



31 October 2012

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## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2012

ASX CODE: RNI

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### HIGHLIGHTS

- Refurbishment of 1Mtpa Grosvenor gold plant continues to advance on schedule with ordering and fabricating of long lead items and new secondary crusher and Gekko inline leach reactor delivered
- Option agreement with Montezuma gives RNI the potential to increase its Bryah Basin gold inventory to more than 1.7 million ounces
- Assays of up to 12.8% copper and 41.7g/t gold returned from outcrop at the Orient prospect at Cashman's North
- Encouraging brownfields gold drilling results including 3m @ 10.5g/t at Horseshoe and 12m @ 3.36g/t from Eldorado
- JV signed to earn 51% of Horseshoe Lights East Project, immediately east of the historic Horseshoe Lights copper-gold project
- New drilling programs approved for Cashman's North, Horseshoe Lights East and Jacques
- Geochemical sampling completed over more than 10% of 2,225km<sup>2</sup> Grosvenor Project as part of ongoing target generation programs
- Negotiations at an advanced stage for debt facility to fund the ongoing refurbishment of the Grosvenor gold plant and to provide additional working capital

## INTRODUCTION

Resource and Investment NL (ASX: RNI) (RNI or the Company) continued to make significant progress during the Quarter at its Grosvenor Project in Western Australia's Bryah Basin, where the focus was on refurbishing the 100% owned Grosvenor gold plant and advancing exploration programs for gold and base metals.

The Grosvenor Project includes the 1Mtpa nameplate Grosvenor (formerly Fortnum) gold plant located about 170km north of the historic gold mining region of Meekatharra, along with a 1.2Moz JORC compliant gold inventory (Annexure A) and a dominant 2,225km<sup>2</sup> Bryah Basin tenement holding considered highly prospective for both gold and base metals.

RNI's 1.2Moz gold inventory includes probable gold reserves of 299,700oz (based on 4.87Mt @ 1.91g/t) from the Yarlaweelor, Horseshoe and Callies open pits (see ASX announcement 20 July 2012). These three deposits – along with the Toms open pit – are expected to provide the initial source of ore for the recommissioned Grosvenor gold plant next year. These reserves should be sufficient to support an initial 4-5 year mine life based on the planned annual production rate of approximately 50,000 ounces.

Since the June 2012 Quarter, RNI has also negotiated a conditional option over the historic Peak Hill Gold Project, potentially adding approximately 547,000 ounces to the Company's gold inventory for a combined total of more than 1.7 million ounces.

RNI has also expanded its exploration portfolio with an agreement to earn a 51% interest in the Horseshoe Lights East Project, immediately east of the historic Horseshoe Lights copper-gold project.

