REEDY
LAGOON
CORPORATION LTD

A.C.N. 006 639 514

ANNUAL REPORT AND FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

ANNUAL REVIEW

Mineralisation styles targeted during the period included:

- Iron – magnetite mineralisation (Bullamine project)
- Uranium (Tanami, Balta and Edward Creek projects)
- Copper-uranium-gold (Edward Creek Base Metals Joint Venture)
- Sediment hosted sulfide-gold mineralisation (Chiltern gold project)
- Hydrothermal gold mineralisation (Jericho gold project)
- Porphyry copper-gold mineralisation (Diptank Joint Venture)

Iron Exploration

Bullamine Project **(Western Australia)** **RLC 100% Fe**

Within the Bullamine project the Company is investigating iron ore development opportunities 70 kilometres east of Perth, Western Australia. Preliminary investigations indicate the Bullamine project area contains ironstone units with total strike length of about 79 kilometres. RLC's objective is to identify ironstone units which can be mined by open pit methods and demonstrate viability for annual production of 0.5 million tonnes iron concentrates by low-cost, open cut mining methods. The short distance, 90 kilometres, to bulk cargo facilities at Fremantle Ports' Kwinana facility south of Perth is a significant attribute of the project. RLC believes that provided suitable mineralisation can be identified and accessed, the possibility of low cost mining, processing and transport suggest that mining iron at rates as low as 0.5 million tonnes per annum could be highly profitable.

During the report period available geological information was reviewed and incorporated into a database for integration with geophysical data compilations. The 1:250,000 Perth geological sheet identifies 101 occurrences of banded iron formations which comprise a total strike length of about 79 kilometres within the project area.

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Ironstone units ("BIFs") and magnetic target statistics:

TENEMENT	MAPPED IRONSTONE UNITS				MAGNETIC TARGETS
	NUMBER OF UNITS	LENGTH			LENGTH
		MINIMUM (m)	MAXIMUM (m)	TOTAL (km)	TOTAL (km)
E70 / 2846	18	50	2088	10.7	5.3
E70 / 2719	44	54	3448	40.5	49.2
E70 / 2720	6	236	1179	3.3	5.8
E70 / 3152	20	169	3901	17.3	0
E70 / 3153	0	0	0	0	0.9
E70 / 3462	13	148	1089	7.4	
TOTAL	101			79.2	60.2

Airborne magnetic and radiometric survey acquired 616 line kilometres of data at a line spacing of 200 metres and 70 metre terrain clearance. Geophysical data from the survey was compiled into contour plans of total magnetic intensity. A spatial interpretation was performed to identify and define potential magnetite rich formations. The overall length of the potential magnetite rich formations identified within the project area by the end of the report period was 60 kilometres.

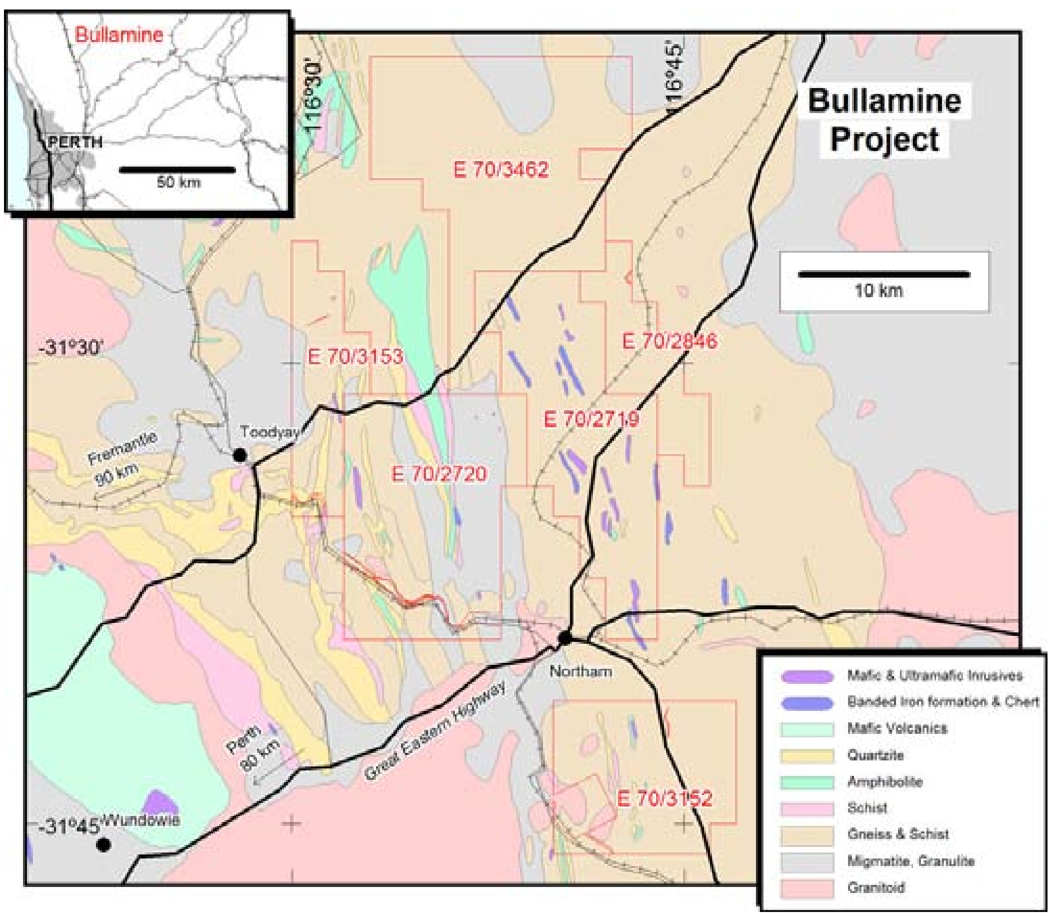

Figure 1. Bullamine project.

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Drilling (reverse circulation) is planned to investigate iron ore targets later in calendar 2008. Most of the land comprising the project area is privately owned and exploration and mining can only occur on such areas with the agreement of the land owners. By the end of the report period land owner agreements were in place for targets with total strike length of over 1,700 metres.

The Bullamine project will benefit from its proximity to the Kwinana port facilities. Should RLC succeed in identifying and gaining the necessary approvals to mine any economic iron mineralisation then capital requirements are expected to be low and development time short.

Uranium Exploration:

Tanami Project **- URANIUM & GOLD** **Northern Territory / Western Australia**
U_3O_8 Joint Venture (RLC 90%) – Lewis Range tenements
Pedestal Hill and Bloodwood tenements (RLC 100%)

The Tanami project straddles the Western Australia/Northern Territory border. Target mineralisation is uranium which may be precipitated and concentrated along unconformities and paleodrainage channels within Proterozoic and younger sedimentary sequences overlying older basement rocks. Available geophysical and geological data are being reviewed whilst access issues are being worked through.

This project comprises RLC's Pedestal Hill tenement application (ELA 24885) in the Birrindudu Basin and Bloodwood tenement (E80/3860) together with a 90% interest in the U_3O8 Joint Venture incorporating tenements: E80/3706, 3707, 3708 & application E80/3939. RLC is manager and will sole fund exploration by the joint venture. Tenements E80/3706, 3707 & 3708 were granted during the report period and E80/3860 was granted on 10/7/08.

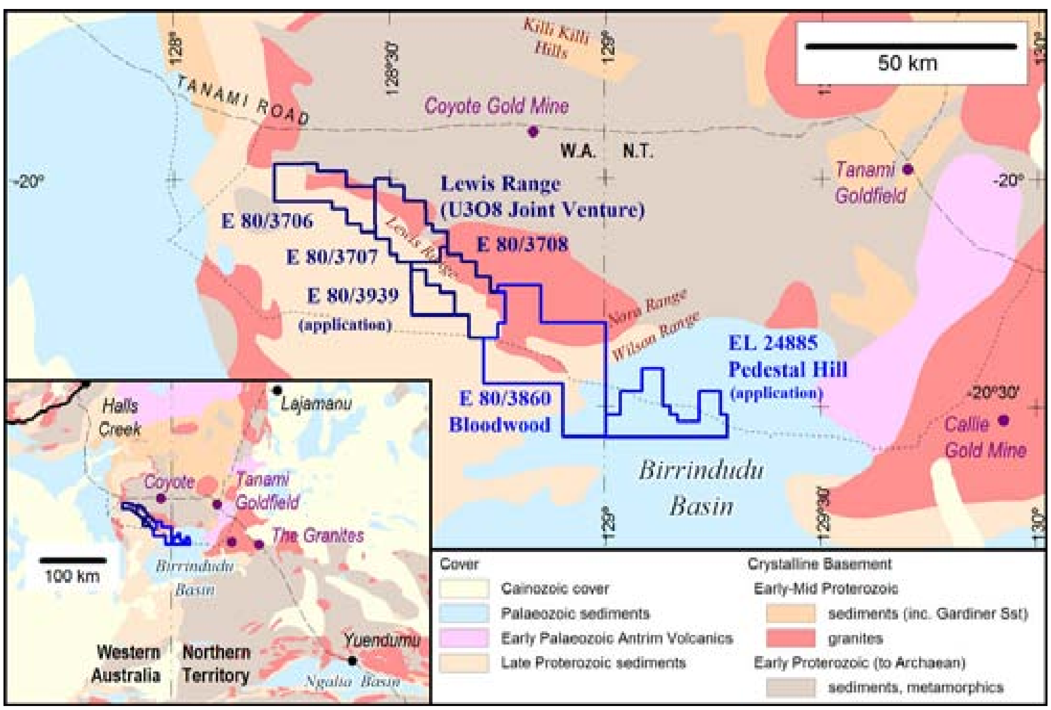

Figure 2. Tanami project.

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Processing of radiometric data during the period identified a series of uranium anomalies extending for 20 km along the north-eastern side of a range of hills and invalidated a previous interpretation of uranium anomalies along the south-western side. The north-eastern anomalies appear to be associated with the contact between the Lewis Granite to the north–east and the Lewis Range Sandstone to the south-west. Field investigations will check this interpretation and airborne radiometric survey will be considered to investigate the possibility of uranium enrichment along a redox boundary within the Lewis Range Sandstone.

The geological setting of the Pedestal Hill project has similarities with the Ngalia Basin located 300 kilometres to the south east and which contains the Bigrlyi uranium deposit – owned by ASX listed Energy Metals Limited.

In addition to uranium the area is also prospective for other commodities, including gold.

Edward Creek Base Metal Joint Venture ("ECBMJV") **(South Australia)** **RLC 62%**
URANIUM & COPPER–GOLD-URANIUM

The Edward Creek Base Metal Joint Venture is exploring for uranium and for copper-gold-uranium mineralisation on the north eastern margin of the Gawler Craton in South Australia.

URANIUM
Exploration is targeting unconformity-related and roll-front styles of uranium mineralisation in sediments located to the west of the uplifted radioactive rocks of the Peake and Denison Ranges.

Airborne Electromagnetic (EM) surveys acquired 587 line kilometres of survey data during the period. Processing and interpretation of these data identified a possible reduction/oxidation ("redox") boundary. Redox boundaries potentially present sites of uranium deposition.

A work programme which includes drilling 8 shallow RC/aircore holes across one of the targets was under review by the JV partners at the time of this report.

COPPER-GOLD-URANIUM
Iron-oxide copper-gold ("IOCG") mineralisation of the "Olympic Dam" type is being targeted by exploration at Edward Creek. The project is located in the north eastern part of the Gawler Craton in South Australia.

