

REEDY



LAGOON
CORPORATION LTD

QUARTERLY REPORT TO SHAREHOLDERS SEPTEMBER 2001 QUARTER

Exploration Activities

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

Diamonds: Edward Creek Prospect: Reprocessing of the available magnetic data was commenced.

 Balta Prospect: Reprocessing of the available magnetic data was commenced.

Base Metals: Joint venture negotiations continued.

 Clearances for detailed gravity surveys to proceed were obtained from native title claimants and land owners.

\$5,712

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

Diamonds: Reprocessing of the available magnetic data and review of previous exploration results was continued.

\$3,236

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.

 Reconnaissance geochem sampling programme was conducted in August.

 Approvals were gained for commencement of the planned IP survey after 1 October 2001.

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

\$8,423

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

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

Gold: Discussions with state government bodies for consent to licence renewals and planned IP survey and drilling continued.

\$2,086

Expenditure on exploration for the quarter was:

\$ 19,457

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A.C.N. 006 639 514

Corporate

Securities issued during the period:

100,000 shares were issued at an issue price of \$0.175 on 10 August 2001.

Total issued capital at 30/09/01:

| | | |
|--------------------------------------|------------|-----------|
| shares | 15,988,075 | |
| 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.

Finance

Expenditure during the period:

| | |
|---|-----------|
| All non – exploration expenditure : | \$ 20,345 |
| Exploration : | \$ 19,457 |
| Chiltern RLC/Osprey Joint Venture Payment : | \$ 10,000 |
| Jericho RLC/Osprey Joint Venture Payment : | \$ 10,000 |
| | ----- |
| | \$ 59,802 |

At 30/9/01 RLC had \$48,617 cash at bank.

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

Outstanding creditors:

| | | |
|-------------------------------------|-----------|---|
| Chromite Pty Ltd (director related) | \$128,243 | 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.

Summary & notes

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.

For further information, please contact:

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or visit www.reedylagoon.com.au

G.H. Fethers

Managing Director

January, 2002.