



**QUARTERLY REPORT
FOR THE PERIOD ENDED 31 MARCH 2007**

ASX CODE: RNI

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HIGHLIGHTS

Exploration Projects

Angola

- Mobilisation of plant and infrastructure complete – clearing of 27 sea containers from Luanda harbour, Angola, now underway.
- Expecting refurbishment of Diamond Recovery Plant to be completed before 30 June 2007.

South Africa

- Planned bulk sampling of the basal gravel from Swartsand to be carried out in the June 2007 quarter.

1.0 EXPLORATION PROJECTS

1.1 Camutue Project – Angola

As reported in the December 2006 quarterly report, R&I signed an Operating Agreement with Angolan-based Tecmad – Mining Services SARL (Tecmad) for its appointment as an independent contractor and operator to manage the planned recommissioning of the Camutue associated diamond deposits. This agreement is expected to lead to the re-establishment of mining operations at Camutue by the second quarter of 2007.

The comprehensive operating agreement encompasses the proposed implementation of a detailed development and operating plan for the Camutue Associated Diamond Deposits developed by R&I over the past 12 months. A program of work, capital and operating budgets was finalised to enable diamond production to recommence, including:

- design and implementation of all required modifications to the existing on-site processing plant and associated infrastructure, including procurement of equipment.
- mobilisation to site and management of mining operations as agreed between the parties.
- management and supervision of all activities relating to run-of-mine production including mining, crushing, screening, transportation, processing, handling, storage, stockpiling, loading and insurance, as well as the weighing, sampling, testing and assaying of diamonds.
- conducting exploration within the Camutue Concession Area insofar as this is relevant for the development and mining of the Camutue Associated Diamond Deposits.
- management and organisation of all earthmoving activities.
- all capital and operating costs in relation to the operating agreement and contained within the agreed capital and operating budgets will be for the account of Tecmad. In addition, provided R&I has adequately supervised, managed and/or clearly instructed the mining contractor, and has done so in a conscientious, professional

and/or non-negligent way, R&I will not be liable for any losses of any kind, or any delays or costs, or increases in costs, that may occur as a direct or indirect consequence of any act or omission by the contractor.

- Tecmad will, at its cost, assist R&I with logistical issues, provide office and residential accommodation for R&I's employees and contractors in Luanda, and pay any government royalties and any other such costs which may become payable in relation to preserving the Camutue Concession.

The complex design and procurement of the plant and infrastructure refurbishment is complete: the three shipments to Angola have arrived in Luanda and are in the lengthy process of being cleared by the Angolan Port Authorities. Delivery to the mine site is underway.

Mobilisation of personnel has started and to date approximately half of the projected total number of expatriate employees is in Angola. The full commissioning crew are on site and have commenced with dry commissioning. All electrical motors and pumps appear to be in good working order. The civils work for the installation of newly manufactured equipment is underway. The exercise is expected to be completed by the end of the second quarter 2007.

It is envisaged it will take approximately 6 months to re-establish the mine, mobilise and refurbish the plant and infrastructure and commission the plant, which will all be done at Tecmad's expense. Thereafter, (subject to certain conditions) R&I will, in consideration for its services as independent contractor and manager, commence earning a management fee of either 20 per cent of net monthly cash flow from the recommissioned Camutue operations or a monthly fee of US\$100,000 (whichever is greatest). The operating agreement will remain in force for an initial term of one year, and can be renewed. The operating agreement can be terminated by either party for any or no reason on 30 days' notice.

The operating agreement incorporates an initial production plan which envisages the extraction of in excess of 100,000 carats of diamonds over a 16-month period, with processing to be carried out using the existing Dense Media Separation (DMS) diamond production plant located on site. Tecmad has to date invested in excess of US\$10 million on plant and equipment at the Camutue Project, including the construction of a new Bateman DMS plant. The existence of a modern processing plant and existence of mining and associated infrastructure underpins a relatively rapid development time for the Project.