Drilling at the Santorini gravity anomaly (IOCG-U target), scheduled for August/September 2007, remained postponed due to continued drought conditions in the area. There was no water within trucking distance of the drill site and drilling cannot proceed until water is available.

The Santorini gravity anomaly was interpreted from ground gravity data and measures about 7 square kilometres in the horizontal plane. Preparations for drilling a deep (850 metre) diamond hole were completed in the prior report period. The drilling will investigate the potential of the anomaly to be caused by rocks associated with IOCG mineralisation of the Olympic Dam type.

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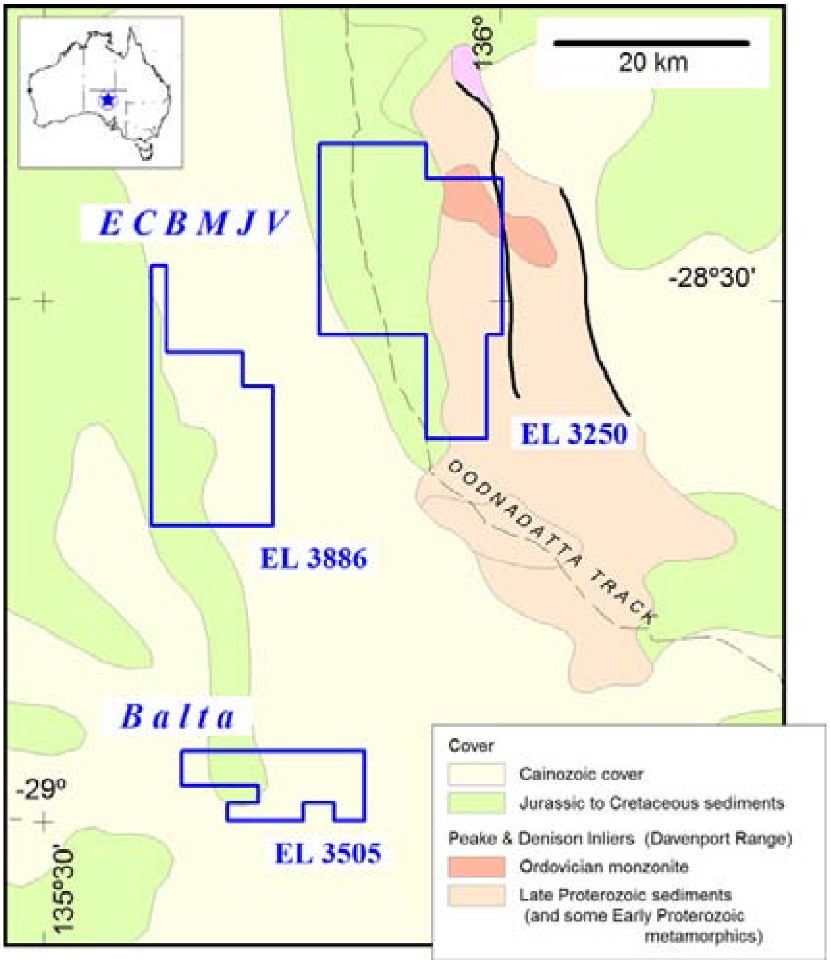

Figure 3. Edward Creek (ECBMJV) project and Balta project locations.

The Edward Creek Base Metals Project is located 750 kilometres NNW from Adelaide in South Australia. It is approximately 250 kilometres north west from the Olympic Dam mine and 150 kilometres north east from Prominent Hill. The Edward Creek Base Metals Project area is secured by EL 3250, EL 3790 and EL 3886 and covers an area of 768 square kilometres.

The Edward Creek Base Metals project is joint ventured with the following parties:

ECBM JV Operator:	Reedy Lagoon Corporation Limited	
Participants in ECBM JV:	Equity in ECBMJV	Funding share
Reedy Lagoon Corporation Limited Eromanga Hydrocarbons NL Wallaby Resources Pty Ltd	61.99 % 20.99 % 17.02 %	52.48 % 26.24 % 21.28%

Cash payments of $30,000 per quarter are payable to RLC whilst the other parties elect to remain in the joint venture.

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RLC holds a 61.99% interest in the ECBMJV comprising a 20% interest free carried to completion of a bankable feasibility study and a 41.99% contributing interest. In order to maintain its 41.99% contributing interest RLC contributes 52.48% of ECBMJV costs, including exploration expenditure and the joint venture cash payments.

***Balta* - URANIUM (Edward Creek, South Australia) RLC 100%**

The Project consists of one Exploration Licence (EL 3050) covering an area of 114 square kilometres located 25 kilometres south of the ECBMJV. Exploration is targeting unconformity-related and roll-front styles of uranium mineralisation in sediments located to the west of the uplifted radioactive rocks of the Peake and Denison Ranges.

During the period airborne EM surveys were flown and 369 line kilometres of data were acquired, processed and interpreted.

Shallow drilling (reverse circulation or aircore) is planned during the second half calendar 2008 to investigate for uranium mineralisation associated with targets interpreted from the EM data.

Gold Exploration

***Chiltern Project* GOLD (Victoria) RLC 100%**

Exploration conducted at the Chiltern Project to date has aimed to discover the source of the alluvial gold obtained from the historic Chiltern-Rutherglen Goldfield. 45 tonnes (1.4 million oz) of fine-grained gold was recovered from the alluvial placer deposits, compared with less than 3 tonnes gold from hard-rock quartz vein mineralisation. A source for the alluvial gold other than erosion from hard-rock vein mineralisation is postulated by RLC. Records of the Chiltern Goldfield include reports of prolific gold-bearing pebbles of sandstone and siltstone – hundreds of tonnes – within the placer deposits. Such records extend back 100 years, and the recorded gold grades from such material are up to and over 30 g/t gold. Study of the gold particles from Chiltern indicates high fineness and particles in the range 10 - 50 µm (generally < 20 µm). RLC considers that the auriferous sandstone/siltstone material may be derived from a gold bearing bedrock source, and that such a source is a highly prospective exploration target. Results from recent drilling however, demonstrate the difficulty in discovering such a bedrock source – if it exists.

4.2 line kilometres of Induced Polarisation ("IP") survey were completed during the period. Interpretation of the IP data identified three chargeability anomalies in the subsurface (figure 4). Such anomalies have potential to be caused by sulfide mineralisation which, in this environment, have potential to be connected with gold mineralisation.

Five RC holes dipping at 60^0 and each to nominal 150 metres down-hole depth for total 730.5 metres were completed in April 2008 to test the three chargeability anomalies interpreted from the IP data.

Sample assay results from the reverse circulation drilling include several low tenor gold assays. A total of 734 samples, each representing a 1 metre sample interval, were assayed. 25 (3.4%) of these samples reported 0.10 g/t gold or higher and the highest grade recovered was 1.65 g/t gold. Anomalous arsenic and lead assays were also recovered from the drill samples.

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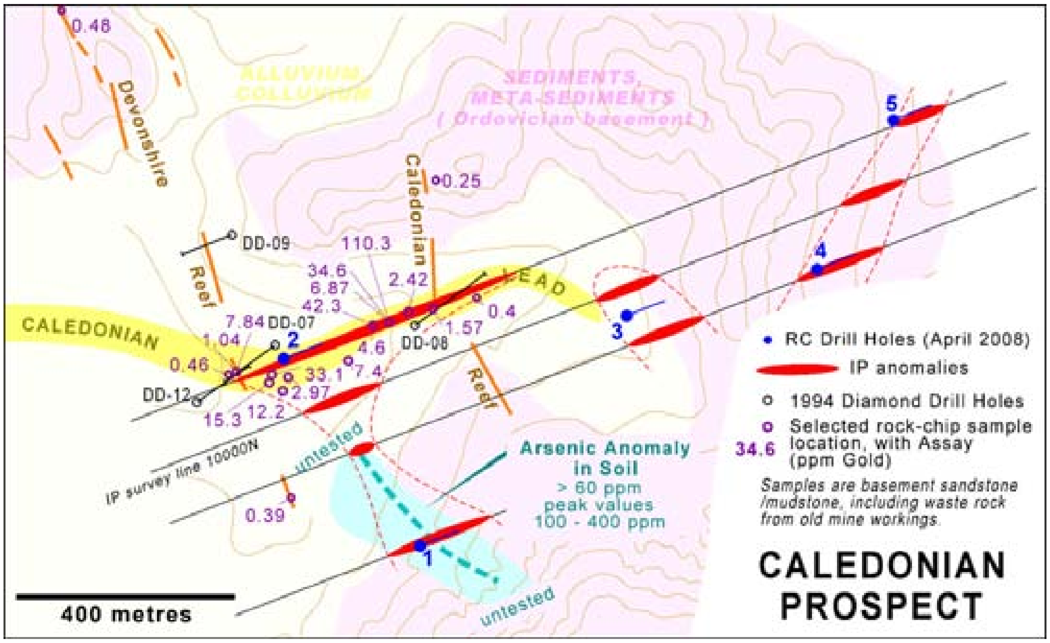

Figure 4 IP survey lines and drilling at the Caledonian prospect.

The low grade and limited intersection interval for the gold mineralisation identified do not demonstrate an association between the IP anomalies drilled and economic gold mineralisation.

Flora and fauna surveys were conducted during the period. The drill sites and access routes were surveyed prior to commencement of the drill program and the areas traversed by the IP survey were surveyed to investigate the environmental impact of the completed work. No environmental impact was noted. A subsequent flora and fauna survey will be conducted as part of the monitoring RLC will undertake to measure the environmental effects of the work completed.

The Project consists of three Exploration Licences (ELs 3032, 3281 and 3376) covering an area of 237 square kilometres. RLC holds 100% equity in the three tenements through its wholly owned subsidiary, Osprey Gold Pty Ltd. Providence Gold and Minerals Pty Ltd ("PGM"), the previous holder of EL 3376, is entitled to a 1.75% gross production royalty with respect to any future production from EL 3376.

***Victor Gold Prospect* - Jericho Project GOLD (Victoria) RLC 100%**

The Victor Prospect is part of the Jericho Project (EL 3208) located 160 kilometres east from Melbourne and within the Woods Point - Walhalla Goldfield. The goldfield is renowned for its high-grade structurally controlled gold deposits.

Exploration targets at the Victor Prospect, generated in prior periods, included extensions from previously mined gold mineralisation in a quartz reef system. Gold mineralisation anticipated was high grade vein style. The gold potential of Victor is demonstrated by the Cohen's Reef Mine, located within the same goldfield, which produced more than 1.4 million oz of gold.

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The Victor quartz reef structure has more than 1 kilometre strike length within the tenement. Past mining (pre 1940) produced 24,909 oz of gold from 42,439 tonnes, an average grade of 18 g/t. The quartz vein system that was mined is reported as up to 12 metres thick although generally between 0.5 and 5 metres.

Two diamond holes had been planned to investigate extensions to the known reef structure. The first hole was drilled dipping 61^{o} to intersect a northern extension of the reef.

