



REPORT TO SHAREHOLDERS MARCH 2004 QUARTER

Exploration Activities

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

Diamonds: Possible Diamond Indicator Minerals (DIMs) were recovered from:

- both potential kimberlite targets (WK16 & WK57) drilled during the previous quarter, and
- the surface samples from targets WK58 & WK59 collected during the previous quarter
 - microprobe analysis of the possible DIMs recovered was in progress.

Exploration expenditure: \$25,947

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

Analysis of core samples from the drilling conducted during the previous quarter continued (diamond holes : HD01 and HD02). Results received during the period included:

- elevated Cu, U, LREE, F, Ba and Co were identified by assay
- none of the 18 core sections submitted for density analysis during the previous quarter returned any density measurements capable of causing the Herakleion gravity anomaly.

The trace mineralization identified in the rocks assayed provides further evidence that Herakleion may be associated with "Olympic Dam" style mineralization. The absence of high density material (sufficient to explain the Herakleion gravity anomaly) is interpreted to mean that the current drilling has not intersected the target rocks. Work programmes incorporating detailed gravity surveying and drilling were developed.

Expenditure by Joint Venture Partners: \$19,037

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.

Exploration expenditure: \$ 141

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

Platinum, Copper-Nickel, Gold : All clearances to commence drilling at the Poole River Prospect were obtained and drilling was scheduled to commence in the June quarter.

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

Exploration expenditure: \$ 3,388

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.

Exploration expenditure: \$ 1,275

New Project Development _____ \$ nil

TOTAL Expenditures on exploration for the quarter :	\$ 30,751	RLC JV Partners	\$19,037
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 A.C.N. 006 639 514

Issued Securities

at 31/03/04:

Shares	23,320,501	
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
Options	1,200,000	50 c exp 31/12/06

During the quarter 1,200,000 options were issued in accordance with the Directors' Option Scheme and as approved by members of the Company at the Annual General Meeting held on 30/10/03.

Finance

A summary of the operating results for the March quarter and financial position at 31 March 2004 is as follows:-

	\$
Operating Expenditure during the 3 month period:	
Non – exploration expenditure : general (administration, overheads, promotion, office)	13,225
Exploration expenditure (by RLC) :	30,751
Interest (Income)	(733)
	<hr/>
	\$43,243
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Financial position (see attached financial statements for details)	
Assets	
Cash at bank (including GST adjustment)	\$10,889
Term Deposits (supporting bonds lodged against exploration licences)	\$50,000
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)	\$116,857
Non-current loans (from director related parties -repayment is deferred by agreement)	\$324,823

Summary & notes:

Highlights for the quarter were:

- Identifying many of the key elements which characterize "Olympic Dam" style mineralization in samples from the recent drilling at Herakleion
 - the ECBMJV parties have committed to the next phase of exploration at Herakleion.
- Recovering numerous possible DIMs from the drill and surface samples collected in the previous period at the Edward Creek Diamond project.
- Gaining all clearances necessary to drill test the enormous Poole River Cu-Ni-PGM / Au target.

The positive exploration results are encouraging. Success at any of these projects holds potential to dramatically increase the value of the Company.

Work programmes for continued investigations at the Herakleion gravity anomaly were generated during the report period. A detailed gravity survey covering 7 km x 10 km with sampling on a 200 m x 200 m grid was planned. This survey has since commenced and results are expected in late May. The data recovered will provide better definition of the gravity target being investigated and provide data on which to base subsequent drilling.

The significance of the results from the diamond exploration cannot be assessed until microprobe analysis has been completed. However, the recovery of grains which microscopic studies have identified as holding potential to be DIMs is highly encouraging.

Drilling the Poole River anomaly is another major undertaking for the Company. The potential of the 5.5 kilometre long target to be associated with copper, nickel, platinum and gold is to be tested in the June quarter. An 800m diamond hole is planned. Funding was being sought by private placements of shares and joint venture arrangements.

G.H. Fethers
Managing Director
April, 2004

For further information, please contact:
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or visit www.reedyagoon.com.au

REEDY LAGOON CORPORATION LTD

ACN 006 639 514

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2004

		\$
Current Assets		
Cash	1	58,310
Receivables	2	2,579
Prepayments		-
Total Current Assets		<u>60,889</u>
Investments - Subsidaires : Osprey		
Exploration Properties	3	-
Total Assets		<u>60,889</u>
Current Liabilities		
Accounts Payable	4	420
Borrowings - Related Parties	5	441,260
Total Current Liabilities		<u>441,680</u>
Total Liabilities		<u>441,680</u>
Net Assets		<u>(380,791)</u>
Equity		
Contributed Capital	6	7,176,457
Accumulated losses		<u>(7,557,248)</u>
Total Equity		<u>(380,791)</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	8,310
RLC Bonds (Term Deposits)	50,000
	<u>58,310</u>

Note 2 - Receivables

GST Refundable	2,579
	<u>2,579</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	338,970
Cropten Pty Ltd	85,290
Geophysical Exploration Consultants Pty Ltd	17,000
	<u>441,260</u>

Note 6 - Contributed Capital

Contributed Capital at Beginning of the Period	7,176,457
	<u>7,176,457</u>

REEDY LAGOON CORPORATION LTD

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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE NINE MONTHS ENDED 31 MARCH 2004

	March Qtr	Year to Date
	\$	\$
Revenue from ordinary activities	733	1,905
Expenses related to ordinary activities		
Administration expense	(8,912)	(37,984)
Exploration expenses	(30,751)	(97,151)
Other expenses from ordinary activities	(4,313)	(9,911)
	<u>(43,243)</u>	<u>(143,141)</u>
Loss from ordinary activities before income tax expense	(43,243)	(143,141)
Income tax expenses relating to ordinary activities	-	-
	<u>-</u>	<u>-</u>
Net Loss attributable to members of Reedy Lagoon	(43,243)	(143,141)
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>(43,243)</u>	<u>(143,141)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 MARCH 2004

	March Qtr	Year to Date
	\$	\$
Cashflows from operating activities		
Receipts from Debtors		1,331
Payments to suppliers and employees	(19,963)	(104,326)
Interest received	733	1,905
Interest Paid		
	<u>(19,230)</u>	<u>(101,090)</u>
Net cash provided by operating activities	<u>(19,230)</u>	<u>(101,090)</u>
Cash flows from investing activities		
Net Cash provided by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from share issue		110,500
Costs of share issue		
Proceeds from Loans		
	<u>-</u>	<u>110,500</u>
Net cash provided by financing activities	<u>-</u>	<u>110,500</u>
Net increase/(decrease) in cash held	(19,230)	9,410
Cash at the beginning of the period	<u>32,540</u>	<u>3,900</u>
Cash at the end of the period	<u>13,310</u>	<u>13,310</u>