REEDY LAGOON CORPORATION LTD

A.C.N. 006 639 514

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

26 September 2019

Dear Shareholders,

Annual Report 2019

The long term outlook for lithium demand remains strong.

Demand from battery applications is forecast to increase 25% per year through to 2028. Several countries have committed to banning motor vehicles with internal combustion engines from their cities in the coming years and the principal alternative is electric vehicles. Lithium is likely to be the basis of electric vehicle technology for some time.

Importantly for Reedy Lagoon there have been developments in the direct extraction of lithium from brines which supports the Company's aim to produce lithium from brines at greatly reduced water consumption rates and without the need for costly and inefficient evaporation ponds.

The outlook for iron-ore has improved. China dominates the market for iron-ore and its imports are at record levels having imported more than 1,000 Mt in both 2017 and 2018, up from less than 500 Mt in 2008. The high levels of production are depleting the global supply of high quality ores (high iron with low impurities). Quality impacts upon steel mill costs. Smelters using low quality ores emit more pollution and more CO_2. China is implementing strategies to reduce pollution from its smelters which are placing increased demand for higher quality iron-ore.

Importantly for Reedy Lagoon these developments will likely increase the demand for the high quality iron product being targeted at the Burracoppin project.

Work on the projects is described in more detail in the Review of Operations.

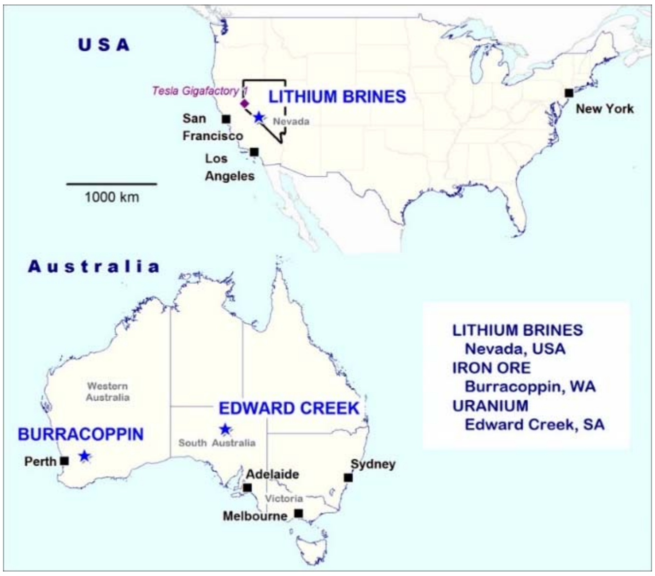
Yours sincerely

Jonathan Hamer
Chairman
Reedy Lagoon Corporation Limited

Overview

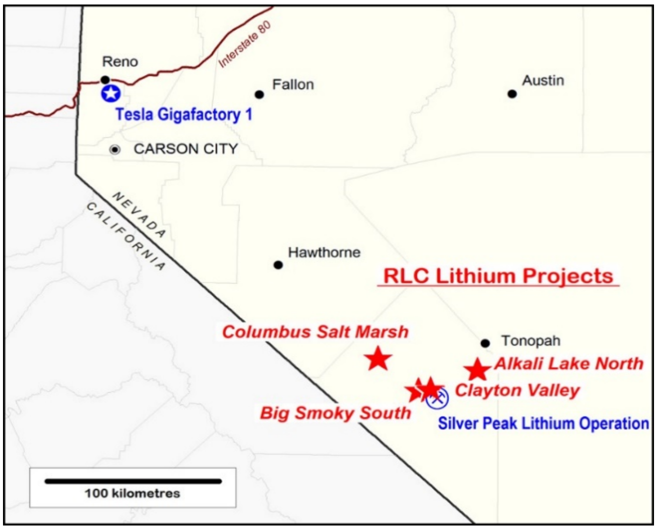
Reedy Lagoon explored for lithium, wound-up its Edward Creek uranium project and resumed an iron-ore project in Western Australia during its 33rd year of operations.

The Company's focus on lithium is in brines. New process pathways that enable direct extraction of lithium from brines (that is, saline ground-water) are anticipated by Reedy Lagoon to deliver the most efficient way to produce battery grade lithium compounds. Most importantly, direct extraction enables the residual brine to be returned to the environment after harvesting its lithium rather than lost to evaporation as is the case with more conventional processing that relies upon the extensive use of evaporation ponds. Reduced water consumption improves the potential to gain approvals to pump and process ground water in the event that "consumptive use" is used as the measure of the water allocation as opposed to the gross water extracted.



The four lithium brine projects explored during the period were:

- Alkali Lake North;
- Clayton Valley;
- Big Smoky South (since divested); and
- Columbus Salt Marsh (since divested).



During the reporting period the Company carried out 3D AMT electrical surveys at Clayton Valley and Alkali Lake North with positive results as strong conductive brine targets were indicated on both properties.

Other lithium projects were assessed.

During the reporting period Reedy Lagoon held other projects targeting uranium in South Australia and iron-ore in Western Australia.

The Edward Creek uranium project, which had been held for the last few years while waiting for improvement in the uranium price, was closed following completion of all rehabilitation and other statutory requirements.

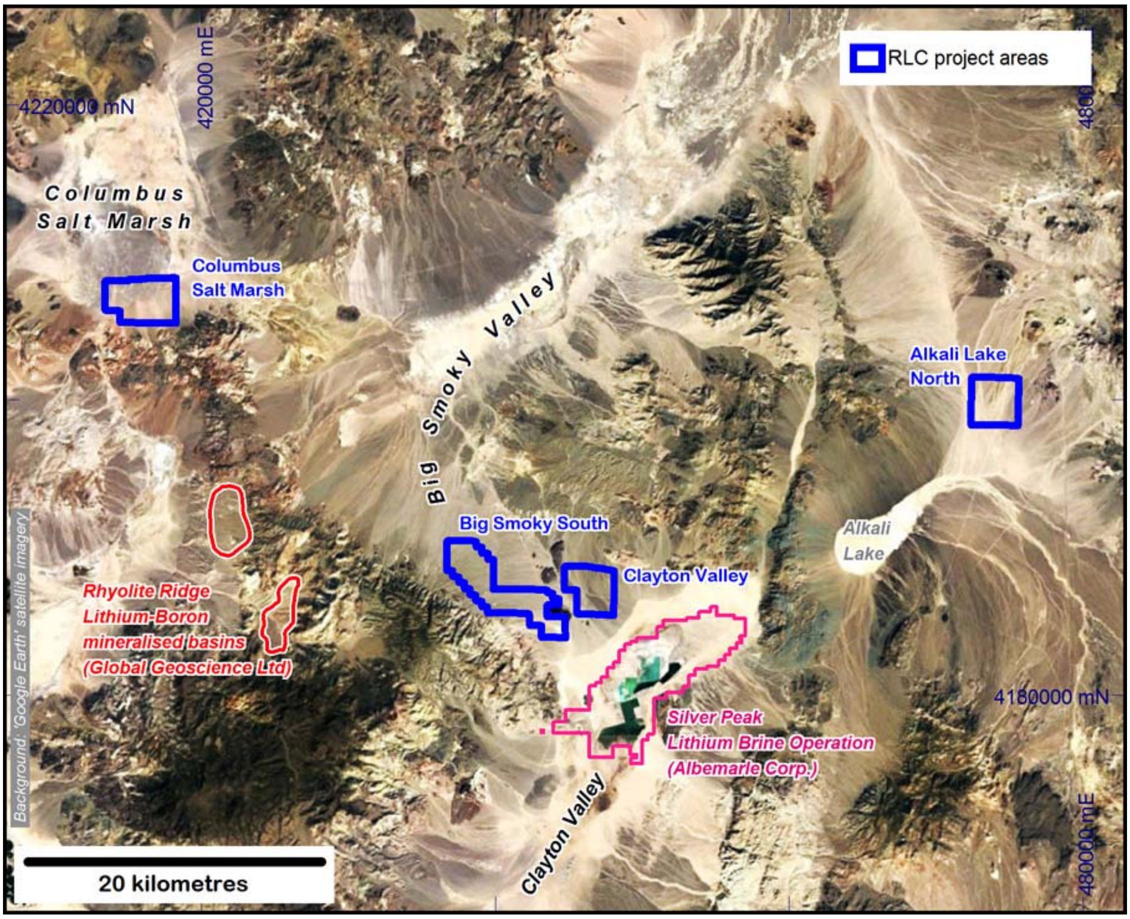
The iron-ore project (Burracoppin) was part of Reedy Lagoon's Bullamine Iron-ore project which was previously joint ventured with Cliffs, Nippon Steel and Sojitz. Burracoppin is considered to be the best of the magnetite iron-ore prospects discovered by our previous joint venture. A new tenement covering the project area was granted to the Company in early 2019.

