Resource & Investment NL

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

ASX Code: RNI

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The directors present their report together with the financial report of Resource and Investment NL (**the Company or RNI**), for the year ended 30 June 2010 and the auditor's report thereon.

Basis of preparation

Following the sale of the Company's fully owned controlled entity, R&I Holdings (SA) Pty Ltd, during November 2008, comparative results and performance disclosures within this financial report are presented for the Group to the end of 30 November 2008 and the Company thereafter, being 1 December 2008 to 30 June 2009. Accordingly, the comparative Statement of Financial Position as presented on page 14 represents the Company only, with all other comparative statements representing the Group's financial performance to the end of 30 November 2008 and the Company for the seven months ended 30 June 2009. Refer to note 4 of the financial report for further details.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name	Period of Directorship
Mr Miles A Kennedy *Non-Executive Chairman*	Director since 7 September 2006
Mr John R Hutton *Non-executive Director*	Director since 12 January 1999
Mr Thomas J Mann *Non-executive Director*	Director since 27 April 2010
Mr Peter AG Pynes *Non-executive Director*	Appointed 28 April 2009; Resigned 27 April 2010

The qualifications, experience and other directorships of the directors in office at the date of this report are:

Miles A Kennedy	Non-Executive Chairman
Experience and expertise	Mr Kennedy was a lawyer. He has held directorships of Australian listed resource companies for the past 27 years. He was the founding Chairman of Macraes Mining Company Ltd and has extensive experience in the management of public companies. He lives in Perth, Western Australia.
Other current listed company directorships	Non-executive Chairman of Marine Produce Australia Limited (since June 2008). Chief Executive Director of Lonhro Mining Limited (since September 2008).
Former listed company directorships in last three years	Non-Executive Chairman of Sandfire Resources NL (August 2007 to December 2009). Executive Chairman of Kimberley Diamond Company NL (September 1993 to November 2007). Non-executive Chairman of Blina Diamonds NL (November 2002 to December 2007). Non-executive Chairman of Indago Resources Limited (August 2009 to September 2009). Non-executive director of Pangea Diamondfields Plc (2005 to 2009).
John R Hutton	Non-Executive Director
Experience and expertise	Mr Hutton was a professional AFL footballer and has spent many years successfully prospecting in Western Australia. He is a director of a number of successful private companies involved in the resources and pearling industries and is closely involved in the management of a highly successful pearl farm, producing Australian South Sea Pearls.
Other current listed company directorships	Non-executive Director of Marine Produce Australia Limited (since August 2006).
Former listed company directorships in last three years	Non-executive Director of Sandfire Resources NL (July 2007 to April 2010).
Thomas J Mann	Non-Executive Director
Experience and expertise	Thomas Mann has over 30 years experience in financial markets and global trade. He began his career in the financial services industry as a stockbroker working in both Sydney and London. He then began a global trading company with operations in the USA, Malaysia, Thailand, Indonesia and Australia. More recently he has been involved in capital raising initiatives and strategic development programs for small to mid-size public and private companies.
Former listed company directorships in last three years	Non-executive Chairman of Medical Australia Limited (Non-executive Director since February 2006; appointed Non-executive Chairman June 2008).

2. Company secretary

Ms Jean Mathie holds the position of Company Secretary and was appointed to the position in November 2001. Ms Mathie also holds the position of Company Secretary for other listed entities, including Lonrho Mining Limited and Marine Produce Australia Limited.

3. Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings	
	A	B
Miles A Kennedy	1	1
Thomas J Mann *(appointed 27 April 2010)*	-	-
John R Hutton	1	1
Peter AG Pynes *(resigned 27 April 2010)*	1	1

A – Number of meetings attended.
B – Number of meetings held during the time the director held office during the year.

4. Principal activities and review of operations

The principal activity of the Company during the financial year was the exploration and evaluation of mineral tenements in Western Australia.

Project review, strategies and future prospects

Doolgunna Project

On 30 April 2010 RNI entered into an option agreement with Ascidian Prospecting Pty Ltd (Ascidian) to acquire a 100% interest in Exploration License E52/2438 (the Doolgunna Project) located 3km southeast of Sandfire Resource NL's (Sandfire), DeGrussa Copper-Gold Project. The acquisition enabled the Company to secure a strategic position in one of Australia's most exciting emerging mineral fields.

In summary, the Company agreed:

- to pay an amount of $100,000 to Ascidian before 30 July 2010, completed on 29 July 2010;
- to issue Ascidian 3 million options in the capital of the Company, exercisable at 12 cents each at any time on or prior to 28 June 2013, completed on 30 April 2010;
- to grant Ascidian a royalty of 1.5 percent of the value of any metals or minerals recovered from the Tenement; and
- upon exercise of the option, not before 30 July 2011, to issue to Ascidian that number of shares in the capital of the Company so that Ascidian acquires a 20 percent interest in the Company, in addition to any interest in securities as it may have at that time, which will require shareholder approval at that time.

The Agreement was, inter alia, conditional upon RNI raising a minimum of $3 million in new equity prior to 30 July 2010, which the Company concluded and announced 14 July 2010.

The Doolgunna Project covers and area of about 21km2 located 3km southeast from Sandfire Resources NL's DeGrussa Copper-Gold project. This area has recently become a centre of intense exploration activity following the discovery and definition of high-grade copper-gold deposits. The DeGrussa deposit is a Volcanogenic Massive Sulphide (VMS) style deposit located within basaltic and sedimentary rocks of the Proterozoic-aged Bryah Basin. Worldwide experience with VMS deposits shows that they tend to occur in clusters. RNI's Doolgunna Project covers similar lithologies to those recorded in the DeGrussa area, and the Company believes the area has the potential to host equivalent copper gold deposits.

The region also hosts significant shear and vein related gold deposits. At Doolgunna, previous exploration has identified an east-west trending structure containing elevated gold concentrations. The Salmon Prospect is a strongly mineralised quartz reef located within this structure where drilling has identified economic concentrations of gold.

The Company commenced its initial regional exploration program over the Doolgunna Project area. The initial program comprises airborne geophysics, geological mapping and closely spaced soil sampling and is designed to provide an understanding of the geology of the area. The regional program will allow the Company to target future geophysical and drilling campaigns.

UTS Geophysics has completed flying of a detailed (25m line spacing) aeromagnetic survey over the Doolgunna Project and surrounding area. Preliminary and final magnetic data has been received from the survey and detailed geological mapping of the project area is underway and is expected to be completed within the second half of 2010. Preliminary work has identified a mafic volcanic succession in the southern and central parts of the area that has strong similarities to the succession that hosts the nearby DeGrussa Deposit.

4. Principal activities and review of operations (continued)

RNI has also commenced a comprehensive soil sampling program that will cover the entire project area. Samples are being collected on a 100 x 50m pattern and will be analysed for a suite of 36 elements used to characterise VMS and gold deposits. Previous soil sampling programs have outlined gold mineralisation within the area and the current program will add detail to this work and provide a geochemical framework for future exploration in the area. The regional soil sampling program will be completed during the third quarter of 2010.

While the main focus of RNI's initial program will be to complete a regional-scale evaluation of the entire Doolgunna Project area for potential VMS copper-gold and gold mineralisation, more detailed exploration will also be conducted over a zone of anomalous gold geochemistry. This zone was identified from previous exploration and two more significant gold prospects have been identified within the zone. Marty's Patch is an area containing nuggetty gold previously targeted by metal detectors. The Salmon Prospect is a gold-rich quartz reef identified from previous drilling programs. In recent reconnaissance in the area, visible gold was recognised in pan-concentrates from both localities.

The Company believes that the anomalous gold geochemical zone has considerable potential and emphasis will be placed on understanding and defining the mineralisation in the Salmon Prospect. In this area, previous RAB and RC drilling over surface geochemical anomalies has identified significant gold and associated copper mineralisation over a 200 metre strike length. The mineralisation occurs in sub-vertically oriented, sulphide-bearing quartz veins within mafic schists. The mineralised structure remains open to the west. Gold grades of up to 8.2g/t have been recorded with significant gold grades reported whenever the gold-bearing horizon was intersected in drilling.

Highlights of the drilling program that identified the mineralisation are shown in the table below.

Drilling Highlights – Salmon Prospect – Doolgunna Project

Hole No	East	North	Dip	Azimuth	From	To	Au (g/t)	Cu (ppm)
DGRB0355	736102	7169060	60	180	32	34	8.1	1,220
					34	36	2.1	1,320
DGRB0372	736191	7169061	60	180	20	22	7.4	711
					22	24	8.2	917
DGRB1900	735993	7169069	60	180	32	34	0.7	N/A
DGRC028	736202	7169033	60	180	32	34	4.1	513
					34	36	2.5	470
					36	38	2.5	470
DGRC029	736160	7169028	60	180	40	42	7.6	713
					42	44	1.1	515

Notes:

- Drilling undertaken by Sandfire Resources NL between 2006 and 2007.
- Drill hole collars surveyed – GDA94 Datum.
- Analytical results by Genalysis using B/AAS method for gold and B25/AAS method for copper.
- Intercepts are down-hole metres. No estimate of true thickness is implied.
- NA – Not assayed.

Three Rivers Project

In late July 2010, RNI concluded an Option Agreement to acquire the Three Rivers Project from Imic Pty Ltd. This Project comprises two Exploration Licences (one granted) covering about 170km2 and located about 35km north of DeGrussa and 15km northwest of the Plutonic Gold Mine. The Three Rivers Project contains a broad zone that is substantially anomalous in copper, zinc, arsenic, uranium and palladium. Such broad-element multi-element anomalism is potentially the fingerprint of a major metal deposit and the area warrants thorough and systematic exploration.

