



**NOTICE OF GENERAL MEETING
AND EXPLANATORY NOTES AND PROXY FORM**

DATE OF MEETING
TUESDAY, 6 MARCH 2012

TIME OF MEETING
12 NOON (WST)

PLACE OF MEETING
**LEVEL 1, 34 BAGOT ROAD
SUBIACO 6008 WESTERN AUSTRALIA**

Please read the Notice carefully and if you are unable to attend the General Meeting of Shareholders please complete and return the enclosed Proxy Form in accordance with the specified directions.

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

RESOURCE AND INVESTMENT NL
ABN 77 085 806 284
34 Bagot Road
Subiaco, Western Australia 6008
PO Box 298 Subiaco, Western Australia 6872
Email: general@rninl.com.au
Web: www.rninl.com.au
Telephone: +61-8 9489 9200
Facsimile: +61-8 9489 9201

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting (**Meeting**) of the Shareholders of Resource and Investment NL will be held at:

**LEVEL 1, 34 BAGOT ROAD
SUBIACO 6008 WESTERN AUSTRALIA
Commencing 12 noon (WST) on Tuesday, 6 MARCH 2012**

VOTING ENTITLEMENTS

For the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**), all securities of the Company that are quoted securities at 12 noon (WST) two days prior to the Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time and such persons are eligible to vote at the Meeting.

HOW TO VOTE

The business of the Meeting affects your shareholding and your vote is important. Please take action by voting in person (or authorised representative) or by proxy.

VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 12 noon (WST).

PROXIES

A Proxy Form accompanies this Notice of General Meeting. To be effective the Proxy Form must be completed and received at either the Company's registered office or its share registry, Security Transfer Registrars, no later than 48 hours before commencement of the Meeting.

Registered Office

Company Secretary
Resource and Investment NL
34 Bagot Road
Subiaco WA 6008
PO Box 298
West Perth WA 6872
Fax: +61-8 9489 9201
Email: general@rninl.com.au

Share Registry

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
PO Box 535
Applecross WA 6953
Fax: +61-8 9315 2233
Email: registrar@securitytransfer.com.au

If any Shareholder wishes to lodge a proxy electronically, it will be necessary to scan an image of a signed proxy form and e-mail that image of the proxy form with the signature affixed to be received no later than 48 hours before commencement of the Meeting. This is needed to comply with the requirements of section 250A of the Corporations Act 2001 (Cth) that a valid proxy be in writing and be signed by the Shareholder appointing the proxy.

If you are entitled to attend and cast a vote at the Meeting you may appoint up to two proxies. A proxy may be an individual or a corporation but need not be a shareholder. If you appoint two proxies each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

If you appoint a proxy but attend the Meeting yourself, the rights of the proxy to speak and vote on your behalf at the Meeting will be suspended while you are present.

CORPORATE REPRESENTATIVES

A corporation may appoint an individual as a representative to exercise its powers as shareholder or as a shareholder's proxy. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it was previously given to the Company's share registry.

POWERS OF ATTORNEY

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the General Meeting.

NOTICE OF GENERAL MEETING

RESOURCE AND INVESTMENT NL, ABN 77 085 806 284 (**RNI** or **the Company**) gives notice that a General Meeting of Shareholders will be held at 12 noon on Tuesday, 6 March 2012 at Level 1, 34 Bagot Road, Subiaco, Western Australia.

The Explanatory Notes (**Explanatory Notes**) and Proxy Form accompanying this notice of meeting (**Notice of Meeting**) are hereby incorporated in and form part of this Notice of Meeting. Some terms used in this Notice of Meeting are defined in the Explanatory Notes.

This Notice of Meeting and the Explanatory Notes are important documents and should be read in their entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

AGENDA - SPECIAL BUSINESS

To consider and if thought fit to pass the following resolutions as ordinary resolutions.

