



QUARTERLY REPORT TO SHAREHOLDERS JUNE 2003 QUARTER

Exploration Activities

Edward Creek Project (SA) _____ ELs 2622, 2755, 2892 & 2943 (1,815 sq km) 100% RLC

Diamonds: 49 potential kimberlite targets have been identified during previous report periods. 9 of these were prioritised for further work with an additional 9 secondary targets selected for subsequent follow up. Targets incorporated in a planned drill programme lodged with the Mines Department during the quarter are: WK09, 16, 19, 20, 21, 43, 57, 58, 59. Selection criteria included: location relative to surface distribution of Diamond Indicator Minerals (DIMs) (includes over 5,000 picrolmenite grains, over 200 pyrope garnet grains and 9 macro diamonds) and a combination of photo and geophysical data interpretation. The kimberlite targets range in size from 4 ha to over 50 ha based on geophysical data, whilst photo features associated with some of these geophysical anomalies range up to 80 ha.

Copper/Gold: **Edward Creek Base Metal Joint Venture ("ECBMJV")** RLC: 20% free carried
Drilling is expected to commence at the Herakleion prospect in the September quarter. Approvals and land owner notifications commenced. The planned drilling will investigate for "Olympic Dam" style mineralization associated with defined gravity anomalies. Costs of the drill programme – capped at \$125,000, will be borne by the incoming parties.

\$9,288

Reedy Lagoon Project (SA) _____ EL 2798 (445 sq km) RLC 100%

Diamonds: No work was conducted during the report period. Expenditure relates to tenement renewal fees. 4 kimberlite targets have been prioritised for further investigation as reported previously. The presence of kimberlite is supported by numerous Diamond Indicator Mineral grains (including over 200 pyrope garnets) and 2 macro diamonds. Heritage clearance surveys need to be conducted to enable drilling to proceed.

\$1,625

Jericho Project (VIC) _____ EL 3208 (28 sq km) RLC 100%

Platinum, Copper-Nickel, Gold : Poole River Prospect: Magnetic & radiometric data were re-compiled and interpreted to optimize drill site selection. Clearances and approvals for a single hole (diamond) were initiated and a site visit investigated potential drill sites. Drilling is planned to investigate the 5,500 m long Poole River magnetic anomaly.

Gold: Victor Prospect: No exploration during quarter. Drilling is planned to investigate structural targets within a quartz reef system.

\$9,174

Chiltern Project (VIC) _____ ELs 3032, 3281, 3376 (237 sq km) RLC 100%

Gold: Magnetic & radiometric data from recent government surveys were processed and interpreted. Flora and fauna surveys are planned to enable infill IP survey and drilling at the Caledonian prospect. The target at this prospect is an IP anomaly in an area from which sandstone & siltstone float samples assaying up to 110 g/t gold have been recovered.

\$8,500

New Project Development

\$ nil

TOTAL Expenditure on exploration for the quarter was: \$ 28,587

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Corporate

Total issued capital at 30/06/03:

Shares	22,593,835	
Options	2,150,000	50 c exp 31/12/03
Options	1,200,000	50 c exp 31/12/04
Options	1,200,000	50 c exp 31/12/05

In addition to the issued securities, the Company has agreed to issue 900,000 options with an exercise price of 30 cents and with similar terms and conditions as options to be issued under a prospectus at or about the date (if any) that RLC is listed on the ASX.

During the quarter 594,000 shares were issued as follows:

94,000 shares @ \$0.175 per share (\$16,450 - cash) (under Offer Information Statement dated 24/12/02)
500,000 shares @ \$0.175 per share (\$87,500 - non-cash) as part consideration for acquisition of EL 3376.

