

ASX Release

ASX Code: RLC

28 January 2022

REEDY



LAGOON
CORPORATION LTD

Quarterly Report for the period ended 31 December 2021

Highlights

- ❑ Ground geophysical surveys at Alkali Lake North advance the lithium brine targets and indicate the Company's expanded tenure secures the full extent of the targeted brines.
- ❑ CSIRO presented a preliminary model for the Burracoppin magnetite deposit.



CURRENT EXPLORATION ACTIVITIES

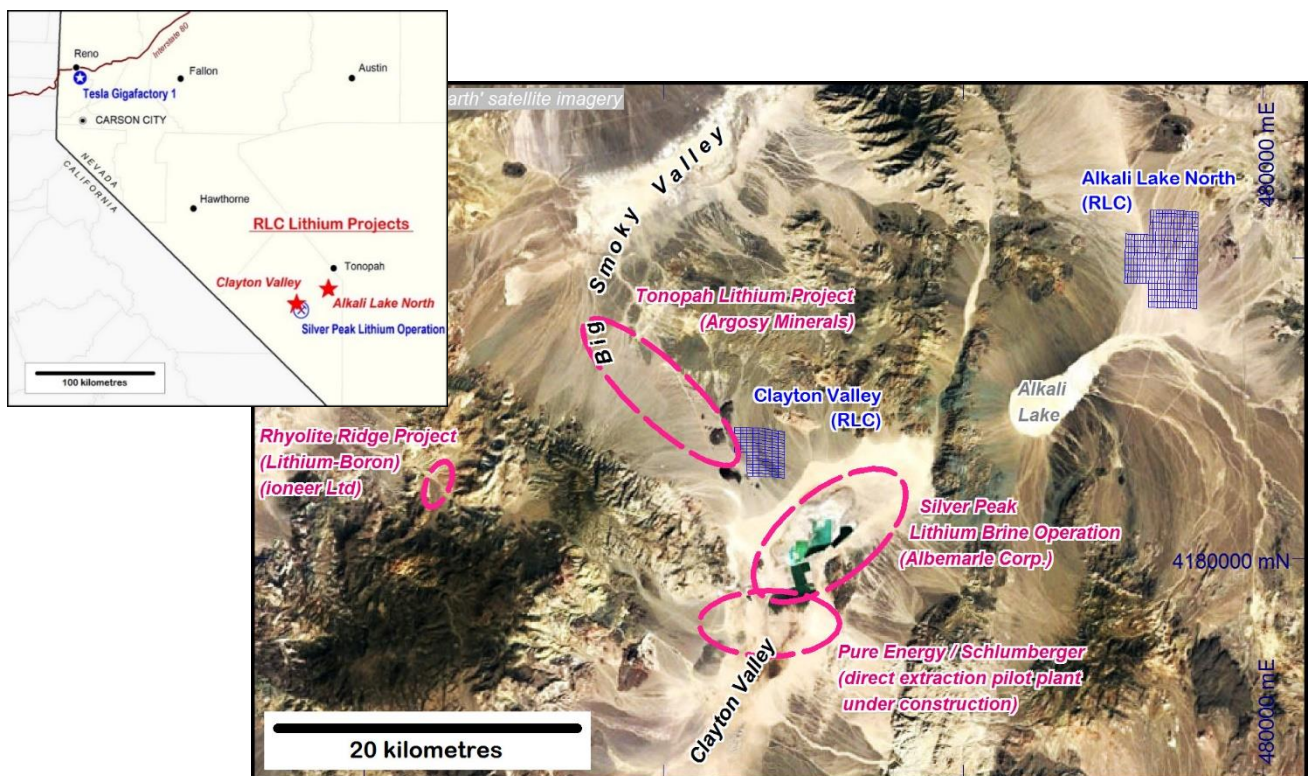
NORTH AMERICAN PROJECTS

Nevada Lithium Brine Projects

Nevada, USA

Reedy Lagoon holds two lithium brine 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 located within 30 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.



Alkali Lake North Project (Nevada)

Lithium

RLC 100%

334 claims 6,415 acres (2,596 ha)

Exploration conducted during the quarter comprised two geophysical surveys at the Alkali Lake North project.

3D Audio Magneto-telluric (AMT) survey was conducted in the eastern part of the project area to investigate for possible north and south extensions to a tubular conductor identified in an earlier survey. This latest survey extends the Company's 3D AMT cover over additional claims which were staked last quarter (refer [ASX release 14/10/2021](#)).

