

Reedy Lagoon Corporation Limited

ACN 006 639 514

Half-year Financial Report - 31 December 2021

The information in this report should be read in conjunction with the most recent annual financial report and comprises half-year information given to ASX under listing rule 4.2A.

Reedy Lagoon Corporation Limited
Corporate directory
31 December 2021

Directors	Jonathan M. Hamer - Chairman, Non Executive Director Geoffrey H. Fethers - Managing Director Adrian C. Griffin - Non Executive Director
Contact details	Phone : 03 8420 6280 Email : info@reedylagoon.com.au
Company secretary	Geoffrey H. Fethers
Share register	Link Market Services Limited (ABN 54 063 214 537) Level 1, 333 Collins Street Melbourne, Victoria 3000 Telephone : 1300 554 474 www.linkmarketservices.com.au
Auditor	CNA Connect National Audit Level 8, 350 Collins Street Melbourne Victoria 3000
Stock exchange listing	Reedy Lagoon Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: RLC)
Website	www.reedylagoon.com.au

Reedy Lagoon Corporation Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Reedy Lagoon Corporation Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

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

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

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- exploration for minerals.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,023,989 (31 December 2020: \$251,537).

The consolidated entity's activities are described in quarterly reports which have been released to ASX and are available from the Company's website www.reedylagoon.com.au.

Significant changes in the state of affairs

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

Matters subsequent to the end of the reporting period

There were no matters subsequent to the end of the reporting period.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



G.H. Fethers
Managing Director

8 March 2022
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the review of Reedy Lagoon Corporation Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Reedy Lagoon Corporation Limited and controlled entities.



George Georgiou FCA
Managing Partner
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 8 March 2022

Reedy Lagoon Corporation Limited
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Reedy Lagoon Corporation Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

		Consolidated	
	Note	December 2021 \$	December 2020 \$
Revenue	4	32	124
Expenses			
Administration expenses		(141,800)	(63,146)
Employee benefits expense	11	(462,940)	(37,355)
Exploration expenditure		(405,986)	(117,951)
Share based payments	10	(13,500)	(5,400)
Realised exchange losses		16,657	-
Capital raising expenses		-	-
Impairment of Goodwill on business combination		-	-
Other expenses		(16,452)	(27,809)
Loss before income tax expense		<u>(1,023,989)</u>	<u>(251,537)</u>
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Reedy Lagoon Corporation Limited		<u>(1,023,989)</u>	<u>(251,537)</u>
Items that may be reclassified subsequently to profit or loss			
Foreign Currency Translation		-	-
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Reedy Lagoon Corporation Limited		<u><u>(1,023,989)</u></u>	<u><u>(251,537)</u></u>
		Cents	Cents
Basic earnings per share		(0.199)	(0.056)
Diluted earnings per share		(0.199)	(0.056)

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

Reedy Lagoon Corporation Limited
Statement of financial position
As at 31 December 2021

		Consolidated	
	Note	December 2021 \$	June 2021 \$
Assets			
Current assets			
Cash and cash equivalents		785,427	359,938
Trade and other receivables		13,794	10,121
Other		-	-
Total current assets		<u>799,221</u>	<u>370,059</u>
Non-current assets			
Deposits & Bonds		7,481	7,221
Total non-current assets		<u>7,481</u>	<u>7,221</u>
Total assets		<u>806,702</u>	<u>377,280</u>
Liabilities			
Current liabilities			
Trade and other payables		134,695	13,184
Employee benefits	5	168,196	158,109
Provision for site restoration	6	10,000	10,000
Provision for Contingent Liability	8	34,454	-
Total current liabilities		<u>347,345</u>	<u>181,293</u>
Non-current liabilities			
Employee benefits	5	-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>347,345</u>	<u>181,293</u>
Net assets		<u>459,357</u>	<u>195,987</u>
Equity			
Issued capital	7	22,937,072	21,632,780
Reserves		14,391	12,568
Accumulated losses		(22,484,840)	(21,460,851)
Exchange Reserve		(7,266)	11,490
Total equity		<u>459,357</u>	<u>195,987</u>

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

Reedy Lagoon Corporation Limited
Statement of changes in equity
For the half-year ended 31 December 2021

Consolidated	Issued capital	Exchange Reserves	Options Reserves	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2020	20,928,910	16,145	787,704	(21,650,997)	81,762
Loss after income tax expense for the half-year	-	-	-	(251,537)	(251,537)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(251,537)	(251,537)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 7)	674,621	-	-	-	674,621
Share-based payments (note 10)	-	-	5,400	-	5,400
Lapse of Options	-	-	(24,826)	24,826	-
Balance at 31 December 2020	<u>21,603,531</u>	<u>16,145</u>	<u>768,278</u>	<u>(21,877,708)</u>	<u>510,246</u>
Consolidated					
	Issued capital	Exchange Reserves	Options Reserves	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2021	21,632,780	11,490	12,568	(21,460,851)	195,987
Loss after income tax expense for the half-year	-	-	-	(1,023,989)	(1,023,989)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,023,989)	(1,023,989)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 7)	1,266,495	-	-	-	1,266,495
Exercise of Options (note 10)	37,797	-	(11,677)	-	26,120
Share-based payments (note 10)	-	-	13,500	-	13,500
Lapse of Options	-	-	-	-	-
Foreign currency translation	-	(18,756)	-	-	(18,756)
Balance at 31 December 2021	<u>22,937,072</u>	<u>(7,266)</u>	<u>14,391</u>	<u>(22,484,840)</u>	<u>459,357</u>

