



SHAREHOLDER UPDATE
31 January 2007

A review of our IPO strategy has identified that in order to list we need to:

1. Simplify our offer
2. Present key projects for investors
3. Access mining / resource company investors

To achieve these objectives RLC is working towards:

1. Transferring its diamond assets to a separate company (in which the existing RLC shareholders will be issued shares pro rata)
 - o the diamond company will be developed separately - either by IPO or by merger with others
2. Developing and restructuring its projects with emphasis on :
 - o Iron - RLC is negotiating to purchase the Bulla JV iron interests held by our JV partner at our Bullamine project in WA
 - o Uranium - RLC :
 - has applied for additional ground in WA located adjacent to its Pedestal Hill uranium project in the Tanami region of NT, and
 - is negotiating to enter a joint venture which will provide a 90% interest in ELAs covering 677 sq km and abutting RLCs WA ELA
 - has applied for additional ground in SA which directors believe is prospective for uranium, the area is located in the Edward Creek area and will likely be part of the ECBMJV
 - o Copper-Uranium-Gold (Gawler Craton, Olympic Dam)
 - RLC has negotiated to purchase approximately 42% interest in the ECBMJV to build its interest to 62%.
3. RLC plans to access investors through:
 - o stock brokers, and
 - o financial advisors and
 - o an entitlements offer to the shareholders of a listed resources company.

RLC has also negotiated to raise \$500,000 seed capital by issuing 2.5m shares at 20 cents each to the parties from whom RLC proposes to purchase the ECBMJV interests. The proposed share issue would be completed after the transfer of the diamond interests.

When the diamond assets are transferred it is proposed that RLC's issued capital be consolidated to reduce the number of RLC shares on issue to 62.95%. The consolidation is proposed to enable the Company to offer shares in the IPO at 20 cents each.

The Company is well advanced in achieving the transactions contemplated above with all the parties involved keen to see the listing achieved. However the transactions are dependent on a number of factors, including shareholder approval. In addition, the proposed project acquisitions will only proceed upon the listing of RLC's shares on ASX. Details will be forwarded to all shareholders in the near future. The objective is to IPO in March.

Our accountants advise that the 2006 Annual Report will be completed soon. It will be dispatched to shareholders as soon possible.

Geof Fethers

www.reedylagoon.com.au

Suite 2, 337A Lennox Street, Richmond, Victoria, Australia Ph: (03) 8420 6280 Fax: (03) 8420 6299
Postal Address: P O Box 2236, Richmond South, VIC., 3121 Email: info@reedylagoon.com.au
A.C.N. 006 639 514