Quarterly activities report for the period ended 31 December 2021

The new AMT data has made the following key advances for the Alkali Lake North project:

- A substantial linear target is now interpreted to be finite in length, tubular in shape with a keel extending to at least 600 metres depth over its central section.
- The tubular target is entirely contained within the project area with a total length of 4,300 metres.
- The full lateral extent of the tubular brine target lies within a sub-basin indicated in gravity data and the target's central keel coincides with the deepest part of the basin.

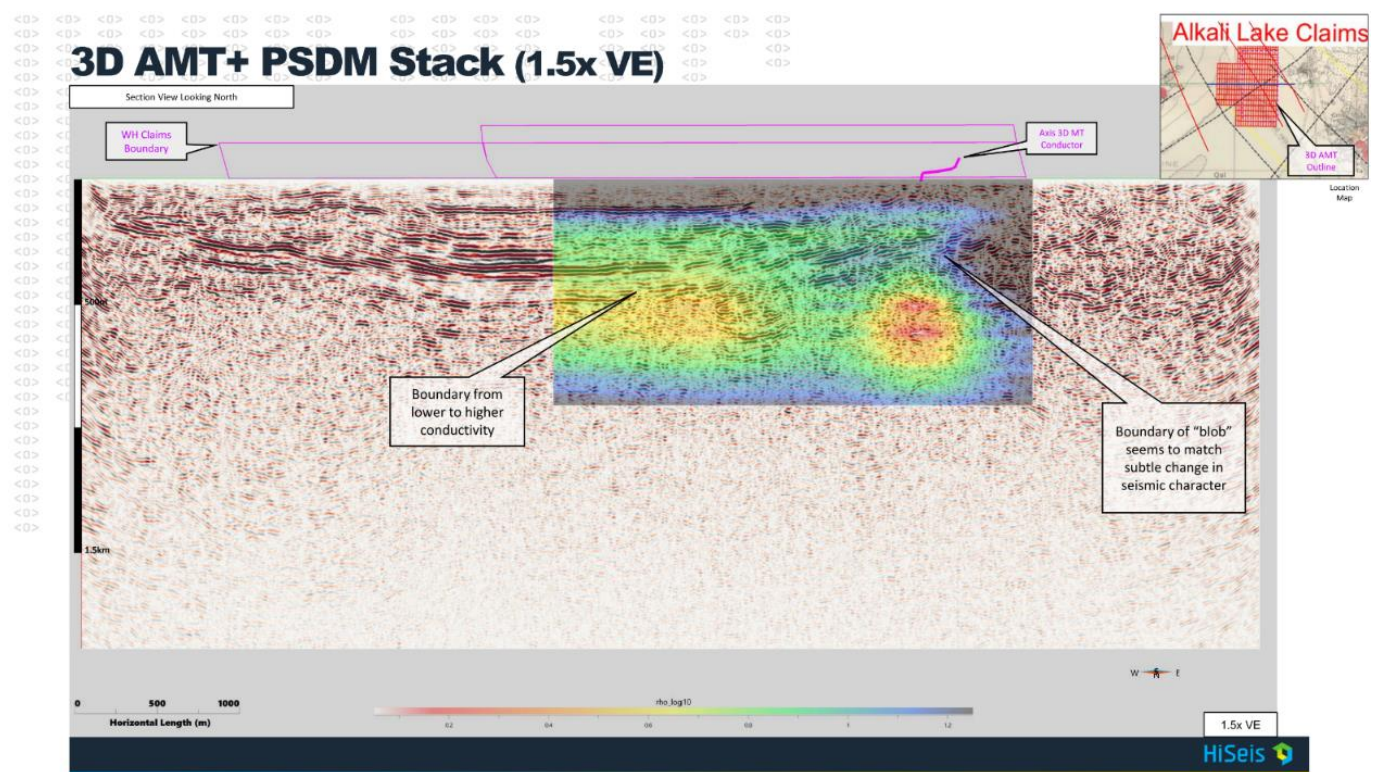
(Details of the survey parameters, sample, processing and results have been provided with [ASX release 14/10/2021](#)).

2D Shallow Seismic Reflection (SSR) survey was conducted along a 7 kilometre long traverse running east-west across the centre of the project area. Preliminary survey results include :

- The survey appears to have successfully imaged some reflectors located in the top 500 metres.
- Coherent and continuous reflectors are observed in the middle portion of the survey line.
- Seismic character degrades significantly in the eastern part of the traverse with reflectors appearing less coherent and discontinuous.
- Reflectors pull up towards the eastern and western ends of the line suggesting sedimentary layers sag downwards in the central portion of the project area which would be consistent with our interpreted basin structure from gravity data.

