

For immediate release

31 January 2013

Magnetic data modelling indicates significant magnetite potential.

Based on modelling of magnetic data and initial drilling results RLC estimates that the potential tonnage of magnetite bearing rock at Burracoppin is between 140 and 220 million tonnes.

At this stage only 3 holes (diamond) have been drilled at Burracoppin and much more drill data is required before reliable tonnage estimates can be determined. The potential quantity and grade 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.

Mira Geoscience Asia Pacific Pty Ltd ("Mira") has modelled the shape of the magnetic rock at Burracoppin (see figure 1) using airborne magnetic data acquired at 50 metre line spacing and calculated volumes of rock in its model.

The model shows volumes of rocks with various ranges of magnetic susceptibilities (table 1). If susceptibilities of between about 0.7 to 1.5 SI units are considered indicative of high magnetite content the model shows about 55 million cubic metres of such rock above 250 metres depth. From this RLC calculates that such volume would comprise between 140 million and 220 million tonnes (assuming a density of about 3.3 SG).

Table 1

Susceptibility (SI)	Total Volume (cubic metres)	Volume above 250 m depth (cubic metres)
0.25 to 0.75	249,784,000	104,722,000
0.75 to 1.25	90,254,000	52,715,000
1.25 to 1.75	1,894,000	1,894,000

The tonnage potential demonstrated by this work is another significant development for the Burracoppin prospect.

Burracoppin is located just 2 kilometres from rail linking the prospect to bulk cargo ports at both Kwinana and Esperance. Favourable metallurgy has been indicated by results from diamond drilling (concentrate with high iron levels (67% to 70% Fe) and low levels of impurities at P₈₀ 150 micron (refer ASX releases 23/11/2012 & 13/01/2013)).

