



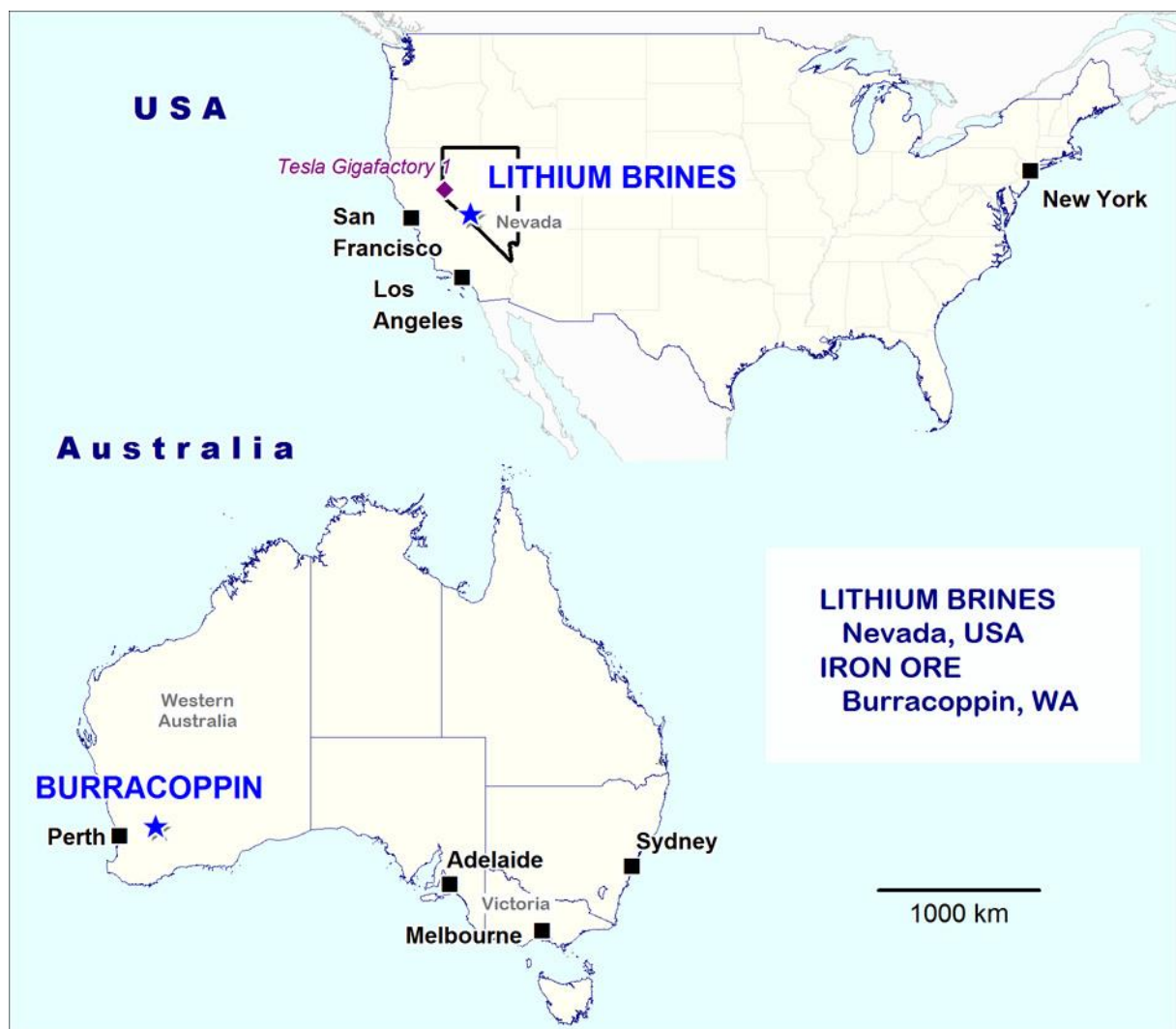
ASX Release

ASX Code: RLC

31 January 2020

Quarterly Report for the period ended 31 December 2019

- Reviews of additional projects undertaken, but no acquisitions or earn-ins entered into.

