



30 January 2012

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011 ASX CODE: RNI

HIGHLIGHTS

DOOLGUNNA PROJECT

Significant anomalous copper and base metal results encountered in holes DRC 268 and DRC 071 within the DGC1-2 target, 2km southeast of the DeGrussa VMS copper-gold project being developed by Sandfire Resources.

Follow-up infill RC and diamond drilling completed at DRC 268 and DRC 071. Assays expected in the March 2012 Quarter.

New diamond drilling program to continue on other priority gold and VMS targets, including DGC5-6 in the central geochemical corridor.

THREE RIVERS

Priority drilling target delineated at TR2 from follow-up soil sampling program.

FORTNUM GOLD PROJECT

Subject to shareholder approval, terms finalised for RNI to acquire the Fortnum Gold Project and extensive tenement package for \$35 million in cash and shares.

Deal provides a pathway for RNI to become a gold producer within 18 months.

RNI's strategic footprint in the highly-prospective Bryah-Padbury Basin will increase more than five-fold to 2,225km², including 100km strike of unexplored Narracoota Volcanics.

CORPORATE

Option to acquire Doolgunna Project renegotiated with Ascidian Prospecting.

Experienced geologist Albert Thamm appointment as Technical Director.



Fortnum Gold Project in 2007

INTRODUCTION

Resource and Investment NL (ASX: RNI) (RNI or the Company) is conducting base metal and gold exploration programs on three projects in the eastern Gascoyne region of Western Australia. The projects comprise the flagship Doolgunna Project, the neighbouring Three Rivers Project and Fortnum West.

On 9 January 2012, RNI announced a deal to buy Grosvenor Gold Pty Ltd, owner of the Fortnum Gold Project and a strategic and highly-prospective 1,791km² tenement package. When combined with RNI's existing portfolio, the Grosvenor Gold acquisition will significantly increase the Company's footprint in the Bryah-Padbury Basin to approximately 2,225km².

The Doolgunna Project is located about 2km southeast of Sandfire Resources' DeGrussa copper-gold deposits. Sandfire has reported¹ a combined resource of 14.33Mt grading 4.6% copper and 1.6g/t gold at its DeGrussa deposits. The geological succession at Doolgunna is similar to the DeGrussa area and RNI believes that similar deposits may occur within the Company's project area.

The Three Rivers Project is located about 35km north of DeGrussa and covers about 160km². RNI believes that the project has the potential to host significant gold and/or base metal deposits.

The Fortnum West Project covers approximately 250km² located immediately west of the Fortnum Gold Project and is thus considered highly-prospective for gold.

¹ Sandfire Resources NL ASX/Media release 27 July 2011

DOOLGUNNA PROJECT

The Doolgunna Project covers about 21km² of mafic volcanic and sedimentary rocks within the Proterozoic-aged Bryah Basin. The Project is located 2km southeast of the DeGrussa copper-gold project (Figure 2) being developed by Sandfire Resources and covers similar and contemporaneous lithologies to those that host DeGrussa. The DeGrussa ore bodies are volcanogenic massive sulphide (VMS) deposits occurring within a succession of basaltic-composition extrusive and intrusive rocks with related sediments (Narracoota Formation).

VMS deposits are a major source of base metals and gold in many parts of the world. In most VMS fields the ore deposits occur in clusters, often covering more than 100km². This characteristic of VMS deposits has made the Doolgunna region one of the most active exploration areas in Australia. RNI's Doolgunna Project is targeting repetitions of the mineralisation discovered in the DeGrussa area, and the Company believes the area has high potential to host equivalent copper-gold deposits.

An initial program of 950 holes comprising both RC and diamond drilling commenced at Doolgunna late in the June 2011 Quarter. This followed an intensive 18-month exploration program which included surface mapping, an airborne magnetic and radiometric survey, detailed soils geochemistry and a moving loop, transient electromagnetic (MLTEM) survey. Interpretation of the data from these surveys and programs enabled the Company's geologists to recognise 24 priority RC and diamond drilling targets in 18 discrete locations within the Project area (Figure 2). These drilling targets are a mixture of VMS-style copper-gold and vein-style gold deposits.

During the Quarter, RNI drilled 137 RC holes for a total of 11,223 metres. Assays are still awaited for about one third of those holes.

Overall, the Company has now completed 34,576m of RC drilling at Doolgunna, comprising 414 holes out of the original 950-hole program.

Of most interest during the Quarter was the significant anomalous copper and base metal results recorded from two holes drilled at the DGC 1-2 target, which is located just 2km southeast of the DeGrussa copper-gold deposits (Figure 2).

The anomalous results, which are set out in Table 1, were recorded over a 9m intersection (120m to 129m) from drill hole DRC 268. Significantly, assays from DRC 071, located along strike and about 600m east of DRC 268, also returned higher than background base metal results, with elevated zinc assays.

