



**QUARTERLY REPORT TO SHAREHOLDERS  
DECEMBER 2001 QUARTER**

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**Exploration Activities**

**Edward Creek Project (SA)** ELs 2622, 2755, ELAs 91/01, 178/01 (3,016 sq km) 100% RLC

Diamonds: Edward Creek Prospect: Detailed gravity survey over selected kimberlite targets.  
Reprocessing of the available magnetic data continued.  
Balta Prospect: Reprocessing of the available magnetic data continued.

Base Metals: The Company entered an agreement with Phelps Dodge on 31 October 2001 whereby Phelps Dodge can earn a 70% interest in base metals at the Edward Creek Project (the Edward Creek Base Metals Joint Venture - "ECBMJV"). Under the terms of the agreement Phelps Dodge completed a detailed gravity survey in the December 2001 quarter and based on results can earn a 70% interest in the Edward Creek Base Metal Joint Venture by sole funding \$6m on staged expenditures which include exploration expenses and cash payments to RLC of up to \$2m.

Detailed gravity survey over Herakleion and Santorini Prospects completed in November.

RLC: \$13,293  
Phelps Dodge: \$28,213

**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.  
\$2,639

**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.

Gold: Victor Prospect: No exploration during quarter. Drilling planned.  
\$301

**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: Renewal applications for these tenements await determination by the Minister for Environment and Conservation. IP survey and drilling are proposed.  
\$887

**Expenditure on exploration for the quarter was: \$ 17,120 + \$28,213 = \$45,333**

## Corporate

Securities issued during the period:

100,000 shares were issued at an issue price of \$0.175 on 28 December 2001.

Total issued capital at 31/12/01:

shares	16,088,075	
options	2,150,000	50 c exp 31/12/03

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 :	\$ 25,028
Exploration :	\$ 17,120
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	\$ 42,148

### At 31/12/01 RLC had \$45,946 cash at bank.

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

Outstanding liabilities:

Current	\$ 21,149	short term loans and creditors
Non-current	\$128,243	Chromite Pty Ltd (director related) -repayment 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:

Two events of particular significance occurred during the quarter:

1. The completion on 31 October of the Edward Creek Base Metals Joint Venture Agreement with Phelps Dodge - the world's second largest copper producer (only the state owned Chilean producer Codelco is larger).
2. Minotaur/BHP Billiton's "discovery" announcement on 14 November of a drill intersection of 107 m grading 1.94% copper at its Prominent Hill Prospect (Mt Woods JV) which heralds the potential of another "Roxby Downs" type deposit in the South Australian copper belt.

These two points have significance for the Company because the Minotaur/BHP Billiton Mt Woods JV tenements abut RLC's Edward Creek tenements and the principal target of our Edward Creek Base Metal JV is copper.

The Company's main activities during the December Quarter were directed towards obtaining equity capital to fund its planned exploration strategy and the preparation costs of a prospectus document.

For further information, please contact:

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or visit [www.reedylagoon.com.au](http://www.reedylagoon.com.au)

**G.H. Fethers**  
Managing Director

January, 2002.