REEDY

LAGOON

CORPORATION LTD

A.C.N. 006 639 514

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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Chairman's letter

13 September 2013

Dear Shareholders,

The last 12 months have been a mix of great promise and frustration.

During the past year Reedy Lagoon Corporation Limited ("RLC") gained its first Mineral Resource. An Inferred Resource of 53.6 M t of magnetite ore grading 29.3 % Fe was determined for the Chitterberin prospect by the Bullamine Joint Venture in which RLC retains a 25% interest.

This development was augmented by the discovery of substantial thicknesses of magnetite at Burracoppin, located about 50 kilometres to the north of Chitterberin and within two kilometres of the Perth Kalgoorlie rail line. Metallurgical studies conducted on drill core suggest this deposit contains high quality magnetite that can be processed at a coarse grind size.

On 30th November 2012 our Joint Venture Party, Cliffs, introduced 2 new participants, NS Iron Ore Development Pty Ltd and Sojitz Mineral Development Pty Ltd. Both these companies are part of very substantial Japanese steel manufacturers or traders and their participation adds significant strength to the Bullamine Joint Venture.

RLC's interest in the Bullamine Joint Venture is fully funded. RLC's share of the exploration costs of the Joint Venture is funded by the other joint venture parties until a Decision to Mine and is repayable solely from its share of mine production. The joint venture spent $1.6M on exploration during the last year and in total has spent more than $8.6M since commencing in February 2011.

However, the further expenditure needed to be able to make a Decision to Mine is dependent on the other joint venture parties, particularly Cliffs as manager. They are not obliged to make this expenditure, only to maintain the joint venture tenements in good standing. Furthermore the collapse in the spot price for iron ore in September 2012 and the projection by some analysts that the price would stabilise in the long term at about $80 per tonne led to significant cutbacks in exploration expenditures by the major producers, including by Rio Tinto, BHP Billiton and Cliffs. Hence the frustration for RLC as the other joint venturers proposed no further drilling this calendar year.

The spot price for iron ore has recovered from its September 2012 lows. Further, the Bullamine Joint Venture is relatively well placed to survive and thrive through the current volatility in the iron ore price. Proximity to labour and infrastructure provide the Bullamine project with capital and operating cost advantages over similar projects in more isolated locations. The target commodity, magnetite, produces a high quality product which should attract a premium sales price, potentially in the range of 10% to 30% above the iron ore fines 62% Fe spot price, and is likely to remain marketable when lesser quality product may not be. RLC remains confident that it will be able to realize the significant potential value of its interest in the project.

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During the last financial year RLC's management restricted RLC's discretionary exploration expenditure in order to conserve shareholder funds. Cash funds applied to exploration expenditure over the financial year was approximately $ 196,000.

Towards the end of the last financial year RLC shareholders subscribed $494,851 to an Entitlement Offer at 10 cents a share. This was a good result for shareholders considering the difficult market conditions for exploration companies and the Company's then share price. The capital raising has enabled the Company to continue while awaiting improvement in exploration budgets and the industry generally. Current cash reserves are adequate to meet overheads and fund very limited exploration (outside the Bullamine magnetite joint venture) for the 2013/14 year.

We expect continued challenging times for raising capital. RLC's current share price (which your directors consider does not reflect the potential value of RLC's interest in the Bullamine Joint Venture) makes it costly in shareholder dilution terms to raise capital in the current market. The Board intends to continue managing RLC's operations so as to maximise shareholder value.

The Directors thank shareholders for their support.

Jonathan Hamer

Chairman

Mineralisation styles targeted during the period included:

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

Overview

Reedy Lagoon announced its maiden resource on 22 October 2012. The resource is an Inferred Resource of 53.6 Mt @ 29.3% Fe at the Chitterberin Magnetite Deposit and is part of the Bullamine Joint Venture iron-ore (magnetite) project in which RLC retains a 25% interest.

The discovery of the Chitterberin Deposit added to the significant magnetite mineralisation (70 metre true width intersected in drilling) identified during the previous year at the Wongamine prospect and preceded the discovery of wide intersections of magnetite at the Burracoppin prospect in December 2012. The wide intervals of mineralization intersected at Burracoppin and favourable metallurgical results from core samples suggest Burracoppin may contain high quality magnetite that can be processed at a coarse grind size.

On 30th November 2012 the Bullamine JV (Magnetite) gained two new participants so that the joint venture comprised: 45% Cliffs (through its wholly owned subsidiary Cliffs Magnetite Holdings Pty Ltd, 15% NS Iron Ore Development Pty Ltd, 15% Sojitz Mineral Development Pty Ltd and 25% RLC (through its wholly owned subsidiary Bullamine Magnetite Pty Ltd).

Reedy Lagoon's other exploration projects are continuing. Field investigations led to rationalisation of the ground held by the Bullamine Hematite project, ground geophysical survey (EM) was conducted at the Winning Hill uranium project and an airborne geophysical survey (magnetic and radiometric) was contracted, but commenced after the report period, at the Tanami uranium/gold project.

An Entitlement Offer, made pro rata to shareholders at a price of 10 cents per share, closed on 5th April 2013 raising $494,849. All shareholders can take comfort in the support shown by members subscribing to new issuance priced at a premium to the then prevailing share price of 8 cents. Whilst the "value" of a listed stock is determined by its last sale price, it is likely that many of our shareholders do not consider recent trading prices reflect their view of the value of their RLC shares. In setting the price of the Entitlements Offer at 10 cents directors took into consideration the stage of development of the Company and in particular the results emerging from the Bullamine Iron ore (magnetite) joint venture, the price a shareholder seeking to purchase a substantial holding in RLC would likely have to pay if acquiring the interest on-market and the low number and volume of on-market trades in RLC shares (3.3 M shares for total value of $239,000 in 82 trades during the 12 months ended 30 June 2013).

Unlike many exploration companies, Reedy Lagoon's principal project, its 25% interest in the Bullamine iron ore (Magnetite) joint venture, is fully funded through to Decision to Mine. RLC's share of the high risk exploration costs are funded by the other joint venture parties to Decision to Mine and are repayable solely from its share of mine production. The joint venture expended $1.6M on exploration during the report period and totals more than $8.6M expended since its commencement on 11 February 2011 to 30/06/2013. Whilst the joint venture partners have signalled a reduction in activities and do not plan any drilling during 2013 the terms of our joint venture do require that sufficient work is undertaken to maintain the tenements including meeting statutory minimum expenditure requirements which are currently $489,000 per annum.

Current cash reserves are adequate to meet overheads and fund very limited exploration (outside the Bullamine magnetite joint venture) for the 2013/14 year.

With funding for Reedy Lagoon's share of joint venture exploration costs being funded by the other parties, RLC's primary and immediate objective is to facilitate the development of the magnetite deposits being proven up by the Bullamine joint venture. Any potential cash flow from the Bullamine Magnetite deposits is at least 2 to 3 years away, but its potential magnitude dwarfs Reedy Lagoon's current market capitalisation.

For the 2013/14 period directors believe the Company has a sound operating base. By constraining activities to preserve cash RLC can maximise the benefits to shareholders of any development by the Bullamine Magnetite JV. However, the Company will continue to seek to expand its operations where opportunities to do so arise which are advantageous to shareholders.

Exploration

Iron Ore Exploration

Bullamine Joint Venture Project **IRON ORE - MAGNETITE** **Western Australia** **RLC 25%**

The joint venture is investigating opportunities for developing iron mining (magnetite) operations in the south west part of Western Australia, east from Perth. The project covers over 800 square kilometres under 5 tenements following the surrender of E70/3805 (BEN 1) on 16/07/2013.

The joint venture comprises Bullamine Magnetite Pty Ltd, a wholly owned subsidiary of Reedy Lagoon Corporation ("RLC") and farm-in parties: Cliffs Magnetite Holdings Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc., NS Iron Ore Development Pty Ltd , and Sojitz Mineral Development Pty Ltd. Under the terms of the joint venture the farm-in parties can earn a 75% interest held 45% Cliffs, 15% NS Iron Ore Development Pty Ltd and 15% Sojitz Mineral Development Pty Ltd.

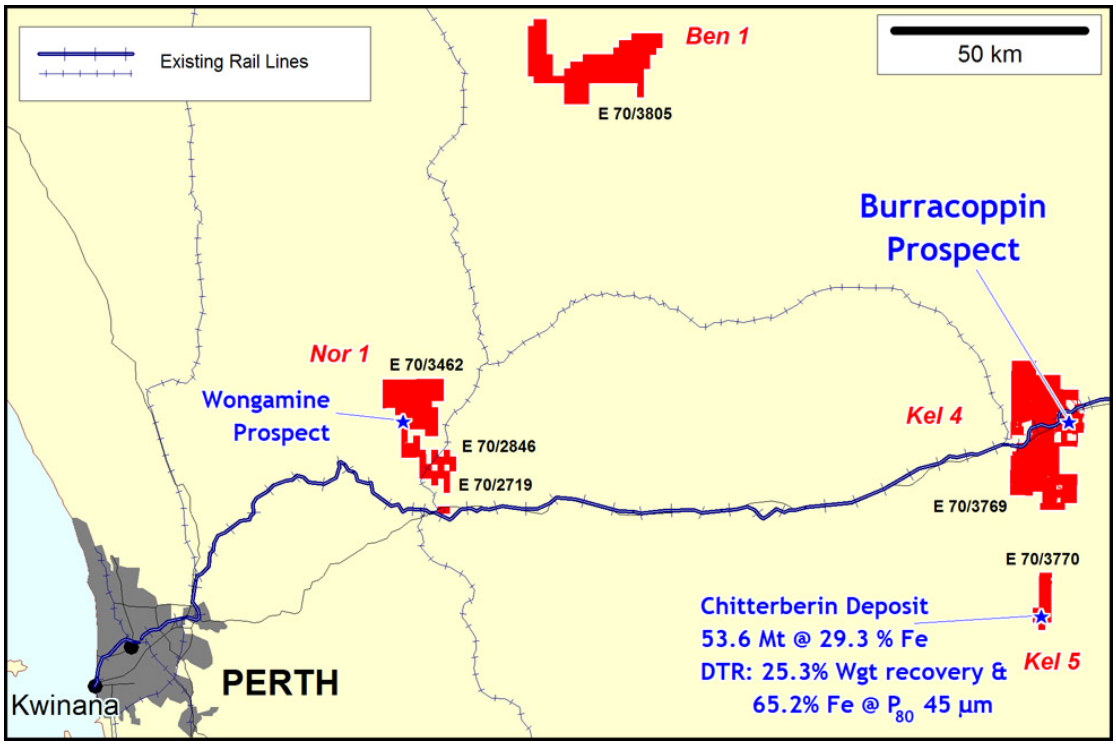


Figure 1: Bullamine JV (Magnetite) project tenements are shown together with local infrastructure. E70/3805 (BEN 1) was surrendered on 16/07/2013.

RLC retains a 25% interest fully funded by the other JV parties until completion of a feasibility study and decision to mine with funding repayable only out of its portion of production. Joint venture operations are managed by Cliffs.

A feature of the project is its location not far from Perth. Road and rail service the area and provide links to bulk cargo ports at Fremantle and Esperance. Proximity to labour and infrastructure provide the Bullamine project with capital and operating cost advantages over similar projects in more isolated locations.

During the report period the joint venture expended $1.6 M on exploration bringing the total expenditure since commencement of the joint venture on 11/02/2011 to 30/06/2013 to over $8.6 M

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

Exploration by the joint venture during the report period included metallurgical studies which resulted in an Inferred Resource being determined for the Chitterberrin Prospect and 995.7 metres of diamond drilling which intersected significant magnetite mineralisation at the Burracoppin prospect.

