

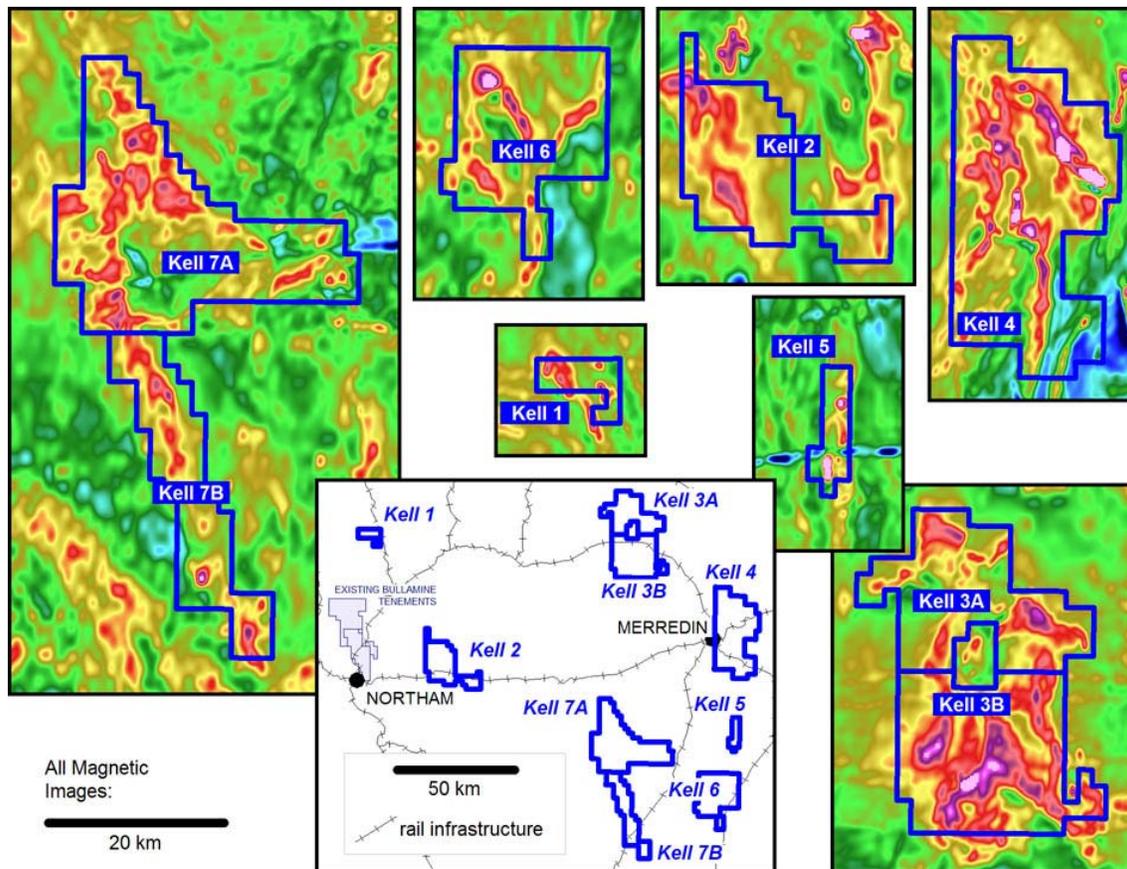
For immediate release
 7 January 2010

Bullamine project expansion – tenement applications, Western Australia

Reedy Lagoon Corporation has applied for 9 additional exploration licences covering 7 iron-ore targets (totalling 2,660 km²) at its Bullamine project, 70 kilometres north east from Perth.

Existing infrastructure includes railways traversing 5 of the 6 areas under application.

The applications are targeting magnetically anomalous areas where it is hoped that magnetite of similar quality, but in greater quantity, as has been identified by drilling at the Cleansweep magnetic anomaly (described in 2009 Annual Report and market release dated 16 April 2009) may be indicated.



Bullamine project Exploration Licence application areas Kell 1 to 7 shown outlined on magnetic intensity images.



In the event that the Company is granted tenements pursuant to its applications, exploration will include processing open file exploration data, field mapping and ground geophysical survey to generate drill targets as the first stage in assessing the economic potential for iron-ore (magnetite) within the areas under application. All on ground exploration and any subsequent mining activities will be subject to the consent of land owners.

Tenement applications in WA can take 6 to 8 months to process.

The Bullamine project is located 70 kilometres northeast of Perth. Exploration is being conducted for near surface iron mineralisation to form the basis for a low cost shallow open cut mining operation for magnetite. Numerous targets have been identified within the project area. Banded iron formations, comprised of magnetite and silica layers, can be processed by crushing and magnetic separation, to produce a saleable iron concentrate. A number of parameters, including presence or otherwise of impurities, volume, grade, depth, crush and liberation characteristics of the mineralisation impact on the cost and therefore viability of producing a concentrate from magnetite mineralisation. The short distance, 90 kilometres, to bulk cargo facilities at Fremantle Ports' Kwinana facility south of Perth and existing rail link are significant attributes of the project.

For further information, please contact:

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or visit 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 mineralization 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.

Reedy Lagoon Corporation Limited is exploring for:

iron ore in WA

uranium at projects on the Gawler Craton (SA) in the Tanami (NT) and the Gascoyne Province (WA)

copper on the Gawler Craton (SA).

Issued shares: 48,600,000
Issued options: 13,850,000 unlisted
(exercisable @ \$0.20, \$0.30 & \$0.50)

Share price: \$0.046
31 December 2009

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Exploration Director