Drill hole	From (m)	To (m)	Au (ppb) Units	Ag ppb	Cu ppm	Pb ppm	Zn ppm
DRC 268	114	117	-	0.1	78	6	63
	117	120	-	0.3	75	10	111
	120	123	6	1.5	1015	12	119
	123	126	15	0.6	4279	8	105
	126	129	6	0.1	2003	11	180
	129	132	-	-	172	10	130
DRC 071	114	117	-	0.3	98	19	420
	117	119	-	0.2	85	21	1271
	119	120	-	0.2	120	38	1437
	120	123	-	0.1	50	31	939
	123	126	-	0.1	30	10	365

*ppm: parts per million; *ppb: parts per billion

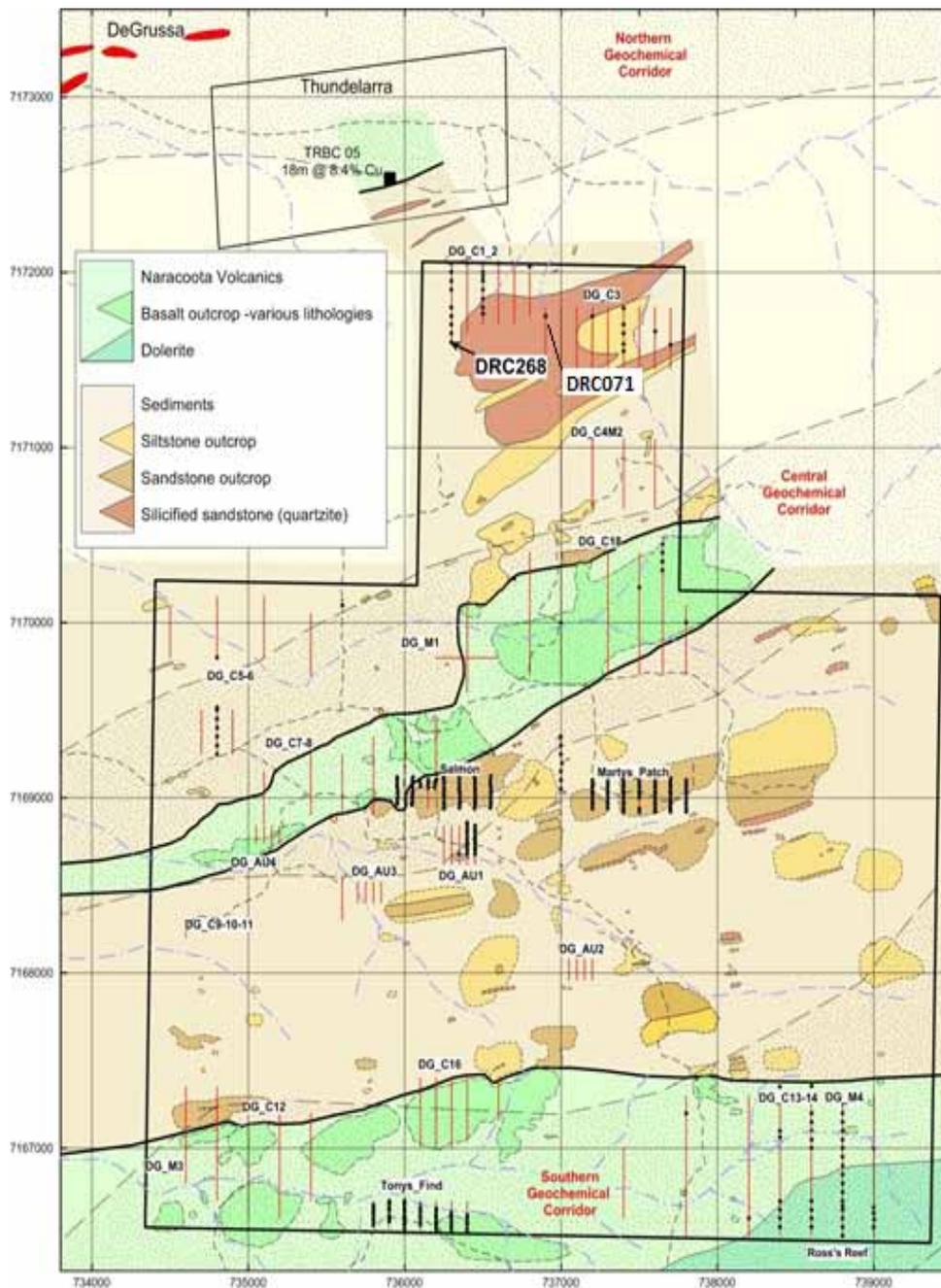


Figure 2: RC drilling at Doolgunna, DRC 268 and DRC 071

The base metal ratios recorded from DRC 268 and DRC 071 are considered significant because metal zonation is a noted feature in some VMS deposits.

As noted in the ASX announcement of 29 November 2011, RNI considered these results warranted immediate further testing.

RNI has since followed up on the initial results by drilling six infill RC holes for a total of 965m, comprising four RC holes at DRC 268 and two RC holes at DRC 071. RNI expects to have the assay results from these six RC holes in the coming weeks.

This infill RC program was followed up with the drilling of a diamond hole at DRC 268 in January 2012. The Company expects to receive the assays from this diamond hole in the March Quarter.

As DRC 268 is located at the end of a drill line, an additional program of work and Heritage clearances will be required to drill test the area between DRC 268 and DRC 071. The process of securing these approvals is underway.

