

For immediate release

26 October 2011

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

Following drilling at North Wongamine (NOR 1) which intersected magnetite-bearing rock (see ASX release 30/08/2011) drilling at the Chitterberrin prospect (KELL 5) has also intersected magnetite-bearing rock. At Chitterberrin drilling has intersected steeply dipping magnetite-bearing rock in bands comprising a total thickness of between 30 to 60 metres. Detailed magnetic data suggest the mineralised material extends at least 1,000 metres along strike.

The drilling at Chitterberrin has comprised 10 inclined diamond holes (refer table 1 for details). The holes completed are located along the four northern traverses shown as proposed holes on figure 1. A scheduled drill rig change resulted in the rig moving off-site and a replacement rig is being arranged to complete the southern most traverse. A cross section sketch of the drill intercepts of the pair of drill holes marked "A and B" on figure 1 is provided in figure 2.

Core samples of the magnetite-bearing rock have been submitted to an independent laboratory (Ultra Trace Pty Ltd) for assay. 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, then RLC believes that the estimated dimensions of the Chitterberrin prospect indicate it has potential to contain more than 30 million tonnes of iron ore within 200 metres of the surface.

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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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: 13,550,000 unlisted (exercisable @ \$0.20, \$0.21, \$0.30 & \$0.50)

Share price: \$0.09 25 October 2011

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Director

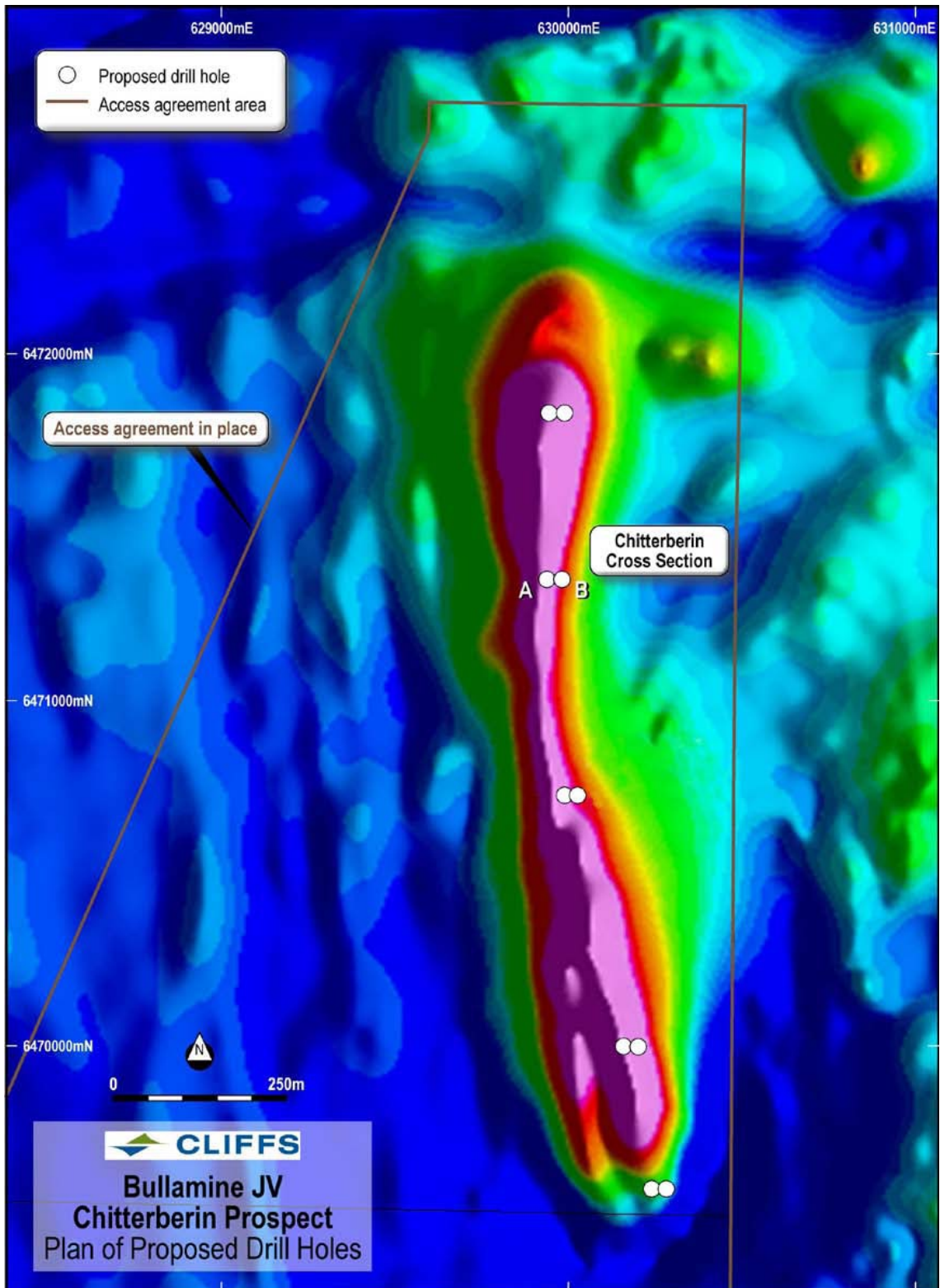


Figure 1. Scheduled drill holes shown on image of contoured magnetic data for the Chitterberin prospect located within the KELL 5 area of the Bullamine iron ore project. Drilling has been completed at each of the four northern pairings of holes. The southern most holes will be completed when a change over drill-rig returns to site.