RESOLUTION 1 – APPROVAL FOR THE ACQUISITION OF GROSVENOR GOLD PTY LTD

“That subject to the passing of Resolutions 2 and 3 and for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, the Shareholders hereby approve RNI's acquisition of Grosvenor Gold Pty Ltd ABN 98 126 541 624 (**Grosvenor Gold**) by the purchase from BlueCrest Mercantile Master Fund Limited (**BlueCrest**) of the sole issued share (**GG Share**) in the capital of Grosvenor Gold (**the Transaction**) in accordance with the provisions of the share purchase agreement (**SPA**) entered into between RNI and BlueCrest and the terms summarised in the Explanatory Notes.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by BlueCrest Mercantile Master Fund Limited or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 - APPROVAL FOR THE ISSUE AND ALLOTMENT OF PLACEMENT SHARES AND ATTACHING OPTIONS

“That subject to the passing of Resolutions 1 and 3 and for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders hereby approve and authorise the Directors to issue up to 72,000,000 RNI Shares (**Placement Shares**) to Eligible Applicants at an issue price of \$0.35 each as set out in the Explanatory Notes, together with one option (**May 2013 Option**) (issued free for no additional cash consideration) for every five Placement Shares, each of such May 2013 Options being subject to the terms and conditions and carrying the right, exercisable at \$0.60 at any time on or before 5.00pm WST on 31 May 2013, in the manner prescribed in the Explanatory Notes, to subscribe for one RNI Share, and hereby authorise the Directors to execute such documents and do all such acts and things as shall be necessary or desirable in order to implement and give full effect to this Resolution.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of securities referred to in this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 - APPROVAL FOR THE ISSUE AND ALLOTMENT OF CONSIDERATION SHARES AND ATTACHING OPTIONS

“That subject to the passing of Resolutions 1 and 2 and for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders hereby approve and authorise the issue of 42,857,143 RNI Shares (**Consideration Shares**) to BlueCrest as part of the consideration due by RNI to BlueCrest under the SPA, together with 8,571,429

May 2013 Options (issued free for no additional cash consideration), each of such May 2013 Options being subject to the terms and conditions and carrying the right, exercisable at \$0.60 at any time on or before 5.00pm WST on 31 May 2013, in the manner prescribed in the Explanatory Notes, to subscribe for one RNI Share, and hereby authorise the Directors to execute such documents and do all such acts and things as shall be necessary or desirable in order to implement and give full effect to this Resolution.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of securities referred to in this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board of Directors

DATED 2 February 2012

A handwritten signature in black ink, appearing to read 'Jean Mathie', with a period at the end. The signature is stylized and somewhat cursive.

Jean Mathie
Company Secretary

These Explanatory Notes have been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting of the Company, and provides Shareholders with the information required to be provided to Shareholders by the Corporations Act and the Listing Rules.

PROPOSED ACQUISITION OF GROSVENOR GOLD PTY LTD

Background

On 9 January 2012, RNI announced that it was poised to become a gold producer, with significant exploration upside, following a deal to acquire the Fortnum Gold Project and surrounding exploration tenements in WA's highly prospective Bryah Basin for a total consideration of \$35 million (exclusive of GST) in cash and shares. On 23 January 2012, RNI announced that it had finalised the terms for the \$35 million acquisition of the Fortnum Gold Project and tenement package. Full details of those ASX announcements may be downloaded from ASX's website at <http://www.asx.com.au/asxpdf/20120109/pdf/423nrnz9wz6mp0.pdf> and <http://www.asx.com.au/asxpdf/20120123/pdf/423x1hlm5xp3x.pdf> respectively, and copies of each will be made available to any Shareholder on request to the Company.

Share Purchase Agreement – Assets to be Acquired

These ASX announcements followed the execution of a conditional share purchase agreement (SPA) between RNI and BlueCrest Mercantile Master Fund Limited (BlueCrest) for the purchase from BlueCrest of the sole issued share (GG Share) in the capital of Grosvenor Gold Pty Limited ABN 98 126 541 624 (Grosvenor Gold).