The diamond hole drilled at DRC 268 is the first of a new diamond drilling program at Doolgunna. This program will also include drilling the DGC5-6 target (Figure 2), where nickel and magnesium anomalism had previously been detected, thus indicating the underlying presence of Mafic or Ultramafic interbedded lithologies in the meta-sedimentary/meta-volcaniclastic succession.

Diamond drilling is also scheduled during the March Quarter to follow up on significant vein-style gold mineralisation delineated from RC drilling at the Salmon and Ross's Reef prospects.

The RC drilling conducted by RNI during the Quarter also produced a significant new gold intersection of 3.9g/t over 3m (75m-78m) in hole DRC 327 during follow-up RC drilling at the DGC18 target on the central geochemical corridor at Doolgunna.

THREE RIVERS PROJECT

The Three Rivers Project comprises two granted exploration licences (E52/2124 and E52/2562) with a total area of about 160km² located immediately north of the Plutonic Gold Mine. The tenements cover Proterozoic sediments of the Bangemall Supergroup and RNI believes the area has potential to host significant gold and/or base metal mineralisation.

During 2011, RNI completed a regional soil sampling program over the tenements that resulted in the identification of 21 geochemical targets potentially related to gold, base metal, uranium or diamond targets within the project area (Figure 3).

Follow-up infill soil sampling over the defined targets was completed during the September 2011 Quarter and most analytical results for the follow-up program have now been received by the Company. These results are still being evaluated, however results for the TR2 target are considered particularly encouraging.

TR2 is a coincident Cu-Mg anomaly with a strike length of 800m located in the central part of the project area to the west of the Great Northern Highway (Figure 4a). Elevated gold assays were also recorded within the area but do not show any coherent pattern.

No outcrop was recorded associated with the high copper values but the anomaly lies immediately to the east of a prominent chert/sandstone ridge (Figure 4b). The geochemical anomaly appears to be strongly stratigraphically controlled and related to a significant regional magnetic feature (Figure 4c). The high geochemistry lies immediately to the north of a northwest trending linear magnetic feature that is interpreted to be a dolerite dyke. The relationship between the copper mineralisation and the dyke feature is unclear but it appears more than coincidental.

Other explorers are targeting copper in the Bangemall Basin, notably Horseshoe Metals, which is drilling at the Rinaldi prospect at its Kumarina Project to follow up on high-grade copper mineralisation intersected in the first drill program.

RNI will seek to obtain regulatory approvals in the March 2012 Quarter to commence RC and RAB drilling on the TR2 anomaly in the June 2012 Quarter.

