

REEDY



LAGOON
CORPORATION LTD

REPORT TO SHAREHOLDERS MARCH 2005 QUARTER

Exploration Activities

Edward Creek (incl. Balta) Project (SA) ELs 2622, 2755 (737 sq km) 100% RLC

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

- Gravity surveys covering current targets: WK16; WK57; the Gauntlet; WK58; and WK59.
- Drilling at potential kimberlite targets as modified by the planned gravity surveys.

Project review resulted in the relinquishment of EL 2892.

Exploration expenditure: \$ 2,550

Edward Creek Base Metal Joint Venture ("ECBMJV") (SA) EL 2622 RLC: 20% free carried

Copper/Gold: The ECBMJV parties approved the following planned diamond drill programme as the next stage of exploration of the Herakleion "Olympic Dam" target:

- extend HD-03 from 412.7 metres to 850 metres (Target Area 2)
- new diamond hole from surface to 850 metres to test Target Area 1
- new diamond hole from surface to 850 metres to test Target Area 3

Expenditure by Joint Venture Partners (relates to work reported in Dec qrt): \$ 21,534

Reedy Lagoon Project (SA) EL 2798 (0 sq km)

Diamonds: Project review resulted in termination of the project & relinquishment of EL 2798

Exploration expenditure: \$ nil

Jericho Project (VIC) - Poole River Prospect EL 3208 (20 sq km) RLC 100%

Gold: Rock chip sampling during the report period did not recover anomalous metals from the Enoch's Point Thrust Zone where it outcrops in a cutting near the PD-01 site.

Further drilling (diamond) is planned to test the zone of intersection between the pyrrhotite rich siltstone/mudstone identified in PD-01 and the underlying Enoch's Point Thrust Zone. PD-01 is drilled to a down hole depth of 479.7 metres, capped and cased to 60 metres. Re-entry and extension to 630 metres down hole is planned.

Exploration expenditure: \$ 2,500

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

Gold: All tenements were renewed opening the way to recommencement of exploration at this project.

- An environmental management plan was prepared and submitted to Parks Victoria for approval. Work planned includes:
 - infill IP survey lines at the Caledonian Prospect to assist in siting drill holes, and
 - diamond drilling at 2 IP targets and a soil geochemical anomaly (elevated arsenic).

The drilling seeks to identify the source of gold bearing sandstone & siltstone samples which have been recovered from the prospect and reported previously, these include assays up to 110 g/t gold.

Exploration expenditure: \$ 5,979

Diptank Joint Venture (NSW) EL 6202 (14.7 sq km) RLC 85%

Copper/Gold: A new joint venture was commenced on 10/01/05 which enables the Company to gain equity in a potential porphyry copper-gold prospect located in the NSW portion of the Lachlan Fold Belt.

Exploration expenditure: \$ 5,288

New Project Development (VIC - NSW) Exploration expenditure: \$ 313

RLC **JV Partners**
TOTAL Expenditures on exploration for the quarter : \$ 16,629 \$ 21,534

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 31/03/05:

Shares	23,823,833	
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
Options	1,300,000	50 c exp 31/12/07

Finance

A summary of the operating results for the March quarter and financial position at 31 March 2005 is as follows:-
\$

Operating (Income) Expenditure during the 3 month period:

Non – exploration expenditure : general (audit, insurance, admin, overheads, promotion, office)	9,845
Exploration expenditure (by RLC) :	16,629
ECBMJV payment (next payment is due 4 days after the commencement of the Herakleion drilling programme)	nil
Interest (Income)	(805)
	<u>\$ 25,669</u>

Financial position (see attached financial statements for details)

Assets

Cash at bank (including GST adjustment)	\$14,255
Term Deposits (supporting bonds lodged against exploration licences)	\$50,000
Loan (over payment to creditor)	\$684

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)	\$64,879
Non-current loans (from director related parties -repayment is deferred by agreement)	\$478,597

Summary & notes:

In February we received notification that our Chiltern tenements had been renewed. The Chiltern Gold Project has potential to provide Victoria with a new style of gold mineralization - a fine grained disseminated gold in sandstone style with potential to be highly economic to mine. The Chiltern Goldfield has produced a million ounces of gold from alluvial workings. The source to this gold has never been identified, although large quantities of gold bearing sandstone and siltstone was identified in the waste rock excavated from the deep leads by the alluvial miners. In an area from which a hundred tonnes of this gold bearing "waste rock" was recovered our past exploration has identified two IP anomalies which we have been seeking access to drill since 1998. The renewal of our tenements during the quarter paves the way for operations to recommence. Infill IP survey and subsequent drilling are planned.

