



REPORT TO SHAREHOLDERS SEPTEMBER & DECEMBER 2003 QUARTERS

Exploration Activities

Edward Creek Project (SA) _____ ELs 2622, 2755, 2892 (1,753 sq km) 100% RLC

Diamonds: Mud drilling was conducted at 2 potential kimberlite targets (WK16 & WK57).

- 4 mud holes; for total 359.8 metres
- 32 samples of drill cuttings were submitted for examination for DIMs

Surface samples were collected from 3 potential kimberlite targets (WK09, WK58, WK59).

- 5 sediment samples were submitted for examination for DIMs
- 1 rock sample was submitted for petrological study.

Sep \$ 4,867 Dec \$52,101

Copper/Gold: **Edward Creek Base Metal Joint Venture ("ECBMJV")** RLC: 20% free carried

Diamond drilling was conducted at the Herakleion prospect.

- 2 diamond holes (HD01 and HD02) were completed for a total of 469.6 metres
- 150 core chip samples were submitted for assay
- 18 core sections were submitted for density analysis

(Exp by Joint Venture Partners: Sep \$ nil Dec \$74,639)

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

Diamonds: No work was conducted during the report period. Expenditure relates to tenement reporting.

4 kimberlite targets have been prioritised for further investigation as reported previously.

Heritage clearance surveys need to be conducted to enable drilling to proceed.

Sep \$ 162 Dec \$ 884

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. Work continued on gaining the necessary clearances and approvals for a single hole (diamond). 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.

Sep \$3,394 Dec \$ 947

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

Gold: Work continued on gaining the necessary clearances and approvals to implement an RC drill programme to investigate an IP anomaly in an area from which sandstone & siltstone float samples assaying up to 110 g/t gold have been recovered.

Sep \$5,081 Dec \$ 275

New Project Development

\$ nil

	RLC	JV Partners
TOTAL Expenditures on exploration for the quarters were:		
Sep: \$ 13,504		nil
Dec: \$ 54,207		\$74,639

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
A.C.N. 006 639 514

Issued Securities

at 31/12/03:

Shares	23,320,501	
Options	2,150,000	50 c exp 31/12/03
Options	900,000	30 c exp 30/09/04
Options	1,200,000	50 c exp 31/12/04
Options	1,200,000	50 c exp 31/12/05
Options	333,333	30 c exp 30/11/06

During the quarter 726,666 shares and 1,233,333 options were issued as follows:

- 60,000 shares @ \$0.175 per share (\$10,500 - cash) (under Offer Information Statement dated 24/12/02)
- 666,666 shares @ \$0.15 per share (\$100,000 - cash)
- 333,333 options - issued free to the subscriber of \$100,000
- 900,000 options - issued to satisfy an agreement to issue 900,000 options at a future date which was previously to be determined by the Company becoming listed on the ASX.

Finance

A summary of the operating results for the Dec half and financial position at 31 December 2003 is as follows:-

	\$
Operating Expenditure during the 6 month period:	
Non – exploration expenditure : general (administration, overheads, promotion, office)	37,282
Exploration expenditure (by RLC) :	67,711
Interest (Income)	(1,172)
	<hr/>
	\$103,821
	<hr/> <hr/>
Financial position (see attached financial statements for details)	
Assets	
Cash at bank	\$32,540
Term Deposits (supporting bonds lodged against exploration licences)	\$45,000
Outstanding liabilities (excluding GST)	
Accounts Payable (excluding amounts owing to director related parties which are included in "loans")	nil
Current loans (from director related parties -repayment is deferred by agreement)	\$ 98,430
Non-current loans (from director related parties -repayment is deferred by agreement)	\$324,823

Summary & notes:

Highlights for the quarter were:

- Drill programmes at:
 - Copper-gold target by the Edward Creek Base Metal Joint Venture (ECBMJV), and
 - Diamond targets – also located on the Edward Creek project.

