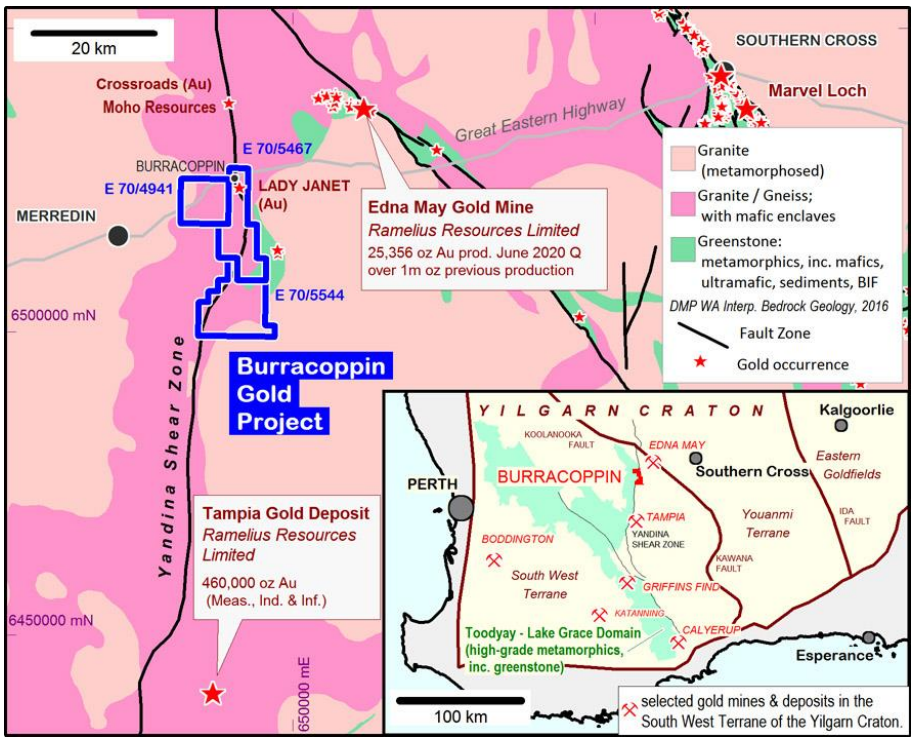
REEDY LAGOON CORPORATION LIMITED
ABN 41 006 639 514

ASX : RLC

30 November 2020

Managing Director's Address
Annual General Meeting

Since our last AGM 13 months ago we have gained a gold project, identified potential for a biomass enterprise to be part of our iron project in Western Australia and have retained our 2 lithium brine projects located in Nevada.



Gold

During the 2019/20 year the Company added gold to its list of project minerals. While numerous and far-flung prospects were reviewed we found the best one located on the doorstep of our Burracoppin magnetite deposit located in the South West Mineral Field of Western Australia. The Burracoppin Gold project sits in a belt of geology that hosts the Tampia gold project to the south and the Edna May gold mine to the north east. Early prospectors have recovered minor gold and very little recent exploration for gold has been conducted. These are good attributes.

The initial focus of our exploration includes a structural feature, the Yandina Shear Zone, and areas adjacent to it. Small scale shallow underground mining at a site called Lady Janet described in a 1936 geological report are located within one of our tenements under application. Apart from some shallow RAB drilling conducted more than 25 years ago in the vicinity of Lady Janet, most of the 30 kilometre strike length of the Yandina Shear Zone within the project area has seen very little exploration.

Iron

Reedy Lagoon re-gained its Burracoppin Magnetite deposit in early 2019. Work since then has found that production and sale of high-quality pig iron from Burracoppin magnetite is economically more favourable than selling magnetite concentrate. Processing the Burracoppin magnetite concentrate into pig iron better captures the value of the concentrate than selling the unprocessed concentrate into the iron ore market. This is a function of the coarse grained nature of the Burracoppin mineralisation, its amenity to the HIsmelt process and the higher sale price achievable for pig iron than for magnetite concentrate.

HIsmelt is a new smelting technology with significant advantages over conventional blast furnaces that are important for Burracoppin. Firstly, coarse grained magnetite concentrate is fed directly into the smelter, whereas it would require processing into pellets or sinter for blast furnaces. Secondly, charcoal produced from biomass can replace the coal required for the smelt reaction using HIsmelt - blast furnaces are not able to completely replace coal with biomass.

Ongoing investigations have identified potential for achieving net zero CO_2 emissions under the proposed HIsmelt process by using biomass.

The next steps for RLC include further investigations into the potential identified for biomass to support the proposed HIsmelt operation and establishing local magnetite resources including by additional drilling at Burracoppin.

Lithium

The Company's 2 lithium projects are located within 25 kilometres of the Silver Peak Lithium brine operation owned by Albemarle Corp. and 360 kilometres by road from the Tesla Gigafactory in Reno.

From a mining point of view there are two alternative sources of lithium. One is from hardrock ore deposits, which are most commonly based on spodumene minerals. The other source is from brines (saline ground water), commonly salt lakes (or "Salars") with high lithium concentrations and where the lithium exists typically as lithium chloride in solution.

Where suitable brine compositions and process methods allow, production costs for battery-grade lithium products from brines can be less than from hardrock (mineral) deposits.

Reedy Lagoon has targeted brine sources of lithium because we intend becoming a low-cost producer of battery grade lithium. We consider this preferable to producing a low value lithium concentrate for sale as feedstock to a convertor for upgrading into a battery grade (or other) lithium product.

The Company's lithium brine projects have brine targets potentially comprising sediments containing multiple brine filled aquifers that we have identified in geophysical survey data at both projects.

Project attributes

The Burracoppin gold project, because of the lack of recent exploration and reports of past gold prospecting, represents an opportunity for an exploration strategy of modest cost to generate meaningful results at a time when the $A gold price is at record highs. These are among the attributes we look for in the prospects we assess – an activity that is ongoing.

The Company's iron and lithium projects hold substantial targets that warrant drill testing.

The Company's lithium brine projects are good long term assets.

The Company sees strong long-term demand fundamentals for battery-grade lithium products resulting from the growth in the use of lithium-ion batteries in electric vehicles, energy storage systems and portable electronics. However, we anticipate the price for battery-grade lithium will remain subdued for the short term.

Work on the lithium brine projects is on hold pending development of a commercial processing technology that will enable extraction of lithium from the brine so that the residual brine can be returned to the ground from where it came.

The Company's objective for the iron project is a "value-add" strategy. The objective is to mine and process magnetite, then smelt the magnetite into pig iron using carbon from biomass.

The iron ore market is strong, the steel market is strengthening and demand for pig iron is forecast to rise. The timing is good.

Where we are going

The Company has sufficient cash to fund its reduced overheads, to conduct soil sampling and possibly initial drilling at its Burracoppin Gold project, assess new projects and maintain tenure over existing projects. Our lithium brine projects are fully maintained through to end of August 2021 and the current year exploration expenditure commitment for the Burracoppin Magnetite tenement has been met.

For the Company to develop its other projects additional funding will be required.

The Company is pursuing, as it always does, a range of activities to gain access to equity, joint venture and debt funding. We are developing strategies and business cases for producing iron incorporating smelting, mining magnetite and producing charcoal from biomass. We are exploring for gold and are working to get soil sampling underway at the Burracoppin Gold project as soon as possible. Results increase value which attracts funding.

Geof Fethers
Managing Director