



12 November 2019

Managing Director's Address
Annual General Meeting

The Company stands today holding 2 lithium brine projects located in Nevada and an iron ore (magnetite) project located in Western Australia.

Lithium

The lithium projects are located within or adjacent to the Clayton Valley Basin where Albemarle Corporation (NYSE:ALB) continues to produce lithium products from its Silver Peak brine operation.

During the 2018/19 year Reedy Lagoon conducted geophysical surveys at the Clayton Valley and the Alkali Lake North projects. The surveys aimed to detect electrical conductors in the subsurface - "electrical conductors" in our case being interpreted bodies of sediments saturated with salty water, or brine, in which we hope to find dissolved lithium. The surveys succeeded in identifying electrical conductors which the Company considers are lithium brine targets warranting drill testing.

Subsequent to the end of the 2018/19 the Company relinquished its Columbus Salt Mash and Big Smoky South lithium brine projects. Factors contributing to this result were the results from our past drilling, the calibre and location of the targets generated for the retained Clayton Valley and Alkali Lake North projects and the Company's cash position.

Magnetite

In addition to the prime focus on lithium, the Company re-gained its Bullamine Iron Ore (Magnetite) project. Work during the 2018/19 year using information from assay and metallurgical test work conducted during our previous tenure (2010 to 2015) identified potential for the production of high quality pig iron using Burracoppin concentrate as feed for a HIs melt smelter in addition to the production of a high grade iron concentrate should a resource be identified.

Bullamine has been re-acquired at a good time given the recent improvement in the iron ore market. Champion Iron Limited (ASX:CIA) recently reported prices of 65% Fe fines averaging US\$109/dmt for the September 2019 quarter.

The Bullamine project is made attractive by the recent increases in prices for iron ore and the emerging interest by steel makers for high grade and high quality iron ore to assist them reduce pollutants and carbon dioxide emissions.

Each of the Company's projects holds substantial targets warranting drill testing.

The Company has sufficient funds to assess new projects and maintain tenure over existing projects. Our lithium brine projects are now fully maintained through to end of August 2020 and the current year exploration expenditure commitment for the Burracoppin project has been met.

For the Company to develop its projects it needs additional funding.

Accessing funds for lithium project development is proving challenging in the current market.

Current market sentiment for lithium is low. Lithium spot prices in China have fallen in response to slower than expected growth in battery electric vehicle sales. Several Australian lithium concentrate producers have cut back production or delayed start-up. The current lithium spot prices and market sentiment are providing limited incentive for greenfield development.

However the Company believes that the long term market for lithium is favourable for the Company's proposed operations. Roskill forecast in July 2019 that lithium demand from battery applications would increase 25% per year through to 2028. The challenge for Reedy Lagoon is that it may take a year or more before the market suits fundraising by an issue of shares.

In contrast iron ore is experiencing a more positive market sentiment and the Company's Burracoppin project is more attractive for immediate development than the lithium projects.

The Company believes that the best way to fund development of Burracoppin (and, in the present market, our lithium projects) is through a joint venture. We are actively seeking joint venture partners for these projects.

We are also looking at acquiring new projects on which we can raise funds. At this stage we have not identified a new project sufficiently attractive to acquire.

Thank you for your continued support.

Geof Fethers
Managing Director