Exploration

Lithium Exploration

Nevada Lithium Brine Projects *	**LITHIUM BRINES**	**Nevada, USA**	**RLC 100%**
Alkali Lake North:	128 claims – 2,554 acres (1,033 ha)		
Clayton Valley:	112 claims – 2,240 acres (906 ha)		
Big Smoky South:	245 claims – 4,677 acres (1,893 ha)		
Columbus Salt Marsh:	167 claims – 3,291 acres (1,332 ha)		

*as at 30 June 2019; subsequent to 30 June, Big Smoky South and Columbus Salt Marsh were divested.



The Nevada lithium brine projects comprised: Alkali Lake North, Clayton Valley, Big Smoky South and Columbus Salt Marsh. The projects are located in 3 large and separate ground water catchment areas in Nevada, USA. The projects are all within 50 kilometres of the Silver Peak Lithium brine operation owned by Albemarle Corp. which is located 360 kilometres by road (US-95 route) from the Tesla Gigafactory (Lithium-ion batteries) in Reno.

Following the end of the report period it was decided to relinquish the Big Smoky South and Columbus Salt Marsh projects which the Company had drill tested in the previous report period.

The two remaining projects, Alkali Lake North and Clayton Valley, cover a combined area of 1,939 hectares (4,794 acres) under 240 placer claims. All the placer claims are 100% owned and there are no royalty arrangements.

Alkali Lake North Project | **LITHIUM in BRINE** | **Nevada, USA** | **RLC 100%**

Alkali Lake North Project covers part of a discrete sub basin located 30 kilometres northeast of Silver Peak and it occurs within an extensive 30 kilometres long, northwest trending basin that drains to the south towards Alkali Lake. Satellite and gravity imagery suggest that a deep basin is masked by recent alluvium. Several hot springs discharge alkaline salts onto the surface of the playa lake located 10 kilometres to the south west of the project area.

3-dimensional audio magnetotelluric (3D AMT) survey was conducted over the project during the report period (refer ASX release 28 August 2018).

3D AMT surveys measure electromagnetic responses which can be processed and interpreted to indicate the presence and location of conductive zones which have potential to be caused by salty water (brine) in the ground. In an area where the presence of lithium is known, either dissolved in ground water or in minerals occurring in rocks or sediments, it can be the case that the higher the salt content of a ground water the higher is the concentration of lithium in that water. Under these conditions and because conductivity of a ground water is correlated with salt content (the higher the salt content the higher is its conductivity), high conductivity is a positive indication for higher lithium concentration in that water. Other factors however can operate to reduce the amount of lithium in brine notwithstanding the presence of lithium sources. For example, lithium may be removed from a brine by precipitation of lithium minerals and or deposition of lithium ions, in clays.

Data collected by the 3D AMT survey are interpreted to indicate a linear conductive body extending more than 2,000 metres horizontally at a depth of about 500 metres adjacent to a major fault. The conductive body is indicated in the 3D-AMT data to have a vertical thickness of over 100 metres. The Company interprets the conductor to be potentially caused by multiple brine aquifers within sediments over a vertical interval of more than 100 metres (refer ASX release 30 October 2018).

Drilling is warranted to test the conductive body identified by the 3D AMT surveys. Such a conductive body may be comprised of multiple brine aquifers within sediments over a vertical interval from 500 to 600 metres below ground surface (refer ASX release 25 January 2019).

Clayton Valley Project | **LITHIUM in BRINE** | **Nevada, USA** | **RLC 100%**

Clayton Valley Project is located within 10 kilometres northwest of the Silver Peak lithium operation where the southern end of Big Smoky Valley meets the western side of Clayton Valley.

3-dimensional audio magnetotelluric (3D AMT) survey was conducted over the project during the report period (refer ASX release 18 August 2018).

Processing and interpretation of the 3D AMT data recovered from the project indicate a substantial tabular conductive body the top of which is at a depth of 250 metres and having a vertical thickness of approximately 200 metres. The Company interprets the conductive body to potentially comprise a 200 metre thick interval of sediments containing multiple brine filled aquifers. The geophysicist has estimated the volume of this conductive body to be one cubic kilometre. Importantly, we see similarities between the geology indicated in our 3D AMT survey with the geology that has been determined and reported for the Silver Peak lithium brine production area located a few kilometres to the south east.

Big Smoky South Project	**LITHIUM in BRINE**	**Nevada, USA**	**RLC 100%**

Big Smoky South Project is located 10 kilometres northwest of the Silver Peak lithium operation where the southern end of Big Smoky Valley meets the western side of Clayton Valley.

Core drilling conducted by RLC during the prior period investigated a highly conductive zone extending from 600 metres to more than 850 meters below surface interpreted in 2D AMT survey data. Drill hole MBD-01 was terminated at a depth of 401 metres after intersecting a thick sequence of lake sediments which the Company interpreted as being beneath the geological horizons that are prospective for lithium bearing brines. Pump testing using a double packer system and sampling of four selected zones was attempted in MDB-01, including in a zone of volcanic ash layers intersected between 59 and 100 metres down hole depth from surface. However, fluid flow rates were too low to allow effective sampling (ASX 30 July 2018).

Assay results from 100 samples of core from drill hole MBD-01 drilled in the prior period were received (refer ASX release 5 October 2018). Results range from 10 ppm to 40 ppm lithium and from 10 ppm to 40 ppm boron. These levels are anomalous but not commercial.

All tracks and drill pads constructed as part of the drilling conducted in during April - May 2018 were decommissioned and rehabilitated by earthworks towards the end of calendar 2018 in preparation for seeding in spring.

Following the end of the report period it was decided to divest the Big Smoky South project.