A fine-grained, totally altered, dyke was intersected between 245.3 to 246.9 metres down-hole. Below this, the drill-core is strongly fractured, with common intense shearing, for nearly 22 metres down-hole. The bottom of this strongly fractured zone comprises a 4.5 metre thick (down-hole) fault zone, interpreted to be the Victors Quartz Reef structure (262.9 to 267.4 metres down-hole). Core recovered from this interval comprises 1.7 metres of fault gouge, pug and shattered rock, with minor quartz veining. There was 2.8 metres of core loss over the interval. The interpreted reef structure intersection includes some dark carbonaceous material. Victors Quartz Reef was historically associated with very broken ground and some graphitic material, which accords with these observations of the drill-core.

The relative positions of the dyke and reef are consistent with projections from historic mine plans providing further support to the interpretation that the drilled structure is an extension to the Victors Quartz Reef. The reef and dyke are documented historically as striking at a low angle to each other, with rich gold mineralisation in the reef at and near their intersection.

Anomalous gold was identified in some of the core samples submitted for assaying and confirm the extension to the Victor reef structure. However, the grades and widths recovered do not indicate any mineable intersection has been identified by the drilling completed.

Whilst the program initially planned 2 diamond holes, slow drilling, caused by a combination of mechanical problems with the rig and adverse ground conditions, resulted in the first of the two holes taking 27 days to complete. Insufficient time remained to enable the second hole to be drilled and the drilling programme was stopped at completion of the first hole.

The Victor Prospect is part of the Jericho Project located within a water catchment area where access for exploration is restricted to the period commencing 1 November and ending 30 April.

Copper – Gold Exploration.

Diptank Joint Venture **COPPER – GOLD (New South Wales)** **RLC 85 %**

The Diptank project covered an area of 14.7 square kilometres about 100 kilometres to the south east from the township of Bourke in northern central New South Wales. Drilling investigated a zone of demagnetized rocks, which included a large (2.5 kilometre diameter) magnetic anomaly, to determine the potential for copper-gold mineralisation.

The drilling comprised nine RC holes for 898.9 metres drilled. Six of the nine holes penetrated sand and gravel cover sequences and intersected a granitic rock.

No significant base or precious metals were identified in any of the samples assayed.

Elevated Rare Earth Elements (“REE”) were noted but are dominated by lighter (less valuable) elements, dominantly Ce, Y, Nd.

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The results were interpreted to be insufficient to justify continued work and the Company withdrew from the joint venture.

Exploration was conducted under the terms of the Diptank Joint Venture ("Diptank JV"). Prior to its withdrawal on 1 April 2008 RLC held an 85% interest in all minerals subject to it sole funding exploration expenditure and paying to the joint venture partner a fee of $10,000 per quarter.

Concluding remarks

The Company has a clear objective to advance its Bullamine iron project to achieve production of iron concentrates. Progress has been slower than expected with detailed targeting not achieved until the end of the report period. Targets now identified for drill testing and for which agreements are in place for both exploration and mining, should it prove viable, look promising.

Shallow drilling at the new uranium targets identified at our South Australian projects is planned. Modest expenditure on exploration drilling holds potential to discover uranium in a jurisdiction where uranium mining is supported – as attested by the recent commissioning of the Beverley uranium mine.

The recent granting of most of the tenements comprising the Tanami project will enable ground work to commence in a remote, lightly explored region considered by RLC to be highly prospective for uranium and gold.

The incident free record from our year of operations is noteworthy in that they included drilling programmes within a National Park (the Chiltern Mt Pilot National Park) and Melbourne's main water catchment (Thompson dam). Whilst our environmental management strategies apply to all our operations, few receive the level of external scrutiny applied by Parks Victoria or Melbourne Water. We believe our track record will assist in gaining access to new areas we wish to explore.

The markets for the commodities we are exploring for are predicted by many to remain robust for the next ten years. Most commodity prices are well above their levels of a few years ago. This scenario is particularly strong for iron – the contract price for which rose more than 80% this year.

Geof H Fethers
Managing Director

TENEMENT SCHEDULE

Tenements owned directly by the Group and tenements in which the Group has an interest (at 10 September 2008).

Tenement	Area (km^2)	Status	Minimum Annual Expenditure Commitment $	Group Interest (direct or indirect)
Western Australian Tenements				
E70/2719 Bulla JV *Bullamine project*	134	Current	46,000	100% (iron)[1]
E70/2720 Bulla JV *Bullamine project*	149	Current	51,000	100% (iron)[1]
E70/2846 *Bullamine project*	47	Current	20,000	100%
E 70/3152 *Bullamine project*	99	Current	34,000	100%
E 70/3153 *Bullamine project*	56	Current	20,000	100%
ELA 70/3462 *Bullamine project*	184	Application	63,000	100%
E 80/3706 *Tanami (Lewis Range)*	225	Current	70,000	90%[2]
E 80/3707 *Tanami (Lewis Range)*	225	Current	70,000	90%[2]
E 80/3708 *Tanami (Lewis Range)*	225	Current	70,000	90%[2]
ELA 80/3939 *Tanami (Lewis Range)*	84	Application	26,000	90%[2]
E80/3860 *Tanami (Bloodwood)*	641	current	200,000	100%
Northern Territory Tenements				
ELA 24885 *Tanami (Pedestal Hill)*	272	Application	17,750	100%
South Australian Tenements				
EL 3250 *Edward Creek project*	440	Current	150,000	62% [3&4]
EL 3505 *Edward Creek project*	114	Current	140,000	100%[4]
EL 3886 *Edward Creek project*	244	Current	55,000	62% [3&4]
Victorian Tenements				
EL 3208 *Jericho Project*	20	Current	21,000	100%
EL 3032 *Chiltern project*	99	Current	48,600	100%
EL 3281 *Chiltern project*	10	Current	18,300	100%
EL 3376 *Chiltern project*	139	Current	53,400	100% [5]

TENEMENT SCHEDULE

Notes to the tenement schedule.

1. *E70/2719 and E70/2720 are registered in the name of Washington Resources Limited (Washington) and are subject to a joint venture agreement, the Bulla JV, which provides RLC with 100% interest in iron resources).*
2. *E 80/3706, E80/3707, E80/3708 and ELA 80/3939 are subject to a joint venture agreement, U_30_8 Joint Venture Agreement which provides RLC with 90% interest in mineral resources within the tenements.*
3. *EL 3250 and EL 3886 are subject to a joint venture agreement, the Edward Creek Base Metals Joint Venture ("ECBMJV") which reduces RLC's interest in base metal uranium and gold resources within the tenements to 62%. Reedy Lagoon is the manager of the ECBMJV. RLC has a 20% free carry in the ECBMJV and that part of RLC's share of exploration expenditure until completion of a bankable feasibility study is paid by the remaining joint venture parties.*
4. *EL 3250, EL 3505 and EL 3886 are subject to a joint venture agreement, the Diamond Farm Out Agreement, which transfers all RLC's interest in diamonds in these tenements to DiamondCo Limited.*
5. *EL 3376 is subject to an agreement with Providence Gold & Minerals ("PGM") which entitles PGM to a payment calculated by multiplying the achieved sale price of any minerals produced from EL 3376 by 1.75% (gross production royalty).*
6. *Minimum expenditure requirements for these tenement applications will be set if the tenements are granted and at the time of grant of the tenement. The amounts shown are anticipated amounts based on guidelines provided by the relevant state mines department.*

Tenement expenditure is dependent upon exploration results and available cash resources. Expenditure commitments are also impacted upon and may be reduced where access to areas has been restricted by the existence of Native Title claims. At the date of this report claims for Native Title in respect of areas of all RLC's granted tenements except EL's 3032, 3281, 3376, E70/2719 and E70/2720 , E70/2846, E70/3152 and E70/3153 have been made under the Native Title Act. EL 24885 is on Aboriginal Freehold land and there is no guarantee that the owners will give their consent and thereby allow the Company's planned programme to proceed.

Exploration Licence 3505 includes land that is within the Woomera Prohibited Area. All exploration and mining activities within the Woomera Prohibited Area are subject to an agreement with the Commonwealth of Australia.

Exploration Licence 3208 incorporates land that is Reserved Forest set aside under Section 50 of the Forest Act 1958 as part of the Thomson River Forest Reserve (Gaz 1984 P235). The Licence area is within the Thomson Catchment and is subject to a Land Use Determination pursuant to section 23 of the Soil Conservation and Land Utilization Act 1958. The objective of the Land Use Determination is to provide management guidelines to maintain acceptable quality, quantity and perenniality of water harvested from the catchments. To protect the integrity of the water supply within the Thomson storage, earthworks are required to be kept to a minimum and any effluent and waste disposal will be in accordance with guidelines approved by the Department of Natural Resources and Environment in consultation with Melbourne Water.

Exploration Licences 3281 and 3376 cover or include areas which comprise part of the Chiltern – Mt Pilot National Park. Exploration and mining activities within this Park may only continue with the consent of the Minister for Sustainability and Environment under Section 40 of the National Parks Act, 1975. Where the gaining of such consents prevents or postpones exploration the expenditure requirements may be reduced.

The Statutory expenditure requirement is subject to negotiation with the relevant state department, and expenditure commitments may be varied between tenements, or reduced subject to reduction of exploration area and/or relinquishment of non-prospective tenements.

CORPORATE GOVERNANCE STATEMENT

In March 2003, the Australian Stock Exchange (ASX) Corporate Governance Council (Council) published Principles of Good Governance and Best Practice Recommendations. The Listing Rules of ASX require Australian-listed companies to report on the extent to which they have complied with the Best Practice Recommendations during the reporting period. Where a company has not followed all the recommendations, it must identify the recommendations that have not been followed and give reasons for not adhering to them. If a recommendation has been followed for only part of the period, the company must state the period during which it has been followed.

In August 2007, following a major review of the operation of the Principles and Recommendations since they were issued, a second edition of the Corporate Governance Principles and Recommendations was published by the Council. However, Reedy Lagoon Corporation Limited (RLC or the Company) is not required to report on its compliance with the revised Principles and Recommendations until it issues its 2009 annual report in relation to the financial year, 1 July 2008 to 30 June 2009.

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

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

ROLE OF THE BOARD AND MANAGEMENT

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

The Managing Director's specific responsibilities include:

- preparing the Company's strategic and annual operating plan and, following its adoption by the board, ensuring that business development is in accordance with that plan,
- evaluating mining projects and formulating strategies to acquire, farm-in or obtain interests in suitable projects and divest non essential projects in which the Company has an interest,
- engaging appropriately qualified contractors to undertake exploration programmes approved by the board.
- interfacing with analysts, brokers, investors and the Company's appointed advisers regarding the Company's performance, a role shared with the Non-Executive Chairman, and
- responding to written or telephonic shareholder enquiries.
- maintain overall management of the Company's reporting, statutory accounting, auditing, treasury, taxation and insurance covers with his specific responsibilities including:
    - preparing program and other expenditure budgets for the approval of the board and monitoring the financial performance of the Company against approved budgets,
    - ensuring that appropriate financial reports are provided to the board at each of its meetings and, on a quarterly, biannual and annual basis, to the Board and, in conjunction with the Company Secretary, also to the ASX, and
    - monitoring the Company's risk management framework to ensure that established policies, guidelines, procedures and controls are implemented.

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

CORPORATE GOVERNANCE STATEMENT

COMPOSITION OF THE BOARD

The Company since the end of the last financial period has, at all times, had three non-executive directors (Messrs Hamer, Lewis and Griffin), considered by the board to be independent in terms of the Council's definition of independent director, and two executive directors including the Managing Director. The names and qualifications of the directors of the Company in office at the date of this statement are set out in the Directors Report on page 18 hereof.

