

For immediate release  
16 January 2012

**Drilling to recommence at Wongamine iron ore prospect, WA.**

Drilling is scheduled to recommence tomorrow at the Wongamine prospect with a program comprising 5,000 metre diamond drilling planned.

As previously announced (ASX release 25 November 2011), the Bullamine joint venture intersected a shallow dipping magnetite-bearing rock measuring 70 to 90 metres thick at North Wongamine when drilling a target which magnetic data suggested extended over a strike length of 500 metres.

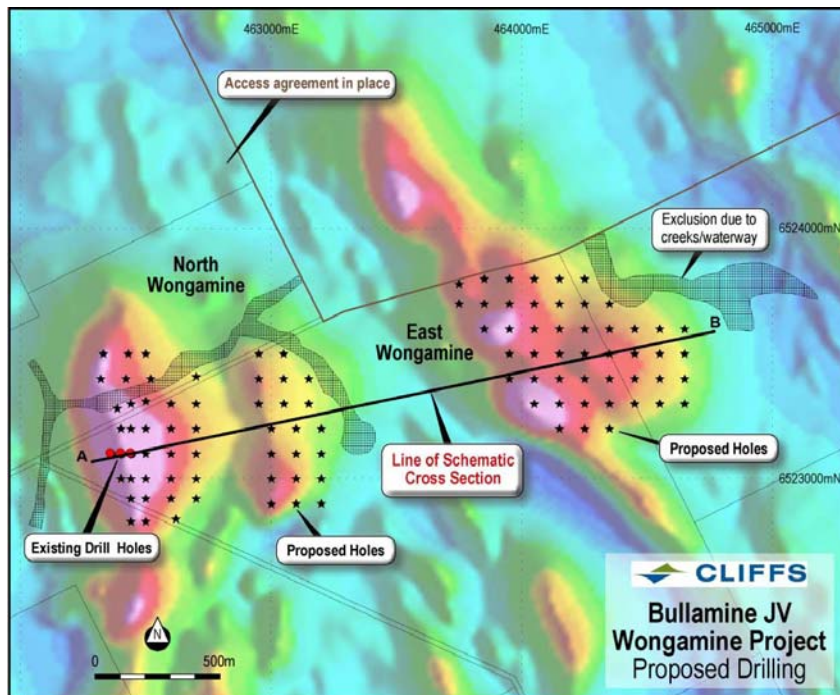


Figure 1. Location of proposed drill holes at the Wongamine prospect.

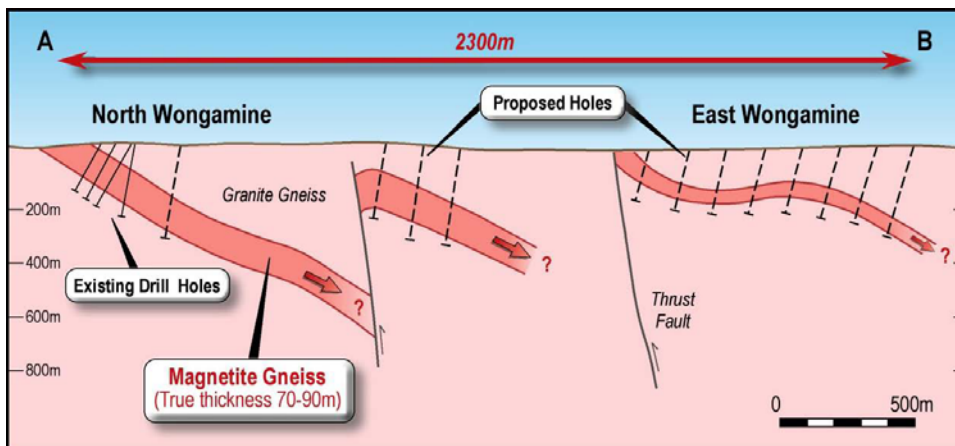


Figure 2. Interpreted cross section through the Wongamine Prospect.

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](http://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, who is a member of the Australian Institute of Mining and Metallurgy (AusIMM). Geof Fethers is a director of the Company and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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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: 13,250,000 unlisted (exercisable @ \$0.20, \$0.21, \$0.30 & \$0.50)

Share price: \$0.095 21 December 2011

Directors and management:

Jonathan Hamer, Chairman, Non-Executive Director

Geof Fethers, Managing Director, Co. Secretary

Hugh Rutter, Director