



**QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

ASX CODE: RNI

1.0 EXPLORATION PROJECTS

1.1 Camutue Project – Angola

Infrastructure and personnel established on site comprises a 50-person camp including an on-site medical officer, an office park, stores and a workshop.

R&I is now managing and supervising all activities relating to run-of-mine production, including mining, screening, transportation, processing, handling, storage, stockpiling, procurement, loading and insurance. R&I also manages and supervises the weighing, sampling, testing and assaying of diamonds.

Carat production since June 2007 has averaged 2,000 carats per month. Diamond prices realised have averaged US\$350/carat which is considerably above the budget.

As part of its agreement with Tecmad, in late June 2007, R&I received the first US\$100,000 monthly payment of an ongoing mine management fee. Management fees have been received for the September quarter.

R&I's Operating Agreement with Tecmad represents an opportunity for the Company to secure additional attractive project opportunities in this well-established mining district.

The Operating Agreement between Tecmad and R&I will remain in force for an initial term of one year. In addition to being renewable, it can be terminated by either party for any or no reason on 30 days' notice.

1.2 Ellendale East and Ellendale South Projects – Western Australia

(JV with Caldera Resources Inc. (Caldera) (TSX:CDR) R&I earning up to 51 per cent)

The Ellendale East and Ellendale South Projects are located in the West Kimberley region, to the south-east of Kimberley Diamond Company NL's (KDC), Ellendale 4 mining operation. The projects comprise five contiguous exploration licences and exploration licence applications covering an area of over 800 square kilometres. The projects straddle the southern bounding-fault of the Oscar Range, the dominant controlling structure for the lamproites of the Ellendale Diamond Field.

The Ellendale East Project comprises two granted exploration licences that have been the subject of extensive exploration during the last two years. Aeromagnetic surveys completed by Caldera resulted in the identification of 47 magnetic targets with geophysical signatures similar to the lamproite pipes of the Ellendale Field.

Drilling programs completed by Caldera and R&I located coarse-grained fragmental rocks with strong similarities to the tuffaceous phases of lamproite pipes. Petrological and mineralogical work undertaken by both Caldera and R&I have demonstrated that the fragmental rocks contain small diamonds as well as chromite grains with compositions similar to lamproitic/kimberlitic chromites.

Detailed logging of drill cuttings indicates that the fragmental lithology hosting the diamonds and indicators is a distinct unit within the Permian-aged, Grant Formation. The material would therefore be about 250 million years older than the lamproite pipes of the Ellendale Field. Petrological studies suggest that the fragmental rocks are more likely to be coarse grained, marine or lacustrine sediments rather than tuffs.

Although the recovery of diamonds and lamproitic/kimberlitic chromites from the fragmental lithologies within the Ellendale East Project area is obviously extremely encouraging, the commercial significance of the discovery has not yet been established.

The results certainly suggest that a previously unrecognised diamond-emplacment event exists in the West Kimberley region. However, it is unclear whether the fragmental rocks will contain economic diamond concentrations or will be the pointer towards an economic source.

During the past quarter R&I have continued intensive laboratory-based studies to define the nature of the fragmental rocks and their provenance. R&I are reviewing the available data to determine whether a bulk sample of the diamondiferous phase can be collected.

The Ellendale South Project comprises three exploration licence applications adjoining the Ellendale East tenements. R&I is hopeful that these tenements will be granted in the near future, so a detailed aeromagnetic survey can be undertaken over this highly prospective area.

1.3 Swartsand Project – South Africa

R&I acquired the Swartsand Project located in the Namaqualand region of South Africa, 450 kilometres north of the Namakwa Project, in January 2005. The 1,645 hectare Swartsand Project is situated immediately adjacent and downstream of the Buffelsbank Mine, one of the richest alluvial diamond operations in the region, producing 1.2 million carats over a 30-year period until its closure in 1998.

Following receipt of the Prospecting Permit for the project in March 2006, R&I completed surface geological mapping and topographic modelling of the palaeo-gravels and basement rock.

A follow-up RC percussion drilling program, comprising 209 holes for 1,335 metres of drilling, was completed in the September 2006 quarter. This program outlined a curved palaeo-channel 900 metres long and 200-300 metres wide.

Resting on a pre-cambrian granite-gneiss basement, coarse, basal, diamondiferous gravels ranging in thickness from 0.5 to 3.0 metres and averaging 1.5 metres, are overlain by an overburden of semi-calcretised sands and grits and windblown sand.

The overburden varies in thickness between 1.0 metres and 5.0 metres and averages 4.0 metres.

In the September 2007 quarter, R&I commenced a shallow bulk sampling program over a 900 x 250 metre palaeo-channel outlined by recently completed historical drilling.

R&I anticipates supplying two bulk samples of the basal gravel, totalling 5,500 cubic metres to 7,625 cubic metres, for processing through a rented processing plant.

The run of mine gravel will come from two trenches, one containing ~3,800 cubic metres of gravel and 9,530 cubic metres of overburden, and the other, ~3,825 cubic metres of gravel and 5,230 cubic metres of overburden.

Earthmoving commenced in August and 50 per cent of the gravels from Trench B have been excavated and are awaiting processing.

1.4 Namakwa Project – West Coast, South Africa

In May 2007, R&I's subsidiary company in South Africa, NDC Mining Company (Pty) Limited (NDCM) concluded an agreement with Prismatic Diamonds (Pty) Limited.