As the board has at all times during the year comprised a majority of independent directors, its composition complies with recommendation 2.1 of the ASX Corporate Governance Guidelines. In addition the board has adopted and implemented a number of measures to ensure that independent judgement is achieved and maintained in respect of its decision-making processes, which include the following:

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

The board does not intend to establish an audit committee in accordance with recommendation 4.2 of the ASX Corporate Governance Guidelines. Instead the board will discharge its responsibilities in respect of audit.
The Company does not have a nomination committee and consequently does not comply with recommendations 2.4 and 2.5 of the ASX Corporate Governance Guidelines. The board is of a size, composition and physical location which is conducive to making the relevant decisions itself efficiently and expeditiously.

The board is of the view that it is adequately structured to meet the needs and governance of the Company having more non-executive than executive directors, an independent non-executive Chairman and with each current director bringing a range of different and complementary skills and experience to the Company as indicated in the Directors' Report on page 18.

ETHICAL AND RESPONSIBLE DECISION MAKING

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

- comply with the law,
- act honestly and with integrity and objectivity,
- not place themselves in situations which result in divided loyalties,
- use the Company's assets responsibly and in the interests of the Company and,
- be responsible and accountable for their actions.
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It is Company policy that directors notify the Company Secretary on a timely basis before buying or selling securities in the Company. The board recognises that it is the individual responsibility of each director and employee in possession of market sensitive information to ensure that he/she complies with the spirit and the letter of insider trading laws. Notification to the Company Secretary and, through him, the board and market, as provided for under the Listing Rules of ASX, does not constitute board endorsement of any such transaction. It is a policy of the board that its members and the Company Secretary not trade shares in the Company whilst in possession of price sensitive information and, if not in possession of such information, other than during the month following the announcement of half yearly or annual results, the publication of an ASX quarterly report or the close of a prospectus relating to equity securities.

The Trading Policy is available on the Company's website (www.reedylagoon.com.au) and will be provided to any shareholder on request to the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

INTEGRITY OF FINANCIAL REPORTING

The Company's Managing Director declares in writing to the board (in accordance with section 295A of the Corporations Act 2001 that, in his opinion, the consolidated financial statements of RLC and its controlled entities for each half and full financial year present a true and fair view of the group's financial position and performance and are in accordance with prevailing accounting standards.

The objectives of the board are to:

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

CONTINUOUS DISCLOSURE TO ASX

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

COMMUNICATION WITH SHAREHOLDERS

It is the policy of the Company to ensure that shareholders have equal and timely access to material information concerning the Company.

All documents which are released publicly are made available on the Company's website (www.reedylagoon.com.au). The website provides information on the Company's mineral projects as well as ASX releases and audited financial statements.

The board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals.

RLC's external auditor is required by law to attend the AGM to answer questions relevant to, inter alia, the conduct of the audit and the preparation and content of the auditor's report, and does attend.

RISK MANAGEMENT

The board is responsible for the oversight of the Group's risk management and control framework. The Company has implemented a policy framework designed to ensure that the Group's risks are identified and that controls are adequate, in place and functioning effectively. Responsibility for aspects of control and risk management is delegated to the pertinent individual within the Group with the Managing Director having ultimate responsibility to the board for the risk management and control framework.

Areas of significant business risk are highlighted in the annual strategic plan presented to the board by the Managing Director.

Arrangements put in place by the Board to monitor risk management include reporting to each board meeting in respect of operations and the financial position of the Group.

The Company's Managing Director reports in writing to the board that:

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

CORPORATE GOVERNANCE STATEMENT

PERFORMANCE

The board is responsible for the appointment of the Managing Director and conducts an ongoing review of his performance.

REMUNERATION

Details of the remuneration of the directors are disclosed in the Remuneration Report set out on pages 20 to 23.

INTERESTS OF STAKEHOLDERS

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

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

DIRECTORS' REPORT

The Directors present their report, together with the financial report of Reedy Lagoon Corporation Limited and its wholly owned subsidiary for the year ended 30 June 2008 and the auditor's report thereon.

A. DIRECTOR PROFILES

The Names and particulars of Directors of the Company at any time during or since the financial year and are:

Director	Particulars
Jonathan M. Hamer BA, LLB.	**Chairman – Non Executive:** Aged 53; Appointed 9 May 2007 A partner of Mallesons Stephen Jaques practising 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.
Geof H. Fethers B.Sc., M AusIMM	**Managing Director:** Aged 51, Founding Director 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 co-founded, with Hugh Rutter, Osprey in 1989 and Flagstaff GeoConsultants Pty Ltd in 1996. He holds a Bachelor of Science (Hons.) (Geology) degree from The University of Melbourne and is a Member of the Geological Society of Australia and the Australian Institute of Mining and Metallurgy (CPGeo).
Hugh Rutter B.Sc., M.Sc., D.I.C., F.A.I.G.	**Exploration Director** Aged 66: Appointed 24 August 2000. A geophysicist and mineral explorer with more than 40 years experience in the mining industry. He has provided geophysical services to a wide range of companies since establishing himself as a Consulting Geophysicist in 1981. Hugh jointly manages the exploration activities of RLC and has contributed to RLC's exploration activities since 1988 as a consultant. Prior to his consulting work, he spent 10 years with Western Mining Corporation Limited ("WMC") before joining The Broken Hill Proprietary Company Ltd ("BHP") as Chief Geophysicist in 1976. At WMC, his activities included initial participation in and significant contribution to the discovery of the Olympic Dam Mine, participation in the development of the Wilga Deposit and redevelopment of the Stawell Gold Mine. He helped establish BHP's geophysical exploration and research group and contributed as a member of the Exploration Management Committee. He holds a Bachelor of Science (Geology) degree from Durham University, a Master of Science (Geophysics) degree from University of London and a Diploma from Imperial College, London. He is a past President and Honorary member of the Australian Society of Exploration Geophysicists and member of the Australian Institute of Geoscience

DIRECTORS' REPORT

Philip H. Lewis **B Ec, LLB**	**Non executive Director:** Aged 50 : Appointed 9 May 2007 . Has over eighteen years experience in investment banking, including having worked from 1990 to 2005 with a major global investment bank. Over that time Philip advised a number of Australia's leading corporates on a range of merger and acquisition and capital markets activities including in the mining sector. Prior to becoming an investment banker, Philip practiced law.
Adrian C. Griffin **B.Sc. M AusIMM**	**Non-Executive Director:** Aged 55, ; Appointed 9 May 2007 Has extensive mining and exploration experience including mine planning, grade control and exploration methods in iron ore gained whilst with BHP and 20 years' experience managing public companies. Adrian is a geologist and the Chairman and Managing Director of Washington Resources Limited. He is also Chairman of Empire Resources Limited and non-executive director of Hodges Resources Limited, and Northern Uranium Limited which has extensive uranium projects to the north of RLC's Pedestal Hill project. In the 1980s, Adrian was operations manager for a number of public companies involved in the mining and production of gold and base metals throughout Australia and southeast Asia. In 1988, he managed the commissioning of underground production at the Bellevue gold mine in Western Australia. He began consulting to the mining industry in 1990 and has held board positions with a number of public companies since then. His management experience is broad, encompassing as it does exploration, financing, development, commissioning and the production of a wide range of mineral commodities. Adrian is a member of the Australasian Institute of Mining and Metallurgy and the Geological Society of Australia.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
A C Griffin	Dwyka Resources Limited	1/12/2005 to 30/10/2007
	Empire Resources Limited	since 3/02/2004
	Northern Uranium Limited	since 12/06/2006
	Hodges Resources Limited	since 17/08/2005
	Washington Resources Limited	since 7/09/2004
P H Lewis	Keybridge Capital Limited	since 26/10/2006

The Names and particulars of the Secretary of the Company at any time during or since the financial year and are:

Company Secretary	Particulars
Dermot Coleman **B.A., LLB.**	Aged 64, Has been employed in the mineral exploration industry since 1977. As a qualified lawyer, he was a director and company secretary of De Beers for more than 15 years, until mid-2001 and has worked since then as a consultant. Much of his work involved negotiating joint venture arrangements and establishing overseas exploration ventures. Reflecting the importance of access to land for exploration, Dermot also has 20 years experience with Native Title and Aboriginal land rights issues and was for 4 years, a councillor of the Perth based Association of Mining and Exploration Companies.

DIRECTORS REPORT

B. 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 and its subsidiary.

Board Policy for determining remuneration of Directors and Executives

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, Senior 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.

Directors' Interests

The relevant interest of each Director in the shares and options issued by the Company as notified by the Directors at the date of the report is:

Table 6 – 2008 Directors interests in securities

Director	Shares held by director	Shares held on behalf of director or by director controlled entities	Options over unissued shares
G.H. Fethers	5,010	6,742,770	3,300,900
H. Rutter	93,890	625,900	1,450,900
J Hamer		18,780	3,300,000
P Lewis	813,670	-	3,100,000
A Griffin	100,000	-	100,000

DIRECTORS REPORT

B. REMUNERATION REPORT (AUDITED)

Remuneration of Directors and Senior Executives for the year ended 30 June 2008

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

Table 1 – 2008 Director & Executive remuneration

	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment		% of remuneration consisting of options & rights
	Salary & fees	Non-monetary	Other	Super-annuation		Options & rights	Total	
2008	$	$	$	$	$	$	$	%
Non-executive Directors								
J M Hamer	36,696	-	-	3,304	-	4,054	44,054	10.0%
P Lewis	58,348	-	-	1,652	-	1,351	61,351	2.2%
A Griffin	20,000	-	-	-	-	1,351	21,351	6.7%
Executive Directors								
G Fethers	132,000	-	-	11,880	-	6,757	150,637	4.5%
H Rutter	96,000	-	-	-	-	6,757	102,757	6.6%
Secretary								
D Coleman	8,256	-	-	744	-	1,351	10,351	12.7%

Securities issued to Directors and Executives

The following table summarises the value of securities issued/granted, exercised or lapsed during the annual reporting period to the identified Directors and Executives:

Table 2 - 2008 Options Grants, Exercise and Lapse

	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse $	Total $
J Hamer	4,054	-	-	4,054
P Lewis	1,351	-	-	1,351
A Griffin	1,351	-	-	1,351
G Fethers	6,757	-	(ii)	6,757
H Rutter	6,757	-	(ii)	6,757
D Coleman	1,351	-	-	1,351

(i) Details of option grants are set out in table 3 below. Options granted vested with the recipient on issue. The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) Details of options lapsed during the year are set out in table 4 below. The options were deemed to have no value at the date of grant.

DIRECTORS REPORT

B. REMUNERATION REPORT (AUDITED)

The options granted during the year and fair value attributed to the options grant is set out in table 3 below :-

Table 3 – 2008 Options Grant, Vesting and Fair Value

Issued to	Exercise Price	Expiry Date	Number of Options granted (i)	Number of Options Vested during the year	Fair Value of Options granted and vested
Directors					
G Fethers	$0.20	31-Dec-10	500,000	500,000	$6,757
H Rutter	$0.20	31-Dec-10	500,000	500,000	$6,757
A Griffin	$0.20	31-Dec-10	100,000	100,000	$1,351
J Hamer	$0.20	31-Dec -10	300,000	300,000	$4,054
P Lewis	$0.20	31-Dec -10	100,000	100,000	$1,351
Secretary					
D Coleman (Sec)	$0.20	31-Dec-10	100,000	100,000	$1,351
Aggregate Value of Securities issued					$21,621

(i) each option converts to one ordinary share on exercise

The securities issued to Directors are options the exercise price of which was set at a premium to the value of the underlying share at the time of issue. Accordingly, the issue of the option is not dependent on the satisfaction of a performance hurdle but the amount, if any, ultimately realised, is dependent upon the value of the underlying share at the time of exercise of the option.

