REEDY LAGOON CORPORATION LTD

A.C.N. 006 639 514

ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017

Contents

Corporate Governance Statement is available from the MANAGEMENT page at :
http://www.reedylagoon.com.au

28th September 2017

Dear Shareholders,

In 2016 Reedy Lagoon identified lithium brines as presenting an opportunity not often available to resource companies.

The extraordinary growth in demand for lithium created by an increasing number of very large lithium ion battery factories and the likelihood that growth in demand was likely to continue for at least 5 years meant that there was an opportunity for Reedy Lagoon to establish a lithium operation with sales contracts on favourable terms.

The Company acted to seize this opportunity by securing rights to acquire 3 lithium brine projects in Nevada, USA. Lithium production from brines is potentially cheaper than production from hard rock and the technology for direct extraction of lithium products from brines is developing rapidly. Nevada is also home to the Tesla gigafactory.

Reedy Lagoon's acquisition of the company which owns the 3 lithium brine projects (Nevada Lithium Pty Ltd) was approved by shareholders in April 2017. That acquisition needs to be completed this calendar year by the issue of $2 million worth of RLC Shares to the vendors of Nevada Lithium at the time when RLC raises at least $2 million for drilling at the projects. A meeting is to be called for RLC shareholders to provide the consents required by the ASX Listing Rules and the Corporations Act for the issue of shares to the vendors to complete the acquisition.

Geophysical surveys undertaken at the projects have identified strong brine targets at each project. Funding is now required for drilling.

Your Directors have been pursuing a number of strategies to obtain funding including seeking to engage with companies active in or holding expertise in lithium brine processing. Directors expect that a significant amount of funding will be required to be raised from external sources, but any capital raising will include an entitlement offer to shareholders.

The Directors expect to be able to announce details of its capital raising before the annual general meeting.

Yours sincerely

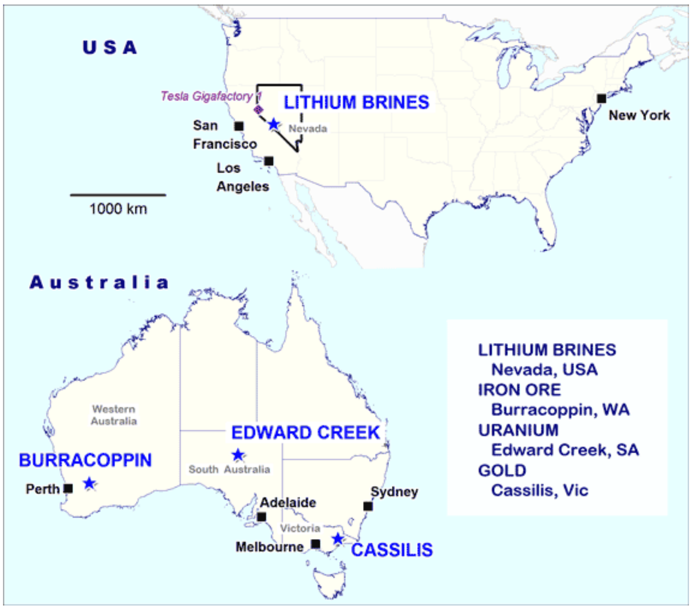
Jonathan Hamer

Chairman

Reedy Lagoon Corporation Limited

Mineralisation styles targeted during the period included lithium brines (Nevada, USA) and minor work conducted on:

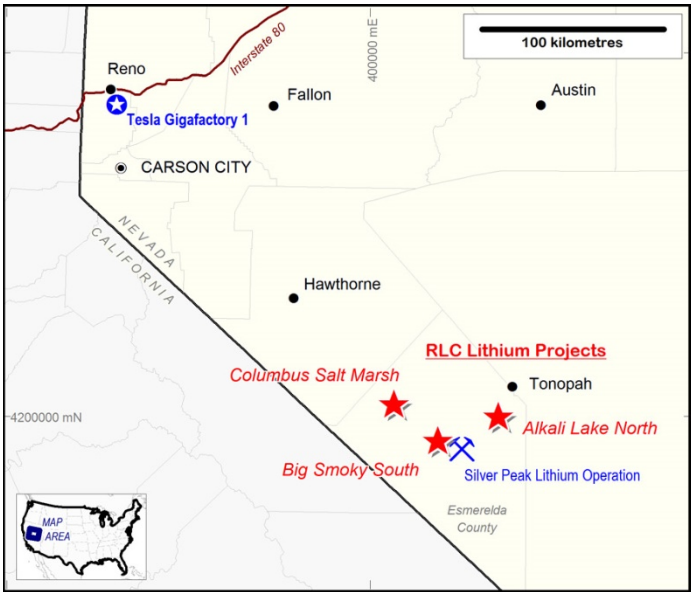
- Iron-ore (Burracoppin Magnetite project)
- Uranium (Edward Creek project)
- Gold (Cassilis project)



Overview

Reedy Lagoon has projects prospective for lithium brines in Nevada, USA.

The identification of increasing demand for lithium, and the prospect of emerging new processing technologies for extracting lithium from brines, led to Reedy Lagoon developing an interest in three project areas in Nevada. The project areas are in closed geological basins which share similar geology with, but are separate from, Clayton Valley in which North America's only lithium producing brine operation is located.



The lithium brine projects are:

Big Smoky South
Columbus Salt Marsh
Alkali Lake North.

Reedy Lagoon intends drilling in the December Quarter 2017 to establish whether brine targets (hyper-saline water potentially containing lithium) identified by geophysical surveys at each of the projects contain lithium in sufficient concentrations for economic extraction.

Samples of brine fluids pumped from the drill holes will be analysed to establish their lithium content and if containing lithium in sufficient quantities, testing will follow to assess potential process pathways for the commercial extraction of lithium. Should potential for commercial extraction be proven by this work, then it is possible that production could be achievable in 2020 (extensive environmental studies which would underpin any feasibility study generally take at least 2 years and process plant construction could take about a year).