The commencement of the Diptank JV is another highlight for the quarter. The exploration target at Diptank is a large porphyry copper-gold or an intrusion related gold mineralizing system. The target has been generated by our joint venture partner, Mr Colin Plumridge, who sampled an extensive region between Bourke and Cobar in NSW whilst working for North Broken Hill in the 1970's. Results from this sampling were re-assessed in 2002 when Colin noticed that a buried circular magnetic annulus in 1996 airborne magnetic data had anomalous geochemistry in its periphery. Drilling is planned to investigate the cause of the magnetic anomaly and to determine its potential to be associated with copper-gold mineralization.

A review of the Company's exploration development programme and projected operating costs identified capital requirements for 12 months operations as follows:

Exploration	\$425,000
Overheads and management	\$100,000.

Subsequent to the end of the report period discussions with stock brokers specializing in resource companies were initiated.

G.H. Fethers
Managing Director
May, 2005

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 MARCH 2005

		\$
Current Assets		
Cash	1	63,991
Receivables	2	<u>947</u>
Total Current Assets		<u>64,938</u>
Exploration Properties	3	<u>-</u>
Total Assets		<u>64,938</u>
Current Liabilities		
Accounts Payable	4	-
Borrowings - Related Parties	5	<u>543,475</u>
Total Current Liabilities		<u>543,475</u>
Total Liabilities		<u>543,475</u>
Net Assets		<u><u>(478,537)</u></u>
Equity		
Contributed Capital	6	7,251,957
Accumulated losses		<u>(7,730,494)</u>
Total Equity		<u><u>(478,537)</u></u>
Note 1 - Cash		
Cheque Account		13,991
RLC Bonds (Term Deposits)		<u>50,000</u>
		<u>63,991</u>
Note 2 - Receivables		
Sundry Debtor		683
GST Refundable		<u>264</u>
		<u>947</u>
Note 3 - Intangibles		
Goodwill on acquisition of controlled entity		892,769
Goodwill written - off		<u>(892,769)</u>
		<u>-</u>
Note 4 - Accounts Payable		
Trade Creditors		-
Audit Fees Accrued		-
Other Accruals		<u>-</u>
		<u>-</u>
Note 5 - Loans from Related Party		
Chromite Pty Ltd		395,176
Cropten Pty Ltd		102,768
Geophysical Exploration Consultants Pty Ltd		21,500
Directors		<u>24,031</u>
		<u>543,475</u>
Note 6 - Contributed Capital		
Contributed Capital at Beginning of the Period (1 Jan 05)		7,251,957
Issued Amounts during the period		-
Issue costs		<u>-</u>
		<u>7,251,957</u>

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 9 MONTHS ENDED 31 MARCH 2005

	March 2005 Qtr	Year to Date
	\$	\$
Revenue from ordinary activities	805	61,926
Expenses related to ordinary activities		
Administration expense	(8,931)	(35,413)
Exploration expenses	(16,629)	(45,115)
Other expenses from ordinary activities	(914)	(6,966)
Loss from ordinary activities before income tax expense	(25,669)	(25,568)
Income tax expenses relating to ordinary activities	-	-
Net Loss attributable to members of Reedy Lagoon	(25,669)	(25,568)
Other revenues, expenses and valuation adjustments recognised directly in equity	-	-
Total change in equity other than those resulting from transactions with owners as owners recognised directly in equity	(25,669)	(25,568)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9 MONTHS 31 MARCH 2005

	March 2005 Qtr	Year to Date
	\$	\$
Cashflows from operating activities		
Receipts from Customers	-	60,000
Payments to suppliers and employees	(28,821)	(83,869)
Interest received	805	1,926
Net cash provided by operating activities	(28,016)	(21,943)
Cash flows from investing activities	-	-
Net Cash provided by investing activities	-	-
Cash flows from financing activities		
Proceeds from share issue	-	50,000
Costs of share issue	-	-
Repayment of Loans	(8,000)	(88,000)
Proceeds from Loans	22,166	56,558
Net cash provided by financing activities	14,166	18,558
Net increase/(decrease) in cash held	(13,850)	(3,385)
Cash at the beginning of the period	77,841	67,376
Cash at the end of the period	63,991	63,991