4. Principal activities and review of operations (continued)

In summary, the Option agreement provides for:

- the payment of option fees to Imic Pty Ltd of $150,000, completed on 19 July 2010;
- the issue to the Owners of the Three Rivers Project of 2 million options in the capital of RNI exercisable to ordinary fully paid shares, with an exercise price of $0.40 per share, exercisable within 24 months of issue, completed on 6 August 2010 and announced on 9 August 2010;
- a 1.5% net smelter return on all minerals and metals recovered;
- RNI to conduct all exploration on each of the tenements as it sees fit at the sole cost of RNI;
- RNI to keep each of the tenements in good standing;
- RNI to issue to the Owners of EL 53/2124 that number of shares equivalent to 5% of the capital of RNI (immediately prior to exercise) upon Exercise of the Option on or before 19 July 2011, if RNI so elects to exercise that Option;
- RNI to issue to the Owners of EL 52/2562 that number of shares equivalent to 3% of the capital of RNI (immediately prior to exercise) upon exercise of the Option on or before 15 November 2011, if RNI so elect to exercise that Option.
- RNI to hand back all data to the Owners in the event it elects not to exercise either or both Options.

The Three Rivers Project area is in close proximity to RNI's Doolgunna project, where the Company has established an exploration camp and commenced its exploration program. The Three Rivers Project will commence from the same camp.

Regional mapping indicates that the Three Rivers Project tenements predominantly cover Proterozoic sediments of the Bangemall Group; with some Achaean granite exposed in the south eastern portion of the area. Large parts of the tenement are covered by alluvial deposits associated with the Gascoyne River. RNI believes the area has potential to host significant mineralisation. Imic Pty Ltd has conducted a limited soil sampling program over parts of the tenements and has located a broad zone that is substantially anomalous in copper, zinc, arsenic, uranium and palladium. The broad, multi-element anomalism may be related to a major hydrothermal system and could indicate the presence of a significant base and precious metal deposits in the area.

An exploration program comprising of aeromagnetics, detailed geological mapping and regional soil sampling is planned as a first pass reconnaissance for the Three Rivers area. The Company hopes to commence exploration in the area during the third quarter of 2010.

Corporate

Board and management

The Company appointed experienced corporate advisor Mr Thomas J Mann as non-executive director on 27 April 2010, following the resignation of Mr Peter AG Pynes on that same date.

Review of financial condition

The Company recorded a loss of $360,270 for the year ended 30 June 2010 (2009: profit of $4,677,938, which included a gain of $4,723,549 on the sale of the Company's South African subsidiary, R&I Holdings (SA) Pty Ltd).

As at 30 June 2010, the Company had a net working capital surplus of $622,471 (2009: net working capital deficit of $162,950), represented significantly by cash and cash equivalent assets of $682,340. The Company's net asset position was $944,881 (2009: net deficit of $55,992).

Subsequent to period end the Company announced the issue of 57,814,654 ordinary fully paid shares, pursuant to the Company's fully underwritten 1-for-1 pro rata non-renounceable entitlements offer to existing shareholders at an issue price of $0.06 per share. The offer raised $3,468,879 before issue costs. The funds raised have and are to be used to further the Company's exploration and evaluation activities and for general working capital requirements.

5. Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year, other than those described in this report under 'Principal activities and review of operations'.

6. Environmental regulations

The Company's exploration activities are subject to various environmental regulations. The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The Company is committed to achieving a high standard of environmental performance and conducts its activities in a professional and environmentally conscious manner and in accordance with applicable laws and permit requirements. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current financial year and the Company for the subsequent financial year. The directors will reassess this position as and when the need arises.

7. Dividends

The directors have not recommended the declaration of a dividend. No dividends were paid or declared during the current or prior period.

8. Events subsequent to reporting date

Equity

Shares issued

Subsequent to period end the Company announced the issue of 57,814,654 ordinary fully paid shares, pursuant to the Company's fully underwritten 1-for-1 pro rata non-renounceable entitlements offer to existing shareholders at an issue price of $0.06 per share. The offer raised $3,468,879 before issue costs.

Share options issued

On 9 August 2010 the Company announced the issue of 2,000,000 unlisted options exercisable at $0.40 each on or before 7 August 2012 to Imic Pty Ltd pursuant to an Option Agreement to acquire the Three Rivers Project from Imic Pty Ltd. Refer to section 4 of this report for details.

Shares issued as a result of the exercise of options

Subsequent to year end the Company announced the following issue of ordinary shares from the exercise of unlisted options:

Expiry date	Exercise Price	Number of shares
28 June 2013	$0.12	1,810,000

Other matters

In late July 2010, RNI concluded an Option Agreement to acquire the Three Rivers Project from Imic Pty Ltd. This Project comprises two Exploration Licences (one granted) covering about 170km2 and located about 35km north of DeGrussa and 15 km northwest of the Plutonic Gold Mine.

In summary, the Option agreement provides for:

- the payment of option fees to Imic Pty Ltd of $150,000, completed on 19 July 2010;
- the issue to the Owners of the Three Rivers Project of 2 million options in the capital of RNI exercisable to ordinary fully paid shares, with an exercise price of $0.40 per share, exercisable within 24 months of issue, completed on 6 August 2010 and announced 9 August 2010;
- a 1.5% net smelter return on all minerals and metals recovered;
- RNI to conduct all exploration on each of the tenements as it sees fit at the sole cost of RNI;
- RNI to keep each of the tenements in good standing;
- RNI to issue to the Owners of EL 53/2124 that number of shares equivalent to 5% of the capital of RNI (immediately prior to exercise) upon Exercise of the Option on or before 19 July 2011, if RNI so elects to exercise that Option;
- RNI to issue to the Owners of EL 52/2562 that number of shares equivalent to 3% of the capital of RNI (immediately prior to exercise) upon exercise of the Option on or before 15 November 2011, if RNI so elect to exercise that Option.
- RNI to hand back all data to the Owners in the event it elects not to exercise either or both Options.

Refer to section 4 of this report for details.

9. Likely developments

Comments on expected results of certain operations of the Company are included in this financial report under section 4, Principal activities and review of operations.

10. Directors' interests

The relevant interest of each director in the shares and options over such instruments issued by the companies within the Company and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Fully Paid Ordinary shares	Options expiring 7 Sep 2011
Miles A Kennedy	17,970,000	750,000
John R Hutton	4,472,460	-
Thomas J Mann	1,000,000	-

Each option carries the right to subscribe for one fully paid ordinary share in Resource & Investment NL.

11. Share options

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted options over unissued ordinary shares in the Company to the following directors and to the following of the three most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted	Exercise Price	Expiry date
Miles A Kennedy	2,000,000	$0.06	18 Nov 2014
John R Hutton	2,000,000	$0.06	18 Nov 2014
Peter AG Pynes *(resigned 27 April 2010)*	2,000,000	$0.06	18 Nov 2014

All the options were granted during the financial year. No options have been granted since the end of the financial year.

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise Price	Number of shares
24 November 2010	$0.90	550,000
7 September 2011	$1.50	1,500,000
7 August 2012	$0.40	2,000,000
28 June 2013	$0.12	123,334
		4,173,334

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Share options issued

The following options over ordinary shares were issued by the Company during or since the end of the financial year:

Expiry date	Exercise Price	Number of shares
18 November 2014	$0.06	6,000,000
28 June 2013	$0.12	3,000,000
7 August 2012	$0.40	2,000,000

Shares issued as a result of the exercise of options

The following number of ordinary shares were issued by the Company as a result of the exercise of options during or since the end of the financial year:

Expiry date	Exercise Price	Number of shares
18 November 2014	$0.06	6,000,000
28 June 2013	$0.12	2,876,666

Share options expired

The following options over ordinary shares expired during the financial year:

Expiry date	Exercise Price	Number of shares
7 September 2009	$0.90	1,500,000

12. Remuneration report - audited

12.1 Principles of compensation

Remuneration is referred to as compensation throughout this report.

Key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the directors of the Company and executives for the Company and include the three most highly remunerated Company executives.

Compensation levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board obtains independent advice on the appropriateness of compensation packages of the Company given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages include a mix of fixed compensation, equity-based compensation, performance-based compensation as well as employer contributions to superannuation funds.

Shares and options may only be issued to directors subject to approval by shareholders in general meeting.

The Board has no established retirement or redundancy schemes.

Other than the directors, no other person is concerned in, or takes part in, the management of the Company or has the authority and responsibility for planning, directing and controlling the activities of the Company. As such, during the financial year, the Company did not have any person, other than directors, that would meet the definition of "Key Management Personnel" for the purposes of AASB124 *Company Executive or Relevant Group Executive* for the purposes of section 300A of the Corporations Act 2001 ("Act").

Fixed compensation

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Company. In addition, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the market place.

Performance linked compensation (*Short-term incentive bonus*)

In considering the Company's strategic objectives the Board may integrate certain performance linked short-term incentives (STIs) into key management personnel compensation packages.

Performance linked compensation primarily include STIs and are considered by the Board as and when projects are delivered and are entirely at the Board's discretion. The measures chosen are designed to align the individual's reward to the achievement of the Company's strategies and goals and to reward key management personnel for meeting or exceeding their personal objectives. Performance linked STI payments are an 'at risk' bonus provided in the form of cash. If an incentive payment is payable, the Board recommends the cash incentive to be paid to the individuals for approval by the Board.

No bonuses were paid during the current financial year.