The Fortnum Gold project, owned by Grosvenor Gold, is a gold mining and exploration project located some 170km north west of Meekatharra in Western Australia. It comprises 11 awarded mining leases and 51 exploration and prospecting licences. The mine consists of remnant open pit and underground gold resources that were in production until 2007. The mine itself consists primarily of a gold processing plant, with known nameplate capacity of around 1Mt per annum and associated utilities that have been on care-and-maintenance since then. Various approvals and licences are current. The exploration tenements stretch from the Great Northern Highway over 100 km westwards and over parts of the Bryah Basin that are prospective for lode gold and copper/gold and associated base metals in the Volcanic Massive Sulphide (VMS) style of mineralisation.

A 100-man camp, airfield and other utilities, including communications are located within 1km of the mine site. A tailings dam and bore field with a 0.3 giga litre licence complete the established infrastructure. Other than the physical assets, the owners have maintained the exploration data, assays and other intellectual property related to these properties and the project history, dataset and records have been substantially maintained.

The property and tenements presented are a dominant and the most prospective tenement position North West of Meekatharra, and the opportunity presented to RNI is the acquisition of a gold project that will require some re-refurbishment prior to restart but also a tenement position that can be actively explored and supported with a view to further developing the gold resource and initiating exploration for VMS deposits in the region west of the Great Northern Highway.

In addition to agreeing to acquire Grosvenor Gold, RNI has exercised its option under the SPA to require BlueCrest to procure that that BlueCrest Mercantile III BV assign absolutely and irrevocably to RNI immediately prior to (but subject to) Completion all of the BlueCrest Liabilities (which include the amounts owing under by Grosvenor Gold to the BlueCrest Mercantile III BV under the BlueCrest Facility), with notice to Grosvenor Gold, such that the Grosvenor Gold will owe the BlueCrest Liabilities to RNI rather than to BlueCrest, and also effectively assign to RNI and procure the registration in favour of RNI of the BlueCrest Charge. As at the date of execution of the SPA, Grosvenor Gold owed approximately \$34,298,105.22 to BlueCrest Mercantile III BV under the BlueCrest Facility.

Conditions Precedent

Completion of the Transaction is conditional on, inter alia:

1. Shareholders approving the issue of the Placement Shares and the Consideration Shares in accordance with the requirements of ASX Listing Rule 7.1 and for all other purposes, to the extent required under the ASX Listing Rules; and
2. RNI executing an underwriting agreement pursuant to which the underwriter commits to underwrite the issue of the Placement Shares.

RNI has executed an underwriting agreement with Argonaut Capital Limited ABN 18 099 761 547 (Argonaut) in satisfaction of the condition precedent described in paragraph 2, and the passing of Resolutions 2 and 3 will satisfy the conditions precedent described in paragraph 1.

Completion Date

Under the SPA, Completion of the Transaction is due to take place 2 Business Days after the passing of Resolutions 2 and 3 (or such later date as agreed between RNI and BlueCrest).

Share Purchase Agreement – Consideration due by RNI

The consideration due by RNI to BlueCrest at Completion of the Transaction for the purchase of the GG Share in terms of the agreement between RNI and BlueCrest consists of:

- (a) the cash payment of \$20,000,000 to BlueCrest (**Cash Payment**); and
- (b) the issue to BlueCrest of 42,857,143 Consideration Shares and 8,571,429 May 2013 Options. The number of Consideration Shares was calculated by applying the following formula in accordance with the terms of the SPA:

$$\text{Number of RNI Shares} = \frac{\text{Formula}}{\text{"A"}} = \frac{15,000,000}{\text{"A"}}$$

where "A" is \$0.35 being the price (in dollars) at which RNI issues RNI Shares under the Placement described in Resolution 2.

The 8,571,429 May 2013 Options are being issued to BlueCrest on a basis consistent with the issue of May 2013 Options under the Placement.