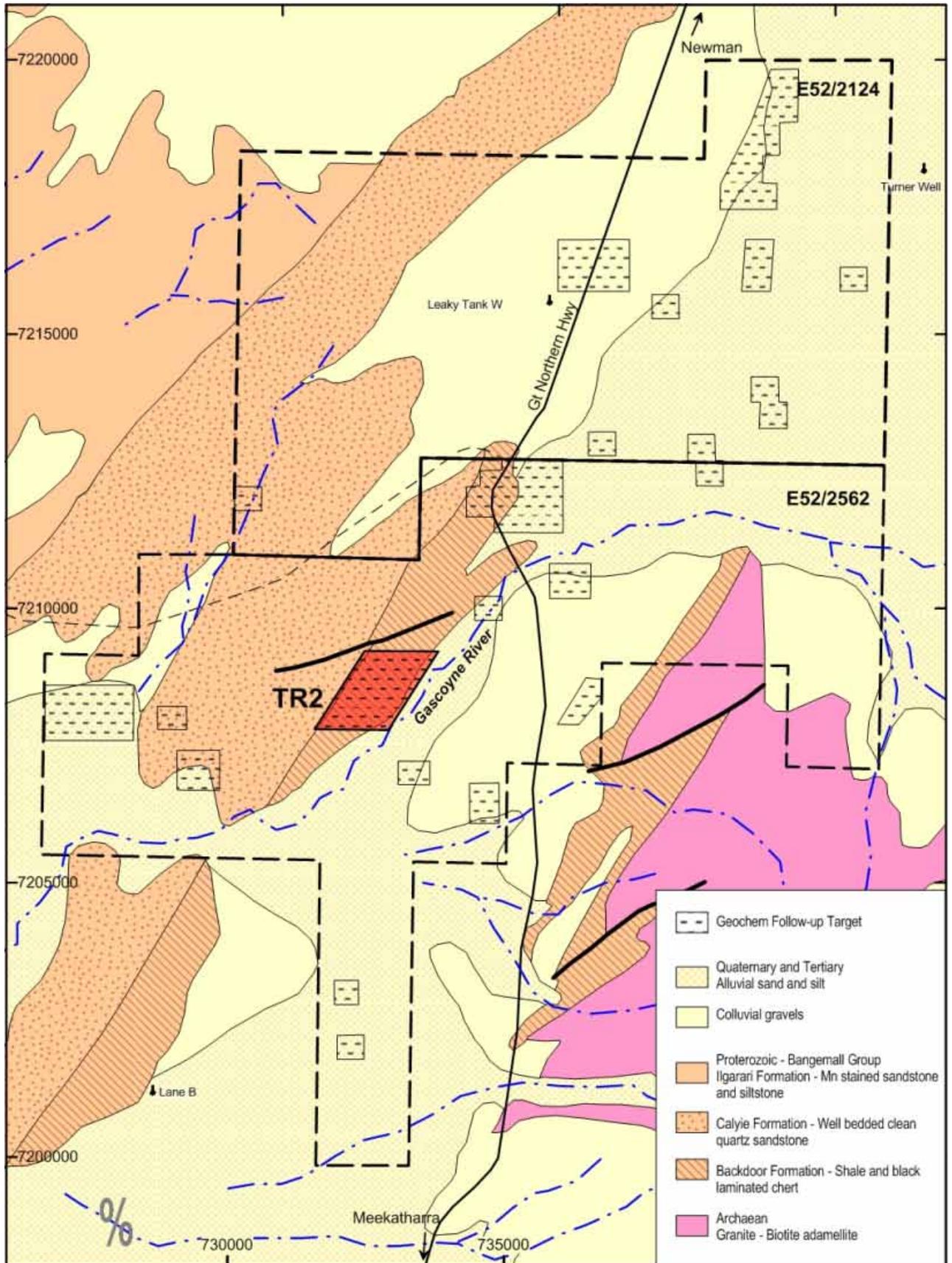
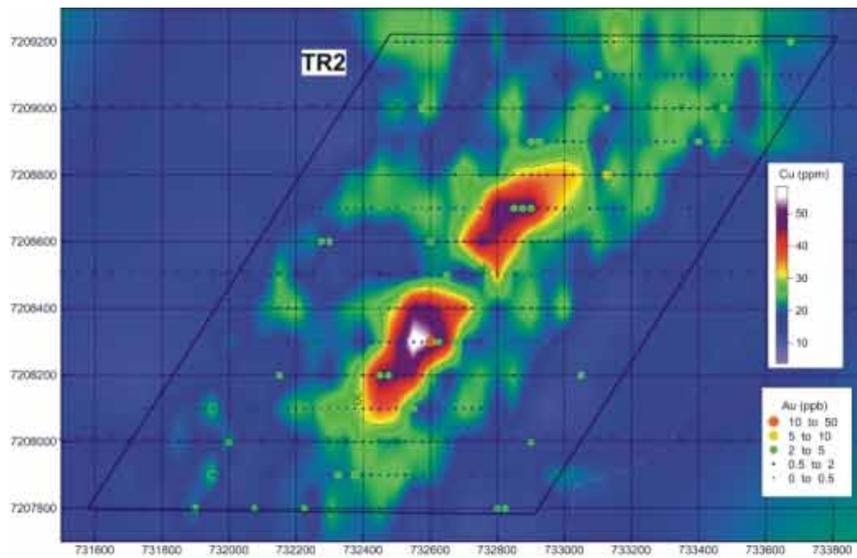
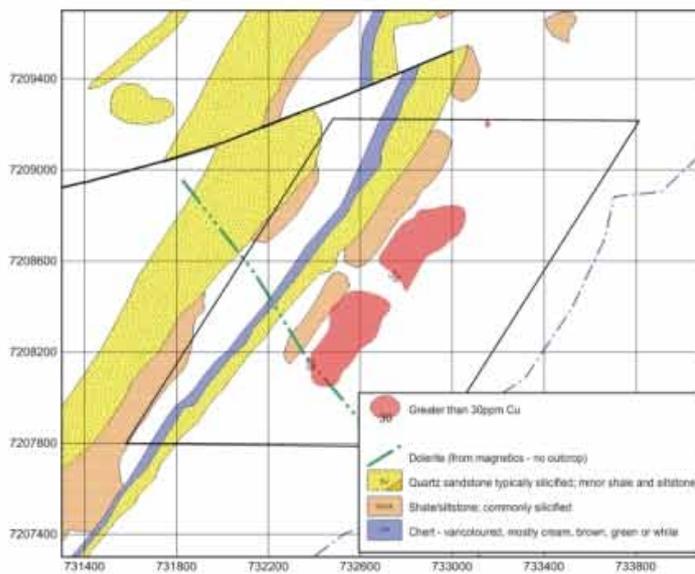


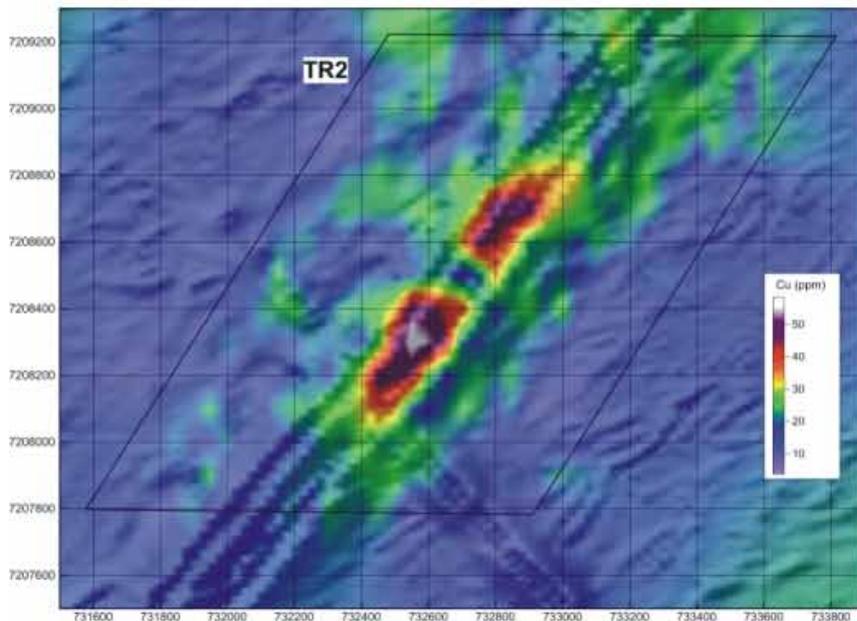
Figure 3 – Three Rivers Project – Location of TR2 Anomaly