(Refer [ASX release 6/01/2022](#) for further details).

The concurrent presence of extensive AMT conductivity anomalies and shallow seismic reflectors located within a basin structure indicated in gravity data and captured within the project area are strong indicators of the presence of a substantial brine aquifer system located within the Alkali Lake North project.



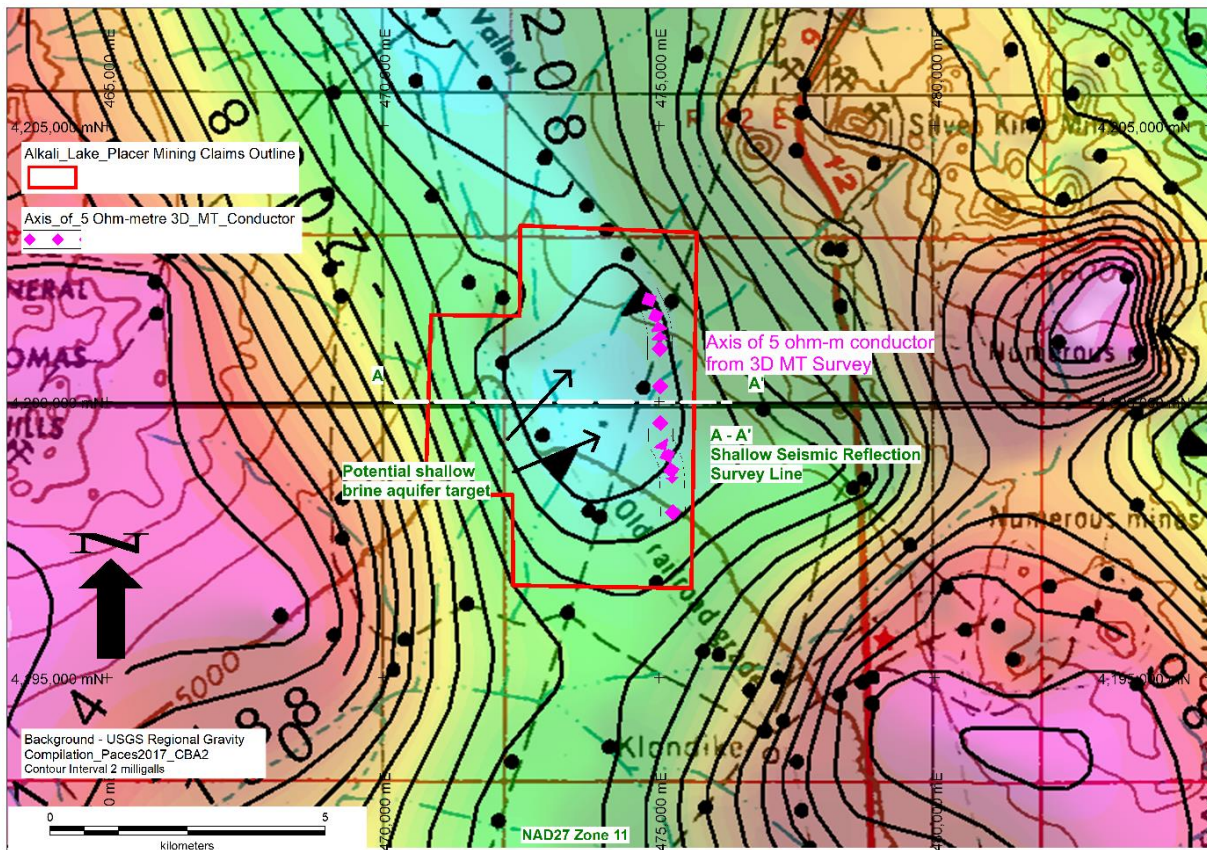


Image: Alkali Lake North project outline on contoured regional gravity. The Shallow Seismic Reflection survey line running west to east (A to A') through the centre of the project and the location of the tubular conductor on the eastern side of the project area are shown.

Clayton Valley Project (Nevada)

Lithium

RLC 100%

112 claims 2,240 acres (906 ha)

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

Results from the SSR survey on the Alkali Lake North project are being used to aid assessment of the method's ability to gain further information about the depth to and number of aquifers indicated by the Company's existing 3D AMT survey data for the project area.

