



ASX Release

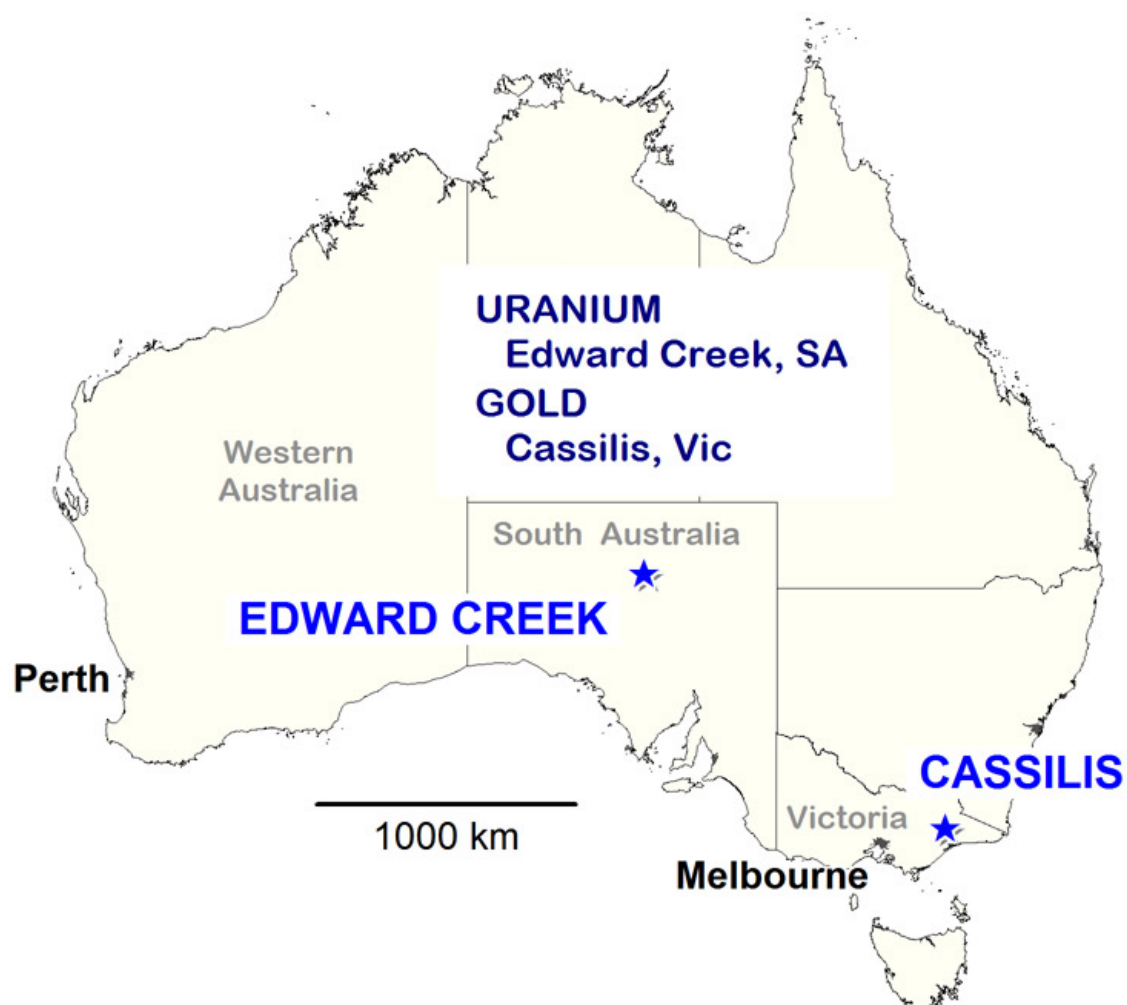
ASX Code: RLC

30 January 2017

Quarterly Report for the period ended 31 December 2016

SUMMARY

- ❑ Lithium brine project acquired
- ❑ Cassilis gold project
- ❑ Edward Creek uranium project on hold



CURRENT EXPLORATION ACTIVITIES

Nevada Lithium Brine (Nevada, USA)

Lithium

The Company acquired a lithium brine project located in Nevada, USA (ASX release 22 December 2016). The acquisition is subject to shareholder approval.