Columbus Salt Marsh	**LITHIUM in BRINE**	**Nevada, USA**	**RLC 100%**

The Columbus Salt Marsh project is located 45 kilometres northwest of Clayton Valley. The Columbus Salt Marsh valley represents a closed basin with extensive Tertiary volcanic deposits in the surrounding hills. USGS open file gravity data indicates that the centre of the valley has subsided up to 3.5km. The valley is fault bounded and several geothermal springs discharge alkali salts onto the lake surface. These alkali deposits have in the past been mined for borax.

Core drilling conducted by RLC during the prior period investigated a highly conductive zone extending from 600 metres to more than 1,000 meters below surface interpreted in 2D AMT survey data. Drill hole CBD-01 was completed on reaching target depth at 1,000 metres. Assays from samples of brine collected from six aquifers below 400 metres downhole and located within zones of volcanic ash and tuff reported a maximum detected lithium concentration of 10 mg/L. This level is not considered by the Company to be high enough to indicate potential for economic recovery of lithium (ASX release 23 April 2018).

Assay results from 90 samples of core from drill hole CBD-01 were received during the period (refer ASX release 28 August 2018). Results range from 20 ppm to 200 ppm lithium and from 10 ppm to 150 ppm boron. These levels are anomalous but not commercial (ASX release 28 August 2018).

Following the end of the report period it was decided to divest the Columbus Salt Marsh project.

Iron Ore Exploration

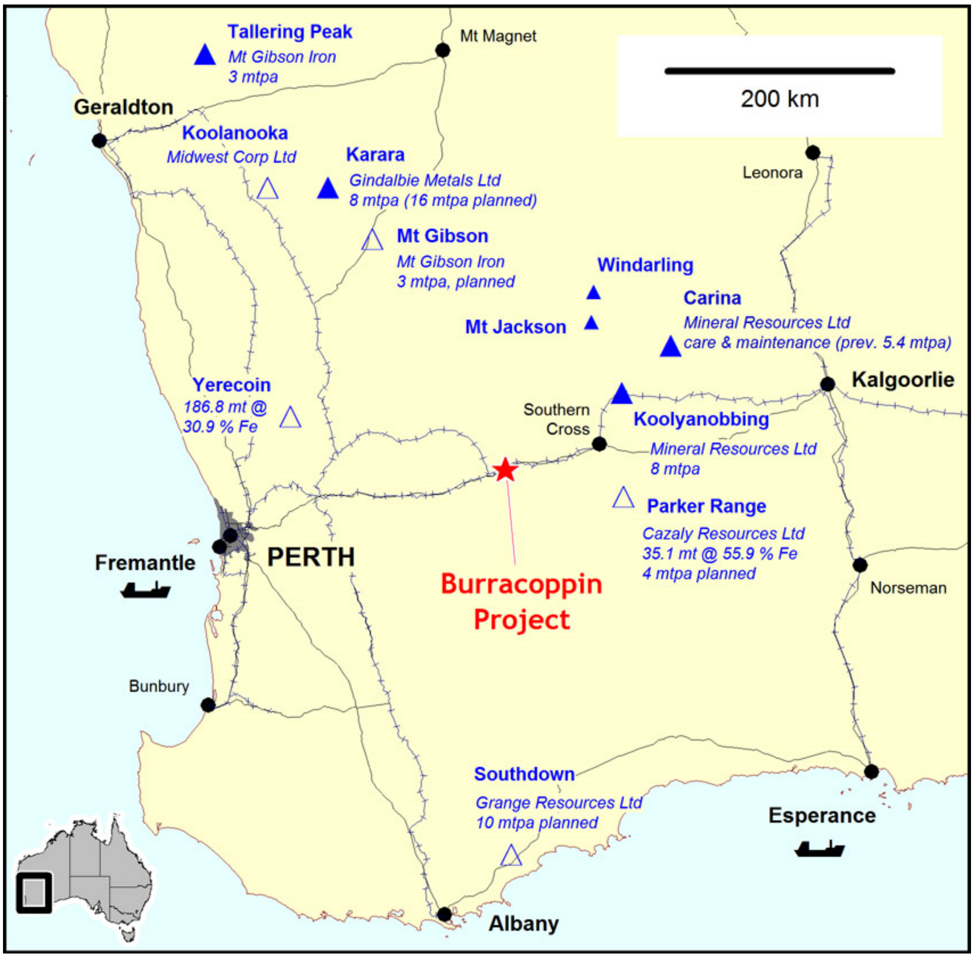
Burracoppin Project IRON ORE – MAGNETITE Western Australia RLC 100%

The Burracoppin project was re-commenced in early 2019.

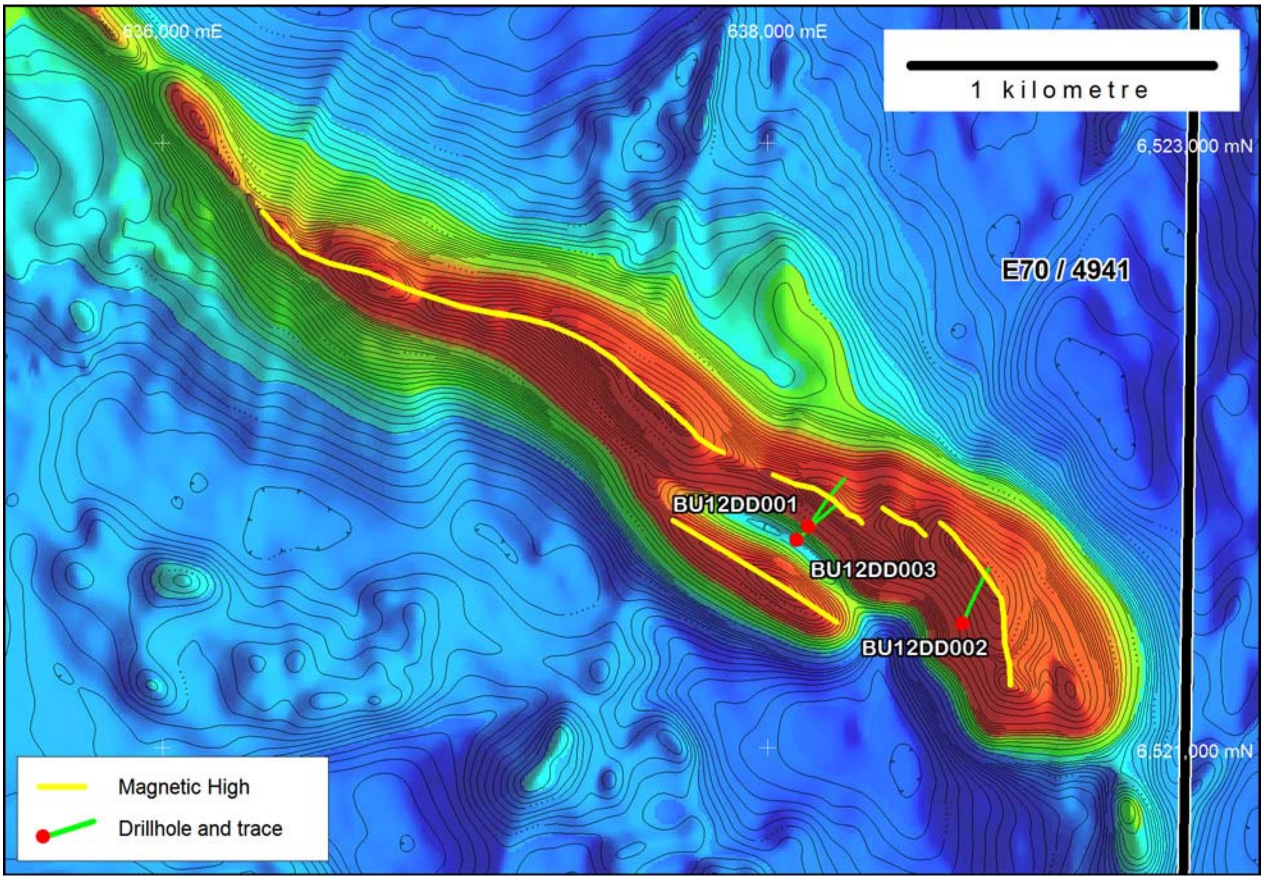
The project area was held by the Company as part of the Bullamine Iron-ore project from 2010 to relinquishment in 2016. During this period the Burracoppin Magnetite prospect was discovered by the Bullamine Joint Venture (2011 to 2014) comprising Cliffs Natural Resources, Nippon Steel, Sojitz and RLC. Metallurgical studies on core samples produced concentrate with high iron levels (67% to 70% Fe) and low levels of impurities at a relatively coarse grind size (P80 -150 micron) (refer to ASX releases 23 November 2012 and 17 November 2014).