REHABILITATION WORK - COLUMBUS SALT MARSH AREA (Nevada)

The Columbus Salt Marsh project was divested at the end of August 2019 and areas disturbed by the Company's prior drilling activities were contoured and seeded later that year. The rehabilitation work was inspected by the Bureau of Land Management ("BLM") in May 2020 and the reclamation obligation was reduced from US\$21,599 to US\$5,429. An inspection by the BLM during the June 2021 quarter found regrowth had been set-back by drought conditions and as a consequence an inspection following spring in 2022 has been scheduled. The balance of the bond (US\$5,429) will remain held by the BLM until the desired regrowth has been established.

AUSTRALIAN PROJECTS

Burracoppin Iron Project (WA)

Iron

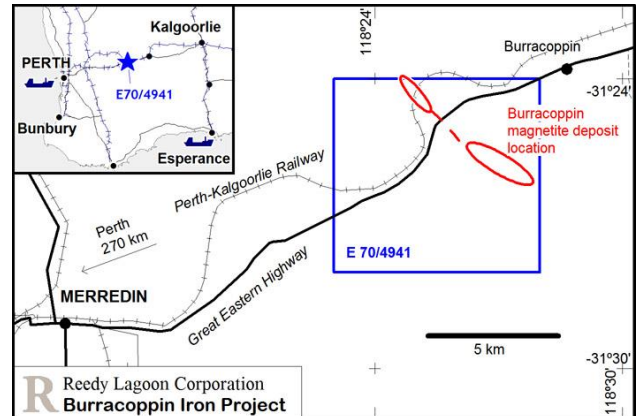
RLC 100%

E70/4941 (area 5,854 ha)

The Burracoppin Iron project is currently focussed on establishing an Indicated Mineral Resource within the Burracoppin magnetite deposit (refer [ASX release 12/02/2021](#)). It is intended that iron concentrate mined from the deposit will be used for the production of high purity pig iron (HPPI).

Delineation of Mineral Resources will allow for financial projections to be made for the planned mining of the magnetite. The magnetite

mineralisation is currently identified and partially delineated within detailed airborne magnetic data and 3 diamond drill holes and potentially in the CSIRO *MagResource Model for Burracoppin* (for details of the CSIRO collaboration refer to [ASX release 26/5/2021](#)).



During the quarter work progressed on the Burracoppin magnetite deposit. Work on core samples, that had been disrupted during the prior quarter by lack of access to the CSIRO Laboratories, was resumed and data recovered has been used by CSIRO as part of the research work being undertaken to develop a method of determining magnetite resources using petrophysically constrained magnetic modelling.

The CSIRO team presented project developments to the Company and H&S Consultants Pty Ltd with the preliminary modelling being most encouraging. Additional assay data are expected later this month or early next and will be incorporated into the model once available (refer [ASX release 11/01/2022](#)).

Planned resource definition drilling is being modified to commence with initial holes directed to investigate the CSIRO model so that if the model is proven, subsequent holes will be guided by that model.



The CSIRO MagResource Model (for the Burracoppin deposit). Modelled magnetic bodies are shown superimposed on a satellite image.

Quarterly activities report for the period ended 31 December 2021

Heritage surveys planned to investigate access routes and drill sites for resource drilling at the Burracoppin magnetite deposit continued to be impacted by increased workloads together with a restructure of the South West Aboriginal Land and Sea Council Aboriginal Corporation. Consultants for the survey work had been mostly identified following the end of the quarter.

Reedy Lagoon's strategy for iron:

Reedy Lagoon is pursuing a plan to produce and sell Green High Purity Pig Iron ("Green HPPI") by:

- Mining magnetite from the Burracoppin magnetite deposit to be a source of iron
- Growing or otherwise acquiring biomass to process into biochar to be a source of carbon instead of coal
- Smelting the iron (mineral) with the biochar using HIs melt technology to produce Green HPPI
- Selling the HPPI to steel makers in Australia, North America, Europe, UK and Asia.

NOTE: It is expected that it may take 5 to 10 years to achieve the production rate of 0.8Mtpa biochar required for the planned 1Mtpa HPPI. A depleting source of coal, production from which is scheduled to be phased out over the next 5 to 10 years, has been identified as a potential temporary source of carbon during the time it might take to establish the biomass production (refer [ASX release 19/03/2021](#)).