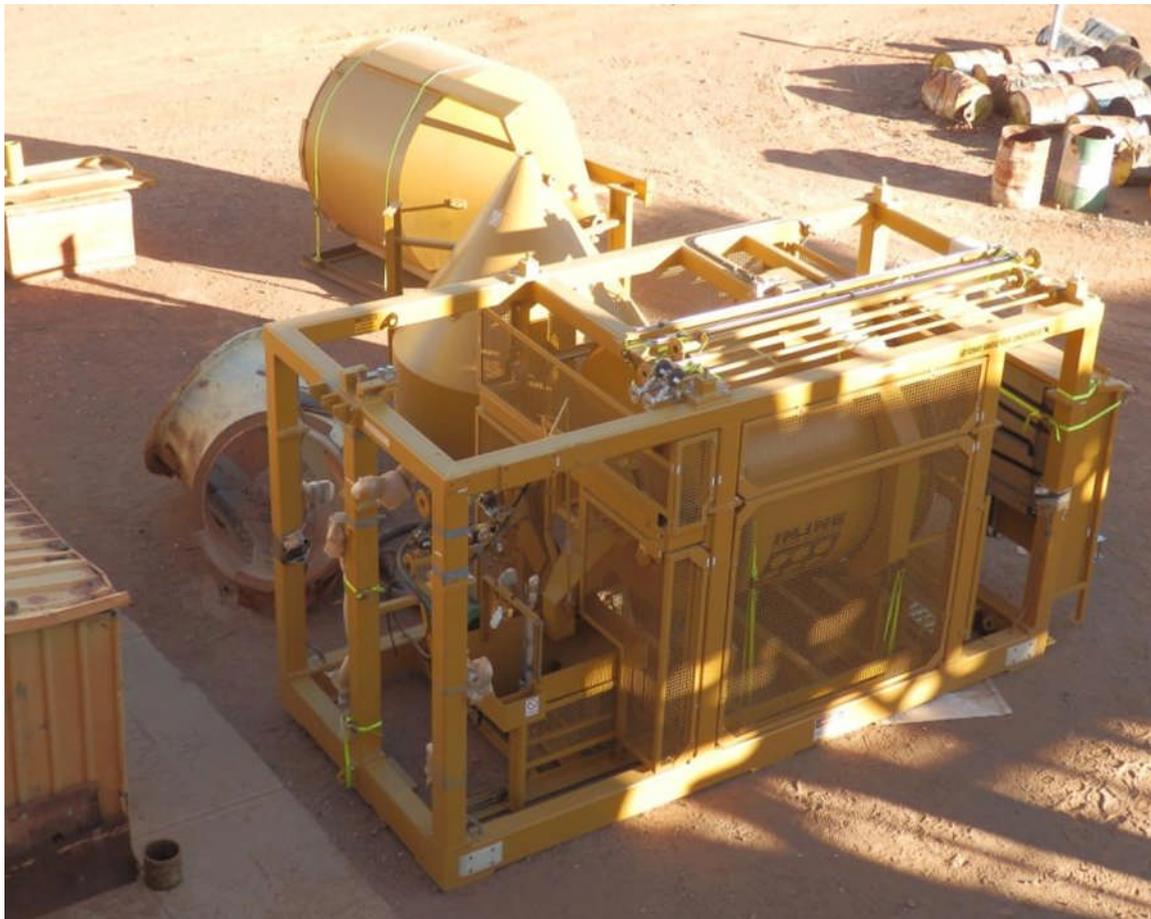


1Mtpa nameplate Grosvenor gold plant

## GROSVENOR GOLD PLANT REFURBISHMENT PROGRAM

During the Quarter, RNI continued to advance its refurbishment and approvals program for the recommissioning of the 1Mtpa nameplate Grosvenor gold plant, which remains on schedule. This progress included:

- The refurbishment contractor (Zell Pty Ltd) ordering and fabricating long lead items. The contractor is on-site and refurbishment works are well underway, particularly to the crusher and ore feeder parts of the processing circuit. The apron feeder and primary crusher have been overhauled and the new secondary crusher is on site awaiting installation. The SAG and ball mill have undergone thorough inspection and repaired as required. New mill liners have been ordered with delivery imminent. All leach and absorption tanks have been pressure cleaned and assessed. The Gekko inline leach reactor and new Knelson concentrator have arrived on site. Electrical components required to be replaced or upgraded have been ordered and delivered.



Gekko inline leach reactor being installed at the Grosvenor gold plant

- The multi-disciplinary project team is progressing regulatory approvals with a primary focus on the Mining Proposal and Works Approvals. The application to re-state the 1.5Gl (Giga litre) project water licence has been submitted and has undergone compulsory notice for public comments. None was received.
- In addition to the prior approval of a processing Project Management Plan (PMP) to allow the commencement of the process plant refurbishment, dangerous goods licences for LPG and diesel have been received.

- The submission of a Works Approval for the uplift of current tails dams has been made. The design of new life of mine tails dams and associated infrastructure has been completed. In addition, scoping studies have been initiated to determine the feasibility of an in-pit tailings facility. A civil engineering scope of works for a new creek diversion has been completed.
- The finalisation of mine scheduling in conjunction with the completion of a mining contract tender process. The results are being evaluated and discussions have commenced with relevant parties.
- The hosting of an on-site open day and closure stakeholder consultation. A closure risk assessment was undertaken and presented to stakeholders with the intent that the information forms part of the closure plan.
- The continuance of required studies to allow the progressive submission of Works Approvals and Mining Proposal.



Toms pit

**EXPLORATION**

During the Quarter, RNI continued to advance drilling and exploration programs across the Grosvenor Project licences.

Since taking ownership of the Grosvenor Project in March 2012, RNI has completed geochemical sampling over approximately 256km<sup>2</sup> of its overall 2,225km<sup>2</sup> tenement holding as part of a systematic approach to generating priority drilling targets for gold and base metals.

Exploration highlights since the previous quarter include high grade copper and gold surface sampling results from the Orient prospect at Cashman’s North, more encouraging drilling results from Horseshoe and Eldorado, the advancement of three new drilling programs (Figure 1) and the identification of a series of priority exploration targets.

