



GROSVENOR/PEAK HILL GOLD PROJECTS PROGRESS UPDATE AND FINANCIAL SUMMARY

Resource and Investment NL (ASX: **RNI**) (**RNI** or the Company) is pleased to provide the results of a financial model for the Grosvenor and Peak Hill gold projects completed in conjunction with the Company's financial advisors, New Holland Capital Pty Ltd.

In summary, the Grosvenor/Peak Hill projects (Figure 1) are cast with an eight year life of mine (LOM) with 1.4 Mtpa throughput, producing an estimated 545,000 ounces of gold with a calculated NPV⁸ of A\$103 million from an estimated EBITDA of A\$260 million.

The estimated processing summary is presented below, with the material financial assumptions and estimated financial outcomes listed in Table 1.

Processing Summary		
Total Throughput	Units	
	(kt)	10,974
Grade	(g/t)	1.82
Overall Recovery	(%)	85%
Gold Produced	(koz)	545
Summary of Production by Source		
<i>Yarlarweelor</i>	(koz)	211
<i>Toms</i>	(koz)	18
<i>Callies</i>	(koz)	25
<i>Daylight</i>	(koz)	-
<i>Other</i>	(koz)	-
<i>Nathans</i>	(koz)	25
<i>Starlight UG</i>	(koz)	83
<i>HCP</i>	(koz)	56
<i>Peak Hill</i>	(koz)	127
<i>Total Production</i>	(koz)	545

Of these estimated recovered ounces, 61% are estimated to be recovered from classified proven and probable reserves, 26% are classified as recoverable measured and/or indicated resources and 13% are inferred resources. All estimated production targets have been subjected to Whittle optimisations that include estimates of mining recovery, mining dilution and metallurgical recovery. Ore reserves and schedules are based on detailed engineering design. The Company continues to assess opportunities to deliver production from Daylight and other near mine ore sources.

Statutory disclaimer: "There is a low level of geological confidence associated with inferred resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised".