Equity based compensation (*Long-term incentive bonus*)

The Board has introduced a number of equity-based long-term incentives (LTIs) to promote continuity of employment and to provide additional incentive to key management personnel to increase shareholder wealth. LTIs are provided as options over ordinary shares of the Company and are provided to key management personnel based on their level of seniority and position within the Company. Options may only be issued to directors subject to approval by shareholders in general meeting.

(i) Director incentive option plan (DIOP) (approved in general meeting 27 November 2009)

As approved by shareholders in general meeting held on 27 November 2009, the Company issued 6,000,000 unlisted options to subscribe for ordinary fully paid shares in the Company at any time on or before 18 November 2014 at an exercise price of $0.06 each.

There are no voting or dividend rights attached to the options and options issued under the plan were issued for no consideration. Voting rights will be attached to the ordinary issued shares when the options have been exercised. Each option is convertible to one fully paid ordinary share and the options were issued to the following directors:

Director	Number of options
Miles A Kennedy	2,000,000
Peter RG Pynes	2,000,000
John R Hutton	2,000,000

12. Remuneration report – audited (continued)

12.1 Principles of compensation (continued)

Short-term and long-term incentive structure and consequences of performance on shareholder wealth

Given the Company's principal activity during the course of the financial year consisted of exploration and evaluation, the Board has given more significance to service criteria instead of market related criteria in setting the Company's incentive schemes. Accordingly, at this stage the Board does not consider the Company's earnings or earning measures to be an appropriate key performance indicator. The issue of options as part of the remuneration package of directors is an established practice for listed exploration companies and has the benefit of conserving cash whilst appropriately rewarding the directors. In considering the relationship between the Company's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed.

The following table outlines the Company's and Group's respective earnings and share price from the period 1 July 2005 to 30 June 2010.

	30 Jun 06	30 Jun 07	30 Jun 08	30 Jun 09	30 Jun 10
Net result (loss)	($15,018,566)	($2,799,131)	($3,167,050)	$4,677,938	($360,270)
Closing ASX share price	$0.05	$0.280	$0.065	$0.025	$0.155

In the opinion of the Board, the Company's earnings, as listed above, are largely irrelevant for assessing the Company's performance during the exploration and evaluation phase and have limited consequence on shareholder wealth.

Service contracts

It is the Company's policy that service contracts for key management personnel are unlimited in term but capable of termination and that the Company retains the right to terminate the contract immediately, by providing sufficient notice.

Non-executive directors

Total compensation for all non-executive directors are set based on advice from external advisors with reference to fees paid to other non-executive directors of comparable companies. Non-executive directors' fees are presently limited to $62,500 per annum each, excluding director services charged under management or consulting contracts.

Non-executive directors do not receive performance related compensation. Options issued to non-executive directors are provided as an incentive to promote continuity of service and are not performance based. Directors' fees cover all main Board activities. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

Payments of non-executive director fees were suspended from December 2007, with the exception of Mr Kennedy in his capacity as non-executive Chairman. Mr Kennedy's payments were suspended from December 2008.

12. Remuneration report – audited (continued)

12.2 Directors' and executive officers' remuneration (Company and Consolidated)

Details of the nature and amount of each major element of remuneration of each director of the Company are:

		Short-term					Equity settled Share-based payments			
		Salary & fees	STI cash bonus	Manage-ment contract	Total	Superan-nuation benefits	Options (A)	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		$	$	$	$	$	$	$	%	%
Directors										
Miles A Kennedy, Chairman	2010	-	-	-	-	-	72,293	**72,294**	-	100.00
	2009	-	-	45,000	45,000	-	-	**45,000**	-	-
John R Hutton	2010	-	-	-	-	-	72,293	**72,293**	-	100.00
	2009	-	-	-	-	-	-	**-**	-	-
Thomas J Mann *(appointed 27 Apr 2010)*	2010	-	-	-	-	-	-	**-**	-	-
Peter AG Pynes *(resigned 27 Apr 2010)*	2010	-	-	-	-	-	72,293	**72,293**	-	100.00
	2009	-	-	-	-	-	-	**-**	-	-
Mr J Firth, CEO *(resigned 28 Apr 2009)*	2009	100,000	-	-	100,000	-	1,952	**101,952**	-	1.91
Mr R Linnell *(resigned 30 Sep 2008)*	2009	-	-	-	-	-	488	**488**	-	100.00

Notes in relation to the table of directors' and executive officers' remuneration

(A) The fair value of the options are calculated at the date of grant using the Black-Scholes option valuation model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. Further details of the issue are included in section 12.3 of the Directors' Report.

(B) Payments of non-executive director fees were suspended from December 2007, with the exception of Mr Kennedy in his capacity as non-executive Chairman. Mr Kennedy's payments were suspended from December 2008.

12.3 Equity instruments

Options refer to options over ordinary shares of Resource & Investment NL and are exercisable on a one-for-one basis.

12.3.1 Options and rights over equity instruments granted as compensation

Details of options over ordinary shares in the Company that were granted and vested as compensation to each key management person during the reporting period are as follows:

	Number of options granted during 2010	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2010
Directors						
Miles A Kennedy	2,000,000	27 Nov 2009	0.036	0.060	18 Nov 2014	2,000,000
John R Hutton	2,000,000	27 Nov 2009	0.036	0.060	18 Nov 2014	2,000,000
Peter AG Pynes *(resigned 27 April 2010)*	2,000,000	27 Nov 2009	0.036	0.060	18 Nov 2014	2,000,000

Options issued during the reporting period vested on grant date, being 27 Nov 2009. No options were forfeited by key management persons during the reporting period.

12. Remuneration report – audited (continued)

12.3 Equity instruments (continued)

12.3.2 Modifications of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

12.3.3 Exercise of options granted as compensation

During the reporting period, the following shares were issued on exercise of options previously granted as compensation:

Director	Number of shares	Amount paid $/share
Miles A Kennedy	2,000,000	$0.06
John R Hutton	2,000,000	$0.06
Peter AG Pynes*	2,000,000	$0.06

* The option conversion was subsequent to Mr Pynes' resignation as a non-executive director on 27 April 2009.

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2010 financial year.

12.3.4 Analysis of movement in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person and each of the three named Company executives is detailed below.

Director	Granted in year $ (A)	Value of options exercised in year $ (B)	Lapsed in year $ (C)
Miles A Kennedy	72,294	460,000	-
John R Hutton	72,293	460,000	-
Peter AG Pynes*	72,293	320,000	-

* The option conversion was subsequent to Mr Pynes' resignation as a non-executive director on 27 April 2009.

(A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. The amount is allocated to remuneration over the vesting period.

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(C) The value of the options that lapsed during the year represents the benefit foregone and is calculated at the date the option lapsed using the Black-Scholes option-pricing model.

13. Indemnification and insurance of officers and auditors

Indemnification

The Company indemnifies each of its directors and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of a conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavour to insure a director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

The directors of the Company are not aware of any proceedings or claim brought against Resource & Investment NL as at the date of this report.

Insurance

The Company does not hold cover in respect of directors' and officers' liability and legal expenses' insurance, for current and former directors and officers of the Company.

14. Non-audit services

At the general meeting held on 22 January 2009 the Company's shareholders approved the removal of KPMG as the Company's auditor and the appointment of Somes & Cooke to that position. During the year Somes & Cooke, the Company's auditor, did not perform any services other than their statutory audits.

In the event that non-audit services are provided by Somes & Cooke, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Company to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company and their related practices for audit services provided during the year are set out below.

	2010 $	2009 $
Audit services:		
Audit and review of financial reports (Somes & Cooke)	21,000	22,750
Audit and review of financial reports (KPMG Australia)	-	5,165
	21,000	27,915

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 12 and forms part of the directors' report for the financial year ended 30 June 2010.

This report is made with a resolution of the directors.

MILES A KENNEDY
CHAIRMAN

Dated at Subiaco this 28th day of September 2010.

Competent Persons Statement

The information in this report which relates to exploration results, mineral resources or ore reserves is based on information compiled by David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a consultant to RNI and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which it is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Jones consents to the inclusion in the document of the matters based on this information in the form and context in which it appears.

SomesandCooke

Auditors Independence Declaration

As lead auditor for the review of Resource and Investment NL for the year ended 30 June 2010, declare under Section 307C of the *Corporations Act 2001*, that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review
- no contraventions of any applicable code of professional conduct in relation to the review.

Somes and Cooke

Somes and Cooke

Kevin Somes

1304 Hay Street
West Perth WA 6005
Date: 28 September 2010

	Note	Company 2010 $	Consolidated 2009 $	Company 2009 $
Continuing operations				
Other income	6	-	72,585	72,585
Gain on sale of controlled entity	4	-	-	237,805
Recovery of controlled entity loan		-	-	175,000
Administrative expenses		(115,910)	(296,852)	(296,852)
Impairment loss	7	(12,335)	(11,429)	(11,429)
Share based payments	8	(216,880)	(5,367)	(5,367)
Results from operating activities		(345,125)	(241,063)	171,742
Finance income		1,015	1,521	1,521
Finance expenses		(16,160)	(50,635)	(50,635)
Net finance income (expense)	9	(15,145)	(49,114)	(49,114)
Profit (loss) before income tax		(360,270)	(290,177)	122,628
Income tax benefit (expense)	10	-	-	-
Profit (loss) from continuing operations		**(360,270)**	**(290,177)**	**122,628**
Discontinued operation				
Profit from discontinued operation (net of income tax)	4	-	4,968,115	-
Profit (loss) for the period		**(360,270)**	**4,677,938**	**122,628**
Other comprehensive income				
Currency translation differences		-	(389,515)	-
Foreign currency translation reserve transferred to Income Statement on disposal of discontinued operation		-	(1,697,668)	-
Other comprehensive income for the period, net of tax		-	(2,087,183)	-
Total comprehensive income for the period		**(360,270)**	**2,590,755**	**122,628**
Profit (loss) attributable to:				
Equity holders of the parent		(360,270)	4,677,938	122,628
Minority interests		-	-	-
Profit (loss) for the period		**(360,270)**	**4,677,938**	**122,628**
Total comprehensive income attributable to:				
Equity holders of the parent		(360,270)	2,590,755	122,628
Minority interests		-	-	-
Total comprehensive income for the period		**(360,270)**	**2,590,755**	**122,628**
Earnings (loss) per share				
Basic and diluted earnings (loss) per share attributable to ordinary equity holders	11	($0.008)	$0.138	
Continuing operations				
Basic and diluted earnings (loss) per share attributable to ordinary equity holders	11	($0.008)	($0.008)	

* See discontinued operation – note 4.