During the report period an agreement setting out protocols for conducting heritage surveys was executed by the South West Aboriginal Land & Sea Council Aboriginal Corporation for and on behalf of the Ballardong Agreement Group and the Company's wholly owned subsidiary Bullamine Magnetite Pty Ltd.

Access and compensation agreements were executed with key land owners following the end of the report period.



The location of our previous joint venture drilling completed in 2012 is shown in the image below. Three diamond holes were completed to investigate the magnetic anomaly shown coloured red (refer to ASX release 23 November 2012 and https://www.reedylagoon.com.au/projects/burracoppin/).



Following the end of the report period a study found that processing Burracoppin magnetite mineralization using HIsmelt to produce a high-quality Pig Iron for export may be an avenue for development of the project (refer ASX release 10 September 2019).

Additional drilling is required to establish a resource as the first step in extending the investigations into the project's viability.

Uranium Exploration

Edward Creek Project URANIUM South Australia RLC 100%

RLC's past exploration at Edward Creek identified uranium and Rare Earth Element (REE) mineralization at its Victory Prospect in 2010 (refer ASX release 30 January 2017).

Planned exploration had been held pending an improvement in the market conditions for uranium.

All interest in diamond in the project area had been farmed-out to DiamondCo Limited which conducted diamond exploration independently from RLC. The Diamond Farm Out Agreement terminated when DiamondCo withdrew on 20 July 2018 and all interest in diamond reverted to RLC. The work conducted by DiamondCo fulfilled the expenditure requirements for the tenement allowing Reedy Lagoon to hold the tenement at no cost.

Following the termination of the joint venture with DiamondCo and in the absence of sufficient improvement in the uranium market the project was terminated and the tenement was not renewed past its November 2018 expiry date. All environmental and statutory work on the tenement has been completed.

Geoffrey Fethers
Managing Director

Competent Person's Statements:

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

The information in the sections headed "Iron-ore Exploration" and "Uranium Exploration" of this report as it relates to exploration results and geology was compiled by Mr Geoffrey Fethers who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Fethers is a director of Reedy Lagoon Corporation Limited and a Competent Person. Mr Fethers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fethers consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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

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

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Reedy Lagoon Corporation Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

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

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

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

- **exploration for minerals in the United States of America and Australia.**

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $875,403 (30 June 2018: Loss $4,615,766).

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

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

Matters subsequent to the end of the financial year
Big Smoky South and Columbus Salt Marsh projects were divested subsequent to the end of the period.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
At the date of this report, there are no future developments of the Company which warrant disclosure.

Environmental regulation
The Company's operations are subject to environmental regulations in relation to its exploration activities under State legislation in Australia and Federal legislation in USA.
The directors are not aware of any breaches of environmental regulations during the period covered by this report.

Information on directors

Name:	Jonathan M. Hamer
Title:	Chairman – Non Executive
Age:	64
Qualifications:	BA, LLB.
Experience and expertise:	A former partner of King & Wood where he practised in the areas of corporate and finance law. Jonathan has been advising RLC since 1988 on a range of legal and commercial issues, including in its various joint venture agreements and capital raisings. Jonathon has served on the RLC board for 12 years.
Other current directorships:	Nil
Former directorships):	Nil **(last 3 years)**
Interests in shares:	13,661,946 fully paid ordinary shares
Interests in options:	2,200,907 options

Name:	Geoffrey H. Fethers
Title:	M AusIMM
Age:	62
Qualifications:	B.Sc.(Hons), M AusIMM
Experience and expertise:	Manages the operations of RLC. He is a geologist with over 25 years exploration experience. He was employed by De Beers Australia Exploration Limited (formerly Stockdale Prospecting Limited) from 1980 to 1985. He founded RLC in 1986. He is a Member of the Geological Society of Australia and the Australian Institute of Mining and Metallurgy. Geoffrey is a founding director.
Other current directorships:	Nil
Former directorships:	Nil **(last 3 years)**
Special responsibilities:	Manages the operations of RLC.
Interests in shares:	33,301,385 fully paid ordinary shares
Interests in options:	5,375,000 options

Name:	Adrian C. Griffin
Title:	Director
Age:	66
Qualifications:	B.Sc.(Hons), M AusIMM
Experience and expertise:	Adrian Griffin, aged 66, has accumulated extensive experience in the resource sector over the past 35 years. During that time he has held directorships in a number of private and listed resource companies and overseen the operation of large, integrated mining and processing facilities, including the Bulong nickel-cobalt operation in the late 1990s to his current position as Managing Director of Lithium Australia NL, a company developing lithium extraction and recovery technologies. Mr Griffin was a director of Reedy Lagoon from 9 May 2007 until resigning on 27 November 2009 to act as technical director of Ferrum Crescent, an iron-ore developer in South Africa. He re-joined RLC as a director on 30 June 2014. Mr Griffin was also a founding director of Northern Uranium and Parkway Minerals (developer of the KMax process to recover potassium and other metals from glauconite). Recently, he was instrumental in identifying the global opportunity to establish lithium micas as a source feed for the lithium chemical industry.
Other current directorships:	Managing Director-Lithium Australia NL; Non-executive Director-Northern Minerals Ltd; Chairman-Parkway Minerals NL
Former directorships:	Nil **(last 3 years)**
Special responsibilities:	Nil
Interests in shares:	34,011,037 fully paid ordinary shares
Interests in options:	4,342,652 options

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

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

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

Company secretary

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	**Held**
Jonathan M. Hamer	4	4
Geoffrey H. Fethers	4	4
Adrian C. Griffin	4	4

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

Remuneration report (audited)

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

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

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

Use of remuneration consultants
The Company did not make use of remuneration consultants during the 2019 financial year.

Voting and comments made at the company's 13 November 2018 Annual General Meeting ('AGM')
At the 13 November 2018 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

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

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

- J Hamer
- G Fethers
- A Griffin

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2018	**Cash salary and fees $**	**Bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
J Hamer	60,000	-	-	-	-	8,276	68,276
A Griffin	40,000	-	-	-	-	2,758	42,758
Executive Directors:							
G Fethers *	132,000	-	-	12,540	2,537	13,792	160,869
	232,000	-	-	12,540	2,537	24,826	271,903

* Mr Fethers was the sole executive employee of the company for the year ended 30 June 2018.

