



**Resource & Investment NL**

**NOTICE OF 2010 ANNUAL GENERAL MEETING  
AND EXPLANATORY NOTES AND PROXY FORM**

DATE OF MEETING  
**THURSDAY, 25 NOVEMBER 2010**

TIME OF MEETING  
**9.30AM (WST)**

PLACE OF MEETING  
**LEVEL 1, 34 BAGOT ROAD  
SUBIACO 6008 WESTERN AUSTRALIA**

Please read the Notice carefully and if you are unable to attend the Annual General Meeting of Shareholders please complete and return the enclosed Proxy Form in accordance with the specified directions.

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

**RESOURCE AND INVESTMENT NL**  
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Subiaco, Western Australia 6008  
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## TIME AND PLACE OF MEETING AND HOW TO VOTE

### VENUE

The 2010 Annual General Meeting of the Shareholders of Resource and Investment NL will be held at:

**LEVEL 1, 34 BAGOT ROAD**

**SUBIACO 6008 WESTERN AUSTRALIA**

Commencing 9.30am (WST) on Thursday, 25 November 2010

### VOTING ENTITLEMENTS

For the purposes of the Corporations Act, all securities of the Company that are quoted securities at 9.30am (WST) two days prior to the Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time and such persons are eligible to vote at the Meeting.

### HOW TO VOTE

The business of the Meeting affects your shareholding and your vote is important. Please take action by voting in person (or authorised representative) or by proxy.

### VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above. The meeting will commence at 9.30am (WST).

### PROXIES

A Proxy Form accompanies this Notice of Annual General Meeting. To be effective the Proxy Form must be completed and received at either the Company's registered office or its share registry, Security Transfer Registrars, no later than 48 hours before commencement of the Meeting.

Registered Office	Share Registry
Company Secretary	Security Transfer Registrars
Resource and Investment NL	770 Canning Highway
34 Bagot Road	Applecross WA 6153
Subiaco WA 6008	PO Box 535, Applecross WA 6953
PO Box 298, West Perth WA 6872	
Or by facsimile to: +61-8 9489 9201	
Or by electronic mail: <a href="mailto:general@rninl.com.au">general@rninl.com.au</a>	

If any Shareholder wishes to lodge a proxy electronically, it will be necessary to scan an image of a signed proxy form and e-mail that image of the proxy form with the signature affixed to be received no later than 48 hours before commencement of the Meeting. This is needed to comply with the requirements of section 250A of the Corporations Act that a valid proxy be in writing and be signed by the Shareholder appointing the proxy.

If you are entitled to attend and cast a vote at the Meeting you may appoint up to two proxies. A proxy may be an individual or a corporation but need not be a shareholder. If you appoint two proxies each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

If you appoint a proxy but attend the Meeting yourself, the rights of the proxy to speak and vote on your behalf at the Meeting will be suspended while you are present.

### CORPORATE REPRESENTATIVES

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it was previously given to the Company's share registry.

### POWERS OF ATTORNEY

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of Shareholders will be held at 9.30am on Thursday, 25 November 2010 at Level 1, 34 Bagot Road, Subiaco, Western Australia.

The Explanatory Notes and Proxy Form accompanying this Notice of Meeting are incorporated in and form part of this Notice of Meeting. Some terms used in this Notice of Meeting are defined in the Explanatory Notes.

## AGENDA

### GENERAL BUSINESS

#### 2010 Financial Statements

To receive, consider and discuss the Company's financial statements and the reports of the Directors and Auditors for the year ended 30 June 2010.

### ORDINARY BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolutions.

#### RESOLUTION 1 – RE-ELECTION OF THOMAS MANN

"That Thomas Joseph Mann who, having been appointed as a director of the Company since the last Annual General Meeting, retires in accordance with the Company's Constitution and the ASX Listing Rules and, being eligible, offers himself for re-election, is hereby re-elected as a director of the Company".

#### RESOLUTION 2 - RE-ELECTION OF JOHN HUTTON

"That John Ralston Hutton, who retires by rotation in accordance with the Company's Constitution and being eligible offers himself for re-election, is hereby re-elected as a director of the Company."

#### RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

"That the Remuneration Report contained in the 2010 Financial Report be adopted by the Company."

Note: voting on this Resolution is advisory only and is not binding.

### SPECIAL BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolutions.

#### RESOLUTION 4 – APPROVAL AND RATIFICATION OF ISSUE OF SHARES

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 4,100,000 Shares at an issue price of \$0.06 each as described in the Explanatory Notes accompanying this Notice."

