



QUARTERLY REPORT TO SHAREHOLDERS DECEMBER 2002 QUARTER

Exploration Activities

Edward Creek Project (SA) ELs 2622, 2755, 2892 & 2943 (1,815 sq km) 100% RLC

Diamonds: Continued interpretation and review of processed data was conducted.
49 potential kimberlite targets have now been identified and 10 are selected for drilling.
Selection criteria included: location relative to surface distribution of Diamond Indicator Minerals (DIMs) (includes over 5,000 picroilmenite grains, and 9 macro diamonds) and a combination of photo and geophysical data interpretation.
The targets range in size from 4 ha to over 50 ha based on geophysical data, whilst photo features associated with some of these geophysical anomalies range up to 80 ha.

Copper: No work conducted during the period - drilling is planned to investigate for "Olympic Dam" style mineralization associated with defined gravity anomalies.

\$8,544

Reedy Lagoon Project (SA) EL 2798 (445 sq km) RLC 100%

Diamonds: Continued interpretation and review of processed data was conducted.
6 potential kimberlite targets were selected for drilling.
The presence of kimberlite is supported by numerous Diamond Indicator Mineral grains (including over 200 pyrope garnets) and 2 macro diamonds.
Heritage clearance surveys need to be conducted to enable drilling to proceed.

\$1,913

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

Platinum, Copper-Nickel, Gold : Poole River Prospect: Planning for immediate commencement of a ground geophysical survey over the Poole River drill target and subsequent drilling was completed. IP survey and drilling are planned to investigate the 5,500 m long Poole River magnetic anomaly.

Gold: Victor Prospect: No exploration during quarter. Drilling is planned to investigate structural targets within a quartz reef system.

\$681

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: Flora and fauna surveys are planned to enable infill IP survey and drilling at the Caledonian prospect. The target at this prospect is an IP anomaly in an area from which sandstone & siltstone float samples assaying up to 110 g/t gold have been recovered.

\$787

New Project Development \$ nil

TOTAL Expenditure on exploration for the quarter was: \$ 11,925

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A.C.N. 006 639 514

Corporate

Total issued capital at 31/12/02:

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 agreed to issue 900,000 options with an exercise price of 30 cents and with similar terms and conditions as options to be issued under a prospectus at or about the date (if any) that RLC is listed on the ASX, and 1,200,000 options with an exercise price of 50 cents expiring 31/12/05.

Finance

A summary of the operating results for quarter and financial position at 31 December 2002 is as follows:-

	\$
Operating Expenditure during the period:	
Non – exploration expenditure : general (administration, overheads)	21,135
Exploration expenditure :	11,925
Interest (Income)	(1,097)
	<hr/>
	\$31,963
	<hr/> <hr/>
Financial position	
Assets	
Cash at bank	3,164
Term Deposits (supporting bonds lodged against exploration licences)	45,000
Outstanding liabilities	
Accounts Payable (nil)	nil
Current loans (Chromite Pty Ltd, & GEC Pty Ltd : director related -repayment is deferred by agreement)	15,000
Non-current loans (Chromite Pty Ltd, director related -repayment is deferred by agreement with Chromite)	142,606

Summary & notes:

Planning for immediate commencement of a ground geophysical survey over the Poole River (platinum, copper, gold) drill target and subsequent drilling is complete. However, all exploration activities are on hold until sufficient funding is sourced.

The principal focus of activities during the report period was the raising of equity capital. To assist in presenting the Company to potential private investors RLC has:

- made an offer (payment being RLC shares) for the issued capital of Osprey Gold NL
- lodged an Offer Information Statement for the issue of 7,800,000 RLC shares at \$0.175 per share to raise \$1,365,000.

Copies of the Offer Information Statement are available on request.

The main purpose of the offer for Osprey is to provide RLC with a more direct ownership of those projects currently under joint venture agreements with Osprey. At the date of this report acceptances had been received for 92% of the issued shares in Osprey and completion was expected.