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

Reedy Lagoon Corporation Limited
Statement of cash flows
For the half-year ended 31 December 2021

	Consolidated	
	December 2021	December 2020
	\$	\$
Cash flows from operating activities		
Operating receipts	32	124
Payments to suppliers and employees	<u>(458,812)</u>	<u>(122,846)</u>
	(458,780)	(122,722)
Interest received	-	-
Payments for exploration activities	<u>(405,986)</u>	<u>(140,483)</u>
Net cash used in operating activities	<u><u>(864,766)</u></u>	<u><u>(263,205)</u></u>
Cash flows from investing activities		
Proceeds from deposits and bonds refunds	<u>-</u>	<u>-</u>
Net cash from investing activities	<u><u>-</u></u>	<u><u>-</u></u>
Cash flows from financing activities		
Proceeds from issue of shares	1,266,495	674,621
Proceeds from exercise of share options	<u>26,120</u>	<u>-</u>
Net cash from financing activities	<u><u>1,292,615</u></u>	<u><u>674,621</u></u>
Net increase in cash and cash equivalents	427,849	411,416
Impact of exchange rates on foreign cash balances	(2,360)	-
Cash and cash equivalents at the beginning of the financial half-year	<u>359,938</u>	<u>220,123</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>785,427</u></u>	<u><u>631,539</u></u>

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

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2021

Note 1. General information

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

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

Level 44, 600 Bourke Street
Melbourne
Victoria 3000

The nature of the consolidated entity's operations and its principal activities are mineral exploration.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2022. The directors have the power to amend and reissue the financial statements.

Comparatives

The following comparative balances have been amended to be in line with balances at 31 December 2021

- Other Expenses
- Administration expenses

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2021

Note 2. Significant accounting policies (continued)

Going concern

The financial report has been prepared on a going concern basis.

As at 31 December 2021, the consolidated entity had cash and cash equivalents of \$785,427.

At the date of this report the Company has sufficient funds to meet all commitments as and when they fall due for at least 12 months other than discretionary expenditure (which can be deferred or discontinued).

The Company estimates expenditure of \$352,600 for wages, fees and overheads including listing fees for the 12 month period following the date of this report.

The Company has sufficient funds to continue its current sampling programs at each of the Burracoppin gold and Burracoppin iron projects together with ongoing new project development. The Company plans to fund additional exploration including drilling at its existing projects by raising capital by issuing securities or through joint venture under project farm out agreements.

Note 3. Operating segments

Identification of reportable operating segments

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

Note 4. Revenue

	Consolidated	
	December 2021	December 2020
	\$	\$
Interest	32	124
Revenue	<u>32</u>	<u>124</u>

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2021

Note 5. Current liabilities - employee benefits

	Consolidated	
	December 2021 \$	June 2021 \$
Annual leave	129,005	121,605
Long Service Leave	39,191	36,504
	<u>168,196</u>	<u>158,109</u>

Note 6. Current liabilities - Provision for site restoration

	Consolidated	
	December 2021 \$	June 2021 \$
Provision for site restoration	<u>10,000</u>	<u>10,000</u>

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.

Note 7. Equity - issued capital

	December 2021 shares	June 2021 shares	Consolidated	
			December 2021 \$	June 2021 \$
Ordinary shares - fully paid	<u>547,857,230</u>	<u>470,026,166</u>	<u>22,937,072</u>	<u>21,632,780</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	01-Jul-21	470,026,166		21,632,780
Issue of shares	07-Sep-21	70,000,000	\$0.0160	1,051,120
Director subscriptions	03-Dec-21	5,331,064	\$0.0404	215,375
Excercise of Options	03-Dec-21	2,400,000	\$0.0049 to \$0.0147	36,132
Excercise of Options	31-Dec-21	100,000	\$0.0116	1,665
Balance	31-Dec-21	<u>547,857,230</u>		<u>22,937,072</u>

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.

Equity - dividends

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

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2021

Note 8. Contingent liabilities

Reedy Lagoon's wholly-owned US subsidiary, Sierra Lithium LLC, has received a notice of intent from the US tax office that US \$25,000 penalty tax may be payable by Sierra Lithium for not having lodged a return for the 2020 financial year by its due date. While Sierra Lithium is seeking abatement of the penalty due to difficulties the pandemic presented in timely filing, a provision for contingent liability for the tax penalty has been recognised in the statement of comprehensive income for the current period.

The Company is not aware of any other contingent liabilities.

Note 9. Events after the reporting period

There are no events after the reporting period.