The Nevada lithium brine project comprises applications for Placer Mining Claims over three prospects in large basins (ground water catchment areas) interpreted from topographic and geophysical survey data. Substantial research has driven the selection of which basins to target. This research includes studies of potential aquifer host rocks and lithium sources evidenced by existing lithium operations where abundant brines occur, including the Silver Peak Mine where lithium has been produced from brines since the 1960s. Claim staking commenced in late November 2016. At quarter end a total of 357 claims had been staked covering a combined area of 2,888 hectares.

Details of the Claims will be announced to the market once the applications for the Claims have been lodged.

Cassilis Gold (VIC)

Gold

Option to acquire Cassilis Mining Pty Ltd

The Company continued its evaluation of the Cassilis gold project located near Omeo in Eastern Victoria.

No field work was conducted during the quarter.

In June 2015 the Company entered into an agreement giving it the right to purchase 100% of Cassilis Mining Pty Ltd. At that time Cassilis Mining had an exploration licence (EL 5504), a retention licence application (RLA 2005), an exploration licence application (ELA 5427) and an application for transfer of a mining licence over a site with infrastructure and planning permits.

Evaluation work has been hampered by continued uncertainty resulting from the protracted delays by the Victorian Department of Economic Development, Jobs, Transport and Resources ("DEDJTR") associated with the processing of the application for transfer of MIN 5335 to Cassilis Mining Pty Ltd followed by the expiry of MIN 5335 as a result of the disclaimer of the licence by its registered holder, Rocky Mining Pty Ltd (in liquidation), on 19 July 2016. Correspondence dated 14 September 2016 from DEDJTR advised the Company of these developments and that the land previously subject to the licence had been exempted from the Mining Act regime (that is, was not available for mining). The land remained exempted at the end of the report period.

The project was originally of potential interest to RLC because it may have presented an opportunity for developing a gold mining operation with positive cash flow in a relatively short time frame. The opportunity for early cash flow has been adversely affected by the loss of the mine site and infrastructure with planning permits on the now expired MIN 5335. However, our investigations to date have recovered encouraging surface indications of potentially significant gold mineralised trends we believe are worth evaluating, possibly by shallow trenching, in addition to testing of mullock dumps within EL 5504.

Edward Creek (SA)