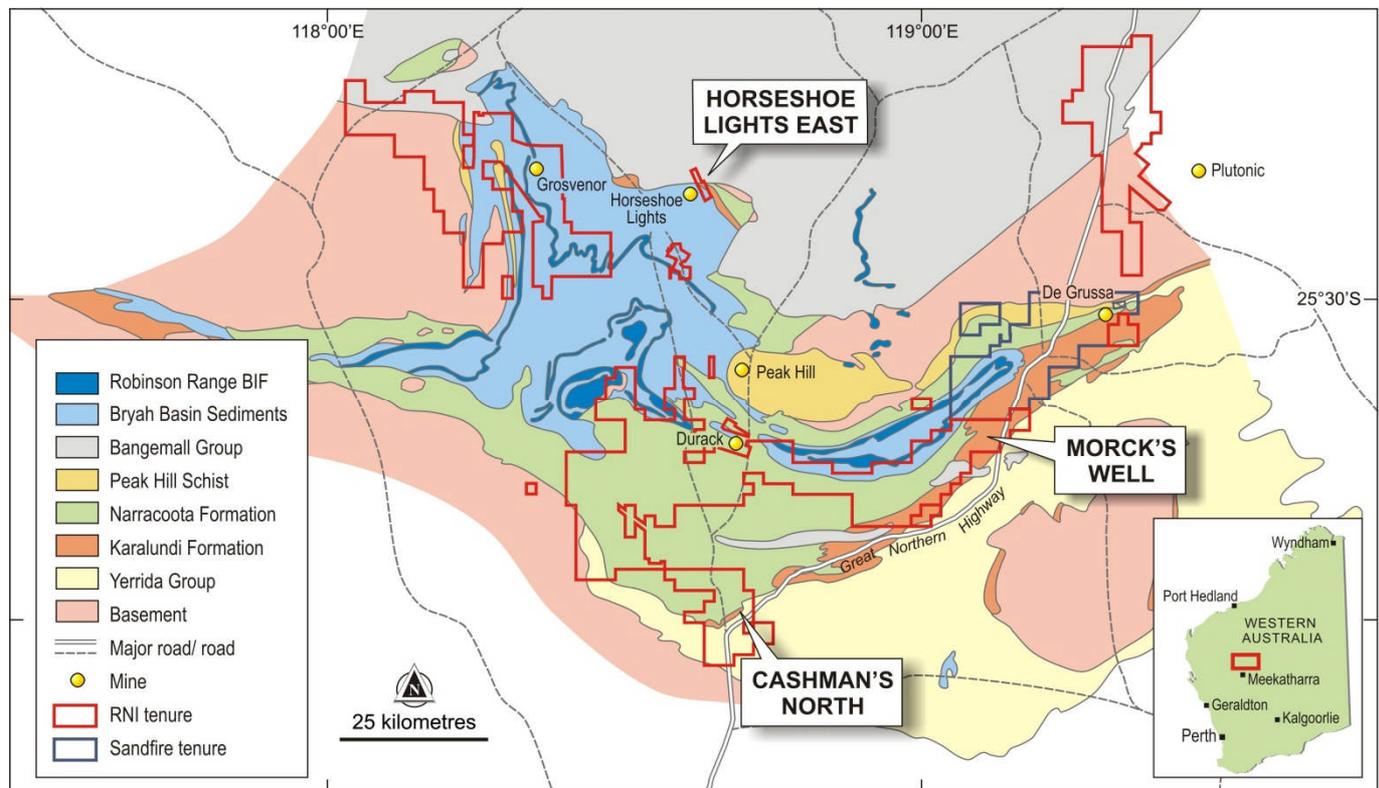


Figure 1: Location of new drilling programs at RNI’s Grosvenor Project

**Cashman’s North Drilling Program**

In October 2012, RNI commenced a 32 hole RC drilling program at Cashman’s North (Figures 1 and 2). The Cashman’s North (105.3km<sup>2</sup>) and adjoining Cashman’s South (52.4km<sup>2</sup>) leases are the southern-most tenements within RNI’s Grosvenor Project.

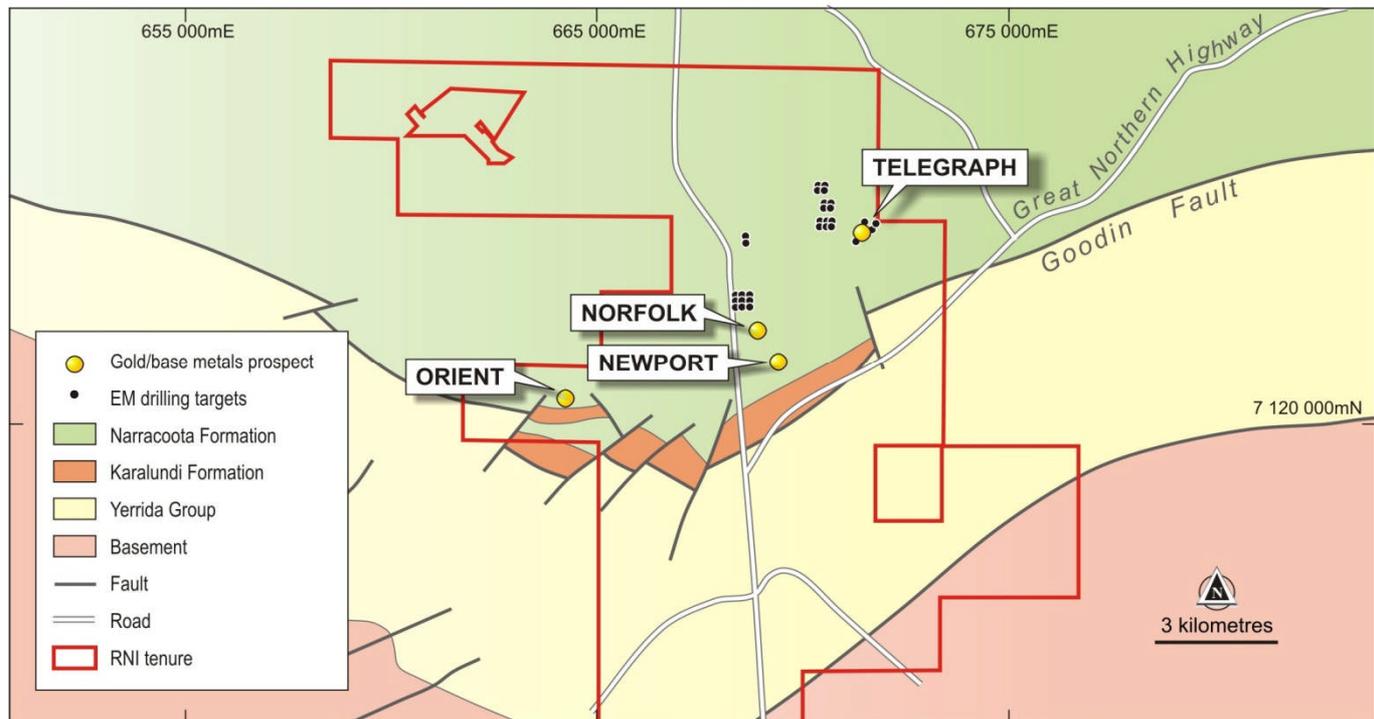


Figure 2: EM drilling targets at Cashman’s North and location of Orient prospect

The 32 hole drilling program will target a series of EM conductor targets defined by moving loop electromagnetic (MLEM) and helicopter versatile time electromagnetic (VTEM) surveys and surface geochemistry. Four of the holes will be funded from the WA Government’s Royalties for Regions program.