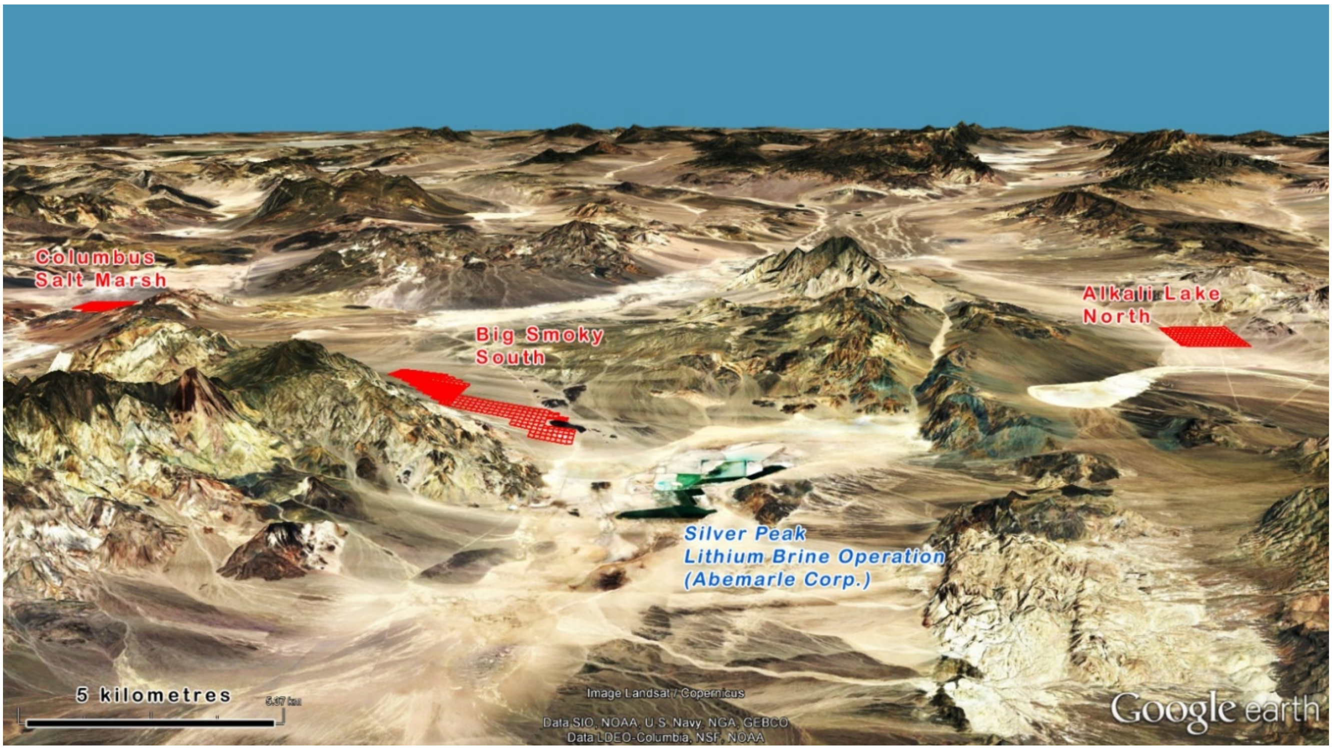
Acquisition of the Nevada Brine projects will be completed by the issue of $2m worth of RLC shares to the vendors following a capital raise of at least $2m to fund drilling. The number of RLC shares that will be issued to the vendors to meet the $2m payment amount will be determined using the offer price of RLC shares issued for the capital raise.

Reedy Lagoon also has projects targeting iron-ore in Western Australia and uranium in South Australia. These projects are secondary to the prime focus which is lithium. The Company cancelled its option to acquire the Cassilis gold project.

Exploration

Lithium Exploration

Nevada Lithium Brine Projects	**LITHIUM BRINES**	**Nevada, USA**	**RLC 100%**
Alkali Lake North:	128 claims – 2,554 acres (1,033 ha)		
Big Smokey South:	239 claims – 4,753 acres (1,924 ha)		
Columbus Salt Marsh:	167 claims – 3,291 acres (1,332 ha)		



The Nevada lithium brine projects comprise Placer Mining Claims over three prospects in large basins (ground water catchment areas) located in Nevada, USA (refer to ASX release 30 January 2017).

The projects are within 10 to 50 kilometres of the Silver Peak lithium production operation of Albemarle Corp, in Clayton Valley. Silver Peak is the only lithium brine operation, and one of only a handful of lithium producers, in North America. The Tesla Gigafactory 1, a lithium-ion battery factory, is only 250 kilometres northwest of RLC's lithium projects.

The three projects cover a combined area of 4,289 hectares (10,598 acres) under 534 placer claims. All the placer claims are 100% owned and there are no royalty arrangements.

Geophysical surveys carried out by RLC during the period successfully demonstrate the presence of brine targets (hyper-saline water potentially containing lithium) located within sub-basins in all three of the Company's projects (refer to ASX releases 5 May 2017, 26 May 2017, 29 May 2017, 30 May 2017).

Brine targets comprising multiple aquifers with hyper-saline water potentially containing lithium have been identified in each of the projects. The brine targets are very strong, with RLC planning to drill only targets showing resistivities of one ohm-metre or less. Drilling is planned once funding has been arranged, with permits to drill being secured following the end of the report period.

Iron Ore Exploration

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

In January 2017, Bullamine Magnetite Pty Ltd, a wholly owned subsidiary of Reedy Lagoon, lodged an application for an exploration licence covering its previous Burracoppin Magnetite Prospect located near Merredin in Western Australia.

Reedy Lagoon held the Burracoppin Magnetite deposit when it was discovered in 2012 with its then joint venture farm-in partners: Cliffs Magnetite Holdings Pty Ltd (manager), NS Iron Ore Development Pty Ltd and Sojitz Mineral Development Pty Ltd. The farm-in parties withdrew in 2014 and Reedy Lagoon relinquished the ground in April 2016.

Magnetite mineralisation in multiple bands with variable continuity was intersected by drilling in 2012 by our previous joint venture. Additional drilling is required to better understand the extent of the mineralisation. 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). Note that the potential quantity and grade of the Burracoppin deposit is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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 microns) (refer to ASX release 23 November 2012).

The project area is under application (E70/4941, lodged 9/01/2107, area 5,854 ha) and no field work was conducted during the report period.

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 remains postponed because of the low uranium price. Exploration expenditure on the project area by DiamondCo enables 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 5580 (343 square kilometres).

