



For immediate release

25 October 2012

More magnetite intersected in drilling, Bullamine iron ore project, WA.

Recent drilling on the Burracoppin prospect (KELL 4 – Figure 1) conducted during September has intersected magnetite-bearing banded gneiss. The drilling intersected 3 steep (65° - 80°), S-W dipping, magnetite-bearing units with a combined thickness of up to 250 metres. Detailed aeromagnetic data (Figure 2) suggest the mineralised material extends at least 3,000 metres along strike.

The drilling (995.7 metres) comprised 3 inclined diamond holes (refer Table 1 for details). The locations of the holes completed are shown on Figure 2. Cross sections indicating the mineralised intercepts on the 3 drill holes are also provided as insets on Figure 2.

The mineralisation appears to be in multiple bands which have variable continuity. Additional drilling is required to better understand the extent of the mineralisation.

Core samples of the magnetite-bearing rock have been submitted to an independent laboratory (Ultra Trace Pty Ltd) for assay. Results are expected within 4 weeks.

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.

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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: \$0.08 24 October 2012

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Director

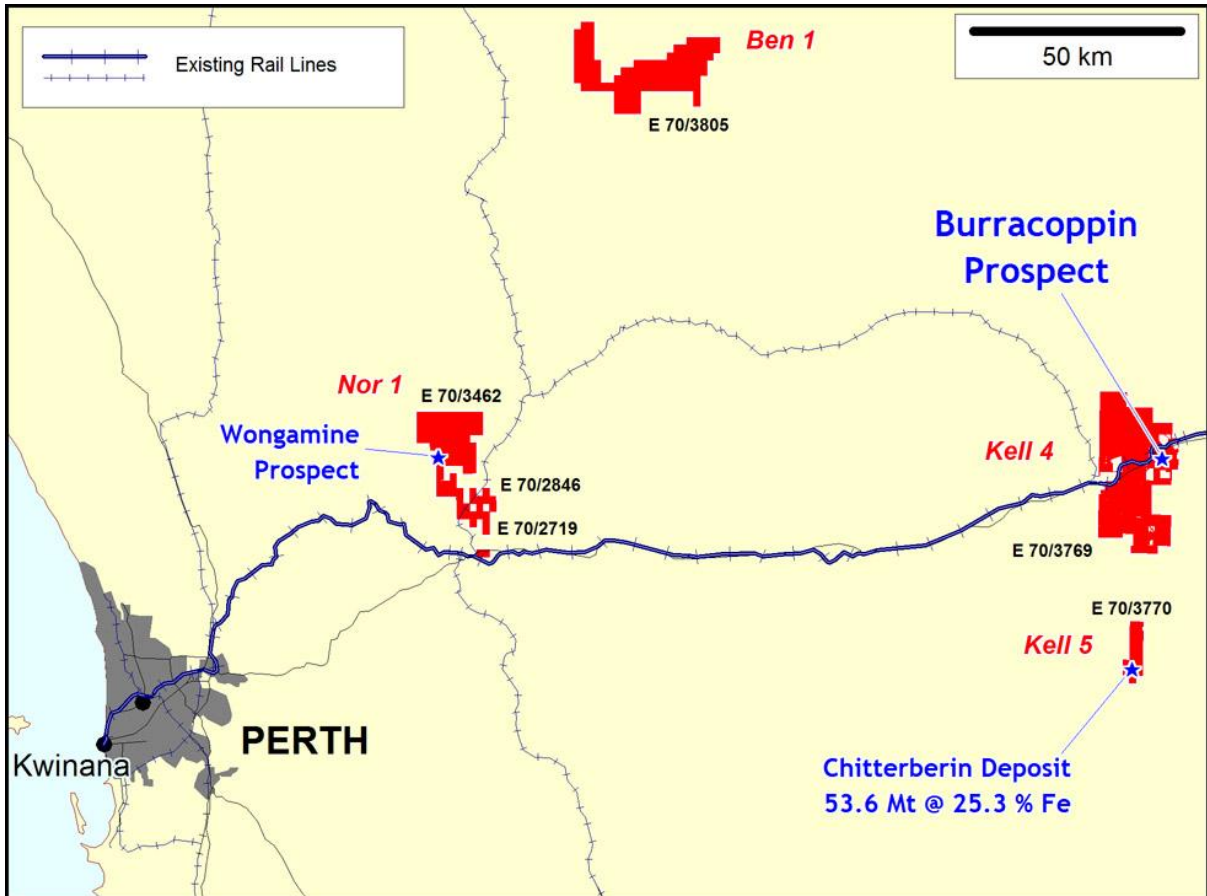


Figure 1: Map of the Bullamine iron ore project area with location of the Burracoppin Prospect indicated within KELL 4. Prior drilling has intersected magnetite mineralisation at the Wongamine prospect (NOR 1) and at the Chitterberin deposit within KELL 5.