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue of securities referred to in this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### RESOLUTION 5 - ISSUE OF DIRECTORS' OPTIONS

5.A "That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 1,000,000 Directors' Options to Miles Kennedy, or his nominee, for no cash consideration, each of such Directors' Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Notes, to subscribe for one (1) Share in the Company and hereby authorise the Directors to execute such documents and do all such acts and things as shall be necessary or desirable in order to implement and give full effect to this Resolution."

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 5.A by Miles Kennedy and any person who may participate in or who might obtain a benefit from, the issue of securities referred to in this resolution, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any votes cast by an associate of any such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5.B "That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 1,000,000 Directors' Options to John Hutton, or his nominee, for no cash consideration, each of such Directors' Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Notes, to subscribe for one (1) Share in the Company and

hereby authorise the Directors to execute such documents and do all such acts and things as shall be necessary or desirable in order to implement and give full effect to this Resolution."

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 5.B by John Hutton and any person who may participate in or who might obtain a benefit from, the issue of securities referred to in this resolution, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any votes cast by an associate of any such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

- 5.C "That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 1,000,000 Directors' Options to Thomas Mann, or his nominee, for no cash consideration, each of such Directors' Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Notes, to subscribe for one (1) Share in the Company and hereby authorise the Directors to execute such documents and do all such acts and things as shall be necessary or desirable in order to implement and give full effect to this Resolution."

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 5.C by Thomas Mann and any person who may participate in or who might obtain a benefit from, the issue of securities referred to in this resolution, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any votes cast by an associate of any such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### RESOLUTION 6 - ISSUE OF OPTIONS TO COMPANY SECRETARY

"That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 1,000,000 Options to the company secretary, Jean Mathie, or her nominee, for no cash consideration, each of such Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Notes, to subscribe for one (1) Share in the Company and hereby authorise the Directors to execute such documents and do all such acts and things as shall be necessary or desirable in order to implement and give full effect to this Resolution."

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 6 by Jean Mathie and any person who may participate in or who might obtain a benefit from, the issue of securities referred to in this resolution, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any votes cast by an associate of any such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### RESOLUTION 7 - INCENTIVE OPTION PLAN

"That, for the purpose of Listing Rule 7.2 (Exemption 9) and for all other purposes, the Company adopts the "Resource and Investment NL Incentive Option Plan", the material terms of which are summarised in the Explanatory Notes, and approves the issue of securities under that incentive plan."

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issues of securities under the incentive plan and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Company's Constitution and the Corporations Act.

By order of the Board of Directors  
DATED this 8th day of October 2010



Jean Mathie  
Company Secretary

These Explanatory Notes have been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company, and provides Shareholders with the information required to be provided to Shareholders by the Corporations Act and the Listing Rules.

#### RECEIVING FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that Shareholders view the annual company and consolidated financial statements and reports of the directors and auditors every year. Shareholders will be given the opportunity to ask questions of the directors and the auditors in relation to the financial statements that have been provided to Shareholders. No resolution is required to be moved in respect of this item.

#### RESOLUTION 1 - RE-ELECTION OF THOMAS MANN

The Company's Constitution provides that a person appointed as a director of the Company by the other directors will hold office only until the next annual general meeting of the Company. Thomas Mann, who was appointed as a Director by the other Directors on 27 April 2010, will accordingly retire at this Annual General Meeting. Thomas Mann, being eligible, offers himself for re-election as a director of the Company. Details regarding Thomas Mann are set out in the Company's 2010 Annual Report.

#### RESOLUTION 2 - RE-ELECTION OF JOHN HUTTON

In accordance with Listing Rule 14.4 and the provisions of the Company's Constitution, John Hutton retires by rotation and being eligible offers himself for re-election as a director of the Company. Details regarding John Hutton are set out in the Company's 2010 Annual Report.

#### RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

Section 298 of the Corporations Act requires that the Annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act. The Remuneration Report for the financial year ended 30 June 2010 is set out in the Directors' Report of the 2010 Annual Report. Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Shareholders should note that pursuant to Section 250R(3) of the Corporations Act, Resolution 2 is an "advisory only" resolution which does not bind the Directors or the Company. During the consideration of this item, there will be an opportunity for Shareholders to comment on and ask questions about the Company's Remuneration Report.