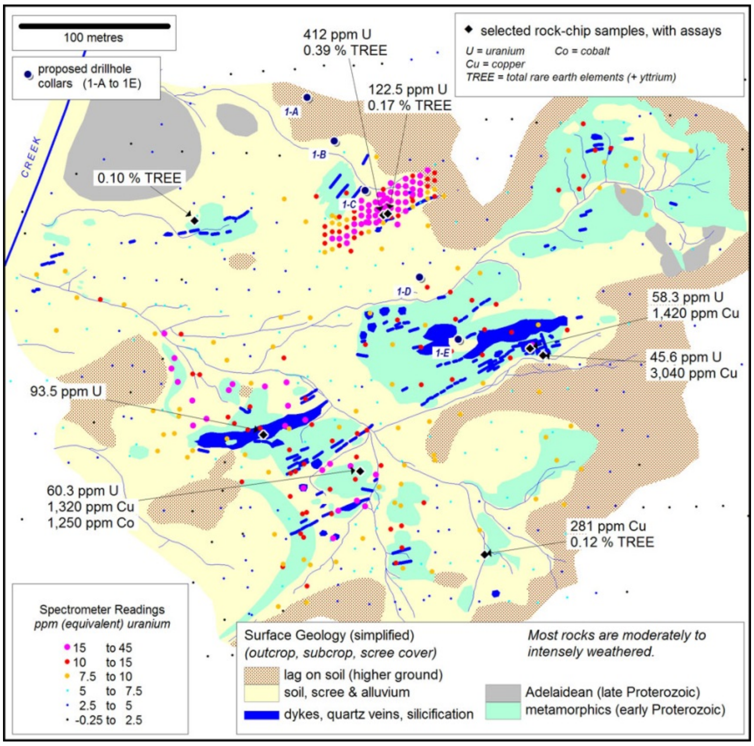
Victory prospect

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.

An unconformity with younger rocks including conglomerates and volcanics, lies a few hundred metres east of the anomalous area shown in the adjacent figure, 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.



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

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.

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 201 Quarterly Report).

Gold Exploration

Cassilis Project GOLD Victoria option

Evaluation work was hampered during the year by continued uncertainty resulting from protracted delays by the Victorian Department of Economic Development, Jobs, Transport and Resources ("DEDJTR") associated with the processing of tenement applications and with the application for transfer of MIN 5335 to Cassilis Mining Pty Ltd from the registered holder, Rocky Mining Pty Ltd.

During the report period the liquidator of Rocky Mining Pty Ltd (in liquidation) brought actions which led to the expiry of MIN 5335. As a result of this action the parties to the Cassilis Agreement dated 4 June 2015 agreed to terminate the agreement on 7 June 2017 thus cancelling the Company's option to acquire the Cassilis gold project.

No field work was conducted during the report period.

Geoffrey Fethers
Managing Director

Competent Person's Statement:

The information in the section headed "Lithium Exploration" of this report as it relates to exploration results and geology was compiled by Mr Geoff Balfe who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Balfe is a consultant to Reedy Lagoon Corporation Limited and Mr Balfe is a vendor to Reedy Lagoon Corporation Limited of shares in Nevada Lithium Pty Ltd. (which owns the lithium brine projects). Mr Balfe has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Balfe consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in the sections headed: "Iron ore Exploration", "Uranium Exploration" and "Gold Exploration" in this report that relates to Exploration Results is based on information compiled by Geoffrey Fethers, who is a member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr 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). Mr Fethers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where Exploration Results have been reported in earlier RLC ASX Releases referenced in this report, those releases are available to view on the NEWS page of reedylagoon.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier releases. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Directors	Jonathan M. Hamer Chairman, Non Executive Director Geoffrey H. Fethers Managing Director and Company Secretary Adrian C. Griffin Non Executive Director
Contact details	Phone : 03 8420 6280 Fax : 03 8420 6299 Email : info@reedylagoon.com.au
Company secretary	Geoffrey H. Fethers
Share register	Link Market Services Limited (ABN 54 063 214 537) Level 1, 333 Collins Street Melbourne, Victoria 3000 Telephone : 1300 554 474 www.linkmarketservices.com.au
Auditor	Moore Stephens Level 18, 530 Collins Street Melbourne Victoria 3000 www.moorestephens.com.au
Solicitors	King & Wood Mallesons Level 50, 600 Bourke Street Melbourne Victoria 3000
Stock exchange listing	Reedy Lagoon Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: RLC)
Website	www.reedylagoon.com.au

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 Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

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

Jonathan M. Hamer
Geoffrey H. Fethers
Adrian C. Griffin

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- exploration for minerals in Australia and the United States of America.

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $808,688 (30 June 2016: $386,255).

Refer to the separate review of operations that comes directly before this directors' report.

Significant changes in the state of affairs
During the year, the Company issued 64,648,222 fully paid shares raising $835,947 before costs as well settling liabilities totalling $69,376.

On 22 December 2016 Reedy Lagoon entered into an agreement (Share Purchase Agreement) under which Reedy Lagoon acquired Nevada Lithium Pty Ltd. Nevada Lithium Pty Ltd owns 3 lithium brine projects in Nevada, USA through its wholly-owned subsidiary, Sierra Lithium LLC.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 30 August 2017, the Company announced that it had obtained permits to drill two holes at its lithium brine project in Nevada USA. It has negotiated a contract with Boart Longyear to undertake the drilling which will be entered into once the Company has raised funding for the drilling.

Since 30 June 2017, the Company has paid amounts totalling $131,153 as payment or reimbursement of exploration costs incurred in relation the Nevada Lithium Pty Ltd brine projects in Nevada, USA.

No other matter or circumstance has arisen since 30 June 2017 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 and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

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

Environmental regulation
The Company's operations are subject to environmental regulations in relation to its exploration activities.