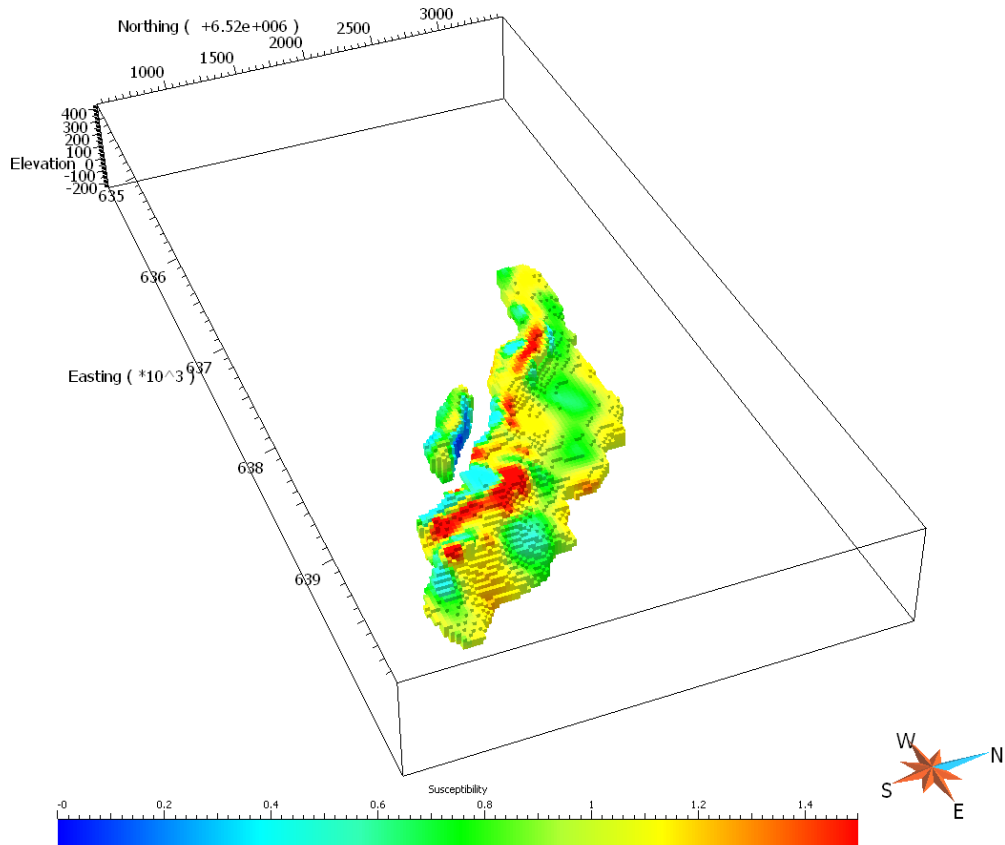


Figure 1 Burracoppin – model showing magnetite bodies coloured by susceptibility (SI). On the colour scale shown, all elements in the diagram above 0.7 SI units (colour green, yellow, orange and red) are interpreted to represent rocks with a high magnetite content.

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.

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

Or contact

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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.

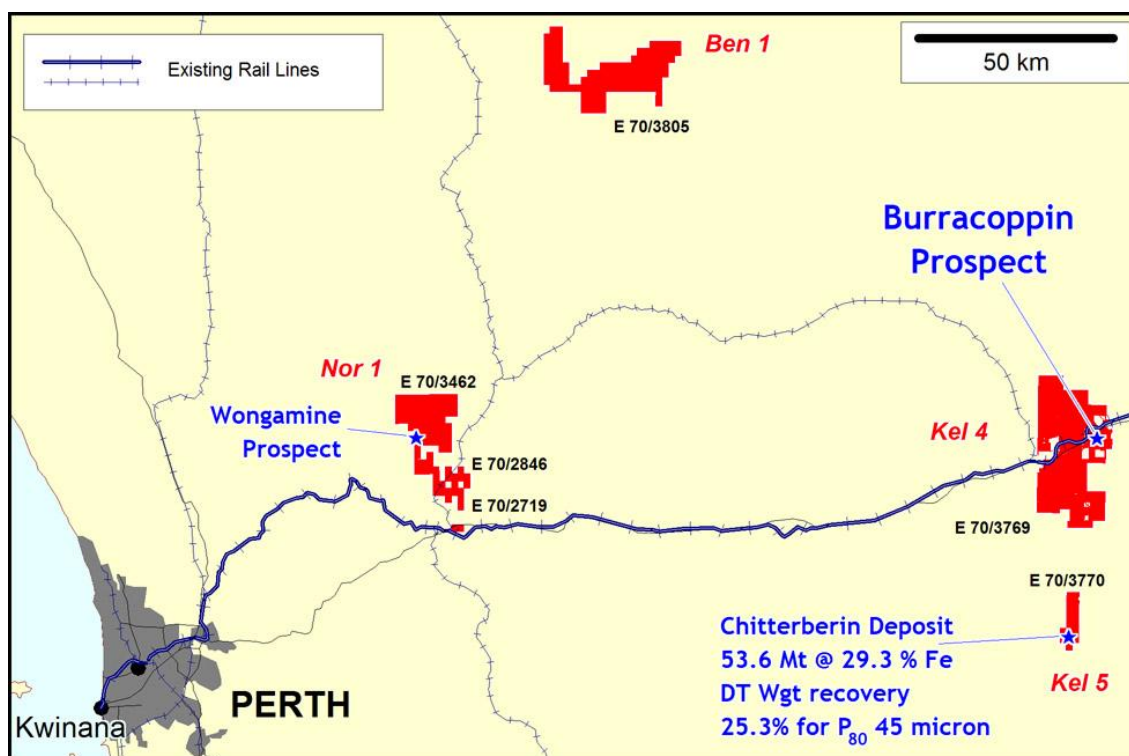


Figure 2. Location of Bullamine Joint Venture tenements and main prospects. Also shown are locations of the Burracoppin prospect within KEL4 (E70/3769) and the Chitterberrin deposit within KEL5 (E70/3770) where an Inferred Resource has been determined.

Reedy Lagoon Corporation Limited is exploring for:

iron ore in WA

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

Issued shares: 48,600,000

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

Share price: \$0.069

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Director