Burracoppin Prospect
KEL 4, part of the Bullamine Joint Venture Project

Magnetite mineralisation in multiple bands with variable continuity was intersected by drilling during the report period. Additional drilling is required to better understand the extent of the mineralisation at Burracoppin. However, the limited drilling completed indicates the mineralised bands have combined horizontal widths of between 150 metres and 200 metres. Detailed magnetic data indicate a strike length of 3,000 metres and a potential tonnage of magnetite bearing rock of between 140 and 220 million tonnes (refer to ASX release 31 January 2013).

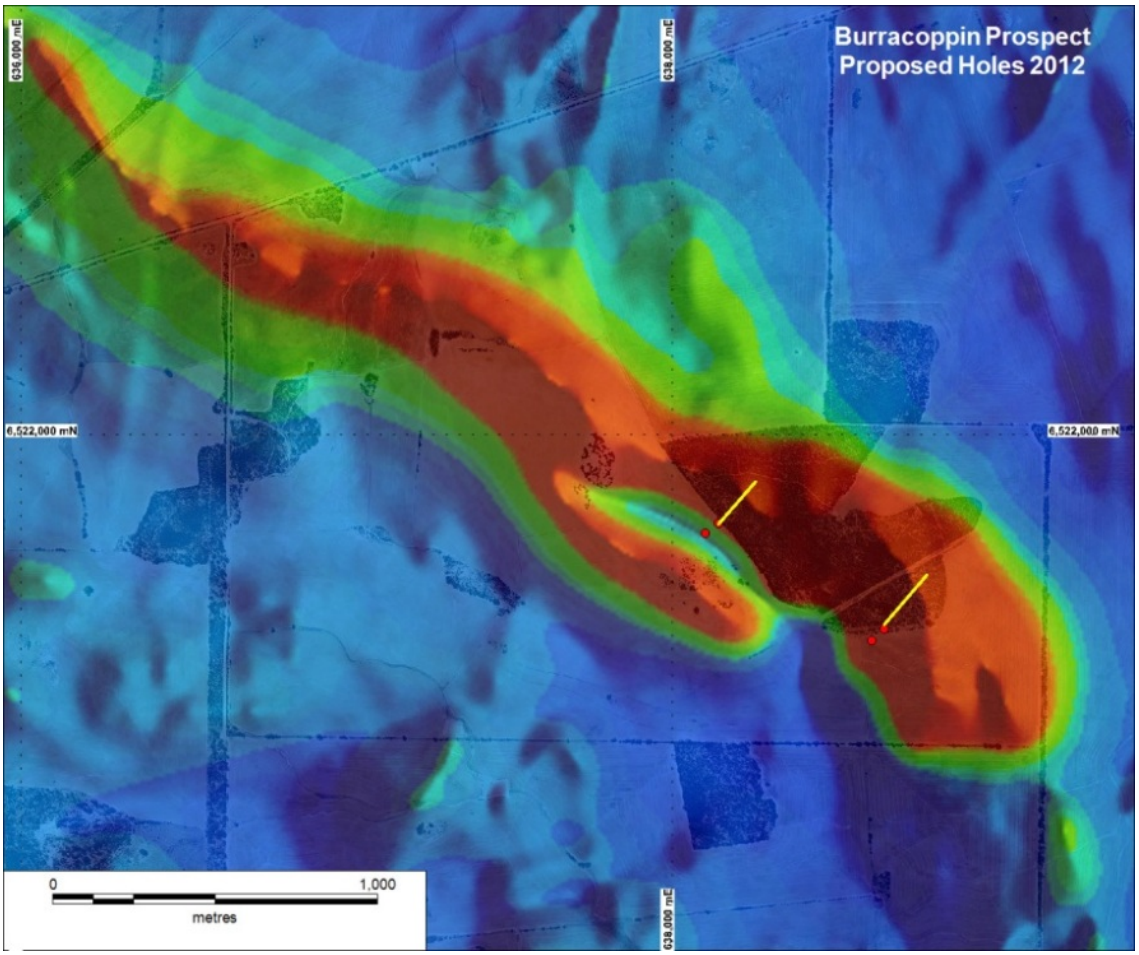
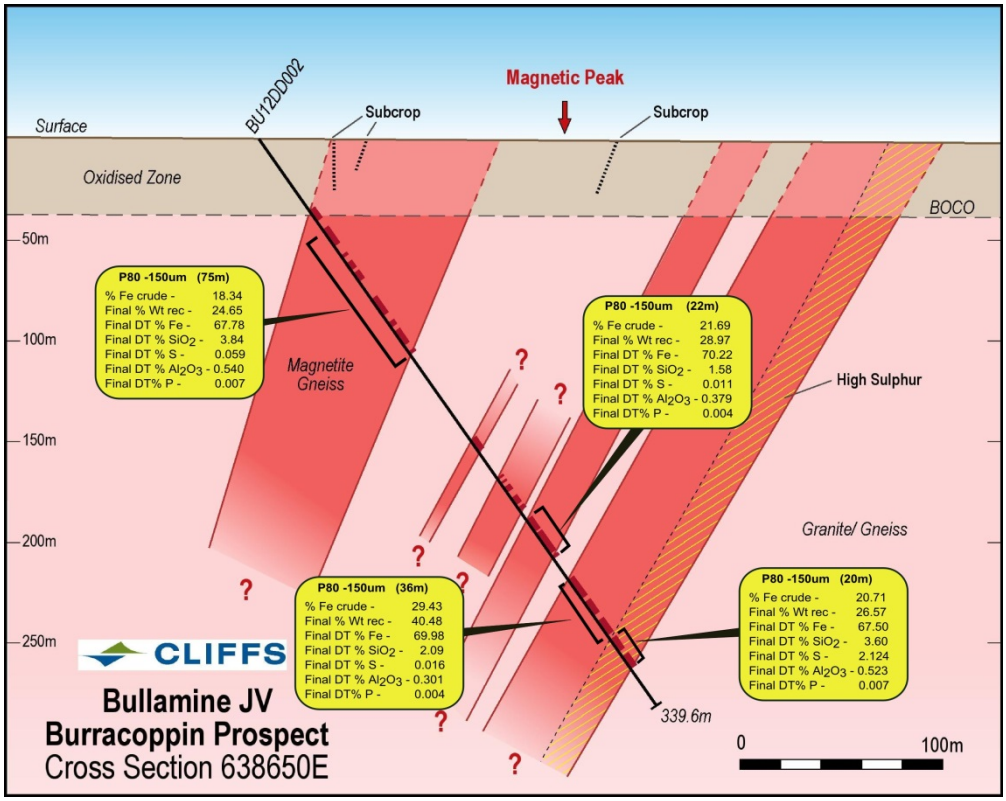


Figure 2. Burracoppin prospect (KEL4). The target magnetic anomaly in detailed magnetic survey (airborne at 50 metre line spacing) showing location of drill sites completed during September quarter 2012.



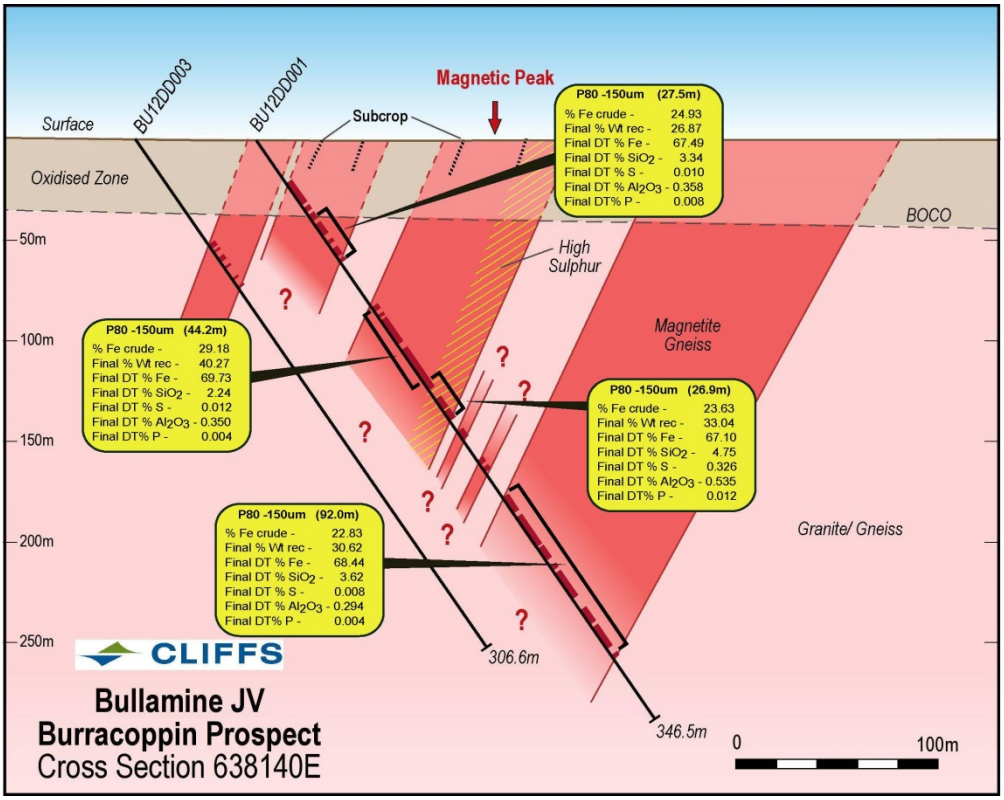


Figure 3. Burracoppin Prospect sections for diamond drilling completed during the 2012/13 year. Results are for composite samples over the intervals stated. The metallurgical data has been reported by BV Amdel, an independent laboratory in Perth (September Quarter 2012 report).

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

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

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

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

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

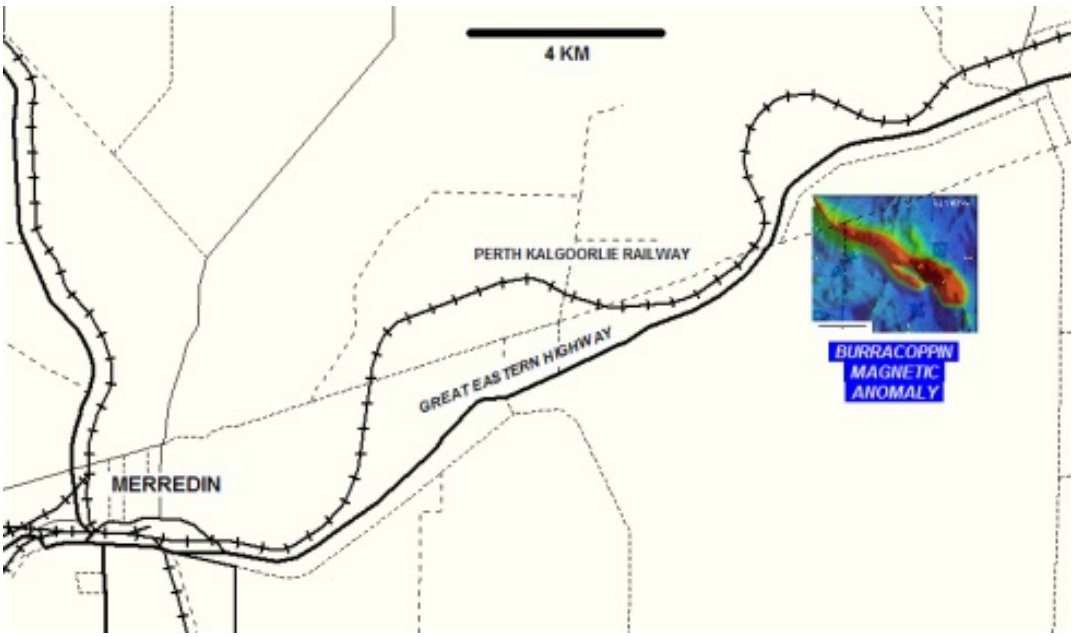


Figure 4. Location of Burracoppin Prospect east of the township of Merredin and adjacent to the main Perth Kalgoorlie railway (part of the Transcontinental Railway). Rail links exist to bulk cargo ports at Kwinana (Freemantle) and Esperance.

