



**REPORT TO SHAREHOLDERS
JUNE 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.

Exploration expenditure: \$ 1,144

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

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

- Drill (percussion/diamond) from surface to 850 metres to test Target Area 3
- subject to results, drill (perc/diam) from surface to 850 metres to test Target Area 1
- subject to results, extend HD-03 from 412.7 metres to 850 metres (Target Area 2)

Uranium: Uranium anomalies were identified by a study of available radiometric data. 8 of these were recommended for ground follow-up.

Expenditure by Joint Venture Partners: \$ 5,792

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

Gold: No field work was undertaken.

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: \$ 1,408

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

Gold: The environmental management plan and work plan submitted during the previous period were approved and registered paving the way to commence planned :

- 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: \$ 1,762

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: \$ 1,829

New Project Development (WA – Iron; NT - Uranium) Exploration expenditure: \$ nil

RLC	JV Partners
TOTAL Expenditures on exploration for the quarter :	\$ 6,143 \$ 5,792

Issued Securities

at 30/06/05:

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 June quarter and financial position at 30 June 2005 is as follows:-

	\$
Operating (Income) Expenditure during the 3 month period:	
Non-exploration expenditure : general (audit, insurance, admin, overheads, promotion, office)	22,004
Exploration expenditure (by RLC) :	6,143
ECBMJV payment (next payment is due 4 days after the commencement of the Herakleion drilling programme)	nil
Interest (Income)	(452)
	<u>\$ 27,695</u>
Financial position (see attached financial statements for details)	
Assets	
Cash at bank (including GST adjustment)	\$9,625
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")	\$5,500
Non-current loans (from director related parties -repayment is deferred by agreement)	\$560,256

Summary & notes:

The shortage of drill contractors has frustrated the Company's, and its joint venture partners', endeavours to continue its investigations into the causes of the gravity anomalies identified at the Herakleion prospect in the Edward Creek project. The "Olympic Dam" type (iron-oxide copper-gold-uranium) targets are well defined in detailed (200 m x 200 m grid) ground gravity data and well supported by surface mineralization, including small veins of high grade copper mineralization which was previously mined from shallow pits within a couple of kilometres distance from the current drill targets. The presence of gold and uranium mineralization associated with the copper mineralization in the pits left by the copper miners further supports the potential of the Olympic Dam type targets under investigation.

A two stage capital raising is underway. During the report period an Offer Information Statement ("OIS") was prepared and was lodged with ASIC on 1 July.

Seed capital is now being raised under the OIS which is offering shares 12.5 cents per share to raise \$700,000.

The second stage of the capital raising is proposed to be an IPO to raise \$5m. This is currently planned for March 2006 with shares being offered under the IPO at 20 cents each, although this figure may be revised in the event that positive results are achieved by exploration activities during the September and December quarters.

Subsequent to the end of the report period two new projects have been identified and tenements in WA and NT have been applied for. The target commodities at the WA tenement are iron, copper and gold. Anomalous uranium has been identified within the NT tenement application area.

G.H. Fethers
Managing Director
August, 2005

For further information, please contact:
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With respect to references to the current offer: the offers of the securities will be made in, or accompanied by, a copy of a disclosure document; and anyone wishing to acquire the securities will need to complete the application form that will be in or will accompany the disclosure document.

With respect to references to the planned IPO: RLC will be the offeror and fully paid shares will be offered. A disclosure document for the offer will be made available when the securities are offered. Anyone who wants to acquire the securities will need to complete the application form that will be in or will accompany the disclosure document.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

		\$
Current Assets		
Cash	1	59,344
Receivables	2	<u>281</u>
Total Current Assets		<u>59,625</u>
Total Assets		<u>59,625</u>
Current Liabilities		
Accounts Payable	3	5,500
Non Current Liabilities		
Borrowings – Related Parties	4	<u>560,256</u>
Total Liabilities		<u>565,756</u>
Net Assets		<u>(506,131)</u>
Equity		
Contributed Capital	5	7,251,957
Accumulated losses		<u>(7,758,088)</u>
Total Equity		<u>(506,131)</u>

Note 1 - Cash

Cheque Account	9,344
RLC Bonds (Term Deposits)	<u>50,000</u>
	<u>59,344</u>

Note 2 - Receivables

Sundry Debtor	-
GST Refundable	<u>281</u>
	<u>281</u>

Note 3 - Accounts Payable

Trade Creditors & Accrued Audit Fees	<u>5,500</u>
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Note 4 - Loans from Related Party

Chromite Pty Ltd	415,395
Cropten Pty Ltd	98,361
Geophysical Exploration Consultants Pty Ltd	21,500
Directors	<u>25,000</u>
	<u>560,256</u>

Note 5 - Contributed Capital

Contributed Capital at Beginning of the Period (June 04)	7,201,957
Issued Amounts during the period	<u>50,000</u>
	<u>7,251,957</u>

	June 2005 Qtr \$	2005 Full Year \$
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
FOR THE YEAR ENDED 30 JUNE 2005		
Revenue from ordinary activities	452	62,378
Expenses related to ordinary activities		
Administration expense	(13,672)	(49,085)
Exploration expenses	(6,143)	(51,258)
Other expenses from ordinary activities	(8,332)	(15,298)
Loss from ordinary activities before income tax expense	(27,695)	(53,263)
Income tax expenses relating to ordinary activities	-	-
Net Loss attributable to members of Reedy Lagoon	(27,695)	(53,263)
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	(27,695)	(53,263)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

Cash flows from operating activities		
Receipts from Customers	-	60,000
Payments to suppliers and employees	(21,880)	(105,749)
Interest received	452	2,378
Net cash provided by operating activities	(21,428)	(43,371)
Cash flows from financing activities		
Proceeds from share issue	-	50,000
Repayment of Loans	-	(80,000)
Proceeds from Loans	16,781	65,339
Net cash provided by financing activities	16,781	35,339
Net increase/(decrease) in cash held	(4,647)	(8,032)
Cash at the beginning of the period	63,991	67,376
Cash at the end of the period	59,344	59,344