RNI has announced that it will fund the payment of the Cash Payment through the funds raised from the issue of the Placement Shares.

Additional Funding

In addition to procuring the issue of the Placement and Consideration Shares and the May 2013 Options, RNI has announced that it will proceed with a pro-rata non-renounceable entitlements issue (**Rights Issue**) offered to Eligible Shareholders on the basis of one new RNI Share (**New RNI Share**) at an issue price of \$0.35 for every four existing RNI Shares held at 5.00pm WST on 28 February 2012 (**Record Date**) together with one free attaching May 2013 Option for every five New RNI Shares issued. As the Placement and Consideration Shares will not have been issued by the Record Date they will not confer on their holders an entitlement to participate in the Rights Issue which will be confined to currently issued RNI Shares and any RNI Shares issued on the exercise of existing options before the Record Date.

Disregarding any entitlements relating to RNI Shares issued on the exercise of existing options before the Record Date, approximately 31,246,077 New Shares and approximately 6,249,216 free attaching May 2013 Options will be issued pursuant to the Rights issue, if it is fully subscribed, raising approximately \$10,936,000 (before the costs of the Rights Issue).

Any fractional entitlements to May 2013 Options to be issued pursuant to Resolutions 2 or 3 or the Rights Issue will be rounded up to the next whole number.

Both the Placement and the Rights Issue will be managed and conditionally underwritten by Argonaut.

In addition, New Holland Capital Pty Limited ACN 124 626 295 (**New Holland**), an Authorised Representative (Number 314646) of Taurus Funds Management Pty Limited (Australian Financial Services Licensee Number 307723) (**Taurus**) has been engaged to arrange a debt facility of approximately \$20,000,000 (**Debt Facility**) to assist RNI with matters relating to funding the re-start of the Fortnum Gold Project through RNI the pursuit of a two-pronged approach which will see it undertake an extensive exploration campaign while also completing a \$10,000,000 re-commissioning of the gold treatment plant and to provide additional working capital for the proposed operations on the Fortnum Gold Project and surrounding tenements which represent a dominant tenement position, and one of the most prospective, in the Bryah Basin.

Strategic Overview

The acquisition of Grosvenor Gold will complement RNI's existing 399km² tenement package, which includes the flagship Doolgunna Project located immediately south of DeGrussa.

The package of interests held by Grosvenor Gold includes more than 100 walk-up drilling targets, providing an outstanding opportunity for RNI to increase the current gold resource inventory and to target the discovery of new copper-gold deposits similar to DeGrussa.

The Placement together with the proceeds from the Rights Issue and the Debt Facility will ensure that RNI has sufficient funding to complete the acquisition of Grosvenor Gold and to pursue an aggressive strategy of exploration and mining of its package of tenements.

Risk Factors

Exploration and mining, by its nature, contains elements of significant risk. Ultimate success depends on the discovery and extraction of economically recoverable and marketable mineral resources, obtaining and maintaining the necessary titles and

other government regulatory approvals, obtaining and servicing of funding arrangements and otherwise funding the exploration and mining operations.

The value of RNI and its securities is likely to fluctuate depending on various factors including the success of its operations and programmes, the general economic and stock market conditions in Australia and worldwide, the price of commodities, exchange rates, unexpected variations in exploration, mining, development and operating costs and political and social changes. Many of these factors are beyond the control of RNI.

The above statement of risk factors is by way of illustration only. There are numerous other risk factors inherent in an investment in RNI's securities, and there can be no assurance whatsoever that a return on investment will be obtained by investing in the RNI's securities, or that the investment therein will not be lost. Further, the value and future of RNI and its assets should be considered in light of recent Australian and world events, which have had a significant impact on the stability of financial markets in Australia and worldwide and the ultimate consequences of which cannot be predicted with any certainty.

