

For immediate release

18 July 2012

Update: Chitterberin iron ore prospect, WA.

Tetra Tech in conjunction with ProMet Engineers has been commissioned to calculate a resource estimate of the magnetite iron ore for the Chitterberin prospect.

Preliminary findings of the study suggest the Chitterberin prospect has potential to contain about 50 to 70 m tonnes of magnetite bearing rock grading at least 20% Fe. Early results indicate grinding to sizes finer than 75 micron is required and so further tests are underway on grind sizes down to 45 micron.

The study is using samples and data derived from core from 15 diamond holes (2,819.8 metres) drilled during the December 2011 Quarter and detailed magnetic data. A Resource Estimate based on results from this study is expected by the end of September 2012. The estimate is being prepared to meet the standards required by both the ASX (JORC Code) and TSX (NI 43-101).

The joint venture also has another target at Burracoppin, located 50 km north of Chitterberin. This target, as defined by magnetic survey, is larger than Chitterberin and is planned to be drilled later this year.

The Bullamine Iron Ore Project is a joint venture between Reedy Lagoon Corporation and Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF, Paris: CLF). Cliffs is earning a 75% interest and is manager of the joint venture.

For further information, please visit www.reedylagoon.com.au

or contact

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Note: The estimate provided above of the potential quantity and grade of material at Chitterberin 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 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 in the Ashburton region (WA) on the Gawler Craton (SA) and in the Tanami (NT).

Issued shares: 48,600,000 Issued options: 4,750,000 unlisted (exercisable @ \$0.20 & \$0.21)

