



# ASX Release

**ASX Code: RLC**

29 January 2021

## Quarterly Report for the period ended 31 December 2020

- ❑ Soil sampling commenced at Burracoppin Gold project
- ❑ Geophysics to assist in modelling the Burracoppin magnetite body
- ❑ Investigations into use of biomass in pig iron production from Burracoppin magnetite
- ❑ Lithium brine projects on hold until technology enables production without evaporation



## CURRENT EXPLORATION ACTIVITIES

### AUSTRALIAN PROJECTS

#### Burracoppin Gold Project (WA)

**Gold**

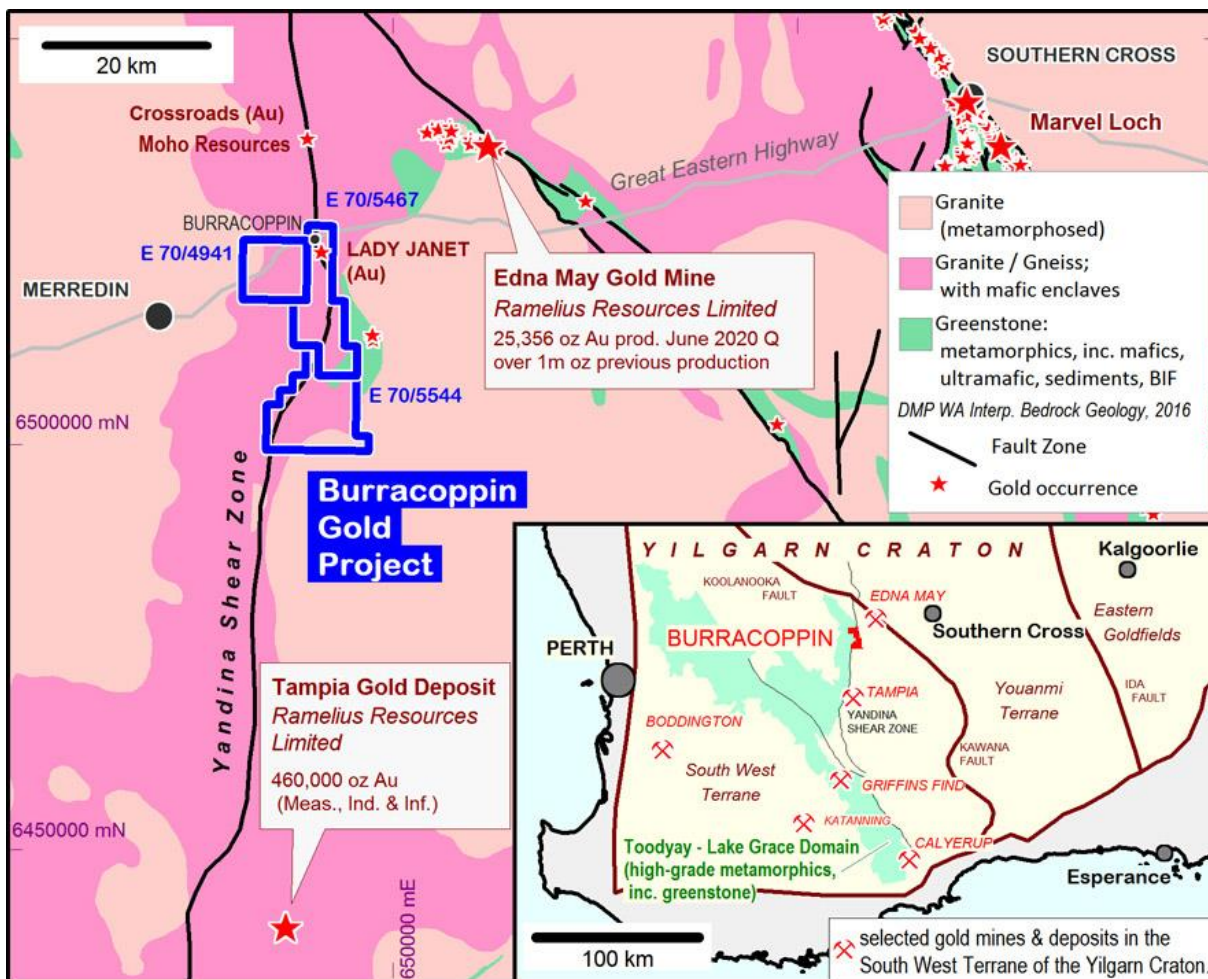
RLC 100%

E70/4941 (58 km<sup>2</sup>) and applications E70/5467, E70/5544 (183 km<sup>2</sup>)

(E70/5467 was granted on 22 January 2021)

Orientation soil sampling commenced during the report period was completed in January with collection of 494 samples. The program was designed to include preliminary investigations for the presence of gold and a range of path finder elements at various locations within the project area.