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

Information on directors

Name:	Jonathan M. Hamer
Title:	Chairman – Non Executive
Age:	62
Qualifications:	BA, LLB.
Experience and expertise:	A former partner of King & Wood Mallesons where he practised 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. Jonathan has served on the RLC board for 10 years.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Interests in shares:	12,207,245 fully paid ordinary shares
Interests in options:	900,000 options

Name:	Geoffrey H. Fethers
Title:	M AusIMM
Age:	60
Qualifications:	B.Sc.(Hons), M AusIMM
Experience and expertise:	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. Geoffrey is a founding director.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Manages the operations of RLC.
Interests in shares:	26,869,492 fully paid ordinary shares
Interests in options:	1,500,000 options

Name:	Adrian C. Griffin
Title:	Director
Age:	64
Qualifications:	B.Sc.(Hons), M AusIMM
Experience and expertise:	Adrian Griffin, aged 64, 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 Lithium Australia NL, a company developing lithium extraction and recovery technologies. 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. He re-joined RLC as a director on 30 June 2014. Mr Griffin was also a founding director of Northern Uranium and Parkway Minerals (developer of the KMax process to recover potassium and other metals from glauconite). Recently, he was instrumental in identifying the global opportunity to establish lithium micas as a source feed for the lithium chemical industry.
Other current directorships:	Managing Director – Lithium Australia NL; Non-executive Director – Northern Minerals Ltd; Chairman – Parkway Minerals NL
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	7,100,671 fully paid ordinary shares
Interests in options:	300,000 options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares and options' quoted above are as at the date of this report.

Company secretary

Geoffrey H. Fethers is the Company's secretary. Details of his qualifications and experience are disclosed in the information on directors section above.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Jonathan M. Hamer	11	11
Geoffrey H. Fethers	11	11
Adrian C. Griffin	11	11

Held: represents the number of meetings held during the time the director held office.

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.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

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 2017 financial year.

Voting and comments made at the Company's 23 November 2016 Annual General Meeting ('AGM')

At the 23 November 2016 AGM, 98.54% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of 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
- A Griffin

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees[1] $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
J Hamer	40,000	-	-	-	-	1,013	41,013
A Griffin	40,000	-	-	-	-	338	40,338
Executive Directors:							
G Fethers *	132,000	-	-	12,540	2,546	1,689	148,775
	212,000	-	-	12,540	2,546	3,040	230,126

* Mr Fethers was the sole executive employee of the Company for the year ended 30 June 2017.

1 At the election of the individual directors the sum of $45,000 of entitlements to cash, salary and fees was settled in the form of 5,189,114 shares in the Company.

As at 30 June 2017, $208,945 (2016: $159,000) of short term employee benefits remain unpaid, and prior period fees totalling $94,624 were forgiven and $24,376 was taken in the form of 2,810,886 shares in the Company.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees * $	Bonus $	Non-monetary $	Super-annuation * $	Long service leave * $	Equity-settled $	Total $
Non-Executive Directors:							
J Hamer	35,832	-	-	-	-	4,798	40,630
A Griffin	35,000	-	-	-	-	5,201	40,201
Executive Directors:							
G Fethers *	126,000	-	-	12,540	9,475	7,050	155,065
	196,832	-	-	12,540	9,475	17,049	235,896

* Mr Fethers was the sole executive employee of the Company for the years ended 30 June 2016.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2017	2016	2017	2016	2017	2016
Non-Executive Directors:						
J Hamer	98%	87%	-	-	2%	13%
A Griffin	99%	87%	-	-	1%	13%
Executive Directors:						
G Fethers	99%	95%	-	-	1%	5%

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:	Mr Geoffrey 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:	Mr Jonathan 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:	Mr Adrian Griffin
Title:	Director
Agreement commenced:	30 June 2014
Term of agreement:	Mr A 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.

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 2017. Shares were issued to each director in lieu of cash payable for fees/salary/super.

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:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
25 November 2016	31 December 2019	31 December 2019	$0.0133	$0.0033

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 2017 are set out below:

Name	Number of options granted during the year 2017	Number of options granted during the year 2016	Number of options vested during the year 2017	Number of options vested during the year 2016
J Hamer	300,000	300,000	300,000	300,000
G Fethers	500,000	500,000	500,000	500,000
A Griffin	100,000	100,000	100,000	100,000

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:

	Balance at the start of the year	Received in lieu of remuneration	Additions	Held on appointment	Balance at the end of the year
Ordinary shares					
G Fethers	14,335,058	5,693,727	6,840,707	-	26,869,492
J Hamer	6,871,819	-	5,335,426	-	12,207,245
A Griffin	2,769,388	2,306,273	2,025,010	-	7,100,671
	23,976,265	8,000,000	14,201,143	-	46,177,408

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:

	Balance at the start of the year	Granted	Exercised	Expired / Forfeited	Balance at the end of the year
Options over ordinary shares					
G Fethers	1,500,000	500,000	-	(500,000)	1,500,000
J Hamer	900,000	300,000	-	(300,000)	900,000
A Griffin	200,000	100,000	-	-	300,000
	2,600,000	900,000	-	(800,000)	2,700,000

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Reedy Lagoon Corporation Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
13 November 2014	31 December 2017	$0.2000	900,000
30 December 2015	31 December 2018	$0.0110	900,000
25 November 2016	31 December 2019	$0.0133	900,000
			2,700,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Reedy Lagoon Corporation Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Indemnity and insurance of officers
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.

Indemnity and insurance of auditor
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.

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.

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 during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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 partners of Moore Stephens Audit (Vic)
There are no officers of the Company who are former partners of Moore Stephens Audit (Vic).

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Moore Stephens Audit (Vic) continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

G.H. Fethers
Managing Director

28 September 2017
Melbourne

MOORE STEPHENS

Moore Stephens Audit (Vic)

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, 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.

