REEDY LAGOON CORPORATION LIMITED
ABN 41 006 639 514

ASX : RLC

29 May 2017

Brine Target identified at another of RLC's lithium projects

The MT geophysical survey at RLC's Alkali Lake Project in Nevada, USA has identified a strong brine target.

This success follows the identification of brine targets at RLC's Big Smoky Project (ASX:RLC 26 May 2017).

Managing Director, Mr. Geof Fethers, said:
"*This result is very positive. The strong conductivity (low resistivity) in a sub-basin beneath our claim area is indicative of brines and the result fully supports the geological model used in selecting RLC's claim area for this project*."

Figure 1 shows the geophysical results in 2D profile with a planned drill hole and the interpreted structure.

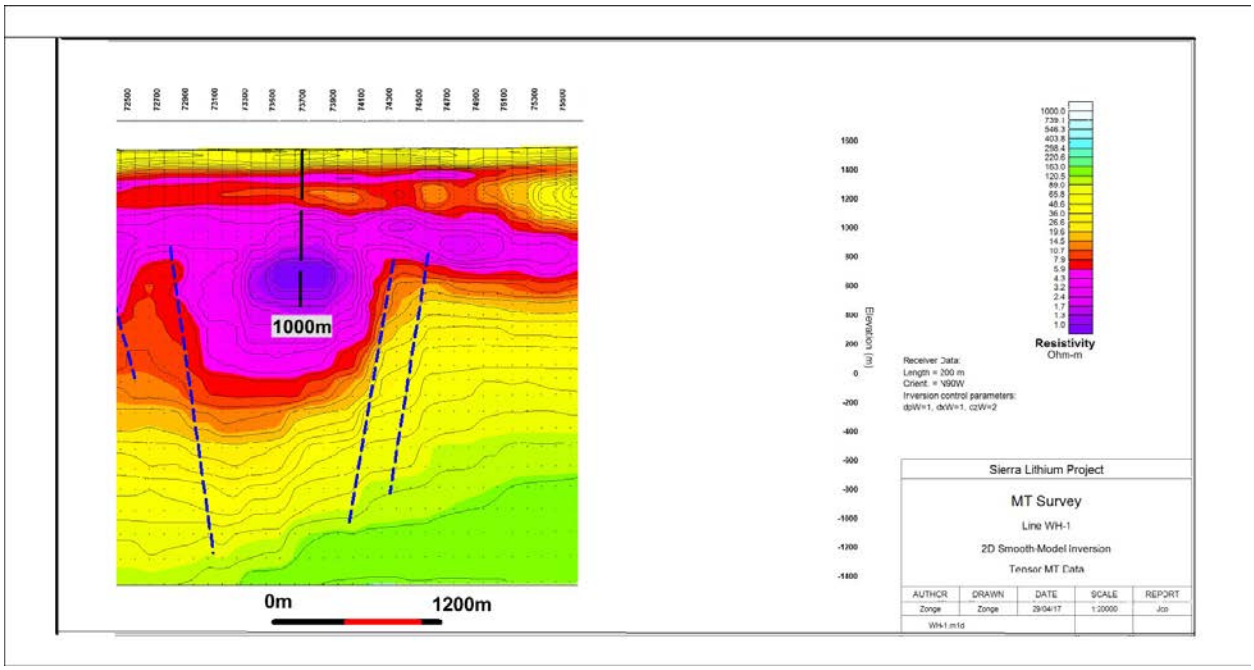

Figure 1. MT Survey Line Showing Brine Target (<1.0 ohm-metre resistivity) and Basin Structure

Geophysical Survey Results

The geophysical survey method used is known as a magneto-telluric survey (MT survey), selected because it has the capacity to resolve multiple conductors at varying depths within a basin. Depth soundings were taken at 200m intervals along the survey lines and results were subject to 2D inversion processing to produce cross sections. The geophysical contractor has advised the Company that resistivities of one ohm-metre or less are indicative of brines. The results clearly indicate a broad, structurally defined basin that contains a brine target associated with a discrete fault bounded sub-basin.

The MT survey results indicate:

- A substantial sub-basin up to 1200m wide in the middle of the Company's property.
- A brine target associated with a sub one ohm-metre MT anomaly zone that is approximately 800m wide, 400m vertical extent and approximately 700m to top of formation.
- The sub-basin and the MT anomaly are defined by a series of steep graben faults which may have been geothermally active and introduced brine solutions into the graben.
- A shallow near surface aquifer containing saline water and deepening towards the centre of the basin will also be tested by the planned drill hole.

Drilling

The Company is seeking permits to drill several holes from 600m to 1,000 m in depth and to pump up to 6.0 million litres of water from each hole for testing purposes. Flexibility will be maintained to continue a hole to greater depth if justified by results. A major drilling contractor has advised of rig availability in September which allows adequate time for permitting to be completed.

Funding

The Company is planning for a drill program to be undertaken in Q3 CY2017 to test its lithium properties in Nevada. The amount of funding required depends on the number of targets and their depth and the type of drilling undertaken. The scope and cost of such a program is under review and will be finalised when all targets have been thoroughly reviewed.

Figure 2. Location Map showing RLC's Alkali Lake claims.

Other Projects

The Alkali Lake Project is one of three lithium brine projects in Nevada owned by RLC. Brine targets were identified from the geophysical surveys of the claims at Big Smoky South Project were announced on 26 May 2017 (ASX:RLC 26/05/2017). Results from the geophysical survey at the Columbus Marsh Project will be available shortly.

For more information please contact Geof Fethers on 613 8420 6280

On behalf of the Board

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Reedy Lagoon Corporation Limited
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Issued shares: 175,675,168
Issued options: 2,700,000 unlisted
Share price (last traded): $0.019
Directors and management:
Jonathan Hamer, Chairman, Non-Executive Director
Geoffrey Fethers, Managing Director, Co. Secretary
Adrian Griffin, Non-Executive Director

Competent Persons Statement

The information in this report as it relates to exploration results and geology was compiled by Mr Geoff Balfe who is a Member of the Australasian Institute of Mining and Metallurgy and a Certified Professional. Mr Balfe is a consultant to Reedy Lagoon Corporation Limited and Mr Balfe is a vendor to Reedy Lagoon Corporation Limited of shares in Nevada Lithium Pty Ltd. (which owns the lithium brine projects) Mr Balfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Balfe consents to the inclusion in this report of matters based on the information in the form and context in which it appears.