The statements of comprehensive income are to be read in conjunction with the accompanying notes.

	Note	Company 2010 $	Company 2009 $
Assets			
Cash and cash equivalents	18	682,340	93,432
Trade and other receivables	13	23,059	52,786
Total current assets		705,399	146,218
Investments	14	74,454	90,614
Property, plant and equipment	15	76,910	15,022
Exploration and evaluation assets	16	171,046	1,322
Total non-current assets		322,410	106,958
Total assets		**1,027,809**	**253,176**
Liabilities			
Trade and other payables	19	82,928	309,168
Total current liabilities		82,928	309,168
Total liabilities		**82,928**	**309,168**
Net assets (deficit)		**944,881**	**(55,992)**
Equity			
Issued capital	20	26,348,663	25,077,334
Reserves	20	216,705	171,700
Accumulated losses		(25,620,487)	(25,305,026)
Total equity (deficit) attributable to equity holders of the parent		**944,881**	**(55,992)**
Minority interest		**-**	**-**
Total equity (deficit)		**944,881**	**(55,992)**

The statements of financial position are to be read in conjunction with the accompanying notes.

		Attributable to Equity holders of the Parent					Minority interest	Total equity (deficit)
In AUD	Note	Issued capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Total equity (deficit)		
Consolidated								
Opening balance at 1 July 2008		25,077,334	(29,982,964)	166,333	2,087,183	(2,652,114)	-	(2,652,114)
Total comprehensive income for the period								
Currency translation differences		-	-	-	(389,515)	(389,515)	-	(389,515)
Foreign currency translation reserve transferred to Income Statement on disposal of discontinued operation	4	-	-	-	(1,697,668)	(1,697,668)	-	(1,697,668)
Profit (loss) for the period		-	4,677,938	-	-	4,677,938	-	4,677,938
Total comprehensive income for the period		-	4,677,938	-	(2,087,183)	2,590,755	-	2,590,755
Share based payments		-	-	5,367	-	5,367	-	5,367
Closing balance at 30 June 2009		**25,077,334**	**(25,305,026)**	**171,700**	**-**	**(55,992)**	**-**	**(55,992)**
The Company								
Opening balance at 1 July 2008		**25,077,334**	**(25,427,654)**	**166,333**	**-**	**(183,987)**		
Total comprehensive income for the period								
Profit (loss) for the period		-	122,628	-	-	122,628		
Total comprehensive income for the period		-	122,628	-	-	122,628		
Transactions with owners, recorded directly in equity								
Cost of share based payments		-	-	5,367	-	5,367		
Balance as at 30 June 2009		**25,077,334**	**(25,305,026)**	**171,700**	**-**	**(55,992)**		
Total comprehensive income for the period								
Profit (loss) for the period		-	(360,270)	-	-	(360,270)		
Total comprehensive income for the period		-	(360,270)	-	-	(360,270)		
Transactions with owners, recorded directly in equity								
Shares issued		537,000	-	-	-	537,000		
Share issue costs		(20,104)	-	-	-	(20,104)		
Exercise of options		488,000	-	-	-	488,000		
Share based payments		-	-	356,247	-	356,247		
Transfer from share-based payments reserve on exercise of options		266,433	-	(266,433)	-	-		
Expiry of options		-	44,809	(44,809)	-	-		
Balance as at 30 June 2010		26,348,663	(25,620,487)	216,705	-	944,881		

The statements in changes in equity are to be read in conjunction with the accompanying notes.

	Note	Company 2010 $	Consolidated 2009 $	Company 2009 $
Cash flows from operating activities				
Cash receipts		-	637,535	-
Cash paid to suppliers and employees		(144,510)	(737,720)	(201,909)
Cash generated from (utilised in) operations		(144,510)	(100,185)	(201,909)
Interest received		1,015	6,239	1,521
Net cash inflow (outflow) from operating activities	18	**(143,495)**	**(93,946)**	**(200,388)**
Cash flows from investing activities				
Payments for exploration and evaluation		(42,692)	(12,751)	(12,751)
Payments for property, plant and equipment		(65,301)	(10,206)	(10,206)
Disposal of discontinued operation, net of cash disposed and related costs	4	50,000	120,557	187,805
Net cash inflow (outflow) from investing activities		**(57,993)**	**97,600**	**164,848**
Cash flows from financing activities				
Proceeds from the issue of shares		810,500	-	-
Share issue costs		(20,104)	-	-
Repayment of borrowings – Blina Diamonds NL		-	(130,903)	(130,903)
Loan repayment from controlled entity		-	-	175,000
Interest paid on borrowings		-	(19,097)	(19,097)
Net cash inflow (outflow) from financing activities		**790,396**	**(150,000)**	**25,000**
Net increase (decrease) in cash and cash equivalents		**588,908**	**(146,346)**	**(10,540)**
Cash and cash equivalents at the beginning of the period		93,432	239,778	103,972
Cash and cash equivalents at the end of the period	18	**682,340**	**93,432**	**93,432**

The statements of cash flows are to be read in conjunction with the accompanying notes.

1 Reporting entity

Resource & Investment NL (the Company or RNI) is a company domiciled in Australia. The address of the Company's registered office and principal place of business is 34 Bagot Road, Subiaco WA 6008. The financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company. The Company is primarily involved in the exploration and evaluation of mineral tenements in Western Australia. Certain comparative disclosures comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

Following the sale of the Company's fully owned controlled entity, R&I Holdings (SA) Pty Ltd, during November 2008, comparative results and performance disclosures within this financial report are presented for the Group to the end of 30 November 2008 and the Company thereafter, being 1 December 2008 to 30 June 2009. Accordingly, the comparative Statement of Financial Position as presented on page 14 represents the Company only, with all other comparative statements representing the Group's financial performance to the end of 30 November 2008 and the Company for the seven months ended 30 June 2009. Refer to note 4 of the financial report for further details.

2 Basis of preparation

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standard Board (AASB) and the *Corporations Act 2001*. The financial report of the Group and the financial report of the Company comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 28 September 2010.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value; and
- Share-based payments are measured at fair value.

The methods used to determine fair values are discussed further in the following notes:

- Available-for-sale financial assets note 3(r); and
- Share-based payments note 3(r).

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's presentation currency.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3(q).

e) Changes in accounting policies

Overview

Starting as of 1 July 2010, the Company has changed its accounting policies in the following areas:

- Determination and presentation of operating segments; and
- Presentation of financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Company.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

3 Significant accounting policies (continued)

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

Transactions eliminated on consolidation

Intra-group transactions, balances and any unrealised income and expenses arising from transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on retranslation are recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity (foreign currency translation reserve, "FCTR"). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the income statement.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to for part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

c) Financial instruments

Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through the statement of comprehensive income) are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents, trade and other receivables and available-for-sale financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Company does not recognise funds held in trust, in relation to equity issues, as a component of cash and cash equivalents.

Accounting for finance income and finance cost is discussed in note 3(j).

3 Significant accounting policies (continued)

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see accounting policy note (f)), and foreign currency differences on available-for-sale monetary items (see accounting policy note (b)), are recognised directly in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

The fair value of listed equity securities classified as available-for-sale is their quoted bid price at the balance sheet date.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of comprehensive income.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the income statement as an expense incurred.

Depreciation

Depreciation is recognised in the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Office furniture and equipment	20%
Plant and equipment	40%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3 Significant accounting policies (continued)

e) Exploration and evaluation assets

Exploration costs on mineral exploration prospects are accumulated separately for each area of interest (an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proven to contain such a deposit) and are carried forward on the following basis:

(i) Each area of interest is considered separately when deciding whether and to what extent to carry forward or write-off exploration costs.

(ii) Rights to prospect in the area of interest are current, provided that such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale.

(iii) The carrying values of mineral exploration prospects are reviewed by directors where results of exploration of an area of interest are sufficiently advanced to permit a reasonable estimate of the costs expected to be recouped through successful developments and exploitation of the area of interest or by its sale. Expenditure in excess of this estimate is written-off to the income statement in the period in which the review occurs.

(iv) At each reporting date, management assesses whether there is any indication that exploration and evaluation expenditure carried forward may be impaired. If any such impairment exists, the carrying amount is written-down to the higher of fair value less costs to sell and value in use in accordance with AASB136 Impairment of Assets.

(v) In respect of the areas of interest, the amount carried forward is not amortised until production commences. Exploration costs are capitalised until such time as that specific mining area reaches commercial production.