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257

RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

29 September 2017

Reedy Lagoon Corporation Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated 2017 $	2016 $
Revenue	6	26,675	27,903
Expenses			
Corporate and administration expenses		(75,848)	(93,148)
Employee and director benefits expense		(154,826)	(191,591)
Exploration expenditure	7	(484,583)	(72,418)
Depreciation and amortisation expense	7	(394)	(1,217)
Share based payments expense		(3,040)	(1,865)
Restructure costs		(56,585)	-
Other expenses		(60,087)	(53,919)
Loss before income tax expense		(808,688)	(386,255)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Reedy Lagoon Corporation Limited		(808,688)	(386,255)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Reedy Lagoon Corporation Limited		(808,688)	(386,255)
		Cents	**Cents**
Basic earnings per share	29	(0.565)	(0.358)
Diluted earnings per share	29	(0.565)	(0.358)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Reedy Lagoon Corporation Limited
Statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Assets			
Current assets			
Cash and cash equivalents	9	183,299	48,223
Trade and other receivables	10	22,958	4,596
Other	11	11,986	11,851
Total current assets		218,243	64,670
Non-current assets			
Property, plant and equipment		-	394
Total non-current assets		-	394
Total assets		218,243	65,064
Liabilities			
Current liabilities			
Trade and other payables	12	14,239	8,090
Employee benefits	13	282,755	220,105
Total current liabilities		296,994	228,195
Non-current liabilities			
Employee benefits	14	26,335	23,789
Total non-current liabilities		26,335	23,789
Total liabilities		323,329	251,984
Net liabilities		(105,086)	(186,920)
Equity			
Issued capital	15	15,666,091	14,778,609
Reserves	16	5,875	15,470
Accumulated losses		(15,777,052)	(14,980,999)
Total deficiency in equity		(105,086)	(186,920)

The above statement of financial position should be read in conjunction with the accompanying notes

Reedy Lagoon Corporation Limited
Statement of changes in equity
For the year ended 30 June 2017

Consolidated	Issued capital $	Accumulated Losses $	Reserves $	Total deficiency in equity $
Balance at 1 July 2015	14,489,839	(14,621,744)	40,605	(91,300)
Loss after income tax expense for the year	-	(386,255)	-	(386,255)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	(386,255)	-	(386,255)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	288,770	-	-	288,770
Share-based payments (note 30)	-	-	1,865	1,865
Lapse of options	-	27,000	(27,000)	-
Balance at 30 June 2016	14,778,609	(14,980,999)	15,470	(186,920)

Consolidated	Issued capital $	Accumulated losses $	Reserves $	Total deficiency in equity $
Balance at 1 July 2016	14,778,609	(14,980,999)	15,470	(186,920)
Loss after income tax expense for the year	-	(808,688)	-	(808,688)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	(808,688)	-	(808,688)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	887,482	-	-	887,482
Share-based payments (note 30)	-	-	3,040	3,040
Lapse of options	-	12,635	(12,635)	-
Balance at 30 June 2017	15,666,091	(15,777,052)	5,875	(105,086)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Reedy Lagoon Corporation Limited
Statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		20,234	24,398
Payments to suppliers and employees (inclusive of GST)		(223,117)	(213,234)
Interest received		936	1,298
Payments for exploration activities		(484,583)	(37,336)
Net cash used in operating activities	28	(686,530)	(224,874)
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares	15	835,947	275,361
Capital raising costs		(17,841)	(9,116)
Proceeds from borrowings		30,000	-
Repayment of borrowings		(26,500)	-
Net cash from financing activities		821,606	266,245
Net increase in cash and cash equivalents		135,076	41,371
Cash and cash equivalents at the beginning of the financial year		48,223	6,852
Cash and cash equivalents at the end of the financial year	9	183,299	48,223

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Reedy Lagoon Corporation Limited as a consolidated entity consisting of Reedy Lagoon Corporation Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Reedy Lagoon Corporation Limited's functional and presentation currency.

Reedy Lagoon Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 18
530 Collins Street
Melbourne 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 statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the year ended 30 June 2017 the Group made a loss of $808,688 (2016: loss of $386,255), has a net asset deficiency of $75,011 (2016: $163,525), and had operating cash outflows $686,530 (2016: $224,874).

Notwithstanding this the financial report has been prepared on a going concern basis. Subsequent to year end, the directors have provided an undertaking to financially support the Company up to $150,000 for non-discretionary expenditure for a period of not less than 12 months from the date of this report if capital cannot be raised. This support Includes deferral or waiving of fees and entitlements if to the detriment of external creditors. The directors believe that such support and potential deferral is sufficient to meet expenditure commitments and for a period of not less than twelve months from the date of signing these financial statements. If the group is to continue to explore and develop its prospects it will require further funds and will need to raise further capital. 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.

Basis of preparation

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').

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.

Note 2. Significant accounting policies (continued)

Critical accounting estimates
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.

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.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Reedy Lagoon Corporation Limited ('Company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Reedy Lagoon Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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. 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.

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.

Exploration, Evaluation and Development Expenditure
Expenditure incurred on the acquisition of exploration properties and exploration, evaluation and development costs, including acquisition of Nevada Lithium Pty Ltd (refer to Notes 3-& 4) 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.

Note 2. Significant accounting policies (continued)

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.

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.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest
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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established, less allowance for doubtful receivables.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are recognised at amortised cost, less any provision for impairment.

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 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:

Plant and equipment	5-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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.

Trade and 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 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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 costs of equity-settled transactions are measured at fair value on grant date. 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.

The costs of equity-settled transactions are 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

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.

Issued capital
Ordinary shares are classified as equity.

Note 2. Significant accounting policies (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Reedy Lagoon Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is not expected to be material.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is not expected to be material.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed.

Note 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, which 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 29 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management has determined not to recognise the deferred tax asset, given that the group has experienced losses, on a historical basis.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are 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.

Acquisition of Nevada Lithium Pty Ltd

Under the agreement to purchase Nevada Lithium Pty Ltd, the Company has made an initial payment of $209,000 to reimburse exploration costs. As at 30 June 2017, costs totalling $434,354 (including the initial payment reimbursing $209,000) had been reimbursed. Under the contract, there is no obligation for these amounts to be repaid in the event of the deal not proceeding, and for this reason all expenses incurred as at 30 June 2017 have been recognised in the statement of comprehensive income. Refer to Note 7.

Exploration expenditures

The consolidated entity expenses expenditures relating to exploration as they are incurred as they are not considered likely to be recoverable. The consolidated entity 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.

Note 4. Acquisition of Lithium Brine Projects in Nevada.

On 22 December 2016 Reedy Lagoon entered into an agreement (Share Purchase Agreement) under which Reedy Lagoon acquired Nevada Lithium Pty Ltd. Nevada Lithium Pty Ltd owns 3 lithium brine projects in Nevada, USA through its wholly-owned subsidiary, Sierra Lithium LLC.

