

For personal use only

Reedy Lagoon Corporation Limited

ACN 006 639 514

Half-year Financial Report - 31 December 2019

Reedy Lagoon Corporation Limited
Corporate directory
31 December 2019

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

Reedy Lagoon Corporation Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Reedy Lagoon Corporation Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

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

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

Principal activities

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

- exploration for minerals.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$298,701 (31 December 2018: \$632,281).

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the reporting period

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

Auditor's independence declaration

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

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

On behalf of the directors



G.H. Fethers
Managing Director

12 March 2020
Melbourne

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000
+61 (0)3 9608 0100

Level 1, 219 Ryrie Street
Geelong Victoria 3220
+61 (0)3 5215 6800

victoria@moorestephens.com.au

www.moorestephens.com.au

**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 half-year ended 31 December 2019, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

12 March 2020

For personal use only

Reedy Lagoon Corporation Limited

Contents

31 December 2019

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	13
Independent auditor's review report to the members of Reedy Lagoon Corporation Limited	14

For personal use only

Reedy Lagoon Corporation Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated	
		December 2019 \$	December 2018 \$
Revenue	4	96	1,565
Expenses			
Administration expenses		(80,883)	(84,621)
Employee benefits expense		(103,944)	(125,661)
Exploration expenditure		(97,774)	(392,690)
Share based payments	10	(2,621)	(4,547)
Realised exchange losses		-	-
Capital raising expenses		-	-
Impairment of Goodwill on business combination		-	-
Other expenses		(13,575)	(26,327)
Loss before income tax expense		(298,701)	(632,281)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Reedy Lagoon Corporation Limited		(298,701)	(632,281)
<i>Items that may be reclassified subsequently to profit or loss</i>			
<i>Foreign Currency Translation</i>		(3,486)	-
Other comprehensive income for the half-year, net of tax		(3,486)	-
Total comprehensive income for the half-year attributable to the owners of Reedy Lagoon Corporation Limited		(302,187)	(632,281)
		Cents	Cents
Basic earnings per share		(0.150)	(0.314)
Diluted earnings per share		(0.150)	(0.314)

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

For personal use only

Reedy Lagoon Corporation Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated	
		December 2019 \$	June 2019 \$
Assets			
Current assets			
Cash and cash equivalents		276,093	366,627
Trade and other receivables		4,392	3,832
Other		7,070	10,795
Total current assets		287,555	381,254
Non-current assets			
Deposits & Bonds		27,635	231,891
Total non-current assets		27,635	231,891
Total assets		315,190	613,145
Liabilities			
Current liabilities			
Trade and other payables		11,754	17,477
Employee benefits	5	130,117	122,783
Provision for site restoration	6	10,000	10,000
Total current liabilities		151,871	150,260
Non-current liabilities			
Employee benefits	5	-	-
Total non-current liabilities		-	-
Total liabilities		151,871	150,260
Net assets		163,319	462,885
Equity			
Issued capital	7	20,928,910	20,928,910
Reserves		787,704	785,083
Accumulated losses		(21,565,954)	(21,267,253)
Exchange Reserve		12,659	16,145
Total equity		163,319	462,885

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

For personal use only

Reedy Lagoon Corporation Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital	Exchange Reserves	Options Reserves	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2018	20,919,160	-	780,536	(20,391,850)	1,307,846
Loss after income tax expense for the half-year	-	-	-	(632,281)	(632,281)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(632,281)	(632,281)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	9,750	-	-	-	9,750
Share-based payments (note 10)	-	-	-	-	-
Lapse of options	-	-	4,547	-	4,547
Balance at 31 December 2018	20,928,910	-	785,083	(21,024,131)	689,862

Consolidated	Issued capital	Exchange Reserves	Options Reserves	Accumulated losses	Total deficiency in equity
	\$	\$	\$	\$	\$
Balance at 1 July 2019	20,928,910	16,145	785,083	(21,267,253)	462,885
Loss after income tax expense for the half-year	-	-	-	(298,701)	(298,701)
Other comprehensive income for the half-year, net of tax	-	(3,486)	-	-	(3,486)
Total comprehensive income for the half-year	-	(3,486)	-	(298,701)	(302,187)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 7)	-	-	-	-	-
Share-based payments (note 10)	-	-	2,621	-	2,621
Balance at 31 December 2019	20,928,910	12,659	787,704	(21,565,954)	163,319

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

For personal use only

Reedy Lagoon Corporation Limited
Statement of cash flows
For the half-year ended 31 December 2019

	Consolidated	
	December 2019	December 2018
	\$	\$
Cash flows from operating activities		
Operating receipts	-	4,461
Payments to suppliers and employees	(197,112)	(240,914)
	(197,112)	(236,453)
Interest received	96	1,565
Payments for exploration activities	(97,774)	(422,811)
Net cash used in operating activities	<u>(294,790)</u>	<u>(657,699)</u>
Cash flows from investing activities		
Proceeds from deposits and bonds refunds	204,256	-
Net cash from investing activities	<u>204,256</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	9,750
Net cash from financing activities	<u>-</u>	<u>9,750</u>
Net increase in cash and cash equivalents	(90,534)	(647,949)
Impact of exchange rates on foreign cash balances	-	-
Cash and cash equivalents at the beginning of the financial half-year	366,627	1,248,204
Cash and cash equivalents at the end of the financial half-year	<u>276,093</u>	<u>600,255</u>

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

For personal use only

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2019

Note 1. General information

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

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

Level 18, 530 Collins Street
Melbourne
Victoria 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2020. The directors have the power to amend and reissue the financial statements.

Comparatives

The following comparative balances have been amended to be in line with balances at 31 December 2019

- Other Expenses
- Administration expenses

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2019

Note 2. Significant accounting policies (continued)

Going concern

For the period ended 31 December 2019 the consolidated entity made a loss of \$298,701 (December 2018 : \$632,281).