Revenue earned from the discovery of minerals during the exploration phase is offset against the capitalised exploration costs.

f) Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence if impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is revered through statement of comprehensive income.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to the income statement. The cumulative loss that is removed from other comprehensive income and recognised in the income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3 Significant accounting policies (continued)

f) Impairment

The recoverable amount of an asset or cash-generating unit is the greater of its fair value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

g) Employee benefits

Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Share-based payment transactions

Share-based payments are provided to directors and employees via the Company's share option plans. The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

h) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

i) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration.

Services

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

3 Significant accounting policies (continued)

j) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets.

Foreign currency gains and losses are reported on a net basis.

k) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

l) Goods and services tax and Value added tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

m) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as an operation placed into liquidation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

n) Earnings (Loss) per share

The Company presents basic and diluted earnings (loss) per share for its ordinary shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings (loss) per share is only determined if the Company is in a profit position. Refer to note 11 for details.

o) Segment reporting

As of 1 July 2009, the Company determines and presents its operating segments based on the information that internally is provided to the Board, being the Company's chief operating decision makers. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting.* The new accounting policy in respect of the segment operating disclosures is as follows.

3 Significant accounting policies (continued)

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

o) Presentation of financial statements

The Company applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, where as all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on the loss per share.

p) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments*: *Recognition and Measurement.* AASB 9 will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-8 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 *Amendments to Australian Accounting Standard – Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options and warrants to acquire a fixed number of an entity's own equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

q) Accounting estimates and judgements

Management discusses with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Environmental issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors and take into account the financial performance and position of the Company as they pertain to current income tax legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the best estimate, pending assessment by the Australian Tax Office.

3 Significant accounting policies (continued)

Classification and valuation of investments

The Company has decided to classify investments in listed securities as 'available -for-sale' investments and movements in fair value are recognised directly in equity, except to the extent the change in fair value represents an impairment, in which case the amount is recognised in the income statement. The fair value of listed shares has been determined by reference to published price quotations in an active market.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions set out within note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Estimated useful lives of assets

Estimated useful lives of assets have been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining life. Adjustments to useful lives are made when considered necessary.

r) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

Fair value which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

Refer to accounting policy note 3(g) for details.

4 Discontinued operation

Following the termination of the Tecmad management agreement in Angola, the Company's active involvement in Africa effectively ended. On 28 November 2008, the Company's shareholders in general meeting approved the sale of the South African subsidiary company, R&I Holdings (SA) Pty Ltd and all other assets, including assignment of the rights to the inter-entity loan, to Vivid Diamonds Company Pty Ltd for $250,000 payable in instalments through to April 2009.

As at 30 June 2009, $200,000 of the sale price had been received, with the remaining $50,000 received during the current financial year.

Results of the discontinued operation for the comparative year ended 30 June 2009, have been re-presented below.

	2009 $
Result of discontinued operation	
Revenue	637,535
Expenses	(397,594)
Profit (loss) from operating activities	**239,941**
Net financial income	4,625
Profit (loss) before income tax	**244,566**
Income tax (expense) benefit	-
Profit (loss) from operating activities, net of income tax	244,566
Gain on sale of discontinued operation	4,723,549
Income (tax) benefit on gain on sale of discontinued operation	-
Profit (loss) for the period	4,968,115
Basic and diluted earnings (loss) per share (AUD)	$0.1460
Cash flows from (used in) discontinued operation	
Net cash from (used in) operating activities	106,442
Net cash from (used in) investing activities	-
Net cash from (used in) discontinued operation	**106,442**
Effect of disposal on the financial position of the Group	
Cash and cash equivalents (see note 24)	(67,248)
Trade and other receivables	(188,678)
Property, plant and equipment (see note 15)	(23,996)
Trade and other payables including NAMF loan (see note 21)	3,003,208
Provisions (see note 20)	64,791
Net assets and liabilities	**2,788,077**

No portion of the consideration received was applied to loans to controlled entities which have been written down to nil in previous financial accounts.

Consideration received, satisfied in cash	200,000
Costs related to sale	(12,195)
Cash disposed of	(67,248)
Net cash inflow	**120,557**

5 Segment reporting

Following the sale of the Company's South African subsidiary, R&I Holdings (SA) Pty Ltd, during the year ended 30 June 2009 the Company's involvement in Africa effectively ended (refer to note 4). As a result, the Company now operates within one reportable segment, being the exploration and evaluation of mineral tenements in Western Australia.

6 Other income

	Note	Company 2010 $	Consolidated 2009 $	Company 2009 $
Debt forgiveness on settlement of related party loan		-	13,948	13,948
Other		-	58,637	58,637
		-	72,585	72,585

7 Expenses

Impairment loss				
Impairment of exploration and evaluation assets		12,335	11,429	11,429
Attributable to:				
Continuing operations		12,335	11,429	11,429
Discontinued operation	4	-	-	-
		12,335	11,429	11,429
Depreciation				
Plant and equipment – disclosed as administrative expenses		3,413	5,218	2,607
Attributable to:				
Continuing operations		3,413	2,607	2,607
Discontinued operation	4	-	2,611	-
			5,218	2,607
Operating lease rental expenses attributable to discontinued operation	4	-	48,059	-

8 Personnel expenses

Wages, salaries and director fees		-	243,069	45,000
Defined contribution superannuation expense		-	-	-
Equity settled share-based payments	21	216,880	2,440	2,440
Other associated personnel costs		-	2,661	-
		216,880	248,170	47,440
Attributable to:				
Continuing operations		216,880	47,440	47,440
Discontinued operation	4	-	200,730	-
		216,880	248,170	47,440

9 Finance income and finance cost

Finance income				
Interest income		1,015	6,239	1,521
Financial income		1,015	6,239	1,521
Attributable to:				
Continuing operations		1,015	1,521	1,521
Discontinued operation	4	-	4,718	-
		1,015	6,239	1,521

9 Finance income and finance cost (continued)

	Note	Company 2010 $	Consolidated 2009 $	Company 2009 $
Finance expense				
Interest expense – related party		-	3,800	3,800
Interest expense – other		-	93	-
Foreign exchange losses		553	2,192	2,192
Impairment of available-for-sale financial assets		15,607	44,643	44,643
Financial expenses		16,160	50,728	50,635
Attributable to:				
Continuing operations		16,160	50,635	50,635
Discontinued operation	4	-	93	-
		16,160	50,728	50,635

10 Income tax expense

Numerical reconciliation between tax expense (benefit) and pre-tax net profit (loss)

Profit (Loss) before tax	(360,270)	4,677,938	122,628
Income tax expense (benefit) using the domestic corporation tax rate of 30% (2009: 30%)	(108,081)	1,403,381	36,788
Increase (decrease) in income tax due to:			
Non-deductible expenses	65,255	2,771	2,771
Effect of tax losses and deductible temporary differences not recognised	76,108	131,243	131,243
Tax effect of non-assessable income	-	(1,494,619)	(128,026)
Tax deductible equity raising costs	(33,282)	(42,776)	(42,776)
Income tax expense (income) attributable to entity	-	-	-

11 Earnings (loss) per share

Basic earnings (loss) per share

	Company 2010	Consolidated 2009
Basic earnings (loss) per share (cents)	0.80	13.80
Basic (loss) per share from continuing operations (cents)	0.80	(0.80)

The calculation of basic earnings (loss) per share at 30 June 2010 was based on the loss attributable to ordinary shareholders of $360,270 (2009: profit of $4,677,938) and a weighted average number of ordinary shares outstanding of 45,530,910 (2009: 34,034,654), calculated as follows.

Profit (loss) attributable to ordinary shareholders

	Company	Consolidated		
In AUD	2010	2009		
	Continuing operations	Continued operations	Discontinued operation	Total
Profit (loss) for the period	360,270	(290,177)	4,968,115	4,677,938

11 Earnings (loss) per share (continued)

Diluted earnings (loss) per share

	Company	Consolidated
	2010	**2009**
Diluted earnings (loss) per share (cents)	0.80	13.80
Diluted (loss) per share from continuing operations (cents)	0.80	(0.80)

As at 30 June 2010, the options detailed within note 20 are considered to be potential ordinary shares. However, as the Company is in a loss position, the potential ordinary shares are considered to be anti-dilutive in nature, as their exercise will not result in a diluted loss per share that shows an inferior view of earnings performance of the Company than is shown by basic loss per share. For this reason, the options have not been included in the determination of diluted loss per share and the diluted loss per share is disclosed to be the same as basic loss per share.

12 Auditor's remuneration

	Company	Consolidated	Company
	2010 $	**2009 $**	**2009 $**
Audit services:			
Audit and review of financial reports (Somes & Cooke)	21,000	22,750	22,750
Audit and review of financial reports (KPMG Australia)	-	5,165	5,165
	21,000	27,915	27,915

13 Trade and other receivables

		Company	Company
		2010 $	**2009 $**
Receivable – disposal of discontinued operation	4	-	50,000
Indirect and payroll taxes		9,876	1,339
Other		13,183	1,447
		23,059	52,786

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 22.

14 Investments

Available-for-sale financial assets	74,454	90,614

The Company holds equity investments in Marine Produce Australia Limited (MPA), an Australian Securities Exchange listed company, and Caldera Resources Inc, a company listed on the Toronto Stock Exchange. The investments are carried at fair value, represented by their quoted bid price at balance sheet date.

Impairment loss

The Company has recognised $15,607 (2009: $44,643) in impairment losses with respect to its available-for-sale financial assets during the financial year. The impairment loss is disclosed as part of finance costs in note 9.

