

EDWARD CREEK BASE METALS JOINT VENTURE (ABN 80 161 458 256) “ECBMJV”

Results from the Winter 2006 drilling at the Herakleion prospect (EL 3250): diamond holes HD-04 and HD-03A:

Core sample assay results from drilling at HD-04 and HD-03A have been received.

No significant mineralization has been identified in the 45 core samples submitted.

Best assays of composite 10 m interval core chips from the drilling program include:-

- 10.8 ppm Uranium, 30 ppm Arsenic - H06-18(hole HD-04A: 820m – 830m)
- 9.4 ppm Uranium - H06-20(hole HD-04A: 840m – 850m)
- 55 ppm Copper, 6 ppm Uranium, 1540 ppm Manganese, 1150 ppm Barium - H06-01 (HD-04: 655m – 665m)
- 183 ppm Cerium, 4 ppb Gold - H06-34(hole HD-03A: 650m – 660m)

Depth to Palaeo or Meso-Proterozoic basement is interpreted to be 669.3 m at HD-04. Petrological studies have identified core samples from 707 metres, 743 metres and 791 metres depth in HD-04 as representing probable Palaeoproterozoic or Mesoproterozoic basement.

Olympic Dam style mineralization in South Australia occurs in rocks of Mesoproterozoic age or older. The identification of rocks of this age below 669.3 metres depth in HD-04 supports the exploration model, which is investigating gravity anomalies interpreted to be potentially caused by iron rich Olympic Dam style mineralization. However, the lack of mineralization and absence of any recognizable “Olympic Dam type” alteration in the basement rocks studied from HD-04 downgrade Target Area 1 (TA1) of the Herakleion prospect.

HD-03A investigated Target Area 2 (TA2) of the Herakleion prospect. HD-03A was terminated at 771 metres depth without reaching basement. No cause for the gravity anomaly under investigation was found. The gravity anomaly may be caused by dense rocks at deeper levels.

The Santorini gravity anomaly is located 7.5 km south of the HD-04 site and is separate from the Herakleion gravity anomaly. The anomaly measures 3 km in diameter and rocks of SG 3.2 are modelled at a depth of 600 metres as a possible cause of the anomaly. Rocks of this density have potential to be associated with Olympic Dam style mineralization.

Site preparation at Santorini is complete and a drill contractor is available to commence in late February early March 2007 in the event that the Joint Venture partners elect to proceed.

Results from the surface rock chip sampling completed in August / September 2006:

Anomalous mineralization has been identified in surface rock chip samples recovered from the War Loan South (A1) target area. The samples are from tuffaceous rocks and their significance at this stage is unknown.

Best assays include:

- 3040 ppm Copper, 45.6 ppm Uranium, 289 ppm Zinc, 210 ppm Nickel, 4590 ppm Manganese, 332 ppm Cobalt (EC35)
- 614 ppm Copper, 12.5 ppm Uranium, 27 ppm Arsenic, 4040 ppm Manganese (EC34)
- 6 ppb Gold (EC32)
- approx. 0.07 % REE (rare earth elements) (EC30)

Further investigation is warranted although high grade copper mineralization, associated with narrow veins, is known at sites located a few kilometres to the north and south (within EL 3250) and the presence of manganese may indicate secondary enrichment processes are responsible for the results.

Geof Fethers
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Manager of the ECBMJV

The information in this report that relates to Exploration Results is based on information compiled by Geof Fethers, who is a member of the Australian Institute of Mining and Metallurgy (AusIMM). Geof Fethers is a director of Reedy Lagoon Corporation Limited. Geof Fethers has sufficient experience which is relevant to the style of mineralization under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (the JORC Code).

REEDY



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EDWARD CREEK BASE METALS JOINT VENTURE (ABN 80 161 458 256) "ECBMJV"

ECBM JV Operator:	Reedy Lagoon Corporation Limited ("RLC") 20% free carried to Bankable Feasibility Study completion
Other participants in ECBM JV:	21% Eromanga Hydrocarbons Limited 17% Redport Limited 21% Jagen Pty Ltd 21% Sked Pty Ltd