As at 30 June 2018, $0 (2017: $208,945) of short term employee benefits remain unpaid.

	Short-term benefits			Post-employ-ment benefits	Long-term benefits	Share-based payments	
2019	**Cash salary and fees $**	**Bonus $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
J Hamer	73,059	-	-	6,941		1,469	81,469
A Griffin	40,000	-	-	-		490	40,490
Executive Directors:							
G Fethers *	119,542	-	-	25,000	2,555	2,449	149,546
	232,601	-	-	31,941	2,555	4,408	271,505

* Mr Fethers was the sole executive employee of the company for the year ended 30 June 2019.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors:						
J Hamer	98%	88%	-	-	2%	12%
A Griffin	99%	94%	-	-	1%	6%
Executive Directors:						
G Fethers	98%	91%	-	-	2%	9%

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. Mr Fethers also receives options under the terms of the Directors Options Scheme. 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. From 1 January 2018 the annual rate was increased to $80,000. There is no fixed term and no set retirement benefits are payable on termination.

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

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

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019. Shares were issued to two directors in lieu of cash payable for fees/salary/super.

Options

Subject to approval by shareholders each year directors receive options under The Directors' Option Scheme 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 terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
7 December 2018	31 December 2021	31 December 2021	$0.0116	$0.0049

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
J Hamer	300,000	300,000	300,000	300,000
G Fethers	500,000	500,000	500,000	500,000
A Griffin	100,000	100,000	100,000	100,000

Additional disclosures relating to key management personnel

Shareholding

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

Ordinary shares	Balance at the start of the year	Received in lieu of Remuner-ation	Additions	Disposals	Balance at the end of the year
G Fethers	32,881,031	420,354	-	-	33,301,385
J Hamer	13,661,946	-	-	-	13,661,946
A Griffin	33,568,559	442,478	-	-	34,011,037
	80,111,536	862,832	-	-	80,974,368

Option holding

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

Options over ordinary shares	Balance at the start of the year	Granted & Acquired	Exercised	Expired / Forfeited	Balance at the end of the year
G Fethers	4,875,000	500,000	-		5,375,000
J Hamer	1,900,907	300,000	-		2,200,907
A Griffin	4,242,652	100,000	-		4,342,652
	11,018,559	900,000	-		11,918,559

This concludes the remuneration report, which has been audited.

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

Grant date	Expiry date	Exercise price	Number under option
29 December 2017	31 December 2020	$0.0375	900,000
6 April 2018	6 April 2021	$0.08	37,710,515
7 December 2018	31 December 2021	$0.0116	900,000
			39,510,515

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

Shares issued on the exercise of options
There were no ordinary shares of Reedy Lagoon Corporation Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

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

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

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

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

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

Non-audit services

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

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

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

Officers of the company who are former partners of Moore Stephens Audit (Vic)

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the directors

G.H. Fethers
Managing Director

26 September 2019
Melbourne

MOORE STEPHENS

Moore Stephens Audit (Vic)

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

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

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

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257

RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

26 September 2019

Reedy Lagoon Corporation Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Revenue	6	2,350	15,567
Expenses			
Corporate and administration expenses		(56,532)	(134,199)
Employee and director benefits expense		(242,163)	(240,917)
Exploration expenditure	7	(425,166)	(4,088,781)
Share based payments expense		(4,408)	(24,826)
Other expenses		(149,484)	(142,610)
Loss before income tax expense		(875,403)	(4,615,766)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Reedy Lagoon Corporation Limited		(875,403)	(4,615,766)
Items that may be reclassified subsequently to profit or loss			
Foreign Currency Translation		16,145	970
Other comprehensive income for the year, net of tax		16,145	970
Total comprehensive loss for the year attributable to the owners of Reedy Lagoon Corporation Limited		(859,258)	(4,614,796)
		Cents	**Cents**
Basic earnings per share	29	(0.218)	(1.574)
Diluted earnings per share	29	(0.218)	(1.574)

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

Reedy Lagoon Corporation Limited
Statement of Financial Position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	9	366,627	1,248,204
Trade and other receivables	10	3,832	35,203
Other	11a	10,795	10,256
Total current assets		381,254	1,293,663
Non-current assets			
Deposits and Bonds	11b	231,891	216,891
Total non-current assets		231,891	216,891
Total assets		613,145	1,510,554
Liabilities			
Current liabilities			
Trade and other payables	12	17,477	33,805
Employee benefits	13	122,783	85,910
Provision for site restoration		10,000	54,120
Total current liabilities		150,260	173,835
Non-current liabilities			
Employee benefits	14	-	28,873
Total non-current liabilities		-	28,873
Total liabilities		150,260	202,708
Net Assets (liabilities)		462,885	1,307,846
Equity			
Issued capital	15	20,928,910	20,919,160
Option Reserves	16	785,083	780,536
Exchange Reserves		16,145	-
Accumulated losses		(21,267,253)	(20,391,850)
Total Equity (deficiency in equity)		462,885	1,307,846

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

Reedy Lagoon Corporation Limited
Statement of Changes in Equity
For the Year Ended 30 June 2019

Consolidated	Issued capital $	Accumulated Losses $	Exchange Reserves $	Option Reserves $	Total deficiency in equity $
Balance at 1 July 2018	20,919,160	(20,391,850)	-	780,536	1,307,846
Loss after income tax expense for the year	-	(875,403)			(875,403)
Other comprehensive income for the year, net of tax	-		16,145		16,145
Total comprehensive loss for the year	-	(875,403)	16,145	-	(859,258)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 15)	9,750				9,750
Share-based payments (note 19)				4,547	4,547
Lapse of options					
Balance at 30 June 2019	20,928,910	(21,267,253)	16,145	785,083	462,885

Consolidated	Issued capital $	Accumulated losses $	Option Reserves $	Total deficiency in equity $
Balance at 1 July 2017	15,666,091	(15,777,052)	5,875	(105,086)
Loss after income tax expense for the year	-	(4,615,766)	-	(4,615,766)
Rounding adjustment	-	(2)	-	(2)
Other comprehensive income for the year, net of tax	-	(970)	-	(970)
Total comprehensive loss for the year	-	(4,614,798)	-	(4,614,798)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	5,248,164	-	755,710	6,003,874
Share-based payments (note 19)	-	-	24,826	24,826
Exercise of options (note 15)	4,905	-	(4,905)	-
Lapse of options	-	-	(970)	(970)
Balance at 30 June 2018	20,919,160	(20,391,850)	780,536	1,307,846

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,461	14,830
Payments to suppliers and employees (inclusive of GST)		(429,999)	(716,243)
Interest received		2,350	4,722
Payments for exploration activities		(471,850)	(2,024,269)
Net cash used in operating activities	28	(894,938)	(2,720,960)
Cash flows from investing activities			
Payments for deposits and bonds		-	(216,891)
Net cash from investing activities		-	(216,891)
Cash flows from financing activities			
Proceeds from issue of shares	15	9,750	4,356,995
Capital raising costs		-	(351,709)
Repayment of borrowings		-	(3,500)
Net cash from financing activities		9,750	4,001,786
Net increase (decrease) in cash and cash equivalents		(885,188)	1,063,935
Impact of exchange rates on foreign cash balances		3,611	970
Cash and cash equivalents at the beginning of the financial year		1,248,204	183,299
Cash and cash equivalents at the end of the financial year	9	366,627	1,248,204

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

Note 1. General information

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

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

Level 18
530 Collins Street
Melbourne VIC 3121

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 September 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period which includes *AASB 9 Financial Instruments* and *AASB 15 Revenue from Contracts with Customers*. This adoption has not resulted in any change to prior year figures, however has resulted in a change in accounting policies as noted below.