Sensitivity analysis – equity price risk

For investments classified as available-for-sale, a thirty percent increase in the market price of the investments at reporting date would have increased equity by $22,336 after tax (2009: increased equity by $27,184); an equal change in the opposite direction would have increased the loss by $22,336 after tax (2009: decreased profit by $27,184). The analysis is performed on the same basis for 2009.

The Company's exposure to credit and currency risks related to investments is disclosed in note 22.

15 Property, plant and equipment

A reconciliation of the carrying amounts for each class of property, plant and equipment is set out below.

The Company - in AUD	Plant & equipment	Office equipment	Motor vehicles	Total
Carrying amount				
Balance at 1 July 2008	-	7,423	-	7,423
Additions	-	10,206	-	10,206
Depreciation	-	(2,607)	-	(2,607)
Balance as at 30 June 2009	-	15,022	-	15,022
Balance at 1 July 2009	-	15,022	-	15,022
Additions	1,750	-	63,551	65,301
Depreciation	(29)	(2,854)	(530)	(3,413)
Balance as at 30 June 2010	1,721	12,168	63,021	76,910
Carrying amounts				
At 1 July 2008	-	7,423	-	7,423
At 30 June 2009	-	15,022	-	15,022
At 1 July 2009	-	15,022	-	15,022
At 30 June 2010	1,721	12,168	63,021	76,910

16 Exploration and evaluation assets

A reconciliation of the carrying amount of exploration and evaluation is set out below.

		Company 2010 $	Company 2009 $
Carrying amount at the beginning of the year		1,322	-
Expenditure during the period	(i)	182,059	12,751
Impairment loss		(12,335)	(11,429)
Carrying amount at the end of the year		171,046	1,322

(i) Includes an amount of $139,366, being the fair value of options issued estimated at the date of grant using the Black-Scholes option pricing model and representing tenement acquisition costs. Refer to note 21 for details.

17 Tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Company 2010 $	Company 2009 $
Deductible temporary differences	136,634	163,779
Tax revenue losses	1,583,875	1,507,872
Tax capital losses	27,194	27,194
	1,747,703	1,698,845

17 Tax assets and liabilities (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In AUD	Assets		Liabilities		Net	
The Company	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Property, plant and equipment	-	-	(345)	-	(345)	-
Exploration & evaluation assets	-	-	(9,504)	(397)	(9,504)	(397)
Accruals and provisions	9,849	397	-	-	9,849	397
	9,849	397	(9,849)	(397)	-	-

Movements in temporary differences during the year

In AUD	Balance at 1 Jul 09	Recognised in Income	Recognised in Equity	Balance 30 June 09	Recognised in Income	Recognised in Equity	Balance 30 June 10
Property, plant & equipment	-	-	-	-	(345)	-	(345)
Exploration & evaluation assets	-	(397)	-	(397)	(9,107)	-	(9,504)
Trade and other receivables	-	-	-	-	-	-	-
Accruals & provisions	-	397	-	397	9,452	-	9,849
	-	-	-	-	-	-	-

18 Cash and cash equivalents

	Company 2010 $	Consolidated 2009 $	Company 2009 $
Bank balances	682,340	93,432	93,432
Cash and cash equivalents in the statement of cash flows	682,340	93,432	93,432

As at 30 June 2010 the Company held $667,573 (2009: $nil) representing funds held in trust in relation to the Company's 1-for1 pro rata non-renounceable entitlements offer completed on 14 July 2010 and as detailed in note 20. The Company did not recognise this balance as a component of cash and cash equivalents as at 30 June 2010.

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets are discussed in note 22.

a) Reconciliation of cash flows from operating activities

Profit (loss) for the period		**(360,270)**	**4,677,938**	**122,628**
Adjusted for:				
Provision (recovery) of controlled entity loan		-	-	(175,000)
Interest capitalised – related entity loan		-	3,800	3,800
Depreciation		3,413	5,218	2,607
Impairment losses		27,942	56,072	56,072
Employee share-based payments	(b)	216,880	5,367	5,367
Foreign exchange (gain) loss		553	2,192	2,192
(Gain) on sale of controlled entity		-	(4,723,549)	(237,805)
Sundry income		-	(72,495)	(72,495)
Operating profit (loss) before changes in working capital and provisions		(111,482)	(45,457)	(292,634)
Decrease (increase) in inventories		-	16,175	-
Decrease (increase) in receivables		(20,273)	193,786	12,743
(Decrease) increase in payables		(11,740)	(176,850)	79,503
(Decrease) increase in provisions		-	(81,600)	-
Net cash outflow from operating activities		**(143,495)**	**(93,946)**	**(200,388)**

18 Cash and cash equivalents (continued)

b) Non cash financing and investing activities

	Note	Company 2010 $	Consolidated 2009 $	Company 2009 $
Employee share based payments	21	216,880	5,367	5,367
Settlement of creditor obligations with shares	(i)	214,500	-	-
Issue of options	(ii)	139,366	-	-

(i) As at 30 June 2009, the Company was indebted to Resource Development Company Pty Ltd (RDC) in the sum of $214,500 (inclusive of GST), being the total balance due for the provision of consulting and management services during the period November 2007 to December 2008. Mr Kennedy was a shareholder and director of RDC and on him ceasing to be associated with RDC, RDC assigned all its rights and interest in respect of an amount of $107,250, being half of the assigned debt, to MAK Super (WA) Pty Ltd, and $107,250, being half of the assigned debt, to Tongaat Pty Ltd (Tongaat). Mr Kennedy is a shareholder and director of MAK Super (WA) Pty Ltd.

As approved by shareholders at the annual general meeting held on 27 November 2009, the newly assigned debts were settled by the Company during the period via the issue of 8,580,000 fully paid ordinary shares, 4,290,000 each to MAK Super (WA) Pty Ltd and Tongaat, at a deemed issue price of $0.025 per share.

(ii) On 30 April 2010 RNI entered into an option agreement with Ascidian Prospecting Pty Ltd (Ascidian) to acquire a 100% interest in Exploration License E52/2438 (the Doolgunna Project) located 3km southeast of Sandfire Resource NL's (Sandfire), DeGrussa Copper-Gold Project. The acquisition enabled the Company to secure a strategic position in an emerging mineral field. As part consideration for the acquisition, the Company issued Ascidian 3 million options in the capital of the Company, exercisable at 12 cents each at any time on or prior to 28 June 2013. Refer to note 21 for more details.

19 Trade and other payables

		Company 2010 $	Company 2009 $
Trade and other accruals		82,928	94,668
Trade and other accruals – deferred related party payables	24	-	214,500
		82,928	309,168

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 22.

20 Issued capital and reserves

Issued and fully paid ordinary shares	26,348,663	25,077,334

Movement in ordinary shares

		Company		Company	
		2010 Number	2010 $	2009 Number	2009 $
On issue at 1 July		34,034,654	25,077,334	34,034,654	25,077,334
Issue of shares for cash		9,200,000	322,500	-	-
Issue of shares on settlement of creditor obligations	18,24	8,580,000	214,500	-	-
Issue of shares on exercise of options		7,066,666	488,000	-	-
Share issue costs		-	(20,104)	-	-
Share-based payments	21	-	266,433	-	-
On issue at 30 June		58,881,320	26,348,663	34,034,654	25,077,334

Subsequent to period end the Company announced the issue of 57,814,654 ordinary fully paid shares, pursuant to the Company's fully underwritten 1-for-1 pro rata non-renounceable entitlements offer to existing shareholders at an issue price of $0.06 per share. The offer raised $3,468,879 before issue costs.

Terms and conditions

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

20 Issued capital and reserves (continued)

Movement in shares under options

Options expiring on or before	Note	Exercise Price	On issue at 1 Jul 09	Issued	Exercised	Expired	On issue at 30 Jun 10
7 September 2009		$0.90	1,500,000	-	-	(1,500,000)	-
24 November 2010		$0.90	550,000	-	-	-	550,000
7 September 2011		$1.50	1,500,000	-	-	-	1,500,000
18 November 2014	(i)	$0.06	-	6,000,000	(6,000,000)	-	-
28 June 2013	(ii)	$0.12	-	3,000,000	(1,066,666)	-	1,933,334
			3,550,000	9,000,000	(7,106,666)	(1,500,000)	3,983,334

(i) The options were issued to directors of the Company. Refer to note 21 for details.

(ii) These options were issued to Ascidian Prospecting Pty Ltd as part consideration for the acquisition of Exploration License E52/2438 (the Doolgunna Project). Refer to note 18 and 21 for details.

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of equity instruments issued to employees as compensation and issued to external parties for the receipt of goods and services. This reserve will be reversed against issued capital when the underlying shares are converted and reversed against retained earnings when they are allowed to lapse.

21 Share based payments

Recognised share-based payments

Details of share based payments recognised during the year are shown in the table below:

	Note	Company 2010 $	Company 2009 $
Employee share based payments	(i)	216,880	5,367
Settlement of creditor obligations with shares	(a)	214,500	-
Issue of options	(ii)	139,366	-

(a) As at 30 June 2009, the Company was indebted to Resource Development Company Pty Ltd (RDC) in the sum of $214,500 (inclusive of GST), being the total balance due for the provision of consulting and management services during the period November 2007 to December 2008. Mr Kennedy was a shareholder and director of RDC and on him ceasing to be associated with RDC, RDC assigned all its rights and interest in respect of an amount of $107,250, being half of the assigned debt, to MAK Super (WA) Pty Ltd, and $107,250, being half of the assigned debt, to Tongaat Pty Ltd (Tongaat). Mr Kennedy is a shareholder and director of MAK Super (WA) Pty Ltd.