A) Anomaly TR2 - Cu and Au values - the 30ppm Cu contour is shown



B) Anomaly TR2 - Outcrop geology with the 30ppm Cu contour



C) Anomaly TR2 - Cu values shown over first vertical derivative aeromagnetics. The northwest trending magnetic feature is interpreted as a dolerite dyke

Figure 4 – Copper Geochemistry with Geology and Magnetics

FORTNUM WEST PROJECT

The Fortnum West Project abuts the western side of the Fortnum Gold Project. It comprises a single Exploration Licence (E52/2568) covering an area of about 250km².

Fortnum West includes more than 20km of the Fortnum Fault, believed to be the major structural control for gold mineralisation in the region. While outcrop in the project area is limited, geophysical surveys completed during the June 2011 Quarter and recent regional mapping suggests that the sequence that hosts the Fortnum gold deposits continues into the Fortnum West area. The Company believes that repetitions of the style of gold mineralisation mined within the Fortnum Gold Project will occur within the Fortnum West area.

A geochemical soil sampling program commenced at Fortnum West during the September 2011 Quarter and is ongoing. The sampling program is initially targeting areas adjacent to the Fortnum Fault and the apparently structurally controlled contact between Proterozoic and Archaean successions mapped in the area. The current extent of the sampling program is shown in Figure 5.