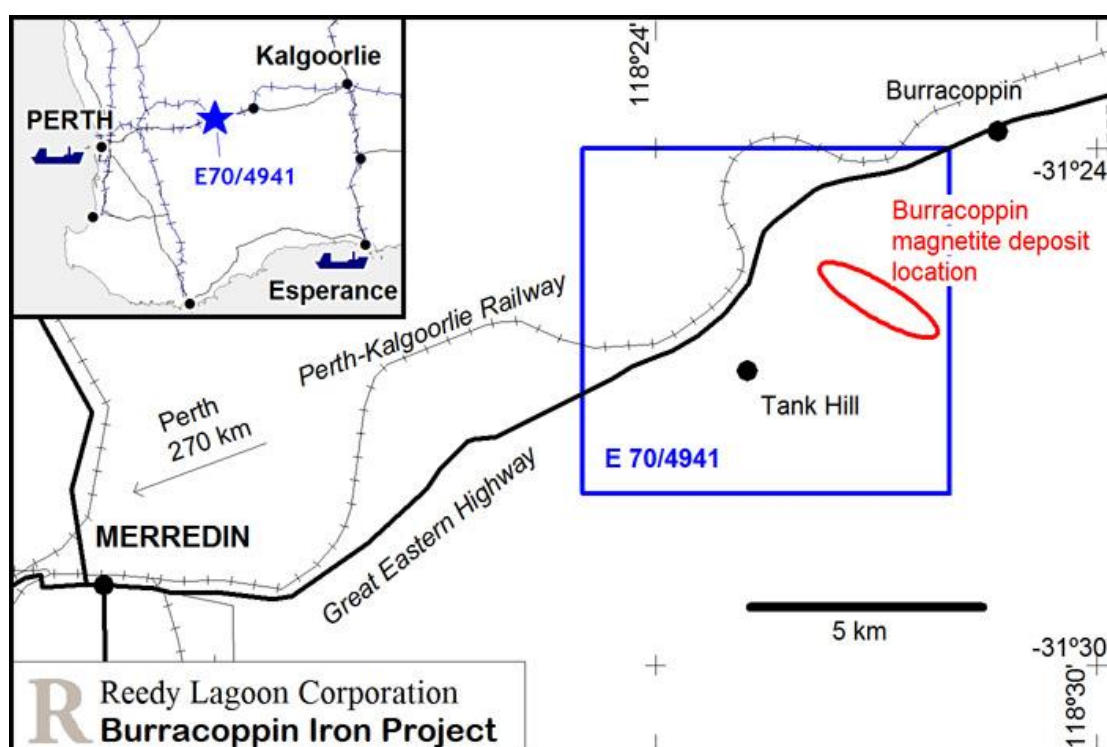
Preliminary results from analyses by portable XRF equipment are expected in late January prior to sample submission to an assay laboratory. Current loadings at laboratories indicate approximately 8 weeks turnaround time for results.



Work during the period identified potential to enhance understanding the Burracoppin magnetite deposit and to work towards establishing a resource to the level of Indicated Resource. The geophysical modelling work undertaken by our previous joint venture relied on airborne magnetic data we acquired prior to drilling. The team that undertook the earlier work reviewed the model during the report period and identified tests that CSIRO can conduct on our existing core samples to acquire data that have potential to significantly enhance the reliability of the model for the deposit. Preparations for these tests were initiated.

During the period the Company commissioned Dinsdale Consultants Pty Ltd together with Smelt Tech Consulting Pty Ltd and others to prepare operating scenarios for using magnetite concentrate as feed stock to produce pig iron using the HIs melt process. The focus of the work included investigations into producing sufficient biochar (from biomass) in order to replace all coal in the smelt reaction for the proposed HIs melt process. This work extends research previously conducted which identified that the HIs melt technology could use biochar to smelt the coarse grained Burracoppin magnetite concentrate to produce pig iron with zero net emissions of CO<sub>2</sub> (refer to ASX releases [20/08/2020](#) and [26/10/2020](#)). Current work is investigating potential sites for locating the proposed HIs melt operation considering the requirements for movement of:

- (1) magnetite concentrate and coal (initially) then biochar from biomass processing centres to the smelter; and
- (2) finished pig iron product from the smelter to market.