Share price: \$0.07

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Director

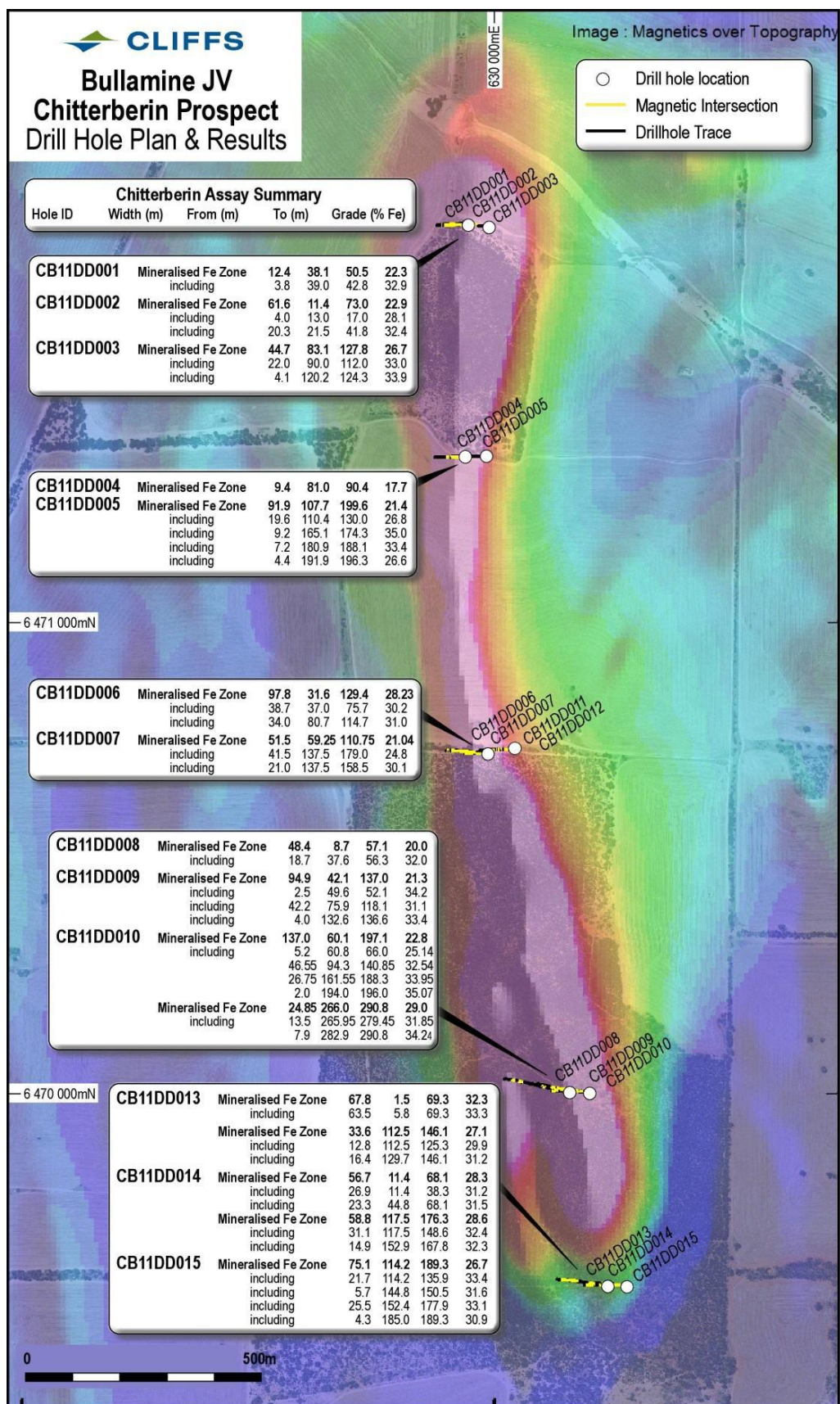


Figure 1 - Chitterberin Prospect (E70/3770) drill hole locations and summary mineralised intersections superimposed on TMI (total magnetic intensity from 50 metre line spaced airborne data).

