



REPORT TO SHAREHOLDERS SEPTEMBER 2005 QUARTER

Exploration Activities

Edward Creek (incl. Balta) Project (SA) ELs 3250, 2755 (590 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: \$ 805

Edward Creek Base Metal Joint Venture ("ECBMJV") (SA) EL 3250 RLC: 20% free carried

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

- Drill (perc/diam) from surface to 850 metres to test Target Area 1
- subject to results, extend HD-03 from 412.7 metres to 1,000 metres (Target Area 2)

Uranium: 8 anomalies previously identified in radiometric data and recommended for ground follow-up remain to be investigated. No work is currently planned at these sites.

Expenditure by Joint Venture Partners: \$ 2,226

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: \$ nil

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

Gold: No field work was undertaken. 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: \$ 2,038

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

Copper/Gold: No field work was undertaken. Work planned includes:

Drill testing a magnetic anomaly to investigate its potential to be associated with a porphyry copper-gold prospect.

Exploration expenditure: \$ nil

Bulla (WA) ELA 70/ 2846 (47 sq km) RLC 100%

Iron: No field work was undertaken. Tenement application made. Work planned includes:

Field mapping and ground geophysical surveying to investigate its potential for economic iron ore.

Exploration expenditure: \$ 3,850

Pedestal Hill (NT) ELA 24885 (272 sq km) RLC 100%

Uranium: No field work was undertaken. Tenement application made. Work planned includes:

Field mapping, ground geophysical surveying and shallow auger drilling.

Exploration expenditure: \$ 1,357

	RLC	JV Partners
TOTAL Expenditures on exploration for the quarter :	\$ 8,425	\$ 2,226

Issued Securities

at 30/09/05:

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 September quarter and financial position at 30 September 2005 follows:-
\$

Operating (Income) Expenditure during the 3 month period:

Non – exploration expenditure : general (audit, insurance, admin, overheads, promotion, office)	24,746
Exploration expenditure (by RLC)	8,425
Diptank JV payment (next payment is due prior end January 2006)	10,000
Interest (Income)	(660)
	<u>\$ 42,511</u>

Financial position (see attached financial statements for details)

Assets*

Cash at bank (including GST adjustment)	\$1,942
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")	\$11,960
Cash advances from Director related parties made during the period	\$17,000
Non-current loans (from director related parties -repayment is deferred by agreement)	\$571,085

* Assets do not include \$97,000 application monies held in OIS funds account as shares will not be issued until close of OIS issued in July 2005

Summary & notes:

Highlights for the quarter include:

1. initiation of the Bulla Iron project in WA, and
2. initiation of the Pedestal Hill uranium project in the NT.

The Bulla iron project has scope to provide the Company with an iron resource within trucking distance of Perth.

The Pedestal Hill uranium project has potential to provide a new uranium discovery. Anomalous uranium values identified in radiometric data have attracted RLC to the potential for unconformity related and/or sediment hosted uranium mineralization under shallow cover within the tenement area under application.

Activity during the quarter was directed towards raising seed capital in preparation for the planned March 2006 IPO. Applications for 776,000 shares (\$97,000) were received during the report period. Significant additional seed capital still needs to be sourced. Encouragingly stock brokers remain supportive of the Company's planned future IPO.

The shortage of drill contractors in South Australia continued to frustrate the Company's, and its joint venture partners', endeavours to drill test the "Olympic Dam" type (iron-oxide copper-gold-uranium) targets identified at the Herakleion prospect, Edward Creek project. Subsequent to the end of the quarter, site investigations identified Aboriginal sites of significance at TA3 and in the vicinity of TA1. As a consequence TA3 cannot be drill tested and further investigations are being made concerning TA1. Drilling is now scheduled to commence towards the end of summer in late February early March 2006.

G.H. Fethers
Managing Director
November, 2005

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

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 SEPTEMBER 2005

		\$
Current Assets		
Cash	1	51,119
Receivables	2	<u>823</u>
Total Current Assets		<u>51,942</u>
Total Assets		<u>51,942</u>
Current Liabilities		
Accounts Payable	3	11,960
Non Current Liabilities		
Borrowings – Related Parties	4	<u>588,085</u>
Total Liabilities		<u>600,045</u>
Net Assets		<u>(548,103)</u>
Equity		
Contributed Capital	5	7,251,957
Accumulated losses		<u>(7,800,060)</u>
Total Equity		<u>(548,103)</u>

Note 1 - Cash

Cheque Account	1,119
RLC Bonds (Term Deposits)	<u>50,000</u>
	<u>51,119</u>

Note 2 - Receivables

Sundry Debtor	-
GST Refundable	<u>823</u>
	<u>823</u>

Note 3 - Accounts Payable

Trade Creditors	-
Audit Fees Accrued	2,500
Other Creditors & Accruals	<u>9,460</u>
	<u>11,960</u>

Note 4 - Loans from Related Party

Chromite Pty Ltd	437,153
Cropten Pty Ltd	110,882
Geophysical Exploration Consultants Pty Ltd	23,050
Directors	<u>17,000</u>
	<u>588,085</u>

Note 5 - Contributed Capital

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

	Sep 2005 Qtr \$	2005 Full Year \$
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
FOR THE YEAR ENDED 30 SEPTEMBER 2005		
Revenue from ordinary activities	660	660
Expenses related to ordinary activities		
Administration expense	(14,953)	(14,953)
Exploration expenses	(18,425)	(18,425)
Other expenses from ordinary activities	(9,793)	(9,793)
Loss from ordinary activities before income tax expense	(42,511)	(42,511)
Income tax expenses relating to ordinary activities	-	-
Net Loss attributable to members of Reedy Lagoon	(42,511)	(42,511)
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	(42,511)	(42,511)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2005

Cash flows from operating activities		
Receipts from Customers	-	-
Payments to suppliers and employees	(37,014)	(37,014)
Interest received	<u>562</u>	<u>562</u>
Net cash provided by operating activities	<u>(36,452)</u>	<u>(36,452)</u>
Cash flows from financing activities		
Proceeds from share issue	-	-
Repayment of Loans	-	-
Proceeds from Loans	<u>28,227</u>	<u>28,227</u>
Net cash provided by financing activities	<u>28,277</u>	<u>28,277</u>
Net increase/(decrease) in cash held	(8,225)	(8,225)
Cash at the beginning of the period	<u>59,344</u>	<u>59,344</u>
Cash at the end of the period	<u>51,119</u>	<u>51,119</u>