The valuation of the options granted and vested during the year employed a Black Scholes options pricing model using the following key data inputs, in addition to the exercise price and term to expiry noted above.

Series	20 cents : 31-Dec-10
Deemed date of grant	22 November 2007
Underlying Share Price	14.0 cents
Volatility	Range – 30% to 40%
Risk Free Rate	6.39%
Dividend Rate	Nil
Employee exit rate	0

Table 4 – 2008 Director held options lapsed

Expiry Date	Exercise Price	Number of Shares
31 December 2007	$0.50	813,670

At the date of this report, the aggregate of options over unissued ordinary shares of the Company held by directors and executives is follows;

Table 5 – 2008 Options on Issue- Held by Directors and Senior Executives

Expiry Date	Exercise Price	Number of Shares
31 December 2008	$0.50	876,260
30 November 2009	$0.30	2,600,000
31 December 2009	$0.50	876,260
31 December 2010	$0.20	1,850,000
31 March 2012	$0.50	2,500,000
30 April 2012	$0.30	6,000,000

DIRECTORS REPORT

B. REMUNERATION REPORT (AUDITED)

Details of Employment and Service Contracts

Executive and Non-Executive Directors have been engaged under service contracts the details of which are summarised below.

- Mr G Fethers is employed as the Company's Executive Managing Director under a contract of employment which commenced on 1 May 2007. The contract does not have any fixed term and may be terminated by the Company or Mr Fethers on reasonable notice. No payments or retirement benefits are payable on termination.
  –
- In respect of the payments to Mr H Rutter detailed in table 1, Geophysical Exploration Consultants Pty Ltd ("Geophysical"), a company associated with Mr. Rutter, and RLC have entered a Consultancy Agreement. Under the Consultancy Agreement Geophysical provides geological, geophysical and management services to RLC for an annual fee of $96,000 to be paid in monthly instalments of $8,000. The agreement commenced on 1 May 2007 with a term of 12 months, which may be renewed on an annual basis. 7 days notice is required to be given by the non-defaulting party if seeking to terminate the agreement due to default by the other party. Where a party given notice does not remedy the default termination occurs upon the expiry of the notice given by the other party. The term of the agreement automatically renews for successive Contract Years unless written notice of termination is given by either party at least 6 months before the end of the then current Contract Year. There are no termination payments provided under the agreement.

- In respect of the payments to Mr P Lewis detailed in table 1, Lewcorp Pty. Ltd ("Lewcorp"), of which P. H. Lewis is a director and shareholder, and RLC have entered a Consultancy Agreement. Under the Consultancy Agreement Lewcorp provides corporate advisory and other services as required from time to time by the Company. The agreement provides for a fixed annual retainer of $40,000. The agreement is renewable annually on 1 July each year and has been renewed by the Company until 30 June 2009. There are no termination payments provided under the agreement.

Details of Related Party Contracts

Entities related to Directors have also entered into service agreements with the Company, the details of which a summarised below.

- With Chromite Pty. Ltd, of which G.H. Fethers is a director and shareholder, for the provision of field exploration services and staff other than G Fethers. The agreement provides for services on an as required basis at commercially applicable rates, may be terminated without notice and no termination payments are applicable.

- With Cropten Pty Ltd, of which Messrs. Fethers and Rutter are shareholders and directors, for the provision of office space, equipment and secretarial services to the Company at normal commercial rates. The agreement may be terminated without notice and no termination payments are applicable.

- With Flagstaff GeoConsultants Pty Ltd, of which Messrs. Fethers and Rutter are shareholders and H Rutter is a director, for the provision of geological and geophysical services not provided by G Fethers or H Rutter. The agreement provides for services on an as required basis at commercially applicable rates. The agreement may be terminated without notice and no termination payments are applicable.

- Mallesons, a firm of which Mr J M Hamer is a partner, provided professional legal services to the Company during the financial year in respect of agreements and other matters on an as required basis. Fees were levied on normal commercial professional fee terms and during the financial period amounted to $ 17,882 (excl. GST).

DIRECTORS REPORT

C. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Principal Activity

The principal activities of the consolidated entity during the course of the financial year were the exploration for minerals.

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

Result of Operations

The net loss of the Consolidated group after income tax for the year was $1,415,536 (2007: loss $1,494,016). Further commentary on the operations of the Company during the year is included in the Annual Review on pages 2 to 10 of the Annual Report.

Dividends

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

State of Affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

- the issue of 1,000,000 fully paid ordinary shares at $0.20 per share during the year as the final instalment for the acquisition of the 90% interest in the U_3O_8 Tanami Uranium Joint Venture on 31 March 2007.

Environmental Regulation

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

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

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

Events Subsequent to Balance Date

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

Likely Developments

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

Indemnification and Insurance of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, Mr. D Coleman, 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.

DIRECTORS REPORT

C. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

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

Directors' Meetings

The following table sets out the numbers of meetings of the Company's Directors held during the year ended 30 June 2008, and the number of meetings attended by each director.

	A	B
G. H. Fethers	4	4
H. Rutter	4	2
J M Hamer	4	4
P H Lewis	4	3
A C Griffin	4	3

A- number of meetings held during the time the director held office during the year

B - number of meetings attended

Non Audit Services

The Directors are satisfied that the provision of non-audit services by the auditor (or by another person or firm associated with or on behalf of the auditor) is compatible with the general standard of auditors independence imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor (or associated firms) for non-audit services provided during the year are set out on page 38 of the financial report.

Auditor's Independence Declaration

The auditor's independence Declaration is included on page 26 of the financial report

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.

ASX Listing Rule 4.10.19

The Directors confirm that monies held in the form of the cash and assets in a form readily convertible to cash that the Company had at the time of admission to ASX on 22 June 2007 were used during the financial period in a way consistent with its business objectives specified at the time of admission.

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

On behalf of the Directors

G.H. FETHERS
DIRECTOR
12 September 2008

nexia asr
chartered accountants
Incorporating the firms of
Alexander & Spencer
and Rosenbergs

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF REEDY LAGOON CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

i. no contraventions of the auditor's 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.

NEXIA ASR
ABN 16 847 721 257

George S Dakis
Partner

Melbourne
12 September 2008

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DIRECTORS DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 30 to 53, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Company and consolidated group;

2. the Managing Director, acting as chief executive officer and chief finance officer, has declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;

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

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

G. H. FETHERS
Managing Director

12 September 2008
Melbourne

nexia chartered accountants asr
Incorporating the firms of Alexander & Spencer and Rosenbergs

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF REEDY LAGOON CORPORATION LIMTED

Report on the Financial Report

We have audited the accompanying financial report of Reedy Lagoon Corporation Limited (the Company) and Reedy Lagoon Corporation Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
REEDY LAGOON CORPORATION LIMTED

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Reedy Lagoon Corporation Limited on 11 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

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

   i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 3; and

c. the remuneration disclosures that are contained in pages 20 to 23 of the directors' report comply with Accounting Standard AASB 124.

Nexia ASR
ABN 16 847 721 257

George S Dakis
Partner

Melbourne
12 September 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Other revenue from ordinary activities	4	334,775	721,898	334,775	537,475
Total revenue		334,775	721,898	334,775	537,475
Expenses related to ordinary activities					
Corporate Administration costs		(118,912)	(79,312)	(118,912)	(79,312)
Employee and directors benefits expense		(335,051)	(134,832)	(335,051)	(134,832)
Exploration expenditure		(949,203)	(201,740)	(949,203)	(201,740)
Other expenses from ordinary activities		(77,697)	(250,030)	(77,697)	(250,030)
Depreciation expense		(4,683)	-	(4,683)	-
Exploration assets acquisition costs written off		(264,765)	(1,550,000)	(264,765)	(1,550,000)
(Loss) before income tax		(1,415,536)	(1,494,016)	(1,415,536)	(1,678,439)
Income tax expense	9(a)	-	-	-	-
(Loss) for the year		(1,415,536)	(1,494,016)	(1,415,536)	(1,678,439)
Earnings per share					
Basic (cents per share)		(2.96)	(7.04)		
Diluted (cents per share)		(2.25)	(5.82)		

Notes to the financial statements are included on pages 34 to 53.

BALANCE SHEET
AS AT 30 JUNE 2008

		Consolidated		Company	
	Note	2008	2007	2008	2007
		$	$	$	$
ASSETS					
Current Assets					
Cash and cash equivalents	10	2,718,434	3,866,623	2,718,434	3,866,623
Trade and other receivables	11	42,615	61,385	42,615	61,385
Other current assets	12	47,718	46,667	47,718	46,667
Total Current Assets		2,808,767	3,974,675	2,808,767	3,974,675
Non Current Assets					
Property Plant & Equipment	13	26,012	-	26,012	-
Total Assets		2,834,779	3,974,675	2,834,779	3,974,675
LIABILITIES					
Current Liabilities					
Trade and other payables	14	72,283	21,643	72,283	21,643
Total Current Liabilities		72,283	21,643	72,283	21,643
Non Current Liabilities		-	-	-	-
Total Liabilities		72,283	21,643	72,283	21,643
Net Asset (Deficiency)		**2,762,496**	**3,953,032**	**2,762,496**	**3,953,032**
Equity					
Issued capital	15	13,606,028	13,406,028	13,606,028	13,406,028
Reserves	17	145,000	120,000	145,000	120,000
Retained earnings		(10,988,532)	(9,572,996)	(10,988,532)	(9,572,996)
Total Equity/(deficiency)		**2,762,496**	**3,953,032**	**2,762,496**	**3,953,032**

Notes to the financial statements are included on pages 34 to 53.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

Consolidated

	Fully paid ordinary shares $	Equity-settled employee benefits reserve $	Retained earnings $	Total $
Balance at 1 July 2006	7,768,957	-	(8,078,980)	(310,023)
(Loss) for the period			(1,494,016)	(1,494,016)
Total recognised income and expense			(1,494,016)	(1,494,016)
Issue of options under share option plan		120,000		120,000
Issue of shares for placement	500,000			500,000
Issue of shares under prospectus	4,000,000			4,000,000
Share Issue costs	(382,929)			(382,929)
Issue of shares for acquisitions	1,520,000			1,520,000
Balance at 30 June 2007	13,406,028	120,000	(9,572,996)	3,953,032
Balance at 1 July 2007	13,406,028	120,000	(9,572,996)	3,953,032
(Loss) for the period			(1,415,536)	(1,415,536)
Total recognised income and expense			(1,415,536)	(1,415,536)
Issue of options under share option plan		25,000		25,000
Issue of shares	200,000			200,000
Balance at 30 June 2008	13,606,028	145,000	(10,988,532)	2,762,496