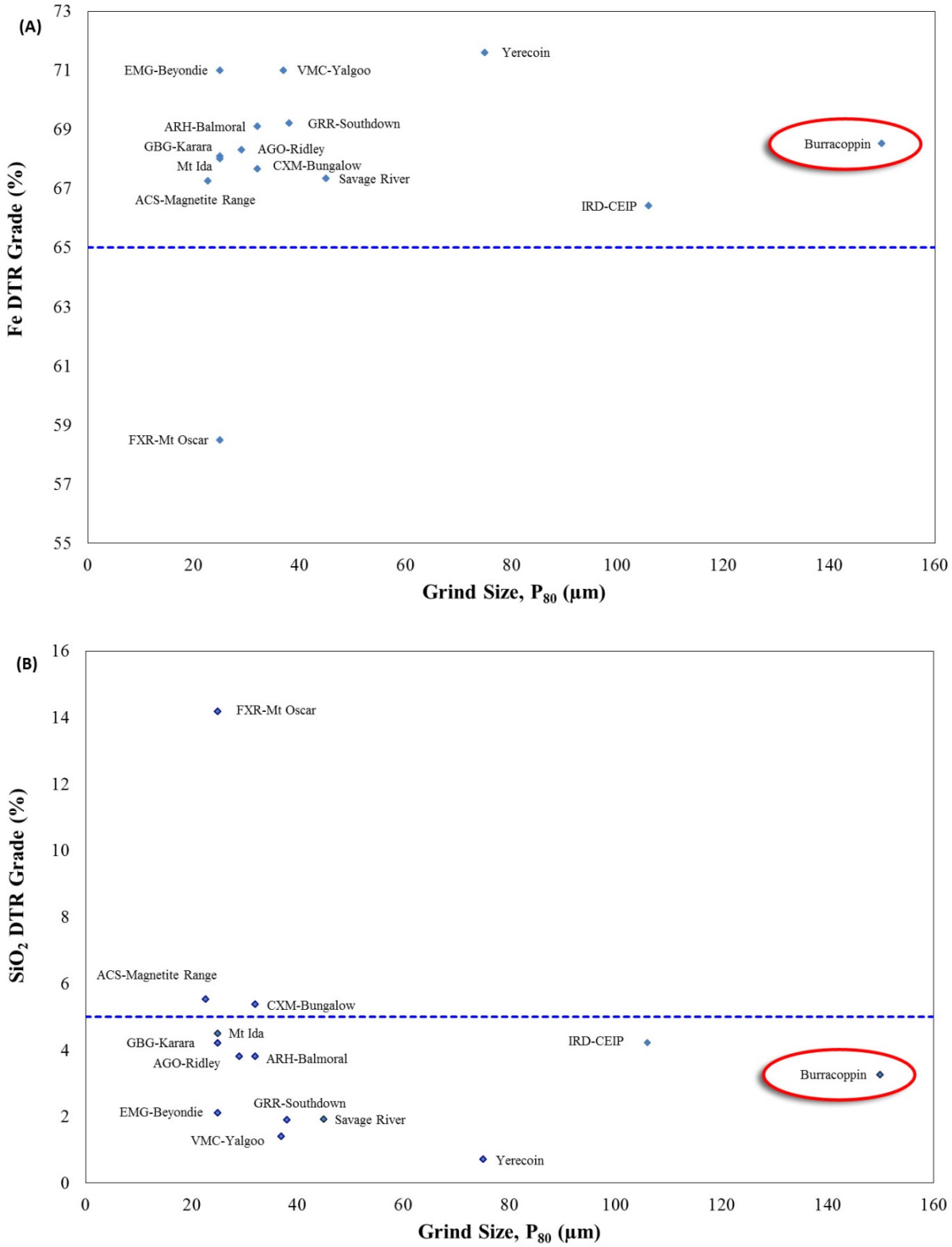


Figure 5. The Burracopin metallurgical results can be compared with results at other magnetite deposits in Australia (the coarser the grind size to achieve high Fe content and low SiO_2 content, the better).

Chitterberrin Deposit

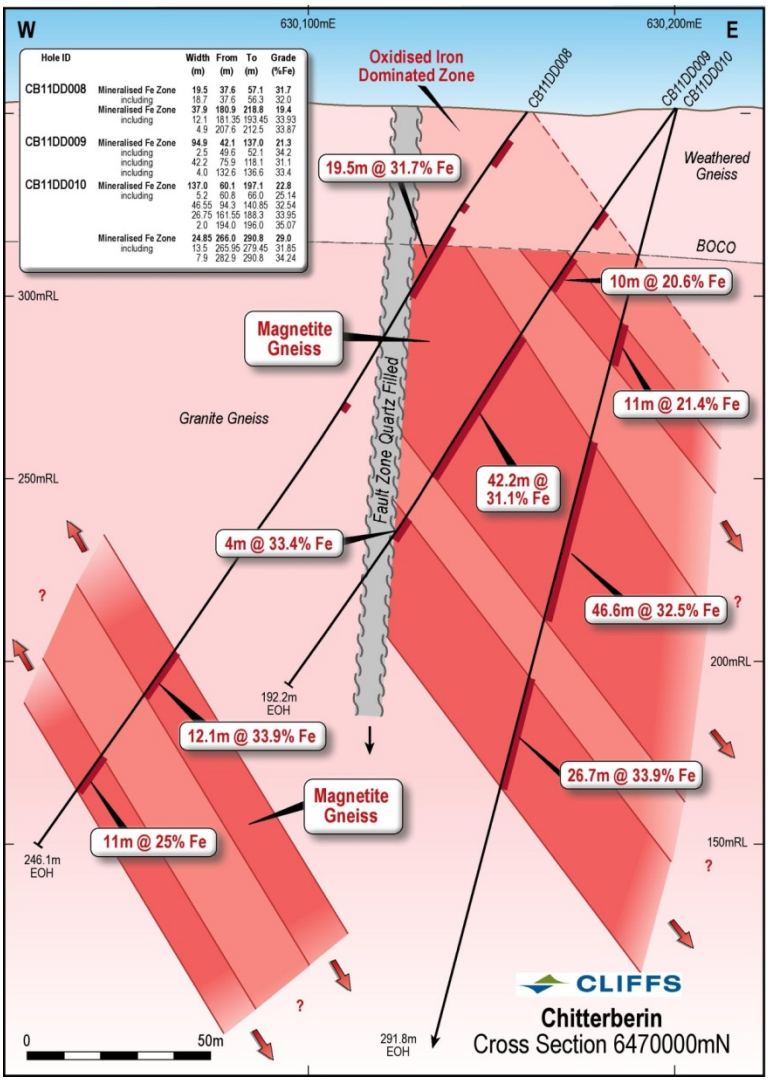
KEL 5, part of the Bullamine Joint Venture Project

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

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

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

Figures in table 2 are based on ordinary kriging at a 15% threshold for Davis Tube Fe recovery and grind size of 80% passing -45 micron. The resource estimate is JORC compliant and has been calculated by ProMet Engineers Pty Ltd and Tetra Tech Australia Pty Ltd which are independent of the Bullamine joint venture. (ASX 22/10/2012).



Determination of a resource at the Chitterberin Deposit is a significant step towards building sufficient reserves to enable mining. The size of the deposit, given its location and access to existing infrastructure and the potential to identify additional deposits in the region, is sufficient to justify conducting further metallurgical studies and to investigate beneficiation potential to upgrade the mineralisation.

Figure 6. Chitterberin prospect (KEL 5). Diamond holes along section 6470000mN.

Wongamine Prospect

NOR 1, part of the Bullamine Joint Venture Project

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

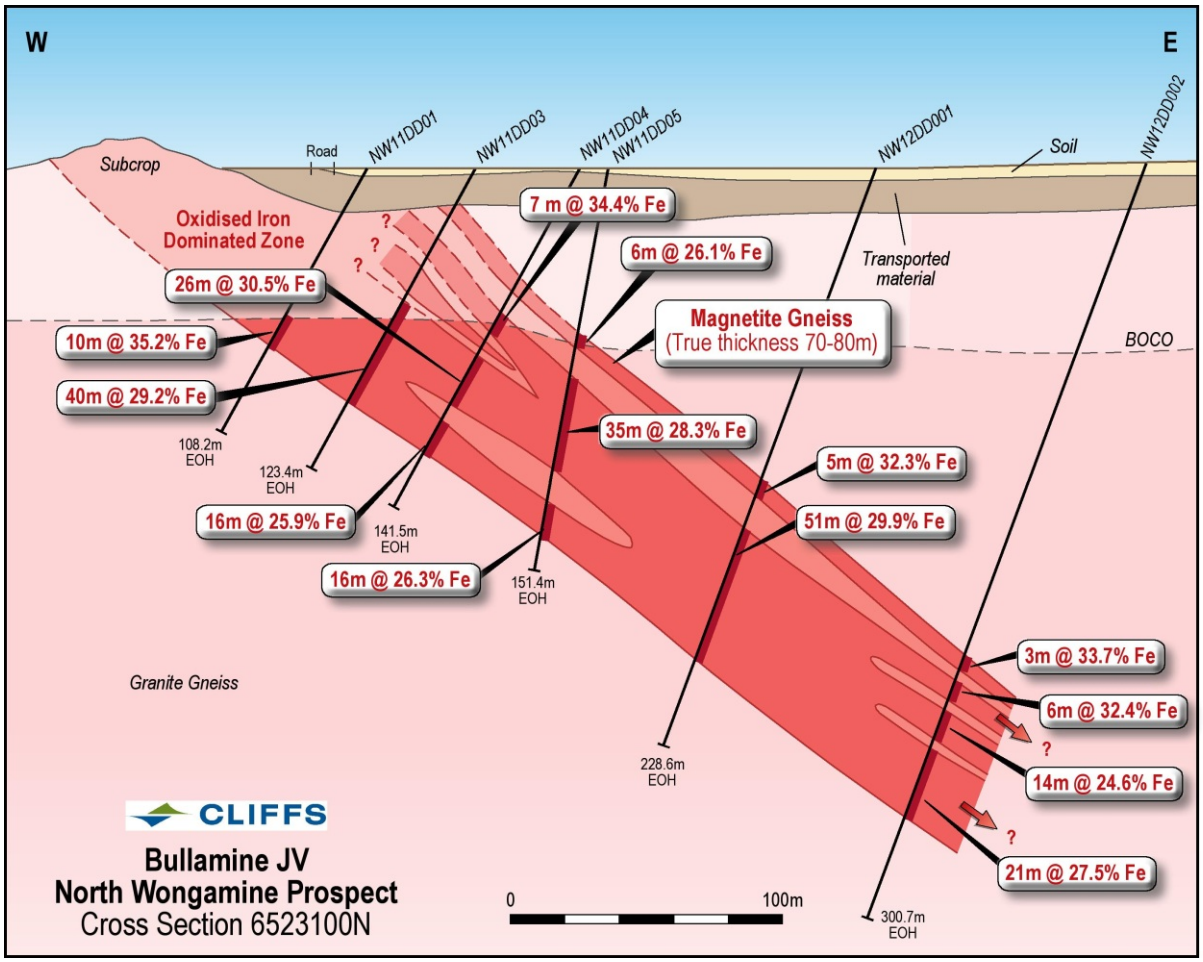


Figure 7. --- Drill results along section 6523100mN from the North Wongamine prospect.