The huge Poole River target demonstrates RLC's strategy. The target is 5.5 km long and lies about 200 m below surface. It is within a major fault structure which has elsewhere been mined for copper together with platinum, nickel and gold. In addition, three gold mines located within 50 km of Poole have together produced more than 2.5 million ounces of gold – mostly pre 1940 (well before advances in geophysics enabled target generation for buried orebodies). RLC's planned work here will take 2 months. Data from an additional geophysical survey will assist in determining the optimum locations for 2 drill holes into the target. The Poole target is by far the largest drill target identified in the Woods Point - Walhalla goldfield. Its potential is enormous.

G.H. Fethers
Managing Director
February, 2003

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

REEDY LAGOON CORPORATION LTD

ACN 006 639 514

FOR THE PERIOD TO 31 DECEMBER

STATEMENT OF FINANCIAL PERFORMANCE

	December 02	Year to Date
	(quarter)	(6 months)
	\$	\$
Revenue from ordinary activities	1,097	3,536
Expenses related to ordinary activities		
Administration expense	(14,812)	(36,201)
Exploration expenses	(11,925)	(40,749)
Other expenses from ordinary activities	(6,323)	(25,415)
Loss from ordinary activities before income tax expense	(31,963)	(98,829)
Income tax expenses relating to ordinary activities	-	-
Net Loss	(31,963)	(98,829)
Other revenues, expenses and valuation adjustments recognised directly in equity	-	-
Total change in equity other than those resulting from transactions with owners as owners recognised directly in equity	(31,963)	(98,829)
STATEMENT OF CASH FLOWS		
Cash flows from operating activities		
Payments to suppliers and employees	(51,123)	(100,926)
Payments for exploration expenditures	(17,490)	(46,514)
Interest received	1,097	3,536
Receipts from Debtors	35,531	35,531
Net cash provided by operating activities	(31,985)	(108,373)
Cash flows from financing activities		
Proceeds from share issue	-	-
Costs of share issue	-	-
Proceeds from Loans	15,000	15,000
Net cash provided by financing activities	15,000	15,000
Net increase/(decrease) in cash held	(16,985)	(93,373)
Cash at the beginning of the period	65,149	141,537
Cash at the end of the period	48,164	48,164

REEDY LAGOON CORPORATION LTD

ACN 006 639 514

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2002

		31 Dec 2002	30 June 2002
		\$	\$
Current Assets			
Cash	1	48,164	141,537
Receivables	2	1,206	36,737
Prepayments		2,313	2,313
Total Current Assets		<u>51,683</u>	<u>180,587</u>
Total Assets		<u>51,683</u>	<u>180,587</u>
Current Liabilities			
Accounts Payable	3	2,920	47,995
Borrowings - Related Parties	4	157,606	142,606
Total Current Liabilities		<u>160,526</u>	<u>190,601</u>
Total Liabilities		<u>160,526</u>	<u>190,601</u>
Net Assets		<u>(108,843)</u>	<u>(10,014)</u>
..			
Equity			
Contributed Capital		6,253,256	6,253,256
Accumulated losses		(6,362,099)	(6,263,270)
Total Equity		<u>(108,843)</u>	<u>(10,014)</u>

NOTES TO THE FINANCIAL STATEMENTS**Note 1 - Cash**

Cheque Account	3,164	96,536
RLC Bonds (Term Deposits)	45,000	45,000
	<u>48,164</u>	<u>141,536</u>

Note 2 - Receivables

ASX Refund	-	25,279
GST Refundable	1,206	11,458
	<u>1,206</u>	<u>36,737</u>

Note 3 - Accounts Payable

Creditors and Prospectus related accruals		43,495
Audit Fees Accrued	-	2,000
Other Accruals	2,920	2,500
	<u>2,920</u>	<u>47,995</u>

Note 4 - Related Party Borrowings

Chromite Pty Ltd	153,006	142,606
Geophysical Exploration Consultants Pty Ltd	4,600	-
	<u>157,606</u>	<u>142,606</u>