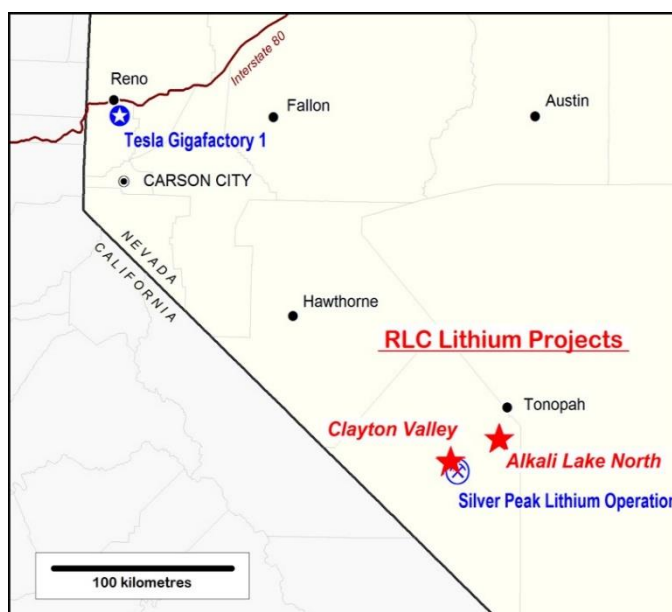
The Burracoppin magnetite deposit is well positioned with existing open access infrastructure including, rail and port facilities.

## NORTH AMERICAN PROJECTS

### Nevada Lithium Brine Projects

Nevada, USA

The Nevada lithium brine projects comprise two 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 within 25 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. Albemarle recently announced its intention to double production at Silver Peak.



#### Alkali Lake North Project (Nevada)

Lithium

RLC 100%

128 claims 2,554 acres (1,033 ha)

No field work was conducted on the Alkali Lake North project during the quarter.

A brine target potentially comprising multiple brine aquifers within sediments over a vertical interval from 500 to 600 metres below ground surface has been identified in audio magnetotelluric (3D AMT) survey data (refer [ASX release 28/08/2018](#)).

Work on hold but planned includes drilling the brine target in order to recover water samples to test for dissolved lithium. Seismic survey to gain additional data to aid delineation of potential aquifers associated with the target prior to drilling is also under consideration.

#### 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.

A brine target potentially comprising a 200 metre thick interval of sediments containing multiple brine filled aquifers has been identified in audio magnetotelluric (3D AMT) survey data (refer [ASX release 23/08/2018](#)).

Work on hold, but planned, includes drilling the brine target in order to recover water samples to test for dissolved lithium. Seismic survey to gain additional data to aid delineation of potential aquifers associated with the target prior to drilling is also under consideration.

## Quarterly activities report for the period ended 31 December 2020

### 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 and the reclamation obligation was reduced from US\$21,599 to \$US5,429 resulting in a refund of US\$16,170. The balance of the bond is expected to be refunded following a further inspection by the BLM.

### Reedy Lagoon's strategy for lithium:

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. Demand for lithium Short term demand has been affected by the global fall in motor vehicle sales including battery electric vehicles in reaction to the measures implemented to contain the spread of COVID-19 but the long term demand fundamentals are likely to remain strong.

Reedy Lagoon has targeted brine sources of lithium because it intends becoming a low-cost producer of battery grade lithium. It sees risk in producing a lithium concentrate for sale as feedstock to a convertor which will process the concentrate into a battery grade (or other) lithium product.

In 2016 when the Company initiated its Nevada lithium brine projects, a new way to extract lithium from brines located in Clayton Valley, Nevada had been reported by Pure Energy Minerals (a "direct extraction" method). The new direct extraction method not only had low projected operating costs for battery-grade lithium carbonate and lithium hydroxide production but most importantly, involved extraction of the lithium as a first step allowing the bulk of the brine to be returned to the basin. All existing production of lithium from brines involves pre-treating the brine prior to extracting the lithium and this pre-treatment involves pumping the brine through vast evaporation ponds from which the bulk of the brine water is evaporated.