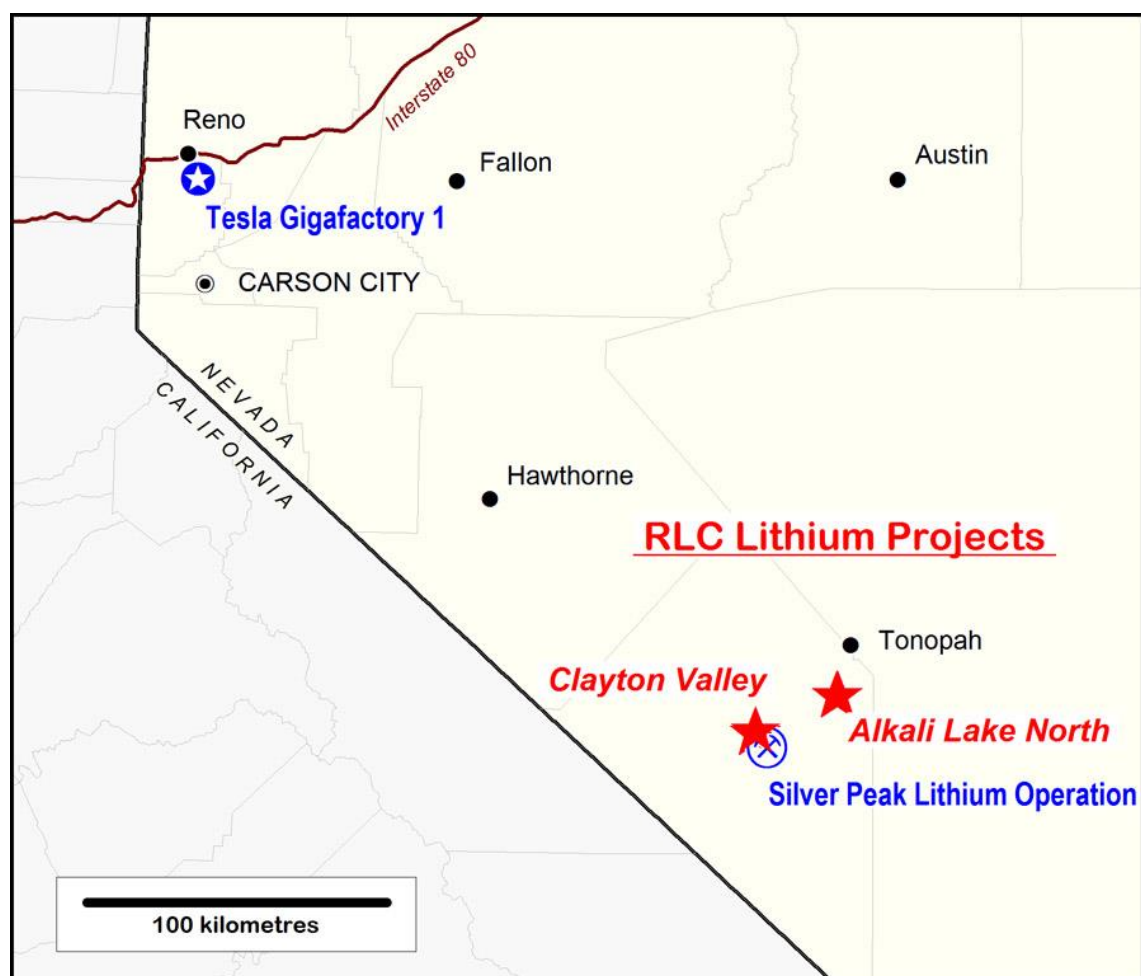


CURRENT EXPLORATION ACTIVITIES

Nevada Lithium Brine Projects (Nevada, USA) **Lithium**

Alkali Lake North:	128 claims –	2,554 acres	(1,033 ha)
Clayton Valley:	112 claims –	2,240 acres	(906 ha)

The Nevada lithium brine projects comprise two projects: Alkali Lake North and Clayton Valley. The projects are located in large and separate ground water catchment areas in Nevada, USA. The projects are within 25 kilometres of the Silver Peak Lithium brine operation owned by Albemarle Corp. which is located 360 kilometres by road (US-95 route) from the Tesla Gigafactory (Lithium-ion batteries) in Reno.



CLAYTON VALLEY PROJECT

No field work was conducted on the Clayton Valley project during the quarter.

A brine target potentially comprising a 200 metre thick interval of sediments containing multiple brine filled aquifers has been identified in audio magnetotelluric (3D AMT) survey data (refer ASX release 23/08/2018).

Work planned includes drilling the brine target in order to recover water samples to test for dissolved lithium. Seismic survey to gain additional data to aid delineation of potential aquifers associated with the target prior to drilling is also under consideration.

