REEDY LAGOON
CORPORATION LTD

A.C.N. 006 639 514

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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Chairman's letter

23 September 2014

Dear Shareholders,

Since the end of the last financial year (30 June 2014) the Company has raised $341,288 from shareholders through an entitlement offer at 2 cents a share.

That capital raising has enabled the Company to pursue its strategy of determining whether the magnetite at Burracoppin can produce a saleable product at coarse dry grind size. That information may enable the Company to attract investment or joint venture to progress the Bullamine project.

The current environment for exploration in Australia is extremely tough, made worse for the Company by the current weakness in iron ore prices. The most likely source of funding further development of Bullamine is overseas, probably China, Korea or India, and from a manufacturer of iron products. The Company will use the results of the test work being undertaken on Burracoppin samples to seek to attract investment from potential end users of the product.

The exploration and related work undertaken during the financial year ended 30 June 2014 is described in the Annual Review section of this Annual Report. It reflects the following:

At the beginning of that financial year the Company's strategy was to focus on magnetite and await the outcomes of the exploration activities being undertaken and funded by our joint venture parties (Cliffs, Sojitz and NS Iron Development) under the Bullamine Joint Venture. Those activities had produced an inferred resource at Chitterberrin and very promising test results from three drill holes at Burracoppin.

In November 2013 the other joint venture parties informed us that they were looking to sell their interests in the Bullamine joint venture (and another nearby magnetite project). They had effectively ceased expenditure on further exploration under the Joint Venture. In these circumstances the Company's strategy became one of awaiting the resolution of the sale process (hopefully a sale to a new investor who would continue funding the project, but possibly the exercise by the Company of its pre-emptive right). To be in a better position to decide whether or not to exercise its pre-emptive right the Company commissioned a report on the potential for small scale mining at the Bullamine project.

In the end, instead of selling their interests to a third party, the other joint venture parties withdrew, with the result that at no cost the Company was restored to 100% ownership and control of the Bullamine tenements.

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The outcome of the sales process by the other joint venturers and the report on potential for small scale mining indicated that a different approach to the development of the Bullamine project might be more attractive. The result is the current strategy described at the beginning of this letter.

The Directors thank shareholders for their support through these harsh investment conditions.

Yours Sincerely
Jonathan Hamer
Chairman

Farewell Hugh Rutter

The year ended with the loss of long time Director of Reedy Lagoon, Hugh Rutter who died on Friday 27 June 2014. He was a renowned geophysicist, in particular for his contributions to the Australian Society of Exploration Geophysicists and for his role in the discovery of the Olympic Dam Mine in 1975 whilst with Western Mining Corporation.

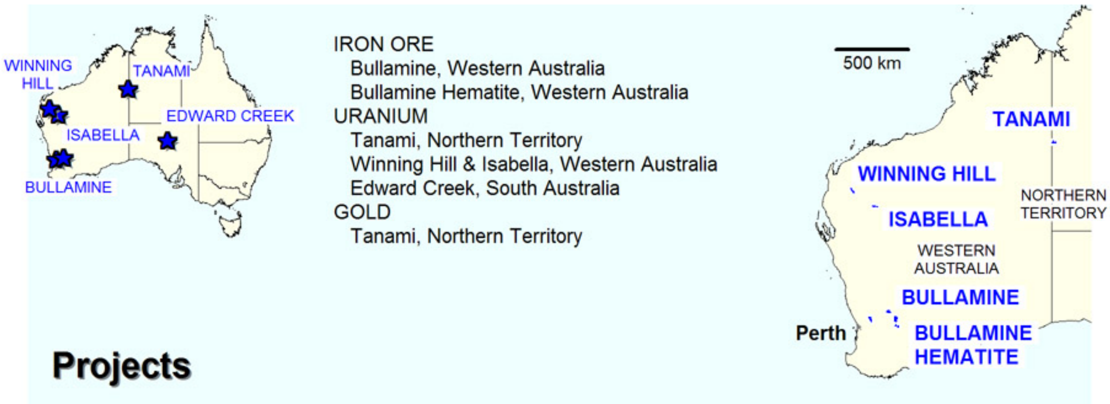
Hugh provided geophysical and exploration services to the Company from 1988 and became a Director in 2000.

He will be greatly missed.

New Director

Adrian Griffin has joined the Board.

Adrian has accumulated extensive experience in the resource sector over the past 35 years. During that time he has held directorships in a number of private and listed resource companies and overseen the operation of large, integrated mining and processing facilities, including the Bulong nickel-cobalt operation in the late 1990s to his current position as Managing Director of Cobra Montana NL, an exploration company with gold and copper projects in Chile. Adrian was a director of Reedy Lagoon from 9 May 2007 until resigning on 27 November 2009 to act as technical director of Ferrum Crescent, an iron-ore developer in South Africa.



Mineralisation styles targeted during the period included:

- Iron-ore (Bullamine Joint Venture project (Magnetite) and Bullamine Hematite project)
- Uranium (Tanami, Isabella, Winning Hill and Edward Creek projects)
- Gold (Tanami and KEL 1 projects)

Overview

Expenditure at all exploration projects was minimised whilst the Company waited for the Bullamine Joint Venture to either resume work on the joint venture properties or else transfer the tenements to a new joint venture partner that would resume development.

Resolution of the joint venture occurred on 17 April 2014 when the partners withdrew from the joint venture, a move that cancelled their earn in rights and paved the way for RLC to continue work on the Bullamine iron-ore deposits as sole operator.

Independent investigations by engineering group METS (now Midas Engineering Group) were commissioned by RLC prior to the termination of the joint venture in order to investigate potential for small scale mining at the Bullamine Project. This work quantified the effects of mining rate on likely costs of production of a premium quality Fe-concentrate. Results indicated that production rates in excess of 3 to 5 million tonnes per annum of the premium quality Fe-concentrate would be required to achieve economies of scale. This level of production would require large capital investment.

Directors identified an alternative strategy for development of the Bullamine tenements at much lower capital cost which depends for success upon whether there is a market for a partly processed magnetite concentrate from Bullamine. Discussions with external engineering firm Engenium Pty Ltd, resulted in the planning of a test program designed to investigate the Fe levels achievable at ore feeds ranging from 6 millimetre down to 0.125 millimetre grain size on the Buracoppin core samples.

Exploration

Iron Ore Exploration

Bullamine Project **IRON ORE - MAGNETITE** **Western Australia** **RLC 100%**

The project is investigating opportunities for developing iron mining (magnetite) operations in the south west part of Western Australia, east from Perth. A feature of the project is its location not far from Perth. Road and rail service the area and provide links to bulk cargo ports at Fremantle and Esperance. Proximity to labour and infrastructure provide the Bullamine project with capital and operating cost advantages over similar projects in more isolated locations.

RLC regained management of the Bullamine project upon the withdrawal of the farm-in parties on 17 April 2014 and the resulting termination of the Bullamine Joint Venture.

During the financial year ended 30th June 2014 the joint venture expended $130,665 on exploration bringing the total expenditure since commencement of the joint venture to over $8.8 M.

Significant magnetite mineralisation has been intersected in drilling completed by the joint venture at several prospects including at Burracoppin (KEL 4), Chitterberin (KEL 5) and Wongamine (NOR 1).

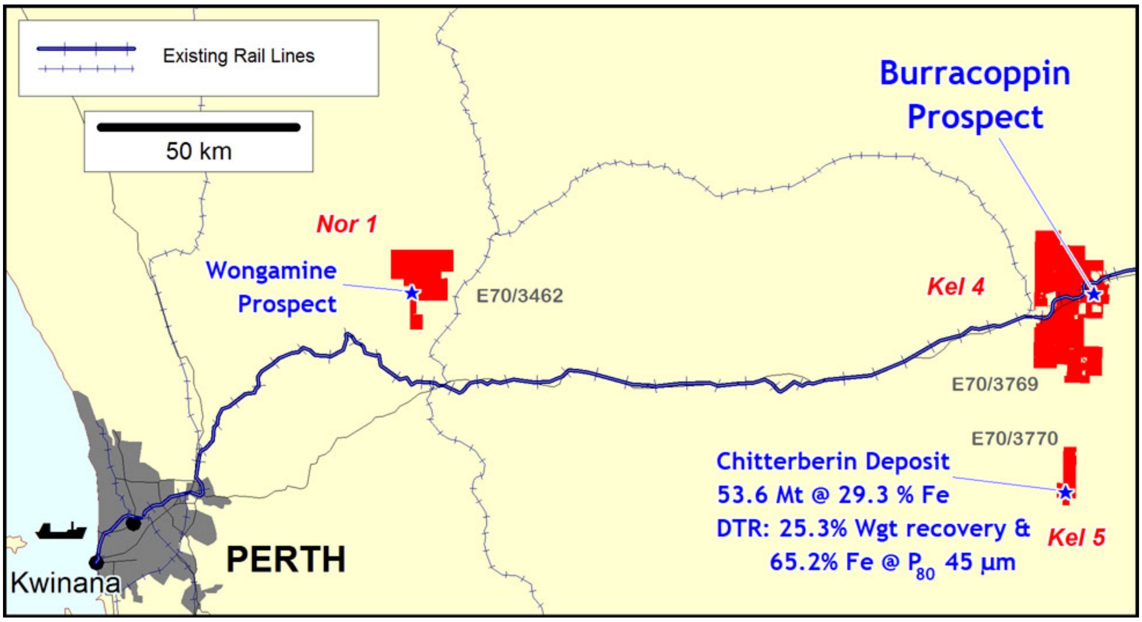


Figure 1: Bullamine JV (Magnetite) project tenements are shown together with local infrastructure. The Chitterberin Deposit comprises an Inferred Resource described in RLC's ASX Release 22 Oct 2012.

Burracoppin Prospect

KEL 4, part of the Bullamine Project (iron-ore, WA)

Magnetite mineralisation in multiple bands with variable continuity was intersected by drilling in late 2012. Additional drilling is required to better understand the extent of the mineralisation at Burracoppin. However, the limited drilling completed indicates the mineralised bands have combined horizontal widths of between 150 metres and 200 metres.

Detailed magnetic data indicate a strike length of 3,000 metres and a potential tonnage of magnetite bearing rock of between 140 and 220 million tonnes (refer to ASX release 31 January 2013).

Towards the end of the financial year, RLC commenced investigating potential project economics by determining the likely costs and potential revenues resulting from different mining rates and different product types.

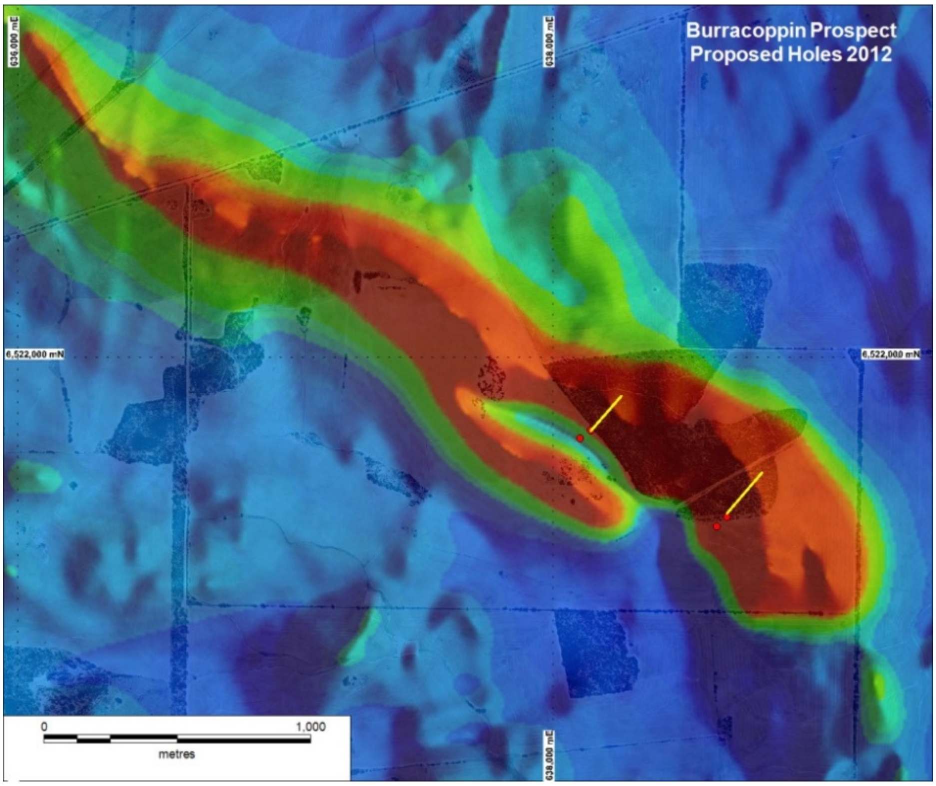


Figure 2. Burracoppin prospect (KEL4). The target magnetic anomaly in detailed magnetic survey (airborne at 50 metre line spacing) showing location of drill sites completed during September quarter 2012.

