

REEDY



LAGOON
CORPORATION LTD
A.C.N. 006 639 514

QUARTERLY REPORT TO SHAREHOLDERS MARCH 2001 QUARTER

Exploration Activities

Edward Creek Project (SA) ELs 2622, 2754, 2755, 2757 (4,185 sq km) 100% RLC

Diamonds: No exploration during the quarter. 9 targets selected for possible gravity survey prior to drill testing.

Base Metals: Discussions continued with two independent parties interested in the Olympic Dam type copper-gold targets. Gravity survey planned.

Jericho Project (VIC) EL 3208 (28 sq km) RLC/Osprey JV RLC earning 75%

Platinum, Copper-Nickel sulphides: Poole River Prospect: No exploration during quarter. IP survey planned.

Gold: Victor Prospect: No exploration during quarter. Drilling planned.

Chiltern Project (VIC) ELs 3032, 3281 (111 sq km) RLC/Osprey JV RLC earning 75%

EL 3376 (127 sq km) RLC/WJH JV RLC earning 75%

Gold: Discussions with state government bodies for consent to planned IP survey and drilling. Commenced planning for environmental clearance survey with the consultants used for previous drilling.

Reedy Lagoon Project (SA) EL 2798 (887 sq km) RLC 100%

Diamonds: Tenement granted 19/2/01.

Kimberlitic grains and macro diamonds identified in prior sampling.

Explored by RLC: 1986 - 1993

Explored by Stockdale: 1979 - 1985

Recompilation of exploration results from RLC's exploration during previous tenure (1986 - 1993) commenced. RLC will reprocess and re-interpret airborne geophysical surveys it conducted in the area during its previous exploration and plans to drill test a number of kimberlite targets later this year.

Expenditure on exploration for the quarter was:

\$ 1,125

Corporate

Securities issued during the period:

In accordance with the Directors Option Scheme 2,000,000 options to subscribe for shares at an issue price of 50 cents per share and expiring on 31 December 2003 were issued to Directors on 1/1/01.

Total issued capital at 31/3/01:

shares	15,753,075	
options: 50 cents, expiring 31/12/03		2,150,000

In addition to the issued securities, the Company has previously agreed to issue 900,000 options with an exercise price of 30 cents and with similar terms and conditions as options proposed to be issued under a prospectus at or about the date (if any) that RLC is listed on the ASX. These options are to be issued to Rural Plant Hire Pty Ltd which subscribed \$270,000 for 1,800,000 shares (issued on 29 December 2000) and 900,000 options.

Commencement of the Management Contracts between RLC and each of Chromite Pty Ltd (Geof Fethers) and Geophysical Exploration Consultants Pty Ltd (GEC) (Hugh Rutter) approved by the Annual General Meeting has been postponed. Each of Chromite and GEC are providing services on an as needs basis and at normal commercial rates.

Expenditure on administration, overheads and promotion during the quarter was: \$ 22,944

Finance

At 31/3/01 RLC had \$125,761 cash at bank.

Outstanding creditors:

Providence Gold & Minerals Pty Ltd \$ 10,000
(previously Warren Jay Holdings Pty Ltd)
Chromite Pty Ltd (director related) \$128,243

Mallesons Stephen Jaques approx \$50,000

annual payment due in accordance with the terms of the RLC/WJH Chiltern Joint Venture non-current carried forward from previous periods, payment is deferred by agreement with Chromite legal work completed but not yet invoiced. Work relates to new constitution, company name change, management contracts and option agreements, explanatory notes for AGM, prospectus preparation.

Dear Shareholder,

During the Quarter the Company's main activities have been directed towards obtaining equity capital to fund its planned exploration strategy.

RLC is obtaining corporate advice and assistance in structuring its planned capital raising from a range of advisors which include Hancock Corporate and Investment Services Pty Ltd and has recently appointed the stock broking firm of D J Carmichael to manage a private placement of shares.

For further information, please contact:

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or visit www.reedylagoon.com.au

G.H. Fethers

Managing Director

May, 2001.