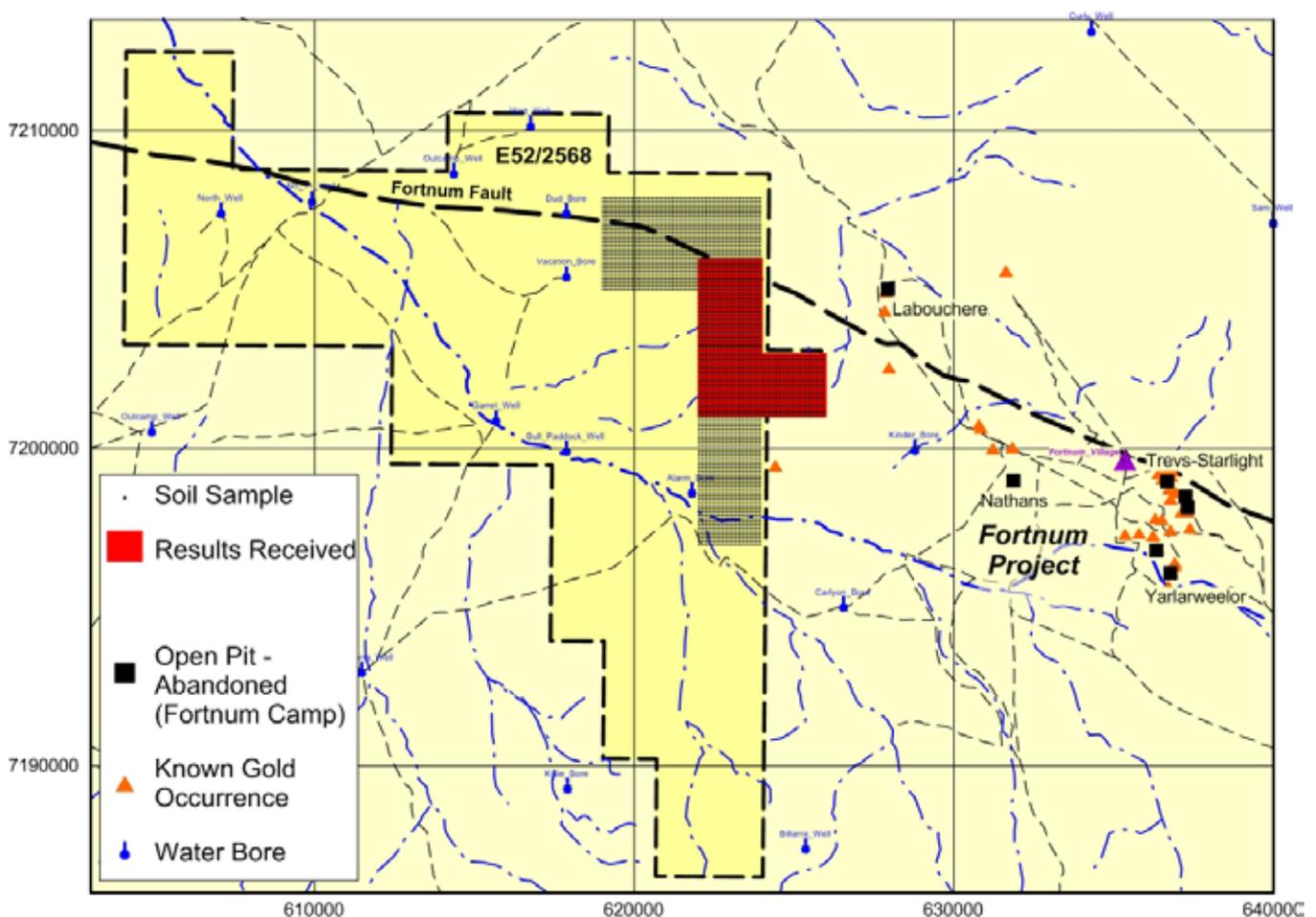


Figure 5 - Fortnum West Area – Location of Soil Samples

Preliminary results from the soil sampling program have been very encouraging with significant gold anomalism (up to 117ppb Au) identified in several areas (Figure 6).

With the planned acquisition of the Fortnum Gold Project and tenement package subsequent to the end of Quarter, RNI has now received previously unpublished soils geochemistry completed by previous explorers. This data has not yet been compiled and this will need to be undertaken to determine exactly what areas have been covered and the quality of the data. RNI's soil sampling program will be reviewed and interpreted when a compilation and interpretation of all available geochemical data has been completed.

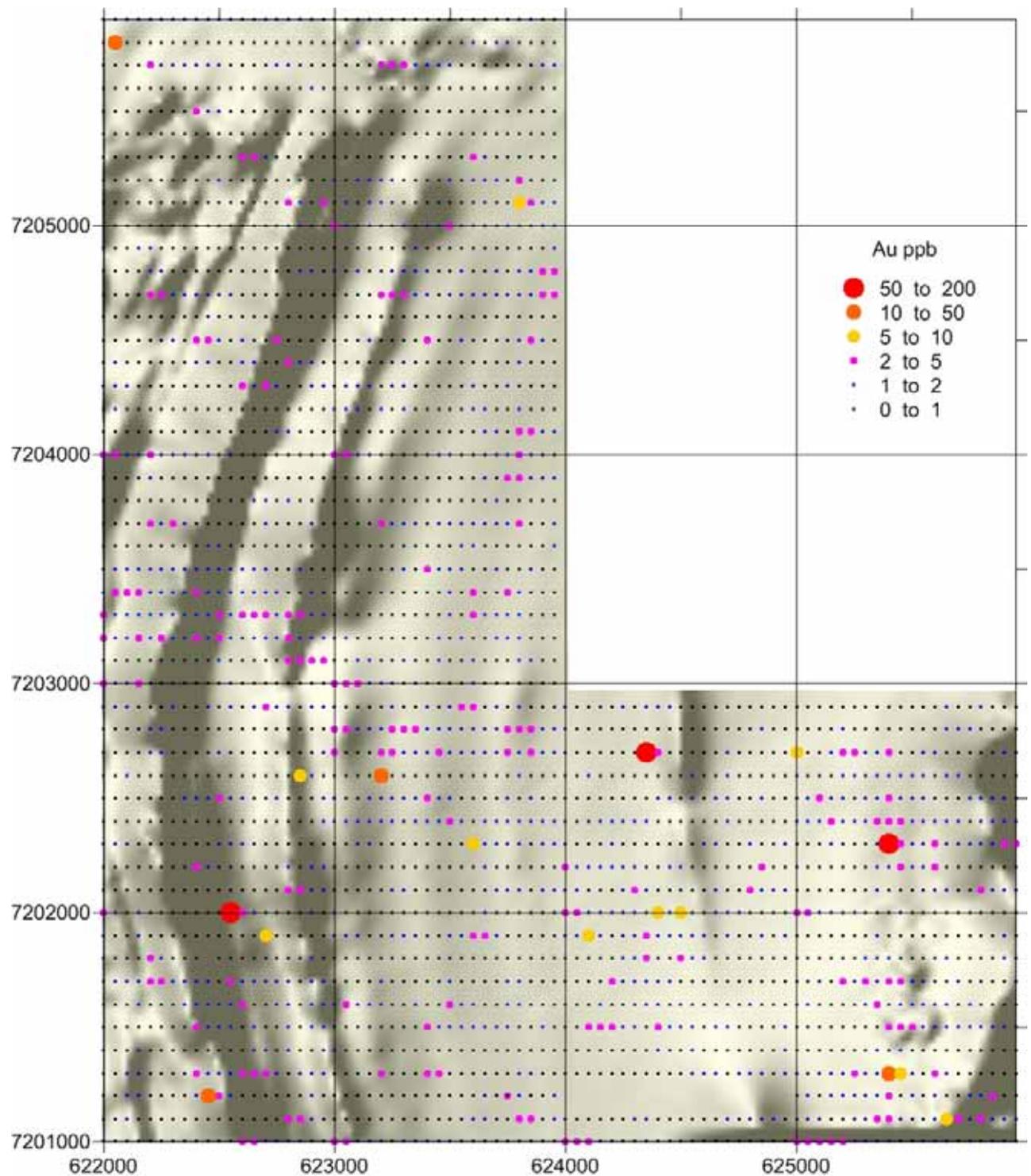


Figure 6 – Fortnum West Area – Soils Gold Geochemistry
(On Total Magnetic Intensity Image)

FORTNUM GOLD PROJECT

Subsequent to the end of the Quarter, RNI entered into a share purchase agreement with BlueCrest Mercantile Master Fund Limited to acquire all the issued capital of Grosvenor Gold Pty Ltd for a consideration of \$35 million in cash and RNI shares. The agreement was announced on 9 January 2012 and followed an extensive due diligence period.