The Share Purchase Agreement requires Reedy Lagoon to fund exploration costs on the projects to advance them to a stage where drilling is warranted. During the report period $434,354 was spent by Reedy Lagoon on exploration costs on the projects. In the period post balance date to the date of this report, Reedy Lagoon has spent $131,153 on exploration costs on the projects.

To complete the acquisition Reedy Lagoon needs to issue $2m "worth" of RLC shares to the vendors of Nevada Lithium on or before the end of calendar year 2017. The number of RLC Shares to be issued to the vendors is to be calculated by reference to the offer price of RLC Shares under a capital raising of at least $2m to fund drilling on the projects.

The Listing Rules require Reedy Lagoon to obtain the consent of its shareholders to the issue of the $2M "worth" of RLC Shares to the vendors.

Note 5. Operating segments

Identification of reportable operating segments

The Company 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.

Note 6. Revenue

	Consolidated 2017 $	Consolidated 2016 $
Interest	936	1,298
Labour and office cost recoveries	25,739	26,605
Revenue	26,675	27,903

Note 7. Expenses

	Consolidated 2017 $	Consolidated 2016 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	394	1,137
Scientific equipment	-	80
Total depreciation	394	1,217
Exploration		
Tenement applications fees and rents	2,590	11,232
Other exploration expenditure	47,639	61,186
Payments made in relation to Nevada Lithium Pty Ltd (refer to Notes 3 & 4)	434,354	-
Total exploration	484,583	72,418

Note 8. Income tax expense

	Consolidated 2017 $	Consolidated 2016 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(808,688)	(386,255)
Tax at the statutory tax rate of 30%	(242,606)	(115,877)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Capital allowances share issue costs	(67)	(1,257)
Non-deductible equity settled benefits expense	912	560
Other non-deductible (deductible) expenses	(378)	(1,110)
Non-deductible overseas exploration expenditure	88,402	-
	(153,737)	(117,684)
Deferred tax asset (on account of losses) not brought to account	153,737	117,684
Income tax expense	-	-

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.

Note 8. Income tax expense (continued)

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.

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2017 $	2016 $
Cash at bank	183,299	48,223

Note 10. Current assets - trade and other receivables

	Consolidated	
	2017 $	2016 $
Trade receivables	8,024	2,518
Other receivables	423	-
GST receivable	14,511	2,078
	22,958	4,596

Note 11. Current assets - other

	Consolidated	
	2017 $	2016 $
Prepayments	11,986	11,851

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2017 $	2016 $
Amounts payable to directors	3,500	-
Other payables and accruals	10,739	8,090
	14,239	8,090

Refer to note 18 for further information on financial instruments.

Note 13. Current liabilities - employee benefits

	Consolidated 2017 $	2016 $
Annual leave (a)	73,810	61,105
Accrued directors wages / fees (a)	208,945	159,000
	282,755	220,105

(a) each of the directors have provided the Company an undertaking that they do not intend to call on payment of accrued salaries or fees until the Company has adequate liquidity to be able to pay these amounts and remain solvent.

Note 14. Non-current liabilities - employee benefits

	Consolidated 2017 $	2016 $
Long service leave	26,335	23,789

Note 15. Equity - issued capital

	Consolidated			
	2017 Shares	2016 Shares	2017 $	2016 $
Ordinary shares - fully paid	175,675,168	111,026,946	15,666,091	14,778,609

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2015	73,379,298		14,489,839
Issue of shares	9 July 2015	27,706,111	$0.0080	221,649
Shares issued as directors' fees	13 July 2015	625,000	$0.0060	4,000
Issue of shares	17 July 2015	7,133,657	$0.0080	57,069
Shares issued as directors' fees	5 October 2015	2,182,880	$0.0070	15,168
Cost of capital raising		-	$0.0000	(9,116)
Balance	30 June 2016	111,026,946		14,778,609
Shares issued as directors’ fees	27 October 2016	8,000,000	$0.0087	69,376
Issue of shares	25 November 2016	39,250,000	$0.0080	314,000
Issue of shares	20 April 2017	17,398,222	$0.0300	521,947
Less share issue costs		-	$0.0000	(17,841)
Balance	30 June 2017	175,675,168		15,666,091

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.

Note 15. Equity - issued capital (continued)

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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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 are maintained.

The capital risk management policy remains unchanged from the 30 June 2016 annual report.

Note 16. Equity - reserves

	Consolidated	
	2017	**2016**
	$	**$**
Share-based payments reserve	5,875	15,470

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.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share based payments $	Total $
Balance at 1 July 2015	40,605	40,605
Share based payments (refer to note 30)	1,865	1,865
Expiry of options	(27,000)	(27,000)
Balance at 30 June 2016	15,470	15,470
Share based payments (refer to note 30)	3,040	3,040
Expiry of options	(12,635)	(12,635)
Balance at 30 June 2017	5,875	5,875

Note 17. Equity - dividends

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

Note 18. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

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
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 18. Financial instruments (continued)

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.

Consolidated - 2017	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 other payables	-	10,739	-	-	-	10,739
Amounts payable to directors	-	3,500	-	-	-	3,500
Total non-derivatives		14,239	-	-	-	14,239

Consolidated - 2016	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	-	8,090	-	-	-	8,090
Total non-derivatives		8,090	-	-	-	8,090

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.

Note 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 2017 $	**Consolidated 2016 $**
Short-term employee benefits	212,000	196,832
Post-employment benefits	12,540	12,540
Long-term benefits	2,546	9,475
Share-based payments	3,040	17,049
	230,126	235,896

As at 30 June 2017, $208,945 (2016: $159,000) of short term employee benefits remain unpaid, and fees totalling $94,624 relating to prior periods were forgiven.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Moore Stephens Audit (Vic), the auditor of the Company:

	Consolidated	
	2017 $	2016 $
Audit services - Moore Stephens Audit (Vic)		
Audit or review of the financial statements	15,900	15,423
Other services - Moore Stephens Audit (Vic)		
Tax and compliance services	8,225	12,839
	24,125	28,262

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.