The Cashman’s North area is considered prospective for both epigenetic lode gold and base metals deposits.

The EM targets to be drilled are near the Telegraph and Norfolk gold prospects at Cashman’s North which were previously defined through regional surface gold geochemistry programs. It is envisaged that the Telegraph and Norfolk gold prospects will be drilled at a later stage. The Orient prospect (Figure 2) is also located within Cashman’s North.

**Horseshoe Lights East Drilling Program**

As announced to the ASX on 20 August 2012, RNI reached agreement during the Quarter to earn a 51% interest in the Horseshoe Lights East Project, located immediately east of the historic Horseshoe Lights copper-gold project owned by Horseshoe Metals Ltd (Figures 1 and 3).

Subsequent to that agreement, RNI has received final heritage clearances to drill eight RC holes (1,200m) at Horseshoe Lights East targeting EM conductors defined below the overlying Bangemall Group sediments.

At depths of 150m, there are areas of strong conductivity in the north at Horseshoe Lights East, delineated by a VTEM geophysical airborne survey combined with magnetic data modelling. These conductors represent significant base metals targets at a depth of less than 200m.

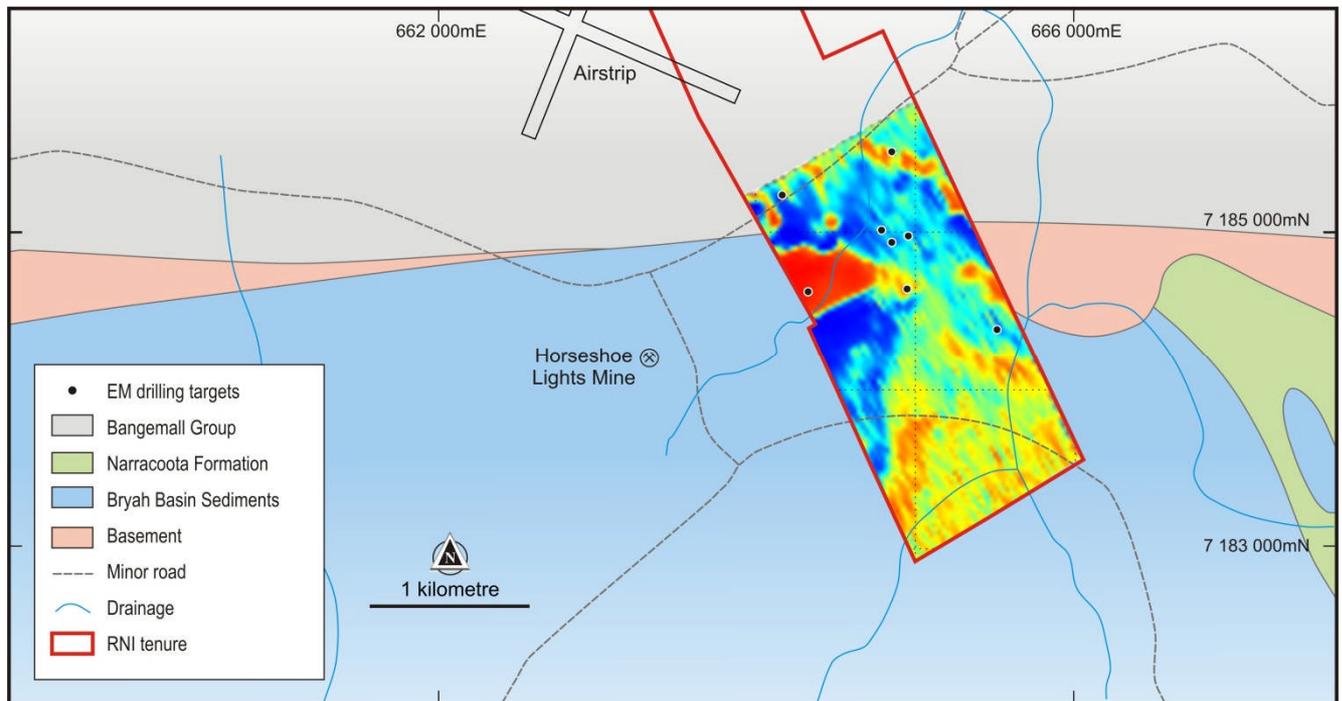


Figure 3: EM drilling targets at Horseshoe Lights East

### Jacques Drilling Program

Jacques is the most advanced of several epigenetic gold targets identified within the Morck's Well Project area (Figures 1, 4 and 5). Formerly known as Doolgunna 2, Morck's Well is a group of three tenements covering approximately 282km<sup>2</sup> which adjoin Sandfire Resources' Doolgunna Project.

At Jacques, a series of gold-bearing quartz veins occur within a mixed sedimentary/mafic/ultramafic sequence belonging to the Karalundi and Narracoota Formations. The quartz veins are arranged in an en echelon pattern with individual veins trending north-east to south-west but with the zone containing the veins trending north-south. A number of the quartz veins appear to be significantly deformed. Grab samples from the quartz veins have returned assays of up to 299g/t.

