

For immediate release

30 August 2011

Magnetite intersected in drilling, Bullamine iron ore project, WA.

A shallow dipping magnetite-bearing rock measuring 70 to 90 metres thick has been intersected in drilling at the North Wongamine prospect located east of Perth. The horizontal dimensions of the body are estimated at 150 metres wide (based on sub-outcrop and drill data) and detailed magnetic data suggest it is 500 metres long.

The drilling at North Wongamine comprised 4 inclined diamond holes (refer table 1 for details). A cross section sketch is provided in figure 1. Core samples of the magnetite-bearing rock have been submitted for assay at the Ultratrace mineral laboratory in Perth. Results are expected within 8 weeks.

If the magnetite-bearing rock is iron ore, which will not be known until sample assay and other tests have been completed, the estimated dimensions of the North Wongamine prospect indicate it may have potential to contain more than 30 million tonnes of iron ore within 200 metres of the surface.

Prior to the work at North Wongamine, diamond drilling was conducted at the Bollo and Cleansweep magnetite deposits where core samples were recovered to follow up RC drilling completed in 2008 and 2010. Core samples from Cleansweep and Bollo have been recovered for metallurgical test work to investigate processing and liberation characteristics of the material.

Subsequent to the holes drilled at North Wongamine, drilling commenced at the Wattening target. The first hole recovered low levels (estimated less than 20%) of magnetite in the core. Rather than continue at Wattening it was decided instead to undertake additional drilling at Bollo to better define the size of the deposit there.

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
Geof Fethers, Managing Director
Telephone: (03) 8420 6280

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.

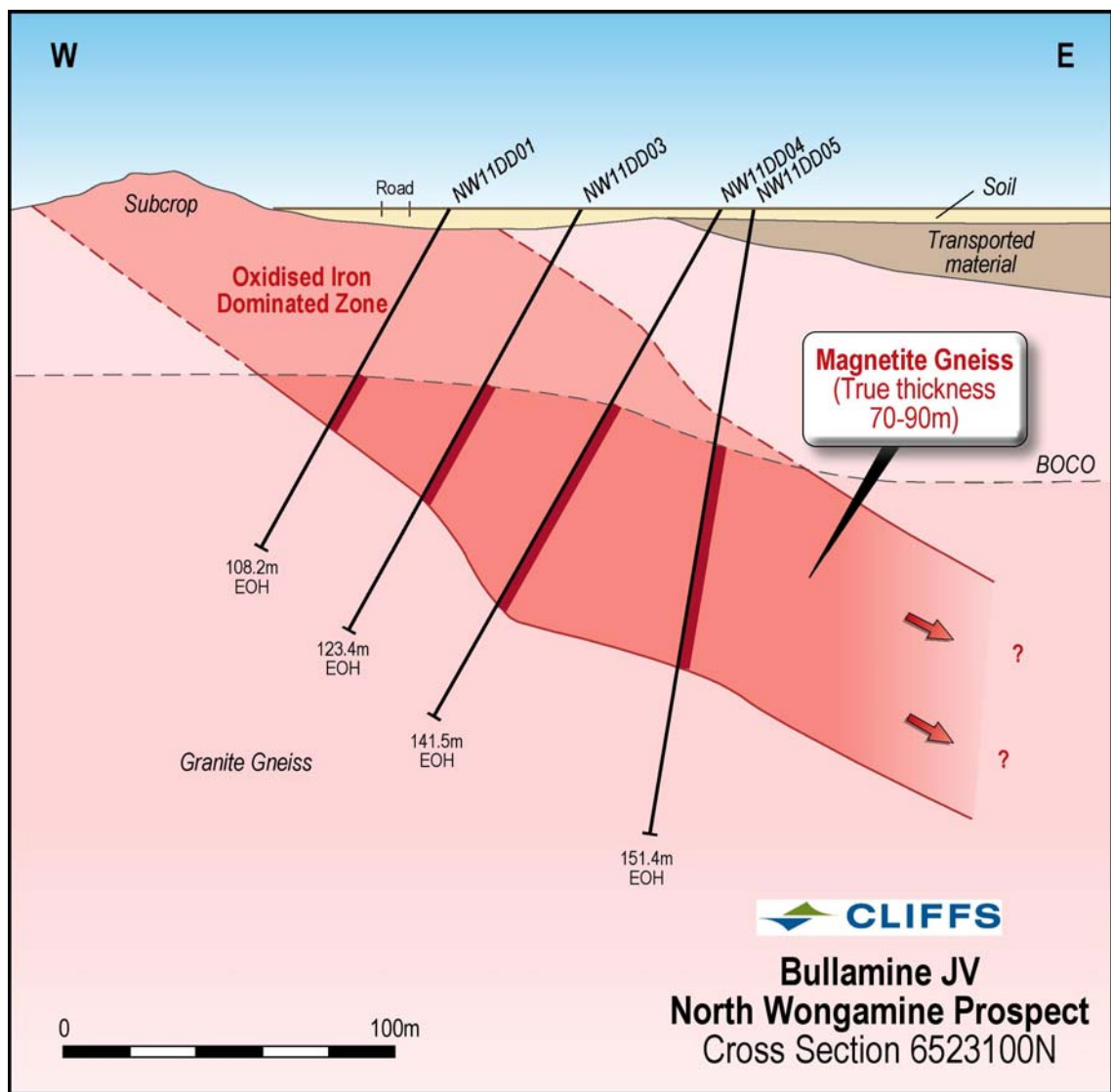


Figure 1. Cross section showing orientation of diamond drill holes and preliminary interpretation of magnetite gneiss intersected at the North Wongamine prospect located within the NOR 1 group of tenements in the Bullamine iron ore project.

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: 13,550,000 unlisted

(exercisable @ \$0.20, \$0.21, \$0.30 & \$0.50)

Share price: \$0.085

22 August 2011

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Director

Table 1. Schedule of diamond drilling on NOR 1 tenement block.

Hole No.	Prospect / target	Easting ¹	Northing ¹	Azimuth	Dip	Metres drilled
BC11DD001	Bollo	468370	6522293	235	-55	125.0
BC11DD008	Bollo	469220	6521820	250	-70	105.0
BC11DD012	Bollo	469346	6521430	250	-55	111.4
BC11DD013	Bollo	469372	6521446	250	-55	132.4
BC11DD014	Bollo	469372	6521446	250	-65	159.3
BS11DD016	Bollo	469390	6521444	250	-70	200.4
CS11DD001	Cleansweep	465966	6518180	245	-75	150.5
CS11DD002	Cleansweep	465878	6518343	245	-75	186.5
NW11DD001	North Wongamine	462360	6523100	270	-60	108.2
NW11DD003	North Wongamine	462400	6523100	270	-60	123.4
NW11DD004	North Wongamine	462440	6523100	270	-60	141.5
NW11DD005	North Wongamine	462450	6523100	270	-80	151.4
WT11DD001	Wattening	463580	6532820	120	-55	125.9
TBA	Bollo	TBA	TBA	TBA	TBA	TBA

¹ GDA 94, MGA Zone 50