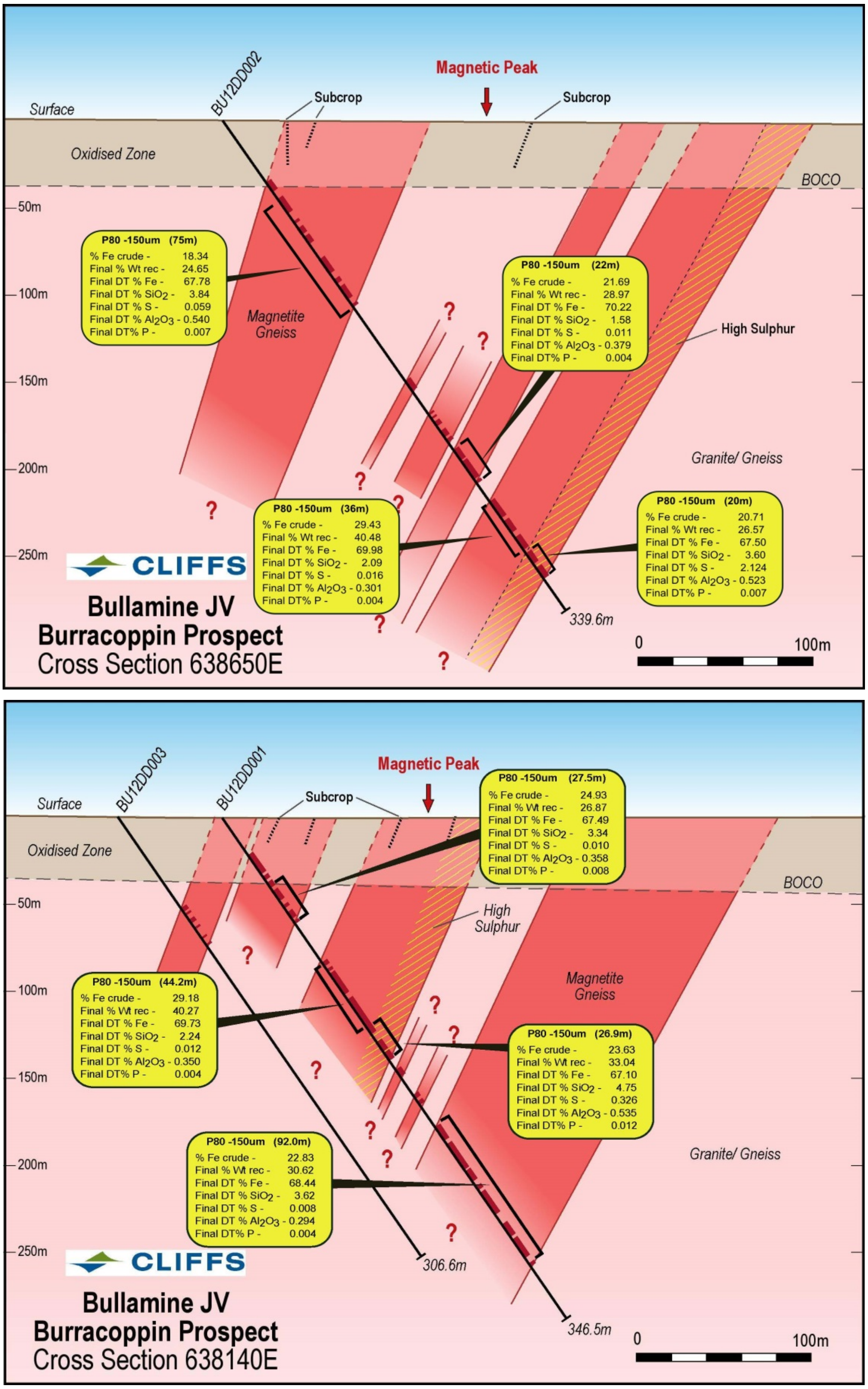


Figure 3. Burracoppin Prospect sections for diamond drilling completed during the 2012/13 year. Results are for composite samples over the intervals stated. The metallurgical data has been reported by BV Amdel, an independent laboratory in Perth (September Quarter 2012 report).

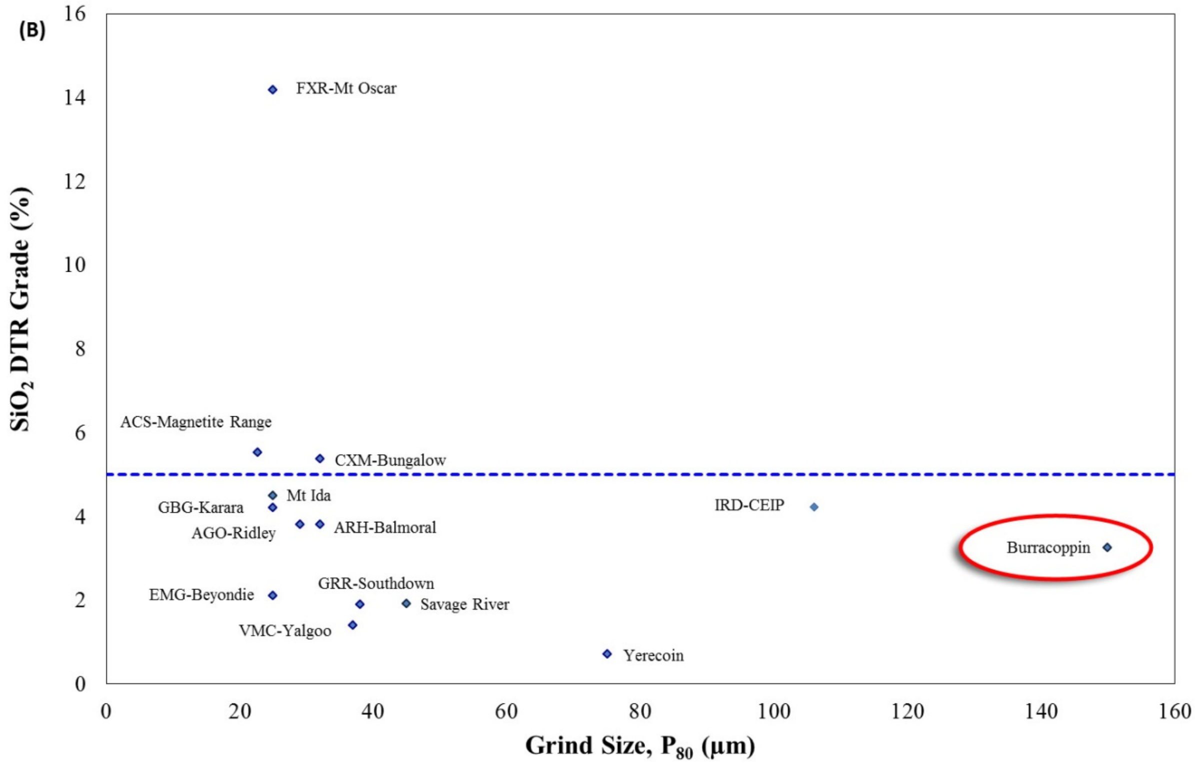
Metallurgical studies on core samples have produced concentrate with high iron levels (67% to 70% Fe) and low levels of impurities at a relatively coarse grind size (P80 -150 micron) (ASX 18/01/2013).

hole	interval	crude	DT wgt rec	Davis Tube Recovery Concentrate				
	m	% Fe	% WR	% Fe	% SiO_2	% S	% Al_2O_3	% P
BU12DD001	27.5	24.93	26.87	67.49	3.34	0.010	0.358	0.008
BU12DD001	26.9	23.63	33.04	67.10	4.75	0.326	0.535	0.012
BU12DD001	92.0	22.83	30.62	68.44	3.62	0.008	0.294	0.004
BU12DD002	75.0	18.34	24.65	67.78	3.84	0.059	0.540	0.007
BU12DD002	22.0	21.69	28.97	70.22	1.58	0.011	0.379	0.004
BU12DD002	36.0	29.43	40.48	69.98	2.09	0.016	0.301	0.004
BU12DD002	20.0	20.71	26.57	67.50	3.60	2.124	0.523	0.007

Table 1. Metallurgical results from diamond drilling completed at the Burracoppin prospect.

Results are for composite samples over the intervals stated. Davis Tube Recovery is for grind size P_{80} -150 micron. The metallurgical data has been reported by BV Amdel, an independent laboratory in Perth. (First released December 2012 Quarterly Report).

These results compare well to other projects at a coarser grind size than is typically achievable in Australian magnetite deposits. Coarser grind size means lower production costs and potentially better product prices. Graphs below (figure 4 A & B) show Davis Tube Recovery (DTR) concentrates of several Australian magnetite projects plotted against grind size. Graph A shows iron grades and Graph B shows silica. Typical cut-off grades for commercial grade products are shown by the horizontal dotted lines - minimum 65 % iron and maximum 5 % silica.



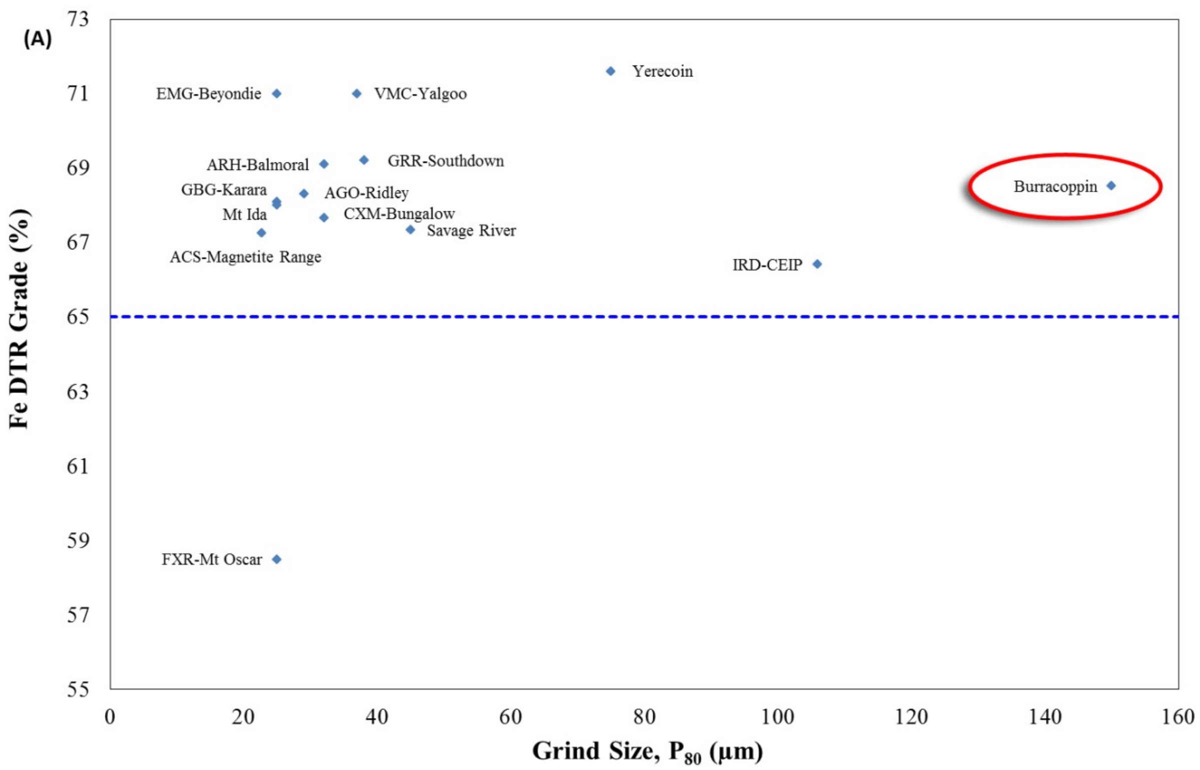


Figure 4. The Burracopin metallurgical results can be compared with results at other magnetite deposits in Australia (the coarser the grind size to achieve high Fe content and low SiO_2 content, the better).

Chitterberrin Deposit

KEL 5, part of the Bullamine Project (iron-ore, WA)

The Company's first JORC compliant resource was determined at Chitterberrin in October 2012 (ASX 22/10/2012). The resource comprises an expected surface mineable Inferred Resource of 53.6 Mt magnetite ore grading 29.3% Fe. The deposit remains open at depth. Full details of the resource estimate are provided in table 2 below.

Table 2. Chitterberin Deposit expected surface mineable resources as of October 2012.

Class	Tonnes	DT WR%	DTC Fe %	DTC SiO_2 %	DTC S %	DTC Al_2O_3 %	DTC P %	Fe Head %
Inferred	53,546,000	25.32	65.22	5.24	0.59	1.87	0.006	29.31

Figures in table 1 are based on ordinary kriging at a 15% threshold for Davis Tube Fe recovery and grind size of 80% passing -45 micron. The resource estimate is JORC compliant and has been calculated by ProMet Engineers Pty Ltd and Tetra Tech Australia Pty Ltd which are independent of the Bullamine joint venture. (ASX 22/10/2012).

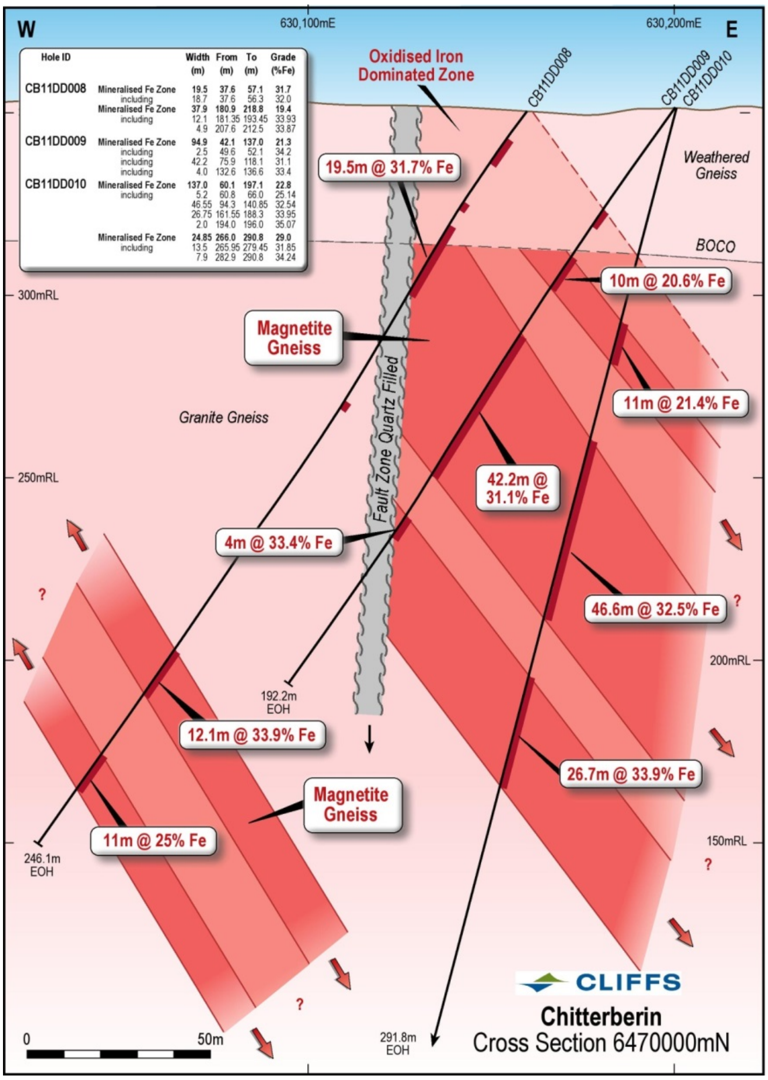


Figure 5. Chitterberin prospect (KEL 5). Diamond holes along section 6470000mN.