Burracoppin Gold Project (WA)

Gold

RLC 100%

E70/4941, E70/5467, E70/5544 (241 km²)

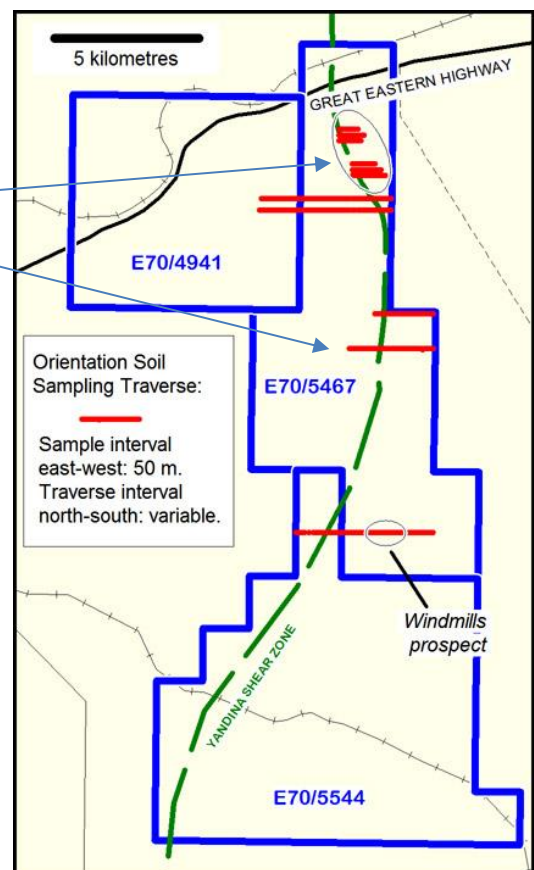
The Burracoppin Gold project comprises the Windmills prospect, gold targets at the Lady Janet – L18 site and a westward extension to Traverse 2 together with substantial areas that are yet to be investigated.

Lady Janet – L18
Traverse 2

Follow-up soil sampling planned at the Windmills prospect and the other gold targets identified as well as first pass sampling in areas to the south on E70/5544 were prevented from proceeding by rainfalls in the sampling areas at each commencement attempted.

The planned soil sampling involves collecting soil from shallow pits which is dry sieved on site to collect minus 200 micron (smaller than 0.2 mm) sized material. Damp soil cannot be dry sieved.

Soil sampling will proceed once ground conditions dry sufficiently and provided our contractors are available.



NEW PROJECT DEVELOPMENT

Lithium brine opportunities were reviewed and assessed during the period.

CORPORATE

Share issues

The Company issued 7,831,064 fully paid ordinary shares raising \$241,495 during the quarter.

The issues comprised:

5,331,064 fully paid ordinary shares at an issue price of \$0.0404 per share (\$215,375) on 3 December 2021 to directors in accordance with resolution 5 passed at the Annual General Meeting held on 30 November 2021.

2,500,000 fully paid ordinary shares issued to directors upon the exercise of options at various prices during December 2021 raising \$26,120 in capital.

Cash

At 31 December 2021 Reedy Lagoon had \$785,427 in bank accounts and deposits. The Company also had the amount of US\$5,429 (A\$7,756) 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 in 2022 following satisfactory assessment of the Company's rehabilitation of areas disturbed by the Company's drilling.

Exploration Expenditure

During the quarter, the total cash outflow for exploration activities was \$268,121.

During the quarter there were no mining production and development activities.

Related Parties

Payments to related parties during the quarter totalled \$433,192 (refer item 6.1 in the accompanying Appendix 5B for the period). The payments are for remuneration comprising: (1) \$66,300 for wages, fees and superannuation for the quarter paid to directors and (2) \$366,892 paid in accordance with resolution 5 passed at the Annual General Meeting held on 30 November 2021 for remuneration that directors had agreed not to be paid in respect of the period from 1 July 2019 to 30 September 2021 unless the board resolved to make payment and the Company was able to pay that remuneration and remain solvent. Note that PAYG of \$117,800 has been withheld from this latter remuneration resulting in cash payment by the Company during the period of \$249,092 (refer item 1.8).

In accordance with resolution 5 passed at the Annual General Meeting held in November the directors applied the after tax amount that they received for remuneration not received in the past to subscribe for shares in the Company at market. Directors subscribed \$215,375 for 5,331,064 fully paid ordinary shares at an issue price of \$0.0404 per share.