#### RESOLUTION 4 – APPROVAL AND RATIFICATION OF ISSUES OF SHARES

Resolution 4 has been proposed so that Shareholders may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, the issue by the Company of 4,100,000 Shares which were issued by the Company on 13 May 2010 at an issue price of \$0.06 each by way of a placement under Section 708A of the Corporations Act to various persons or entities, comprising sophisticated and professional investors to whom disclosure was not required to be made under Part 6D.2 of Chapter 6D of that Act. The funds raised from the placement were predominantly for use towards exploration and assessment activities on E52/2438 as announced by the Company on 4 May 2010.

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number which is 15% of its issued capital.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities for the purposes of Listing Rule 7.1. In order to replenish its capacity to issue shares in accordance with Listing Rule 7.1, the Company is seeking Shareholder approval of the above issue pursuant to Listing Rule 7.4 to give the Company the flexibility to raise further funds up to the 15% limit without the need to obtain further Shareholder approval.

If, however, Resolution 4 is not approved, this will have no impact on the Shares issued, which are already officially quoted on ASX. It would however mean that those Shares would be included in calculating the 15% limit of additional securities, which may be issued by the Company in a 12-month period.

#### RESOLUTIONS 5.A, 5.B AND 5.C – ISSUE OF DIRECTORS' OPTIONS

Under Resolutions 5.A to 5.C inclusive, Shareholders are asked to approve the issue of Directors' Options, for no cash consideration, to Directors as follows.

Resolution	Director	No. of Directors' Options
Resolution 5.A	Miles Kennedy	1,000,000
Resolution 5.B	John Hutton	1,000,000
Resolution 5.C	Thomas Mann	1,000,000

#### Listing Rule 10.11

Listing Rule 10.11 provides, in essence, that a listed company may not issue securities to any of the following persons without the approval of ordinary shareholders:

- a related party; or
- a person whose relationship with the company or a related party is, in the opinion of ASX, such that approval should be obtained.

In the circumstances, the issue of options to Messrs Kennedy, Hutton and Mann, or their respective nominees, under Resolutions 5.A to 5.C inclusive, will constitute issues of securities of the Company requiring shareholder approval for the purposes of Listing Rule 10.11.

#### Number, Price and Allottees

The Company will issue the Directors' Options described above to each director concerned, or their respective nominees, for no cash consideration and on the terms referred to below, within one month of the date of the Meeting. If the proposed issue of Directors' Options to each director, or their respective nominees, is approved by Shareholders pursuant to the respective Resolutions, the aggregate number of options that will be issued under Resolutions 5.A to 5.C inclusive is 3,000,000 Directors' Options.

#### Use of Funds Raised

No funds will be raised from the issue of the Directors' Options under any of Resolutions 5.A to 5.C inclusive.

#### Terms of Directors' Options

The Directors' Options referred to in Resolutions 5.A to 5.C inclusive, will be issued on and subject to the terms and conditions set out in Annexure "A" to this Notice.

#### Other Information

The primary purpose of the issue of Directors' Options is not to raise capital, but to recognise the services they have rendered to the Company, the significant contribution they have made to the Company's success and the substantial growth in its market capitalisation and to provide an incentive to them. Given this purpose, the Company does not believe that there are any significant opportunity costs or benefits forgone by the issue of the Directors' Options.

ASIC has indicated the Black-Scholes option price calculation method is an acceptable method for valuing options. This method is designed to value listed securities that are freely tradable and hence it is not entirely appropriate or reliable in the current circumstances where the Directors' Options proposed to be issued pursuant to Resolutions 5.A to 5.C inclusive will be unlisted but will vest and be exercisable immediately they are issued. Nevertheless, a value for each of the Directors' Options as at the date of this Notice of Meeting has been estimated to be approximately \$0.24479 for each Directors' Option by applying the Black-Scholes option pricing model as follows.

Exercise Price of Directors' Options	\$1.00
Share price used (ASX closing price 30 September 2010)	\$0.795
Expiry Date	25 November 2013
Total Directors' Options	3,000,000
Vesting Conditions	Not applicable
Risk free rate	4.88%
Volatility	50%
Black-Scholes notional value for each Officers' Option	\$0.24479
Black-Scholes total notional value for each 1,000,000 Directors' Options for each officer	\$244,790.29
Black-Scholes total notional value for all 3,000,000 Directors' Options	\$734,370.87

#### Listing Rule 7.1

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Directors' Options under Resolutions 5.A to 5.C inclusive as approval is being obtained under Listing Rule 10.11. Accordingly, the Directors' Options issued pursuant to those Resolutions will not be included in the calculation of the Company's annual 15% placement capacity under Listing Rule 7.1.

