



Resource & Investment NL

**QUARTERLY REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

ASX CODE: RNI

RESOURCE AND INVESTMENT NL ABN 77 085 806 284

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HIGHLIGHTS

- **Production (under RNI supervision) of 7,220 carats at an average net sale price of US\$704/carats from Camutue Project in Angola.**
- **Camutue Operating Agreement expanded to potentially include mining of nearby Caixepa Kimberlite Pipe, subject to the approval of a budget and work plan.**
- **Agreement to sell Namakwa Diamond Plant to Tecmad–Mining Services SARL for relocation to Camutue Project to increase diamond production.**

1.0 EXPLORATION PROJECTS

1.1 Camutue Project – Angola

The Camutue Project, located in north-eastern Angola in southern Africa, is supervised and operated by Resource and Investment NL (**RNI**) (ASX: **RNI**) under an Operating Agreement with Angolan-based Tecmad – Mining Services SARL (**Tecmad**). Under the Operating Agreement RNI, in consideration for its services, receives a minimum fee of US\$100,000 per month or 20% of net cash flow.

The re-commissioning of the operation, including a US\$5 million upgrade of the existing 50tph Dense Media Separation (DMS) plant and associated infrastructure, was overseen by RNI but fully funded by Tecmad. The Camutue Project was successfully re-commissioned in mid-2007, with an initial production plan based on recovery of 80,000 carats over an 18-month period.

Diamond production for the March Quarter from the Camutue Project was 7,220 carats from 133,175 cubic metres of ore processed. The average stone size was 0.936 carats, with an average gross sale price of US\$822/carats and a net sale price of US\$704.33/carats. Production statistics for the March Quarter are summarised below:

	Jan	Feb	March
Cubic metres processed	45965	45280	41930
Carats recovered	2603.58	2180.73	2436.53
Ave stone size (cts)	0.997	0.901	0.908
Gross selling price (\$/carats)	765	875	826
Net selling price (\$/carats)	647	754	712

A Tertiary Vertical Shaft Impacter Crusher has been purchased and will be installed and commissioned within the next two months. Two additional dump trucks have been purchased to increase the haul capacity.

Operating Agreement Expanded

During the March Quarter, RNI expanded its Operating Agreement with Tecmad to include potential mining of a kimberlite pipe located adjacent to the existing Camutue alluvial mining operations, subject to the approval of a budget and detailed work plan. Under Deeds of Extension and Amendment to the original Operating Agreement signed

on 4 May 2006, RNI and Tecmad have extended the Agreement for a further year and expanded it to potentially cover a number of mining operations at the Caixepa Kimberlite Pipe. RNI will develop and submit a draft budget and operational plan for the Caixepa Operation for approval by Tecmad and its partners.

Construction of infrastructure, including civil works, access roads and dewatering canals has commenced around the Caixepa pit as part of the preparation for contemplated future development. All costs are being funded by Tecmad.

Caixepa is one of a group of nine known kimberlite pipes located near the Camutue Associated Diamond Deposits, 10km east of the town of Lucapa in north-eastern Angola's Lunde Norte Province. Five of these pipes have been shown to be diamondiferous and two have been mined historically to some extent. For example, the Camutue-West kimberlite was discovered in 1958 and was mined between 1961 and 1974, resulting in the recovery of 33,673 carats at an average mined grade of 9 carats per hundred tonnes (cpht).

Sale of Namakwa Diamond Plant

As part of a strategy to increase production from the Camutue Project, RNI has also reached agreement to sell its 500,000tpa diamond production plant to Tecmad for use at the Camutue Project. The plant includes a Dense Media Separation (DMS) production facility and on-site Flowsort (X-Ray) Final Diamond Recovery Unit.

The consideration payable by Tecmad for this facility is US\$1.5 million. In addition, Tecmad has agreed to pay RNI the sum of US\$246,154 in a series of staged payments for the dismantling, shipping, and re-commissioning of the Namakwa Plant at the Camutue Project, as well as to reimburse RNI for other already incurred costs. Tecmad has also agreed to cover all reasonable costs relating to transportation, insurance and erection of the plant at the Camutue site.

The additional processing capacity and commencement of mining operations at the Caixepa Pipe is expected, over time, to enable RNI to significantly increase diamond production from the Camutue Project. RNI will continue to receive a management fee of either 20% of net cash flow or a minimum US\$100,000 per month from the expanded operation.

This represents another important step forward in RNI's relationship with Tecmad and builds on the Company's operational success at the Camutue Project over the past year. The original agreement always encompassed the possibility of expanding the scope of operations to the nearby kimberlite pipes.

In addition to realising immediate cash value for the diamond production plant and infrastructure currently on care and maintenance at the Namakwa Project in South Africa, this provides an opportunity to increase production at Camutue, thereby increasing the net cash flow to RNI once production increases.

1.2 Ellendale East and Ellendale South Projects – Western Australia

During the Quarter, the Joint Venture agreement covering the Ellendale and Ellendale South Projects with Caldera Resources Inc. was terminated by mutual agreement.

1.3 Kimberley Project – Western Australia

During the Quarter, the Joint Venture agreement covering the Goat Paddock Project with Faustus Nominees Pty Ltd was terminated by mutual agreement.

1.4 Yule River Project – Pilbara Region, Western Australia

In February 2008, RNI reached agreement to sell the Yule River Project tenements to ASX-listed Brumby Resources Limited. Under the terms of the sale agreement, Brumby will manage the tenements and will be responsible for meeting all expenditure commitments and costs.

RNI will receive a 1% Net Smelter Royalty (NSR) on all future mineral production from the Yule River Project tenements.

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.

1.5 Namakwa Diamond Project, South Africa

As reported previously, RNI has reached agreement to divest this project to Prismatic Diamonds (Pty) Limited for a total purchase price of US\$1.5 million, payable over three years. During the Quarter, the Company continued the ongoing process of converting the old order Prospecting Permits to the new order mining rights and permits.

In the interim, Prismatic is continuing to explore and mine the Namakwa Concessions under RNI's existing licences, with the cost of converting the existing permits covered by Prismatic. Prismatic will pay a rental of R75,000 per month to RNI once exploration and mining commence.

As outlined above, RNI has reached agreement to sell the diamond production plant located on the Namakwa tenements to Tecmad – Mining Services SARL and to relocate and re-commission this plant at the Camutue Project in Angola.

1.6 Mining Tenements as at 31 March 2008

Schedule of Mining Tenements – 31 March 2008				
	Tenement	Area (km ²)	Date of Grant	Notes
Yule Project	E45/2939	192	20/04/2007	1
	E47/1131	20	30/09/2002	1
	E47/1730	61	Application	1
	E47/1731	144	Application	1
	E47/1750	225	8/9/06	1
	E47/1751	48	8/9/06	1
1 Held by RNI subject to an agreement with Brumby Resources Ltd that entitles RNI a 1% net smelter royalty on all future mineral production.				

**MILES KENNEDY
CHAIRMAN**

30 April 2008

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.