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

The Bullamine Hematite project is investigating opportunities for developing iron ore mining (hematite) operations in the south west part of Western Australia, east from Perth. At the date of this report the project covers 350 square kilometres under two tenements following the grant of E704412 (KEL 8) and surrender of E70/3768 (part of KEL 3) and E70/3772 (KEL 7) on 17/04/2013. The project was initiated through the retention by the Company of tenements surrendered by the Bullamine Joint Venture which RLC considers are prospective for hematite.

The project is serviced by an extensive network of rail lines and links to bulk cargo ports at Fremantle and Esperance are provided by both rail and road.

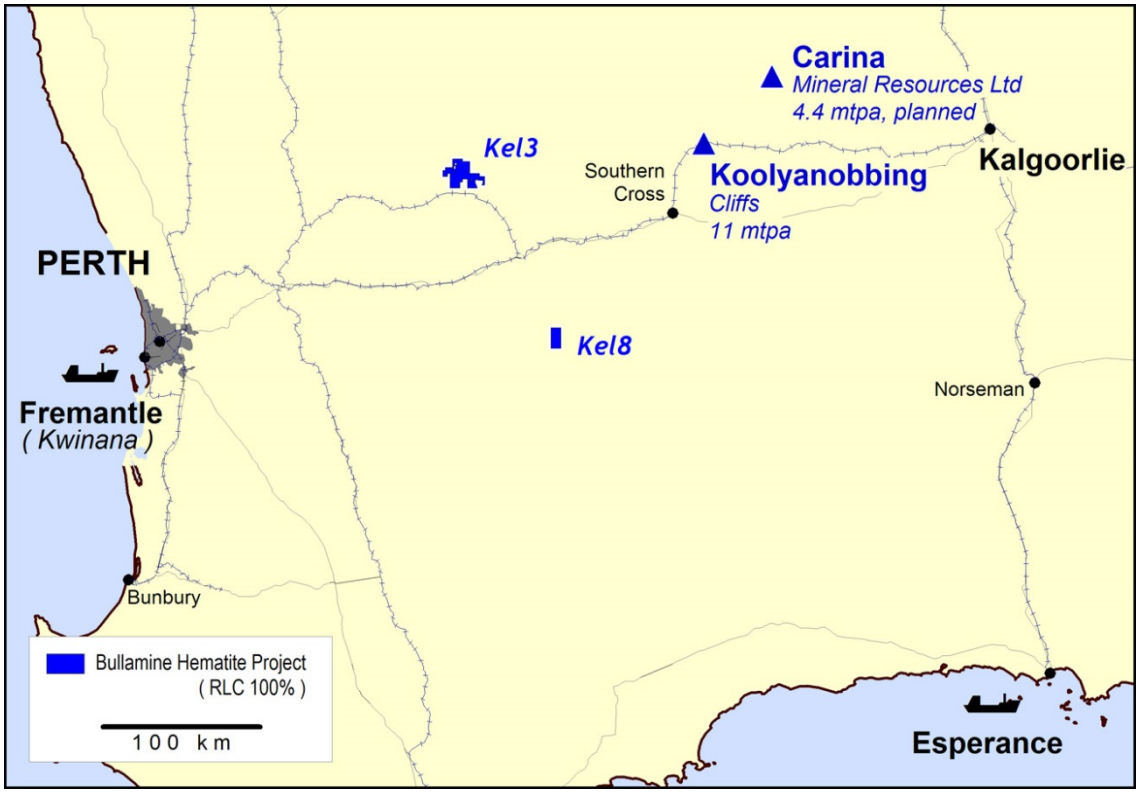


Figure 8 Bullamine Hematite project tenements. The tenements are located in the Northam / Merredin area in the south west of Western Australia and include KEL 3 and KEL 8.

RLC investigated several targets it interpreted from airborne gravity survey data (Falcon Gravity Gradiometer) to hold potential for hematite mineralisation. These investigations identified a target area measuring about 3 by 2 kilometres which warrants further investigation on KEL 3 (figure 9). Within KEL 8, a deposit of detrital iron, previously exploited by the local council for road making material was observed. The material comprised about 50% iron nodules which contained about 40% hematite (about 27% Fe). The material is of insufficient grade to be prospective for RLC's purposes, but nevertheless provides evidence of detrital iron accumulations in the area.

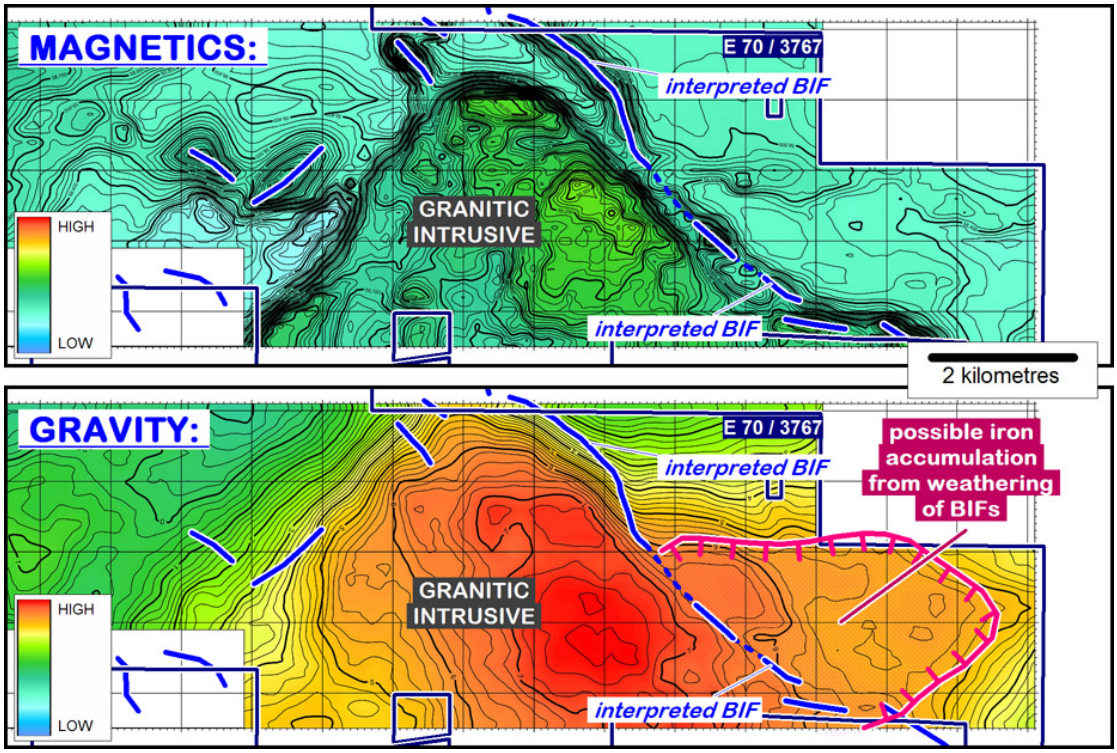


Figure 9. Potential target for hematite (detrital iron) accumulation is shown where elevated gravity response occurs coincident with reduced magnetic response.

Uranium Exploration

Tanami Project **URANIUM & GOLD** **Northern Territory** **RLC 100%**

The Tanami project is within the Tanami region located on the Western Australian border, west from Tennant Creek. The project is exploring for uranium and gold. Uranium mineralisation is known in the Ngalia Basin, a geological setting similar to that for the project area. Uranium has also been identified in the Killi Killi Hills area located 80 kilometres to the north of the project area, where similarities in the mineralisation styles present have been made with the unconformity-associated uranium deposits in the Pine Creek Inlier (Ranger, Jabiluka) and Athabasca Basin (Canada).

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

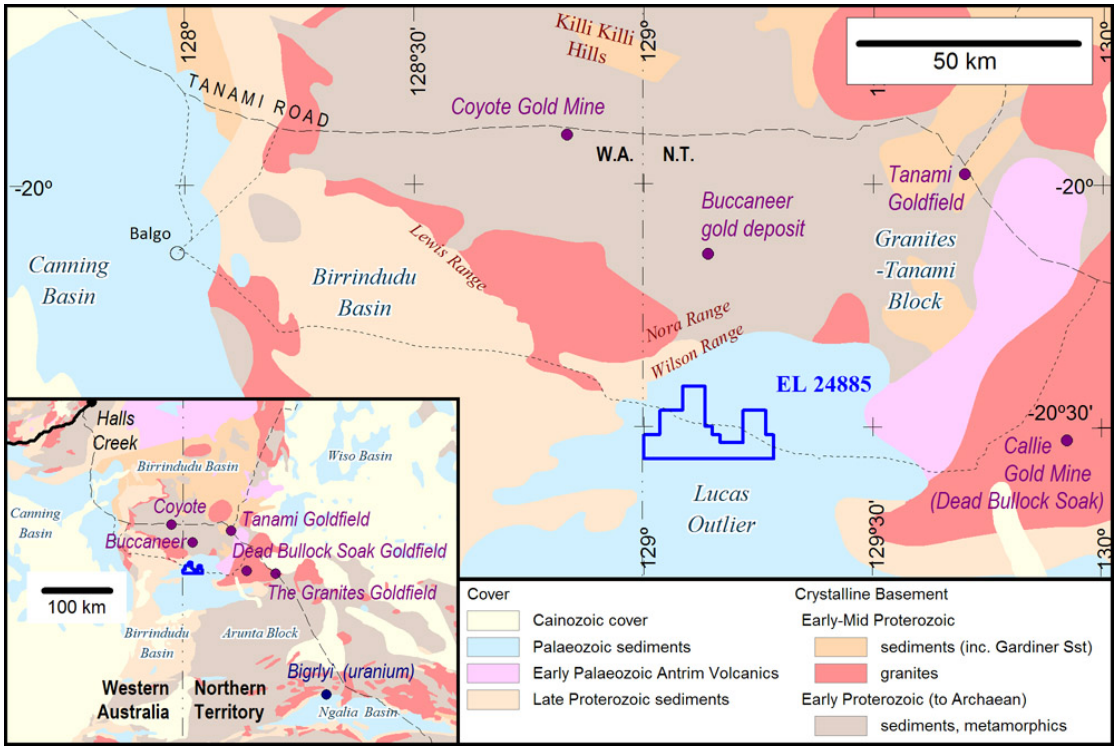


Figure 10. Tanami project. Locations of the Ngalia Basin and Bigrlyi uranium deposit are shown on the insert.

Exploration for stratabound uranium deposits (roll-front and unconformity styles) similar to those in the nearby Ngalia and Amadeus Basins located to the south east, is the current focus. Potential for gold mineralisation is also being investigated.

An airborne magnetic and radiometric survey was contracted for the project area during the report period and was flown in the first week of August 2013.

Winning Hill Project URANIUM Western Australia RLC 100%

The 'Winning Hill' project is located in the Gascoyne region in Western Australia. It comprises 211 square kilometres.

RLC is targeting zones of intersection between a regional fault and specific sedimentary units in which uranium mineralisation may occur. The target has been developed using the results of exploration conducted in the early 1980's which identified uranium anomalism where the fault juxtaposes younger rocks with Gascoyne Complex basement.

Results from soil sampling and ground gravity survey conducted during prior report periods are being used to interpret the locations of faults and a sedimentary layer interpreted to have potential to be a receptive horizon for uranium precipitation and accumulation.

Ground geophysical survey (ElectroMagnetic) data were acquired during the report period and will be used to assist in determining a drilling program.