Finance

A summary of the operating results for quarter and financial position at 30 June 2003 is as follows:-

	\$
Operating Expenditure during the period:	
Non – exploration expenditure : general (administration, overheads)	16,390
Exploration expenditure :	28,587
Interest (Income)	(410)
	<hr/>
	\$44,567
	<hr/> <hr/>
Financial position (see attached financial statements for details)	
Assets	
Cash at bank	\$3,910
Term Deposits (supporting bonds lodged against exploration licences)	\$45,000
Outstanding liabilities (excluding GST)	
Accounts Payable	nil
Current loans (from director related parties -repayment is deferred by agreement)	\$65,543
Non-current loans (from director related parties -repayment is deferred by agreement)	\$324,823

Summary & notes:

Highlights for the quarter were:

- executing the Edward Creek Base Metals Joint Venture (ECBMJV) letter agreement and
- reaching agreement with Providence Gold & Minerals Pty Ltd for the acquisition by RLC of EL 3766.

Under the terms of the ECBMJV drilling to test the potential for the Herakleion gravity anomaly to be caused by an "Olympic Dam" style copper-gold deposit will be funded by our joint venture partners. Drilling at Herakleion will commence as soon as drill contractors can be arranged. More information describing this joint venture are provided on a sheet accompanying this report.

The acquisition of EL 3376 completes RLC's strategy to gain full ownership of the tenements (covering 237 sq km) comprising the Chiltern Gold project in northern Victoria. Renewals for the Chiltern tenements are in progress and are expected to be completed in time to enable drilling to commence this summer. The potential for Chiltern is demonstrated by the past alluvial mining from the Chiltern Goldfield. An estimated one million ounces of gold was recovered from extensive buried river systems throughout the area. Importantly, whilst no primary source to this alluvial gold was identified, fine grained gold particles were identified in abundant nodules and "pebbles" found in the buried river channels. RLC's objective at Chiltern is to identify the source to these nodules and "pebbles" as such a source may also be the source of the previously mined alluvial gold. RLC is using geophysics to identify drill targets under shallow alluvial cover adjacent to areas known to have produced abundant gold bearing nodules or "pebbles".

The Company continues its efforts to raise working capital to enable it to drill test additional existing projects (\$395,000), to fund 12 months overheads (\$135,000) and to repay current loans (\$65,543).

G.H. Fethers
Managing Director
July, 2003

For further information, please contact:
Geof Fethers. Telephone: (03) 8420 6280
or visit www.reedy.lagoon.com.au

REEDY LAGOON CORPORATION LTD

ACN 006 639 514

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

		\$
Current Assets		
Cash	1	48,910
Receivables	2	1,031
Total Current Assets		<u>49,941</u>
Exploration Properties	3	980,568
Total Assets		<u>1,030,509</u>
Current Liabilities		
Accounts Payable	4	2,920
Borrowings - Related Parties	5	390,366
Total Current Liabilities		<u>393,286</u>
Total Liabilities		<u>393,286</u>
Net Assets		<u><u>637,223</u></u>
Equity		
Contributed Capital	6	7,065,957
Accumulated losses		(6,428,733)
Total Equity		<u><u>637,224</u></u>

Note 1 - Cash

Cheque Account	3,910
RLC Bonds (Term Deposits)	45,000
	<u>48,910</u>

Note 2 - Receivables

ASX Refund	-
GST Refundable	1,031
	<u>1,031</u>

Note 3 - Exploration Properties

Exploration Licences - at fair value on acquisition of Osprey	893,068
Exploration Licences - at cost of acquisition	87,500
	<u>980,568</u>

Note 4 - Accounts Payable

Trade Creditors	-
Audit Fees Accrued	2,500
Other Accruals	420
	<u>2,920</u>

Note 5 - Loans from Related Party

Chromite Pty Ltd	299,418
Cropten Pty Ltd	73,948
Geophysical Exploration Consultants Pty Ltd	17,000
	<u>390,366</u>

Note 6 - Contributed Capital

Contributed Capital at Beginning of the Period	6,253,256
Issued Amounts (1)	812,701
Issue costs	-
	<u>7,065,957</u>

(1) issued 4,050,005 shares at 17.5 cents p.s in consideration for all share capital of Osprey Gold NL