RNI's original soil sampling program identified two extensive gold geochemical anomalies generally associated with the mineralised quartz. The north-south trending anomalies have strike lengths of 1000m and 700m, with the western anomaly associated with the mineralised quartz veins.

During the Quarter the company extended the soil sampling coverage to the west and identified another north-south trending zone containing appreciably anomalous gold values (Figure 4). The newly identified anomaly is located about 1,700m west of the main target in an area with little or no outcrop. Significant gold anomalism extends over more than 1,000m. A drilling program for this additional target at Jacques is planned.

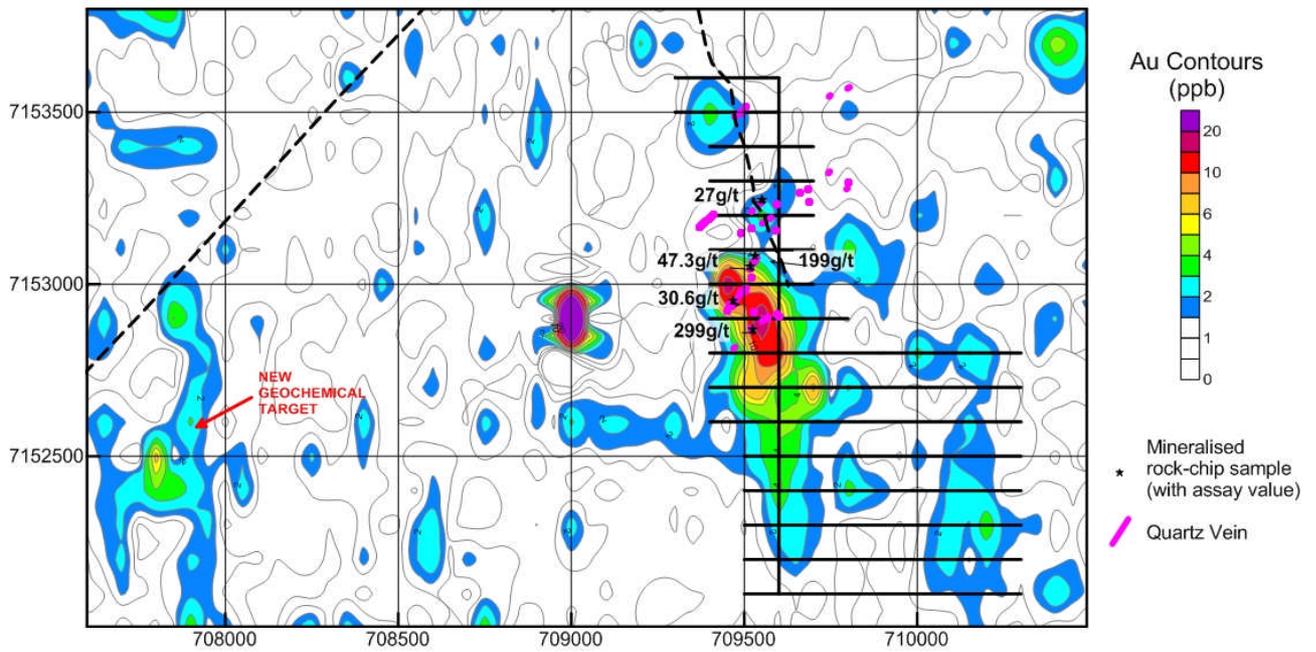


Figure 4: Jacques gold target and new anomaly – Morck’s Well

All statutory approvals required for RNI’s drilling program at the main target area at Jacques have been received and drilling is expected to commence in November 2012.

Jacques (E52/1672) is held by RNI’s wholly owned subsidiary Grosvenor Gold Pty Ltd (80%), with the other 20% held by Fe Ltd (ASX:FEL).

Other epigenetic gold targets have been identified in the Morck’s Well area at the Cascade, Jolly Frog and Frenchy’s (Figure 5) prospects. These prospects are located within the sedimentary and volcanic rocks of the Bryah Basin sequence and the gold mineralisation appears to be related to the Goodin Fault zone. The three prospects also run parallel to the regional-scale Jenkins Fault zone.

Soil sampling results from Cascade and Jolly Frog are awaited.

