

REEDY



LAGOON
CORPORATION LTD

QUARTERLY REPORT TO SHAREHOLDERS JUNE 2001 QUARTER

Exploration Activities

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

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

Balta Prospect: Kimberlitic grains recovered by previous explorers drilling kimberlite targets identified in airborne magnetic data are being investigated. No source rocks for the grains has yet been found. The Company has acquired the airborne data and will reprocess it to generate new drill targets. Surface textures of the kimberlitic grains recovered are described as fresh indicating limited travel from source.

Base Metals: Documentation for a joint venture agreement was completed but its execution was not achieved prior to the potential joint venture partner merging with another company. The joint venture proposal, whilst previously approved now requires re-assessment by the newly created merged entity.

Access issues were addressed during the period and clearances for work to proceed were requested from native title claimants and land owners.

Detailed gravity surveys are planned.

\$3,567

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

Diamonds: Recompilation of extensive results from loam scrape sediment sampling (mainly recovered by DeBeers Australia Exploration Ltd in the 1980's) and 3 separate airborne geophysical surveys flown previously by RLC was commenced

\$575

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

Platinum, Copper-Nickel sulphides: Poole River Prospect: processing and interpretation of geophysical data continued. Full re-process and image enhancements for further interpretation are planned. Reconnaissance geochem sampling programme planned for July.

IP survey planned to follow after field investigation of ground conditions during July.

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

\$4,489

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 licence renewals and planned IP survey and drilling continued.

\$1,573

Expenditure on exploration for the quarter was:

\$ 10,205

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

Corporate

Securities issued during the period:

135,000 shares were issued at an issue price of \$0.175 on 29 June 2001 under the terms of a private placement managed by the stock broking firm of D J Carmichael.

Total issued capital at 30/6/01:

shares	15,888,075	
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.

Expenditure during the period:

Administration, overheads and promotion:	\$ 18,112
Chiltern RLC/PGM Joint Venture Payment (Providence Gold & Minerals Pty Ltd)	\$ 10,000
Legal costs relating mainly to new constitution, 2000 AGM, prospectus preparation	\$ 26,692

Finance

At 30/6/01 RLC had \$89,175 cash at bank.

which included \$45,000 in term deposits supporting bonds lodged against Exploration Licences

Outstanding creditors:

Osprey Gold N.L. (director related)	\$ 20,000	annual payments due in accordance with the terms of the RLC/Osprey Chiltern and Jericho Joint Venture Agreements.
Chromite Pty Ltd (director related)	\$142,606	non-current carried forward from previous periods, payment is deferred by agreement with Chromite

Mallesons Stephen Jaques has provided legal services relating to prospectus and joint venture documentation for which no invoice has been raised. Mallesons Stephen Jaques has advised that it will not charge for these services until the Company successfully lists on the ASX.

Dear Shareholder,

During the Quarter the Company's main activities were directed towards obtaining equity capital to fund its planned exploration strategy. This activity was matched by efforts to complete a joint venture agreement for the base metal targets at the Edward Creek Project and to seek an additional party to farm in to the Poole River Prospect at the Jericho Project.

For further information, please contact:

Geof Fethers. Telephone: (03) 8420 6280

or visit www.reedylagoon.com.au

G.H. Fethers

Managing Director

August, 2001.

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