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

Going concern

For the year ended 30 June 2019 the Group made a loss of $875,403 (2018: loss of $4,615,766), has net assets of $462,885 (2018: Net assets $1,307,846), and had operating cash outflows $894,938 (2018: $2,720,960). All project assets are valued in the accounts at $0 (refer to Exploration, Evaluation and Development Expenditure below).

Notwithstanding this, the financial report has been prepared on a going concern basis. At the date of this report the Group had approximately $163k in bank deposits. An additional amount of $232k was held in bonds retained by the Bureau Land Management (“BLM”) which the Group expects to be returned within the coming 12 month period (refer note 11b). At the date of this report the Group’s Alkali Lake North and Clayton Valley lithium brine project tenements, comprising 240 Placer Claims in Nevada, were current to 31 August 2020 and the only known committed liability (other than trade payable and employee provisions) was an estimated A$10k to complete rehabilitation of one drill site (refer note 11b). Annual overheads have been budgeted at $380k excluding contingencies. At the date of this report directors believe the Group 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). Exploration and associated additional overheads will be undertaken only if funded by capital raising in the form of new securities and/or by joint venture partners.

Note 2. Significant accounting policies (continued)

Subsequent to year end the Group received a letter from directors agreeing their fees and wages would only be paid in cash on the date they are due if the Group is able to make the payments in a manner not detrimental to other third party creditors and remain solvent. It has also been agreed that any payments not paid when due would only become payable when the Group is able to make the payments and remain solvent.

In the event the above matters do not eventuate as expected or the Group is not able to raise additional funding, it may be required to discontinue exploration and may not be able to continue its operations as a going concern.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Reedy Lagoon Corporation Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Reedy Lagoon Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

Note 2. Significant accounting policies (continued)

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

Operating segments

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

Exploration, Evaluation and Development Expenditure

Expenditure incurred on the acquisition of exploration properties and exploration, evaluation and development costs (refer note 3) 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.

Provision for restoration costs is made at the reporting date based on the net present value of the estimated costs of restoration at that date. The Group assesses its provision for restoration costs at each reporting date.

Revenue recognition

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

Rendering of services

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

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

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established, less expected credit loss.

Note 2. Significant accounting policies (continued)

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

Trade and other receivables
The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The consolidated entity has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information.

On that basis, the loss allowance as at 30 June 2019 (on adoption of AASB 9) was determined to be 0% for trade receivables.

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

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

Plant and equipment	5-10 years

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

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

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

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

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. 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 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019. The impact of its adoption is assessed as immaterial.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions
Equity-settled share-based payments are measured at fair value of the equity instrument at the grant date. Fair value is measured by the use of either a Binomial or Black-Scholes model (as described at note 29) taking into account the terms and conditions upon which the instruments were granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

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

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Exploration expenditures
The consolidated entity expenses expenditures relating to exploration 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. At the date of this report insufficient data has been recovered to permit an assessment of the existence of economically recoverable reserves at any of the Company's projects. The Company has accordingly expensed all its expenditure relating to exploration during the report period.

Provision for restoration
Significant estimates and assumptions are made in determining this provision as there are a number of factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases/decreases and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future restoration costs required.

Note 4. Company's operations in North America

Nevada Lithium Pty Ltd owned 4 lithium brine projects in Nevada, USA through its wholly-owned subsidiary, Sierra Lithium LLC. All the Company's operations in North America are run through Sierra Lithium LLC.

Please refer note 27 – Subsequent events for further detail on post balance date matters as they relate to North American Brine Projects.

Note 5. Operating segments

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

Note 6. Revenue

	Consolidated	
	2019	**2018**
	$	**$**
Interest	2,350	4,722
Other	-	10,845
Revenue	2,350	15,567

Note 7. Expenses

	Consolidated	
	2019	**2018**
	$	**$**
Loss before income tax includes the following specific expenses:		
Exploration		
Tenement applications fees and rents	-	50,018
Lithium Brine Project Placer Claim costs	-	1,973,118
Wage expenses	30,902	-
Other exploration expenditure	394,264	2,065,645
Total exploration	425,166	4,088,781

Note 8. Income tax expense

	Consolidated	
	2019	**2018**
	$	**$**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(875,403)	(4,615,766)
Tax at the statutory tax rate of 30%	(262,621)	(1,384,730)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Capital allowances share issue costs	(21,698)	(22,359)
Non-deductible equity settled benefits expense	1,364	7,488
Non-deductible-Impairment of Placer Claims	-	608,065
Other non-deductible (deductible) expenses	1,560	1,383
Non-deductible overseas exploration expenditure	109,092	614,778
	(172,303)	(175,415)
Deferred tax asset (on account of losses) not brought to account	172,303	175,415
Income tax expense	-	-

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

The potential future income tax benefit will only be obtained if:

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

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2019	**2018**
	$	**$**
Cash at bank	366,627	1,248,204

Note 10. Current assets - trade and other receivables

	Consolidated	
	2019	**2018**
	$	**$**
Trade receivables	-	4,461
GST receivable	3,832	30,741
	3,832	35,203

Note 11a. Current assets - other

	Consolidated	
	2019	2018
	$	$
Prepayments	10,795	10,256

Note 11b. Non-Current assets – deposits and bonds

	Consolidated	
	2019	2018
	$	$
Deposits and Bonds	231,891	216,891

The $231,891 are held in security bonds which were lodged with the Bureau of Land Management (“BLM”) as part of the approvals process for drilling at Columbus Salt Marsh, Big Smoky South and Alkali Lake North. The bonds are refundable to the Company following satisfactory rehabilitation of ground disturbances caused by the Company including by construction of drill sites and access tracks. No ground was disturbed at Alkali Lake North because the planned drilling has been postponed and the BLM has cleared the rehabilitation completed at Big Smoky South. The Company has received notice from the BLM that the bonds in respect of Alkali Lake North and Big Smoky South (total $154,753) are now fully refundable. The BLM has also advised the bond held for Columbus Salt Marsh is partly refundable with the balance to be held pending final clearance after some additional minor earthworks are completed and successful re-vegetation. The Company estimates the cost for the remaining work at $10,000.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2019	2018
	$	$
Other payables and accruals	17,477	33,805
	17,477	33,805

Refer to note 18 for further information on financial instruments.

Note 13. Current liabilities - employee benefits

	Consolidated	
	2019	2018
	$	$
Annual leave	91,355	85,910
Long service leave	31,428	-
	122,783	85,910

Note 14. Non-current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Long service leave	-	28,873

Note 15. Equity - issued capital

	Consolidated 2019 Shares	Consolidated 2018 Shares	Consolidated 2019 $	Consolidated 2018 $
Ordinary shares - fully paid	402,271,710	401,408,878	20,928,910	20,919,160

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30 June 2018	401,408,878		20,919,160
Shares issued to directors	29 September 2018	862,832	$0.0113	9,750
Balance	30 June 2019	402,271,710		20,928,910

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.

