

REEDY LAGOON CORPORATION LIMITED

ACN 006 639 514

NOTICE OF MEETING

Notice is given that the Annual General Meeting of Reedy Lagoon Corporation Limited will be held on Monday 3 November 2008 at Suite 2, 337A Lennox Street, Richmond, Victoria commencing at 10.00 am.

BUSINESS

1. To receive and consider the Directors' Report and Financial Accounts for the year ended 30th June 2008 together with the Auditor's report thereon.
2. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:
 - (a) **Resolution 1 – Adoption of the Remuneration report for the year ended 30 June 2008**

“That the Remuneration report be adopted.”
 - (b) **Resolution 2 – Re-election of a Director**

“That Jonathan Hamer, being a Director of the Company retiring by rotation in accordance with the Company's Constitution, being eligible and offering himself for re-election, be elected as a Director of the Company.”
 - (c) **Resolution 3 – Issue of Options to Directors**

“That approval be given to the issue of options to directors under the Directors' Option Scheme on the following terms:
Executive Directors: Mr G Fethers & Mr H Rutter each be issued 500,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2011.
Chairman: Mr J Hamer be issued 300,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2011.
Non-Executive Directors: Mr A Griffin & Mr P Lewis each be issued 100,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2011.”
 - (d) **Resolution 4 – Issue of Options to the Company Secretary**

“That approval be given to the issue of options to the Company Secretary on the following terms:
Mr D Coleman be issued 100,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2011.”

A form of proxy accompanies this Notice of Meeting.

By Order of the Board

D. G. Coleman
COMPANY SECRETARY

Dated 12 September 2008.

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read by members before making a decision with respect to the resolutions.

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REEDY LAGOON CORPORATION LIMITED

EXPLANATORY MEMORANDUM

INTRODUCTION

This explanatory Memorandum has been prepared for the information of shareholders of Reedy Lagoon Corporation Limited (the “**Company**”) in connection with the business to be conducted at the Annual General Meeting to be held on Monday 3 November 2008 at 10.00 am.

2(a) RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2008

Consistent with section 250R of the Corporations Act, the Company submits to share holders for consideration and adoption by way of a non-binding resolution its Remuneration Report for the year ended 30 June 2008. At the meeting there will be opportunity for discussion of the report.

The Remuneration Report can be found on page 20 of the Annual Report within the section headed Corporate Governance Statement, which deals with the remuneration of Directors and executives of the Company.

A Remuneration Report includes:

- an explanation of the Board's policies in relation to the nature and level of remuneration of Directors and executives, if applicable;
- details of any element of the remuneration of Directors and executives that is dependent upon the satisfaction of a performance condition, if applicable;
- details of the total remuneration (as well as a categorized break-down of its components) of each Director and executive, if applicable.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

2(b) RESOLUTION 2 - RE-ELECTION OF JONATHAN HAMER AS A DIRECTOR

The Company's Constitution requires that one third of the Directors retire from office at the Annual General Meeting and if they so desire offer themselves for re-election. The Director to retire from office is that person other than the Managing Director who has been longest in office since last re-elected. Pursuant to Article 9.3 of the Constitution, Jonathan Hamer retires by rotation and, being eligible, offers himself for re-election.

The Directors recommend shareholders vote in favour of the resolution. Mr Hamer will stand aside from chairing the meeting for the purposes of this resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

2(c) RESOLUTION 3 - PROPOSED ISSUE OF OPTIONS TO DIRECTORS UNDER THE DIRECTORS' OPTION SCHEME

Approval of holders of ordinary shares is sought for the issue of options to Directors as required by ASX Listing Rule 10.11.

The Directors' Option Scheme was approved by shareholders at the 2000 Annual General Meeting. Under the Scheme options are offered as part of the Directors' annual remuneration to compensate for the Directors' salary which has been set at less than market and to provide incentive for the Directors to increase shareholder value by setting the exercise price of the options at 30% above the market value of the Company's shares at the time the options are issued.

The market value of the shares for the purpose of calculating the option exercise price will be the average of the closing prices for the 20 days on which the shares traded on ASX preceding the date on which

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shareholders give their approval to the issue of the options. The options will be issued within one month of the date their issue is approved.

It is noted that in 2007 the exercise price for the options issued pursuant to the 2007 Annual General Meeting was calculated to be 19 cents per share under the formula however Directors elected to issue the options with an exercise price of 20 cents per share. Directors have elected to issue any options approved to be issued by shareholders at the 2008 Annual General Meeting with an exercise price not less than 20 cents per share.

As the Directors potentially stand to gain an economic benefit upon being issued or exercising the options and are personally interested in the matter, each declines to make a recommendation.

The Company will disregard any votes cast on Resolution 3 by any Director and any associate of any Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2(d) RESOLUTION 4 - PROPOSED ISSUE OF OPTIONS TO THE COMPANY SECRETARY

The Directors' Option Scheme approved by shareholders at the 2000 Annual General Meeting only provides for option issues to Directors. It does not provide for the issues to other officers, employees or consultants to the Company. The Directors propose to issue options to Mr Coleman as part of his annual remuneration package. The options will be issued on the same terms and conditions as the proposed issue to Directors.

The Directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.