#### Chapter 2E of the Corporations Act - Related Party Benefits

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- prior Shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Messrs Kennedy, Hutton and Mann are related parties of the Company by virtue of section 228(5) of the Corporations Act and the issue of Directors' Options to them pursuant to Resolutions 5.A to 5.C inclusive will constitute the giving of a financial benefit. As none of the exceptions set out in the Corporations Act apply, the issue of the Directors' Options to Messrs Kennedy, Hutton and Mann requires Shareholder approval.

#### Information for Shareholders in respect of Chapter 2E

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the proposed issue of the Directors' Options to Messrs Kennedy, Hutton and Mann under Resolutions 5.A to 5.C inclusive.

- (a) **(Identity of the related party):** The related party of the Company to which a financial benefit may be given under Resolutions 5.A to 5.C inclusive are Miles Kennedy – Director, John Hutton – Director and Thomas Mann – Director (collectively *the Related Parties*)
- (b) **(Nature of the financial benefit):** The nature of the financial benefit to be given to the Related Parties is the issue of the Directors' Options for nil consideration.
- (c) **(Reason and basis for giving the financial benefit):** The reason for proposing the issue of the Directors' Options to the Related Parties is to recognise the services they have rendered to the Company, the significant contribution they have made to the Company's success and the substantial growth in its market capitalisation and to give them an added incentive to ensure the continued success of the Company and the increase in the market price of its Shares of the Company, for the benefit of all Shareholders. If the Directors' Options are exercised, additional working capital will be raised at no significant cost to the Company.
- (d) **(Value of the financial benefit):** Based on the Black-Scholes' value of \$0.24479 per Directors' Option specified above, the net value of the financial benefit proposed to be provided to the Related Parties is \$734,370.87, amounting to \$244,790.29 for each of them.
- (e) **(Advantages and disadvantages of Shareholders approving Resolutions 5.A to 5.C inclusive):** The Board considers the advantages for Shareholders of approving Resolutions 5.A to 5.C inclusive are as follows.

The passing of the Resolutions will, as noted in (c) above:

- (1) recognise the significant contribution the Related Parties have made to the Company's development and success and the substantial growth in its market capitalisation;
- (2) indicate that the Company will give due consideration to providing fair and just remuneration and compensation for services, assistance and acts benefiting the Company; and
- (3) give the Related Parties an added incentive to ensure the continued success of the Company and the increase in the market price of its Shares, for the benefit of all Shareholders.

The Board considers the disadvantages for Shareholders of approving Resolutions 5.A to 5.C inclusive are as follows.

The issue of the Directors' Options pursuant to Resolutions 5.A to 5.C inclusive will:

- (1) if the Directors' Options are exercised, dilute the shareholdings of other Shareholders by approximately 2.53% (based on its current issued Share capital) as noted below in paragraph (h) (*Dilution effect of transaction on existing Shareholders' interests*);
- (2) not result in the Company receiving any amount in cash for the issue of the Directors' Options; and
- (3) if the Directors' Options are exercised at a time when the market price of the Shares is higher than the exercise price of the Directors' Options, require the Company to issue Shares at a price lower than it might otherwise have been able to obtain at that time for the issue of that number of Shares.

- (f) **(Trading history):** The highest and lowest recorded sale price and last recorded closing price of Shares on ASX in the 12 months prior to the date of lodgement of this Notice with ASIC are as follows.

Highest \$0.86 on 23/09/2010

Lowest \$0.048 on 06/10/2009

Last recorded \$0.79 on 05/10/2010

- (g) **(Related party's existing interests):** Details regarding the securities in the Company in which the Related Parties currently hold interests and the current voting power of each of them as at the date of this Notice, are set out below.

Related Party	Shares	2011 Options	2012 Options	2013 Options	Voting Power
Miles Kennedy <sup>(1)</sup>	17,970,000	750,000	NIL	NIL	15.16%
John Hutton <sup>(2)</sup>	4,472,460	NIL	NIL	NIL	3.77%
Thomas Mann <sup>(3)</sup>	1,000,000	NIL	NIL	NIL	0.84%

<sup>(1)</sup> Comprises Miles Kennedy's relevant interests in securities held indirectly as follows:

- (a) MAK Super (WA) Pty Ltd ATF MAK Superannuation Fund — director and beneficiary;
- (b) Resource Development Co Pty Ltd — beneficial owner;
- (c) Kennedy Holdings (WA) Pty Ltd ATF Kennedy Family Trust — director and beneficiary;

<sup>(2)</sup> Comprises John Hutton's relevant interests in securities held indirectly as follows:

- (a) Faustus Nominees Pty Ltd — director
- (b) JCO Investments Pty Ltd - director

<sup>(3)</sup> Comprises Thomas Mann's indirect relevant interest in securities held by his spouse.