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

The Company continuously reviews the capital structure to ensure:

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

The capital risk management policy remains unchanged from the 30 June 2018 annual report.

Note 16. Equity - reserves

	Consolidated	
	2019	2018
	$	$
Share-based payments reserve	785,083	780,536

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

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

Consolidated	Total $
Balance at 30 June 2017	5,875
Issue of 37,710,515 options at $0.02 each	755,710
Share based payments	24,826
Exercise of options	(4,905)
Expiry of options	(970)
Balance at 30 June 2018	780,538
Share based payments (refer to note 30)	4,547
Balance at 30 June 2019	785,083

Note 17. Equity - dividends

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

Note 18. Financial instruments

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

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

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

Note 18. Financial instruments (continued)

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

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

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

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

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

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

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

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

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade other payables	-	33,805	-	-	-	33,805
Amounts payable to directors	-	-	-	-	-	-
Total non-derivatives		33,805	-	-	-	33,805

Note 18. Financial instruments (continued)

Consolidated - 2019	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	-	17,477	-	-	-	17,477
Amounts payable to directors		-	-	-	-	-
Total non-derivatives		17,477	-	-	-	17,477

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Key management personnel disclosures

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	252,002	232,000
Post-employment benefits	12,540	12,540
Long-term benefits	2,555	2,537
Share-based payments	4,408	24,826
	271,505	271,903

As at 30 June 2019, $0 (2018: $0) of short term employee benefits remain unpaid.

Note 20. Remuneration of auditors

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

	Consolidated	
	2019	2018
	$	$
Audit services - Moore Stephens Audit (Vic)		
Audit or review of the financial statements	22,000	23,000
Other services - Moore Stephens Audit (Vic)		
Tax and compliance services	14,765	37,925
	36,765	60,925

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 Companies are important and it is logical and efficient for them to provide those services. The provision of non-audit services during the year by the external auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

Note 21. Contingent liabilities

The Company is not aware of any contingent liabilities other than the costs of completing rehabilitation of the drill site and access track constructed by the Company for drilling at its Big Smoky South project (drill hole MBD-01). Most of the rehabilitation work has been completed and a provision of A$10,000 (2018: A$54,120) has been made for the work outstanding which is expected to be completed in the normal course of business and when weather conditions are appropriate.

Note 22. Exploration expenditure commitments

Lithium Brine Projects
The Company held 240 Placer Claims in connection with its Alkali Lake North and Clayton Valley Lithium Brine projects located in Nevada, USA. Annual Land Fees are payable to the Bureau of Land Management ("BLM") and Esmeralda County for these claims with payment required prior to 1 September. The amount payable in 2019 in respect of the 240 Placer Claims held by the Company was $61,114. At the date of this report all Land Fees were paid up to 31 August 2020. There is no minimum exploration expenditure requirement for Placer Claims located in Nevada, USA.

Burracoppin Iron Ore Project
The Company held one tenement, E70/4941 located in Western Australia. Ongoing annual exploration expenditure is required to maintain title to the entirety of E70/4941. Tenement expenditure will be determined by the Company and is dependent upon exploration results and available cash resources. The statutory expenditure requirement is subject to negotiation with the relevant state department, and expenditure commitments may be reduced subject to reduction of exploration area and/or relinquishment of non-prospective tenements. Unless the Minister determines otherwise, if the minimum annual expenditure ($20,000) is not satisfied the licence would be forfeited. At the date of this report the minimum expenditure requirement for the current term has been met. The renewal date for E70/4941 is 11/02/2020.

No provision has been made in the accounts for exploration commitments.

Note 23. Related party transactions

Parent entity
Reedy Lagoon Corporation Limited 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 included in the directors' report.

Transactions with related parties
DiamondCo Limited, a company of which Mr Fethers and Mr Hamer are directors and shareholders, held the rights to diamonds located on EL 5580 through a joint venture agreement dated 26 March 2007. Opportunities to reduce mobilisation costs and expand small scale programmes by combining field activities were exploited where possible. Where services for combined RLC and DiamondCo programmes were contracted RLC normally acted as principal and invoiced DiamondCo on a cost recovery basis. RLC provided 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 $0 (2018: $14,523). The joint venture with DiamondCo was terminated when DiamondCo withdrew in August 2018 and EL 5580 expired at the end of its term on 11 November 2018.

Receivable from and payable to related parties
The amount of $0 (2018: $2,126) was payable by DiamondCo Limited at 30 June 2019 and no trade payables to related parties at the current and previous reporting date.

Amount payable to directors at 30 June 2019 is $0 (2018: $ 0).

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

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

Note 24. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019	**2018**
	$	**$**
Loss after income tax	(522,133)	(2,724,964)
Total comprehensive loss	(522,133)	(2,723,994)

Note 24. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	2,716,592	3,230,415
Total assets	2,833,413	3,347,236
Total current liabilities	152,585	148,588
Total liabilities	152,585	148,588
Equity		
Issued capital	20,928,910	20,919,160
Share-based payments reserve	785,083	780,536
Accumulated losses	(19,023,181)	(18,501,048)
Total Equity	2,690,812	3,198,648

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 2019 and 30 June 2018.

Contingent liabilities
There are no contingent liabilities as at balance date.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2019 and 30 June 2018.

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

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

Note 25. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Bullamine Magnetite Pty Ltd	Australia	100.00%	100.00%
Nevada Lithium Pty Ltd	Australia	100.00%	100.00%
Sierra Lithium LLC	USA	100.00%	100.00%

Note 26. Interests in joint ventures

EL 5580 was subject to a joint venture agreement, the Diamond Farm Out Agreement, which transferred all RLC's interest in diamonds in this tenement to DiamondCo Limited. DiamondCo Limited withdrew form the agreement following the end of the report period and EL 5580 expired at the end of its term on 11 November 2018.

Note 27. Events after the reporting period

Big Smoky South and Columbus Salt Marsh projects were divested subsequent to the end of the period.

Since 30 June 2019, the company has advanced amounts totalling A$67,740 to its American bank account to fund its operations including payment of the Annual Land Fees in respect of the Alkali Lake North and Clayton Valley project Placer Claims (refer note 22).

All Land Fees in respect of the Company's Placer Claims for the Alkali Lake North and the Clayton Valley Lithium Brine projects (BLM and Esmeralda County – refer to note 22 and Tenement Schedule) for the period ending 31 August 2020 were paid during August 2019. Assessment of the Company's existing projects and exploration for additional lithium brine projects in North America was continuing at the date of this report.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

	Consolidated	
	2019 $	2018 $
Loss after income tax expense for the year	(875,403)	(4,615,766)
Adjustments for:		
Impairment of Placer Claims	-	1,973,118
Share-based payments	4,547	24,826
Shares issued in lieu of fees	-	24,500
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	31,372	(12,246)
Decrease/(increase) in other assets	(539)	1,730
Increase/(decrease) in trade and other payables	(18,794)	23,067
Increase in employee benefits	8,000	14,233
Increase/(decrease) in provision for site restoration	(44,120)	54,120
Increase/(Decrease) in accrued salaries and director's fees	-	(208,542)
Net cash used in operating activities	(894,938)	(2,720,960)

