



QUARTERLY REPORT TO SHAREHOLDERS MARCH 2002 QUARTER

Exploration Activities

Edward Creek Project (SA) ELs 2622, 2755, 2892 & ELA 178/01 (3,016 sq km) 100% RLC

Diamonds: Edward Creek Prospect: processing and interpretation of geophysical data collected in December quarter has aided the selection of potential kimberlite targets for drilling. A programme of 4,000 m mud/RC drilling is planned to investigate three groups of targets. Balta and Krystal Prospects: Reprocessing of the available magnetic data continued.

Copper: Detailed gravity data collected from the Herakleion and Santorini prospects in the previous quarter were processed. Rocks of similar density to those that host the Olympic Dam mine mineralization are interpreted to be evident in the data. Drill targets have been selected. Ground investigations were made by Phelps Dodge and by RLC.

The Company regained 100% interest in all commodities following the withdrawal by Phelps Dodge on 8th March 2002 and the resultant termination of the Edward Creek Base Metals Joint Venture - "ECBMJV". The Company extends its thanks to Phelps Dodge for its contribution to this project and looks forward to testing the latest results with the drill.

RLC: \$10,886
Phelps Dodge: \$7,990

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

Diamonds: 13 potential kimberlite targets were identified during the quarter from magnetic data. One of these was removed after ground investigation identified cattle yards as the cause of the anomaly.

\$16,906

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

Platinum, Copper-Nickel: Poole River Prospect: consents for an IP survey were obtained from DNRE.

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

\$450

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.

\$1,000

New Project Development

\$ 237

Expenditure on exploration for the quarter was: \$ 29,479 + \$ 7,990 = \$ 37,469

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Corporate

Securities issued during the period:

1,861,755 shares were issued at an issue price of \$0.175 raising \$325,807 working capital.

1,200,000 options were issued under the Directors Option Scheme. These options expire on 31/12/04 and have an exercise price of \$0.50.

Total issued capital at 31/03/02:

shares	17,949,830	
options	2,150,000	50 c exp 31/12/03
options	1,200,000	50 c exp 31/12/04

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

(see attached Statement of Cash flows for details)

Expenditure during the period:

Non – exploration expenditure :	general (administration, overheads and promotion)	\$ 17,584
	prospectus expenses (excluding \$52,685 current creditors)	\$ 12,279
	loans (Dec Qrt expenses previously carried forward)	\$ 15,250
Exploration :		\$ 29,479

		\$ 74,592

At 31/03/02 RLC had \$300,794 cash at bank.

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

Outstanding liabilities:

Current	\$ 52,685	creditors (includes invoices received after 31/3/02)
Non-current	\$143,606	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:

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

The completion of the June 2001 - March 2002 placement of 2,196,755 shares for \$384,432 has enabled Reedy Lagoon to fund its prospectus preparation. Subscriptions for 1,861,755 of these shares (\$325,807) were received during the March quarter which is an indication of the increased appeal that well focussed mineral exploration strategies are now enjoying amongst investors.

In the process of finding investors for the placement, Rothschild Australia arranged a meeting with Mr Roy Woodall, a director of Rothschild's Golden Arrow Fund. Whilst the Fund did not participate in the placement, Mr Woodall did subscribe and is now Reedy Lagoon's sixth largest shareholder. Mr Woodall is an experienced and successful exploration geologist.

On 15 March Dermot Coleman was appointed Company Secretary. He replaces Alan Jones who has served RLC for the last 14 years. Alan's service is greatly appreciated and acknowledged by directors. Dermot has extensive experience which is beneficial to Reedy Lagoon having been a director and company secretary of De Beers Australia Exploration Limited for the last 15 years.

Drill programmes are planned to commence at the Edward Creek diamonds and copper projects subsequent to raising additional working capital.

For further information, please contact:
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or visit www.reedyagoon.com.au

G.H. Fethers
Managing Director

April, 2002.

REEDY LAGOON CORPORATION LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2002

		As at 31 March 2002 \$	As at 30 June 2001 \$
Current Assets			
Cash	1	300,794	89,175
Receivables	2	4,943	1,117
Total Current Assets		<u>305,737</u>	<u>90,292</u>
Total Assets		<u>305,737</u>	<u>90,292</u>
Current Liabilities			
Accounts Payable	3	10,500	4,500
Borrowings - Related Parties	4	143,606	142,606
Total Current Liabilities		<u>154,106</u>	<u>147,106</u>
Total Liabilities		<u>154,106</u>	<u>147,106</u>
Net Assets		<u><u>151,631</u></u>	<u><u>(56,814)</u></u>
Equity			
Contributed Capital	5	6,247,843	5,900,663
Accumulated losses		(6,096,212)	(5,957,477)
Total Equity		<u><u>151,631</u></u>	<u><u>(56,814)</u></u>
Note 1 - Cash			
Cheque Account		71,292	44,175
RLC Bonds (Term Deposits)		45,000	45,000
IPO Funds		184,502	-
		<u>300,794</u>	<u>89,175</u>
Note 2 - Receivables			
GST Refundable		<u>4,937</u>	<u>1,117</u>
Note 3 - Accounts Payable			
Audit Fees Accrued (December 2001)		6,000	-
Other Creditors		4,500	4,500
		<u>10,500</u>	<u>4,500</u>
Note 4 - Related Party Borrowings			
Chromite Pty Ltd		<u>143,606</u>	<u>142,606</u>
Note 5 - Contributed Capital			
Contributed Capital at Beginning of the Period		5,900,663	5,607,038
Issued Amounts		359,459	293,625
Issue costs		(12,279)	-
		<u>6,247,843</u>	<u>5,900,663</u>

REEDY LAGOON CORPORATION LTD

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD TO 31 MARCH 2002

	March 2002 (quarter) \$	Year to Date (2001/02) \$
Revenue from ordinary activities	1,308	2,281
Expenses related to ordinary activities		
Administration expense	(6,545)	(26,951)
Exploration expenses	(29,479)	(86,065)
Other expenses from ordinary activities	(6,086)	(28,000)
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Loss from ordinary activities before income tax expense	(40,802)	(138,735)
Income tax expenses relating to ordinary activities	-	-
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Net Profit	(40,802)	(138,735)
Other revenues, expenses and valuation adjustments recognised directly in equity	(12,279)	(13,627)
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Total change in equity other than those resulting from transactions with owners as owners recognised directly in equity	(53,081)	(152,362)

STATEMENT OF CASH FLOWS
FOR THE PERIOD TO 31 MARCH 2002

	March 2002 (quarter)	December 2001	Year to Date (2001/02)
Cashflows from operating activities			
Payments to suppliers and employees	(47,063)	(77,855)	(124,918)
Interest received	1,308	973	2,281
Receipts from Debtors	2,325		2,325
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Net cash provided by operating activities	(43,430)	(76,882)	(120,312)
Cash flows from financing activities			
Proceeds from share issue	325,807	35,000	360,807
Costs of share issue	(12,279)	(1,348)	(13,627)
Repayment of Loans	(15,250)		(15,250)
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Net cash provided by financing activities	298,278	33,653	331,931
Net increase/(decrease) in cash held	254,849	(43,229)	211,619
Cash at the beginning of the period	45,946	89,175	89,175
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Cash at the end of the period	300,794	45,946	300,794