The Bullamine Joint Venture did not report any work and no field work was conducted by RLC on the Chitterberrin Prospect during the 2104 financial year.

Wongamine Prospect

NOR 1, part of the Bullamine Project (iron-ore, WA)

The Wongamine prospect is located near Northam. Davis tube recoveries (DTR) have indicated a coarse magnetite concentrate for the Wongamine prospect may be feasible although elevated sulphur will need to be addressed before the prospect could be considered for further evaluation (refer Quarterly Report for the period ended 30/06/2012 which includes results from tests on 79 core samples which indicated a head grade of 30.1% Fe and at P_{80} 75 micron achieved 31.2% weight recovery and a concentrate grading 70.5% Fe, 2.73% Si and 0.5% S).

The Bullamine Joint Venture did not report any work and no field work was conducted by RLC on the Wongamine Prospect during the 2104 financial year.

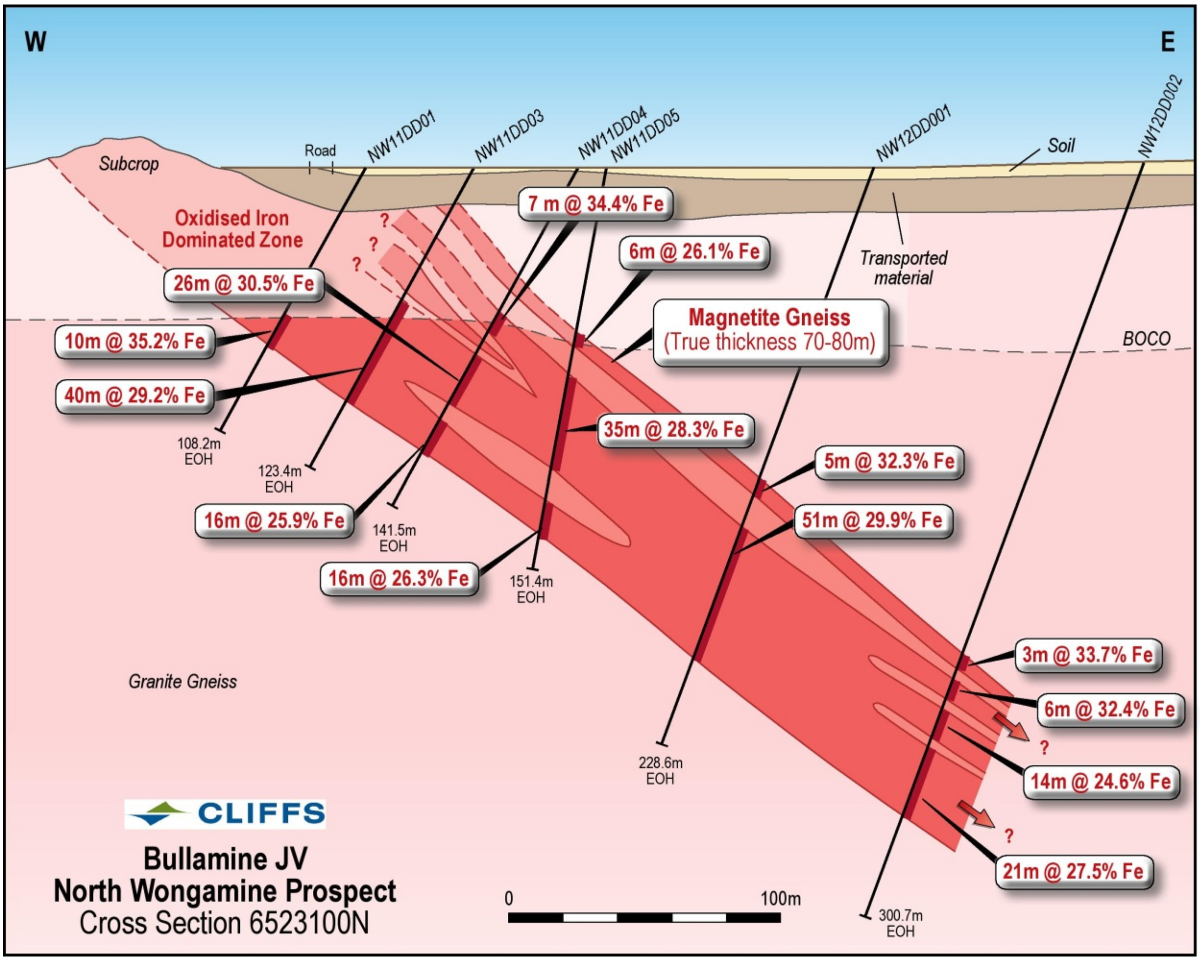


Figure 6. --- Drill results along section 6523100mN from the North Wongamine prospect.

Bullamine Hematite Project **IRON ORE - HEMATITE** **Western Australia** **RLC 100%**

The Bullamine Hematite project explored for hematite mineralisation located close to existing infrastructure including transport links to shipping ports at Fremantle and Esperance.

Project review downgraded the project and both tenements were surrendered on 18/10/2013.

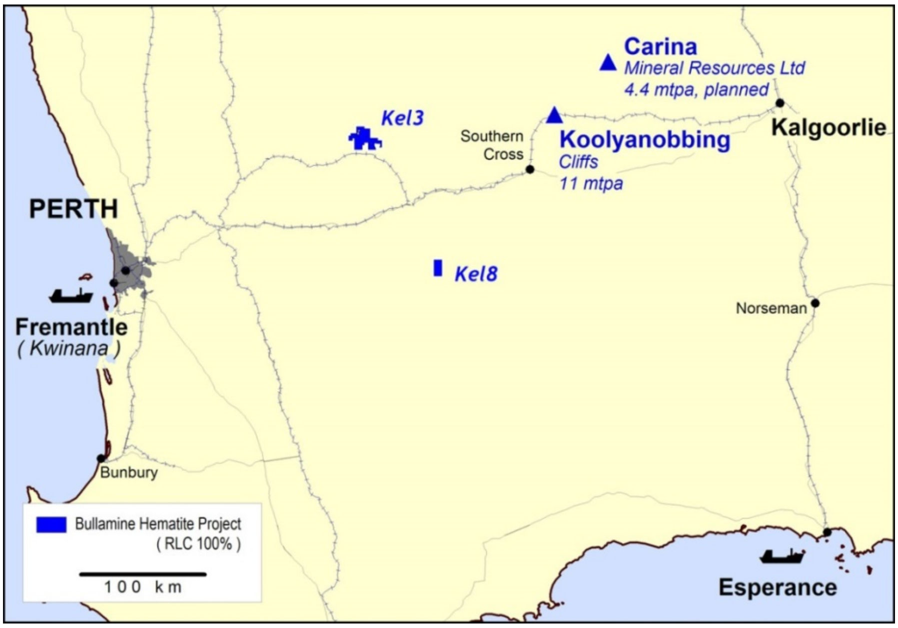


Figure 7 Bullamine Hematite project tenements. The tenements were located in the Northam / Merredin area in the south west of Western Australia and include KEL 3 and KEL 8.

Uranium Exploration

Edward Creek Project **URANIUM** **South Australia** **RLC 100%**

All diamond interest farmed out to DiamondCo Limited which conducts diamond exploration independently from RLC. RLC retains nil interest in diamond.

Exploration for uranium was postponed because of the low uranium price. DiamondCo's maintaining of minimum exploration expenditure on the tenement enabled RLC to postpone its planned exploration for uranium without penalty.

RLC's past exploration at Edward Creek has identified uranium on the north eastern margin of the Gawler Craton in South Australia. The project area comprises EL 4377 (440 square kilometres). The project lies within the South Australian iron-oxide copper-gold ("IOCG") province which contains the world's largest uranium mine – BHP Billiton's Olympic Dam Mine (2.3 Mt of U3O8) and the more recent discoveries of Prominent Hill and Carrapateena.

Figure 8. Regional location of Edward Creek project.

Victory prospect

Part of the Edward Creek Project

The Victory prospect was identified by greenfields exploration conducted in 2010. Ground spectrometer survey investigating an airborne radiometric anomaly identified anomalous uranium in an area measuring about 6.5 hectares. Within this area a strongly anomalous linear zone measuring approximately 20 metres by 100 metres has been identified.

Surface cover and deep weathering obscure most of the area. In the limited exposed areas elevated radiometric responses and assay results are wide spread, as is evidence of hydrothermal veining (fig 9).

An unconformity, possibly faulted, with younger rocks including conglomerates and mafic volcanics, lies a few hundred metres east of the anomalous area shown in figure 9, but is obscured by transported cover. The surface mineralisation identified at Victory may be marginal to prospective zones under cover at or near the unconformity.

Work planned, in the event the uranium market improves, includes drilling to investigate the surface uranium anomalism and along strike where the concealed unconformity is interpreted.

No field work was conducted by RLC on the Victory prospect during the report period.

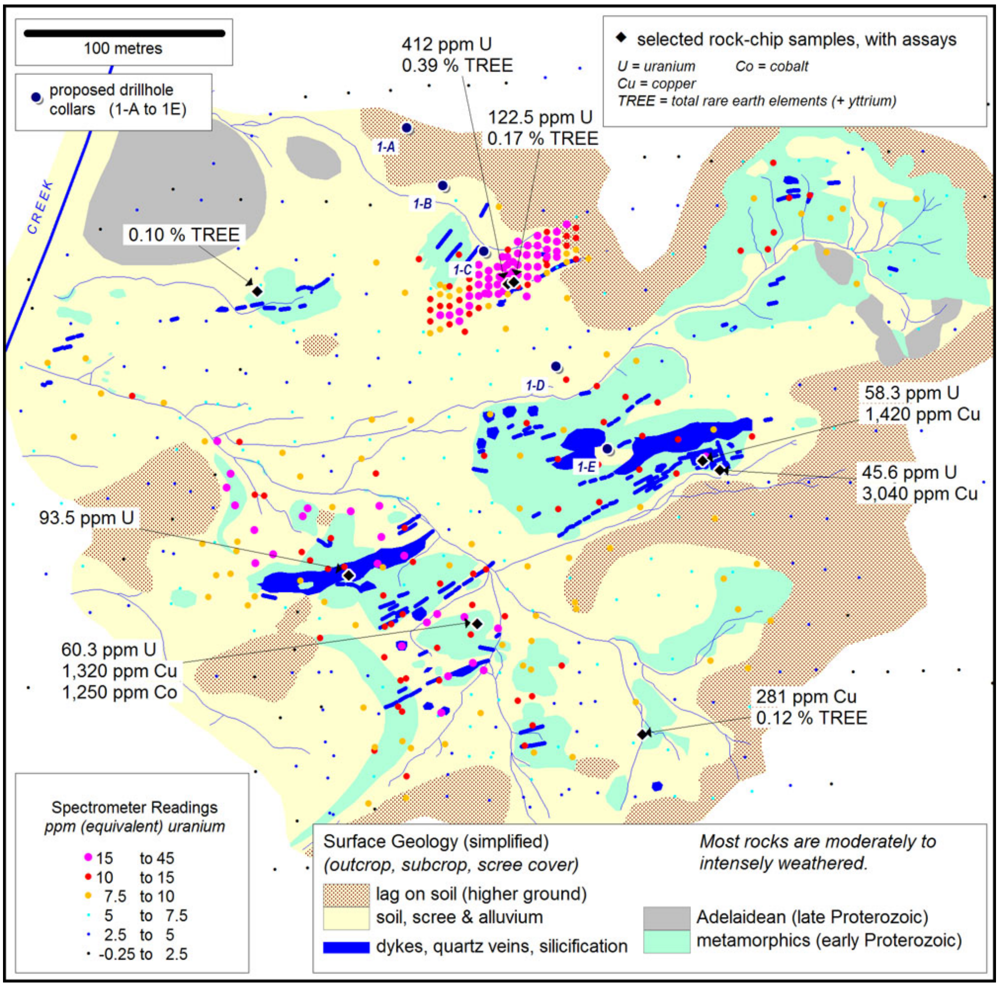


Figure 9. Victory prospect showing planned future drill sites at 1-A, 1-B, 1-C, 1-D and 1-E.
(For sample details refer ASX release 12/10/2010 and September 2010 Quarterly Report).

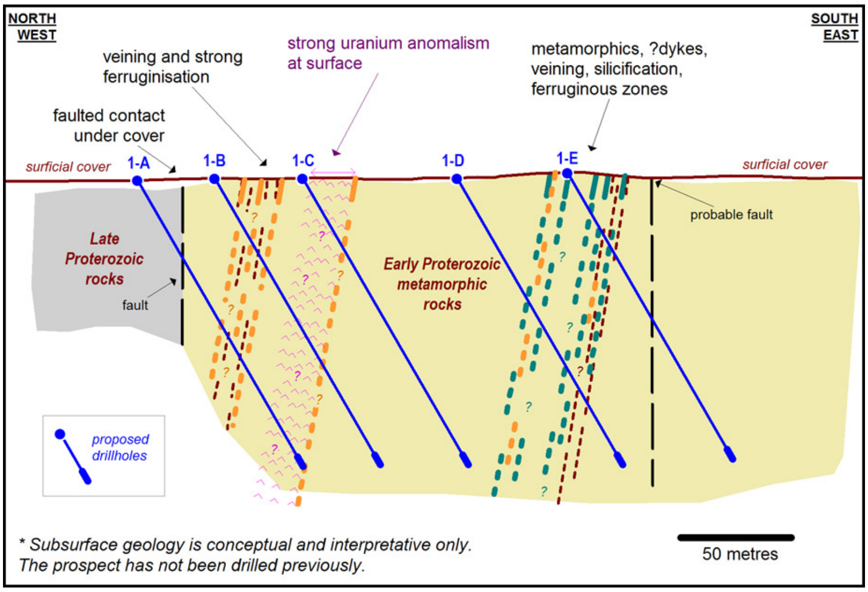


Figure 10. Schematic section for proposed future drilling at the Victory uranium prospect.