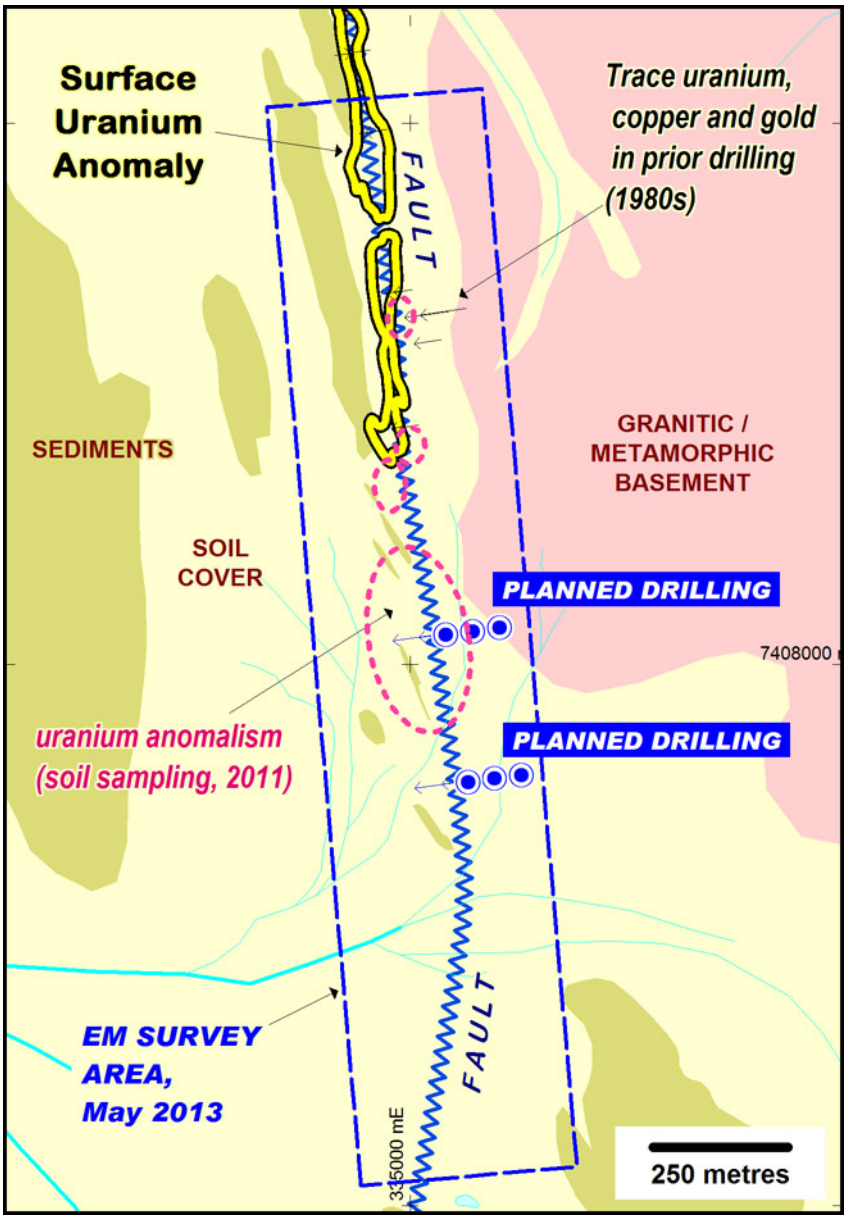


Figure 11. Winning Hill uranium project.

Isabella Project **URANIUM** **Western Australia** **Surrendered**

The 'Isabella' project was located in the Gascoyne region in Western Australia and was surrendered on 15/11/2012.

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

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

Figure 12. Regional location of Edward Creek project.

Victory prospect

Part of the Edward Creek Project

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

Surface cover and deep weathering obscure most of the area. In the limited exposed areas elevated radiometric responses and assay results are wide spread, as is evidence of hydrothermal veining (fig 13).

An unconformity, possibly faulted, with younger rocks including conglomerates and mafic volcanics, lies a few hundred metres east of the anomalous area shown in figure 13, but is obscured by transported cover. The surface mineralisation identified at Victory may be marginal to prospective zones under cover at or near the unconformity.

Work planned includes drilling to investigate the surface uranium anomalism and along strike where the concealed unconformity is interpreted.

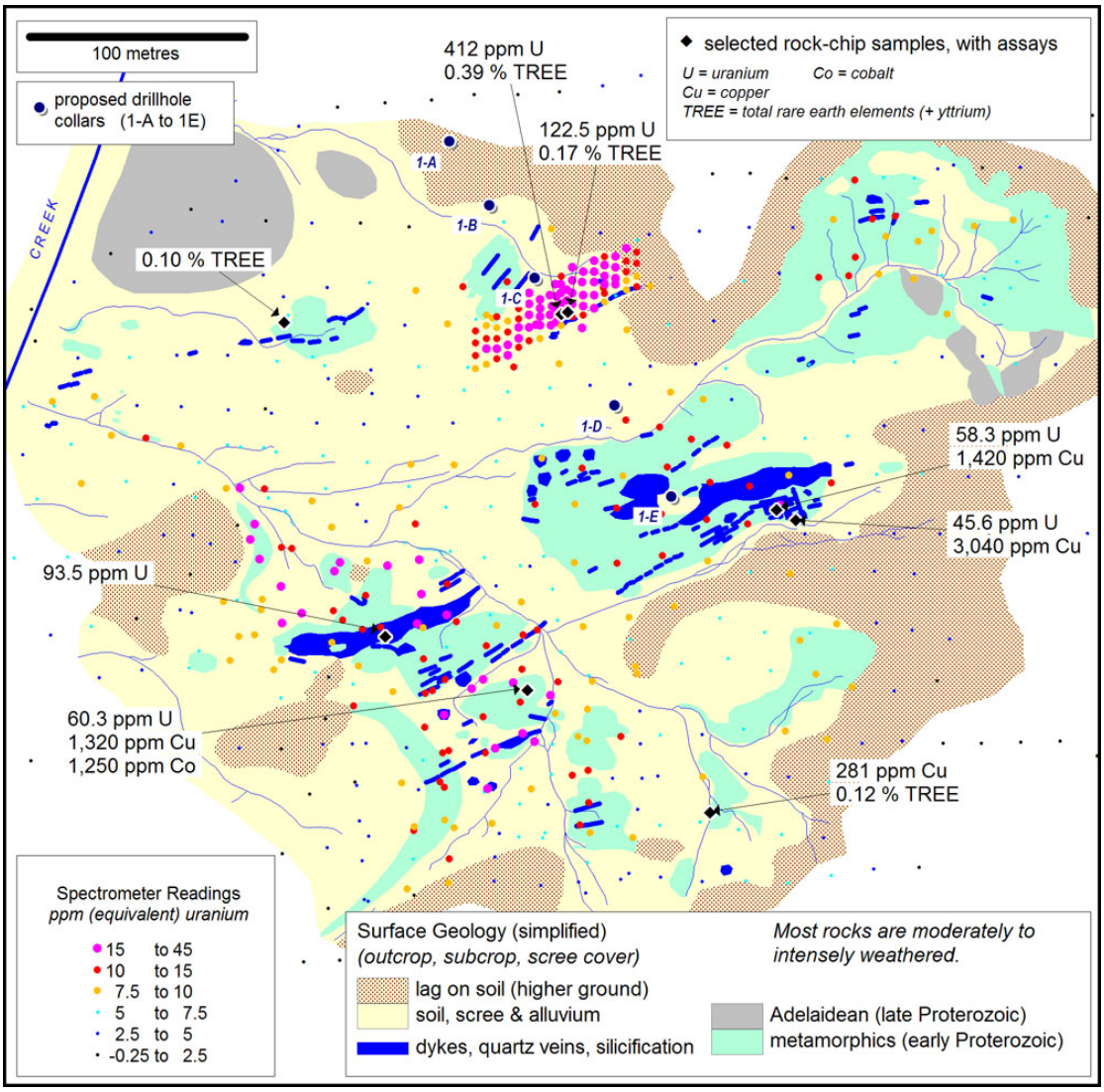
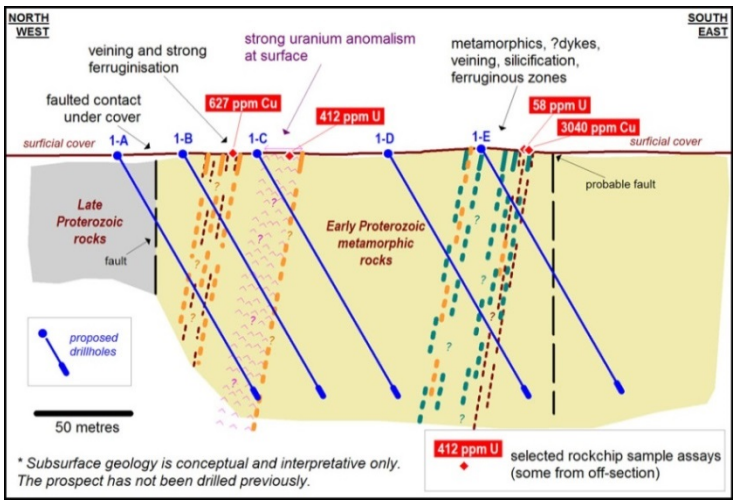


Figure 13. Victory prospect showing planned drill sites at 1-A, 1-B, 1-C, 1-D and 1-E.
(For sample details refer ASX release 12/10/2010 and September 2010 Quarterly Report).



The planned drilling at Victory has been awarded government funding under the South Australian Government's initiative to encourage exploration by contributing funding towards exploration drilling. The grant is for up to $50,000 towards drilling costs provided the drilling is completed by mid February 2014.

Figure 14. Schematic section for the planned drilling at the Victory uranium prospect.

Gold Exploration

KEL 1 Project **COPPER - GOLD** **Western Australia** **RLC 100%**

Exploration for copper and gold is planned at KEL 1. The project (E70/3766) was previously part of the Bullamine Joint Venture but was surrendered back to RLC on 19 April 2012

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

Exploration activities by other companies on ground to the west, north and south of KEL 1 suggest the presence of a large mineralising system that may extend over the KEL 1 area. Caravel Minerals Limited reported in its ASX Release 10 Jul 2013 a maiden copper exploration target at its Calingiri Project located to the west and north of KEL 1. Mindax Limited has reported low grade gold and copper mineralisation from its Mortlock Project located to the south of KEL 1.

Tanami Project **GOLD** **Northern Territory** **RLC 100%**

See description under uranium heading.

GEOF FETHERS
Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Geof Fethers and Hugh Rutter, who are members of the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) respectively. Geof Fethers and Hugh Rutter are directors of the Company and each has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to each qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Geof Fethers and Hugh Rutter consent to the inclusion in the report of the matters based on their 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, neither Geof Fethers nor Hugh Rutter has any information at the date of this report which would suggest that those Exploration Results have changed in any material respect.

TENEMENT SCHEDULE

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

Tenement	Area (km^2)	Status	Minimum Annual Expenditure Commitment $	Company Interest (direct or indirect)
Western Australian Tenements				
E70/2719 Bulla JV *Bullamine JV project*	67	Current	50,000	25% (iron)[1, 2]
E70/2846 *Bullamine JV project*	9	Current	30,000	25%[1]
E70/3462 *Bullamine JV project*	184	Current	94,500	25%[1]
E70/3766 *KEL 1*	44	Current	30,000	100%
E70/3767 *Bullamine Hematite project*	268	Current	147,000	100%
E70/3769 *Bullamine JV project*	503	Current	285,000	25%[1]
E70/3770 *BullamineJV project*	49	Current	30,000	25%[1]
E70/4412 *Bullamine Hematite project*	82	Current	28,000	100%
E08/2073 *Winning Hill project*	217	Current	66,000	100%
Northern Territory Tenements				
EL 24885 *Tanami project*	272	Current	31,250	100%
South Australian Tenements				
EL 4377 *Edward Creek project*	440	Current	150,000	100% [3 & 4]

Refer to following notes that relate to the tenement schedule.
Notes to the tenement schedule.

