

26 May 2017

Brine Targets identified at RLC’s Big Smoky South Project

HIGHLIGHTS

- MT geophysical surveys at the Big Smoky South Project have identified strong brine targets.
- Two sub-basins have been identified containing brine targets within the project area.
- Drill permitting has commenced.
- Discussions underway with drilling company with rig availability in Q3 CY2017.

Reedy Lagoon is pleased to announce that geophysical surveys carried out in April over its Big Smoky South Project in Nevada, USA have been reported on by the contractor and final results are now available. Figure 1 shows the geophysical results in 2D profile with planned drill holes and interpreted structure. Figure 2 shows the project location, 15 kilometres north west of Clayton Valley.

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 two brine-filled basins that are associated with the development of an overall half-graben structure. This half-graben is the structural feature that defines the valley and we believe controls the location of the most prospective brine accumulations and any associated lithium.

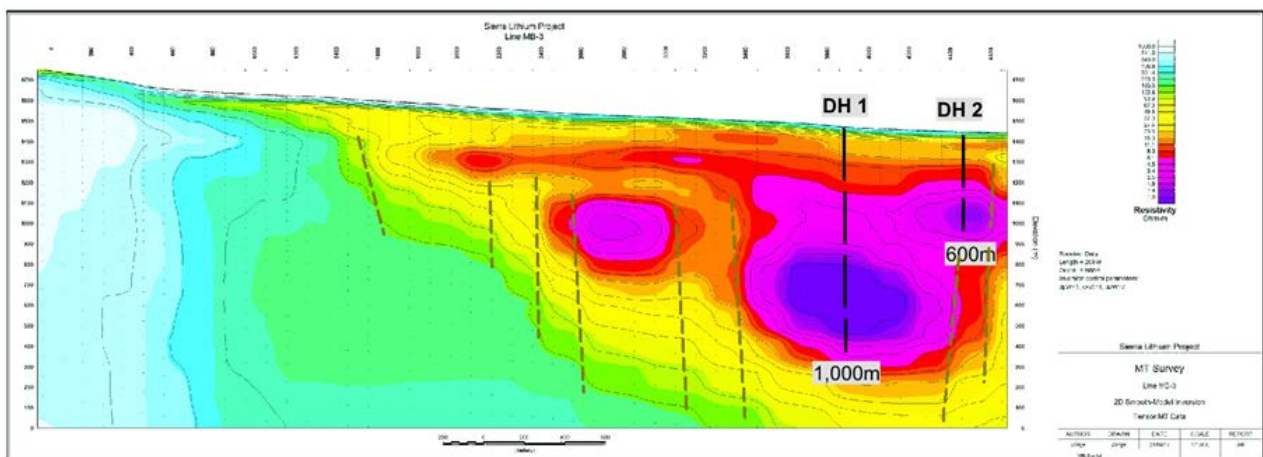


Figure 1. MT Survey Line Showing Brine Targets (<1.0 ohm-metre resistivity) and Basin Structure

Brine targets are observed in the MT survey as follows:

- A brine target of <1.0 ohm-metre resistivity with top of target at a depth of 650m and a vertical thickness of 400m. Horizontal width is 800m. This target is spatially associated with a number of steep graben faults which may have acted as feeder faults for brine enriched fluids to be introduced into the basin. A 1,000m drill hole is required to test this target.

- A second shallower target is 350m to top of formation and has a 300m vertical thickness. Horizontal width is 350m. This target is closely associated with an interpreted major bounding fault structure. A 600m drill hole is required to test this target.
- An additional third target is indicated which has conductivities in the 2.0 to 4.0 ohm-metre range.

In addition to the above targets there is evidence of a shallow aquifer system at a depth of 150m which could represent a buried playa lake surface. This will also be tested by both drill holes.

Drilling

The Company is seeking permits to drill a 1,000 m drill hole and a 600m drill hole and to pump up to 6.0 million litres of water from each hole for testing purposes. 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.

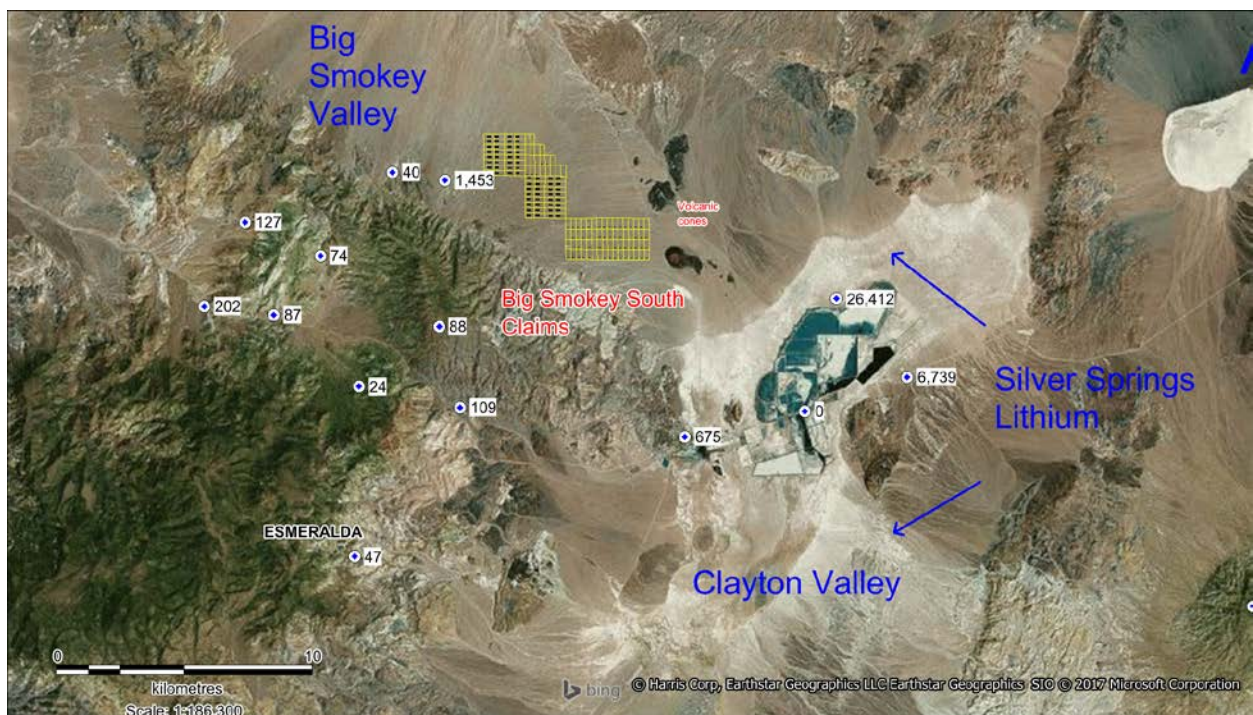


Figure 2. RLC's Big Smokey South project claims are located within 15 kilometres of the Silver Springs Lithium Operation in the adjacent Clayton Valley.

Other Projects

The Big Smokey South Project is one of three lithium brine projects in Nevada owned by RLC. Results from geophysical surveys of the claims at these other projects 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): \$0.02
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 the report of the matters based on the information in the form and context in which it appears.