Winning Hill Project **URANIUM** **Western Australia** **RLC 100%**

The 'Winning Hill' project was located in the Gascoyne region in Western Australia. RLC was targeting zones of intersection between a regional fault and specific sedimentary units in which uranium mineralisation may occur. The target had been developed using the results of exploration conducted in the early 1980's which identified uranium anomalism where the fault juxtaposes younger rocks with Gascoyne Complex basement.

Locations of electrical conductors thought to be related to the fault and other conductors, which may be indicative of the sedimentary units interpreted by RLC to be potential hosts for uranium mineralisation, were interpreted from ground geophysical data (EM) acquired last year. However, review of market conditions for uranium resulted in termination of the Winning Hill project and E08/2073 was surrendered on 19/06/2014.

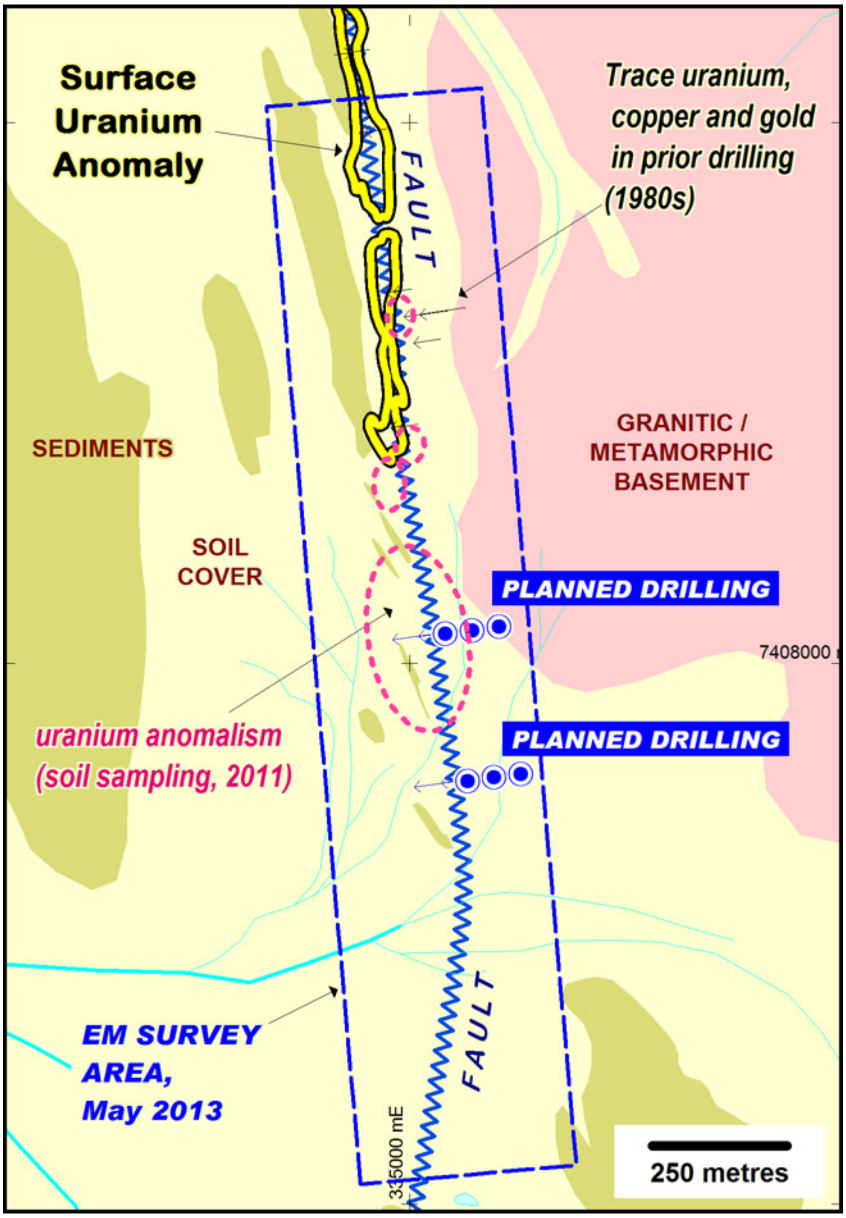


Figure 11. Winning Hill uranium project.

Gold Exploration

Tanami Project **GOLD, REE, PHOSPHATE & URANIUM** **Northern Territory** **RLC 100%**

The Tanami project is within the Tanami region located on the Western Australian border, west from Tennant Creek. The project was explored for gold, REE, phosphate and uranium.

The Tanami region is the largest gold producing region in the Northern Territory. The three main goldfields in the region are: Dead Bullock Soak Goldfield, which hosts the Callie Gold Mine (7.6 Moz gold), The Granites Goldfield (1.3 Moz gold) and The Tanami Goldfield (1.6 Moz gold).

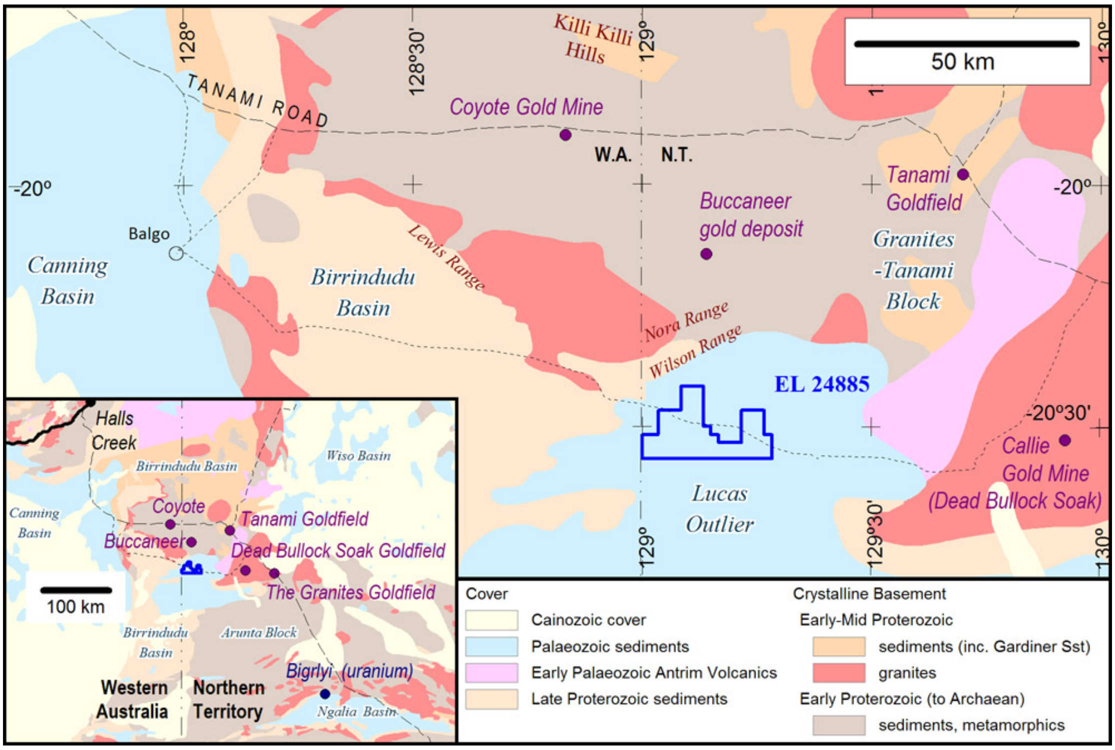


Figure 12. Tanami project. Locations of the Ngalia Basin and Bigrlyi uranium deposit are shown on the insert.

Magnetic and radiometric data were acquired by airborne survey during the report period. Interpretation of the geophysical data acquired suggested the presence of sedimentary rocks similar to rocks which are associated with gold mineralization elsewhere in the Tanami Goldfield.

Potential for REE and phosphate accumulations were also recognised as possibly indicated by radiometric anomalies identified.

Targets considered prospective for uranium mineralisation occurred in areas where excessive burial by sediments was indicated by our interpretation of the geophysical data. This interpretation downgraded the uranium targets and 50% of the tenement area was surrendered on 11 March 2014.

KEL 1 Project COPPER - GOLD Western Australia RLC 100%

KEL 1 is located in the Western Gneiss Terrane of the Yilgarn Craton 60 kilometres north of the town of Northam. Our initial exploration is exploiting remote sensing techniques, such as geophysical methods since more than half of the tenement area is concealed beneath recent alluvium, lateritic soil and sandy plains. Detailed magnetic and radiometric data (50 metre flight line spacing) acquired by the Bullamine Joint Venture in 2012 was reinterpreted during the report period.

During the report period geophysical data acquired during prior periods were reviewed and reinterpreted. The on-going discoveries by Caravel Minerals Limited of anomalous copper levels in soil and drill samples in its adjacent Calingiri Project were used to assist in identifying targets for copper and possibly associated cobalt and nickel within RLC's project area.

RLC considers that the copper, molybdenum and silver mineralisation occurrences reported by explorers to the west of the project area, and the occurrence of the Boddington porphyry gold deposit located 190 kilometres to the south, may suggest potential for copper porphyry systems in the region, including within E70/3766. Future exploration to investigate this potential is planned.

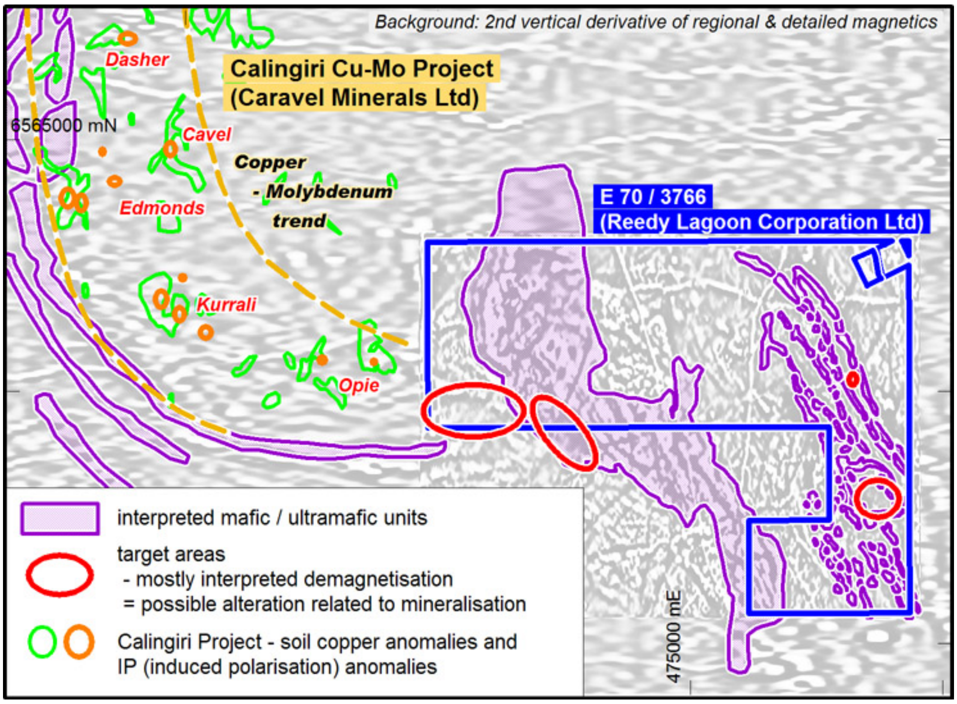


Figure 13. KEL 1 project area (E70/3766) showing potential copper-cobalt-nickel targets interpreted from magnetic data.

Geof Fethers
Managing Director

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 and, in the case of the estimate of the Mineral Resource, all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. 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.

TENEMENT SCHEDULE

Tenements owned directly by the Company and tenements in which the Company has an interest at the date of this report :

Tenement	Area (km^2)	Status	Minimum Annual Expenditure Commitment $	Company Interest (direct or indirect)
Western Australian Tenements				
E70/3462 *Bullamine*	184	Current	94,500	100%[1 & 5]
E70/3766 *KEL 1*	44	Current	30,000	100% [5]
E70/3769 *Bullamine*	503	Current	285,000	100%[1 & 5]
E70/3770 *Bullamine*	49	Current	30,000	100%[1 & 5]
Northern Territory Tenements				
EL 24885 *Tanami project*	136	Current	42,250	100%
South Australian Tenements				
EL 4377 *Edward Creek project*	440	Current	150,000	100% [3, 4 & 5]
			$631,750	

Refer to following notes that relate to the tenement schedule (for both the table above detailing current tenements and the table below which details changes in tenement holdings during the period).

Notes to the tenement schedule.