Dilution of Existing Shareholdings

The issue of the Placement Shares and Consideration Shares will result in the dilution of the respective percentage of RNI Shares currently held by Shareholders, and an increase in the respective percentage of RNI Shares and May 2013 Options held by Eligible Applicants and by BlueCrest.

Details of the impact that these issues, together with the issue of New Shares under Rights Issue, may have on the issued capital of RNI are set out in Table 2 in the section of these Notes entitled IMPACT ON ISSUED CAPITAL.

Change in Nature or Scale of Activities

It is anticipated that Completion of the Transaction and the acquisition of Grosvenor Gold and its assets by RNI will involve a change, either directly or indirectly, to the nature or scale of RNI's future activities and RNI is accordingly seeking its Shareholders' approval to the Completion of the Transaction for the purposes of, and in accordance with the requirements of, ASX Listing Rule 11.1.2 before Completing the Transaction.

In addition, Completion of the Transaction is conditional, inter alia, on Resolutions 2 and 3 being passed.

RESOLUTION 1 –ASX LISTING RULES APPROVAL FOR COMPLETION OF THE TRANSACTION TO ACQUIRE GROSVENOR GOLD

Under ASX Listing Rule 11.1, an entity proposing to make a significant change, either directly or indirectly, to the nature or scale of its activities, must provide full details to ASX as soon as practicable and in any event before making the change.

RNI has given ASX information required by ASX in accordance with ASX Listing Rule 11.1.1 and ASX has confirmed, based solely on the information provided, that ASX Listing Rule 11.1.2 only applies to the Transaction and that accordingly RNI is required to obtain the approval of its Shareholders for the Transaction.

Table 1 is a transaction based comparison table of RNI before and after Completion of the Transaction following the passing of Resolutions 1, 2 and 3.

TABLE 1

Item	Prior to Transaction – Position of RNI as stated in last audited consolidated financial statements	Post Transaction Analysis – Pro forma	Percentage Increase
Total Consolidated Assets	\$9,190,355	\$34.4 million	274.30%
Total Equity	\$9,025,108	\$34.2 million	278.94%
Annual Revenue	Nil	Nil	
Annual Profit (before tax and extraordinary items)	Nil	Nil	
Total number of RNI Shares (on an undiluted basis)	124,984,308	239,841,451	91.90%
Total number of RNI options on issue	7,820,000	30,791,429	293.75%
Total number of RNI Shares (on a fully diluted basis)	132,804,308	270,632,880	50.93%
If a mining entity, exploration expenditure for next reporting period		\$1.2 million Mar 2012 Qtr	

Table 1A is a transaction based comparison table of RNI before and after Completion of the Transaction following the passing of Resolutions 1, 2 and 3 assuming, in addition, that all Eligible Shareholders take up their respective entitlements to New RNI Shares under the Rights Issue and no options have been exercised before the completion of the issue of the RNI Shares under Resolutions 2 and 3.

TABLE 1A

Item	Prior to Transaction – Position of RNI as stated in last audited consolidated financial statements	Post Transaction and Post Rights Issue Analysis – Pro forma	Percentage Increase
Total Consolidated Assets	\$9,190,355	\$45.3 million	392.91%
Total Equity	\$9,025,108	\$45.1 million	399.72%
Annual Revenue	Nil	Nil	
Annual Profit (before tax and extraordinary items)	Nil	Nil	
Total number of RNI Shares (on an undiluted basis)	124,984,308	271,087,528	116.90%
Total number of RNI options on issue	7,820,000	37,040,645	373.67%
Total number of RNI Shares (on a fully diluted basis)	132,804,308	308,128,173	132.02%
If a mining entity, exploration expenditure for next reporting period		\$1.2 million Mar 2012 Qtr	

Expenditure Budget

RNI has a 12 month exploration budget of \$4.81 million which it currently intends to apply as to approximately \$2.4 million on the Fortnum Gold Project, \$0.55 million upon exploration of its Fortnum West Project, \$1.335 million exploration on its Doolgunna Project, and \$0.375 on exploration of its Three Rivers Project and the balance of approximately \$0.15 on exploration equipment and incidentals.