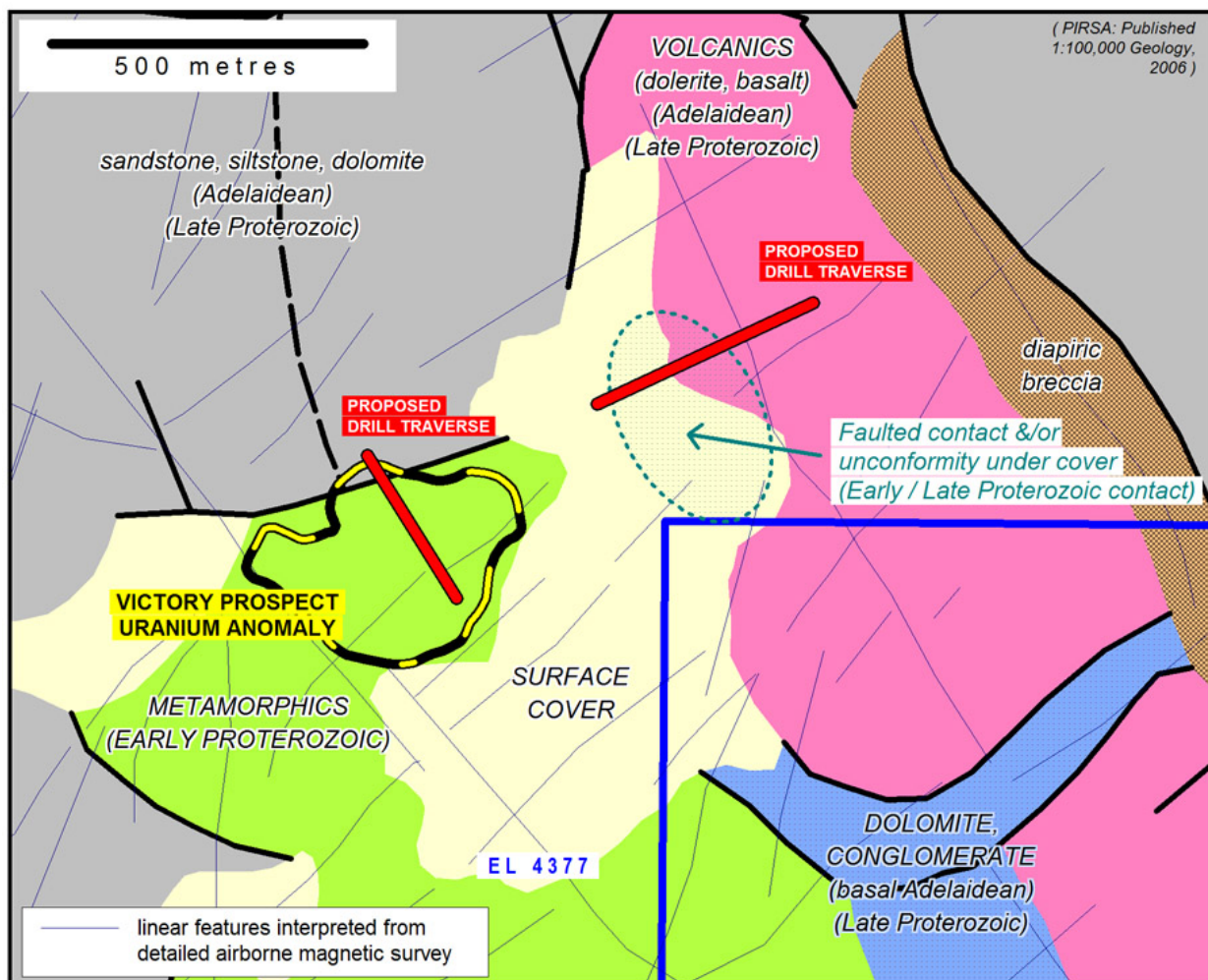
Uranium

RLC 100% (excluding diamonds) EL 5580 total area 343 km²

No field activities were undertaken during the period.

The low uranium price and a joint venture partner maintaining minimum exploration expenditure on the tenement enable RLC to postpone its planned exploration for uranium without penalty. Any exploration success with uranium in the current period would likely generate very little interest amongst potential joint venture partners and investors.

Work planned on the Edward Creek project includes drilling at the Victory uranium prospect. The drilling, now postponed until market conditions improve, will investigate strong surface uranium anomalism associated with quartz veining and along strike where a concealed unconformity is interpreted. The targets occur where uranium anomalism was identified by sampling in 2010 in a window of exposed, weathered and veined rocks of Early Proterozoic age. Results previously reported (RLC's ASX Release 17 Nov 2010) include assays of surface rock chip and auger samples up to 412 ppm uranium, 0.30 % copper, 0.39 % TREE.



Proposed drill traverses at the Victory uranium prospect, Edward Creek project, South Australia (work on hold until market conditions improve).

COMMENT

Net cash inflow for the December 2016 quarter was \$204,796 following the issue of 39,250,000 shares raising \$314,000.

At 31 December 2016 RLC had \$247,384 in bank accounts and deposits.

Following the end of the period the Company lodged an application for an exploration licence covering its previous Burracoppin Magnetite Prospect located near Merredin in Western Australia. The improving outlook for magnetite prompted re-instatement of this project.

FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
Nevada Lithium Brines <i>Lithium</i>	Continued claim staking; geophysical survey; Claim registration Drilling of brine targets (ground water aquifers)	Mar & Jun Q Sep Q
Burracoppin <i>Iron-ore (magnetite)</i>	Drilling	Jun – Sep Q
Cassilis (option to acquire) <i>Gold</i>	Geochemical sampling	TBD
Edward Creek <i>Uranium</i>	Drilling at Victory prospect	TBD
New Project Development	Investigate potential new projects.	On going
Capital raising	funding for works including Nevada Lithium pre drilling activities (indicative amount : \$1.5m to \$2.5m)	Mar Q
Capital raising	funding for works including Nevada Lithium drilling activities (indicative amount : more than \$2m)	Jun - Sep Q

All exploration activities are restricted pending further capital raising and are subject to contractor availability.