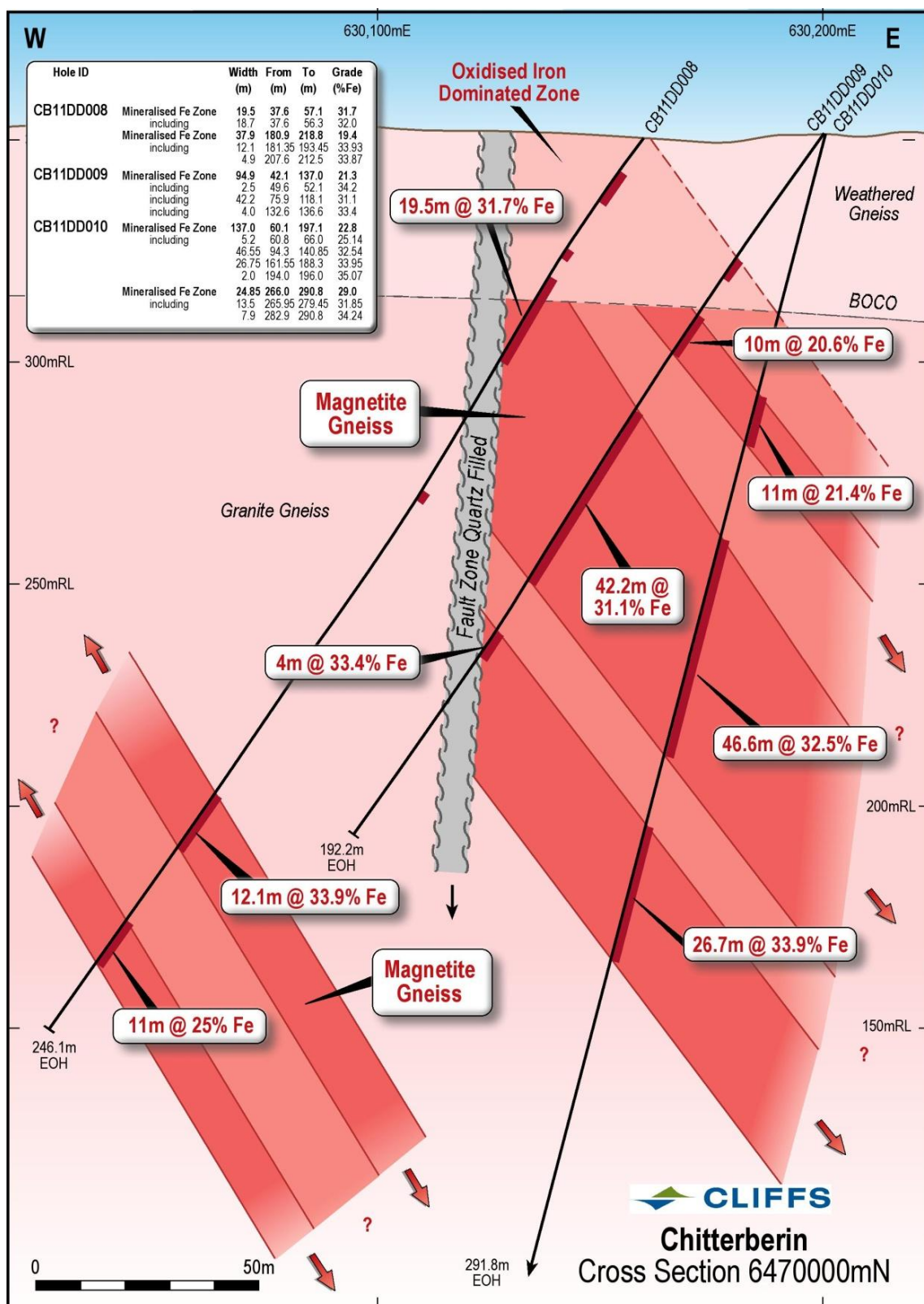


Figure 2 - Chitterberin Prospect Cross Section 6471000N

Table 1. Assay results from the Chitterberin Prospect, KEL 5.

Hole ID		Length (down-hole) m	From m	To m	Grade % Fe
CB11DD001	Mineralised Fe Zone	12.4	38.1	50.5	22.3
	including	3.8	39	42.8	32.9
CB11DD002	Mineralised Fe Zone	61.6	11.4	73.0	22.9
	including	4.0	13.0	17.0	28.1
	including	20.3	21.5	41.8	32.4
CB11DD003	Mineralised Fe Zone	44.7	83.1	127.8	26.7
	including	22.0	90.0	112.0	33.0
	including	4.1	120.2	124.3	33.9
CB11DD004	Mineralised Fe Zone	9.4	81.0	90.4	17.7
CB11DD005	Mineralised Fe Zone	91.9	107.7	199.6	21.4
	including	19.6	110.4	130.0	26.8
	including	9.2	165.1	174.3	35.0
	including	7.2	180.9	188.1	33.4
	including	4.4	191.9	196.3	26.6
CB11DD006	Mineralised Fe Zone	97.8	31.6	129.4	28.2
	including	38.7	37.0	75.7	30.2
	including	5.4	114.7	120.1	28.7
CB11DD007	Mineralised Fe Zone	51.5	59.3	110.8	21.0
	Mineralised Fe Zone	41.5	137.5	179.0	24.8
	including	21.0	137.5	158.5	30.1
CB11DD008	Mineralised Fe Zone	48.4	8.7	57.1	20.0
	including	18.7	37.6	56.3	32.0
CB11DD009	Mineralised Fe Zone	94.9	42.1	137.0	21.3
	including	2.5	49.6	52.1	34.2
	including	42.2	75.9	118.1	31.1
	including	4.0	132.6	136.6	33.4
CB11DD010	Mineralised Fe Zone	137.0	60.1	197.1	22.8
	including	5.2	60.8	66.0	25.1
	including	46.6	94.3	140.9	32.5
	including	26.8	161.6	188.3	34.0
	including	2.0	194.0	196.0	35.1
	Mineralised Fe Zone	24.9	266.0	291.0	29.0
	including	13.5	266.0	279.5	31.9
	including	7.9	282.2	290.8	34.2
CB11DD011	Hole abandoned and redrilled as CB11D012				
CB11DD012	No mineralisation of interest				
(continued ...)					
CB11DD013	Mineralised Fe Zone	67.8	1.5	69.3	32.3
	including	63.5	5.8	69.3	33.3
	Mineralised Fe Zone	33.6	112.5	146.1	27.1