It is also anticipated that RNI will commence expenditure of an estimated amount of approximately \$10.2 million commencing in 2012 on the refurbishment of the plant for the Fortnum Gold Project utilising funds from the proposed Debt Facility, the net funds expected to be received from the Rights Issue and any surplus of net funds remaining from the Placement after the payment of the Cash Payment and fees.

Directors' Recommendation on Resolution 1

All the Directors were available to consider Resolution 1 and believe that the approval of the Transaction is in the best interests of RNI and they unanimously recommend that Shareholders vote in favour of Resolution 1.

RESOLUTIONS 2 AND 3 – ASX LISTING RULES APPROVAL FOR THE ISSUE AND ALLOTMENT OF SECURITIES

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares or securities convertible to shares representing more than 15% of its issued capital in any 12-month period. As the issue of the Placement Shares and the Consideration Shares will represent more than the prescribed 15%, RNI is seeking its Shareholders' approval for those issues of securities for the purposes of ASX Listing Rule 7.1 and for all other purposes prior to the issue of those RNI Shares and May 2013 Options.

RESOLUTION 2 - APPROVAL FOR THE ISSUE AND ALLOTMENT OF PLACEMENT SHARES AND ATTACHING OPTIONS

In compliance with the information requirements of ASX Listing Rule 7.3 Shareholders are advised of the following particulars in relation to the possible issue and allotment of Placement Shares under Resolution 2:

1. the maximum number of Placement Shares proposed for issue is 72,000,000;
2. one attaching May 2013 Option will be issued free and for no cash consideration for every five Placement Shares issued. Any fractional entitlements to May 2013 Options will be rounded up to the next whole number;
3. the issue price of the Placement Shares will be \$0.35 each and each May 2013 Option will be issued free and for no cash consideration;
4. Placement Shares will rank pari passu with all existing RNI Shares;
5. The terms and conditions of the May 2013 Options are set out in these Notes in the section entitled "TERMS AND CONDITIONS OF MAY 2013 OPTIONS";
6. the Placement Shares and free attaching May 2013 Options will be issued to Eligible Applicants;
7. the net proceeds from the issue of the Placement Shares will be applied in full payment of the Cash Payment of \$20,000,000 payable by RNI to BlueCrest under the SPA and any remaining balance will be applied towards working capital;
8. the issue and allotment of Placement Shares and free attaching May 2013 Options will be made no later than one month from the date of receiving Shareholder approval.

RESOLUTION 3 - APPROVAL FOR THE ISSUE AND ALLOTMENT OF CONSIDERATION SHARES AND ATTACHING OPTIONS

In compliance with the information requirements of ASX Listing Rule 7.3 Shareholders are advised of the following particulars in relation to the issue and allotment of RNI Shares under Resolution 3:

1. the maximum number of Consideration Shares proposed for issue is 42,857,143;
2. 8,571,429 May 2013 Options will be issued free and for no cash consideration (on a one May 2013 Option for every five Consideration Shares basis with the one fractional entitlement being rounded up to the next whole number);
3. the deemed issue price of each of the Consideration Share will be \$0.35 and each May 2013 Option will be issued free and for no cash consideration;
4. Consideration Shares will rank pari passu with all existing RNI Shares;
5. The terms and conditions of the May 2013 Options are set out in these Notes in the section entitled "TERMS AND CONDITIONS OF MAY 2013 OPTIONS";
6. the Consideration Shares and free attaching May 2013 Options will be issued to BlueCrest;
7. the Consideration Shares will be issued in part satisfaction of the consideration payable by RNI to BlueCrest under the SPA;
8. the issue and allotment of Consideration Shares and free attaching May 2013 Options will be made no later than one month from the date of receiving Shareholder approval.