Note 29. Earnings per share

	Consolidated	
	2019	2018
	$	$
Loss after income tax attributable to the owners of Reedy Lagoon Corporation Limited	(875,403)	(4,615,766)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	400,994,028	293,313,566
Weighted average number of ordinary shares used in calculating diluted earnings per share	400,994,028	293,313,566
	Cents	Cents
Basic earnings per share	(0.218)	(1.574)
Diluted earnings per share	(0.218)	(1.574)

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.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

G.H. Fethers
Managing Director

26 September 2019
Melbourne

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Reedy Lagoon Corporation Ltd and controlled entities (the Company), which comprises the (consolidated) statement of financial position as at 30 June 2019, the (consolidated) statement of profit or loss and other comprehensive income, the (consolidated) statement of changes in equity and the (consolidated) statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.
In our opinion:

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

   i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

Without modifying the opinion expressed above, we draw attention to Note 2 "Significant Accounting Policies – Going Concern" which indicates the company incurred a loss for the period ended 30 June 2019 of $875,403 and operating cash outflows of $894,938. Further, the company's ability to continue the exploration and development of its mining tenements, continue to assess new projects and meet operational expenditure at current levels is dependent upon recovery of bonds and future capital raising. These conditions along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Reedy Lagoon Corporation Ltd, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257

RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

26 September 2019

The shareholder information set out below was applicable as at 12 September 2019.

Distribution of quoted equitable securities

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

	Number of holders of ordinary shares
1 to 1,000	47
1,001 to 5,000	21
5,001 to 10,000	74
10,001 to 100,000	509
100,001 and over	334
	985
Holding less than a marketable parcel	729

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares Issued
Mr Adrian C. Griffin	34,011,037	8.45
Needmore Investments Pty Ltd	32,000,000	7.95
Chromite Pty Ltd (Spinel A/C)	23,639,874	5.88
Citycastle Pty Ltd	17,327,460	4.31
Jagen Pty Ltd	15,038,623	3.74
Sked Pty Ltd	14,800,588	3.68
Mr Jonathan M. Hamer	13,622,594	3.39
Pyrope Holdings Pty Ltd (Chromite Staff S/Fund A/C)	7,818,633	1.94
Wifam Investments Pty Ltd (Wischer Family S/F A/C)	7,425,000	1.85
Park Road SF Pty Ltd (Park Road Super Fund A/C)	7,350,000	1.83
M & K Korkidas Pty Ltd (M&K Korkidas P/L S/Fund A/C)	6,766,564	1.68
DJ Coughlan Drilling Pty Ltd	6,580,000	1.64
Mr Jamie Lai	6,420,030	1.60
Tromso Pty Limited	5,775,000	1.44
Tardis Victoria Pty Ltd	5,525,000	1.37
Dale Estates No 1 Pty Ltd	4,500,000	1.12
Gazump Resources Pty Ltd	3,432,440	0.85
Meadowhead Investments Pty Ltd	3,259,200	0.81
JHY Investments Pty Ltd	3,259,200	0.81
Ladyman Super Pty Ltd (Ladymansuperfund A/C)	3,259,2000	0.81
	222,285,443	55.26

Option holders

Quoted Options:

There were 37,710,515 quoted options on issue with an exercise price of 8 cents each and expiry date 6/04/2021.

Twenty largest quoted option holders

The names of the twenty largest holders of quoted options over securities as at 12 September 2019 are listed below:

	Options over Ordinary shares	
	Number held	% of total options Issued
Mr Adrian C. Griffin	4,142,652	10.99
Chromite Pty Ltd (Spinel A/C)	3,500,000	9.28
DJ Coughlan Drilling Pty Ltd	3,000,000	7.96
Mr Robert Peter Van Der Laan	2,500,000	6.63
Citycastle Pty Ltd	2,165,933	5.74
Sked Pty Ltd	1,850,074	4.91
Mr Jonathan M. Hamer	1,595,988	4.23
Wifam Investments Pty Ltd (Wischer Family S/F A/C)	1,075,000	2.85
BNP Paribas Nominees Pty Ltd	1,000,000	2.65
Mrs Tamara Jane Brown	1,000,000	2.65
Mr Christopher Lindsay Bollam	996,131	2.64
Mr Jamie Lai	922,193	2.45
Park Road SF Pty Ltd (Park Road Super Fund A/C)	918,750	2.44
Pyrope Holdings Pty Ltd (Chromite Staff S/Fund A/C)	875,000	2.32
Dale Estates No 1 Pty Ltd	750,000	1.99
Mr Brett James Rudd	500,000	1.33
Florin Mining Investment Company Limited	500,000	1.33
M&K Korkidas Pty Ltd (M&K Korkidas P/L S/Fund A/C)	425,125	1.13
Mr Patrick Bernard David McManus & Mrs Vivienne Edwina McManus	325,920	0.86
Mr Glenn Edward Elias (Megan Louise Elias A/C)	325,625	0.86
	28,368,391	75.23

Unquoted Options

There was a total of 1,800,000 unquoted options on issue held by directors with terms as follows:

900,000	exercise price of 1.16 cents each	expiry date 31/12/2021
900,000	exercise price of 3.75 cents each	expiry date 31/12/2020

Substantial holders

Substantial holders in the company as at 12 September 2019 are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Sked Pty Ltd		
City Castle Pty Ltd	17,327,460	
Sked Pty Ltd	14,800,588	
Sked Pty Ltd (Super Fund A/C	2,141,518	
Traders Macquarie Pty Ltd	1,591,622	
Traders Macquarie Pty Ltd (A/C)	754,326	
	36,615,514	9.10
Mr Adrian C. Griffin	34,011,037	8.45
Chromite Pty Ltd		
Chromite Pty Ltd (Spinel A/C)	23,639,874	
Geoffrey H. Fethers	1,225,608	
Pyrope Holdings Pty Ltd (Chromite Staff S/Fund A/C)	7,818,633	
Ranview Pty Ltd	617,270	
	33,301,385	8.28
Needmore Investments Pty Ltd	32,000,000	7.95

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.

Tenement Schedule

Tenements held at 12 September 2019:

Located in Australia

Tenement	Area (km^2)	Status	Minimum Annual Expenditure Commitment $	Company Interest (direct or indirect)
E70/4941 *Burracoppin (WA)*	58	Current	20,000	100% [1, & 2]

Located in USA

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

Claim Name	Claim Numbers	Corresponding BLM NMC Number	Total Claims	Total Area
Alkali Lake North Project				
WH Claims	WH-1 to WH-128	NMC 1138328 to NMC 1138455	128	1,033 ha
Clayton Valley Project				
CV Claims	CV-1 to CV-112	NMC 1176204 to NMC 1176315	112	906 ha

Notes to the tenement schedule:

1. E70/4941 is 100% owned by RLC through its wholly owned subsidiary, Bullamine Magnetite Pty Ltd.
2. The Statutory expenditure requirement for Australian tenements is subject to negotiation with the relevant state department, and expenditure commitments may be varied between tenements, or reduced subject to reduction of exploration area and/or relinquishment of non-prospective tenements.
3. The Placer Claims in the lithium brine projects in Nevada are owned 100% by RLC through its wholly owned subsidiary, Sierra Lithium LLC.
4. Annual Land Fees comprising US$165 and US$22 per Placer Claim are payable to the BLM and Esmeralda County respectively. Land Fees were paid up to 31 August 2020. There is no minimum exploration expenditure requirement for Placer Claims located in Nevada, USA.