



## QUARTERLY REPORT TO SHAREHOLDERS MARCH 2003 QUARTER

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### Exploration Activities

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

Diamonds: Review of processed data continued.

49 potential kimberlite targets have been identified during previous report periods.

9 of these were prioritised for further work with an additional 9 secondary targets selected for subsequent follow up.

Selection criteria included: location relative to surface distribution of Diamond Indicator Minerals (DIMs) (includes over 5,000 microilmene grains, over 200 pyrope garnet grains and 9 macro diamonds) and a combination of photo and geophysical data interpretation.

The kimberlite 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.

\$6,260

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

Diamonds: Kimberlite targets selected during the previous period were reviewed and 4 were prioritised for further investigation.

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.

\$747

**Jericho Project (VIC)** EL 3208 (28 sq km) RLC 100%

Platinum, Copper-Nickel, Gold : Poole River Prospect: Drilling is planned to investigate the 5,500 m long Poole River magnetic anomaly. Drilling, initially considered possible during April, has been postponed following the take over of a potential joint venture partner.

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

\$1,875

**Chiltern Project (VIC)** ELs 3032, 3281 (111 sq km) RLC 100%

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.

\$nil

**New Project Development**

\$ nil

**TOTAL Expenditure on exploration for the quarter was: \$ 8,883**

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A.C.N. 006 639 514

## Corporate

Total issued capital at 31/03/03:

Shares	21,999,835	
Options	2,150,000	50 c exp 31/12/03
Options	1,200,000	50 c exp 31/12/04
Options	1,200,000	50 c exp 31/12/05

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.

## Finance

A summary of the operating results for quarter and financial position at 31 March 2003 is as follows:-

	\$
<b>Operating Expenditure during the period:</b>	
Non – exploration expenditure : general (administration, overheads)	13,592
Exploration expenditure :	8,883
Interest (Income)	(408)
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	\$22,067
	<hr/> <hr/>
<b>Financial position</b> (see attached financial statements for details)	
<b>Cash Assets</b>	
Cash at bank	618
Term Deposits (supporting bonds lodged against exploration licences)	45,000
<b>Outstanding liabilities</b>	
Accounts Payable	5,187
Current loans (from director related parties -repayment is deferred by agreement)	30,924
Non-current loans (from director related parties -repayment is deferred by agreement)	326,933

## Summary & notes:

The highlight for the quarter was the successful acquisition by RLC of 100% interests in the Jericho project and the main part of the Chiltern project. The acquisition was completed on 28 March 2003 after acceptances to RLC's offer of 1 RLC share for each 2 Osprey shares were received from all of Osprey's shareholders. A total of 4,050,005 RLC shares were issued to the Osprey share holders in exchange for their Osprey shares – increasing the number of shareholders in RLC to now total 100. Osprey Gold NL is now a wholly owned subsidiary of RLC.

Two main activities were pursued during the quarter:

- to joint venture our projects with mining companies, and
- to raise working capital.

Joint venture partners were sought for all projects but the main objective was to enable drilling to proceed at the Poole River target prior to the end of April. During the quarter it seemed possible that MIM might farm into the Jericho project. However, during a field visit in early April, MIM received a take over offer and as a consequence MIM ceased its assessment of our project. Joint venture discussions are continuing with two other groups and we are hopeful that these will lead to at least one satisfactory outcome.

To assist in raising working capital RLC revised downwards the expenditure levels presented in the Offer Information Statement dated 24 December 2002. The revised budgets estimate that \$700,000 will provide sufficient funding to conduct drill programmes at: Jericho, Chiltern, Edward Creek Diamonds and Edward Creek Base Metals and to fund 12 months overheads. At the end of the quarter applications for 94,000 shares had been received and were being held pending additional applications and or the finalization of a joint venture agreement which would enable drilling at one or more of our projects to proceed.

