

REEDY



LAGOON
CORPORATION LTD

REPORT TO SHAREHOLDERS SEPTEMBER 2004 QUARTER

Exploration Activities

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

Diamonds: No field work was undertaken. Work planned includes:

- Ground gravity surveys at 3 locations, covering current targets: WK16; WK57 and including the Gauntlet; and WK58, WK59.
- Drilling at potential kimberlite targets: WK16; WK57, WK58, WK59 and any additional targets which may be upgraded by the planned gravity surveys.

Exploration expenditure: \$ 3,897

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

No field work was undertaken. A drill rig was booked but unavailable to commence drilling during the quarter. Planned drilling includes:

- extend diamond hole HD-02 to 600 metres depth (HD-02 was drilled to 400 meters in 2003)
- Drilling is expected to recommence at Herakleion in the September Quarter.

Expenditure by Joint Venture Partners: \$ 49

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

Diamonds: No ground work was conducted during the report period. Expenditure relates to report writing.

Exploration expenditure: \$ 1,019

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

Poole River Prospect:

Diamond drill hole DP-0, drilled during the previous period, was logged and samples were despatched for assay.

Petrological study of selected samples from the drill core identified fine grained pyrrhotite mineralisation (a weakly magnetic iron sulphide – FeS). The mineralisation is disseminated and estimated to comprise approximately 4% of the rock. Preliminary investigations suggest it occurs over the down hole depth interval from 237 metres to end of hole at 479.7 metres which corresponds with the position of the interpreted source for the body causing the magnetic anomaly at Poole Gully.

Exploration expenditure: \$ 10,573

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 (reverse circulation) drilling 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: \$ 1,025

New Project Development (NSW) _____ RLC 100%

Exploration expenditure: \$ 350

RLC JV Partners

TOTAL Expenditures on exploration for the quarter : \$ 16,863 \$ 49

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Issued Securities

at 30/09/04:

Shares	23,823,833	
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 333,332 shares were issued at an issue price of \$0.15 per share (\$50,000) and 900,000 options to purchase shares at \$0.30 expired without being exercised.

Finance

A summary of the operating results for the September quarter and financial position at 30 Sep 2004 is as follows:-
\$

Operating (Income) Expenditure during the 3 month period:

Non – exploration expenditure : general (administration, overheads, promotion, office)	14,129
Exploration expenditure (by RLC) :	16,683
ECBMJV payment	(30,000)
Interest (Income)	(671)
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	\$ 141

Financial position

Assets

Cash at bank (including GST adjustment)	\$20,894
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")	\$7,933
Current loans (from director related parties -repayment is deferred by agreement)	\$170,092
Non-current loans (from director related parties -repayment is deferred by agreement)	\$344,932

Summary & notes:

Highlights for the quarter were:

- Identifying pyrrhotite mineralization in drill core from the Poole River target in sufficient quantities to be the likely cause of the magnetic anomaly being investigated.

G.H. Fethers
Managing Director
March, 2005

For further information, please contact:
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