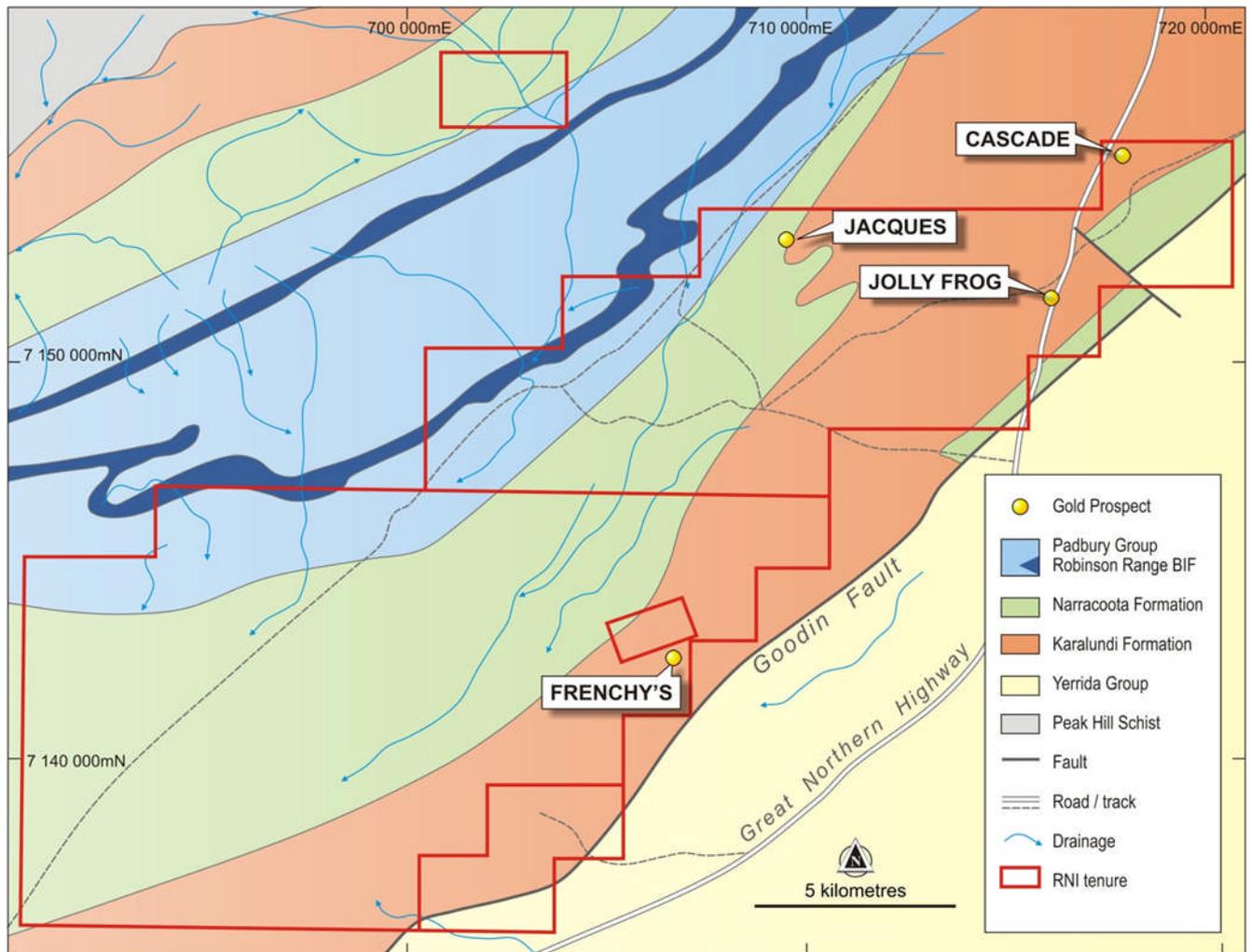


Figure 5: Jacques and other gold targets at Morck's Well

### Orient Prospect

As announced to the ASX on 25 September 2012, high grade assay results of up to 12.8% copper and 41.7g/t gold were recovered from outcropping ironstone gossans at the Orient prospect (Figure 2) at Cashman's North, approximately 35km north of Doray Minerals' Andy Well gold project.

Significantly, the surface sampling at Orient also returned elevated levels of lead and zinc.

Exploration work will continue at Orient to follow up on the high grade copper and gold surface assays and to define drilling targets. This will include detailed mapping and additional soil and rock chip sampling, followed by geophysical surveys, which will be extended to cover other significant copper anomalies to the west of Orient.

### Eldorado

As announced to the ASX on 6 August 2012, drilling beneath the Eldorado open pit ramp during the Quarter intersected high grade gold mineralisation of up to 8.7g/t.

Eldorado is located less than 400 metres from the Grosvenor gold plant and is one of a series of open pits containing JORC compliant gold resources of 1.2Moz based on 16.6Mt @ 2.2 g/t.

RNI drilled two vertical holes to a depth of 54m at the base of the Eldorado pit ramp on its western wall. Assays from EDRC1 produced 1m @ 8.7g/t from 9m below collar, 1m @ 7.2g/t from 17m, 1m @ 7.2g/t from 19m and 1m @ 5.5g/t from 15m.

EDRC2 produced 1m @ 5.8g/t from 24m, 1m @ 4.99g/t from 31m and 1m @ 4.2g/t from 35m.

These two holes were drilled to verify the results of previous (2007) grade control drilling at Eldorado which returned intersections including 14m @ 3.88g/t from 7m below collar, including 1m @ 29.4g/t.

While RNI has declared sufficient probable gold reserves (299,700oz) from the Yarlalweelor, Horseshoe and Callies open pits to support an initial 4-5 year mine life at the recommissioned Grosvenor gold plant (with ore also scheduled to be sourced from the Toms open pit), the down dip extensions to the mineralised thrust mean that Eldorado could supply an additional source of high grade oxide ore for the Grosvenor gold plant early in its production profile.

### **Horseshoe**

RNI completed seven RC holes for 1,068m at its Horseshoe mining lease (M52/338), located approximately 30km east of the Grosvenor gold plant, to further upgrade the indicated and inferred gold mineral resource of 162,866oz (based on 2.35Mt @ 2.15g/t using a 1g/t cut-off) at this deposit.