1. *All the Bullamine JV project tenements are subject to the Bullamine Farm-in and Joint Venture which provides RLC with 25% interest in the tenements. Under the terms of the joint venture any exploration costs which become payable by RLC will be funded and subsequently recouped by the joint venture partner solely from RLC's share of future mine production.*
2. *E70/2719 is registered in the name of Northern Minerals Limited and is subject to a joint venture agreement, the Bulla JV and a sale agreement, the Joint Venture Interest Sale Agreement (7 February 2007), which provide the Bullamine Farm-in and Joint Venture with 100% interest in iron resources.*
3. *EL 4377 was subject to a joint venture agreement, the Edward Creek Base Metals Joint Venture ("ECBMJV") which Joint Venture was terminated and all interests in the ECBMJV were forfeited to RLC on 9 June 2009. The termination of the joint venture was disputed by the other parties (Wallaby Resources Pty Ltd and World Oil Resources Limited) but RLC considers the dispute to be baseless. Prior to the termination of the joint venture RLC held a 62% interest in the tenements.*
4. *EL 4377 is subject to a joint venture agreement, the Diamond Farm Out Agreement, which transfers all RLC's interest in diamonds in the tenement to DiamondCo Limited. The minimum expenditure on EL 4377 for the 24 months ending 11 November 2014 is $300,000.*

Tenement expenditure is dependent upon exploration results and available cash resources. Expenditure commitments are also affected, and may be reduced, where access to areas has been restricted by the existence of Native Title claims. At the date of this report claims for Native Title have been registered in respect of areas of RLC's granted tenement E08/2073. Native Title has been determined for the land covered by EL 4377 and a native title mining agreement is being documented to enable exploration to continue. EL 24885 is on Aboriginal Freehold land and exploration is subject to the terms and conditions detailed in a Deed for Exploration agreed by the Company and the Central Land Council.

TENEMENT SCHEDULE

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.

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

Tenement	Area (km^2)	Status	Date
Western Australian Tenements			
E70/3806 *Bullamine JV (RLC 25%)*	153	Surrendered	5/07/2012
E70/4412 Bulamine Hematite	82	Granted	25/10/2012
E09/1702 Isabella project	166	Surrendered	15/11/2012
E70/3772 *Bulamine Hematite*	518	Surrendered	17/04/2013
E70/3768 *Bulamine Hematite*	338	Surrendered	17/04/2013
E70/3805 *Bullamine JV (RLC 25%)*	336	Surrendered	16/07/2013

CORPORATE GOVERNANCE STATEMENT

In August 2007, the Australian Securities Exchange (ASX) Corporate Governance Council (Council) published revised Corporate Governance Principles and Recommendations (Recommendations). The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the Recommendations during the reporting period. Where a company has not followed all of the Recommendations, it must identify the Recommendations that have not been followed and give reasons for not adhering to them. If a recommendation has been followed for only part of the period, the company must state the period during which it has been followed. The Recommendations were amended with first application of the amendments to be included in an Entity's first financial year commencing on or after 1 January 2012. The ASX Corporate Governance Council encourages companies to make an early transition to the amended Recommendations and as such the Board has addressed these amendments in the Corporate Governance Statement for the financial year under review in this report.

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

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

ROLE OF THE BOARD AND MANAGEMENT

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

The Managing Director's specific responsibilities include:

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

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

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

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

- responding to written or telephonic shareholder enquiries, and

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

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

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

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

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

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

COMPOSITION OF THE BOARD

During the financial year under review the Board comprised of one non-executive Director who was considered by the Board to be independent in terms of Council's definition of an independent director, and two directors (including the Managing Director) who were not considered by the Board to be independent in terms of Council's definition of an

CORPORATE GOVERNANCE STATEMENT

independent director. The names, qualifications and periods of office of the current directors of the Company as at the date of this statement are set out in the Directors Report on page 25.

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

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

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

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

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

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

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

ETHICAL AND RESPONSIBLE DECISION MAKING

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

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

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

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

INTEGRITY OF FINANCIAL REPORTING

The Company's Managing Director declares in writing to the board (in accordance with section 295A of the Corporations Act 2001 that, in his opinion, the consolidated financial statements of RLC and its controlled entities for

CORPORATE GOVERNANCE STATEMENT

each half and full financial year present a true and fair view of the Company's financial position and performance and are in accordance with prevailing accounting standards.
The objectives of the Board are to:

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

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

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

CONTINUOUS DISCLOSURE TO ASX

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

COMMUNICATION WITH SHAREHOLDERS

It is the policy of the Company to ensure that shareholders have equal and timely access to material information concerning the Company.
All documents which are released publicly are made available on the Company's website (www.reedylagoon.com.au). The website provides information on the Company's mineral projects as well as ASX releases and audited financial statements.
The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals.
RLC's external auditor is required by law to attend the AGM to answer questions relevant to, inter alia, the conduct of the audit and the preparation and content of the auditor's report, and does attend.

RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. The Company has implemented a policy framework designed to ensure that the Company's risks are identified and that controls are adequate, in place and functioning effectively. Responsibility for aspects of control and risk management is delegated to the pertinent individual within the Company with the Managing Director having ultimate responsibility to the board for the risk management and control framework.
Areas of significant business risk are highlighted to the Board by the Managing Director.
Arrangements put in place by the Board to monitor risk management include reporting to each board meeting in respect of operations and the financial position of the Company.
The Company's Managing Director has provided reports in writing to the Board that:

- the declaration given in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION

Details of the remuneration of the directors are disclosed in the Remuneration Report set out on pages 27 to 30.

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

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

DIRECTORS REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Reedy Lagoon Corporation Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2013.

Directors

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

Jonathan M Hamer
Geof H. Fethers
Hugh Rutter

Principal Activity

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

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

Result of Operations

The net loss of the Company after income tax for the year was $563,752 (2012: loss $639,488). Further commentary on the operations of the Company during the year is included in the Annual Review on pages 2 to 16 of the Annual Report.

Dividends

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

Significant Changes in the State of Affairs

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

Environmental Regulation

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

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

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

Events Subsequent to Balance Date

There has not arisen, in the interval between the end of the year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years

Likely Developments

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

Information on directors

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

DIRECTORS REPORT

Director	Particulars
Jonathan M. Hamer BA, LLB.	**Chairman – Non Executive** Aged 58, Appointed 9 May 2007 Period in office: 5 years A former partner of King & Wood Mallesons where he practiced in the areas of corporate and finance law. Jonathan has been advising RLC since 1988 on a range of legal and commercial issues, including in its various joint venture agreements and capital raisings.
Interests in shares*: Interests in options*:	1,599.724 fully paid ordinary shares 900,000 options
Geof H. Fethers B.Sc.(Hons), M AusIMM	**Managing Director** Aged 56, Founding Director Period in office: 16 years Manages the operations of RLC. He is a geologist with over 25 years exploration experience. He was employed by De Beers Australia Exploration Limited (formerly Stockdale Prospecting Limited) from 1980 to 1985. He founded RLC in 1986. He is a Member of the Geological Society of Australia and the Australian Institute of Mining and Metallurgy.
Interests in shares*: Interests in options*:	8,635,778 fully paid ordinary shares 1,500,000 options
Hugh Rutter B.Sc., M.Sc., D.I.C., F.A.I.G.	**Director** Aged 71, Appointed 24 August 2000. Period in office: 12 years A geophysicist and mineral explorer with more than 40 years experience in the mining industry. He has provided geophysical services to a wide range of companies since establishing himself as a Consulting Geophysicist in 1981 and has contributed to RLC's exploration activities since 1988. He spent 10 years with Western Mining Corporation Limited ("WMC") before joining The Broken Hill Proprietary Company Ltd ("BHP") as Chief Geophysicist in 1976. At WMC, his activities included participation in the discovery of the Olympic Dam Mine, development of the Wilga Deposit and redevelopment of the Stawell Gold Mine. He is a past President and Honorary member of the Australian Society of Exploration Geophysicists and member of the Australian Institute of Geoscience
Interests in shares*: Interests in options*:	719,790 fully paid ordinary shares 1,100,000 options

** As at date of this report*

Directorships of other listed companies

No Director has held, during the preceding 3 years, any directorships of other listed companies.

Company Secretary

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

Name Mr Geof H Fethers
Particulars: Aged 56;
Appointed 1 April 2009.

DIRECTORS REPORT

Directors' Meetings

The following table sets out the numbers of meetings of the Company's Board of Directors ("the Board") held during the year ended 30 June 2013, and the number of meetings attended by each director were:.

	Full Board	
	Attended	Held
G. H. Fethers	2	2
J. M. Hamer	2	2
H. Rutter	1	2

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

Share Options

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

Grant date	Expiry date	Exercise price	Number under option
13 December 2010	31 December 2013	$0.21	1,550,000
14 November 2011	31 December 2014	$0.20	1,550,000
15 November 2012	31 December 2015	$0.20	900,000
			4,000,000

Shares issued on the exercise of options

There were no shares of Reedy Lagoon Corporation Ltd issued on the exercise of options during the year ended 30 June 2013 and up to the date of this report.

Indemnification and Insurance of Officers and Auditors

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

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

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

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

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

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

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

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

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

A Principles used to determine the nature and amount of remuneration

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

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

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

Use of remuneration consultants
The Company did not make use of remuneration consultants during the 2013 financial year

Voting and comments made at the company's 2012 Annual General Meeting ('AGM')
At the 13 November 2012 AGM, 99.15% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2012. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

B Details of remuneration

Amounts of Remuneration

The Directors received the following amounts as compensation for their services as Directors and executives of the Company during the year:

	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment	
	Salary & fees $	Non-monetary $	Other $	Super-annuation $	$	Options & rights $	Total $
2013							
J M Hamer	36,696	-	-	3,304	-	9,000	49,000
G Fethers *	118,920	-	-	24,960	-	15,000	168,563
H Rutter **	20,000	-	-	-	-	3,000	23,000
	175,616	-	-	28,264	-	27,000	240,563.
2012							
J M Hamer	36,696	-	-	3,304	-	18,000	58,000
G Fethers *	94,070	-	-	49,810	-	30,000	173,880
H Rutter **	20,000	-	-	-	-	30,000	50,000
	150,766	-	-	53,114	-	78,000	240,563.

* *Mr Fethers was the sole executive employee of the company for the year ended 30 June 2013*

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

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	30 June 2013	30 June 2012	30 June2013	30 June2012	30 June2013	30 June 2012
Non-Executive Directors:						
J Hamer	80%	69%	- %	- %	20%	31%
H Rutter	87%	40%	- %	- %	13%	60%
Executive Directors:						
G Fethers	90%	83%	- %	- %	10%	17%

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

C Service agreements

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

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

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

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

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

D Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013**.**

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 and exercisable date	Expiry date	Exercise price	Fair Value per option at grant date
15 November 2012	15 November 2012	31 December 2015	$0.20	$0.03

Options granted carry no dividend or voting rights.