Company

	Fully paid ordinary shares $	Equity-settled employee benefits reserve $	Retained earnings $	Total $
Balance at 1 July 2006	7,768,957	-	(7,894,557)	(125,600)
(Loss) for the period			(1,678,439)	(1,678,039)
Total recognised income and expense			(1,678,439)	(1,678,039)
Issue of options under share option plan		120,000		120,000
Issue of shares for placement	500,000			500,000
Issue of shares under prospectus	4,000,000			4,000,000
Share Issue costs	(382,929)			(382,929)
Issue of shares for acquisitions	1,520,000			1,520,000
Balance at 30 June 2007	13,406,028	120,000	(9,572,996)	3,953,032
Balance at 1 July 2007	13,406,028	120,000	(9,572,996)	3,953,032
(Loss) for the period			(1,415,536)	(1,415,536)
Total recognised income and expense			(1,415,536)	(1,415,536)
Issue of options under share option plan		25,000		25,000
Issue of shares	200,000			200,000
Balance at 30 June 2008	13,606,028	145,000	(10,988,532)	2,762,496

Notes to the financial statements are included on pages 34 to 53

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Cash flow from operating activities					
Receipts from customers		135,771	132,000	135,771	132,000
Payments to suppliers and employees		(426,479)	(769,547)	(426,479)	(769,547)
Payments for exploration activities		(1,053,093)	-	(1,053,093)	-
Interest received		211,346	28,971	211,346	28,971
June 2006 GST		79,726	-	79,726	
Net cash provided by/(used in) operating activities	18(b)	(1,052,729)	(608,576)	(1,052,729)	(608,576)
Cash flows from investing activities					
Payments for acquisition of exploration projects		(64,765)	(30,000)	(64,765)	(30,000)
Investment in de-consolidated subsidiary		-	(50,000)	-	(50,000)
Payments for property, plant and equipment		(30,695)	-	(30,695)	
Net cash provided by/(used in) investing activities		(95,460)	(80,000)	(95,460)	(80,000)
Cash flows from financing activities					
Proceeds from share issues		-	4,500,000	-	4,500,000
Payment of Share issue costs		-	(374,588)	-	(374,588)
Repayment of loans		-	(27,703)	-	(27,703)
Proceeds from loans		-		-	
Net cash provided by/(used in) financing activities		-	4,097,709	-	4,097,709
Net (decrease)/increase in cash held		(1,148,189)	3,409,133	(1,148,189)	3,409,133
Cash at beginning of year		3,866,623	457,490	3,866,623	457,490
Cash at end of year	18(a)	2,718,434	3,866,623	2,718,434	3,866,623

Notes to the financial statements are included on pages 34 to 53

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

1. GENERAL INFORMATION

Reedy Lagoon Corporation Limited ("the Company" or "RLC") is a listed public company, incorporated in Australia with mineral projects in Victoria, NSW, Northern Territory, Western and South Australia.

Reedy Lagoon Corporation Limited's registered office and its principal place of business is at:

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared in accordance with the historical cost convention, and except where stated does not take into account changing money values or fair values of non-current assets.

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

(a) Principles of Consolidation

The consolidated accounts comprise the accounts of Reedy Lagoon Corporation Limited and its controlled entities. A list of controlled entities is contained in Note 24 to the financial statements. All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the consolidated group during the year, their operating results have been included from the date control was obtained or until the date control ceased. Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income tax

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

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

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

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

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

(c) Goods and Services Tax

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

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

(d) Exploration, Evaluation and Development Expenditure

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

(e) Cash assets

Cash assets are carried at face value of the amounts deposited. The carrying value of cash assets approximates net fair value.

(f) Other receivables

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

(g) Revenue Recognition

Rendering of services
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers or in accordance with contractual rights.
Interest revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(h) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are settled as cash flows allow.

(i) Investments Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

(j) Comparative figures

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

3. ACCOUNTING JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Company	
		2008	**2007**	**2008**	**2007**
		$	**$**	**$**	**$**
4. REVENUE					
Operating income:					
- Interest – other parties		211,346	28,971	211,346	28,971
- Joint Venture management fees		120,000	120,000	120,000	120,000
- Other		3,429	-	3,429	
		334,775	148,971	334,775	148,971
Other Income and Gains					
Gain of debt forgiveness		-	388,504	-	388,504
Gain on deconsolidation of subsidiary		-	184,423	-	-
		-	572,927	-	388,504
Total revenue		334,774	721,898	334,774	537,475
5. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE					
Loss from ordinary activities before income tax expense has been arrived at after charging the following items:					
a. *Expenses*					
Finance costs:					
- external		-	-	-	-
- related entities		-	-	-	-
Total finance costs		-	-	-	-
b. *Significant expenses*					
The following significant revenue and expense items are relevant in explaining the statement of financial performance					
- Fund raising costs		-	-	-	-
- Equity-settled share-based payments		25,000	120,000	25,000	120,000
- Write off of acquisition costs of exploration assets		264,765	1,550,000	264,765	1,550,000
-Exploration expenditure		949,203	201,340	949,203	201,340

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
6. AUDITORS' REMUNERATION					
Remuneration for the auditor of the Company for:					
- auditing or reviewing the financial report		8,500	5,500	8,500	5,500
- taxation and compliance services		19,100	3,500	19,100	3,500
- other services		-	8,000	-	8,000
		27,600	17,000	27,600	17,000

7. KEY MANAGEMENT PERSONNEL COMPENSATION

The directors and the five (1) identified key management executives received the following amounts as compensation for their services as directors and executives of the Company during the year:

	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment	Total	% consisting of options
	Salary & fees	Non-monetary	Other	Super-annuation		Options & rights (1)		
2008	$	$	$	$	$	$	$	$
Non-executive directors								
J M Hamer	36,696	-	-	3,304	-	4,054	44,054	11%
P Lewis	58,348	-	-	1,652	-	1,351	61,351	2%
A Griffin	20,000	-	-	-	-	1,351	21,351	6%
Executive Directors								
G Fethers	132,000	-	-	11,880	-	6,757	150,637	4%
H Rutter	96,000	-	-	-	-	6,757	102,757	7%
Secretary								
D Coleman	8,526	-	-	744	-	1,351	10,621	13%
							390,681	

(1) details of the valuation of share based payments are set out in Note 16. All options fully vested on grant date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Information on business segments

(i) *Activities within each business segment*

For management purposes, the Group is organised into one major operating division – minerals exploration. This is the basis on which the Group reports its primary segment information. The principal projects in which the Group has an interest in are described in the Annual Review in pages 2 to 10 of this Annual Report

(ii) *Segment revenues*

	External sales		Inter-segment (i)		Other		Total	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Mineral exploration	120,000	120,000		-		-	120,000	120,000
Total of all segments							120,000	120,000
Eliminations								-
Unallocated							214,775	28,471
Consolidated revenue							334,775	148,471

(iii) *Segment result*

	2008 $'000	2007 $'000
Minerals exploration	(1,601,882)	(1,960,182)
Unallocated	186,346	466,166
Loss before tax	(1,415,536)	(1,494,016)
Income tax benefit	-	-
Loss for the year	(1,415,536)	(1,494,016)

iv. *Segment assets and liabilities*

	Assets		Liabilities	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Minerals exploration (1)	-	-		-
Total segments				
Eliminations	-	-		-
Unallocated	2,808,767	3,974,574	71,882	21,643
Consolidated	2,808,767	3,974,574	71,882	21,643

(1) the Group's accounting policy is to charge to the result for the period all expenditure incurred on mineral exploration activities, including costs associated with the acquisition of interests in exploration rights and projects.

v. Other segment information

	Minerals exploration	
	2008 $'000	2007 $'000
Acquisition of segment assets	264,765	1,550,000
Write-off or Amortisation of segment assets	(264,765)	(1,550,000)

(b) Information on geographical segments

The Group's one division operates in one principal area – Australia.

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
9. TAXATION				
(a) Income tax expense				
Prima facie income tax benefit calculated at 30% on the (loss) before tax	(424,661)	(448,205)	(424,661)	(503,412)
Increase/decrease in income tax expense				
Tax effect of:				
Exploration expenditure and acquisition costs not deductible for tax purposes	88,430	468,000	88,430	468,000
Share based payments	7,500	36,000	7,500	36,000
Non-Assessable gain on deconsolidation	-	(55,207)	-	-
Capital allowances – share issue costs	(31,785)	(31,785)	(31,785)	(31,785)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(450)	600	(450)	600
Prima-facie income tax benefit	(360,966)	(30,597)	(360,966)	(30,597)
Deferred tax asset (on account of losses) not brought to account	360,966	30,597	360,966	30,597
Income tax expense (benefit)	-	-	-	-

(b) Deferred Tax Assets not taken to account

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not presently probable:

Tax losses carried forward	951,553	857,097	951,553	590,587
Unamortised balance of capital allowances	86,546	118,332	86,546	118,332
Temporary differences	1,650	1,650	1,650	1,650
	1,039,749	977,079	1,039,749	710,569

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

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

a) The Company and the subsidiary derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;

b) The Company and the subsidiary continues to comply with the conditions for deductibility imposed by the law; and

c) No changes in tax legislation adversely affect the Company or the subsidiary in realising the benefit.

	Note	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
10. CASH AND CASH EQUIVALENTS IN HAND					
Cash at bank		55,356	106,794	27,956	106,794
Cash management account		2,573,078	3,689,829	2,573,078	3,689,829
Term deposits		90,000	70,000	90,000	70,000
		2,718,434	**3,866,623**	**2,718,434**	**3,866,623**

The bank short term deposits mature within 60 days and pay interest at a weighted average interest rate of 7.0% at 30 June 2008. These deposits are held by the bank as a guarantee to Ministry of Energy and Resources.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2008	2007	2008	2007
Cash and cash equivalents	2,718,434	3,866,623	2,718,434	3,866,623

11. TRADE AND OTHER RECEIVABLES

	2008	2007	2008	2007
GST receivable	**42,615**	**61,385**	**42,615**	**61,385**

12. OTHER CURRENT ASSETS

	2008	2007	2008	2007
Prepayments	**47,718**	**46,667**	**47,718**	**46,667**

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

13. Property Plant & Equipment

(a) Reconciliation of carrying amounts

	2008			
	Cost	Accumulated depreciation	Accumulated impairment losses	Total Carrying Value
(i) Consolidated Group:				
Computers	4,250	(826)	-	3,424
Scientific Equipment	26,445	(3,857)	-	22,588
Total Property, Plant and Equipment	**30,695**	**(4,683)**	**-**	**26,012**
(ii) Parent Entity				
Computers	4,250	(826)	-	3,424
Scientific Equipment	26,445	(3,857)	-	22,588
Total Property, Plant and Equipment	**30,695**	**(4,683)**	**-**	**26,012**

(b). 2008 Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Total
	$	$	$	$	$	$
(i) Consolidated Group:						
Balance at 1 July 2007 (net of accumulated depreciation)	-	-	-	-	-	-
Additions	-	-	-	30,695	-	30,695
Disposals	-	-	-	-	-	-
Depreciation expense	-	-	-	(4,683)	-	(4,683)
Balance at 30 June 2008 (net of accumulated depreciation)	**-**	**-**	**-**	**26,012**	**-**	**26,012**
(ii) Parent Entity:						
Balance at 1 July 2007 (net of accumulated depreciation)	-	-	-	-	-	-
Additions	-	-	-	30,695	-	30,695
Disposals	-	-	-	-	-	-
Depreciation expense	-	-	-	(4,683)	-	(4,683)
Balance at 30 June 2008 (net of accumulated depreciation)	**-**	**-**	**-**	**26,012**	**-**	**26,012**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Consolidated		Company	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
14. TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	47,634	21,643	47,634	21,643
Other creditors and accruals	24,649	-	24,649	-
	72,283	**21,643**	**72,283**	**21,643**
15. ISSUED CAPITAL				
a. Issued and paid up share capital of 48,600,000 (2007: 47,600,000) ordinary shares fully paid comprising:	**13,606,028**	**13,406,028**	**13,606,028**	**13,406,028**