Grosvenor Gold owns the Fortnum Gold Project, located 170km north-west of Meekatharra in WA, and an extensive 1,791km² tenement package considered highly-prospective for lode gold and VMS copper-gold discoveries similar to the world-class DeGrussa ore bodies.

The acquired assets include:

- 11 granted Mining Leases (MLs) and 51 Exploration and Prospecting Leases (ELs and PLs);
- open pit and underground resources in multiple deposits totalling 1.2Moz at a grade of 2.2g/t;
- a carbon-in-leach (CIL) gold processing facility with a nameplate capacity of around 1Mtpa which was in production until May 2007 (Figure 7);
- an extensive exploration portfolio extending over a total area of 1,791km² stretching from the Great Northern Highway over 100km westwards, covering an approximate 100km strike length of unexplored Narracoota Volcanics;
- a +100-person accommodation village, airstrip and other utilities including communications, all located within 1km of the Fortnum mine site;
- a tailings storage facility and bore field; and
- a 40 per cent stake in the Robinson Range Iron Ore Project in WA managed by PepinNini Minerals.



Figure 7: Fortnum CIL plant in 2007

Fortnum Strategy

RNI will continue a review of the Grosvenor Gold assets, which include extensive drilling, geophysical and geochemical databases and records. This includes information on preliminary gold exploration programs undertaken by previous explorers before the 2009 DeGrussa discovery transformed the exploration potential of the region.

RNI's future strategy involves finalising a mine plan to resume gold production at the Fortnum treatment plant within 18 months, while also pursuing an extensive exploration program.

RNI's mine plan, which has been reviewed by independent consultants, forecasts initial gold production of approximately 50,000oz per annum at a forecast cash cost of A\$826/oz.

The Company is budgeting to spend \$10.2 million re-commissioning the Fortnum gold treatment plant.

Significantly, the Fortnum tenement package includes more than 100 walk-up drilling targets, providing scope for RNI to increase the current 1.2Moz gold resource inventory and to target the discovery of new VMS copper-gold deposits similar to DeGrussa.

The Fortnum deal will make RNI a dominant tenement holder in the Bryah-Padbury Basin with a combined footprint covering 2,225km². This includes more than 100km strike of unexplored Narracoota Volcanics, which are the host rocks for the DeGrussa discoveries.

RNI believes the geological and technical expertise developed over the past two years from the Doolgunna exploration program will greatly assist the Company in unlocking the true mineral wealth of the expanded tenement package.