Table 1: Schedule of diamond drilling completed at the Burracoppin prospect, KELL 4 in September 2012.

<i>Prospect/Target</i>	<i>HoleID</i>	<i>Easting¹</i>	<i>Northing¹</i>	<i>DEM RL</i>	<i>Azimuth</i>	<i>Dip</i>	<i>Metres Drilled</i>
Burracoppin	BU12DD001	638137	6521728	390	32	-55	349.5
Burracoppin	BU12DD002	638647	6521408	379	22	-54	339.6
Burracoppin	BU12DD003	638097	6521685	389	47	-55	306.6

¹ GDA 94, MGA Zone 50

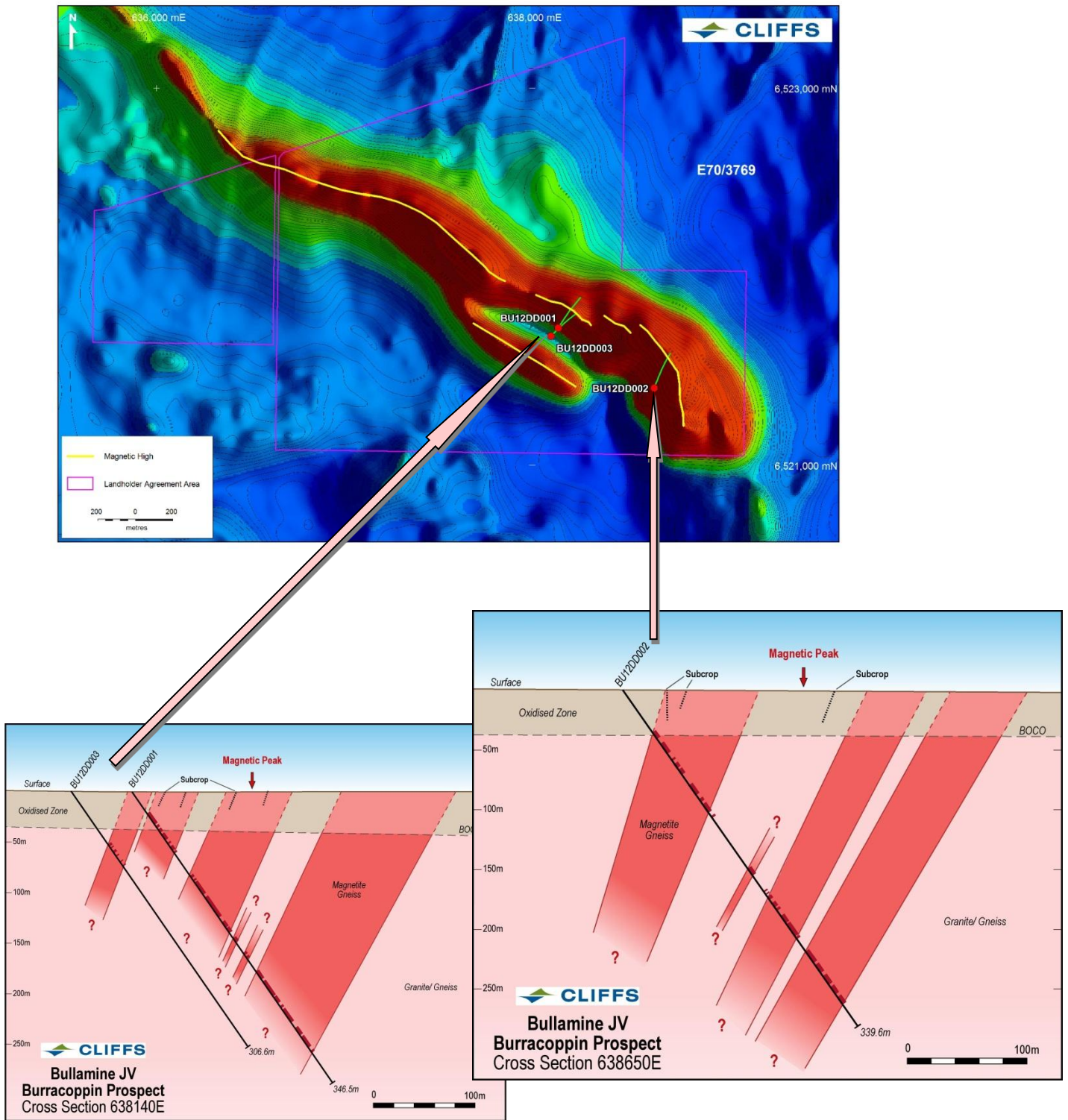


Figure 2: Collar locations for the recent drill program shown on an image of contoured aeromagnetic data for the Burracoppin prospect located within the KELL 4 area of the Bullamine iron ore project. The cross sections show the orientation of diamond drill holes and preliminary interpretations of magnetite gneiss intersected.