

REEDY LAGOON CORPORATION LIMITED

ACN 006 639 514

NOTICE OF MEETING

Notice is given that the Annual General Meeting of Reedy Lagoon Corporation Limited will be held on Wednesday 23 November 2016 at Suite 2, 337A Lennox Street, Richmond, Victoria commencing at 10.00 am.

BUSINESS

1. To receive and consider the Directors' Report and Financial Accounts for the year ended 30th June 2016 together with the Auditor's report thereon.

2. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

(a) **Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2016**

"That the Remuneration Report be adopted."

(b) **Resolution 2 – Re-election of a director**

"That Jonathan Hamer, being a director of the Company retiring by rotation in accordance with the Company's Constitution, being eligible and offering himself for re-election, be elected as a director of the Company."

(c) **Resolution 3 – Issue of Options to directors**

"That approval be given to the issue of options to directors under the Directors' Option Scheme on the following terms:

Resolution 3.1 Executive Director: Mr G Fethers be issued 500,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2019.

Resolution 3.2 Chairman: Mr J Hamer be issued 300,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2019.

Resolution 3.3 Non-executive Director: Mr A Griffin be issued 100,000 options with an exercise price of not less than 30% above the market value of the Company's shares at the time the options are issued and exercisable at any time until their expiry on 31 December 2019.

provided the minimum exercise price for any option issued under the Directors' Option Scheme in 2016 is 1 cent."

The Company will disregard any votes cast on Resolution 3 by any director and any associate of any director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. The Chairman intends to vote undirected proxies in favour of the resolution. If shareholders wish to give a proxy to the Chairman, but do not want the Chairman to vote in favour of the resolution to approve the issue of Options to Directors, they need to direct their proxy to vote against the resolution or to abstain.

(d) **Resolution 4 – Directors Fees – Election to pay by Share Issue**

"That approval be given to the issue to directors of up to a maximum of 8,000,000 RLC shares per annum in lieu of cash remuneration payable, such shares to be issued as fully paid at an issue price determined in accordance with the Explanatory Memorandum accompanying the Notice of this meeting."

www.reedylagoon.com.au

Suite 2, 337A Lennox Street, Richmond, Victoria, Australia Ph: (03) 8420 6280 Fax: (03) 8420 6299
Postal Address: P O Box 2236, Richmond South, VIC., 3121 Email: info@reedylagoon.com.au

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The Company will disregard any votes cast on Resolution 3 by any director and any associate of any director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides. The Chairman intends to vote undirected proxies in favour of the resolution. If shareholders wish to give a proxy to the Chairman, but do not want the Chairman to vote in favour of the resolution to approve the issue of Shares to Directors, they need to direct their proxy to vote against the resolution or to abstain.

A form of proxy accompanies this Notice of Meeting.

By Order of the Board
G Fethers
COMPANY SECRETARY

Dated: 24 October 2016.

The accompanying Explanatory Statement of 2 pages forms part of this Notice of Meeting and should be read by members before making a decision with respect to the resolutions.

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EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Reedy Lagoon Corporation Limited (the “**Company**”) in connection with the business to be conducted at the Annual General Meeting to be held on 23 November 2016 commencing at 10.00 am.

2(a) RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2016

Consistent with section 250R of the Corporations Act, the Company submits to shareholders for consideration and adoption by way of a non-binding resolution its Remuneration Report for the year ended 30 June 2016. At the meeting there will be opportunity for discussion of the report.

The Remuneration Report can be found on page 13 of the Annual Report within the section headed Directors' Report, which deals with the remuneration of directors and executives of the Company.

A Remuneration Report includes:

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

The directors recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution. If shareholders wish to give a proxy to the Chairman, but do not want the Chairman to vote in favour of the resolution to approve the Remuneration Report, they need to direct their proxy to vote against the resolution or to abstain.

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

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

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

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

Approval of holders of ordinary shares is sought for the issue of options to directors as required by ASX Listing Rule 10.14.

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

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The market value of the shares for the purpose of calculating the option exercise price is the average of the closing prices for the 20 days on which the shares traded on ASX preceding the date on which shareholders give their approval to the issue of the options. The options will be issued within one month of the date their issue is approved.

Any options approved to be issued by shareholders at the 2016 Annual General Meeting will be issued with an exercise price not less than 1 cent per share. Securities issued under the Directors' Option Scheme since the previous Annual General Meeting, being the date of the last approval, are:

	Number of options	Exercise price	Expiry date
J Hamer	300,000	\$ 0.011	31/12/2018
G Fethers	500,000	\$ 0.011	31/12/2018
A Griffin	100,000	\$ 0.011	31/12/2018

Messrs J Hamer, G Fethers and A Griffin are the people entitled to participate in the scheme and are excluded from voting.

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

2(d) RESOLUTION 4 - PROPOSED SETTLEMENT OF DIRECTOR FEES BY SHARE ISSUE

Approval of holders of ordinary shares is sought for the issue of shares to directors as required by ASX Listing Rule 10.14.

In order to conserve cash it is proposed that Directors be permitted to elect to be issued fully paid shares in the Company in lieu of cash payment of directors' fees and salaries payable to them, as was done last year. This resolution does not propose any change in the current level of directors' fees or salaries. It just provides the ability for directors to elect to receive some or all of the remuneration due to them in the form of RLC shares at market value.

The market value of a share issued in lieu of cash remuneration will be determined as the VWAP (Volume weighted average price) of RLC shares traded on ASX on the 5 days on which the shares traded on ASX most closely preceding the month in which the election to receive shares is made.

Shares will be issued on or about the date directors' fees are paid on a quarterly basis, but the board may defer issue to a later date, in which case the number of shares to be issued will be calculated by reference to the market price formula as at the date of issue. By way of example the board may defer the issue of shares in order to reduce ASX listing application fees otherwise payable for each issue. The board may also defer issuance to reflect the Company's share trading policy. In any event, the shares will be issued no later than 12 months after the meeting.

The ability to elect will be limited such that the total number of shares issued to directors in settlement of fees and salaries will not exceed 8,000,000 per annum.

The shares which were issued to Directors in lieu of cash payment of directors fees and salaries payable to them since the last approval are:

	Number of shares	Amount of cash payment forgone	Average price per share (cents)	Issue prices per share (cents)
J Hamer	nil	nil	NA	NA
G Fethers	nil	nil	NA	NA
A Griffin	nil	nil	NA	NA

Messrs J Hamer, G Fethers and A Griffin are the people entitled to participate in the scheme and are excluded from voting. As the directors potentially stand to gain an economic benefit upon being issued the Shares and are personally interested in the matter, each declines to make a recommendation.



LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Reedy Lagoon Corporation Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Reedy Lagoon Corporation Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Wednesday, 23 November 2016 at Suite 2, 337a Lennox Street, Richmond, Victoria (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	☐	☐	☐	3.3 Issue of Options to a director – A Griffin	☐	☐	☐
2 Re-election of a Director Mr Jonathan Hamer	☐	☐	☐	4 Directors Fees – Election to pay by Share Issue	☐	☐	☐
3.1 Issue of Options to a director – G Fethers	☐	☐	☐				
3.2 Issue of Options to a director – J Hamer	☐	☐	☐				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 21 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Reedy Lagoon Corporalation Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**