TBD = to be determined

An Extraordinary General Meeting will be held to seek shareholder approval of the Nevada Lithium acquisition following receipt of an Independent Expert's Report as required by ASX Listing Rule 10.1. The report will be provided to shareholders with the Notice of Meeting.

For further information, please contact:

Geof Fethers, Managing Director.

Telephone: (03) 8420 6280

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

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 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. Where Exploration Results have been reported in earlier RLC ASX Releases referenced in this report, those releases are available to view on the NEWS 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.

Mining tenements.

Tenements at end of quarter		
Project / Location	Tenement number	Company Interest (%)
EDWARD CREEK (SA)	EL 5580	100 (excl. diamond)

Joint ventures at end of quarter		
Agreement	Tenements	Company Interest (%)
Diamond Farm-out Agreement	EL 5580	100% all minerals excluding diamond

Mining tenements.

Tenements changed during the quarter:		
Project / Location	Tenement number	Change
NA	NA	nil

Joint ventures changed during period: Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

REEDY LAGOON CORPORATION LIMITED

ABN

41 006 639 514

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to Date (6 months)
		\$A'000	\$A'000
1.1	Receipts from product sales and related debtors	5	11
1.2	Payments for		
	(a) exploration and evaluation	(7)	(11)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(63)	(98)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) – Net GST /PAYG paid(received/recovered)	(5)	(8)
	Net Operating Cash Flows	(70)	(106)
Cash flows related to investing activities			
1.8	Payment for purchases of:	-	-
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:	-	-
	(a)prospects	-	-
	(b)equity Investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)		
	Proceeds from loan by director	-	30
	Repayment of loan from director	(30)	(30)

+ See chapter 19 for defined terms.

	Net investing cash flows	(30)	-
1.13	Total operating and investing cash flows (carried forward)	(100)	(106)
1.13	Total operating and investing cash flows (brought forward)	(100)	(106)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	314	314
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (share issue costs)	(9)	(9)
	Net financing cash flows	305	305
	Net increase (decrease) in cash held	205	199
1.20	Cash at beginning of quarter/year to date	42	48
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	247	247

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2 (net of GST)	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

No directors' fees or wages were paid in respect of fees and wages payable for services provided by directors during the report period. Amounts accrued during the period as potentially payable to directors are: Mr Fethers: \$36,135, Mr Hamer : \$10,000, Mr Griffin : \$10,000 (\$56,135 in total).

During the report period the following adjustments and payments to directors including shares issued in lieu of fees and wages for the period 1 October 2015 to 30 September 2016 were made:

<i>Beneficial recipient</i>	<i># shares</i>	<i>\$ value</i>	<i>Balance accrued period to 30 September 2016</i>
G Fethers	5,693,727 shares	\$49,376	nil (following forgiveness of debt - refer below)
A Griffin	2,306,273 shares	\$20,000	\$20,000
J Hamer	nil	nil	\$40,000
G Fethers	NA	\$94,624	forgiveness of debt

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Refer above 1.25. During the period a total of \$69,376 of liabilities due to directors were settled via equity issue of 8 million fully paid ordinary shares

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	-
4.3 Production	-
4.4 Administration	55
Total	605

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11	27
5.2 Deposits at call	236	15
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	247	42

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			-
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-		
7.2	-	-		
7.3	158,276,946	158,276,946		Fully paid
7.4	47,250,000	47,250,000		Fully paid
7.5	-	-		

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
		Total number	Number quoted	<i>Exercise price</i>	<i>Expiry date</i>
7.7	Options <i>(description and conversion factor)</i>	900,000	NONE	20 cents	31 December 2017
		900,000	NONE	1.1 cents	31 December 2018
		900,000	NONE	1.33 cents	31 December 2019
7.8	Issued during quarter	900,000	NONE	1.33 cents	31 December 2019
7.9	Exercised during quarter	NONE			
7.10	Expired during quarter	900,000	NONE	20 cents	31 December 2016
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 January 2017
(Director)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

+ See chapter 19 for defined terms.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.