Note 21. Contingent liabilities

The Company intends to purchase Nevada Lithium Pty Ltd as noted in Note 3. In order to complete the acquisition the Company must issue $2,000,000 worth of fully paid ordinary shares in the Company to the vendors of Nevada Lithium Pty Ltd. This issue of the Company's shares is required to be made by no later than 31 December 2017. Under the Share Purchase Agreement the "$2,000,000 worth" of shares in the Company is to be calculated using the offer price per share at which shares are offered under a contemporaneous capital raising for not less than $2,000,000. A contingent liability exists at 30 June 2017 for the issue of $2,000,000 worth of fully paid ordinary shares, the value of which liability is contingent upon the offer price under the contemporaneous capital raising. The Company is not obliged to complete the acquisition of Nevada Lithium, but if it does not issue $2,000,000 worth of shares in the Company to the vendors of Nevada Lithium by 31 December 2017 the acquisition will terminate and the Company will have no right to recover any amount paid as exploration costs on the lithium brine projects.

Note 22. Exploration expenditure commitments

The Company held one tenement, EL5580. 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.

The minimum expenditure requirement is $170,000 for the 12 months ending 11 Nov 2017. Unless the Minister determines otherwise, if the minimum expenditure ($170,000) is not satisfied then 50% of the licence area must be reduced by the end of 1 Nov 2017. All diamond interests have been farmed out to DiamondCo Limited under the terms of the Diamond Farm-out Agreement. Expenditure by DiamondCo Limited on EL5580 under the terms of the Diamond Farm-out Agreement exceeded $100,000 at the date of this report.

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.

Note 23. Related party transactions

Parent entity
Reedy Lagoon Corporation Limited is the parent entity.

Note 23. Related party transactions (continued)

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 included in the directors' report.

Transactions with related parties
DiamondCo Limited, a company of which Mr Fethers and Mr Hamer are directors and shareholders, holds the rights to diamonds located on EL 5580 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 $25,739 (201–6: $13,171).

Receivable from and payable to related parties
The amount of $8,024 (2016: $2,208) was payable by DiamondCo Limited at 30 June 2017 and no trade payables to related parties at the current and previous reporting date.

An additional amount of $3,500 was payable to directors at 30 June 2017 (2016: $ nil).

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.

Note 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	
	2017	**2016**
	$	**$**
Loss after income tax	(808,688)	(386,255)
Total comprehensive loss	(808,688)	(386,255)

Note 24. Parent entity information (continued)

Statement of financial position

	Parent	
	2017	**2016**
	$	**$**
Total current assets	218,243	64,670
Total assets	218,243	65,064
Total current liabilities	296,994	228,195
Total liabilities	323,329	251,984
Equity		
Issued capital	15,666,091	14,778,609
Share-based payments reserve	5,875	15,470
Accumulated losses	(15,777,052)	(14,980,999)
Total deficiency in equity	(105,086)	(186,920)

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 2017 and 30 June 2016.

Contingent liabilities
The Company intends to purchase Nevada Lithium Pty Ltd as noted in Note 4. In order to complete the acquisition the Company must issue $2,000,000 worth of fully paid ordinary shares in the Company to the vendors of Nevada Lithium Pty Ltd. This issue of the Company's shares is required to be made by no later than 31 December 2017. Under the Share Purchase Agreement the "$2,000,000 worth" of shares in the Company is to be calculated using the offer price per share at which shares are offered under a contemporaneous capital raising for not less than $2,000,000. A contingent liability exists at 30 June 2017 for the issue of $2,000,000 worth of fully paid ordinary shares, the value of which liability is contingent upon the offer price under the contemporaneous capital raising. The Company is not obliged to complete the acquisition of Nevada Lithium, but if it does not issue $2,000,000 worth of shares in the Company to the vendors of Nevada Lithium by 31 December 2017 the acquisition will terminate and the Company will have no right to recover any amount paid as exploration costs on the lithium brine projects.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2017 and 30 June 2016.

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.

Note 25. Interests in 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:

		Ownership interest	
	Principal place of business /	**2017**	**2016**
Name	**Country of incorporation**	**%**	**%**
Bullamine Magnetite Pty Ltd	Australia	100.00%	100.00%

Note 26. Interests in joint ventures

EL 5580 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.

Tenements which pre-date and carry through to EL 5580 were 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.

Note 27. Events after the reporting period

On 30 August 2017, the Company announced that it had obtained permits to drill two holes at its lithium brine project in Nevada USA. It has negotiated a contract with Boart Longyear to undertake the drilling which will be entered into once the company has raised funding for the drilling.

Since 30 June 2017, the Company has paid amounts totalling $131,153 as payment or reimbursement of exploration costs incurred in relation the Nevada Lithium Pty Ltd brine projects in Nevada, USA.

No other matter or circumstance has arisen since 30 June 2017 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.

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

	Consolidated	
	2017 $	2016 $
Loss after income tax expense for the year	(808,688)	(386,255)
Adjustments for:		
Depreciation and amortisation	394	1,217
Share-based payments	3,040	1,865
Shares issued in lieu of fees	69,376	22,526
Change in operating assets and liabilities:		
Increase in trade and other receivables	(17,938)	(2,881)
Decrease/(increase) in prepayments	(136)	1,373
Increase/(decrease) in trade and other payables	2,226	(7,442)
Increase in employee benefits	15,251	26,112
Increase in accrued salaries and director's fees	49,945	118,611
Net cash used in operating activities	(686,530)	(224,874)

Note 29. Earnings per share

	Consolidated	
	2017 $	2016 $
Loss after income tax attributable to the owners of Reedy Lagoon Corporation Limited	(808,688)	(386,255)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	143,115,772	108,005,941
Weighted average number of ordinary shares used in calculating diluted earnings per share	143,115,772	108,005,941

Note 29. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.565)	(0.358)
Diluted earnings per share	(0.565)	(0.358)

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.

Note 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 25 November 2016, 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:-

• Geoffrey H. Fethers – 500,000 options, exercise price 1.3 cents, expiring on 31 December 2019 with a value $1,689;
• Adrian C. Griffin – 100,000 options, exercise price 1.3 cents, expiring on 31 December 2019 with a value $338; and
• Jonathan M. Hamer – 300,000 options, exercise price 1.3 cents, expiring on 31 December 2019 with a value $1,013.