Neighbourhood activity is likely to increase with Pure Energy Minerals Ltd announcing on 26 November 2019 that its partner, Schlumberger Technology Corporation, had begun initial steps to advance its option to test, develop and acquire Pure Energy's Clayton Valley project. The planned work includes building a pilot plant for production of battery grade products direct from brine pumped from aquifers within the Clayton Valley basin without any pre-treatment. No commercial production of lithium by direct extraction from the brine (that is, without using extensive evaporation ponds to pre-treat the brine) has yet been achieved. If successful, the method would eliminate the requirement for evaporation ponds and potentially allow the bulk of the brine to be returned to the basin after removal of its lithium. This would be an important development for Reedy Lagoon's Clayton Valley project because the substantial reduction in net water use required to produce lithium may result in water allocations becoming available to operations that effectively cycle ground water rather than consume it.

ALKALI LAKE NORTH PROJECT

No field work was conducted on the Alkali Lake North project during the quarter.

A brine target potentially comprising multiple brine aquifers within sediments over a vertical interval from 500 to 600 metres below ground surface has been identified in audio magnetotelluric (3D AMT) survey data (refer ASX release 28/08/2018).

Work planned includes drilling the brine target in order to recover water samples to test for dissolved lithium. Seismic survey to gain additional data to aid delineation of potential aquifers associated with the target prior to drilling is also under consideration.

REHABILITATION WORK - COLUMBUS SALT MARSH AREA

The Columbus Salt Marsh project was divested during the prior period. Areas disturbed by the Company's prior drilling activities were contoured and seeded during the report period. The rehabilitation work completed is subject to review by the Bureau of Land Management ("BLM") and if accepted will result in refund of the remaining bond moneys for this project.

AUSTRALIAN PROJECTS

Burracoppin Iron-ore Project (WA)

Magnetite

RLC 100% E70/4941 (area 5,854 Ha)

No field work was conducted during the report period.

Prior activities on the Burracoppin project have identified a strongly magnetic feature which core drilling proved to be caused by magnetite mineralisation (ASX release 31 January 2013). Metallurgical test work conducted on samples from the drilling has shown that high-quality iron concentrate can be produced at a relatively coarse particle size (p80 -150 micron) (ASX releases dated 18 January 2013 and 17 November 2014). Potential development options for the project in the event further work identifies sufficient mineralisation to establish a resource include producing a high quality iron concentrate for sale to smelters and/or further processing the Burracoppin concentrate using HIs melt to produce a high-quality Pig Iron for export (ASX release dated 10 September 2019).

Reedy Lagoon intends conducting further drilling at Burracoppin to establish a resource as the next step in extending the investigations into the project's viability.

NEW PROJECT DEVELOPMENT

Potential new projects reviewed during the period included lithium brine prospects. New project development is ongoing.

COMMENT

At 31 December RLC had \$276,122 in bank accounts and deposits. The Company also had the amount of US\$21,599 (A\$30,856) in a security bond held by the Bureau of Land Management (USA) for the Company's relinquished Columbus Salt Marsh project in North America. This remaining bond amount is expected to be refunded following satisfactory assessment of the Company's rehabilitation of areas disturbed by the Company's drilling.

Additional funding is required to fund planned exploration. The Company's preferred source of funding for this work is from farm-in arrangements with companies entering joint ventures.

Joint venture partners are being sought for each of the Company's projects.

Quarterly activities report for the period ended 31 December 2019

Market outlook for lithium:

Long-term demand fundamentals remain strong. The supply side response to increased demand for battery grade lithium has cemented the dominance of the lithium-ion battery by removing concerns that lithium supply would be a limiting factor. Increased supply, changes to China's Electric Vehicle policy and slower than expected take up in Electric Vehicle sales led to over-supply of lithium feed-stock into Chinese battery manufactures. As a result the average price for battery grade lithium carbonate dropped from US\$17,000 ¹ per tonne (average) reported for 2018 to about US\$8,750 ² per tonne today. While the price is lower than it has been recently it is still 35% above its average price in 2015 (US\$6,500 ¹). Longer term, significant additional supply will be needed. Demand for lithium is expected to increase five-fold over the coming decade, driven principally by demand for lithium-ion batteries and their use in electric vehicles, energy storage systems and portable electronics ³.

Roskill has stated its views concerns about future refined lithium over-supply are poorly founded and expects the lithium market to enter a period of sustained supply deficit in the early 2020s ³. A view supported by Europe's largest car manufacturer, VW, recently releasing its Strategy 2025 which includes VW committing to be building 1 million electric vehicles annually and launching 30 plus fully electric cars (models) by 2025.