IMPACT ON ISSUED CAPITAL

The number of RNI securities currently on issue and the impact that the issues of the securities described in Resolutions 2 and 3 and the Rights Issue will have on the issued securities of RNI are specified in Table 2.

TABLE 2

Securities	Currently on Issue	Increase under Rights Issue	Increase under Resolution 2	Increase under Resolution 3	Total on completion of Rights Issue and issues under Resolutions 2 and 3
RNI Shares	124,984,308	31,246,077	72,000,000	42,857,143	271,087,528
May 2013 Options	-	6,249,216	14,400,000	8,571,429	29,220,645
August 2012 Options	520,000	-	-	-	520,000
November 2013 Options	4,000,000	-	-	-	4,000,000
May 2014 Options	3,300,000	-	-	-	3,300,000
Total Shares on issue	124,984,308				271,087,528
Total fully diluted	132,804,308				308,128,173

As a result of the issue of the New RNI Shares under the Rights issue which is conditionally underwritten by Argonaut, the issue of the Placement Shares to Eligible Applicants pursuant to Resolution 2 and the issue of the Consideration Shares pursuant to Resolution 3, BlueCrest will hold 42,857,143 RNI Shares that will equate to about 15.81 % of the RNI Shares then on issue (assuming all Eligible Shareholders entitled to participate in the Rights Issue take up their respective entitlements to new RNI Shares (**New Shares**) under the Rights Issue and no options have been exercised before the completion of the issue of the RNI Shares under Resolutions 2 and 3). It will also hold 8,571,429 May 2013 Options and accordingly its potential percentage shareholding on a fully diluted basis if all RNI options were exercised would be about 16.69%.

If no New Shares were issued under the conditionally underwritten Rights Issue, the Consideration Shares would equate to a maximum of about 17.87 % of the RNI Shares on issue on completion of the issue of RNI Shares under Resolutions 2 and 3 (assuming no options had been exercised before the completion of the issue of the RNI Shares under those Resolutions) and, with its 8,571,429 May 2013 Options, BlueCrest's potential percentage shareholding on a fully diluted basis if all of RNI options were exercised would be about 19.00%, but both these percentages would reduce accordingly if any New Shares were issued under the Rights Issue.

If Eligible Shareholders entitled to participate in the Rights Issue do not take up all of their entitlements under the Rights Issue, their respective percentage holdings will be diluted by the issue of RNI Shares under Resolutions 2 and 3 and may be diluted by the issue of New Shares to other applicants.

TERMS AND CONDITIONS OF MAY 2013 OPTIONS

The May 2013 will each be subject to the following terms and conditions.

TERMS AND CONDITIONS

1. Definitions:

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the Listing Rules of the ASX (including the ASTC Settlement Rules, ASX Market Rules and the ACH Clearing Rules).

Corporations Act means the Corporation Act 2001 (Cth).

Exercise Price means the exercise price of each May 2013 Option, being \$0.60.

Expiry Date means 5.00pm (WST) on 31 May 2013.

Exercise Notice means the form prescribed by RNI from time to time for the purpose of exercising May 2013 Options.

Option Holder means the person or persons registered as the holder of one or more May 2013 Options from time to time.

Option Period means the period from the date of issue of the May 2013 Options to the Expiry Date.

RNI means Resource and Investment NL ABN 77 085 806 284.

RNI Share means a fully paid ordinary share in the capital of RNI.

Shareholder means a holder of an RNI Share.

