



**Resource & Investment NL**

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

**ASX CODE: RNI**

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## **1.0 EXPLORATION PROJECTS**

### **1.1 Camutue Project – Angola**

The operations in Angola continue to deliver good results with the diamond values and plant throughput being higher than initially anticipated. Although heavy rains have been experienced these have not detracted from good results.

In terms of the agreement with Tecmad, the Company continues to receive the management fee of US\$100,000 per month.

### **1.2 Swartsand Project - South Africa**

In the September 2007 Quarter, the Company commenced a shallow bulk sampling program over a 900 metres x 250 metres palaeo-channel outlined by recently completed historical drilling.

The bulk sample produced sub economical results and, as a result, the Company has terminated exploration activities at Swartsand.

### **1.3 Namakwa Diamond Project - West Coast, South Africa**

In May 2007, NDC Mining Co (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; this is expected to start by the end of March 2008.

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

### **1.4 1.2 Ellendale East and Ellendale South Projects – Western Australia** (JV with Caldera Resources Inc. (Caldera) (TSX:CDR) R&I earning up to 51 percent)

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. Over the past three years, R&I and Caldera have completed a detailed aeromagnetic program and an extensive follow-up drilling program. Interpretation of the aeromagnetic survey undertaken by Caldera, resulted in the recognition of a total of 47 magnetic targets with geophysical signatures similar to the diamondiferous pipes of the nearby Ellendale Lamproite Field.

The drilling programs that followed-up this aeromagnetic survey identified the source of many of the magnetic anomalies as a coarse-grained fragmental rock with strong similarities to the tuffaceous phases of lamproite pipes. Laboratory studies undertaken by both R&I and Caldera have indicated that the fragmental rocks are diamondiferous and contain chromite grains with compositions similar to lamproitic/kimberlitic chromites (indicator minerals). While both the diamonds and chromite grains are exceedingly small (typically <50 microns), their presence is considered extremely significant.

Detailed logging of drill holes has demonstrated that the coarse fragmental lithology hosting the diamonds and indicator minerals is a highly restricted sub-unit within the Permian-aged, Grant Formation. The rocks are much older (about 250 million years older) than the known lamproite pipes of the Ellendale Field and are almost certainly, unrelated. A recent petrological study completed on the fragmental rocks suggests they are likely to be coarse grained, marine or lacustrine sediments rather than tuffaceous in origin.

Although the recovery of diamonds and lamproitic/kimberlitic chromites from the fragmental lithologies within the Ellendale East Project area is very encouraging, the commercial significance of the discovery has not yet been established. The results certainly suggest that a previously unrecognized 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 3 exploration licence applications adjoining the Ellendale East tenements. R&I is hopeful that these tenements will be granted in the near future so that the Company can commence exploration in this highly prospective area.

## **1.5 Kimberley Project – Western Australia**

The Kimberley Project covers a circular physiographic feature located within the central Kimberley region of Western Australia. The circular feature is known as the Goat Paddock and is approximately 5 kilometres in diameter.

Previous exploration has indicated that the Goat Paddock feature is a crypto-explosion crater infilled by about 200 metres of carbonaceous lacustrine sediments overlying brecciated sandstone. The carbonaceous sediments have been dated at 50 million years while the surrounding sandstone sediments are estimated to be more than 500 million years old.

Detailed ground magnetic and gravimetric surveys have identified a smaller geophysical feature (about 1.5km in diameter) within the crater structure. While drilling is required to test this target, it is interpreted to reflect a "melt pool" related to a meteorite impact or a sub-volcanic intrusive possibly related to a kimberlitic diatreme.

R&I are seeking approval to undertake a limited drilling program to test the geophysical target within the Goat Paddock structure. These approvals have not yet been granted.

## 1.6 Yule River Project – Pilbara Region, Western Australia

The Yule River Project is located 65 kilometres south-west of Port Headland and 30 kilometres north of Range River Gold Limited's, Indee gold mine. The project includes 6 exploration licences and applications held by R&I, and an additional 4 granted licences held by Brumby Resources Ltd (**Brumby**). The 10 licences cover a total area of 1,315 square kilometres. R&I have an agreement with Brumby that allows R&I to explore for and mine alluvial deposits within the entire project area. Brumby has a similar agreement covering the hard-rock deposits within the project area.

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

High resolution aeromagnetic and radiometric data have been completed over parts of the project area and preliminary interpretations indicates that a number of anomalies with geophysical signatures indicative of palaeo-channels occur throughout the area.

R&I have planned a drilling and sampling program to test for commercial alluvial deposits. A budget of A\$350,000 has been proposed for this initial reconnaissance program but this is conditional upon granting of the two outstanding licence applications. Field operations have been deferred pending the granting of these tenements and is planned for the first half of 2008.

## 1.7 Mining Tenements

Schedule of Mining Tenements – 31 December 2007				
	Tenement	Area (km <sup>2</sup> )	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
	E47/1193	225	13/10/2005	5
	E47/1331	115	17/11/2005	4
	E47/1340	80	17/11/2005	4
E47/1341	205	17/11/2005	4	

- 1 Joint Venture with Caldera Resources, R&I can earn a 51% interest.
- 2 Registered to Faustus Nominees, R&I is 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 JCO Investments, Brumby is acquiring the tenement, R&I will have rights to alluvial deposits.
- 5 Registered to Faustus Nominees, Brumby is acquiring the tenement, R&I will have rights to alluvial deposits.

**MILES KENNEDY  
CHAIRMAN**

31 January 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.