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

b. *Movement in Share Capital*	Number	Consolidated	Company
Balance – 30 June 2006	27,959,833	7,768,957	7,768,957
Reconstruction of shares – March 2007 – on 0.6259 for 1 basis	(10,459,833)		
Total post re-construction	17,500,000		
Issues during the year – post reconstruction (at 20 cents per share)			
Placement – April 2007	2,500,000	500,000	500,000
Pursuant to Prospectus – June 2007	20,000,000	4,000,000	4,000,000
Acquisitions of mining projects			
Bulla JV	4,000,000	800,000	800,000
Uranium JV	1,000,000	200,000	200,000
Edwards Creek Base Metals JV	2,600,000	520,000	520,000
Balance – 30 June 2007	47,600,000	13,788,957	13,788,957
Issues during the year –			
Balance of acquisition of Uranium JV	1,000,000	200,000	200,000
Balance – 30 June 2008	48,600,000	13,988,957	13,988,957
Share Issue costs		(382,929)	(382,929)
		13,606,028	13,606,028

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

16. OPTIONS OVER UNISSUED SHARES

a. *Options Granted*

Since the end of the previous financial year, the Company granted options over unissued ordinary shares to the following:

Issued to	Exercise Price	Number of Options Granted	Expiry Date
Current Directors [(1)]	$0.20	1,000,000	31 December 2010
Current Directors [(2)]	$0.20	500,000	31 December 2010
Other Employees and Consultants [(3)]	$0.20	100,000	31 December 2010
Toey Pty Ltd	$0.20	250,000	31 December 2010

[(1)] Issued 500,000 each to G Fethers and H Rutter – pursuant to the Director's Option Scheme replacing options expiring during the year;

[(2)] Issued 300,000, 100,000 & 100,000 to J Hamer, P Lewis and A Griffin respectively.

[(3)] Issued 100,000 to D. Coleman

b. *Options Expired*

During or since the end of the financial year, the following options over unissued ordinary shares expired unexercised:

Expiry Date	Exercise Price	Number of Options (i)
31 December 2007	$0.50	813,670

(i) each option converts to one ordinary share on exercise

c. *Options exercised*

No options over unissued ordinary shares were exercised during or since the end of the financial year.

d. *Options on Issue at balance date*

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Options (i)
31 December 2008	$0.50	876,260
30 November 2009	$0.30	2,600,000
31 December 2009	$0.50	876,620
31 December 2010	$0.20	1,850,000
31 March 2012	$0.50	2,500,000
30 April 2012	$0.30	6,000,000

(i) each option converts to one ordinary share on exercise

f. *Fair Value of Share Based Payments*

The following options were issued to officers of the Company during the year in respect of services provided and employment agreements.

Expiry Date	Exercise Price	Expiry Date	Number of Options granted (i)	Number of Options Vested during the year	Fair Value of Options granted and vested
Directors					
G Fethers	$0.20	31-Dec-10	500,000	500,000	6,757
H Rutter	$0.20	31-Dec-10	500,000	500,000	6,757
A Griffin	$0.20	31-Dec-10	100,000	100,000	1,351
J Hamer	$0.20	30-Dec-10	300,000	300,000	4,054
P Lewis	$0.20	30-Dec-10	100,000	100,000	1,351
D Coleman (Sec)	$0.20	31-Dec-10	100,000	100,000	1,351

(i) each option converts to one ordinary share on exercise

The valuation of the options granted and vested during the year employed a Cox Ross Rubenstein and also a Black Scholes options pricing model using the following key data inputs, in addition to the exercise price and term to expiry noted above.

Series	20 cents : 31-Dec-10
Deemed date of grant	22 November 2007
Underlying Share Price	14.0 cents
Volatility	Range – 30% to 40%
Risk Free Rate	6.39%
Dividend Rate	Nil
Employee exit rate	0

	Consolidated		Company	
	2008	2007	2008	2007
	$	$	$	$
17. RESERVES				
Equity settled employee benefits	**145,000**	**120,000**		**120,000**
Equity-settled employee benefits reserve				
Balance at beginning of financial year	120,000	-	120,000	-
Share-based payment expensed	25,000	120,000	25,000	120,000
Balance at end of financial year	145,000	120,000	145,000	120,000

The Equity-settled employee benefits reserve records items recognised as expenses on valuation of employee share ns granted and vested.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

		Consolidated		Company	
		2008	2007	2008	2007
		$	$	$	$
18. CASH FLOW INFORMATION					
a. **Reconciliation of cash flow from operation with profit after tax.**					
Cash assets	10	2,718,434	3,866,623	2,718,434	3,866,623
b. **Reconciliation of (Loss) for the year to net cash (used in) operating activities**					
Profit/(Loss) from ordinary activities after Income Tax		(1,415,536)	(1,494,016)	(1,415,536)	(1,678,039)
Non Cash Credits / Charges					
Gain on Debt forgiveness		-	(388,504)	-	(388,504)
Depreciation		4,683		4,683	
Gain on deconsolidation of subsidiary		-	(184,023)	-	-
Write-off or exploration project acquisition costs		264,765	1,550,000	264,765	1,550,000
Share based payments expense		25,000	120,000	25,000	120,000
Movement in other assets/liabilities					
Decrease (Increase) in receivables		18,771	(63,192)	18,771	(63,192)
Decrease (Increase) in prepayments		(1,051)	(46,667)	(1,051)	(46,667)
Increase/(decrease) in accounts payable		50,639	(102,174)	50,639	(103,714)
Net Cash (used in) operating activities		**(1,052,729)**	**(608,576)**	**(1,052,730)**	**(608,576)**

19. INTEREST IN JOINT VENTURE OPERATIONS

On 30 June 2003 an agreement was executed with Redport Limited, Axburgh Investments Pty Ltd, Jagen Pty Ltd and Sked Pty Ltd ("the joint venture partners") in respect of base metal and gold interests in EL s 3250 and 3886 (Edward Creek Base Metals Joint Venture). RLC now holds a 62% direct interest in the Edward Creek Base Metals Joint Venture. RLC is the manager but the joint venture partners may elect to replace RLC at any time. RLC's interest in the ECMBJV includes 20%, which is free carried to completion of a bankable feasibility study. RLC must contribute 52.5% of ECBMJV exploration expenditure to maintain the 42% interest that it acquired from other joint venture partners during 2007. Whilst the remaining joint venture parties elect to continue in the joint venture they fund 47.5% of exploration expenditure and will be obliged to pay RLC $14,250 each quarter until the commencement of commercial production.

On 10 January 2005 the Diptank Joint Venture ("Diptank JV") Agreement commenced. The Diptank JV was in respect of all mineral interests in EL 6202 located in NSW. Under the terms of the agreement RLC was entitled to an 85% participating interest in the Diptank JV. Whilst RLC remained in the venture it sole funded exploration expenditure and paid $10,000 to the joint venture partner each quarter. RLC withdrew from the joint venture on 1 April 2008 and has no further interest in the Diptank JV or EL 6202.

On 7 February 2007 the Company purchased a 90% interest the U_3O_8 Joint Venture. The U_3O_8Joint Venture provides RLC a 90% interest in tenement applications: 80/3706, 3707, 3708 & 3939. RLC is required to sole fund exploration expenditure in order to maintain its equity in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

20. EVENTS AFTER BALANCE SHEET DATE

There have been no events after balance sheet date, which would have a material effect on the financial statements.

21. RELATED PARTY TRANSACTIONS

a. The names of each person holding the position of Director of Reedy Lagoon Corporation Limited during the financial year were:

G.H. Fethers	(appointed 24 September 1986)
H. Rutter	(appointed 24 August 2000)
J M Hamer	(appointed 9 May 2007)
P Lewis	(appointed 9 May 2007)
A Griffin	(appointed 9 May 2007)

Directors' transactions in shares and share options are detailed in the Directors' Report.

b. Other transactions with the consolidated entity:

(i) G.H. Fethers is a director and shareholder of Chromite Pty Ltd, which provided the services of geologists and field staff to the Group. The services were provided on an 'as required' basis at normal commercial rates. Total fees invoiced by Chromite during the June 2008 financial year to the Company, and the consolidated group, amounting to $30,525 were paid (2007: $81,004)

(ii) Mr. Fethers and Mr. Rutter are directors and shareholders of Cropten Pty Ltd, which provides office space and equipment, together with services including secretarial to the consolidated entity at normal commercial rates. Total fees invoiced by Cropten during the June 2008 financial year to the Company, and the consolidated group, amounting to $27,463 were paid (2007: $19,640)

(iii) Geophysical Exploration Consultants (GEC) Pty Ltd is a company associated with Mr. Rutter. GEC provides exploration services to the consolidated entity under a fixed retainer basis. The Retainer Agreement was approved by non-associated directors on 1 May 2007 and is automatically renewed for a further 12 months unless terminated by the required notice. Total fees invoiced by GEC during the June 2008 financial year to the Company, and the consolidated group, amounting to $96,000 were paid (2007: $52,350)

(iv) Lewcorp Pty Ltd ("Lewcorp"), a company of which Mr P Lewis is a director and shareholder, provides corporate advisory and other services to RLC as required pursuant to a Consultancy Agreement operative from 1 July 2007. Lewcorp is entitled to a fixed annual payment of $40,000 pursuant to the agreement, which is now renewable annually. The agreement has been renewed until 30 June 2009.

b. Other transactions with the consolidated entity (cont'd):

Mallesons, a firm of which Mr J M Hamer is a partner, provided professional legal services to the Company during the financial year in respect of agreements and other matters. Total payments to Mallesons during the financial period amounted to $ 17,510 (excl. GST).

22. FINANCIAL RISK MANAGEMENT

a. **Capital Risk Management**

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

The group 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 group is maintained.

b. **Financial Risk Management Policies**

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

The main purpose of non-derivative financial instruments is to raise finance for group operations.

The group does not have any derivative instruments at 30 June 2008.

Financial Risks

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

Interest rate risk

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

Liquidity risk

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

Credit risk

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

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

The risk for counterparties included in trade and other receivables at 30 June 2008 is detailed below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

22. FINANCIAL INSTRUMENTS (cont'd)

c. **Financial Instruments**

(i) Derivative Financial Instruments
The group does not use derivative financial instruments, forward exchange contracts or interest rate swaps

(ii) Composition and Maturity Analysis
The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2008 – Consolidated Group & Parent Entity

			Fixed maturity dates							
2008	**Weighted average effective interest rate %**	**Variable interest rate $**	**Less than 1 year $**	**1-2 years $**	**2-3 years $**	**3-4 years $**	**4-5 years $**	**5+ years $**	**Non interest bearing $**	**Total $**
Financial assets										
Cash and cash equivalents	7.0	2,628,434	90,000	-	-	-	-	-	-	2,718,434
Other receivables	-	-	-	-	-	-	-	-	42,615	42,615
		2,628,434	90,000	-	-	-	-	-	42,615	2,716,049
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	47,233	47,233
				-	-	-	-	-	47,233	47,233

2007 - Consolidated Group & Parent Entity

			Fixed maturity dates							
2007	**Weighted average effective interest rate %**	**Variable interest rate $**	**Less than 1 year $**	**1-2 years $**	**2-3 years $**	**3-4 years $**	**4-5 years $**	**5+ years $**	**Non interest bearing $**	**Total $**
Financial assets										
Cash and cash equivalents	5.0	3,796,833	70,000	-	-	-	-	-	-	3,866,623
Other receivables	-	-	-	-	-	-	-	-	61,385	61,385
		3,796,833	70,000	-	-	-	-	-	61,385	3,928,008
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	21,642	21,642
		-	-	-	-	-	-	-	21,642	21,642

22. FINANCIAL INSTRUMENTS (cont'd)

Credit risk in relation to trade and other receivables is assessed as follows:-

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
AA rated counterparties (government)	42,615	61,385	42,615	61,385
Counterparties not rated	-	-	-	-
Total	42,615	61,385	42,615	61,385

Trade and sundry payables are expected to be paid as follows:

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	$	$	$	$
Less than 6 months	47,233	21,642	47,233	21,642
6 months to 1 year	-	-	-	-
1 - 5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	47,233	21,642	47,233	21,642

iii. **Net Fair Values**

The net fair values of:

— Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

— Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

— Other assets and other liabilities approximate their carrying value.