Quarterly activities report for the period ended 31 December 2021

Related Parties, continued

2,500,000 fully paid ordinary shares were issued to directors upon the exercise of options at various prices (total subscribed : \$26,120) during December 2021.

900,000 options were issued to directors under the Directors' Option Scheme in accordance with resolutions 4.1, 4.2 and 4.3 passed at the Annual General Meeting held in November. The options expire on 31 December 2024 and have an exercise price of \$0.0546.

FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
Alkali Lake North <i>Lithium</i>	Possible expanded seismic survey (under consideration) Drill to test conductivity targets. ¹	TBD TBD
Clayton Valley <i>Lithium</i>	Possible seismic survey (under consideration) Drill to test conductivity targets. ¹	TBD TBD
Burracoppin Iron <i>Magnetite</i> <i>Biomass/Biochar</i> <i>Pig iron</i>	Heritage survey for proposed drill sites and access Additional drilling to establish resources. ¹ Continued investigations into biomass / biochar production. Market appraisal study for Pig and magnetite conc. Continued investigations into: HIs melt site location; Fe and C feedstocks; pig iron purchasers.	Mar Q TBD On going Mar Q On going On going
Burracoppin Gold <i>Gold</i>	Soil sampling	Mar Q
New Project Development <i>Lithium</i>	Office studies to assess and build new projects.	On going
Relinquished project (<i>Columbus Salt Marsh</i>)	Rehabilitation of drill site and access track completed subject to review.	NA

Note 1: Subject to funding or farm-out.

TBD : to be determined.

Authorised for release on behalf of the Company.

For further information, please contact:

Geof Fethers, Managing Director.

Telephone: (03) 8420 6280

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

Competent Persons' Statement:

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.

Quarterly activities report for the period ended 31 December 2021

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.

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](http://reedyagoon.com.au) of reedyagoon.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.

Mining tenements.

Located in Australia

Tenements at end of quarter		
Project / Location	Tenement number	Company Interest (%)
BURRACOPPIN IRON & BURRACOPPIN GOLD (WA)	E70/4941	100%
BURRACOPPIN GOLD (WA)	E70/5467	100%
BURRACOPPIN GOLD (WA)	E70/5544	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	1,042 ha
	WH-129 to WH-334	NV* 105269236 to NV* 105269441	206	1,554 ha
Clayton Valley Project				
CV Claims	CV-1 to CV-112	NMC 1176204 to NMC 1176315	112	906 ha

*NV = County Serial Number (BLM serial number pending)

Tenements / claims changed during the quarter:

	Tenement number (claim)	Nature of change
Alkali Lake North Project, Nevada, USA	WH-129 to WH-334	206 x Placer Claims filed (staked during prior period)

Joint ventures changed during period:

Nil

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

REEDY LAGOON CORPORATION LIMITED

ABN

40 006 639 514

Quarter ended ("current quarter")

31 December 2021

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	(268)	(406)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(43)	(74)
	(e) administration and corporate costs	(78)	(136)
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	Government grants and tax incentives	-	-
1.8	Other (payments to directors in respect of previously forgone emoluments relating to prior periods)	(249)	(249)
1.9	Net cash from / (used in) operating activities	(638)	(865)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) 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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	215	1,335
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	26	26
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(69)
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	241	1,292

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,184	360
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(638)	(865)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	241	1,292

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	785	785

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	93	221
5.2	Call deposits	692	963
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)	785	1,184

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	433
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

c	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(638)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(638)
8.4	Cash and cash equivalents at quarter end (item 4.6)	785
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	785
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer:</p> <p>The cash flows from operating activities in the December quarter included a one-off payment of \$249k relating to prior periods (refer to item 1.8). Deducting this one-off payment from the "Net cash used in operating activities" (item 8.1) reduces "Total relevant outgoings" (item 8.3) to \$389k. On current cash levels the Company expects it will continue operating at net operating cash flows of about \$250k to \$300k per quarter.</p>		

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The entity continually creates ways to raise cash and to fund its operations including by farm out arrangements with joint venture partners, capital raisings and other arrangements. Steps taken primarily include exploration on its projects to increase their appeal to potential joint venture partners and shareholders. The entity believes it will be successful in accessing funding when required.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The entity expects to continue its operations and to meet its business objectives. Forthcoming Activities are described on page 7 in its December Quarter Activities Report. The entity has no debt, cash on deposit totalling more than \$700k, low overheads and several high interest and high calibre projects.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 28 January 2022

Authorised by the board.

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.