Project Locations

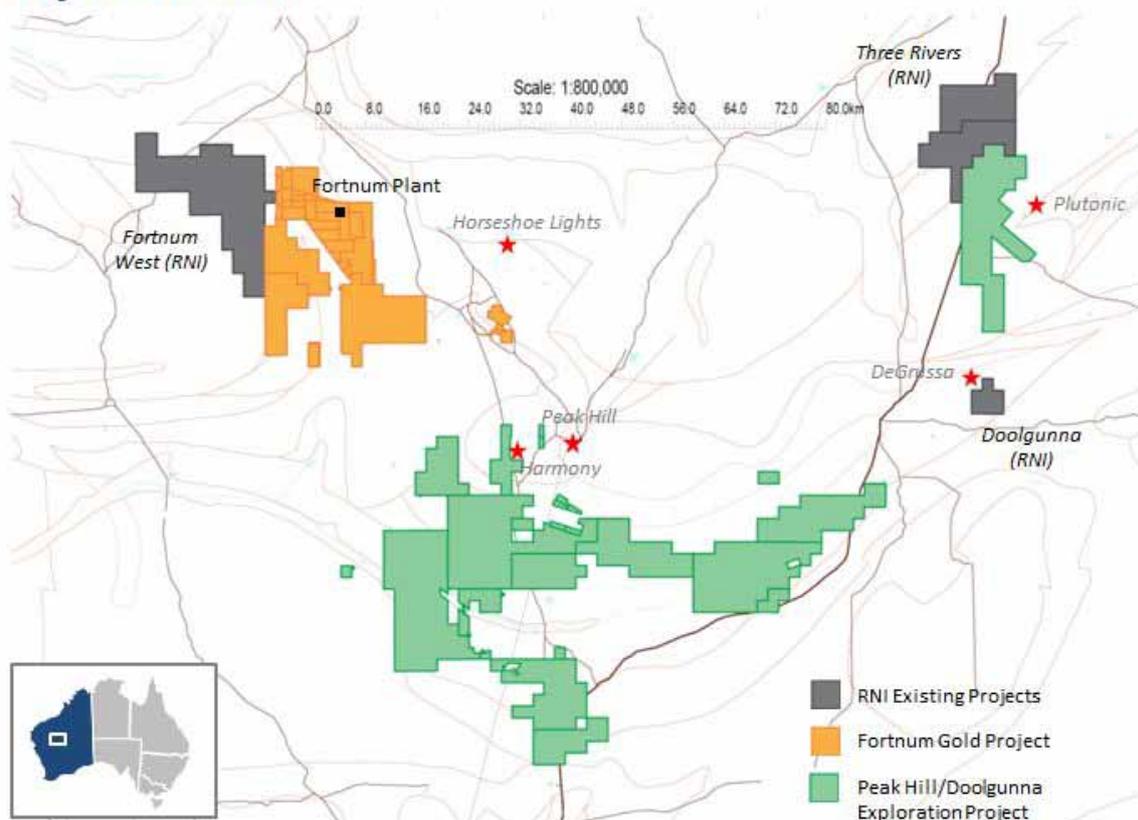


Figure 8: RNI Tenements Including Grosvenor Gold Holdings

Transaction Funding

The \$35 million consideration payable to BlueCrest will comprise \$20 million in cash and \$15 million in RNI shares.

As announced to the ASX on 23 January 2012, the cash component will be funded from a placement of 72 million ordinary fully paid RNI shares at an issue price of 35c per share. This placement will raise a total of \$25.2 million and has been underwritten by Argonaut.

Investors who subscribe for the new shares in the placement will also receive one RNI option – exercisable at 60c on or before 31 May 2013 – for every five shares, at no additional consideration.

For the scrip component of the consideration, RNI will issue BlueCrest approximately 42.86 million new fully paid shares and 8.57 million options, exercisable at 60c on or before 31 May 2013.

RNI is proposing to raise a further \$10.93 million via a 1 for 4 entitlement issue to shareholders on the same terms as the \$25.2 million placement, including the 1 for 5 option at no additional cost.

This entitlement issue will also be underwritten by Argonaut. Neither BlueCrest nor the participants in the placement will be entitled to participate in the entitlement issue.

As announced on 9 January 2012, New Holland Capital will arrange a debt facility of approximately \$20 million to fund the re-commissioning of the gold treatment plant and to provide further working capital.

On completion, the placement, entitlement issue and debt facility will ensure RNI has sufficient funding to complete the Grosvenor Gold acquisition and to pursue the exploration and plant recommissioning strategy detailed above.

The acquisition of Grosvenor Gold, the placement pursuant to the Argonaut underwriting agreement and the issue of shares to BlueCrest will be the subject of shareholder approval at a date to be set shortly.

Schedule of Mining Tenements as at 31 December 2011				
Tenement Number	Registered Holder	Date Granted	Area (Graticular blocks)	Notes
Doolgunna Project				
E52/2438	Ascidian Prospecting Pty Ltd	11/02/2010	7	1
Three Rivers Project				
E52/2124	IMIC Pty Ltd	19/09/2008	25	1
E52/2562	IMIC Pty Ltd	24/12/2010	28	1
Fortnum West Project				
E52/2568	Resource and Investment NL	16/06/2010	80	3
Yule River Project				
E47/1750	Resource and Investment NL	5/09/2007	70	2
E47/1193	Brumby Creek NL	13/10/2005	18	2
Notes				
1 - Option to purchase				
2 - RNI has the right to explore for and mine alluvials				
3 - Transferred to RNI on 29 September 2011				

CORPORATE

ASCIDIAN OPTION

RNI has reached agreement with Ascidian Prospecting Pty Ltd to vary the terms of an option agreement signed in April 2010 to acquire 100% of the flagship Doolgunna Project (E52/2438).

Under the deed of variation, Ascidian will receive \$50,000 cash and two million RNI options exercisable at \$1 by 25 November 2013.

Upon exercising of the option to acquire the Doolgunna Project, RNI will pay Ascidian \$2 million cash and three million ordinary fully paid RNI shares.

This replaces the original agreement terms, under which Ascidian was previously entitled to shares in RNI equivalent to 20% of the Company upon exercise of the option to acquire the Doolgunna Project.

Ascidian will retain a royalty of 1.5% of any metals or minerals recovered from the tenement. The deed of variation with Ascidian will take effect contemporaneously with the completion of the BlueCrest transaction.

The end date on the option agreement with Ascidian will remain unchanged at 30 June 2013 – or such other period as the parties may otherwise agree in writing.

TECHNICAL DIRECTOR

On 1 December 2011, RNI announced the appointment of Albert Thamm as Technical Director.

Mr Thamm has 23 years' experience in exploration and mining project development in Australia, Africa and South America. He joined the RNI team from Coffey Mining, where he spent the past four years as an Associate Consultant – Geology.

Mr Thamm holds Bachelor's, Honours and Master's Degrees in Geology from the University of Cape Town and is also a graduate of the University of South Africa School of Business Leadership. He is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a fellow of the Society of Economic Geologists (USA).

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Competent Person's Statement

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 this release of the matters based on information in the form and context in which it appears.

Forward-Looking Statements

This announcement has been prepared by Resource and Investment NL. This document contains background information about Resource and Investment NL current at the date of this announcement. The announcement is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

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