Subsequent to the end of the period results were received for samples from the ECBMJV drilling. An 80 metre intersection of basement rocks in HD02 (Herakleion) includes assays which are weakly anomalous in Cu, U, LREE (Ce & La), F, Ba and Co. Enrichment in these elements, plus Fe, Au and Au, characterises the mineralization present in the Olympic Dam mine breccias located some 250 km to the south of Herakleion. This provides encouraging evidence that similar mineralization to that which is present at the Olympic Dam mine may be present at Herakleion. Analysis of rocks from the drilling, including 9 samples from the basement sequence, did not identify any rocks with densities high enough to explain the Herakleion gravity anomaly. This indicates that other more dense rocks remain undetected. Further work is planned.

Encouraging results have also recently been received from the diamond exploration conducted during the report period. Probable Diamond Indicator Minerals (DIMs) have been identified in 4 of the 5 sediment samples collected. Results from the drilling were expected in February.

G.H. Fethers
Managing Director
February, 2004

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

REEDY LAGOON CORPORATION LTD

ACN 006 639 514

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2003

		\$
Current Assets		
Cash	1	77,540
Receivables	2	6,250
Prepayments		4,060
Total Current Assets		<u>87,850</u>
Exploration Properties	3	-
Total Assets		<u>87,850</u>
Current Liabilities		
Accounts Payable	4	420
Borrowings - Related Parties	5	424,978
Total Current Liabilities		<u>425,398</u>
Total Liabilities		<u>425,398</u>
Net Assets		<u>(337,548)</u>
Equity		
Contributed Capital	6	7,176,457
Accumulated losses		(7,514,005)
Total Equity		<u>(337,548)</u>

Notes:**Consolidated Entity:-**

The consolidated entity includes Reedy Lagoon Corporation Limited and its wholly owned subsidiary Osprey Gold NL.

Note 1 - Cash

Cheque Account	32,540
RLC Bonds (Term Deposits)	45,000
	<u>77,540</u>

Note 2 - Receivables

GST Refundable	6,250
	<u>6,250</u>

Note 3 - Intangibles

Goodwill on acquisition of controlled entity	892,769
Goodwill written - off	(892,769)
	<u>-</u>

Note 4 - Accounts Payable

Trade Creditors	-
Audit Fees Accrued	-
Other Accruals	420
	<u>420</u>

Note 5 - Loans from Related Party

Chromite Pty Ltd	325,955
Cropten Pty Ltd	82,023
Geophysical Exploration Consultants Pty Ltd	17,000
	<u>424,978</u>

Note 6 - Contributed Capital

Contributed Capital at Beginning of the Period	7,065,957
Issued Amounts (1)	110,500
Issue costs	-
	<u>7,176,457</u>

(1) issue for cash of 666,666 shares at 15 cents and 60,000 shares at 17.5 cents p.s

REEDY LAGOON CORPORATION LTD

ACN 006 639 514

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

	Year to Date
	\$
Revenue from ordinary activities	1,172
Expenses related to ordinary activities	
Administration expense	(29,072)
Exploration expenses	(66,400)
Other expenses from ordinary activities	(5,598)
	<hr/>
Loss from ordinary activities before income tax	(99,898)
Income tax expenses relating to ordinary activities	-
	<hr/>
Net Loss attributable to members of Reedy Lagoon	(99,898)
Other revenues, expenses and valuation adjustments recognised directly in equity	-
	<hr/>
Total change in equity other than those resulting from transactions with owners as owners recognised directly in equity	(99,898)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

	Year to Date
	\$
Cashflows from operating activities	
Receipts from Debtors	1,331
Payments to suppliers and employees	(84,363)
Interest received	1,172
Interest Paid	-
	<hr/>
Net cash provided by operating activities	(81,860)
	<hr/>
Cash flows from investing activities	
Net Cash provided by investing activities	-
	<hr/>
Cash flows from financing activities	
Proceeds from share issue	110,500
Costs of share issue	-
Proceeds from Loans	-
	<hr/>
Net cash provided by financing activities	110,500
	<hr/>
Net increase/(decrease) in cash held	28,640
Cash at the beginning of the period	3,900
	<hr/>
Cash at the end of the period	32,540