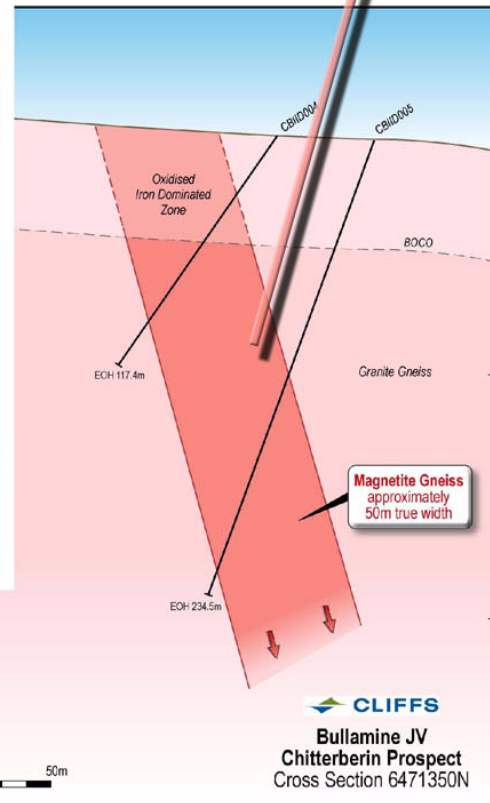
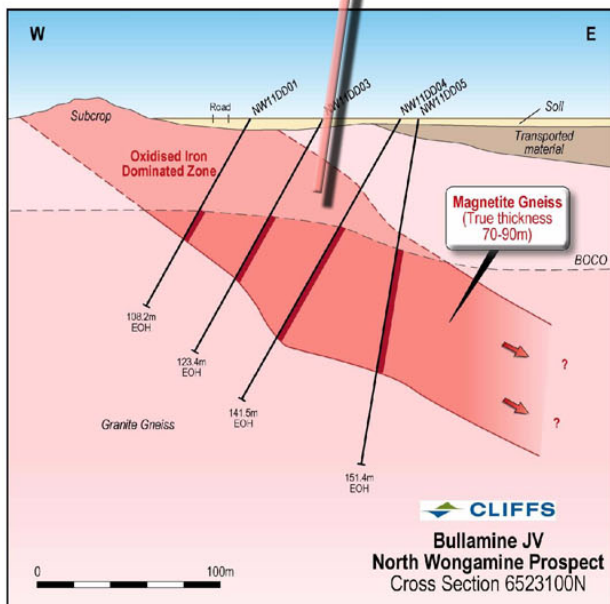
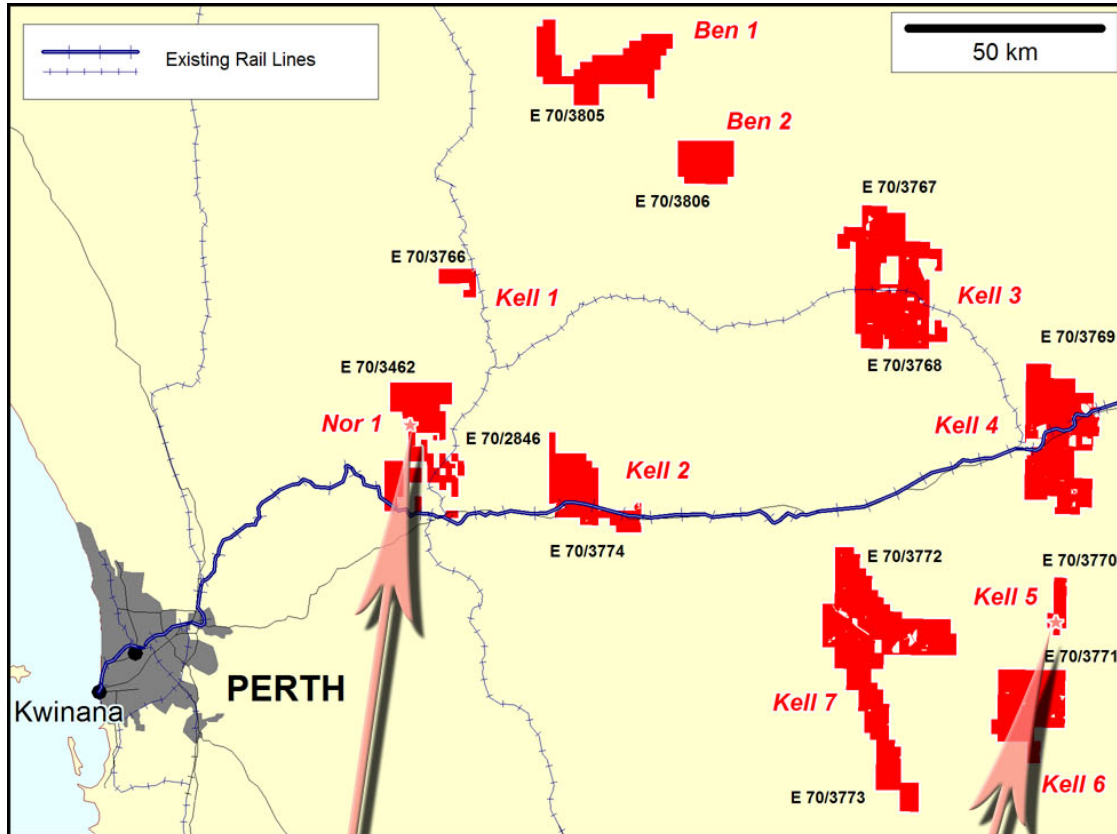


Figure 2. Cross sections showing orientation of diamond drill holes and preliminary interpretations of magnetite gneiss intersected at Chitterberin (KELL 5) and at North Wongamine (NOR 1) by the Bullamine iron ore joint venture. Drilling has only been undertaken within NOR 1 and KELL 5 to date.

Hole No.	Prospect / target	Easting ¹	Northing ¹	Azimuth	Dip	Metres drilled
CB11DD001	Chitterberrin	629945	6471840	270	-50	105.5
CB11DD002	Chitterberrin	629945	6471840	270	-70	147.6
CB11DD003	Chitterberrin	629990	6471835	270	-70	183.9
CB11DD004	Chitterberrin	629940	6471350	270	-55	117.4
CB11DD005	Chitterberrin	629980	6471350	270	-70	234.5
CB11DD006	Chitterberrin	629990	6470720	270	-55	159.4
CB11DD007	Chitterberrin	629990	6470720	270	-75	198.6
CB11DD008	Chitterberrin	630160	6470000	270	-55	246.1
CB11DD009	Chitterberrin	630200	6470000	270	-55	192.2
CB11DD010	Chitterberrin	630200	6470000	270	-75	290.8

¹ GDA 94, MGA Zone 50

Table 1. Schedule of diamond drilling completed at Chitterberrin prospect , KELL 5.