2. Each May 2013 Option is transferable and RNI will apply to ASX for the May 2013 Options to be listed for trading on ASX.
3. Subject to these Terms and Conditions, each May 2013 Option carries the right to subscribe for one RNI Share.
4. May 2013 Options may be exercised by delivering to RNI's registered office or RNI's share registry an Exercise Notice at any time prior to the Expiry Date.
5. The Exercise Notice must state the number of May 2013 Options to be exercised and be accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to RNI for an amount being the result of the applicable Exercise Price multiplied by the number of May 2013 Options being exercised.
6. Following receipt of a properly executed Exercise Notice and application monies in respect of the exercise of any May 2013 Options, RNI will issue the resultant RNI Shares and deliver notification of shareholdings.
7. RNI will make application to have the RNI Shares (issued pursuant to an exercise of May 2013 Options) listed for quotation by ASX within 7 days of the date of issue.
8. RNI Shares issued pursuant to an exercise of May 2013 Options shall rank, from the date of issue, pari passu with existing RNI Shares in all respects.
9. May 2013 Options carry no right to participate in pro rata issues of securities to Shareholders unless the May 2013 Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
10. Each Option Holder will be notified by RNI of any proposed pro rata issue of securities to Shareholders in accordance with Listing Rules.
11. Subject to Condition 12 below, the Corporations Act and Listing Rules, May 2013 Options do not confer the right to a change in Exercise Price.
12. In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of RNI, the terms of the May 2013 Options will be changed to the extent necessary to comply with the requirements of the ASX Listing Rules (in force at the time of the reorganisation).

DIRECTORS' RECOMMENDATIONS ON RESOLUTIONS 2 AND 3

All the Directors were available to consider Resolutions 2 and 3 and unanimously recommend that Shareholders vote in favour of Resolutions 2 and 3.

VOTING EXCLUSION STATEMENT

Please refer to the Voting Exclusion Statements contained in the Notice of Meeting for details regarding votes to be disregarded in relation to Resolutions 1, 2 and 3.

GLOSSARY

In the Notice and these Explanatory Notes, in addition to capitalized terms that have been defined elsewhere, the following expressions have the following meanings:

2012 Options, 2013 Options and 2014 Options means options to subscribe for RNI Shares, exercisable, subject to the terms and conditions of those options, on or before 7 August 2012, 25 November 2013 and 17 May 2014 respectively.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by that entity.

ASX Listing Rules means the listing rules of ASX.

BlueCrest Charge means the fixed and floating charge with ASIC registration number 1561678 granted by Grosvenor Gold in favour of BlueCrest Mercantile III BV.

BlueCrest Facility means the amended and restated facility agreement between BlueCrest Mercantile III BV and Grosvenor Gold dated 11 August 2011 under which, as at the date of the SPA, Grosvenor Gold owed to BlueCrest Mercantile III BV approximately \$34,298,105.22.

BlueCrest Liabilities means any liability (financial or otherwise) or obligation (whether actual, contingent or prospective) of Grosvenor Gold to BlueCrest Mercantile III BV or BlueCrest, including under the BlueCrest Facility, for any loss irrespective of when the acts, events or things giving rise to the liability occurred.

Board means the board of Directors.

Business Day means a day other than a Saturday, Sunday or public holiday in both Perth, Western Australia and London, United Kingdom.

Completion means completion of the sale and purchase of the GG Share in accordance with the SPA and **Complete** and **Completing** have corresponding meanings.

Completion Date means the date on which Completion occurs.

Director means a director of the Company.

Eligible Applicants means applicants who apply for RNI Shares in the Placement pursuant to valid applications procured by or through Argonaut as from "professional" or "sophisticated investors", being investors to whom disclosure was not required to be made under Part 6D.2 of Chapter 6D of the Corporations Act by reason of Sections 708(8)(b) or (c) of that Act.

Eligible Shareholder in respect of an RNI Share entitled to participate in the Rights Issue means the registered holder of that RNI Share at 5.00pm (WST) on the Record Date with an address on the share register in Australia or New Zealand.

Placement means the issue of up to 72,000,000 RNI Placement Shares to Eligible Applicants at an issue price of \$0.35 each with one free attaching May 2013 Option for every five RNI Placement Shares pursuant to Resolution 2.

Resolution means a resolution referred to in the Notice of Meeting.

RNI Share means fully paid ordinary voting share issued in the capital of RNI.

Shareholder means a holder of an RNI Share.

WST means Western Standard Time.