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

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 2013 are set out below:

	Number of options granted during the year		Number of options vested during the year	
ame	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Hamer	300,000	300,000	300,000	300,000
Fethers	500,000	500,000	500,000	500,000
Rutter	100,000	500,000	100,000	500,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below

Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	$	$	$	%
J Hamer	9,000	-	-	20
G Fethers	15,000	-	-	10
H Rutter	3,000	-	-	13

This concludes the remuneration report, which has been audited

Non Audit Services

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

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

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

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

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 27 of the financial report

Auditor

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

Proceedings on behalf of the Company

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

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

On behalf of the directors
G.H. FETHERS
DIRECTOR
13 September 2013

nexia australia

the next solution

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act2001* in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner

Melbourne
13 September 2013

Nexia Melbourne
Level 18, 530 Collins Street, Melbourne VIC 3000
p +61 3 9608 0100, f +61 3 9608 0192
info@nexiamelbourne.com.au, www.nexia.com.au

DIRECTORS DECLARATION

The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 31 to 59 are in accordance with the Corporations Act 2001 and:

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

   (b) give a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date;

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

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

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

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

G. H. FETHERS
MANAGING DIRECTOR
13 September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REEDY LAGOON CORPORATION LIMITED
Report on the Financial Report

We have audited the accompanying financial report of Reedy Lagoon Corporation Limited, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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Auditor's Opinion
In our opinion:

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

   i. giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Emphasis of Matter Note 2 – Going Concern
Without modifying the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in the section entitled "Significant Accounting Policies – Going Concern" in Note 2 to the financial statements for the period ended 30 June 2013, the ability of the Group to meet its day to day obligations is dependent upon future capital raising.

Report on the Remuneration Report
We have audited the remuneration report included in pages 27 to 30 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the remuneration report of Reedy Lagoon Corporation Limited for the year ended 30 June 2013 complies with s 300A of the *Corporations Act 2001*.

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Melbourne
13 September 2013

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated	
	Note	**2013**	**2012**
		$	**$**
Revenue	5	57,640	96,064
Expenses			
Corporate and administration expenses		(105,979)	(120,772)
Employee and director benefits expense		(186,833)	(169,596)
Exploration expenditure		(196,135)	(257,204)
Depreciation and amortisation expense	6	(7,351)	(5,784)
Share based payments expense		(27,000)	(93,000)
Other expenses		(98,094)	(89,196)
Loss before income tax expense		(563,752)	(639,488)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Reedy Lagoon Corporation Ltd		(563,752)	(639,488)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Reedy Lagoon Corporation Ltd		(563,752)	(639,488)

		Cents	**Cents**
Basic earnings per share	29	(1.13)	(1.32)
Diluted earnings per share	29	(1.04)	(1.13)

Notes to the financial statements are set out on pages 39 to 62.
The statement of comprehensive income should be read in conjunction with the notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		Consolidated	
	Note	2013	2012
		$	$
Assets			
Current assets			
Cash and cash equivalents	8	607,122	622,796
Trade and other receivables	9	11,229	12,078
Other	10	24,291	38,710
Total current assets		642,642	673,584
Non-current assets			
Property, plant and equipment	11	8,400	7,366
Total non-current assets		8,400	7,366
Total assets		651,042	680,950
Liabilities			
Current liabilities			
Trade and other payables	12	30,483	33,192
Employee benefits	13	19,965	11,448
Total current liabilities		50,448	44,640
Non-current liabilities			
Employee benefits	14	9,683	-
Total non-current liabilities		9,683	-
Total liabilities		60,131	44,640
Net assets		590,911	636,310
Equity			
Issued capital	15	14,097,381	13,606,028
Reserves	16	226,000	344,000
Accumulated losses		(13,732,470)	(13,313,718)
Total equity		590,911	636,310

Notes to the financial statements are set out on pages 39 to 62.
The statement of financial position should be read in conjunction with the notes

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Fully paid ordinary shares $	Equity-settled benefits reserve $	Retained earnings $	Total $
CONSOLIDATED				
Balance at 30 June 2011	**13,606,028**	**251,000**	**(12,674,230)**	**1,182,798**
Total comprehensive loss for the year			(639,488)	(639,488)
Transactions with owners in their capacity as owners				
Share-based payments	-	93,000	-	93,000
Balance at 30 June 2012	**13,606,028**	**344,000**	**(13,313,718)**	**636,310**
Total comprehensive loss for the year			(563,752)	(639,488)
Transactions with owners in their capacity as owners				
Contributions of equity, net of transaction costs (note 15)	491,353			491,353
Share-based payments (note 30)	-	27,000	-	27,000
Lapse of options		(145,000)	145,000	-
Balance at 30 June 2013	**14,097,381**	**226,000**	**(13,732,470)**	**590,911**

Notes to the financial statements are set out on pages 39 to 62..
The statement of changes in equity should be read in conjunction with the notes

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		40,978	52,770
Payments to suppliers and employees (inclusive of GST)		(373,907)	(383,232)
Interest received		19,593	43,985
Payments for exploration activities		(193,507)	(257,204)
Net cash used in operating activities	28	(506,843)	(543,681)
Cash flows from investing activities			
Payments for plant & equipment		(3,682)	(4,525)
Net cash used in investing activities		(3,682)	(4,525)
Cash flows from financing activities			
Proceeds from issue of shares	15	494,851	-
Net cash from financing activities		494,851	-
Net decrease in cash and cash equivalents		(15,674)	(548,206)
Cash and cash equivalents at the beginning of the financial year		622,796	1,171,002
Cash and cash equivalents at the end of the financial year	8	607,122	622,796

Notes to the financial statements are included on pages 39 to 62.
The statement of cash flows should be read in conjunction with the notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. General information

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

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

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

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 13 September 2013. The directors have the power to amend and reissue the financial report.

2. Significant accounting policies

Basis of preparation

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

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

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

(II) Historical Cost Convention

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

(III) Going Concern

The financial report has been prepared on a going concern basis. The directors have determined that the group is able to meet its obligations in the next 12 months, however in subsequent periods the group will require further funds than currently available and to raise extra capital in or to meet day to day obligations and continue its exploration activities.

(IV) Critical accounting judgements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

(V) Parent entity information

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

(VI) Operating Segments

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

Specific Policies

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

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Reedy Lagoon Corporation Ltd ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Reedy Lagoon Corporation Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity.

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

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

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

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

(b) Exploration, Evaluation and Development Expenditure

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

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

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

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

(c) Income tax

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

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

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

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

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

(d) Goods and Services Tax

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

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

(e) Cash and Cash Equivalents

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

(f) Other receivables

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

(g) Revenue Recognition

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

Rendering of services

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

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest

rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

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

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

(j) Contributed Equity
Ordinary shares are classified as equity.

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

(k) Share-Based Payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees, including directors.

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

The cost of equity-settled transactions are

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

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

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

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

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

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

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

(l) Earnings Per Share

Basic earnings per share

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

Diluted earnings per share

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

(m) Interests in Joint Ventures

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

(n) Comparative figures

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

(o) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

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

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

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

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

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

(ii) *Loans and receivables*

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

(iii) *Held-to-maturity investments*

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

(iv) *Available-for-sale investments*

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

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

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

(v) Financial liabilities

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

Impairment of financial assets

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

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

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

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

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

Financial guarantees

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

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

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

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

Derecognition of financial instruments

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

and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Property, plant and equipment

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

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

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

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

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

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

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 2013. 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 11 Joint Arrangements*

  This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

- *AASB 12 Disclosure of Interests in Other Entities*

  This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

- *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

- *AASB 127 Separate Financial Statements (Revised) & AASB 128 Investments in Associates and Joint Ventures (Reissued)*

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

- *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the consolidated entity.

- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

- *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

- *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the consolidated entity

3. Critical accounting judgements, estimates and assumptions

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

Share- based payment transactions

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

Long service leave provision

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

Exploration expenditures

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

Unrecognized deferred tax asset

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

4. Operating segments

Identification of reportable operating segments

The 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

5. Revenue

	Consolidated	
	2013	**2012**
	$	**$**
Interest	19,593	43,985
Labour and office cost recoveries	38,047	50,789
Other revenue	-	1,290
Total Revenue	57,640	96,064

6. Expenses

Loss before income tax includes the following specific expenses:

Depreciation		
Plant and equipment	421	-
Computer and office equipment	5,687	3,029
Scientific equipment	1,243	2,755
Total depreciation	7,351	5,784
Exploration		
Tenement applications fees and rents	106,769	57,560
Other exploration expenditure	89,366	199,644
Total exploration	196,135	257,204

	Consolidated	
	2013	2012
	$	$

7. Income tax expense

Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(563,752)	(639,488)
Tax at the statutory tax rate of 30%	(169,126)	(191,846)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(300)	(1,320)
Capital allowances share issue costs	1,608	-
Non deductible equity settled benefits expense	8,100	-
	(159,718)	(193,166)
Deferred tax asset (on account of losses) not brought to account	159,718	193,166
Income tax expense	-	-
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses carried forward	1,825,350	1,665,741
Temporary differences	3,300	3,600
Unamortised balance of capital allowances	2,647	-
Total deferred tax assets not recognised	1,831,297	1,669,341

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

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

8. Current assets - cash and cash equivalents

Cash at bank	6,151	14,394
Cash management account	213,421	171,945
Term deposit	387,550	436,457
	607,122	622,796

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Consolidated	
	2013	**2012**
9. Current assets - trade and other receivables	**$**	**$**
Other receivables	-	2,931
GST receivable	11,229	9,147
	11,229	12,078

10. Current assets - other

Prepayments	24,291	38,710

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

Plant and equipment - at cost	4,524	-
Less: Accumulated depreciation	(421)	-
	4,103	-
Computer equipment - at cost	16,419	12,558
Less: Accumulated depreciation	(13,772)	(8,085)
	2,647	4,473
Scientific equipment - at cost	29,338	29,338
Less: Accumulated depreciation	(27,688)	(26,445)
	1,650	2,893
	8,400	7,366

Reconciliations

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

	Plant & Equipment	Computer Equipment	Scientific Equipment	Total
	$	$	$	$
Consolidated				
Balance at 1 July 2011	-	5,870	2,755	8,625
Additions	-	1,632	2,893	4,525
Depreciation expense	-	(3,029)	(2,755)	(5,784)
Balance at 30 June 2012	-	4,473	2,893	7,366
Additions	4,524	3,861	-	8,385
Depreciation expense	(421)	(5,687)	(1,243)	(7,351)
Balance at 30 June 2013	4,103	2,647	1,650	8,400

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Consolidated	
	2013	2012
	$	$
12. Current liabilities - trade and other payables		
Trade payables	3,188	17,728
Other payables and accruals	27,295	15,464
	30,483	33,192

Refer to note 18 for further information on financial instruments.

13. Current liabilities - employee benefits

Annual leave	19,965	11,448

14. Non-current liabilities - employee benefits

Long service leave	9,683	-

15. Equity - issued capital

	2013 Shares	2012 Shares		
Ordinary shares - fully paid	53,548,494	48,600,000	14,097,381	13,606,028

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2011	48,600,000		13,606,028
Balance	30 June 2012	48,600,000		13,606,028
Issue of shares	10 April 2013	4,948,494	$0.10	494,849
Cost of capital raising		-		(3,496)
Balance	30 June 2013	53,548,494		14,097,381

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

The Company continuously reviews the capital structure to ensure:-

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

The capital risk management policy remains unchanged from the 30 June 2012 annual report

	Consolidated	
	2013	**2012**
	$	**$**

16. Equity - reserves

Share-based payments reserve	226,000	344,000
Reconciliation - Share-based payments reserve		
Balance at beginning of financial year	344,000	251,000
Share based payments (refer to note 11)	27,000	93,000
Expiry of options	(145,000)	-
Balance at end of financial year	226,000	344,000

Share-based payments reserve

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

17. Equity - dividends

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

18. Financial instruments

Financial risk management objectives

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

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

The consolidated entity does not have any derivative instruments at 30 June 2013.