Note 10. 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 23 December 2021, after approval at the Company's annual general meeting, a total of 900,000 options were issued to directors as part of their remuneration packages. Each director received the below options:-

- Geoffrey H. Fethers – 500,000 options, exercise price 0.0546 cents, expiring on 31/12/2024 with a value \$7,500
- Jonathan M. Hamer – 300,000 options, exercise price 0.0546 cents, expiring on 31/12/2024 with a value \$4,500, and
- Adrian C. Griffin – 100,000 options, exercise price 0.0546 cents, expiring on 31/12/2024 with a value \$1,500

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

December 2021			Balance at				Balance at
Grant date	Expiry date	Exercise price	the start of the half-year	Granted	Exercised	Lapsed	the end of the half-year
07/12/18	31/12/21	\$0.0116	900,000		900,000	-	-
11/12/19	31/12/22	\$0.0049	900,000		800,000	-	100,000
23/12/20	31/12/23	\$0.0147	900,000		800,000	-	100,000
23/12/21	31/12/24	\$0.0546		900,000	-	-	900,000
			<u>2,700,000</u>	<u>900,000</u>	<u>2,500,000</u>	<u>-</u>	<u>1,100,000</u>
December 2020			Balance at				Balance at
Grant date	Expiry date	Exercise price	the start of the half-year	Granted	Exercised	Lapsed	the end of the half-year
29/12/17	31/12/20	\$0.0375	900,000		-	900,000	-
07/12/18	31/12/21	\$0.0116	900,000		-	-	900,000
11/12/19	31/12/22	\$0.0049	900,000		-	-	900,000
23/12/20	31/12/23	\$0.0147		900,000	-	-	900,000
			<u>2,700,000</u>	<u>900,000</u>	<u>-</u>	<u>900,000</u>	<u>2,700,000</u>

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
23/12/21	31/12/24	\$0.034	\$0.0546	94.30%	-	0.93%	\$0.015

An expense of \$13,500 (2020: \$5,400) has been recognised in the statement of comprehensive income for the current period in relation to the above options.

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2021

Note 11. Employee benefits expense

Remuneration paid to directors for the 6 months ended 31 December 2021 (excluding Share-based payments as described in Note 10)

	Salary and Fees	Super-annuation	Annual Leave	Long service leave	Lump Sum in Arrears*	Workcover	Total
J Hamer	27,273	2,727			100,000	216	130,216
A Griffin	15,000				50,000		65,000
G Fethers	41,950	12,500	7,400	2,687	216,892	452	281,881
	<u>84,223</u>	<u>15,227</u>	<u>7,400</u>	<u>2,687</u>	<u>366,892</u>	<u>668</u>	<u>477,097</u>
LESS: Allocation to Exploration Expenses							(14,157)
Employee benefits expense							<u><u>462,940</u></u>

* Lump Sum in Arrears

Directors agreed to not receive or be entitled to receive portions of their contracted remuneration for the period 1 July 2019 to 30 September 2021 on the basis that amounts not receivable during the period would become payable if and only if (1) the board agreed to make payment; (2) the Company is solvent at the time of payment; and (3) the Company would remain solvent after payment.

This was agreed by the directors in order to reduce overheads, increase available funding for exploration and preserve cash pending raising additional funds through issuing shares. At 30 September 2021 the amount not paid totalled \$366,892.

The directors proposed at the annual general meeting held on 30 November 2021 ("AGM") that some or all of these conditional payments become payable, but only on the further condition that any amounts paid (after allowing for tax on such amounts which the director may request be paid free of this further condition) would be applied by the directors to subscribe for new fully paid ordinary shares in the Company ("Shares") at an issue price equal to the 5 day VWAP on the day prior to issue ("the Scheme"). Under the Scheme any amount paid to a director (other than amounts in respect of tax requested by that director to be free of the subscription requirement) would be returned to the Company as new share capital issued at market.

Shareholders approved the Scheme at the AGM, each of the directors elected to receive the payment under the Scheme and subscribed \$215,375 for 5,331,064 fully paid shares in RLC at market (\$0.0404) on the 3 December 2021.

Accordingly the "increase" in payments to directors is a payment in respect of payments not made in respect of prior periods. There has been no increase in remuneration rates to directors in the relevant period.

Reedy Lagoon Corporation Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



G.H. Fethers
Managing Director

8 March 2022
Melbourne

Independent Auditor's Review Report

To the members of Reedy Lagoon Corporation Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Reedy Lagoon Corporation Limited and its controlled entities (the "Group").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of the Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Reedy Lagoon Corporation Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss on operations of \$1,023,989 for the period ended 31 December 2021 which indicates the existence of a material uncertainty that may cast doubt over the group's ability to continue as a going concern. The Group had cash and cash equivalents of \$785,427 as at 31 December 2021 and the Directors believe that the Group has sufficient funds to meet all commitments as and when they fall due for at least 12 months other than discretionary expenditure.

Accordingly, the financial report has been prepared on a going concern basis. No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Act 2001
- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Reedy Lagoon Corporation Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



George Georgiou FCA
Managing Partner
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No.: 521888
Melbourne, Victoria
Date: 8 March 2022