Notwithstanding this, the financial report has been prepared on a going concern basis. As at 31 December 2019, the consolidated entity had cash and cash equivalents of \$276,093 but incurred net operating cash outflows of \$294,790 for the six month period ended on that date (which includes exploration expenditure of \$97,774). The Company estimates expenditure of \$210,000 for overheads including listing fees for the 12 month period following the date of this report. This estimate does not include any amount for wages, fees and superannuation as the directors have agreed that the Company will not pay, and that the directors are not to be entitled to receive, any cash payments for the period in respect of wages, fees or superannuation unless (1) the board determines to make cash payments in respect of those unpaid wage, fee and superannuation amounts; (2) the Company is solvent; and (3) the Company will remain solvent after the cash payments are made.

The directors consider the existing cash reserves are sufficient for the group to continue as a going concern for a term not less than the next twelve months. The Company plans to fund continued exploration on its existing projects through joint venture under project farm out agreements or by raising capital by issuing securities.

At the date of this report no joint venture farm out agreement had been made for any project and should such funding sources not be identified and accessed and the Company be unable to access working capital by issuing shares the group may be unable to continue as a going concern, and as such be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in this financial report. Should the Company discontinue all its exploration projects, a fundamental change in the basis of accounting would be required compared to the basis upon which these financial statements have been prepared as the appropriateness of the going concern basis of financial statement proposition would be inherently uncertain. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the group not be able to continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

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

Note 4. Revenue

	Consolidated	
	December 2019	December 2018
	\$	\$
Interest	96	1,565
Revenue	<u>96</u>	<u>1,565</u>

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2019

Note 5. Current liabilities - employee benefits

	Consolidated	
	December 2019 \$	June 2019 \$
Annual leave	97,405	91,355
Long Service Leave	32,712	31,428
	<u>130,117</u>	<u>122,783</u>

Note 6. Current liabilities - Provision for site restoration

	Consolidated	
	December 2019 \$	June 2019 \$
Provision for site restoration	<u>10,000</u>	<u>10,000</u>

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

Note 7. Equity - issued capital

	Consolidated			
	December 2019 shares	June 2019 shares	December 2019 \$	June 2019 \$
Ordinary shares - fully paid	<u>402,271,710</u>	<u>401,408,878</u>	<u>20,928,910</u>	<u>20,928,910</u>
Movements in ordinary share capital				
Details	Date	Shares	Issue price	\$
Balance	01-Jul-19	402,271,710		20,928,910
Issue of shares: director subscriptions				
Balance	31-Dec-19	<u>402,271,710</u>		<u>20,928,910</u>

Ordinary shares

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

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

Share buy-back

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

Equity - dividends

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

Reedy Lagoon Corporation Limited
Notes to the financial statements
31 December 2019

Note 8. Contingent liabilities

The Company is not aware of any contingent liabilities other than outstanding rehabilitation of a drill site used by the Company during drilling at its Columbus Salt Marsh project (drill hole CBD-01). An amount of \$10,000 has been allocated for this work which is expected to be completed in the normal course of business.

Note 9. Events after the reporting period

There are no events after the reporting period.

Note 10. Share-based payments

A share option plan has been established by the Company and approved by shareholders at a general meeting, whereby the Company may, at the discretion of the board, grant options over ordinary shares in the Company to certain key management personnel.

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, on 11 December 2019, after approval at the Company's annual general meeting, a total of 900,000 options were issued to directors as part of their remuneration packages. Each director received the below options:-

- Geoffrey H. Fethers – 500,000 options, exercise price 0.0049 cents, expiring on 31/12/2020 with a value \$1,456;
- Adrian C. Griffin – 100,000 options, exercise price 0.0049 cents, expiring on 31/12/2020 with a value \$291; and
- Jonathan M. Hamer – 300,000 options, exercise price 0.0049 cents, expiring on 31/12/2020 with a value \$874.

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

December 2019			Balance at the start of the half-year	Granted	Exercised	Lapsed	Balance at the end of the half-year
Grant date	Expiry date	Exercise price					
29/12/17	31/12/20	\$0.0375	900,000		-	-	900,000
07/12/18	31/12/21	\$0.0116	900,000		-	-	900,000
11/12/19	31/12/22	\$0.0049		900,000	-	-	900,000
			<u>1,800,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>2,700,000</u>
December 2018			Balance at the start of the half-year	Granted	Exercised	Lapsed	Balance at the end of the half-year
Grant date	Expiry date	Exercise price					
29/12/17	31/12/20	\$0.0375	900,000		-	-	900,000
07/12/18	31/12/21	\$0.0116		900,000	-	-	900,000
			<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
11/12/19	31/12/22	\$0.003	\$0.0049	142.65%	-	2.00%	\$0.0029

An expense of \$2,621 (2018: \$4,547) has been recognised in the statement of comprehensive income for the current period in relation to the above options.

Reedy Lagoon Corporation Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



G.H. Fethers
Managing Director

12 March 2020
Melbourne

For personal use only

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000
+61 (0)3 9608 0100

Level 1, 219 Ryrie Street
Geelong Victoria 3220
+61 (0)3 5215 6800

victoria@moorestephens.com.au

www.moorestephens.com.au

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Reedy Lagoon Corporation Limited and Controlled Entities (**the company**), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – 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 31 December 2019 of \$298,701, operating cash outflows of \$294,790 and that the company's ability to continue exploration expenditure and development of its mining tenements and meet operational expenditure is dependent upon future capital raising and/or project farm out agreements. 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.

Directors' Responsibility for the Half-Year Financial Report

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

For personal use only

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

MOORE STEPHENS
MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

12 March 2020

For personal use only