The Related Parties are currently being remunerated (on an annual basis) by the Company as follows.

Related Party	Current financial year	Previous financial year
Miles Kennedy	\$120,000	-
John Hutton	\$60,000	-
Thomas Mann	\$60,000	-

- (h) Other than the issue of Directors' Options, the subject of Resolutions 5.A to 5.C inclusive, the Company currently has no intention of materially altering the above remuneration.
- (i) **(Dilution effect of transaction on existing Shareholders' interests):** The Company currently has the following issued capital.

Number of securities	Class of securities
118,505,974	Ordinary fully paid Shares
550,000	Unlisted options exercisable at A\$0.90 expiring 24/11/2010
1,500,000	Unlisted options exercisable at A\$1.50 expiring 7/9/2011 ( <b>2011 Options</b> )
2,000,000	Unlisted options exercisable at \$0.40 expiring 7/8/2012 ( <b>2012 Options</b> )
123,334	Unlisted options exercisable at \$0.12 expiring 28/6/2013 ( <b>2013 Options</b> )

If all 3,000,000 Directors' Options are issued and exercised the dilution effect of the issue and exercise of the Directors' Options would be approximately 2.53% on the Company's current share capital and approximately 2.44% on its fully diluted capital.

If a Related Party exercised his respective Directors' Options, but no other Directors' or other Options were exercised then, based on the Company's current issued share capital. The voting power of that Related Party (held as specified above) would increase as follows.

Related Party	Shares Post-Exercise of Directors' Options	Voting Power before Exercise	Voting Power After Exercise
Miles Kennedy	18,970,000	15.16%	16.00%
John Hutton	5,472,460	3.77%	4.58%
Thomas Mann	2,000,000	0.84%	1.67%

#### Directors' Recommendation and Interests

All of the Directors were available to consider the proposed Resolutions 5.A to 5.C inclusive.

Miles Kennedy declined to make a recommendation about the proposed Resolution 5.A on the basis that he has a material personal interest in the outcome of that resolution. Messrs Hutton and Mann consider that the issue of the Directors' Options to Miles Kennedy pursuant to Resolution 5.A is reasonable and appropriate in the circumstances and recommend that Shareholders vote in favour of Resolution 5.A.

John Hutton declined to make a recommendation about the proposed Resolution 5.B on the basis that he has a material personal interest in the outcome of that resolution. Messrs Kennedy and Mann consider that the issue of the Directors' Options to John Hutton pursuant to Resolution 5.B is reasonable and appropriate in the circumstances and recommend that Shareholders vote in favour of Resolution 5.B.

Thomas Mann declined to make a recommendation about the proposed Resolution 5.C on the basis that he has a material personal interest in the outcome of that resolution. Messrs Kennedy and Hutton consider that the issue of the Directors' Options to John Hutton pursuant to Resolution 5.C is reasonable and appropriate in the circumstances and recommend that Shareholders vote in favour of Resolution 5.C.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no Director of the Company has an interest in the outcome of the proposed Resolutions 5.A to 5.C inclusive (other than as directors of, and holders of securities in, the Company) and neither the Directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass 5.A to 5.C inclusive.

#### RESOLUTION 6 - APPROVAL TO ISSUE OPTIONS TO JEAN MATHIE (COMPANY SECRETARY)

The Company has resolved, subject to obtaining shareholder approval, to allot and issue a total of 1,000,000 Options expiring 26 November 2010 exercisable at \$1.00 to Jean Mathie (company secretary) as an incentive for her ongoing commitment to the Company.

For the purposes of Listing Rule 7.3, the Company advises:

- the maximum number of Options to be issued to Jean Mathie is 1,000,000;
- the Options are intended to be issued as soon as possible following the Meeting but will, in any event, be issued within three months of the date of the Meeting;
- the Options will be issued for nil consideration;
- no funds will be raised by the grant of the Options; and
- the Options will be issued in one tranche on the one day.