Set out below are summaries of options granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
29/11/2013	31/12/2016	$0.0200	900,000	-	-	(900,000)	-
13/11/2014	31/12/2017	$0.0200	900,000	-	-	-	900,000
30/12/2015	31/12/2018	$0.0110	900,000	-	-	-	900,000
25/11/2016	31/12/2019	$0.0133	-	900,000	-	-	900,000
			2,700,000	900,000	-	(900,000)	2,700,000

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
15/11/2012	31/12/2015	$0.0200	900,000	-	-	(900,000)	-
29/11/2013	31/12/2016	$0.0200	900,000	-	-	-	900,000
13/11/2014	31/12/2017	$0.0200	900,000	-	-	-	900,000
30/12/2015	31/12/2018	$0.0110	-	900,000	-	-	900,000
			2,700,000	900,000	-	(900,000)	2,700,000

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
25/11/2016	31/12/2019	$0.0008	$0.0133	88.50%	-	2.21%	$0.0130

An expense of $3,040 (2016: $1,865) has been recognised in the statement of comprehensive income for the current period in relation to the above options.

Reedy Lagoon Corporation Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

GHFethers

G.H. Fethers
Managing Director

28 September 2017
Melbourne

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Reedy Lagoon Corporation Limited and controlled entities (the Company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a) the accompanying financial report of the Company is in accordance with the *Corporations Act 2001,* including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit 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 Company's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors;

- conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MOORE STEPHENS

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Reedy Lagoon Corporation Limited, for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257

RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

29 September 2017

Reedy Lagoon Corporation Limited
Shareholder information
30 June 2017

The shareholder information set out below was applicable as at 12 September 2017.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	28
1,001 to 5,000	21
5,001 to 10,000	54
10,001 to 100,000	241
100,001 and over	151
	495
Holding less than a marketable parcel	212

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Pyrope Holdings Pty Ltd	17,507,500	9.97
Jagen Pty Ltd	12,583,333	7.16
Mr Jonathan Mark Hamer	12,167,893	6.93
Citycastle Pty Ltd	11,681,922	6.65
Sked Pty Ltd	11,191,368	6.37
Mr Adrian Christopher Griffin	7,100,671	4.04
Pyrope Holdings Pty Ltd (Chromite Staff S/Fund A/C)	6,886,740	3.92
Wifam Investments Pty Ltd (Wischer Family S/F A/C)	5,325,000	3.03
Park Road SF Pty Ltd (Park Road Super Fund A/C)	4,128,000	2.35
Dales Estates No 1 Pty Ltd	4,125,000	2.35
Tromso Pty Ltd	3,675,000	2.09
Mr Jaime Lai	3,659,000	2.08
Tardis Victoria Pty Ltd	3,400,454	1.94
M&K Korkidas Pty Ltd (M&K Korkidas P/L S/Fund A/C)	3,000,000	1.71
Toey Pty Ltd (Superannuation Fund A/C)	2,700,000	1.54
Sked Pty Ltd (Super Fund A/C)	2,514,404	1.43
Amax Pacific Pty Ltd	2,010,000	1.14
RFCJ Pty Ltd (RCJ Super Fund A/C)	1,999,999	1.14
Mr Clarke Barnett Dudley	1,749,998	1.00
Chromite Pty Ltd	1,632,374	0.93
	119,038,656	67.77

Unquoted equity securities

There were 2,700,000 unquoted options.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Pyrope Holdings Pty Ltd	26,869,492	15.29
Sked Pty Ltd	26,690,998	15.19
Jagen PtyLtd	12,583,333	7.16
Jonathan M. Hamer	12,207,245	6.95

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

Tenement Schedule

Tenements held at 20 September 2017:

Located in Australia

Tenement	Area (km^2)	Status	Company Interest (direct or indirect)
EL 5580 *Edward Creek project (SA)*	343	Current	100% [1, & 2]
E70/4941 *Burracoppin (WA)*	58	Application	100%

Located in USA

Tenements (all Placer Claims located in Nevada) [3 & 4]

Claim Name	Claim Numbers	Corresponding BLM NMC Number	Total Claims	Total Area
Columbus Salt Marsh Project				
CB Claims	CB-1 to CB-12 CB-17 to CB-28 CB-33 to CB-44 CB-47 to CB-60 CB-63 to CB-76 CB-79 to CB-95 CB-101 to CB-186	NMC 1138099 to NMC 1138179 NMC 1146279 to NMC 1146364	167	1,332 ha
Big Smoky South Project				
MB Claims	MB-53 to MB-68 MB-77 to MB-82 MB-89 to MB-96 MB-101 to MB-228 MB-301 to MB-318 MB-320 MB-322 to MB-340 MB-342 MB-344 to MB-368 MB-370 to MB-382 MB-384 to MB-390 MB-392 to MB-398	NMC 1138180 to NMC 1138327 NMC 1146188 to NMC 1146278	239	1,924 ha
Alkali Lake North Project				
WH Claims	WH-1 to WH-128	NMC 1138328 to NMC 1138455	128	1,033 ha

Notes to the tenement schedule:

1. EL 5580 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 5580 for the 12 months ending 11 November 2017 is $170,000. At the date of this report more than $100,000 had been expended on exploration on EL 5580 during the current 12 month term.

2. 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.

3. The Placer Claims in each of the 3 lithium brine projects in Nevada Columbus Salt Marsh, Big Smoky South and Alkali Lake North) are 100% owned by and held in the name of Sierra Lithium LLC, a wholly- owned subsidiary of Nevada Lithium Pty Ltd. RLC has acquired Nevada Lithium Pty Ltd under a Share Purchase Agreement. To complete the acquisition RLC must issue $2m "worth" of RLC Shares to the vendors of Nevada Lithium before the end of calendar year 2017: see Note 4 Acquisition of Lithium Brine Projects in Nevada

4. Annual Land Fees comprising US$155 and US$12 per Placer Claim are payable to the BLM and Esmeralda County respectively. All Land Fees are paid up to 31 August 2018. There is no minimum exploration expenditure requirement for Placer Claims located in Nevada, USA.

CORPORATE DIRECTORY

Reedy Lagoon Corporation Limited
ABN 41 006 639 514

ASX Code : RLC

Directors

Jonathan M. Hamer
Chairman, Non-Executive Director

Geoffrey H. Fethers
Managing Director

Adrian C. Griffin
Non-Executive Director

Company Secretary

Geoffrey H. Fethers

Registered and Head Office

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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