As announced to the ASX on 25 September 2012, the drilling assays from Horseshoe included 3m @ 10.54g/t from HRC006 from 138m. The results confirm the gold-copper-silver-base metal and tungsten geochemistry of the ore body.

### **Doolgunna**

Diamond drill hole DDH1-9 at RNI's Doolgunna lease, which is located within 4km of Sandfire's DeGrussa copper-gold deposits, was extended from 300m to 532m down hole.

As reported in the Company's June 2012 Quarterly Report, this hole, when initially drilled to 300m, returned assays of 2.24g/t gold and 588 ppm copper near its base.

A total of 136m of new core from DDH1-9 has been assayed. No further commercial results have been received. RNI has commissioned consultants Omni-Geox to evaluate these and earlier exploration results at Doolgunna.

Results from Doolgunna and other drilling programs were announced to the ASX on 25 September 2012.

### **MONTEZUMA OPTION AGREEMENT**

As announced to the ASX on 27 September 2012, RNI has reached agreement with Montezuma Mining Company Limited for an option to acquire control of the historic Peak Hill Gold Project, approximately 125km north of Meekatharra in Western Australia.

Peak Hill (Figure 6) comprises mining leases and prospecting and exploration licences covering a total of 211km<sup>2</sup> which contain JORC compliant gold resources of more than 560,000 ounces in a series of historic open pits (based on 11.52Mt @ 1.51g/t) (Annexure B).

The option, which remains subject to various conditions and approvals, gives RNI the right to acquire wholly owned Montezuma subsidiary Peak Hill Metals Pty Ltd. Approximately 547,000oz of the Peak Hill gold inventory is attributable to Peak Hill Metals.

The Peak Hill Gold project adjoins leases within RNI's 2,225km<sup>2</sup> Grosvenor Project, which hosts JORC compliant gold resources of 1.2 million ounces (Annexure A). This gives a combined gold inventory of more than 1.7 million ounces.

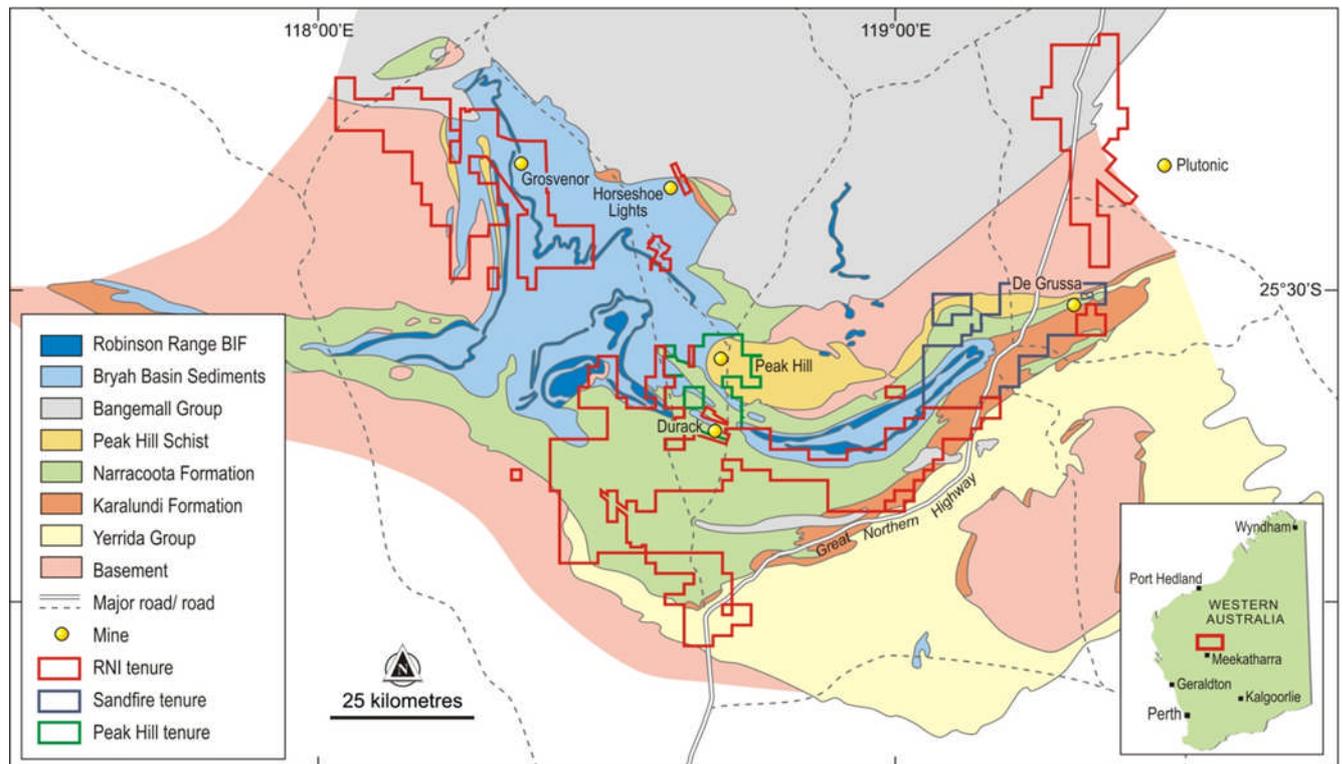


Figure 6: Location of RNI's Grosvenor Project and the Peak Hill Gold Project

## CORPORATE

During the Quarter, RNI continued negotiations for a debt facility to fund the refurbishment of the Grosvenor gold plant and for additional working capital. These discussions are at an advanced stage.