As approved by shareholders at the annual general meeting held on 27 November 2009, the newly assigned debts were settled by the Company during the period via the issue of 8,580,000 fully paid ordinary shares, 4,290,000 each to MAK Super (WA) Pty Ltd and Tongaat, at a deemed issue price of $0.025 per share.

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2010 and 2009.

Types of share-based payment plans

The Board has introduced a number of equity-based long-term incentives (LTIs) to promote continuity of employment and to provide additional incentive to key management personnel and staff to increase shareholder wealth. The options are provided to key management personnel and staff based on their level of seniority and position within the Company and options may only be issued to directors subject to approval by shareholders in general meeting.

(i) Director incentive option plan (DIOP) (approved in general meeting 27 November 2009)

As approved by shareholders in general meeting held on 27 November 2009, the Company issued 6,000,000 unlisted options to subscribe for ordinary fully paid shares in the Company at any time on or before 18 November 2014 at an exercise price of $0.06 each.

There are no voting or dividend rights attached to the options and options issued under the plan were issued for no consideration. Voting rights will be attached to the ordinary issued shares when the options have been exercised.

21 Share based payments (continued)

Each option is convertible to one fully paid ordinary share and the options were issued to the following directors:

Director	Number of options
Miles A Kennedy	2,000,000
Peter RG Pynes	2,000,000
John R Hutton	2,000,000
	6,000,000

(ii) Options issued to Ascidian Prospecting Pty Ltd

On 30 April 2010 RNI entered into an option agreement with Ascidian Prospecting Pty Ltd (Ascidian) to acquire a 100% interest in Exploration License E52/2438 (the Doolgunna Project) located 3km southeast of Sandfire Resource NL's (Sandfire), DeGrussa Copper-Gold Project. The acquisition enabled the Company to secure a strategic position in an emerging mineral field. As part consideration for the acquisition, the Company issued Ascidian 3,000,000 unlisted options in the capital of the Company, exercisable at 12 cents each at any time on or prior to 28 June 2013.

The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model. $139,366 has been recognised within exploration and evaluation assets during the year, representing tenement acquisition costs.

Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at 1 July	3,550,000	$1.22	3,550,000	$1.22
Granted during the year	9,000,000	$0.08	-	-
Exercised during the year [A]	(7,066,666)	$0.07	-	-
Expired during the year	(1,500,000)	$0.90	-	-
Outstanding at 30 June	3,983,334	$0.75	3,550,000	$1.22
Exercisable at 30 June	3,983,334	$0.75	3,550,000	$1.22

A The weighted average share price at the date of exercise is $0.26.

The outstanding balance at 30 June 2010 is represented by:

Options expiring on or before	Exercise price	Number
24 November 2010	$0.90	550,000
7 September 2011	$1.50	1,500,000
28 June 2013	$0.12	1,933,334

Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 1.95 years (2009: 1.3 years).

Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.12 - $1.50 (2009: $0.90 - $1.50). As the range of exercise prices is wide, refer to the above table for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

Weighted average fair value

The weighted average fair value of options granted during the year was $0.0396.

21 Share based payments (continued)

Fair value basis

The fair value of options issued are estimated at the date of grant using the Black-Scholes option pricing model. The following table sets out the assumptions made in determining the fair value of the options granted during the period.

	Options expiring 18 Nov 2014	Options expiring 28 Jun 2013
Grant date	27 Nov 2009	30 Apr 2010
Dividend yield	0.00%	0.00%
Expected volatility	80.00%	100.00%
Risk-free interest rate	4.97%	5.27%
Option exercise price	$0.06	$0.12
Expected life (years)	5.00	3.00
Share price on date of grant	$0.055	$0.080

22 Financial instruments

Financial risk management

This note presents information about the Company's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Company's principal financial instruments comprise receivables, payables, available-for-sale equity investments, cash and short-term deposits.

Risk exposures and responses

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates via assessments of market forecasts for interest rates and monitoring liquidity risk through the development of future rolling cash flow forecasts.

The Company does not use any form of derivatives as the Company's operations and related financial instruments are not at a level of complexity to require the use of derivatives to hedge its exposures. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks and other receivables. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Considering the nature of the Company's ultimate customers and the relevant terms and conditions entered into with such customers, the Company believes that the credit risk is immaterial.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

22 Financial instruments (continued)

The following are the contractual and expected maturities of the Company's liquid non-derivative financial assets and the Company's expected maturities of financial liabilities:

	Within 6 months $	6 to 12 months $	1 to 5 years $	Total $
Year ended 30 June 2010				
Liquid financial assets				
Cash and cash equivalents	682,340	-	-	682,340
Trade and other receivables	23,059	-	-	23,059
	705,399	-	-	705,399
Financial liabilities				
Trade and other payables	82,928	-	-	82,928
	82,928	-	-	82,928
Net inflow (outflow)	622,471	-	-	622,471

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration, evaluation and development of its mineral projects. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the Company being principally involved in mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings.

The Company also encourages employees and directors to be shareholders through its various equity-based long-term incentives as detailed in note 21.

As at 30 June 2010, the Company had a net working capital surplus of $622,471 (2009: net working capital deficit of $162,950), represented significantly by cash and cash equivalent assets of $682,340. The Company's net asset position was $944,881 (2009: net deficit of $55,992).

Subsequent to period end the Company announced the issue of 57,814,654 ordinary fully paid shares, pursuant to the Company's fully underwritten 1-for-1 pro rata non-renounceable entitlements offer to existing shareholders at an issue price of $0.06 per share. The offer raised $3,468,879 before issue costs. The funds raised have and are to be used to further the Company's exploration and evaluation activities and for general working capital requirements.

There were no changes in the Company's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Company is not subject to externally imposed capital requirements.

Fair value

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

The financial assets and liabilities included in the assets and liabilities of the Company approximate net fair value, determined in accordance with the accounting policies disclosed in note 3 to the financial statements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Prior to disposal of the Company's controlled entity, R&I Holdings (SA) (Pty) Ltd, the Group operated internationally and was exposed to currency risk from various currency exposures, primarily with respect to the US Dollar (USD) and South African Rand (ZAR). Currency exposure for the Group arose from the translation of foreign subsidiaries, measured using the currency of the primary economic environment in which the subsidiaries operated (ZAR), into the Group's presentation currency (AUD). These differences were recognised directly in a separate component of equity (foreign currency translation reserve). The Group's investment in its subsidiary was not hedged as the currency positions were considered to be long term in nature. The Company is not exposed to such currency risks as at reporting date, due to disposal of the discontinued operation during the comparative financial year on 30 November 2008. Refer to note 4 for details.

22 Financial instruments (continued)

Foreign exchange risk for the Company as at 30 June 2010 arises from equity investments the Company holds in Canadian Dollars (CAD), classified as available-for-sale financial assets.

The Company did not enter into any derivative financial instruments to hedge against currency risk on any such transactions. The presentation currency of the Company is Australian Dollars.

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Note	2010 CAD	2009 CAD
Financial assets			
Available-for-sale financial assets	14	61,141	75,110
Net balance sheet exposure		61,141	75,110

The following exchange rate applied in relation to the above investment at reporting date:

	2010	2009
CAD	0.8982	0.9303

Sensitivity analysis

A 10 percent strengthening/weakening of the AUD against the CAD at 30 June would have no material impact on the income statement. There would be no effect on the equity reserves other than those directly related to the income statement. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

Cash flow interest rate risk

The Company is exposed to interest rate risk, primarily on its cash and cash equivalents. Cash flow interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Company does not use derivatives to mitigate these exposures.

At 30 June 2010 the interest rate profile of the Company's interest-bearing financial instruments was:

			Fixed Interest Rate Maturity			
	Average Interest Rate %	Variable Interest Rate A$	Less than 1 Year A$	1 to 5 Years A$	More than 5 Years A$	Total A$
Financial assets						
Cash and cash equivalents	0.50%	682,340	-	-	-	682,340

At 30 June 2009 the interest rate profile of the Company's interest-bearing financial instruments was:

			Fixed Interest Rate Maturity			
	Average Interest Rate %	Variable Interest Rate A$	Less than 1 Year A$	1 to 5 Years A$	More than 5 Years A$	Total A$
Financial assets						
Cash and cash equivalents	0.10%	93,432	-	-	-	93,432

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no material impact on the income statement. There would be no effect on the equity reserves other than those directly related to income statement. The analysis is performed on the same basis for 2009.

The sensitivity analysis has been prepared to demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant through the impact on floating rate interest rates.

22 Financial instruments (continued)

Equity price risk

Equity price risk is the risk that the value of the Company's financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company's investments are solely in equity instruments. These instruments are classified as available-for-sale and carried at fair value with fair value changes recognised directly in equity, except for impairment losses. Where these investments are derecognised or impaired, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

See note 14 for sensitivity analysis in relation to the Company's listed investments.

23 Contractual commitments

Doolgunna Project

On 30 April 2010 RNI entered into an option agreement with Ascidian Prospecting Pty Ltd (Ascidian) to acquire a 100% interest in Exploration License E52/2438 (the Doolgunna Project) located 3km southeast of Sandfire Resource NL's (Sandfire), DeGrussa Copper-Gold Project. The acquisition enabled the Company to secure a strategic position in one of Australia's most exciting emerging mineral fields.

In summary, the Company agreed:

- to pay an amount of $100,000 to Ascidian before 30 July 2010, completed on 29 July 2010;
- to issue Ascidian 3 million options in the capital of the Company, exercisable at 12 cents each at any time on or prior to 28 June 2013, completed on 30 April 2010;
- to grant Ascidian a royalty of 1.5 percent of the value of any metals or minerals recovered from the Tenement; and
- upon exercise of the option, not before 30 July 2011, to issue to Ascidian that number of shares in the capital of the Company so that Ascidian acquires a 20 percent interest in the Company, in addition to any interest in securities as it may have at that time, which will require shareholder approval at that time.