1.2 Ellendale East and Ellendale South Projects – Western Australia

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

R&I's Ellendale Projects comprise five adjoining Exploration Licences and Exploration Licence Applications, covering an area of over 800 square kilometres. The project areas are located south east of Kimberley Diamond Company's (KDC) Ellendale 4 mining operation. Geophysical surveys completed by Caldera in 2005 identified 47 magnetic targets within the Ellendale East area. Drilling and sampling of some of these targets led to that company announcing the discovery of up to six potential new lamproite pipes.

During the previous quarter, R&I completed a 2600m aircore drilling program in the Ellendale East area. Samples recovered from this program are currently undergoing detailed mineralogical and petrological studies to confirm results previously obtained. Most of the samples from the R&I program were recovered from a potential

“volcaniclastic quartz tuff” unit identified by Caldera and reported to contain microdiamonds and indicator minerals.

The 2006 drilling program confirmed the presence of a coarse fragmental unit and identified it as a discrete phase within the Permian-aged, Grant Formation. Petrological studies completed during the current period suggest that the lithology has a distinct marine component and is most likely to be a sub-unit of the Grant Formation.

Petrological and mineralogical studies of the rocks and mineral-concentrates from the coarse fragmental unit are continuing, with a number of chromite grains identified that have mineral chemistry consistent with their derivation from a lamproitic (or kimberlitic) source. Ongoing studies are attempting to confirm the presence of diamonds within the fragmental rock. It is hoped that the current program will lead to the identification of a new kimberlite/lamproite emplacement event in the West Kimberley region.

The drilling and sampling program within the Ellendale East area was terminated because of the early onset of the northern wet season. Additional drilling and a bulk sampling program are planned for 2007. The commencement of this work is conditional on access availability and on the outcome of ongoing work-programs.

R&I are hoping that a number of Exploration Licence Applications in the Ellendale South Project area will be granted in the near future. These tenements lie along structure from the Ellendale East Project and the Ellendale Lamproite Field and are considered highly prospective. Detailed aeromagnetic surveys to locate additional lamproitic targets are planned for these tenements as soon as they are granted.

1.3 Swartsand Project – South Africa

The planned bulk sampling exercise at Swartsand has been delayed as the processing facility was not available as anticipated. This is now expected to start in the second quarter 2007.

1.4 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 kms 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 kms in diameter) disposed within the much larger topographic anomaly or crater structure (5 kms 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.

The application for Exploration Licence 80/3266 was granted on 10 April 2007.

Planning was completed during the December quarter for a proposed drilling program at this target, which will commence once site clearances are approved.

1.5 Yule River Project – Pilbara Region, Western Australia

The Yule River Project is located 65 kms south-west of Port Hedland and 30 kms north of the recently commissioned Range Rivers Indee gold mine.

A high resolution aeromagnetic and radiometric survey has been completed over the Project.

A total of 7,217 line kilometres of 100 metre spaced north-south lines were flown by Fugro Airborne Surveys. The data is currently being processed and will subsequently be interpreted by the consultant geophysicist.

1.6 Mining Tenements

Schedule of Mining Tenements – 31 March 2007				
	Tenement	Area (km ²)	Date of Grant	R&I Interest
Ellendale East & South Projects	E 04/1437	215	19/02/2004	Earning 51%
	E 04/1438	52	19/02/2004	Earning 51%
	ELA 04/1595	355	Pending	Earning 51%
	ELA 04/1607	72	Pending	Earning 51%
	ELA 04/1608	215	Pending	Earning 51%
Kimberley Project	EL 80/3153	89	17/12/2003	Earning In
	EL 80/3266	89	10/04/2007	Earning In
Yule River Project	EL 47/1131	20.4	30/09/2002	Earning In
	EL 45/2939	192.4	20/04/2007	Earning In
	EL 47/1750	224.5	Pending	Earning In
	EL 47/1751	48	Pending	Earning In

MILES KENNEDY CHAIRMAN

30 April 2007

COMPETENT PERSON

The information in this report that relates to an inferred mineral resource is based on information following a due diligence program conducted by Peter Danchin, B.Sc (Hons), Pr.Sci.Nat. (RSA), M.Aus.IMM, who is an executive director of Resource and Investment NL. Mr Danchin is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Danchin consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.