RNI issued 572,458 fully paid ordinary shares to the owners of the Horseshoe Lights East Project (M52/600) as consideration for an option to earn a 51 per cent interest in the Project, as announced to the ASX on 20 August 2012.

During the Quarter, 520,000 unlisted \$0.40 options in RNI expired without exercise.

As announced to the ASX on 31 August 2012, the Company further strengthened its management team with the appointment of Debbie Fullarton as Chief Financial Officer.

RNI also welcomed Mark Clements as Company Secretary following the retirement of long standing Company Secretary, Jean Mathie.

For further information, contact:

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**Competent Person's Statements**

The information in this ASX release that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Albert Thamm, who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Resource and Investment NL and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves. Mr Thamm consents to the inclusion in the release of the matters based on information in the form and context in which it appears.

The information in this ASX release that relates to the Yarlalweelor, Horseshoe and Callies North Mineral Reserve is based on information compiled by Mr Steve Craig, who is a Member the Australasian Institute of Mining and Metallurgy. Mr Craig is an Independent Consultant to RNI and the Managing Director of Oreology Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Mineral Resources and Ore Reserves. Mr Craig consents to the inclusion in the release of the matters based on information in the form and context in which it appears.

**Forward-Looking Statements**

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## ANNEXURE A: Grosvenor Gold Project Resources

Mineral Resources as at 30 September, 2012								
Project	Cut-off (g/t)	Tonnes (kt)	Grade (g/t)	Tonnes (kt)	Grade (g/t)	Tonnes (kt)	Grade (g/t)	Au Ounces
		Indicated		Inferred		Total		
<i>Yarlarweelor</i>	0.7	4,333	2	1,216	1.87	5,549	1.9	338,900
<i>Starlight</i>	1	1,558	3	924	3.4	2,482	3.2	255,300
<i>Starlight Hanging Wall</i>	1	145	4.3	503	2.9	648	3.2	66,700
<i>Twilight</i>	1	1,138	2.7	316	2.6	1,454	2.7	126,200
<i>Ricks</i>	1	232	1.9	63	2.1	295	2	18,900
<i>Midnight</i>	1	229	2.3	124	2.7	353	2.4	27,300
<i>Dougies</i>	1	99	3.1	123	2.9	222	3	21,400
<i>Eldorado</i>	0.6			386	1.4	386	1.4	17,300
<i>Toms &amp; Sams</i>	1			780	1.9	780	1.9	47,700
<i>Horseshoe</i>	1	2,063	2.13	290	2.35	2,353	2.15	162,900
<i>Nathans</i>	0.75			1,081	1.9	1,081	1.9	66,000
<i>Callies</i>	1	634.4	1.77	58	1.5	692.4	1.74	38,800
<i>Regent</i>	0.6			328	1.4	328	1.4	14,700
<b>TOTAL</b>		<b>10,431</b>		<b>6,192</b>		<b>16,623</b>	<b>2.2</b>	<b>1,202,100</b>

## ANNEXURE B: Peak Hill Project Resources

<b>Mineral Resources at 0.8 g/t cut off</b>				
<b>Harmony, Enigma, Durack and Main Pit-Five Ways</b>				
<b>Classification</b>	<b>Material</b>	<b>Tonnes</b>	<b>Au</b>	<b>Ounces</b>
		<b>(t)</b>	<b>(g/t)</b>	<b>(Oz)</b>
	Oxide	1,270,000	1.24	50,000
INDICATED	Transitional	2,940,000	1.35	128,000
	Fresh	4,960,000	1.58	252,000
<b>TOTAL INDICATED</b>		<b>9,170,000</b>	<b>1.46</b>	<b>430,000</b>
	Oxide	160,000	1	5,000
INFERRED	Transitional	80,000	1.12	3,000
	Fresh	1,510,000	1.57	76,000
<b>TOTAL INFERRED</b>		<b>1,750,000</b>	<b>1.5</b>	<b>84,000</b>
<b>SUBTOTAL</b>		<b>10,920,000</b>	<b>1.47</b>	<b>514,000</b>
<b>Jubilee Deposit</b>				
<b>Mineral Resources at 1.0 g/t cut-off</b>				
<b>Classification</b>		<b>Tonnes</b>	<b>Au</b>	<b>Ounces</b>
		<b>(t)</b>	<b>(g/t)</b>	<b>(oz)</b>
INDICATED		100,000	1.95	6,300
INFERRED		505,000	2.49	40,500
<b>SUBTOTAL</b>		<b>605,000</b>	<b>2.41</b>	<b>46,800</b>
<b>Combined Global Mineral Resources Estimated for the Peak Hill Project</b>				
<b>Classification</b>		<b>Tonnes</b>	<b>Au</b>	<b>Ounces</b>
		<b>(t)</b>	<b>(g/t)</b>	<b>(Oz)</b>
INDICATED		9,270,000	1.46	436,000
INFERRED		2,255,000	1.72	125,000
<b>TOTAL</b>		<b>11,525,000</b>	<b>1.51</b>	<b>561,000</b>

Note: Grade, tonnage and ounces have been rounded and may result in computational discrepancies in the above table.