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

Market risk

Interest rate risk

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

	Basis points increase			*Basis points decrease*		
	Basis points change	*Effect on profit before tax*	*Effect on equity*	*Basis points change*	*Effect on profit before tax*	*Effect on equity*
Consolidated 30 June 2013						
Cash balances	100	6,071	6,071	100	(6,071)	(6,071)
Consolidated 30 June 2012						
Cash balances	100	7,997	7,997	100	(7,997)	(7,997)

Credit risk

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

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

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

Liquidity risk

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

Remaining contractual maturities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

18. Financial instruments (continued)

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

Consolidated 30 June 2012	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	-	33,192	-	-	-	33,192
Total non-derivatives		33,192	-	-	-	33,192

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

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

19. Key management personnel disclosures

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

	Consolidated	
	2013	**2012**
	$	**$**
Short-term employee benefits	175,616	150,766
Post-employment benefits	28,264	53,114
Long-term benefits	9,683	-
Share-based payments	27,000	78,000
	240,563	281,880

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

19. Key management personnel disclosures (continued)

Shareholding

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

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

30 June 2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Fethers	7,372,680	-	337,400	-	7,710,080
H Rutter	719,790	-	-	-	719,790
J Hamer	203,546	-	111,855	-	315,401
	8,296,016	-	449,255	-	8,745,271

Option holding

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

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

30 June 2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
G Fethers	3,675,000	300,000	-	(2,475,000)	1,500,000
H Rutter	1,825,000	500,000	-	(825,000)	1,500,000
J Hamer	3,900,000	500,000	-	(3,500,000)	900,000
	9,400,000	1,300,000	-	(6,800,000)	3,900,000

Related party transactions

Related party transactions are set out in note 23.

20. Remuneration of auditors

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

	Consolidated	
	30 June 2013	30 June 2012
	$	$
Audit services - Nexia Melbourne		
Audit or review of the financial statements	14,700	11,000
Other services - Nexia Melbourne		
Tax and compliance services	13,820	17,800
	28,520	28,800

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

21. Contingent liabilities

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

22. Exploration expenditure commitments

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

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

The statutory minimum expenditure requirement for the current twelve month tenures in relation to each of the tenements, excluding applications, listed in the Tenement Schedule on page 17 of the Annual report is $941,750 (2012: $1,209,500). Of this amount, $452,250 (2012: $758,000) relates to granted tenements not subject to the Bullamine Farm-in and Joint Venture Agreement.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

23. Related party transactions

Parent entity
Reedy Lagoon Corporation Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

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

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

Transactions with related parties
DiamondCo Limited, a company of which Mr. Fethers, Mr. Rutter and Mr Hamer are directors and shareholders, holds the rights to diamonds located on EL 4377 through a joint venture agreement dated 26 March 2007. Opportunities to reduce mobilisation costs and expand small scale programmes by combining field activities are exploited where possible. Where services for combined RLC and DiamondCo programmes are contracted RLC normally acts as principal and invoices DiamondCo on a cost recovery basis. RLC provides the services of Mr Fethers and office services to DiamondCo at normal commercial rates. Total fees invoiced by RLC during the financial year to DiamondCo amounting to $18,690 (2012 - $17,489).

Geophysical Exploration Consultants Pty Ltd ("Geophysical") is a company associated with Mr Rutter. Geophysical invoices the Company for services at normal commercial rates and is entitled to a retainer of $5,000 per quarter. Total fees invoiced by Geophysical during the financial year to the Company amounted to $20,000 (2012 - $20,000). The amount has been included in directors remuneration to Mr Rutter where it appears in the Remuneration Report.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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	
	2013	**2012**
	$	**$**
Statement of profit or loss and other comprehensive income		
Loss after income tax	(563,752)	(639,488)
Total comprehensive income	(563,752)	(639,488)
Statement of financial position		
Total current assets	642,642	673,584
Total assets	651,042	680,950
Total current liabilities	50,448	44,640
Total liabilities	60,131	44,640
Equity		
Issued capital	14,097,381	13,606,028
Share-based payments reserve	226,000	344,000
Accumulated losses	(13,732,470)	(13,313,718)
Total equity	590,911	636,310

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 2013.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

25. Subsidiaries

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

		Equity holding	
Name of entity	**Country of incorporation**	**2013 %**	**2012 %**
Bullamine Magnetite Pty Ltd *	Australia	100.00	-

* *On 1 October 2012, the company incorporated Bullamine Magnetite Pty Ltd, a fully owned subsidiary.*

26. Interests in joint ventures

Bullamine Farm-in and Joint Venture Agreement

The Bullamine JV Iron (Magnetite) Project is a joint venture between Bullamine Magnetite Pty Ltd ("RLC"), a wholly owned subsidiary of Reedy Lagoon Corporation and Cliffs Magnetite Holdings Pty Ltd ("Cliffs"), a wholly owned subsidiary of Cliffs Natural Resources Inc., NS Iron Ore Development Pty Ltd and Sojitz Mineral Development Pty Ltd. RLC retains a 25 % interest fully funded by the other JV parties until a decision to mine with funding repayable only out of its portion of production. Joint venture operations are managed by Cliffs. Joint venture expenditure on the project during the period from its commencement on 11 February 2011 to 30 June 2013 was $8,665,766.

The Bulla joint venture agreement ("Bulla JV") provides the Bullamine joint venture parties with 100% interest in iron resources within tenements E70/2719 and E70/2720 which are registered in the name of Northern Minerals Limited.

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

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

27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

	Consolidated	
	2013	**2012**
	$	**$**
Loss after income tax expense for the year	(563,752)	(639,488)
Adjustments for:		
Depreciation and amortisation	7,351	5,784
Share-based payments	27,000	93,000
Payables realting to equity	(3,497)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	30,773	691
Decrease/(increase) in prepayments	(24,318)	2,136
Decrease in other operating assets	9,147	34,281
Decrease in trade and other payables	(7,747)	(34,593)
Increase/(decrease) in employee benefits	18,200	(5,492)
Net cash used in operating activities	(506,843)	(543,681)

29. Earnings per share

Loss after income tax attributable to the owners of Reedy Lagoon Corporation Ltd	(563,752)	(639,488)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	49,698,158	48,600,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	49,698,158	48,600,000
	Cents	**Cents**
Basic earnings per share	(1.13)	(1.32)
Diluted earnings per share	(1.04)	(1.13)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

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 15 November 2012, after approval at the Company's annual general meeting, a total of 900,000 were issued to directors as part of their remuneration packages. Each director received the below options:-

- Geof. H. Fethers – 500,000 options, exercise price 20 cents, expiring on 31 December 2015 with a value $15,000;
- Hugh Rutter – 100,000 options, exercise price 20 cents, expiring on 31 December 2015 with a value $3,000; and
- Jonathan Hamer – 300,000 options, exercise price 20 cents, expiring on 31 December 2015 with a value $9,000.

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

Grant date	Expiry Date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
1-Dec-09	31-Dec-12*	$0.20	1,650,000	-	-	(1,650,000)	-
17-Nov-10	31-Dec-13	$0.21	1,550,000	-	-	-	1,550,000
2-Dec-11	31-Dec-14	$0.20	1,550,000	-	-	-	1,550,000
15-Nov-12	31-Dec-15	$0.20	-	900,000	-	-	900,000
			4,750,000	900,000	-	(1,650,000)	4,000,000

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

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
15-Nov-12	31-Dec-15	$0.07	$0.20	105.00%	0.00%	3.50%	$0.030

An expense of $27,000 has been recognised in the statement of comprehensive income for the current period in relation to the above options.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 10 September 2013

Number of holders of equity securities
Ordinary share capital

53,548,494 fully paid ordinary shares were held by 435 individual shareholders.

All issued ordinary shares were quoted on the Australian Stock Exchange.
No ordinary shares on issue were subject to escrow restrictions.
All issued ordinary shares carry one vote per share and carry the equivalent rights to dividends.

In addition to the ordinary shares on issue there were 4,000,000 options issued (not quoted). Details are of these options are provided in the Directors Report (page 26).

Substantial shareholders

Substantial Shareholders	Number of Fully Paid Ordinary Shares	% of total on issue
Pyrope Holdings Pty Ltd:		
Pyrope Holdings Pty Ltd <G Fethers A/C>	6,539,850	12.21
Pyrope Holdings Pty Ltd <Chromite Staff S/Fund A/C>	1,253,050	2.34
Ranview Pty Ltd	617,270	1.15
G Fethers	225,608	0.42
	8,635,778	16.13
Sked Pty Ltd:		
Sked Pty Ltd	4,689,363	8.76
Sked Pty Ltd <Super Fund A/C>	1,508,642	2.82
CityCastle Pty Ltd	1,923,745	3.59
Traders Macquarie Pty Ltd	390,991	0.73
	8,512,741	15.90
Brett Armstrong		
Citicorp Nominees Pty Limited	3,850,000	7.19
Total substantial shareholders	20,998,519	39.21

Distribution of holders of equity securities:

	No. of shareholders	%	No. of Ordinary Shares	Percentage of Issued Shares
1 – 1,000	18	4.14	2,982	0.01
1,001 – 5,000	29	6.67	106,904	0.20
5,001 – 10,000	75	17.24	648,609	1.21
10,001 – 100,000	242	55.38	8,270,361	15.49
100,001 and over	71	16.32	44,494,638	83.09
	437	100.00	53,548,494	100.00

There were 78 shareholders who held less than a marketable parcel of shares. On 10 September 2013 those 78 shareholders collectively held 318,495 shares. A less than marketable parcel of shares at 10 September 2013 was a holding of less than 10,000 shares.

SHAREHOLDER INFORMATION

Twenty largest shareholders
as at 10 September 2013

	No. of Quoted Ordinary Shares	% of total quoted
Pyrope Holdings Pty Ltd	6,539,850	12.21
Sked Pty Ltd	4,689,363	8.76
Citicorp Nominees Pty Limited	3,850,000	7.19
Citicastle Pty Ltd	1,923,745	3.59
Mr Adrian Wischer & Mrs Felicity Wischer	1,634,363	3.05
Mr Jonathan Mark Hamer	1,576,113	2.94
Sked Pty Ltd <Super Fund A/C>	1,508,642	2.82
Elstree Holdings Pty Ltd	1,500,000	2.80
Mr Robert Reeves & Mrs Mary Reeves	1,420,140	2.65
Jagen Pty Ltd	1,300,000	2.43
Pyrope Holdings Pty Ltd <Chromite Staff S/Fund A/C>	1,253,050	2.34
RFCJ Pty Ltd	1,000,000	1.87
Park Road SF Pty Ltd <Park Road Super Fund A/C>	983,308	1.84
Mr Philip Harold Lewis	813,670	1.52
Brodie Cresswell & Walton Pty Ltd	680,031	1.27
Janavid Pty Ltd	625,900	1.17
Ranview Pty Ltd	617,270	1.15
Weldbank Pty Ltd	609,000	1.14
Mr Anthony Robert Ramage	500,000	0.93
Dale Estates Pty Ltd	500,000	0.93
Total top 20	33,524,445	62.61
Total Other Investors	20,024,049	37.39
TOTAL:	53,548,494	100.00

CORPORATE DIRECTORY

Reedy Lagoon Corporation Limited
ABN 41 006 639 514

ASX Code : RLC

Directors

Jonathan M. Hamer
Chairman, Non-Executive Director

Geof H. Fethers
Managing Director

Hugh Rutter
Director

Company Secretary

Geof H. Fethers

Registered and Head Office

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Melbourne
Victoria 3000

Accountants

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Level 18, 530 Collins Street
Melbourne
Victoria 3000
PH: (03) 9608 0100
www.nexiaasr.com.au

Auditor

Nexia Melbourne
Level 18, 530 Collins Street
Melbourne
Victoria 3000

Share Registry

Link Market Services Limited (ABN 54 083 214 537)
Level 1, 333 Collins Street
Melbourne Vic 3000
Telephone: 1300 554 474
www.linkmarketservices.com.au

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