1. *The Bullamine project tenements were previously subject to the Bullamine Farm-in and Joint Venture agreement which included a provision for the farm-in parties to earn a 75% interest in the Bullamine project tenements. The farm-in parties withdrew on 17 April 2014 which caused the joint venture to terminate prior to any interests in the project tenements being earnt.*
2. *E70/2719 was registered in the name of Northern Minerals Limited and was subject to a joint venture agreement, the Bulla JV and a sale agreement, the Joint Venture Interest Sale Agreement (7 February 2007), which provided the Bullamine Farm-in and Joint Venture with 100% interest in iron resources. RLC notified Northern Minerals Limited on 8 May 2014 that it did not wish to receive a transfer of the tenement which freed Northern Minerals to surrender the tenement.*
3. *EL 4377 was subject to a joint venture agreement, the Edward Creek Base Metals Joint Venture ("ECBMJV") which Joint Venture was terminated and all interests in the ECBMJV were forfeited to RLC on 9 June 2009. The termination of the joint venture was disputed by the other parties (Wallaby Resources Pty Ltd and World Oil Resources Limited) but RLC considers the dispute to be baseless. Prior to the termination of the joint venture RLC held a 62% interest in the tenements.*
4. *EL 4377 is subject to a joint venture agreement, the Diamond Farm Out Agreement, which transfers all RLC's interest in diamonds in the tenement to DiamondCo Limited. The minimum expenditure on EL 4377 for the 24 months ending 11 November 2014 is $300,000 against which $282,000 had been spent by the date of this report (including $261,568 by DiamondCo Limited).*
5. *Maximum 5 year terms of tenements E70/3462. E70/3766, E70/3769, E70/3770 and EL 4377 expire on 31/01/2015, 18/04/2015, 18/04/2015, 18/04/2015 and 11/11/2014 respectively. Extensions in term have or will be applied when due. Extensions in term (as applies in WA) and subsequent licences (as applies in SA) typically require increases in minimum expenditure rates applied per unit area and may include a requirement to surrender a portion of the licence area.*

Tenement expenditure is dependent upon exploration results and available cash resources. Expenditure commitments are also affected, and may be reduced, where access to areas has been restricted by the existence of Native Title claims. At the date of this report Native Title has been determined for the land covered by EL 4377 and a native title mining agreement provides protocols for obtaining clearances to enable exploration to continue. EL 24885 is on Aboriginal Freehold land and exploration is subject to the terms and conditions detailed in a Deed for Exploration agreed by the Company and the Central Land Council. The Statutory expenditure requirement is subject to negotiation with the relevant state department, and expenditure commitments may be varied between tenements, or reduced subject to reduction of exploration area and/or relinquishment of non-prospective tenements.

TENEMENT SCHEDULE

Tenements granted, acquired and surrendered during the year and to the date of this report were:

Tenement	Area (km^2)	Status	Date
Western Australian Tenements			
E70/3805 *Bullamine*	336	Surrendered	16/07/2013
E70/4412 Bulamine Hematite	82	Surrendered	18/10/2013
E70/3767 *Bullamine*	268	Surrendered	18/10/2013
E70/3462 *Bullamine*	184	Farm-out cancelled [1]	17/04/2014
E70/3769 *Bullamine*	336	Farm-out cancelled [1]	17/04/2014
E70/3770 *Bullamine*	49	Farm-out cancelled [1]	17/04/2014
E70/2846 *Bullamine*	9	Farm-out cancelled [1] Surrendered	17/04/2014 12/06/2014
E70/2719 *Bullamine*	67	Farm-out cancelled [1] Surrendered [2]	17/04/2014 8/05/2014
E08/2073 Winning Hill	217	Surrendered	19/06/2014
Northern Territory Tenements			
EL 24885 Tanami	136	Part surrendered	11/03/2014

CORPORATE GOVERNANCE STATEMENT

In August 2007, the Australian Securities Exchange (ASX) Corporate Governance Council (Council) published revised Corporate Governance Principles and Recommendations (Recommendations). The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the Recommendations during the reporting period. Where a company has not followed all of the Recommendations, it must identify the Recommendations that have not been followed and give reasons for not adhering to them. If a recommendation has been followed for only part of the period, the company must state the period during which it has been followed. The Recommendations were amended with first application of the amendments to be included in an Entity's first financial year commencing on or after 1 January 2013. The ASX Corporate Governance Council encourages companies to make an early transition to the amended Recommendations and as such the Board has addressed these amendments in the Corporate Governance Statement for the financial year under review in this report.

This Statement outlines the main corporate governance practices of the Company.

As recognised by the Council, corporate governance is "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations." It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the Company are set and achieved, how risk is monitored and assessed and how performance is optimised. There is no single model of good corporate governance. Corporate governance practices will evolve in the light of the changing circumstances of a company and must be tailored to meet those circumstances.

ROLE OF THE BOARD AND MANAGEMENT

The board is responsible to shareholders for the overall corporate governance of the Company. This responsibility includes:

- determining and periodically reviewing the Company's strategic direction and operational policies;
- establishing goals for management and tracking the roll-out and achievements of these goals;
- reviewing and approving the Company's Business Plan and complementary annual/revised budgets prepared by management;
- approving all significant business transactions including any acquisitions, divestments, resource development and significant capital expenditure;
- approving capital raisings in any form;
- monitoring business risk exposures and risk management systems;
- considering and approving financial and other obligatory reporting, including continuous disclosure reporting;
- timely reporting to shareholders and other stakeholders.

A strategic balance is maintained between the responsibilities of the Chairman (in his non-executive capacity), the Managing Director and the other Director.

As Non-Executive Chairman, the specific executive responsibilities of Mr J M Hamer are:

- ensuring the efficient organisation and conduct of the Board's function,
- oversee the Company's strategy in relation to exploration,
- evaluate, in conjunction with the Managing Director, opportunities that may arise in the minerals industry from time to time,
- consider exploration and development orientated capital expenditure and recommend appropriate courses of action; and
- overseeing that membership of the Board is skilled and appropriate for the Company's needs.

CORPORATE GOVERNANCE STATEMENT

The Managing Director, (being Mr G Fethers during the whole financial period), is accountable to the Board for the management of the Company within the policy and authority levels prescribed by the Board from time to time. He is responsible for the day-to-day management of the Company's principal business operations and elsewhere and has the authority to approve non-planned capital expenditure, business transactions and personnel appointments within predetermined limits set by the Board.

The Managing Director's specific responsibilities include:

- preparing the Company's strategic and quarterly operating plan and, following its adoption by the Board, ensuring that business development is in accordance with that plan,

- evaluating mining projects and formulating strategies to acquire, farm-in or obtain interests in suitable projects and divest non essential projects in which the Company has an interest,

- engaging appropriately qualified contractors to undertake exploration programmes approved by the Board.

- interfacing with analysts, brokers, investors and the Company's appointed advisers regarding the Company's performance, a role shared with the Non-Executive Chairman,

- responding to written or telephonic shareholder enquiries, and

- maintain overall management of the Company's reporting, statutory accounting, auditing, treasury, taxation and insurance covers with his specific responsibilities including:
  - preparing program and other expenditure budgets for the approval of the Board and monitoring the financial performance of the Company against approved budgets,
  - ensuring that appropriate financial reports are provided to the Board at each of its meetings and, on a quarterly, biannual and annual basis, to the Board and, in conjunction with the Company Secretary, also to the ASX, and
  - monitoring the Company's risk management framework to ensure that established policies, guidelines, procedures and controls are implemented.

In the capacity of Company Secretary Mr G Fethers is responsible for ensuring that the Board also receives relevant information and reports (notably on auditing, taxation and legal matters) at its regular meetings and otherwise as appropriate. The Company Secretary is responsible for the lodgement of statutory financial statements and ASX/ASIC reporting, including any correspondence in relation to ASX reporting and of a non-routine nature from ASIC.

The Board has responsibility for protecting, guiding and monitoring the business affairs of the Company in the interests and for the benefit of stakeholders.

To fulfil this role, the Board is responsible for the strategic direction of the business, establishing goals for management and monitoring the achievement of goals. Responsibility for day-to-day activities of the entity is delegated to the Managing Director. The Company's Board and management jointly strive to achieve best practice in meeting their responsibilities for the business and affairs of the Company.

The Board Charter is available on the Company's website (www.reedylagoon.com.au). The Charter outlines details of:

- the role and responsibilities of the Board of directors;
- the role and responsibilities of the Chairman and the Company Secretary;
- delegations of authority;
- membership; and
- Board processes

COMPOSITION OF THE BOARD

During the majority of the financial year under review the Board comprised of one non-executive Director who was considered by the Board to be independent in terms of Council's definition of an independent director, and two directors (including the Managing Director) who were not considered by the Board to be independent in terms of Council's definition of an independent director. The names, qualifications and periods of office of the current directors of the Company as at the date of this statement are set out in the Directors Report on page 23.

During the majority of the financial year under review the Board comprised an unequal representation of independent and executive directors and its composition did not comply with Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations. However, the independent Chairman has a casting vote and the Board has adopted and implemented a number of other measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

- directors are entitled to seek independent professional advice at the Company's expense, subject to the prior approval of the non-executive Chairman; and
- directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion and the taking of a vote on the matter.

On 30 June 2014 Mr A Griffin was appointed as a director of the Company, replacing Mr H Rutter. Mr Griffin is a non-executive Director who is considered by the Board to be independent in terms of Council's definition of an independent director. Accordingly as at the date of this report the Company considers it is in compliance with Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations.

The Board believes three directors are adequate given the size, nature and scope of the Company's current operations but intends to appoint a fourth and independent director when activities increase.

The Board does not intend to establish an audit committee, and consequently does not comply with Recommendations 4.1, 4.2, 4.3 or 4.4 of the ASX Corporate Governance Principles and Recommendations. Instead the Board will discharge its responsibilities in respect of audit. The Company does not have a nomination committee and consequently does not comply with recommendations 2.4 and 2.6 of the ASX Corporate Governance Guidelines. The Board is of a size, composition and physical location which is conducive to making the relevant decisions itself efficiently and expeditiously.

The Board is of the view that it is adequately structured to meet the needs and governance of the Company having an independent non-executive Chairman with a casting vote and with each current director bringing a range of different and complementary skills and experience to the Company as indicated in the Directors' Report on page 25.

The Board is responsible for the appointment of the Managing Director and conducts an ongoing review of his performance. The Chairman is responsible for collating the views of the other directors for the purposes of reviewing the performance of the Board.

A formal performance evaluation of the board and its members has not taken place since the end of the last financial period.

ETHICAL AND RESPONSIBLE DECISION MAKING

It continues to be the policy of the Company for directors, officers and employees to observe high standards of conduct and ethical behaviour in all of the Company's activities. This includes dealings with suppliers, business partners, regulatory authorities and the general communities in which it operates. Officers and employees of the Company are expected to:

- comply with the law,
- act honestly and with integrity and objectivity,
- not place themselves in situations which result in divided loyalties,
- use the Company's assets responsibly and in the interests of the Company and,
- be responsible and accountable for their actions.

The Company established a trading policy in 2007 which all directors, officers and employees are required to observe and is available on the Company's website (www.reedylagoon.com.au). A copy will be provided to any shareholder on request to the Company Secretary.

The Company actively supports diversity within the organisation including, but not limited to, gender, age, ethnicity and cultural background.

CORPORATE GOVERNANCE STATEMENT

INTEGRITY OF FINANCIAL REPORTING

The Company's Managing Director declares in writing to the board (in accordance with section 295A of the Corporations Act 2001 that, in his opinion, the consolidated financial statements of RLC and its controlled entities for each half and full financial year present a true and fair view of the Company's financial position and performance and are in accordance with prevailing accounting standards.

The objectives of the Board are to:

- ensure the integrity of external financial reporting,
- ensure that controls are established, maintained and adhered to in order to safeguard the Company's financial and physical resources,
- ensure that systems or procedures are in place and operational so that the Company complies with relevant statutory and regulatory requirements,
- assess financial risks arising from the Company's operations, and consider the adequacy of measures taken to moderate those risks, and
- liaise with external auditors periodically.

The appointment of an external auditor is subject to ratification by shareholders at an Annual General Meeting. The Board:

- reviews the performance of the external auditor on an ongoing basis;
- ensures the external auditor has arrangements in place for the rotation of the audit engagement partner. The audit engagement partner must rotate every five years; and
- ensures any non-audit services provided by the external auditor do not compromise the independence of the external audit function.

CONTINUOUS DISCLOSURE TO ASX

The Board is responsible for monitoring compliance with ASX Listing Rule disclosure requirements and approves each proposed announcement to ASX before it is released. The Company Secretary is responsible, under the ASX Listing Rules, for all communications with ASX. The Non-Executive Chairman, Managing Director and Company Secretary periodically discuss issues relating to the Company's continuous disclosure obligations. The Company's Disclosure and Communications Policy is available on the Company's website (www.reedylagoon.com.au) and will be provided to any shareholder on request to the Company Secretary.

COMMUNICATION WITH SHAREHOLDERS

It is the policy of the Company to ensure that shareholders have equal and timely access to material information concerning the Company.

All documents which are released publicly are made available on the Company's website (www.reedylagoon.com.au). The website provides information on the Company's mineral projects as well as ASX releases and audited financial statements.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

RLC's external auditor is required by law to attend the AGM to answer questions relevant to, inter alia, the conduct of the audit and the preparation and content of the auditor's report, and does attend.

RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. The Company has implemented a policy framework designed to ensure that the Company's risks are identified and that controls are adequate, in place and functioning effectively. Responsibility for aspects of control and risk management is delegated to the pertinent individual within the Company with the Managing Director having ultimate responsibility to the board for the risk management and control framework.

Areas of significant business risk are highlighted to the Board by the Managing Director.

Arrangements put in place by the Board to monitor risk management include reporting to each board meeting in respect of operations and the financial position of the Company.

The Company's Managing Director has provided reports in writing to the Board that:

- the declaration given in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

CORPORATE GOVERNANCE STATEMENT

- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

REMUNERATION

Details of the remuneration of the directors are disclosed in the Remuneration Report set out on pages 25 to 28.

The Company does not have a policy prohibiting the entering into transactions in associated products which limit the economic risk of participating in uninvested entitlements under relevant equity based remuneration schemes. This is because the only equity based remuneration scheme offered to directors takes the form of options over unissued shares with an exercise price in excess of the current market price.

There is no scheme for retirement benefits, other than superannuation, for non-executive directors.

DIRECTORS REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Reedy Lagoon Corporation Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2014.

Directors

The following persons were directors of Reedy Lagoon Corporation Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated

Jonathan M Hamer
Geof H. Fethers
Hugh Rutter (deceased 27 June 2014)
Adrian Griffin (appointed 30 June 2014)

Principal Activity

The principal activity of the Company during the course of the financial year was the exploration for minerals in Australia.

There were no significant changes in the nature of the activities of the Company during the year.

Result of Operations

The net loss of the Company after income tax for the year was $560,085 (2013: loss $563,752). Further commentary on the operations of the Company during the year is included in the Annual Review on pages 2 to 14 of the Annual Report.

Dividends

No amount has been paid or declared by way of a dividend during the year and the directors have not recommended the payment of any dividend.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review except as detailed in this report.

Environmental Regulation

The Company's operations are subject to environmental regulations under State legislation in relation to its exploration activities.