A copy of the terms and conditions of the Options is attached to this Notice of Meeting as Annexure "A." Under Listing Rule 7.1, the Company cannot issue new securities which exceed 15% of the issued capital of the Company during any 12 month period without Shareholder approval. Shareholder approval is being sought to the issue of the Options to Jean Mathie in order to maintain the Company's capacity under the 15% limit imposed under Listing Rule 7.1.



**RESOLUTION 7 – RESOURCE AND INVESTMENT NL SHARE OPTION PLAN**

The directors consider it desirable to establish an option plan to be known as the “Resource and Investment NL Share Option Plan” (**the Plan**) under which the Company's full or part-time employees (excluding directors), consultants, contractors and advisers, or their nominees, may be offered the opportunity to subscribe for Shares in the Company in order to increase the range of potential incentives and to strengthen links between the Company and these persons and this Resolution to adopt the Plan is put to Shareholders for all required purposes.

Shareholders can inspect the Plan rules before the Meeting at the Company's registered office. The Plan rules will also be available for inspection at the Meeting.

**Summary of the Plan**

The Board may offer Options (**Incentive Options**) to full or part-time employees of the Company (excluding directors) and consultants, contractors and advisers to the Company (**Participants**), or their respective nominee having regard to:

- a. the Participant's length of service with or engagement by the Company;
- b. the contribution to the Company which has been made by the Participant;
- c. the potential contribution of the Participant to the Company; and
- d. any other matters which the Board considers relevant.

No amount is payable on the issue of Incentive Options.

The Incentive Options will be issued on the terms of the Rules (**the Rules**) of the Plan, and each Participant will be taken to have agreed to be bound by the Rules on acceptance of any offer of Incentive Options.

Incentive Options may not be offered or issued under the Plan if:

- a. immediately after the offer or issue, the aggregate of:
  - i. the number of Shares to be received on exercise of those Incentive Options;
  - ii. the number of Shares that would be issued on acceptance or exercise of any outstanding offer or option under any other incentive scheme; and
  - iii. the number of Shares issued during the previous five years pursuant to the Plan or any other incentive scheme extended only to full or part-time employees or directors of the Company, would exceed 5% of the total number of Shares on issue at the time of the offer; or
- b. the offer requires disclosure pursuant to the provisions of Part 6D.2 of the Corporations Act.

Subject to the Rules, each Incentive Option entitles the holder to subscribe for and be allotted one Share at an exercise price determined by the Board at the time it resolves to make offers of Incentive Options, having regard to such matters as the Board considers appropriate, but the exercise price must not be less than the market value of a Share at that time.

Incentive Options will not be quoted on ASX, but may be transferred in the discretion of the Participant provided that the transferee agrees to be bound by the Rules.

An Incentive Option carries no right to a dividend and no right to a vote.

No Incentive Option may be exercised if to do so would contravene the Corporations Act, the Listing Rules or the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

Incentive Options are exercisable by the holder lodging a notice of exercise of the Incentive Option together with the relevant Incentive Option certificate and paying the applicable exercise price.

Incentive Options may be exercised in multiple tranches, but except as authorised or approved by the Board, they must be exercised in multiples of five hundred unless the holder exercises all Incentive Options able to be exercised at that time. The exercise of some Incentive Options only does not affect the holder's right to exercise other Incentive Options at a later time. Except as authorised or approved by the Board, Incentive Options may not be exercised during the period of four weeks before the announcement to the ASX of the Company's half-year or full-year results (or during any other period during which Participants are not permitted to trade in the Company's securities pursuant to the Company's securities trading policy from time to time).

Any Incentive Option not exercised will lapse on the expiry of five years after the issue of the Incentive Option.

Subject to the Rules, the Company must allot Shares on exercise of Incentive Options in accordance with the Listing Rules, and will make application to ASX for official quotation of those Shares if other Shares of the Company are listed at that time. Shares issued on the exercise of Incentive Options will rank *pari passu* with all existing Shares from the date of issue and will be entitled to any dividends which have a record date for determining entitlements after the date of issue.

Holders are prohibited from selling any Shares issued on exercise of an Incentive Option for a period of 12 months after the date of issue unless a notice has been issued by the Company pursuant to section 708A(5) of the Corporations Act at the time of issue of the Shares and the Company agrees to use all reasonable endeavours to ensure that an appropriate notice is issued.