In terms of this agreement, NDCM will convert its old order mining licence and its old order prospecting permits to a new order mining right and prospecting permits. NDCM will then transfer these rights to its subsidiary company Rency (Pty) Limited and Rency will be sold to Prismatic Diamonds (Pty) Limited. The purchase price, payable only when all the relevant conversions and transfers have taken place, is US\$1.5 million. The purchase price is payable over three years.

In the interim, Prismatic will explore and mine NDCM's West Coast concessions under NDCM's existing licences. All costs of the conversions and any further rehabilitation are for Prismatic's account. Prismatic will pay a rental to NDCM of R75,000 per month once exploration and mining commences.

Prismatic and NDCM are continuing with the lengthy process of the conversions of the old order permits and licences to new order rights.

1.5 Kimberley Project – Western Australia

R&I's exploration focus is on the large Goat Paddock (EL 80/3153 & EL 80/3266) circular physiographic anomaly in the central Kimberley region, which represents a high priority target area. The Goat Paddock Project comprises a crater-form topographic depression some 5 kilometres in diameter. Previous drilling (carried out in 1972) demonstrated a crypto-explosion crater structure in-filled with some 200 metres of carbonaceous lacustrine sediments overlying brecciated sandstone. The lacustrine sediments (lake-fill) have been dated at approximately 50 million years, compared with the surrounding host rocks which have been dated at an estimated 500 million plus years.

Detailed ground magnetic and gravimetric surveys carried out have demonstrated an internal magnetic anomaly (1.5 kilometres in diameter) disposed within the much larger topographic anomaly or crater structure (5 kilometres in diameter). This anomaly is interpreted to reflect a 'melt pool' related to a meteorite impact or a sub-volcanic intrusive possibly related to a kimberlitic diatreme.

Planning was completed during the December 2006 quarter for a proposed drilling program at this target. Site clearances are still awaiting approval before the drilling program can commence.

1.6 Yule River Project – Pilbara Region, Western Australia

The Yule River Project includes six exploration licences and applications and covers an area of 690 square kilometres. The area is located 65 kilometres south-west of Port Hedland and 30 kilometres north of Range River Gold Limited's, Indee gold mine. R&I also have an agreement with Brumby Resources Ltd (Brumby) that allows the company to explore for and mine alluvial deposits within adjoining tenements held by Brumby. This area comprises four granted exploration licences and covers an additional area of 626 square kilometres.

The Yule River Project covers areas considered prospective for alluvial deposits hosting a variety of commodities, including precious metals (gold and platinum), tin, tantalum, zircon and rutile. The limited exploration that has been undertaken within the project area suggests there is also potential for precious and base-metal deposits within the basement sequence.

A high resolution aeromagnetic and radiometric data has been completed over part of the project area and preliminary interpretations indicates that a number of anomalies with geophysical signatures indicative of palaeo-channels occur throughout the area. A more detailed interpretation of the geophysical data is to be undertaken.

R&I have planned a drilling and sampling program to test alluvial deposits within the project area. A budget of A\$350,000 has been proposed for this initial reconnaissance program with field operations planned for the second half of 2007. Disappointingly, only two of the four outstanding exploration licence applications within the Yule Project were granted during the quarter. The implementation of the proposed program is dependent on granting of the remaining licences.

1.7 Mining Tenements

Schedule of Mining Tenements – 30 September 2007				
	Tenement	Area (km ²)	Date of Grant	Notes
Ellendale East & South Projects	E04/1437	215	19/02/2004	1
	E04/1438	52	19/02/2004	1
	E04/1595	355	Application	1
	E04/1607	72	Application	1
	E04/1608	215	Application	1
Kimberley Project	E80/3153	89	17/12/2003	2
	E80/3266	89	10/04/2007	2
Yule Project	E45/2939	192	20/04/2007	3
	E47/1131	20	30/09/2002	3
	E47/1730	61	Application	3
	E47/1731	144	Application	3
	E47/1750	225	5/09/2007	3
	E47/1751	48	5/09/2007	3
	E47/1331	115	17/11/2005	4
	E47/1340	80	17/11/2005	4
	E47/1341	205	17/11/2005	4
	E47/1193	225	13/10/2005	5
1 Joint Venture with Caldera Resources, R&I can earn a 51% interest. 2 Registered to Faustus Nominees, R&I are earning an interest in the tenement. 3 Held by R&I subject to an agreement with Brumby that would allow that company to explore for and mine non-alluvial deposits in the area. 4 Registered to Faustus Nominees, Brumby is acquiring the tenement, R&I will have rights to alluvial deposits. 5 Registered to JCO Investments, Brumby is acquiring the tenement, R&I will have rights to alluvial deposits.				

MILES KENNEDY CHAIRMAN

31 October 2007

COMPETENT PERSON

The geological information in this report is based on data compiled by David Jones BSc (Hons) MSc who is a corporate member of the Australasian Institute of Mining and Metallurgy and who has had more than five years experience in the field of activity being reported on. Mr Jones is qualified as a competent person as defined in the 2004 Edition of the Australian Code for Reporting Exploration Results, Mineral Resource, and Ore Reserves. He has consented to the inclusion of this information in the form and context in which it appears in this report. The Australian Stock Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.