In addition, the Company is a member of the Minerals Council of Australia (“MCA”) and a signatory to "Enduring Value". The purpose of "Enduring Value" is to assist companies to contribute to the growth and prosperity of current and future generations.

The directors are not aware of any breaches of regulations during the period covered by this report.

Matters subsequent to the end of the financial year

On 7 August 2014 the Company issued 17,064,400 shares under the Entitlement Offer dated 23 June 2014 raising $341,288.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments

At the date of this report, there are no future developments of the Company which warrant disclosure.

Information on directors

The names and particulars of Directors of the Company at any time during or since the end of the financial year and the date of this report were as follows:

DIRECTORS REPORT

Director	Particulars
Jonathan M. Hamer BA, LLB.	**Chairman – Non Executive** Aged 59, Appointed 9 May 2007 Period in office: 6 years A former partner of King & Wood Mallesons where he practiced in the areas of corporate and finance law. Jonathan has been advising RLC since 1988 on a range of legal and commercial issues, including in its various joint venture agreements and capital raisings.
Interests in shares*:	2,705,559 fully paid ordinary shares
Interests in options*:	900,000 options
Geof H. Fethers B.Sc.(Hons), M AusIMM	**Managing Director** Aged 57, Founding Director Period in office: 17 years Manages the operations of RLC. He is a geologist with over 25 years exploration experience. He was employed by De Beers Australia Exploration Limited (formerly Stockdale Prospecting Limited) from 1980 to 1985. He founded RLC in 1986. He is a Member of the Geological Society of Australia and the Australian Institute of Mining and Metallurgy.
Interests in shares*:	9,635,778 fully paid ordinary shares
Interests in options*:	1,500,000 options
Hugh Rutter B.Sc., M.Sc., D.I.C., F.A.I.G.	**Director** Deceased 27 June 2014. Period in office: 13 years A geophysicist and mineral explorer with more than 40 years experience in the mining industry. He has provided geophysical services to a wide range of companies since establishing himself as a Consulting Geophysicist in 1981 and has contributed to RLC's exploration activities since 1988. He spent 10 years with Western Mining Corporation Limited ("WMC") before joining The Broken Hill Proprietary Company Ltd ("BHP") as Chief Geophysicist in 1976. At WMC, his activities included participation in the discovery of the Olympic Dam Mine, development of the Wilga Deposit and redevelopment of the Stawell Gold Mine. He is a past President and Honorary member of the Australian Society of Exploration Geophysicists and member of the Australian Institute of Geoscience
Interests in shares*:	719,790 fully paid ordinary shares
Interests in options*:	700,000 options
Adrian Griffin B.Sc.(Hons) M.Aus IMM.	**Director** Appointed 30 June 2014. Adrian has accumulated extensive experience in the resource sector over the past 35 years. During that time he has held directorships in a number of private and listed resource companies and overseen the operation of large, integrated mining and processing facilities, including the Bulong nickel-cobalt operation in the late 1990s to his current position as Managing Director of Cobre Montana NL, an exploration company with gold and copper projects in Chile. Mr Griffin was a director of Reedy Lagoon from 9 May 2007 until resigning on 27 November 2009 to act as technical director of Ferrum Crescent, an iron-ore developer in South Africa. Mr Griffin is also a director of ASX listed Cobre Montana NL, Northern Minerals Ltd and Potash West NL.
Interests in shares*:	100,000 fully paid ordinary shares
Interests in options*:	NIL

DIRECTORS REPORT

** As at date of this report*

Directorships of other listed companies

Other than as set out below no Director has held, during the preceding 3 years, any directorships of other listed companies.

Mr. Adrian Griffin is currently (i) Non executive Chairman : Potash West NL (ASX: PWN) (ii) Non executive Director - Northern Minerals Ltd (ASX: NTU); and (iii) Executive (Managing) Director - Cobre Montana NL (ASX : CBX)

Company Secretary

The name and particulars of the Secretary of the Company at any time during or since the end of the financial year and the date of this report was as follows:

Name	Mr Geof H Fethers
Particulars:	Aged 57
Appointed	1 April 2009

Directors' Meetings

The following table sets out the numbers of meetings of the Company's Board of Directors ("the Board") held during the year ended 30 June 2014, and the number of meetings attended by each director were:.

	Full Board	
	Attended	Held
G. H. Fethers	7	7
J. M. Hamer	7	7
H. Rutter (deceased 27 June 2014)	5	7
A Griffin (appointed 30 June 2014)	-	- *(no meetings held whilst he was a director)*

Held represents the number of meetings held during the time the director held office during the year

Share Options

At the date of this report the following options over unissued shares in the Company remain unexercised;

Grant date	Expiry date	Exercise price	Number under option
14 November 2011	31 December 2014	$0.20	1,550,000
15 November 2012	31 December 2015	$0.20	900,000
30 October 2013	31 December 2016	$0.20	900,000
			3,350,000

Shares issued on the exercise of options

There were no shares of Reedy Lagoon Corporation Ltd issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnification and Insurance of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above) and all executive officers of the Company and of any related body corporate against a liability incurred in such capacity of director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the Director and Executive remuneration arrangements of the Company in accordance with the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs AUS25.4 and AUS 25.7.2 of AASB 124 Related Party Disclosures which have been transferred to the Remuneration Report in accordance with the Corporations Regulation 2M 6.04

This report outlines the remuneration arrangements in place for the Directors (both Executive and Non Executive) and Executives of the Company.

This report is audited as the entity has transferred the disclosures from the financial statements.

For the purposes of this report the term 'Senior Executive' encompasses the Managing Director, Executive Directors and Secretary of the Company. It also provides the remuneration disclosures required by paragraphs AUS25.4 and AUS 25.7.2 of AASB 124 Related Party Disclosures which have been transferred to the Remuneration Report in accordance with the Corporations Regulation 2M 6.04

This report is audited as the entity has transferred the disclosures from the financial statements.

For the purposes of this report the term 'Senior Executive' encompasses the Managing Director, Executive Directors and Secretary of the Company.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share based compensation

A Principles used to determine the nature and amount of remuneration

Currently, the Company does not have a separate remuneration committee. Because of the size of the Board and the operations of the Company, the Directors are of the view that there is no need for a separate remuneration committee.

The Board as a whole reviews the remuneration packages and policies applicable to the Chairman, Senior Executives and Non-Executive Directors on an annual basis. Remuneration levels are set to attract or retain, as appropriate, qualified and experienced Directors and Senior Executives. From time to time and as required, the Board will seek independent professional advice on the appropriateness of remuneration packages.

The current nature and amount of remuneration payable to Chairman, Executives and Non-Executive Directors is not dependent upon the satisfaction of a performance condition. Instead part of the remuneration takes the form of options which will have value if the Company's share price increases.

Use of remuneration consultants
The Company did not make use of remuneration consultants during the 2014 financial year

Voting and comments made at the company's 2013 Annual General Meeting ('AGM')
At the 30 October 2013 AGM, 95.96% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS REPORT

B Details of remuneration

Amounts of Remuneration

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Reedy Lagoon Corporation Limited:

- J Hamer
- G Fethers
- H Rutter (deceased 27 June 2014)
- A Griffin (appointed 30 June 2014 and received no remuneration)

	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment	
	Salary & fees $	Non-monetary $	Other $	Super-annuation $	$	Options & rights $	Total $
2014							
J M Hamer	36,612	-	-	3,388	-	4,211	44,211
G Fethers *	118,920	-	-	24,960	-	7,020	153,215
H Rutter **	20,000	-	-	-	-	1,404	21,404
	175,532	-	-	28,348	-	12,635	218,830.
2013							
J M Hamer	36,696	-	-	3,304	-	9,000	49,000
G Fethers *	118,920	-	-	24,960	-	15,000	158,563
H Rutter **	20,000	-	-	-	-	3,000	23,000
	175,616	-	-	28,264	-	27,000	230,880.

* *Mr Fethers was the sole executive employee of the company for the year ended 30 June 2014*

** *Fees were paid direct to Geophysical Exploration Consultants Pty Ltd a company associated with Mr Rutter*

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	30 June 2014	30 June 2013	30 June2014	30 June2013	30 June2014	30 June 2013
Non-Executive Directors:						
J Hamer	90%	80%	- %	- %	10%	20%
H Rutter	87%	87%	- %	- %	13%	13%
Executive Directors:						
G Fethers	91%	90%	- %	- %	9%	10%

DIRECTORS REPORT

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	G Fethers
Title:	Managing Director
Agreement commenced:	1 May 2007
Details:	Mr G Fethers is the Company's Executive Managing Director under a contract of employment which commenced on 1 May 2007. Under the contract Mr Fethers is entitled to $132,000 per annum plus statutory superannuation. The contract does not have any fixed term and may be terminated by the Company or Mr Fethers on reasonable notice. No payments or retirement benefits are payable on termination.

Name:	J Hamer
Title:	Chairman - Non Executive
Agreement commenced:	1 May 2007
Details:	Mr J Hamer is employed as the Company's Non- executive Chairman. His appointment as a Director commenced on 9 May 2007 with agreed director fees payable at an annual rate of $40,000 plus options under the terms of the Directors Options Scheme. There is no fixed term and no set retirement benefits are payable on termination.

Name:	H Rutter
Title:	Director (deceased 27 June 2014)
Agreement commenced:	9 May 2007 and ended 27 June 2014.
Details:	Mr H Rutter's services are provided by his company, Geophysical Exploration Consultants Pty Ltd ("Geophysical"). Geophysical invoices the Company for services at normal commercial rates and is entitled to a retainer of $5,000 per quarter. Mr Rutter receives no director's fees but receives options under the terms of the Directors Option Scheme.

Name:	A Griffin
Title:	Director (appointed 30 June 2014)
Agreement commenced:	30 June 2014
Details:	Mr Griffin is employed as a Non-executive Director. His appointment as a Director commenced on 30 June 2014 with agreed director fees payable at an annual rate of $40,000 plus options under the terms of the Directors Options Scheme. There is no fixed term and no set retirement benefits are payable on termination

Key management personnel have no entitlement to termination payments, other than accrued leave balances, in the event of removal for misconduct.

D Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows

DIRECTORS REPORT

Grant Date	Vesting and exercisable date	Expiry date	Exercise price	Fair Value per option at grant date
30 October 2013	30 October 2013	31 December 2016	$0.20	$0.01

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

	Number of options granted during the year		Number of options vested during the year	
Name	30 June 2014	30 June 2013	30 June 2014	30 June 2013
J Hamer	300,000	300,000	300,000	300,000
G Fethers	500,000	500,000	500,000	500,000
H Rutter	100,000	500,000	100,000	500,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
J Hamer	4,211	-	20,516	10
G Fethers	7,020	-	34,914	5
H Rutter	1,404	-	34,914	7

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below

Name	Balance at start of the year	Received as part of remuneration	Additions	Held on appointment	Balance at the end of the year
J Hamer	1,396,524	-	203,200	-	1,599,724
G Fethers	8,435,778	-	200,000	-	8,635,778
H Rutter	719,790	-	-	-	719,790
A Griffin	-	-		100,000	100,000
	10,552,092		403,200	100,000	11,055,292

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at start of the year	Granted	Exercised	Expired/Forfeited	Balance at the end of the year
J Hamer	900,000	300,000	-	(300,000)	900,000
G Fethers	1,500,000	500,000	-	(500,000)	1,500,000
H Rutter	1,100,000	100,000	-	(500,000)	700,000
	3,500,000	900,000		(1,300,000)	3,100,000

This concludes the remuneration report, which has been audited

DIRECTORS REPORT

Non Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements

The directors are satisfied that the provision of non-audit services by the auditor (or by another person or firm associated with or on behalf of the auditor) is compatible with the general standard of auditors independence imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence.

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of Nexia Melbourne

There are no officers of the company who are former audit partners of Nexia Melbourne.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 30 of the financial report

Auditor

Nexia Melbourne continues in office in accordance with section 327 of the Corporations Act 2001

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors
G.H. FETHERS
DIRECTOR
23 September 2014

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF REEDY LAGOON CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner

Melbourne
23 September 2014

Nexia Melbourne
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info@nexiamelbourne.com.au, www.nexia.com.au

DIRECTORS DECLARATION

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 34 to 61 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date;

2. note 2 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

4. the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

G. H. FETHERS
MANAGING DIRECTOR
23 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF REEDY LAGOON CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Reedy Lagoon Corporation Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Reedy Lagoon Corporation Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

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Independent Auditor's Report to the Members
of Reedy Lagoon Corporation Limited

Auditor's Opinion

In our opinion:

a. the financial report of Reedy Lagoon Corporation Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter Note 2 – Going Concern

Without modifying the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "Significant Accounting Policies – Going Concern" in Note 2 to the financial statements for the period ended 30 June 2014, the ability of the Group to meet its day to day obligations is dependent upon future capital raising.