## G.H. Fethers

Managing Director

June, 2003

For further information, please contact:

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

**REEDY LAGOON CORPORATION LTD**

ACN 006 639 514

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2003

		\$
<b>Current Assets</b>		
Cash	1	45,618
Receivables	2	(115)
Prepayments		2,313
<b>Total Current Assets</b>		<u>47,816</u>
<b>Investments - Subsidaires : Osprey</b>		(0)
<b>Exploration Properties</b>	3	893,068
<b>Total Assets</b>		<u>940,884</u>
<b>Current Liabilities</b>		
Accounts Payable	4	5,187
Borrowings - Related Parties	5	357,856
<b>Total Current Liabilities</b>		<u>363,043</u>
<b>Total Liabilities</b>		363,043
<b>Net Assets</b>		<u><u>577,841</u></u>
<b>Equity</b>		
Contributed Capital	6	6,962,007
Accumulated losses		(6,384,166)
<b>Total Equity</b>		<u><u>577,841</u></u>
<b>Note 1 - Cash</b>		
Cheque Account		618
RLC Bonds (Term Deposits)		45,000
		<u>45,618</u>
<b>Note 2 - Receivables</b>		
ASX Refund		-
GST Refundable		(115)
		<u>(115)</u>
<b>Note 3 - Exploration Properties</b>		
Exploration Licences - at fair value on acquisition		893,068
		<u>893,068</u>
<b>Note 4 - Accounts Payable</b>		
Trade Creditors		2,267
Audit Fees Accrued		-
Other Accruals		2,920
		<u>-</u>
		<u>5,187</u>
<b>Note 5 - Loans from Related Party</b>		
Chromite Pty Ltd		281,058
Cropten Pty Ltd		72,199
Geophysical Exploration Consultants Pty Ltd		4,600
		<u>357,857</u>
<b>Note 6 - Contributed Capital</b>		
Contributed Capital at Beginning of the Period		6,253,256
Issued Amounts (1)		708,751
Issue costs		-
		<u>6,962,007</u>

(1) issued 4,050,005 shares at 17.5 cents p.s in consideration for all share capital of Osprey Gold NL

**REEDY LAGOON CORPORATION LTD**

ACN 006 639 514

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE PERIOD TO 31 MARCH 2003

	March-03 (quarter)	Year to Date (2002 / 03)
	\$	\$
<b>Revenue from ordinary activities</b>	408	3,944
<b>Expenses related to ordinary activities</b>		-
Administration expense	(13,038)	(50,844)
Exploration expenses	(8,883)	(49,632)
Other expenses from ordinary activities	(554)	(25,969)
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<b>Loss from ordinary activities before income tax</b>	(22,067)	(122,501)
Income tax expenses relating to ordinary activities	-	-
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<b>Net Loss</b>	(22,067)	(122,501)
<b>Attributable to Monority Interests</b>		1,605
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<b>Net Loss attributable to members of Reedy Lagoon</b>	(22,067)	(120,896)
Other revenues, expenses and valuation adjustments recognised directly in equity	-	
	<hr/>	<hr/>
<b>Total change in equity other than those resulting from transactions with owners as owners recognised directly in equity</b>	<b>(22,067)</b>	<b>(120,896)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE PERIOD TO 31 MARCH 2003

	Mar-03 (quarter)	Year to Date (9 months)
<b>Cashflows from operating activities</b>		
Receipts from Debtors	-	35,531
Payments to suppliers and employees	(12,262)	(113,188)
Payments for exploration expenditures	(6,616)	(53,130)
Interest received	408	3,944
Interest Paid	(9)	(9)
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	(18,479)	(126,852)
<b>Cash flows from investing activities</b>		
Arising from (used in) purchase of subsidiaries	10	10
	<hr/>	<hr/>
<b>Net Cash provided by investing activities</b>	10	10
<b>Cash flows from financing activities</b>		
Proceeds from share issue	-	-
Costs of share issue	-	-
Proceeds from Loans	15,923	30,923
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	15,923	30,923
<b>Net increase/(decrease) in cash held</b>	(2,546)	(95,919)
<b>Cash at the beginning of the period</b>	48,164	141,537
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<b>Cash at the end of the period</b>	<b>45,618</b>	<b>45,618</b>