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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	June-03 (quarter)	Year to Date (2002/03)
	\$	\$
Revenue from ordinary activities	410	4,354
Expenses related to ordinary activities		-
Administration expense	(16,015)	(66,859)
Exploration expenses	(28,516)	(78,148)
Other expenses from ordinary activities	(446)	(26,415)
	<u>(44,567)</u>	<u>(167,068)</u>
Loss from ordinary activities before income tax	(44,567)	(167,068)
Income tax expenses relating to ordinary activities	-	-
	<u>(44,567)</u>	<u>(167,068)</u>
Net Loss	(44,567)	(167,068)
Attributable to Monority Interests		1,605
	<u>(44,567)</u>	<u>(165,463)</u>
Net Loss attributable to members of Reedy Lagoon	(44,567)	(165,463)
Other revenues, expenses and valuation adjustments recognised directly in equity	-	-
	<u>-</u>	<u>-</u>
Total change in equity other than those resulting from transactions with owners as owners recognised directly in equity	<u>(44,567)</u>	<u>(165,463)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	June-03 (quarter)	Year to Date (2002/03)
Cashflows from operating activities		
Receipts from Debtors	175	35,706
Payments to suppliers and employees	(15,390)	(128,578)
Payments for exploration expenditures	(30,783)	(83,913)
Interest received	410	4,354
Interest Paid	(79)	(88)
	<u>(45,667)</u>	<u>(172,519)</u>
Net cash provided by operating activities	(45,667)	(172,519)
Cash flows from investing activities		
Arising from (used in) purchase of subsidiaries	10	10
	<u>10</u>	<u>10</u>
Net Cash provided by investing activities	10	10
Cash flows from financing activities		
Proceeds from share issue	16,450	16,450
Costs of share issue	-	-
Proceeds from Loans	32,509	63,432
	<u>48,959</u>	<u>79,882</u>
Net cash provided by financing activities	48,959	79,882
Net increase/(decrease) in cash held	3,302	(92,627)
Cash at the beginning of the period	45,608	141,537
	<u>45,608</u>	<u>141,537</u>
Cash at the end of the period	<u><u>48,910</u></u>	<u><u>48,910</u></u>



**Edward Creek Base Metal Joint Venture (ECBMJV)
30/6/03**

Drilling is set to commence at the Herakleion “Olympic Dam” type copper-gold target under the terms of an agreement dated 30/6/03.

Redport Limited and three other parties, have entered an agreement which provides them with an option to earn an 80% interest in the ECBMJV.

RLC will retain a 20% interest in the ECBMJV which is free carried to completion of a bankable feasibility study. RLC will also receive quarterly cash payments of \$30,000 commencing 6 months after the results of the planned drilling have been received should Redport and the other parties decide to continue.

RLC retains 100% interest in diamonds, other than diamond resources discovered by the ECBMJV whilst drilling base metal targets, in the Edward Creek project and diamond exploration will continue independently of the Edward Creek Base Metal Joint Venture. Diamond resources discovered by the ECBMJV whilst drilling base metal targets will become property of the ECBMJV.

The Herakleion prospect principally comprises an Olympic Dam target defined by:

- ground gravity survey which has elevated a regional gravity anomaly to drill status
- surface copper and rare earth mineralization recovered by sampling
- adjacent prospecting/mining pits which contain copper-gold-uranium mineralization
- located approximately 250 km north west from the Olympic Dam Mine and in a structural setting which has many similarities to the Olympic Dam Mine including:
 - both are located adjacent to and west of the Torrens Hinge Zone
 - both are located within south–west trending splay faults (interpreted from gravity data) from the Torrens Hinge Zone
 - both are located within WNW trending tectonic corridors.

The joint venture partners comprising the ECBMJV, in addition to Reedy Lagoon, are:

Redport Limited (formerly Minotaur Gold Limited) – www.redport.com

Axburgh Pty Ltd

Jagen Pty Ltd

Sked Pty Ltd

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