1 Statista : <https://www.statista.com/statistics/606350/battery-grade-lithium-carbonate-price/>

2 Fastmarkets : <https://www.metalbulletin.com/lithium-prices-update>

3 Roskill : *Lithium, Outlook to 2028, 16th Edition*.

Market outlook for iron-ore:

The IODEX 62% Fe CFR China Index ("P62" – widely used as the reference price) bottomed at around US\$40 per tonne in December 2015 and has since risen to US\$94 at the end of 2019 ¹.

The target product from the Company's Burracoppin project is an iron concentrate processed to have higher than 66% iron. The sale price of a high-quality higher than 66% iron-ore (which applies equally to concentrate) attracts a premium over the P62 price. The premium is attributable to higher iron grades enabling the production of higher quality steel product while significantly decreasing CO₂ emissions from production.

The P62 price was forecast at US\$90 per tonne for the rest of FY 2020 and the premium for 65% iron-ore was 112% in late December 2019 ². These prices are significantly higher than they have been recently which is encouraging for the Burracoppin project.

1 Statista : <https://www.statista.com/statistics/282830/iron-ore-prices-since-2003/>

2 Macquarie Research

Quarterly activities report for the period ended 31 December 2019

FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
New Project Development <i>Lithium & other</i>	Office studies to assess and acquire lithium brine and other projects.	On going
Alkali Lake North <i>Lithium</i>	Seismic survey ¹ Drill to test conductivity targets. ¹	TBD
Clayton Valley <i>Lithium</i>	Seismic survey ¹ Drill to test conductivity targets. ¹	TBD
Relinquished project (<i>Columbus Salt Marsh</i>)	Rehabilitation of drill site and access track completed subject to review.	Mar Q 2020
Burracoppin <i>Iron-ore (magnetite)</i>	Additional drilling to establish resources. ¹	TBD

Note 1: Subject to funding or farm-out

TBD : to be determined.

For further information, please contact:

Geof Fethers, Managing Director.

Telephone: (03) 8420 6280

or visit our Website at www.reedylagoon.com.au

Competent Person's Statement:

The information in the section headed "Nevada Lithium Brine Projects" of 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. 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 the report of the matters based on the information in the form and context in which it appears.

The information in the section headed "Australian Projects" 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 mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 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.

Company Statement:

Where Exploration Results have been reported in earlier RLC ASX Releases referenced in this report, those releases are available to view on the INVESTORS page of reedylagoon.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier releases. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Quarterly activities report for the period ended 31 December 2019

Mining tenements.

Located in Australia

Tenements at end of quarter		
<i>Project / Location</i>	<i>Tenement number</i>	<i>Company Interest (%)</i>
BURRACOPPIN (WA)	E70/4941	100%

Located in USA

Tenements (all Placer Claims held 100%) at end of quarter

Claim Name	Claim Numbers	Corresponding BLM NMC Number	Total Claims	Total Area
Alkali Lake North Project				
WH Claims	WH-1 to WH-128	NMC 1138328 to NMC 1138455	128	1,033 ha
Clayton Valley Project				
CV Claims	CV-1 to CV-112	NMC 1176204 to NMC 1176315	112	906 ha

Tenements / claims changed during the quarter:

<i>Project / Location</i>	<i>Tenement number (claim)</i>	<i>Nature of change</i>
Nil		

Joint ventures changed during period:

Nil

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

REEDY LAGOON CORPORATION LIMITED

ABN

40 006 639 514

Quarter ended ("current quarter")

31 DECEMBER 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(8)	(100)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(48)	(96)
	(e) administration and corporate costs	(34)	(98)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(90)	(294)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	204	204
2.6	Net cash from / (used in) investing activities	204	204

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	162	367
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(90)	(294)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	204	204
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	276	276

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	276	162
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	276	162

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	48
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director fees, salaries and superannuation for the quarter were \$18,067 lower than the amounts payable under contracts with directors. This is because Mr Fethers has agreed to not receive the amount of \$18,067 for the period unless the board subsequently determines to pay the amount or part thereof.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	20
9.2 Development	-
9.3 Production	-
9.4 Staff costs	30
9.5 Administration and corporate costs	64
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	114

Note: The Company held US\$22k (A\$31k) in security bonds held against its North American projects. These bonds are expected to be fully refunded following satisfactory rehabilitation of areas disturbed by the Company's drilling.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2020
(~~Director~~/Company secretary)

Print name: GEOFFREY FETHERS

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.