An Incentive Option will not carry any participation rights in relation to new issues of securities to shareholders unless the Incentive Option has first been exercised, if that is permitted by its terms, and the Shares allotted in respect of the Incentive Option before the record date for determining entitlements to the new issue. The Company must give notice to holders of Incentive Options of any new issue at least 10 Business Days before the record date for determining entitlements to the issue.

If the Company makes a bonus issue of Shares or other securities pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Incentive Option before the record date for determining entitlements to the bonus issue then the number of securities over which the Incentive Option is exercisable will be increased by the number of securities which the Incentive Option holder would have received if the Incentive Option had been exercised before that record date.

If the Company makes an offer of Shares pro rata to all or substantially all Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) for a subscription price which is less than the market price (as defined in the Rules) and no Shares have been allotted in respect of an Incentive Option before the record date for determining entitlements to the rights issue then the exercise price per Share will be reduced according to the formula specified in the Rules but the number of Shares which the holder of an Incentive Option is entitled to subscribe for on exercise of that Incentive Option will not change.

In the event of any reorganisation of the capital of the Company, the rights of an Incentive Option holder will be changed to the extent necessary to comply with the Listing Rules.

The Company must give notice to each holder of Incentive Options of any adjustment to the number of Shares which that holder is entitled to subscribe for or be issued on exercise of an Incentive Option or the exercise price per Share in accordance with the Listing Rules.

The Plan will be administered by the Board in accordance with the Rules and they may make regulations for the operation of the Plan which are consistent with the Rules, and the decision of the Board as to the interpretation, effect or application of the Rules will be final and conclusive except in the case of manifest error or fraud. The powers and discretions conferred on the Board by the Rules may be exercised by the Board in the interests or for the benefit of the Company, and they are not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

Any power or discretion which is conferred on the Board by the Rules may be delegated by them to a committee consisting of such Directors as they think fit.

The Board has the discretion to terminate or suspend the operation of the Plan but must give written notice to affected Participants as soon as reasonably practicable after that termination or suspension.

The Company is not restricted to using the Plan as the only method of providing incentive rewards to Participants and may approve other incentive schemes. Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of that incentive or scheme provide otherwise.

Subject to the qualifications summarised below and to the Listing Rules and all applicable laws, the Board may at any time by written instrument amend, including with retrospective effect, all or any of the Rules, and may specify that amendments to the Rules, including the terms of Incentive Options, will be taken to amend the terms of existing issued but unexercised Options.

However, any amendment to the Rules must, not materially reduce the rights of any holder of an Incentive Option in respect of their Incentive Options held at the date of the amendment, unless the amendment is introduced primarily for any one or more of the following reasons.

- a. For the purpose of complying with or conforming to present or future legislation governing or regulating the maintenance or operation of the Plan or similar plans.
- b. To correct any manifest error or mistake.
- c. To enable the Company to reduce the amount of any tax or impost that would otherwise be payable by the Company in relation to the Plan.
- d. For the purpose of enabling the Participants and holders of Options generally (but not necessarily each Participant and holder of Options) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- e. to enable the Plan to comply with the Company's Constitution, the Corporations Act or the Listing Rules.

The Rules contain provisions concerning the giving of notices by Participants, the holders of Incentive Options, the Company and the Board.

Nothing in the Rules:

- a. confers on any Participant the right to receive any Incentive Options;
- b. confers on any Participant the right to continue as an employee or contractor of the Company or any of its subsidiaries;

- c. affects any rights which the Company or a subsidiary may have to terminate the employment or engagement of any Participant; or
- d. may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

No person, whether an Participant, holder of Incentive Options or otherwise, has any claim, right or interest in respect of the Plan or any Incentive Options, whether against the Company or any other person, except under and in accordance with the Rules.

The Plan is governed by the laws in force in Western Australia.

#### **VOTING EXCLUSION STATEMENT**

Please refer to the Voting Exclusion Statements contained in the Notice of Meeting for details regarding votes to be disregarded in relation to Resolutions 4 to 7 inclusive.

#### **GLOSSARY**

In the Notice of Meeting and these Explanatory Notes, unless the context otherwise requires, the following expressions have the following meanings.

**ASX** means ASX Limited ABN 98 008 624 691.

**Listing Rules** means the listing rules of ASX.

**Board** means the board of Directors.

**Corporations Act** means Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Explanatory Notes** means these explanatory notes.

**Meeting** or **General Meeting** means the Annual General Meeting of Shareholders convened by this Notice of Meeting.

**Notice of Meeting** or **Notice** means the notice of the Annual General Meeting of which these Explanatory Notes form part.

