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.



Proposed drill traverses at the Victory uranium prospect, Edward Creek project, South Australia (work on hold until market conditions improve).

Tanami (NT)

Gold, REE & Phosphate

RLC 100% : EL 24885 area: 136 km²

No field activities were undertaken during the period.

During the report period depth of cover over the basement rocks containing our gold targets was interpreted from continued analysis of airborne magnetic survey data acquired last year. Ground based investigations for gold will focus on areas where our interpretations indicate less than 100 metres of cover is present.

REE and phosphate accumulations recognised previously as possibly indicated by radiometric anomalies remain to be investigated.

The Tanami project is located in the Northern Territory and abuts the Western Australia border. The Newmont owned Callie Gold Mine (a 10 million oz plus deposit) is located 70 kilometres east from project area. Target mineralisation is gold and uranium.

Winning Hill (WA)

Uranium

Surrendered : E08/2073 area: 101 km²

Review of market conditions for uranium resulted in the termination of the Winning Hill project.

COMMENT

1. Finances

At 30 June 2014 RLC had \$100,399 in bank accounts and deposits with no debt.

Net cash outflow for the June 2014 quarter was \$122,746 (including \$79,442 of exploration related expenditure).

Expenditure for the September 2014 quarter was estimated at \$260,000.

The Entitlement Offer, which closes on 1 August, had received applications in excess of the \$200,000 minimum subscription. At business close on 30 July 2014 applications totalling \$ 263,607 had been received. Additional applications exceeding \$60,000 were expected prior to the Offer Close.

2. Management

Hugh Rutter, who provided geophysical services to the company since 1988 and served as a director since 2000, died on 27 June 2014.

Adrian Griffin, who has extensive experience in managing development of large and small mining operations and companies, re-joined the board on 30 June 2014.

FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
Bullamine <i>Iron - Magnetite</i>	Test work on Burracoppin mineralisation	Sep Q
KEL 1 <i>Copper</i>	Gravity survey	Dec Q
Tanami <i>Gold, REE, Phosphate</i>	Field visit to inspect radiometric anomalies. Shallow aircore/RAB drilling	Dec Q TBD

All exploration activities are subject to contractor availability and funding.

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, who is a member of the Australian Institute of Mining and Metallurgy (AusIMM). Geof Fethers is a director of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to 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 consents to the inclusion in the report of the matters based on his 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, those releases are available to view on the NEWS page of reedylagoon.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in those earlier releases and, in the case of the estimate of the Mineral Resource, all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mining tenements.

Tenements at end of quarter		
Project / Location	Tenement number	Company Interest (%)
BULLAMINE – NOR 1 (WA)	E70/3462	100
BULLAMINE – KEL 4 (WA)	E70/3769	100
BULLAMINE – KEL 5 (WA)	E70/3770	100
KEL 1 (WA)	E70/3766	100
TANAMI (NT)	EL 24885	100
EDWARD CREEK (SA)	EL 4377	100 (excl. diamond)

Joint ventures at end of quarter		
Agreement	Tenements	Company Interest (%)
Diamond Farm-out Agreement	EL 4377	100 all minerals excluding diamond

Tenements changed during the quarter:

1. E70/2719 (Bullamine WA) disposed
2. E70/2846 (Bullamine WA) disposed
3. E70/3462 (Bullamine WA) - refer item 7 below
4. E70/3769 (Bullamine WA) - refer item 7 below
5. E70/3770 (Bullamine WA) - refer item 7 below
6. E08/2073 (Winning Hill WA) disposed

Joint ventures changed during period

7. Bullamine Farm-in and Joint Venture terminated on 17/04/2014. Under the terms of the agreement the Farm-inors had a right to earn a 75% interest in tenements E70/2719, E70/2846, E70/3462, E70/3769, E70/3770 which right ceased upon termination on 17/04/2014.
8. Bulla Joint Venture : RLC disposed its interest (E70/2719)

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 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Full Year (12 months)
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors	27	51
1.2	Payments for		
	(a) exploration and evaluation	(81)	(258)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(58)	(314)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	11
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)	(11)	7
	Net Operating Cash Flows	(123)	(503)
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	-	-

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (carried forward)	(123)	(503)
1.13	Total operating and investing cash flows (brought forward)	(123)	(503)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		(4)
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		(4)
	Net increase (decrease) in cash held	(123)	(507)
1.20	Cash at beginning of quarter/year to date	223	607
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	100	100

**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)	46
	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	5

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 not reported any expenditure 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	120
4.2 Development	-
4.3 Production	-
4.4 Administration	140
Total	260

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	19	22
5.2 Deposits at call	81	201
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	100	223

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	E70/2719	Fe only; under Bulla JVA	100%	nil
	E70/2846	surrendered	100%	nil
	E08/2073	surrendered	100%	nil
6.2 Interests in mining tenements acquired or increased	E70/3462	Farm-in agreement terminated	JV 25%	100%
	E70/3769	Farm-in agreement terminated	JV 25%	100%
	E70/3770	Farm-in agreement terminated	JV 25%	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 <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	-	-		
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	NONE	20 cents	31 December 2014
	900,000	NONE	20 cents	31 December 2015
	900,000	NONE	20 cents	31 December 2016
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>)		
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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 2014
(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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+ See chapter 19 for defined terms.