Reedy Lagoon now considers there are at least 3 alternative direct extraction process methods that might enable commercial production of lithium from brine. Two are being developed in Nevada: Pure Energy is continuing its work in Clayton Valley having introduced a partner to build a pilot plant for its process; Dajin Resources Corporation with a project in Alkali Lake (Nevada) has an alliance with Moselle Technologies which is developing a method it describes as a magnetic extraction process involving nanoparticle technology which selectively removes lithium from brine; and Eramet has reported it and its partners have developed an active solid which selectively removes lithium from brine.

The critical importance of the direct extraction processes is their potential to drastically reduce the volume of water consumed by enabling return of the brine to the basin unchanged other than by the removal of lithium.

Water rights control access to ground water including lithium-bearing brine. While the mineral rights including the ownership of lithium contained in a brine, are held in a Placer Claim (under Nevada legislation) the legal right to pump ground water from a basin is controlled separately. Water in deserts

## Quarterly activities report for the period ended 31 December 2020

is a valuable and scarce commodity. Water rights as a consequence are highly regulated and allocations are restricted.

Reedy Lagoon's two lithium brine projects in Nevada each have brine targets defined in detailed geophysical data (3D-AMT). There are insufficient water rights available for conventional evaporation-pond based brine processing at either of the Company's projects. Accordingly, the Company intends holding and maintaining its existing brine projects while minimising its expenditure on them until a suitable direct extraction process is available.

### NEW PROJECT DEVELOPMENT

Potential new projects reviewed during the period focussed on gold projects. During the period one gold project was reviewed but investigations did not find sufficient reason to continue. New project development is ongoing.

### COMMENT

At 31 December Reedy Lagoon had \$631,537 in bank accounts and deposits. The Company also had the amount of US\$5,429 (A\$7,755) 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 following satisfactory assessment of the Company's rehabilitation of areas disturbed by the Company's drilling.

### FORTHCOMING ACTIVITIES

Project	Activity Planned	Timetable
Burracoppin Gold <i>Gold</i>	Continued soil sampling following receipt of assay data for the orientation sampling.	Mar Q
Burracoppin Iron <i>Iron-ore (magnetite)</i> <i>Pig iron</i> <i>Biomass/charcoal</i>	Additional investigations into the potential for biomass/biochar to replace coal in the smelting of magnetite into pig iron. Geophysical data collection from core samples Additional drilling to establish resources. <sup>1</sup>	Mar Q TBD
New Project Development <i>Gold &amp; other</i>	Office studies to assess and build new projects.	On going
Alkali Lake North <i>Lithium</i>	Seismic survey <sup>2</sup> Drill to test conductivity targets. <sup>2</sup>	TBD TBD
Clayton Valley <i>Lithium</i>	Seismic survey <sup>2</sup> Drill to test conductivity targets. <sup>2</sup>	TBD TBD
Relinquished project <i>(Columbus Salt Marsh)</i>	Rehabilitation of drill site and access track completed subject to review.	Mar Q

Note 1: Subject to funding or farm-out.

Note 2: Subject to funding, farm-out and/or improvement in the lithium market.

TBD : to be determined.



## Quarterly activities report for the period ended 31 December 2020

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](http://www.reedylagoon.com.au)

### Competent Person's Statement:

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.

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.

### 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 of [reedylagoon.com.au](http://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.

### Located in Australia

Tenements at end of quarter		
Project / Location	Tenement number	Company Interest (%)
BURRACOPPIN (WA)	E70/4941	100%
BURRACOPPIN (WA)	E70/5467 application	100%
BURRACOPPIN (WA)	E70/5544 application	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
<b>Alkali Lake North Project</b>				
WH Claims	WH-1 to WH-128	NMC 1138328 to NMC 1138455	128	1,033 ha
<b>Clayton Valley Project</b>				
CV Claims	CV-1 to CV-112	NMC 1176204 to NMC 1176315	112	906 ha

#### Tenements / claims changed during the quarter:

Project / Location	Tenement number (claim)	Nature of change
No change		

#### 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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(54)	(140)
(b) development	-	-
(c) production	-	-
(d) staff costs	(25)	(25)
(e) administration and corporate costs	(42)	(98)
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 (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(121)</b>	<b>(263)</b>

<b>2. Cash flows from investing activities</b>		
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	-	-



## 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
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	675
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>675</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	753	220
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(121)	(263)
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)	-	675

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>632</b>	<b>632</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	632	753
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>632</b>	<b>753</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	33
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(121)
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)	(121)
8.4 Cash and cash equivalents at quarter end (item 4.6)	632
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	632
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	5.2
<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?	
Answer:	
N/A	
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:	
N/A	

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


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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:

N/A

*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: 29 January 2021

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.