**Resolution** means a resolution referred to in the Notice of Meeting.

**Share** means fully paid ordinary voting Share issued in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time.

## TERMS AND CONDITIONS OF OPTIONS

- A. Definitions:
- (i) **ASX** means ASX Limited (ABN 98 008 624 691).
  - (ii) **Company** means Resource and Investment NL (ABN 77 085 806 284).
  - (iii) **Exercise Price** means the exercise price of each Option, being \$1.00.
  - (iv) **Expiry Date** means 5.00pm (WST) on 25 November 2013.
  - (v) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Option.
  - (vi) **Listing Rules** means the Listing Rules of the ASX (including the ASTC Settlement Rules, ASX Market Rules and the ACH Clearing Rules).
  - (vii) **Option Holder** means the person or persons registered as the holder of one or more Options from time to time.
  - (viii) **Option Period** means the period from the date of issue of the Option to the Expiry Date.
  - (ix) **Resolution Date** means the date on which the resolutions authorising the issue of the Options contained in the Company's Notice of Meeting dated 6 October 2010, are passed by the shareholders of the Company.
  - (x) **Share** means a fully paid ordinary share in the capital of the Company.
  - (xi) **Unexercised Option Holder** means any person or persons registered as the holder of Unexercised Options.
  - (xii) **Unexercised Options** means all Option not exercised on or before the Expiry Date.
- B. Each Option is transferable but unlisted.
- C. Subject to these Terms and Conditions, each Option carries the right to subscribe for one Share.
- D. Options may be exercised by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
- E. The Exercise Notice must state the number of Options to be exercised and be accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to the Company for an amount being the result of the applicable Exercise Price multiplied by the number of Options being exercised.
- F. Following receipt of a properly executed Exercise Notice and application monies in respect of the exercise of any Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
- G. The Company will make application to have the Shares (issued pursuant to an exercise of Options) listed for quotation by ASX within 7 days of the date of issue.
- H. Shares issued pursuant to an exercise of Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
- I. Options carry no right to participate in pro rata issues of securities to shareholders unless the Directors' Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
- J. Each Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with Listing Rules.
- K. Subject to the Corporations Act and Listing Rules, Options do not confer the right to a change in Exercise Price.
- L. In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the Options will be changed to the extent necessary to comply with the requirements of the Listing Rules (in force at the time of the reorganisation).

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

RESOURCE AND INVESTMENT NL

ABN: 77 085 806 284

REGISTERED OFFICE:
34 BAGOT ROAD
SUBIACO WA 6008

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: RNI

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

Input box for Chairperson appointment

OR

Input box for name of person appointed

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 9.30am (WST) on Thursday 25 November 2010 at Level 1, 34 Bagot Road, Subiaco WA and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain\*

Table with 7 rows of resolutions and 3 columns for voting directions (For, Against, Abstain\*). Rows include: 1. RE-ELECTION OF THOMAS MANN, 2. RE-ELECTION OF JOHN HUTTON, 3. ADOPTION OF REMUNERATION REPORT, 4. APPROVAL AND RATIFICATION OF ISSUE OF SHARES, 5. ISSUE OF DIRECTORS' OPTIONS, 6. ISSUE OF OPTIONS TO COMPANY SECRETARY, 7. INCENTIVE OPTION PLAN.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Input box for Chairperson appointment

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Signature box for Individual or Security Holder

Signature box for Security Holder 2

Signature box for Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

7536529243

Reference Number:

Reference Number input box

1

RNI

1

My/Our contact details in case of enquiries are:

NAME

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

TELEPHONE NUMBER

(			)																
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**NOTES**

**1. Name and Address**

This is the name and address on the Share Register of Resource And Investment NL. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. Appointment of a Proxy**

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Resource And Investment NL.

**3. Directing your Proxy how to vote**

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

**4. Appointment of a Second Proxy**

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

**5. Signing Instructions**

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. Lodgement of Proxy**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 9.30am (WST) on Tuesday 23 November 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Registrars Pty Ltd  
PO BOX 535  
Applecross, Western Australia 6953**

**Street Address:  
Alexandrea House, Suite 1  
770 Canning Highway  
Applecross, Western Australia 6153**

**Telephone +61 8 9315 2333**

**Facsimile +61 8 9315 2233**

**Email registrar@securitytransfer.com.au**

**PRIVACY STATEMENT**

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.