The Agreement was, inter alia, conditional upon RNI raising a minimum of $3 million in new equity prior to 30 July 2010, which the Company concluded and announced 14 July 2010.

24 Related parties

Key management personnel compensation

The key management personnel compensation comprised:

	Company 2010 $	Consolidated 2009 $	Company 2009 $
Short-term employee benefits	-	145,000	45,000
Post-employment benefits	-	-	-
Share-based payments	216,880	2,440	2,440
	216,880	147,440	47,440

Other than the directors, no other person is concerned in, or takes part in, the management of the Company or has the authority and responsibility for planning, directing and controlling the activities of the Company. As such, during the financial year, the Company did not have any person, other than directors, that would meet the definition of "Key Management Personnel" for the purposes of AASB124 *Company Executive or Relevant Group Executive* for the purposes of section 300A of the Corporations Act 2001 ("Act").

Payments of non-executive director fees were suspended from December 2007, with the exception of Mr Kennedy in his capacity as non-executive Chairman. Mr Kennedy's payments were suspended from December 2008. As a result, there were no salary and fees paid to directors during the financial year.

Individual directors and executives compensation disclosures

Information regarding individual directors' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests at year-end.

24 Related parties (continued)

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and their related entities over which they have control or significant influence were as follows:

			Transactions value year ended 30 June		Balance outstanding as at 30 June	
In AUD		Note	2010	2009	2010	2009
Key management personnel and their related parties	**Transaction**					
Mr M Kennedy - Resource Development Company Pty Ltd; MAK Super (WA) Pty Ltd	Management and consulting services	(i)	214,500	90,000	-	214,500
Mr M Kennedy – Resource Development Company Pty Ltd	Rental expenses		-	43,794	-	55,606
Mr M Kennedy – Resource Development Company Pty Ltd	Office furniture equipment purchases		-	10,206	-	11,226
Mr M Kennedy – Blina Diamonds NL	Loan – Financial expenses		-	3,800	-	-
						281,332

(i) As at 30 June 2009, the Company was indebted to Resource Development Company Pty Ltd (RDC) in the sum of $214,500 (inclusive of GST), being the total balance due for the provision of consulting and management services during the period November 2007 to December 2008. Mr Kennedy was a shareholder and director of RDC and on him ceasing to be associated with RDC, RDC assigned all its rights and interest in respect of an amount of $107,250, being half of the assigned debt, to MAK Super (WA) Pty Ltd, and $107,250, being half of the assigned debt, to Tongaat Pty Ltd (Tongaat). Mr Kennedy is a shareholder and director of MAK Super (WA) Pty Ltd.

As approved by shareholders at the annual general meeting held on 27 November 2009, the newly assigned debts were settled by the Company during the period via the issue of 8,580,000 fully paid ordinary shares, 4,290,000 each to MAK Super (WA) Pty Ltd and Tongaat, at a deemed issue price of $0.025 per share.

Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Resource & Investment NL held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at 1 Jul 09	Granted as remuneration	Options exercised	Net other changes[A]	Held on resignation	Balance at 30 Jun 10	Vested during the year	Vested and exercisable
Non-executive directors								
Miles A Kennedy	3,000,000	2,000,000	(2,000,000)	(2,250,000)		750,000	2,000,000	750,000
John R Hutton	-	2,000,000	(2,000,000)	-		-	2,000,000	-
Thomas J Mann *(appointed 27 April 2010)*	-	-	-	-		-	-	-
Former								
Peter AG Pynes	-	2,000,000	-	-	2,000,000		2,000,000	

A The opening balance as at 1 July 2009, includes the beneficial interest in RNI held by an entity of which Mr Kennedy was an owner. During the year that entity was wound up an accordingly Mr Kennedy's ownership interest reflects his direct holdings. This also includes the expiry of 1,500,000 options with an expiry date of 7 September 2009.

24 Related parties (continued)

	Balance at 1 Jul 08	Granted as remuneration	Options exercised	Net other changes[A]	Held on resignation	Balance at 30 Jun 09	Vested during the year	Vested and exercisable
Non-executive directors								
Miles A Kennedy	3,000,000	-	-	-		3,000,000	-	3,000,000
John R Hutton	-	-	-	-		-	-	-
Peter AG Pynes *(appointed 28 April 2009)*	-	-	-	-		-	-	-
Former								
John Firth	200,000	-	-	-	200,000		66,667	
Richard Linnell	50,000	-	-	-	50,000		16,667	

No options held by key management personnel are vested but not exercisable as at 30 June 2009 or 2010.

Movement in shares

The movement during the reporting period in the number of ordinary shares in Resource & Investment NL held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at 1 Jul 09	Purchased	Exercise of options	Net change other [A]	Sales	Held on resignation	Balance at 30 Jun 10
Non-executive directors							
Miles A Kennedy	2,494,209	14,665,315	2,000,000	(370,587)	(818,937)		17,970,000
John R Hutton	236,230	-	2,000,000	-	-		2,236,230
Thomas J Mann *(appointed 27 April 2010)*	-	500,000	-	-	-		500,000
Former							
Peter AG Pynes	-	50,000	-	-	-	50,000	

A The opening balance as at 1 July 2009, includes the beneficial interest in RNI held by an entity of which Mr Kennedy was an owner. During the year that entity was wound up an accordingly Mr Kennedy's ownership interest reflects his direct holdings.

	Balance at 1 Jul 08	Purchased	Exercise of options	Net change other [A]	Sales	Held on resignation	Balance at 30 Jun 09
Non-executive directors							
Miles A Kennedy	2,141,905	352,304	-	-	-		2,494,209
John R Hutton	236,230	-	-	-	-		50,000
Peter AG Pynes *(appointed 28 April 2009)*	50,000	-	-	-	-		236,230
Former							
John Firth	213,563	-	-	-	-	213,563	
Richard Linnell	65,000	-	-	-	-	65,000	

No shares were granted to key management personnel during the reporting period as compensation in 2009 or 2010.

25 Events subsequent to reporting date

Shares issued

Subsequent to period end the Company announced the issue of 57,814,654 ordinary fully paid shares, pursuant to the Company's fully underwritten 1-for-1 pro rata non-renounceable entitlements offer to existing shareholders at an issue price of $0.06 per share. The offer raised $3,468,879 before issue costs.

Share options issued

On 9 August 2010 the Company announced the issue of 2,000,000 unlisted options exercisable at $0.40 each on or before 7 August 2012 to Imic Pty Ltd pursuant to an Option Agreement to acquire the Three Rivers Project from Imic Pty Ltd. Refer to section 4 of this report for details.

Shares issued as a result of the exercise of options

Subsequent to year end the Company announced the following issue of ordinary shares from the exercise of unlisted options:

Expiry date	Exercise Price	Number of shares
28 June 2013	$0.12	1,810,000

Other matters

In late July 2010, RNI concluded an Option Agreement to acquire the Three Rivers Project from Imic Pty Ltd. This Project comprises two Exploration Licences (one granted) covering about 170km2 and located about 35km north of DeGrussa and 15 km northwest of the Plutonic Gold Mine.

In summary, the Option agreement provides for:

- the payment of option fees to Imic Pty Ltd of $150,000, completed on 19 July 2010;
- the issue to the Owners of the Three Rivers Project of 2 million options in the capital of RNI exercisable to ordinary fully paid shares, with an exercise price of $0.40 per share, exercisable within 24 months of issue, completed on 6 August 2010 and announced 9 August 2010;
- a 1.5% net smelter return on all minerals and metals recovered;
- RNI to conduct all exploration on each of the tenements as it sees fit at the sole cost of RNI;
- RNI to keep each of the tenements in good standing;
- RNI to issue to the Owners of EL 53/2124 that number of shares equivalent to 5% of the capital of RNI (immediately prior to exercise) upon Exercise of the Option on or before 19 July 2011, if RNI so elects to exercise that Option;
- RNI to issue to the Owners of EL 52/2562 that number of shares equivalent to 3% of the capital of RNI (immediately prior to exercise) upon exercise of the Option on or before 15 November 2011, if RNI so elect to exercise that Option.
- RNI to hand back all data to the Owners in the event it elects not to exercise either or both Options.

1. In the opinion of the directors of Resource & Investment NL ("the Company"):

   (a) the financial statements and notes, and the Remuneration report in the Directors' report, set out on pages 13 to 40, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors.

MILES A KENNEDY
CHAIRMAN

Dated at Subiaco this 28th day of September 2010.

SomesandCooke

Resource and Investment NL and Controlled Entities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RESOURCE AND INVESTMENT NL

Report on the Financial Report

We have audited the accompanying financial report of Resource and Investment NL (the company) and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010 (company only), and the comprehensive income statement (company and consolidated entity), statement of changes in equity (company and consolidated) and cash flow statement (company and consolidated) for the year ended on that date, a summary of significant accounting policies and other explanatory notes (parent and consolidated) and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error abd selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reports Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluation the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's Opinion

In our opinion:

a. the financial report of Resource and Investment NL and Controlled Entities is in accordance with the *Corporations Act 2001,* including:

   i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Resource and Investment NL for the year ended 30 June 2010, complies with s 300A of the *Corporations Act 2001.*

Somes and Cooke

Somes and Cooke

Kevin Somes

Kevin Somes

1304 Hay Street
West Perth WA 6005
28 September 2010