No financial assets or financial liabilities are readily traded on organised markets in standardised form other than listed investments, forward exchange contracts and interest rate swaps.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

22. FINANCIAL INSTRUMENTS (cont'd)

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

	2008		2007	
	Carrying Amount $	Net Fair Value $	Carrying Amount $	Net Fair Value $
Financial Assets				
Available-for-sale financial assets at fair value	-	-	-	-
Held-to-maturity financial assets	2,718,434	2,718,434	3,866,623	3,866,623
Derivative financial assets	-	-	-	-
Loans and receivables	42,615	42,615	61,385	61,385
	2,761,049	2,761,049	3,928,008	3,928,008
Financial Liabilities				
Other loans and amounts due	-	-	-	-
Other liabilities	72,283	72,283	21,642	21,642
	72,283	72,283	21,642	21,642

iv. Sensitivity Analysis

Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk which demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2008, the effect on profit(loss) and equity as a result of changes in the interest rates during the year with all other variables remaining constant would be as follows;

	Consolidated		Company	
	2008 $	2007 $	2008 $	2007 $
Change in Loss for the Year				
- Increase interest rates by 1%	33,286	7,108	33,286	7,108
- Decrease in interest rates by 1%	(33,286)	(7,108)	(33,286)	(7,108)
Change in Equity				
- Increase interest rates by 1%	33,286	7,108	33,286	7,108
- Decrease in interest rates by 1%	(33,286)	(7,108)	(33,286)	(7,108)

23. EXPLORATION EXPENDITURE COMMITMENTS

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

Tenement expenditure is dependent upon exploration results and available cash resources. Expenditure commitments are also impacted upon and may be reduced where access to areas has been restricted by the existence of Native Title claims. At the date of this report claims for Native Title in respect of areas of all RLC's granted tenements except EL's 3032, 3281, 3376, *E70/2719 and E70/2720 , E70/2846, E70/3152 and E70/3153* have been made under the Native Title Act. EL 24885 is on Aboriginal Freehold land and there is no guarantee that the owners will give their consent and thereby allow the Company's planned programme to proceed.

The Statutory minimum expenditure requirement for the current twelve month tenures in relation to each of the tenements, including applications, listed in the Tenement Schedule on page 11 of the Annual report is $ 1,174,050 (2007: $990,650). Of this amount, $1,067,300 relates to granted tenements.

Exploration Licence 3505 includes land that is within the Woomera Prohibited Area. All exploration and mining activities within the Woomera Prohibited Area are subject to an agreement with the Commonwealth of Australia. A Deed of Access between the Company and the Commonwealth was executed on 3 March 2008.

Exploration Licence 3208 incorporates land that is Reserved Forest set aside under Section 50 of the Forest Act 1958 as part of the Thomson River Forest Reserve (Gaz 1984 P235). The Licence area is within the Thomson Catchment and is subject to a Land Use Determination pursuant to section 23 of the Soil Conservation and Land Utilization Act 1958.

The objective of the Land Use Determination is to provide management guidelines to maintain acceptable quality, quantity and perenniality of water harvested from the catchment.

To protect the integrity of the water supply within the Thomson storage, earthworks are required to be kept to a minimum and any effluent and waste disposal will be in accordance with guidelines approved by the Department of Natural Resources and Environment in consultation with Melbourne Water.

Exploration Licences 3032, 3281 and 3376 cover or include areas which comprise part of the Chiltern – Mt Pilot National Park. Exploration and mining activities within this Park may only continue with the consent of the Minister for Sustainability and Environment under Section 40 of the National Parks Act, 1975. Where the gaining of such consents prevents or postpones exploration the expenditure requirements may be reduced.

The Statutory expenditure requirement is subject to negotiation with the relevant state department, and expenditure commitments may be varied between tenements, or reduced subject to reduction of exploration area and/or relinquishment of non-prospective tenements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

24. CONTROLLED ENTITIES

a. Interest in controlled entities:

Name	**Country of incorporation**	**Ordinary share consolidated entity interest**	
		2008	**2007**
		%	**%**
Osprey Gold Pty Ltd. (1)	Australia	100	100

(1) Osprey Gold is dormant and acts solely as the registered proprietor of exploration licences covering the Chiltern gold project.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 9 September 2008.

Number of holders of equity securities
Ordinary share capital

48,600,000 fully paid ordinary shares are held by 581 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

Substantial shareholders

Substantial Shareholders	Number of Fully Paid Ordinary Shares	% of total on issue
Geof Fethers:		
Pyrope Holdings Pty Ltd	6,401,500	13.17
Ranview Pty Ltd	341,270	0.70
G Fethers	5,010	0.01
Sked Pty Ltd	4,250,000	8.74
Washington Resources Limited	4,000,000	8.23
	14,997,780	30.86

Restricted Securities

Shareholders associated with the directors and associates at the time of admission to the Company's shares on the official list of the ASX entered into transfer restriction agreements (escrow agreements). The terms of the agreements are summarised as follows:

	Total No. of Shares subject to Escrow	Last Restriction Date
Substantial Shareholders		
Geof Fethers:		
Pyrope Holdings Pty Ltd	5,984,000	22-June-09
Ranview Pty Ltd	154,270	22-June-09
Other Shareholders (10 in number)	3,656,400	22-June-09
	9,794,670	
Total Number of Issued Shares	48,600,000	
Total Number of Shares quoted on ASX	38,805,330	79.85%

SHAREHOLDER INFORMATION

Twenty largest holders of issued ordinary shares

	Name	Number of Ordinary Shares held	Percentage of Issued Shares
1	Pyrope Holdings Pty Ltd	6,039,850	12.43
2	Washington Resources Limited	4,000,000	8.23
3	Sked Pty Ltd	3,250,000	6.69
4	Australian Amalgamated Holdings Pty Ltd	2,000,320	4.12
5	Elsinore Nominees Pty Ltd	2,000,000	4.12
6	ANZ Nominees Limited	2,000,000	4.12
7	Jagen Pty Ltd	1,300,000	2.67
8	Sked Pty Ltd <Super Fund A/C>	1,000,000	2.06
9	Philip Harold Lewis	813,670	1.67
10	Mr Anthony Robert Ramage	800,000	1.65
11	Janavid Pty Ltd	625,900	1.29
12	Mr Brett Armstrong	525,000	1.08
13	Mr Anthony Ramage < ARR S/F A/C>	500,000	1.03
14	Mr Joseph Lutvey	500,000	1.03
15	DBR Corporation Pty Ltd	500,000	1.03
16	123 Home Loans Pty Ltd	500,000	1.03
17	Richall Pty Ltd	500,000	1.03
18	Clinical Cell Culture Limited	488,200	1.00
19	Pelican Point Superannuation Fund	479,860	0.99
20	Pyrope Holdings Pty Ltd <Chromite Staff S/Fund A/C>	361,650	0.74
	Total for top 20:	28,184,450	57.99
	Total other investors	20,415,550	42.01
	Total issued shares	48,600,000	100.00

In addition to the shares on issue there are 14,702,520 options issued (not quoted). Details are of these options are provided in note 16 to the financial statements.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not disclosed elsewhere in this report is as follows. The shareholder information set out below was applicable as at 9 September 2008.

Distribution of holders of equity securities that are quoted on ASX:

	No. of shareholders	%	No. of Ordinary Shares	Percentage of Issued Shares
1 – 1,000	9	1.57	1,778	0.00
1,001 – 5,000	37	6.43	131,692	0.34
5,001 – 10,000	107	18.61	972,562	2.51
10,001 – 100,000	362	62.96	10,999,691	28.35
100,001 and over	60	10.43	26,699,607	68.80
	575	100.00	38,805,330	100.00

There were 156 shareholders who held less than a marketable parcel of shares. At the date of this report those 156 shareholders collectively held 1,136,382 shares. A less than marketable parcel of shares at 9 September 2008 was a holding of less than 10,417 shares.

Twenty largest shareholders (quoted securities only)

as at 9 September 2008

		No. of Quoted Ordinary Shares	% of total quoted
1	Washington Resources Limited	4,000,000	10.31
2	Sked Pty Ltd<Cash in come A/C>	3.250,000	8.38
3	ANZ Nominees Limited	2,000,000	5.15
4	Jagen Pty Ltd	1,300,000	3.35
5	Elsinore Nominees Pty Ltd	1,000,000	2.58
6	Sked Pty Ltd <Super Fund A/C>	1,000,000	2.58
7	Philip Harold Lewis	812,500	2.09
8	Mr Anthony Robert Ramage	800,000	2.06
9	Mr Brett Armstrong	525,000	1.35
10	123 Home Loans Pty Ltd	500,000	1.29
11	Richall Pty Ltd	500,000	1.29
12	DBR Corporation Pty Ltd	500,000	1.29
13	Mr Joseph Lutvey	500,000	1.29
14	Mr Anthony Ramage < ARR S/F A/C>	500,000	1.29
15	Clinical Cell Culture Limited	488,200	1.26
16	Pelican Point Superannuation Fund	479,860	1.24
17	Mr Wayne Daryl King & MR Craig Allan King <W D King Super Fund A/C>	350,000	0.90
18	Pirie Real Estate Pty Ltd <John Pirie Super Fund A/C>	320,000	0.82
19	Mr Alan Brien & Mrs Melinda Brien <A & M Brien A/C>	316,877	0.82
20	Mrs Annette Mizon <The Bobbin S/Fund A/C>	300,000	0.77
20	Mr Adrian David Wischer & Felicity Ann Louise Wischer <Wischer Super Fund A/C>	300,000	0.77
20	Mr Robert Christopher Reeves & Mrs Mary Rose Reeves < Pelican Point Super Fund A/C>	300,000	0.77
	Total top 20 (quoted securities):	20,042,437	51.65
	Total Other Investors (quoted securities)	18,762,893	48.35
	TOTAL (quoted securities):	38,805,330	100.00

CORPORATE DIRECTORY

Reedy Lagoon Corporation Limited
ABN 41 006 639 514

Directors

Jonathan M. Hamer
Chairman, Non-Executive Director

Geof H. Fethers
Managing Director

Hugh Rutter
Exploration Director

Philip H. Lewis
Director

Adrian C. Griffin
Non-Executive Director

Company Secretary

Dermot G. Coleman

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Shareholders wishing to receive their Annual Reports and/or other information from the Company in electronic form can elect to do so by visiting www.linkmarketservices.com.au