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 28 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Reedy Lagoon Corporation Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Melbourne
23 September 2014

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014 $	2013 $
Revenue	5	61,382	57,640
Expenses			
Corporate and administration expenses		(104,622)	(105,979)
Employee and director benefits expense		(173,772)	(186,833)
Exploration expenditure		(259,142)	(196,135)
Depreciation and amortisation expense	6	(3,579)	(7,351)
Share based payments expense		(12,635)	(27,000)
Other expenses		(67,717)	(98,094)
Loss before income tax expense		(560,085)	(563,752)
Income tax expense	7		-
Loss after income tax expense for the year attributable to the owners of Reedy Lagoon Corporation Ltd		(560,085)	(563,752)
Other comprehensive income for the year, net of tax			-
Total comprehensive income for the year attributable to the owners of Reedy Lagoon Corporation Ltd		(560,085)	(563,752)

		Cents	
Basic earnings per share	29	(1.05)	(1.13)
Diluted earnings per share	29	(0.98)	(1.04)

Notes to the financial statements are set out on pages 38 to 60.
The statement of comprehensive income should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	8	100,398	607,122
Trade and other receivables	9	4,645	11,229
Other	10	-	24,291
Total current assets		105,043	642,642
Non-current assets			
Property, plant and equipment	11	4,821	8,400
Total non-current assets		4,821	8,400
Total assets		109,864	651,042
Liabilities			
Current liabilities			
Trade and other payables	12	22,945	30,483
Employee benefits	13	31,460	19,965
Total current liabilities		54,405	50,448
Non-current liabilities			
Employee benefits	14	11,998	9,683
Total non-current liabilities		11,998	9,683
Total liabilities		66,403	60,131
Net assets		43,461	590,911
Equity			
Issued capital	15	14,097,381	14,097,381
Reserves	16	132,635	226,000
Accumulated losses		(14,186,555)	(13,732,470)
Total equity		43,461	590,911

Notes to the financial statements are set out on pages 38 to 60.
The statement of financial position should be read in conjunction with the notes

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital $	Equity-settled benefits reserve $	Retained earnings $	Total $
CONSOLIDATED				
Balance at 30 June 2012	13,606,028	344,000	(13,313,718)	636,310
Total comprehensive loss for the year			(563,752)	(639,488)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 15)	491,353			491,353
Share-based payments (note 30)	-	27,000	-	27,000
Lapse of options		(145,000)	145,000	-
Balance at 30 June 2013	**14,097,381**	**226,000**	**(13,732,470)**	**590,911**
Total comprehensive loss for the year				
Transactions with owners in their capacity as owners			(560,085)	(560,085)
Contributions of equity, net of transaction costs (note 15)				
Share-based payments (note 30)		12,635		12,635
Lapse of options		(106,000)	106,000	-
Balance at 30 June 2014	14,097,381	132,635	(14,186,555)	43,461

Notes to the financial statements are set out on pages 38 to 60.
The statement of changes in equity should be read in conjunction with the notes

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		50,685	40,978
Payments to suppliers and employees (inclusive of GST)		(306,671)	(373,907)
Interest received		10,697	19,593
Payments for exploration activities		(257,939)	(193,507)
Net cash used in operating activities	28	(503,228)	(506,843)
Cash flows from investing activities			
Payments for plant & equipment		-	(3,682)
Net cash used in investing activities		-	(3,682)
Cash flows from financing activities			
Proceeds from issue of shares	15		494,851
Capital raiding costs		(3,496)	
Net cash from financing activities		(3,496)	494,851
Net decrease in cash and cash equivalents		(506,724)	(15,674)
Cash and cash equivalents at the beginning of the financial year		607,122	622,796
Cash and cash equivalents at the end of the financial year	8	100,398	607,122

Notes to the financial statements are included on pages 38 to 60.
The statement of cash flows should be read in conjunction with the notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

1. General information

The financial report, consisting of the financial statements, notes to the financial statements and the directors' declaration, covers Reedy Lagoon Corporation Limited ("the Company" or "RLC") as a consolidated entity consisting of the Company and the entities it controlled. The financial report is presented in Australian dollars, which is RLC functional and presentation currency.

RLC is a listed public company, incorporated in Australia with mineral projects in the Northern Territory, West Australia and South Australia. Its registered office and its principal place of business is:

Suite 2, 337A Lennox Street, Richmond, Vic, 3121

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 23 September 2014. The directors have the power to amend and reissue the financial report.

2. Significant accounting policies

Basis of preparation

(I) Statement of compliance and New, revised or amending Accounting Standards and Interpretations adopted

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(II) Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(III) Going Concern

The financial report has been prepared on a going concern basis. The directors have identified that following a capital raising in August 2014 they have enough cash to meet non-discretionary spending for the twelve months from the date of this report. The group will require further funds and will need to raise further capital to enable it to continue to explore and develop its prospects and continue to meet its non-discretionary spending in the future. Should these funds not become available the directors have resolved to reduce or waive fees and wages received in cash if the group has insufficient funds available to it to make such payments and remain solvent. In the event that the group is not able to raise additional funding it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report.

(IV) Critical accounting judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(V) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

(VI) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Specific Policies

The following accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Reedy Lagoon Corporation Ltd ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Reedy Lagoon Corporation Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity" or "the Group").

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Exploration, Evaluation and Development Expenditure

Expenditure incurred on the acquisition of exploration properties and exploration, evaluation and development costs are written off as incurred where the activities in the areas of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Once it is determined that the costs can be recouped through sale or successful development and exploitation of the area of interest then the on-going costs are accumulated and carried forward for each area of interest.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Each area of interest is also reviewed annually and accumulated costs written off to the extent that they will not be recoverable in the future.

Restoration costs are provided for at the time of the activities that give rise to the need for restoration. If this occurs prior to commencement of production, the costs are included in deferred exploration and development expenditure. If it occurs after commencement of production, restoration costs are provided for and charged to the statement of financial performance as an expense.

(c) Income tax

The change for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO, are classified as operating cash flows.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Other receivables

Other receivables are stated at cost less allowance for doubtful receivables.

(g) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers or in accordance with contractual rights.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(h) Trade & Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 60 days of recognition.

(i) Employee Benefit Provisions

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(k) Share-Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees, including directors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are

(i) initially on grant date, and at each reporting date until vested measured at fair value. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. Refer to Note 30 for details of the assumptions used in determining the fair value of options granted and/or vested during the reporting period.

(ii) recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification

If vested equity-settled awards, in the form of options over unissued shares, are not exercised by the expiry date the cumulative amount previously recognised as an expense is transferred as a direct credit from the share based payment reserve to retained earnings.

(l) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Reedy Lagoon Corporation Limited, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(m) Interests in Joint Ventures

The Company's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the financial statements. Details of the Company's interests are provided in Note 26.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less repayments made and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

For the purpose of financial statements, the Company does not designate any interests in subsidiaries, associates or jointly controlled entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

For the purpose of the parent entity's separate financial statements, investments in subsidiaries, jointly controlled entities and associates are accounted for at cost.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (with any re-measurements other than impairment losses and foreign exchange gains and losses) recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the directors establish that the carrying amount cannot be recovered by any means, at that point the anticipated loss is charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss event that has occurred is duly considered.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts is assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

Guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation
Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows.

Class of Fixed Asset	*Expected Useful life*
Plant & equipment	5-10 years
Computer and Office Equipment	3-7 years
Scientific Equipment	3-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(q) New Accounting Standards and Interpretations not yet mandatory or early adopted

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013.

- AASB 10: Consolidated financial statements
- AASB 12: Disclosure of interests in other entities; and
- AASB 127: Separate financial statements

AASB 10 provides a revised definition of 'control' and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous Accounting Pronouncements.

The Group has applied these Accounting Standards with retrospective effect in accordance with their transitional requirements. The Group has:

- presented quantitative information of the comparative period reflecting the adoption of AASB 10; and
- with respect to any previously unconsolidated investee that is a business, measured the assets, liabilities and non-controlling interests as if the investee had been consolidated in accordance with the applicable version of AASB 3: Business Combinations from the date when the Group gained control of the investee. When the date that control was obtained was earlier than the beginning of the immediately preceding period, the Group recognises, as an adjustment to equity at the beginning of the comparative period, any difference between:
  - the amount of assets, liabilities and non-controlling interests recognised; and
  - the previous carrying amount of the Group's involvement with the investee.

The first-time application of AASB 10 did not require any changes to the Group's financial statements.

Employee benefits

The Group adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The Group has applied these Standards retrospectively in accordance with AASB 108 and the transitional provisions of AASB 119.

The adoption of these Standards did not require any changes to the accounting for employee benefits nor impact amounts recognised in the Group's financial statements.

(r) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

— AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

  The Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting. Given the Group does not undertake any hedging activity, the key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

— Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to impact the Group's financial statements.

— AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to impact the Group's financial statements.

— AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to impact the Group's financial statements.

— AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiary meet the definition of an investment entity, this Standard is not expected to impact the Group's financial statements.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share- based payment transactions

Equity-settled share-based payments are measured at fair value of the equity instrument at the grant date. Fair value is measured by the use of either a Binomial or Black-Scholes model as described at Note 30 taking into account the terms and conditions upon which the instruments were granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Employee benefits provision - Long service leave

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Exploration expenditures

The Group expenses expenditures relating to exploration as they are incurred as they are not considered likely to be recoverable. The Group has not extracted any reserves and therefore all of the exploration expenses should be expensed. Management assessed such judgement in light of no mineral reserves being founded as of yet.

Unrecognized deferred tax asset

Management has determined not to recognise the deferred tax asset that is disclosed at Note 7. This is due to management taking an appropriate and conservative approach and not recognising any deferred tax asset given the fact that the Group has experienced losses, on an historical basis, and also due to no mineral reserves being discovered.

4. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segments: mineral exploration in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

5. Revenue

	Consolidated	
	2014	**2013**
	$	**$**
Interest	10,697	19,593
Labour and office cost recoveries	50,685	38,047
Other revenue		-
Total Revenue	61,382	57,640

6. Expenses

Loss before income tax includes the following specific expenses:

Depreciation		
Plant and equipment	723	421
Computer and office equipment	1,719	5,687
Scientific equipment	1,137	1,243
Total depreciation	3,579	7,351
Exploration		
Tenement applications fees and rents	74,262	106,769
Other exploration expenditure	184,880	89,366
Total exploration	259,142	196,135

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	**2013**
	$	**$**
7. Income tax expense		
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(560,085)	(563,752)
Tax at the statutory tax rate of 30%	(168,026)	(169,126)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences		(300)
Capital allowances share issue costs	(662)	1,608
Non deductible equity settled benefits expense	3,791	8,100
	(164,897)	(159,718)
Deferred tax asset (on account of losses) not brought to account	164,897	159,718
Income tax expense	-	-
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses carried forward	1,370,741	1,825,350
Temporary differences	3,600	3,300
Unamortised balance of capital allowances	1,985	2,647
Total deferred tax assets not recognised	1,376,326	1,831,297

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The potential future income tax benefit will only be obtained if:
a) The Company derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;
b) The Company continues to comply with the conditions for deductibility imposed by the law; and
c) No changes in tax legislation adversely affect the Company in realising the benefit.

8. Current assets - cash and cash equivalents

	2014	2013
Cash at bank	18,730	6,151
Cash management account	81,668	213,421
Term deposit	-	387,550
	100,398	607,122

	Consolidated	
	2014	2013
9. Current assets - trade and other receivables	$	$
Other receivables	981	-
GST receivable	3,664	11,229
	4,645	11,229

10. Current assets - other

Prepayments	-	24,291

11. Non-current assets - property, plant and equipment

Plant and equipment - at cost	4,524	4,524
Less: Accumulated depreciation	(1,558)	(421)
	2,966	4,103
Computer equipment - at cost	16,419	16,419
Less: Accumulated depreciation	(15,491)	(13,772)
	928	2,647
Scientific equipment - at cost	29,338	29,338
Less: Accumulated depreciation	(28,411)	(27,688)
	927	1,650
	4,821	8,400

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment $	Computer Equipment $	Scientific Equipment $	Total $
Consolidated				
Balance at 1 July 2011	-	4,473	2,893	7,366
Additions	4,524	3,861	-	8,385
Depreciation expense	(421)	(5,687)	(1,243)	(7,351)
Balance at 30 June 2013	4,103	2,647	1,650	8,400
Additions	-	-	-	-
Depreciation expense	(1,137)	(1,719)	(723)	(3,579)
Balance at 30 June 2014	2,966	928	927	4,821

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 **$**	**2013** **$**

12. Current liabilities - trade and other payables

Trade payables	6,004	3,188
Other payables and accruals	16,941	27,295
	22,945	30,483

Refer to note 18 for further information on financial instruments.

13. Current liabilities - employee benefits

Annual leave	31,460	19,965

14. Non-current liabilities - employee benefits

Long service leave	11,998	9,683

15. Equity - issued capital

	2014 Shares	2013 Shares	2014 $	2013 $
Ordinary shares - fully paid	53,548,494	48,600,000	14,097,381	13,606,028

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2012	48,600,000		13,606,028
Issue of shares	10 April 2013	4,948,494	$0.10	494,849
Cost of capital raising				(3,496)
Balance	30 June 2013	53,548,494		14,097,381
Balance	30 June 2014	53,548,494		14,097,381

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

RLC's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and exploit the mineral assets under its control in order to provide future returns for shareholders and benefits for other stakeholders.

The Company continuously reviews the capital structure to ensure:-

- sufficient funds are available to implement its exploration expenditure programs in accordance with forecasted needs; and
- sufficient funds for the other operational needs of the Company is maintained.

The capital risk management policy remains unchanged from the 30 June 2013 annual report

16. Equity - reserves

	Consolidated	
	2014	**2013**
	$	**$**
Share-based payments reserve	132,635	226,000

Reconciliation - Share-based payments reserve		
Balance at beginning of financial year	226,000	344,000
Share based payments (refer to note 30)	12,635	27,000
Expiry of options	(106,000)	(145,000)
Balance at end of financial year	132,635	226,000

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

17. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

18. Financial instruments

Financial risk management objectives

The consolidated entity's financial instruments consist of deposits with banks, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for consolidated entity's operations.

The consolidated entity does not have any derivative instruments at 30 June 2014.

The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Market risk

Interest rate risk

There are no financial liabilities wherein the consolidated entity is exposed to interest rate risk. Financial assets interest rate risk is managed by investing only floating rate bank securities.

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated						
30 June 2014						
Cash balances	100	1,003	1,003	100	(1,003)	(1,003)
Consolidated						
30 June 2013						
Cash balances	100	6,071	6,071	100	(6,071)	(6,071)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity only invests in listed available-for-sale financial assets issued by Australian trading banks.

The consolidated entity trade and other receivables consist of GST receivable and interest receivable. For this reason the consolidated entity is not exposed to significant credit risk.

Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are maintained.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

18. Financial instruments (continued)

Consolidated 30 June 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	22,945	-	-	-	22,945
Total non-derivatives		22,945	-	-	-	22,945

Consolidated 30 June 2013	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	30,483	-	-	-	30,483
Total non-derivatives		30,483	-	-	-	30,483

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

19. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014	**2013**
	$	**$**
Short-term employee benefits	175,616	175,616
Post-employment benefits	28,264	28,264
Long-term benefits	2,315	9,683
Share-based payments	12,635	27,000
	218,830	240,563

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

19. Key management personnel disclosures (continued)

Shareholding
The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2014	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Fethers	8,435,778	-	200,000	-	8,635,778
H Rutter	719,790	-	-	-	719,790
J Hamer	1,396,524	-	203,200	-	1,5,99,724
	10,552,092	-	403,200	-	10,552,092

30 June 2013	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Fethers	7,710,080	-	1,725,698	(1,000,000)	8,435,778
H Rutter	719,790	-	-	-	719,790
J Hamer	315,401	-	1,081,123	-	1,396,524
	8,745,271	-	2,806,821	(1,000,000)	10,552,092

Option holding
The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2014	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
G Fethers	1,500,000	500,000	-	(500,000)	1,500,000
H Rutter	1,100,000	100,000	-	(500,000)	700,000
J Hamer	900,000	300,000	-	(300,000)	900,000
	3,500,000	900,000	-	(1,300,000)	3,100,000

30 June 2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
G Fethers	1,500,000	500,000	-	(500,000)	1,500,000
H Rutter	1,500,000	100,000	-	(500,000)	1,100,000
J Hamer	900,000	300,000	-	(300,000)	900,000
	3,900,000	900,000	-	(1,300,000)	3,500,000

Related party transactions
Related party transactions are set out in note 23.

20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Melbourne, the auditor of the consolidated entity:

	Consolidated	
	30 June 2014	**30 June 2013**
	$	**$**
Audit services - Nexia Melbourne		
Audit or review of the financial statements	12,000	14,700
Other services - Nexia Melbourne		
Tax and compliance services	18,000	13,820
	30,000	28,520

It is the Company's policy to engage the external auditor to provide services additional to their audit duties where the external auditor's experience and expertise with the Company's are important and it is logical and efficient for them to provide those services. The provision of non-audit services during the year by the external auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

21. Contingent liabilities

The consolidated entity had no contingent liabilities at end of the current or previous financial half-year.

22. Exploration expenditure commitments

Ongoing annual exploration expenditure is required to maintain title to the consolidated entity's mineral exploration tenements. No provision has been made in the accounts for these amounts as the amounts are expected to be fulfilled in the normal course of the operations of the consolidated entity.

Tenement expenditure is dependent upon exploration results and available cash resources. Expenditure commitments are also impacted upon and may be reduced where access to areas has been restricted by the existence of Aboriginal freehold, Native Title and Native Title claims. At the date of this report EL 24885 is on Aboriginal Freehold land and entry onto that land and all work on it are subject to the consent of the Aboriginal owners, Native Title has been determined in respect of land covering EL 4377 and all work on it is subject to the consent of the Native Title holders and claims for Native Title have been registered in respect of areas of RLC's tenements: E08/2073, E09/1702 and E70/3805

The statutory minimum expenditure requirement for the current twelve month tenures in relation to each of the tenements, excluding applications, listed in the Tenement Schedule on page 15 of the Annual report is $631,750 (2013: $941,750).

The statutory expenditure requirement is subject to negotiation with the relevant state department, and expenditure commitments may be varied between tenements, or reduced subject to reduction of exploration area and/or relinquishment of non-prospective tenements.

23. Related party transactions

Parent entity
Reedy Lagoon Corporation Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Joint ventures
Interests in joint ventures are set out in note 26.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

Transactions with related parties
DiamondCo Limited, a company of which Mr. Fethers, Mr. Rutter and Mr Hamer are directors and shareholders, holds the rights to diamonds located on EL 4377 through a joint venture agreement dated 26 March 2007. Opportunities to reduce mobilisation costs and expand small scale programmes by combining field activities are exploited where possible. Where services for combined RLC and DiamondCo programmes are contracted RLC normally acts as principal and invoices DiamondCo on a cost recovery basis. RLC provides the services of Mr Fethers and office services to DiamondCo at normal commercial rates. Total fees invoiced by RLC during the financial year to DiamondCo amounting to $36,209 (2013 - $18,690).

Geophysical Exploration Consultants Pty Ltd ("Geophysical") is a company associated with Mr Rutter. Geophysical invoices the Company for services at normal commercial rates and is entitled to a retainer of $5,000 per quarter. Total fees invoiced by Geophysical during the financial year to the Company amounted to $20,000 (2013 - $20,000). The amount has been included in directors' remuneration to Mr Rutter where it appears in the Remuneration Report.

Receivable from and payable to related parties
The amount of $981 (2013 : $nil) was payable by DiamondCo Limited at 30 June 2014 and no trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2014	**2013**
	$	**$**
Statement of profit or loss and other comprehensive income		
Loss after income tax	(560,085)	(563,752)
Total comprehensive income	(560,085)	(563,752)
Statement of financial position		
Total current assets	105,043	642,642
Total assets	109,864	651,042
Total current liabilities	54,405	50,448
Total liabilities	66,403	60,131
Equity		
Issued capital	14,097,381	14,097,381
Share-based payments reserve	132,635	226,000
Accumulated losses	(14,186,555)	(13,732,470)
Total equity	43,461	590,911

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

Capital commitments - Property, plant and equipment
All commitments disclosed in Note 22 relate to parent entity.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

		Equity holding	
Name of entity	**Country of incorporation**	**2014 %**	**2013 %**
Bullamine Magnetite Pty Ltd	Australia	100	100

26. Interests in joint ventures

Bullamine Farm-in and Joint Venture Agreement

The Bullamine Farm-in and Joint Venture (Bullamine JV) terminated following the withdrawal by the other parties on 17 April 2014. The Bullamine JV was a joint venture between Bullamine Magnetite Pty Ltd ("RLC"), a wholly owned subsidiary of Reedy Lagoon Corporation and Cliffs Magnetite Holdings Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc., NS Iron Ore Development Pty Ltd and Sojitz Mineral Development Pty Ltd. The Bullamine JV agreement included a provision for the transfer of a 75% interest in the JV at the end of the earn in period which would have occurred at completion of the earn-in feasibility study. RLC thereby retained a 25 % interest which was not subject to any future transfer under the agreement. Joint venture exploration during the earn-in period was fully funded by the other JV parties until a decision to mine with RLC's 25% share of funding repayable only out of its portion of production. Joint venture operations were managed by Cliffs. The Joint venture funded $8.8 million in exploration expenditure on the project during the period from commencement on 11 February 2011 to 17 April 2014

The Bulla joint venture agreement ("Bulla JV") provided the Bullamine joint venture parties with 100% interest in iron resources within tenement E70/2719 which was registered in the name of Northern Minerals Limited. During the report period E70/2719 was surrendered and the Bulla JV was terminated following the withdrawal by RLC on 11 July 2014.

EL 4377 is subject to a joint venture agreement, the Diamond Farm Out Agreement, which transfers all RLC's interest in diamonds in this tenement to DiamondCo Limited.

EL 4377 was subject to a joint venture agreement, the Edward Creek Base Metals Joint Venture ("ECBMJV") which was terminated and all interests in the ECBMJV were forfeited to RLC on 9 June 2009. The termination of the joint venture was disputed by the other parties, but RLC considers the dispute to be baseless. Prior to the termination of the joint venture RLC held a 62% interest in the tenements.

27. Events after the reporting period

On 7 August 2014 the Company issued 17,064,400 shares under the Entitlement Offer dated 23 June 2014 raising $341,288.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2014	**2013**
	$	**$**
Loss after income tax expense for the year	(560,085)	(563,752)
Adjustments for:		
Depreciation and amortisation	3,579	7,351
Share-based payments	12,635	27,000
Payables relating to equity	3,497	(3,497)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	-	30,773
Decrease/(increase) in prepayments	(982)	(24,318)
Decrease in other operating assets	31,883	9,147
Decrease in trade and other payables	(7,565)	(7,747)
Increase/(decrease) in employee benefits	13,810	18,200
Net cash used in operating activities	(503,228)	(506,843)

29. Earnings per share

	2014	2013
Loss after income tax attributable to the owners of Reedy Lagoon Corporation Ltd	(560,085)	(563,752)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	53,548,494	49,698,158
Weighted average number of ordinary shares used in calculating diluted earnings per share	53,548,494	49,698,158
	Cents	**Cents**
Basic earnings per share	(1.05)	(1.13)
Diluted earnings per share	(0.98)	(1.04)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 'Earnings per Share'. The rights to options are non-dilutive as the Company has generated a loss for the financial year.
financial year.

30. Share-based payments

A share option plan has been established by the Company and approved by shareholders at a general meeting, whereby the Company may, at the discretion of the board, grant options over ordinary shares in the company to certain key management personnel.

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, on 30 October 2013, after approval at the Company's annual general meeting, a total of 900,000 were issued to directors as part of their remuneration packages. Each director received the below options:-

- Geof. H. Fethers – 500,000 options, exercise price 20 cents, expiring on 31 December 2015 with a value $7,020;
- Hugh Rutter – 100,000 options, exercise price 20 cents, expiring on 31 December 2015 with a value $1,404; and
- Jonathan Hamer – 300,000 options, exercise price 20 cents, expiring on 31 December 2015 with a value $4,211

Set out below are summaries of options granted under the plan during the current financial year:

Grant date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
17-Nov-10	31-Dec-13	$0.21	1,550,000	-	-	(1,550,000)	-
2-Dec-11	31-Dec-14	$0.20	1,550,000	-	-	-	1,550,000
15-Nov-12	31-Dec-15	$0.20	900,000	-	-	-	900,000
30-Oct-13	31-Dec-16	$0.20		900,000	-	-	900,000
			4,050,000	900,000	-	(1,550,000)	3,350,000

***** *expired unexercised during the current period***.**

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
30-Oct-13	31-Dec-16	$0.05	$0.20	87.02%	0.00%	3.00%	$0.010

An expense of $12,635 has been recognised in the statement of comprehensive income for the current period in relation to the above options.

The shareholder information set out below was applicable as at 29 August 2014

Number of holders of equity securities

Ordinary share capital

70,612,894 fully paid ordinary shares were held by 422 individual shareholders.

All issued ordinary shares were quoted on the Australian Stock Exchange.

No ordinary shares on issue were subject to escrow restrictions.

All issued ordinary shares carry one vote per share and carry the equivalent rights to dividends.

In addition to the ordinary shares on issue there were 3,350,000 options issued (not quoted). Details are of these options are provided in the Directors' Report (page 24).

Substantial shareholders

Substantial Shareholders	Number of Fully Paid Ordinary Shares	% of total on issue
Sked Pty Ltd:		
Sked Pty Ltd	7,815,606	11.07
Sked Pty Ltd <Super Fund A/C>	2,514,404	3.56
CityCastle Pty Ltd	3,106,242	4.40
Traders Macquarie Pty Ltd	442,117	0.63
Traders Macquarie Pty Ltd <Trading A/C>	209,535	0.30
	14,087,904	19.95
Pyrope Holdings Pty Ltd:		
Pyrope Holdings Pty Ltd <G Fethers A/C>	6,939,850	9.83
Pyrope Holdings Pty Ltd <Chromite Staff S/Fund A/C>	1,853,050	2.62
Ranview Pty Ltd	617,270	0.87
G Fethers	225,608	0.32
	9,635,778	13.64
Brett Armstrong		
Citicorp Nominees Pty Limited	3,951,937	5.60
Total substantial shareholders	26,675,619	37.78

Distribution of holders of equity securities:

	No. of shareholders	%	No. of Ordinary Shares	Percentage of Issued Shares
1 – 1,000	19	4.50	3,119	0.00
1,001 – 5,000	23	5.45	84,214	0.12
5,001 – 10,000	65	15.40	558,693	0.79
10,001 – 100,000	234	55.45	7,836,960	11.10
100,001 and over	81	19.19	62,129,908	87.99
	422	100.00	70,612,894	100.00

There were 113 shareholders who held less than a marketable parcel of shares. On 29 August 2014 those 113 shareholders collectively held 713,911 shares. A less than marketable parcel of shares at 29 August 2014 was a holding of less than 12,500 shares.

Twenty largest shareholders
as at 29 August 2014

	No. of Quoted Ordinary Shares	% of total quoted
Sked Pty Ltd	7,815,606	11.07
Pyrope Holdings Pty Ltd	6,939,850	9.83
Citicorp Nominees Pty Limited	3,951,937	5.60
Citicastle Pty Ltd	3,106,242	4.40
WIFAM Investments Pty Ltd	3,000,000	4.25
Mr Jonathan Mark Hamer	2,626,855	3.72
Sked Pty Ltd <Super Fund A/C>	2,514,404	3.56
Elstree Holdings Pty Ltd	2,500,000	3.54
Jagen Pty Ltd	2,166,667	3.07
Park Road SF Pty Ltd <Park Road Super Fund A/C>	2,000,000	2.83
Pyrope Holdings Pty Ltd <Chromite Staff S/Fund A/C>	1,853,050	2.62
RFCJ Pty Ltd	1,666,667	2.36
Mr Robert Reeves & Mrs Mary Reeves	1,120,140	1.59
Dale Estates Pty Ltd	1,000,000	1.42
Tromso Pty Ltd	900,000	1.27
Mr Philip Harold Lewis	813,670	1.15
M & K Korkidas	761,674	1.08
Janavid Pty Ltd	719,790	1.02
Brodie Cresswell & Walton Pty Ltd	680,031	0.96
Mr Clarke Barnett Dudley	674,998	0.96
Total top 20	**46,811,581**	**66.29**
Total Other Investors	23,801,313	33.71
TOTAL:	**70,612,894**	**100.00**

CORPORATE DIRECTORY

Reedy Lagoon Corporation Limited
ABN 41 006 639 514

ASX Code : RLC

Directors

Jonathan M. Hamer
Chairman, Non-Executive Director

Geof H. Fethers
Managing Director

Hugh Rutter
Director

Company Secretary

Geof H. Fethers

Registered and Head Office

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Victoria 3000

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Victoria 3000
PH: (03) 9608 0100
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Auditor

Nexia Melbourne
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Melbourne
Victoria 3000

Share Registry

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Shareholders wishing to receive their Annual Reports and/or other information from the Company in electronic form can elect to do so by visiting www.linkmarketservices.com.au