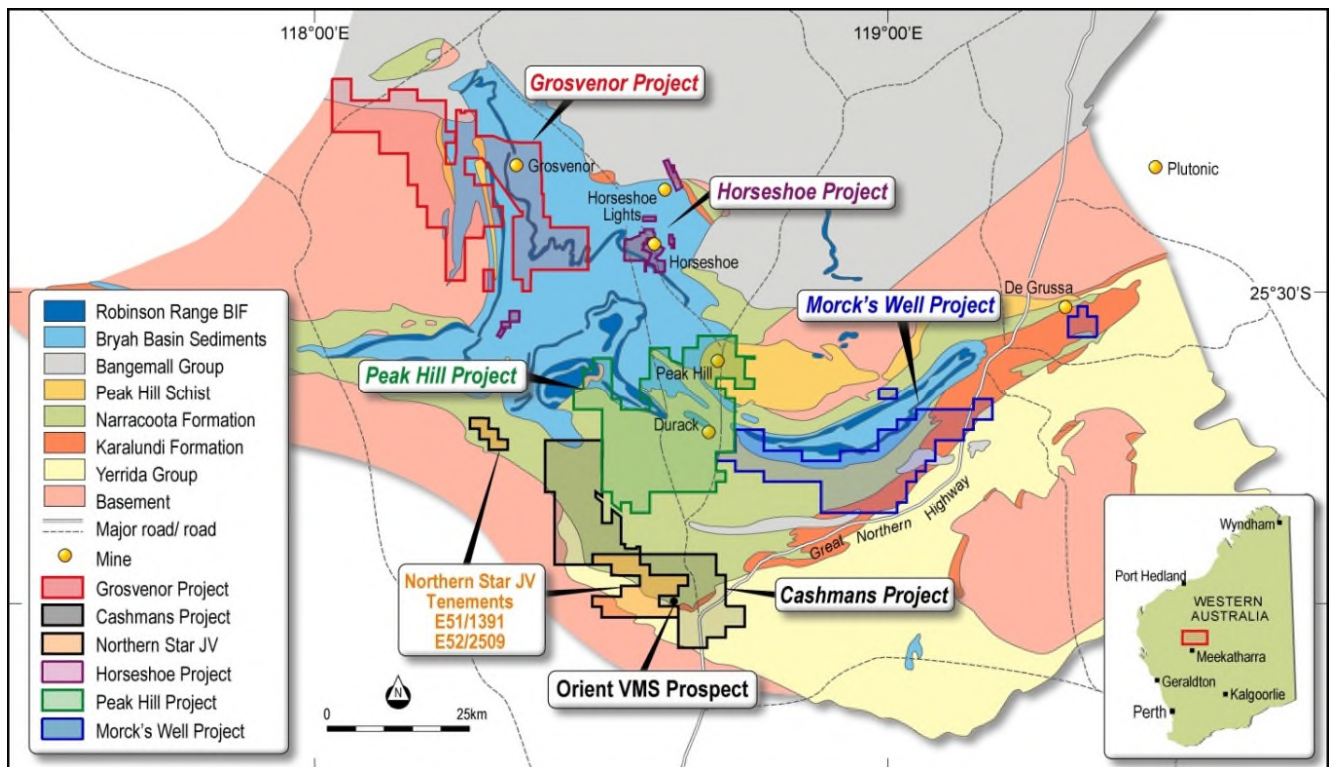


Figure 1: RNI Project locations and simplified regional geology

In addition, these estimates are forward looking. The major external risks to project economics are the gold price, the Australian dollar exchange rate and energy prices (diesel). Tax rates and tax treatment of amortisation and depreciation may also vary over the life of the projects. The directors and management of RNI have no control over these external factors. The projects and progress are also subject to statutory approvals in the State of Western Australia, on which no certainty of outcome, timing and content can be made. The projects are subject to a WA State royalty and at the time of this announcement State royalty rates are under review. The financial model also captures residual private royalties where applicable. These are not material to the project outcomes.

The estimated ore reserves and/or mineral resources underpinning the production target have been prepared by a Competent Person and in accordance with the requirements of the 2012 JORC code.

Material Financial Assumptions	
Assumed gold price (open-pit)	A\$1,450/oz to December 2015, A\$1,400/oz thereafter
Discount rate	8%
Estimated carried forward tax losses	A\$48 Million
Estimated Financial Outcomes	
LOM EBITDA	A\$260 Million
NPV	A\$103 Million

Table 1: Material Financial Assumptions and Estimated Financial Outcomes

The material assumptions underpinning the production targets were released to the ASX on 17 February 2014. These assumptions continue to apply and have not materially changed. In summary, reserves were optimised at A\$1,480/oz with mining and metallurgical modifying factors as then reported. Financial modelling assumed a gold price of A\$1,450/oz until December 2015 and A\$1,400/oz flat thereafter. As at 28 February 2014, the spot gold price was A\$1,487/oz.

Note: The production target estimate does not include any of: exploration target estimates, pre JORC (historical) estimates nor is it solely based on inferred resources.

PROJECT APPROVALS PROGRESS

All mining projects in WA are subject to an approvals process from three primary and separate State regulators, being the DMP (Department of Mines and Petroleum), the DER (Department of Environmental Regulation) and the DOW (Department of Water). The DMP in turn provides approvals in two streams, safety (Project Management Plans – PMP) and environmental (works approvals and mining proposals). The major approvals at hand at Grosvenor are:

- A licence of a prescribed premises which allows the operation of the Carbon In Leach (CIL) plant (DER);
- A processing PMP for the CIL plant (DMP) and its operation;
- An issued 3.1 giga-litre water licence (DOW);
- A dewatering PMP which allows for the existing open pits to be dewatered (DMP);
- Approved mining proposals for the mining of the Toms, Yarlalweelor and Callies open pits (DMP);
- Permission to discharge pit water into Yarlalweelor creek (DOW);
- Clearing permits for vegetation clearing around the planned open pits (DER);
- A dangerous goods licence for diesel and gas;
- A works approval for the existing tails dam (TSF2) wall lift, extending its life to 18-22 months (DMP).

Further approvals required are a Mining PMP from the DMP, which can only be completed once a mining tender has been completed. Additional dangerous goods licencing is required for mining explosives and the full chemical suite required for a “first fill” of the CIL plant.

Approvals at hand allow for the rapid commencement of mining over the first three years at Grosvenor.

The approvals process for the Peak Hill project and Horseshoe, Cassidy and the Pod inventory will commence with the settling of overall project funding. Baseline studies commenced at the Peak Hill project in 2013. Approvals related to heap leaching (HL) will also commence once funding has settled. The Peak Hill project has a valid 3 mega-litre water licence (DOW) which will help accelerate HL trial work.

All project production targets are based on issued and awarded mining tenements in the state of WA, which are in good standing.

Infrastructure in place at Grosvenor includes an operating 110 person camp, site airstrip, site electrical reticulation and transmission (without generators), 1Mpta nameplate CIL plant, process plant buildings and workshops, stores, an existing TSF, water bores and reticulation and geotechnical monitoring bores.





TIMELINE TO GOLD PRODUCTION

As a result of significant capital spent in 2012 refurbishing the existing Grosvenor CIL plant, limited additional expenditure is required to bring the processing plant back to an operational state. The time required to bring the CIL process plant into operation is a reasonably short and comprises:

- updating and awarding tenders and equipment quotes,
- finalising permits,
- mobilising major contractors to site (mining),
- refurbishment of outstanding plant items, and
- de-watering of the primary mining areas.

It is expected that, subject to the timing and conditions of funding, the CIL plant could be producing within 7-8 months of final project approval.

In contrast, the development of the heap leach as a viable processing option does not have the same body of historical performance data as the CIL plant. The HL has critical testwork and engineering requirements outstanding before consideration can be given to project approval and permitting applications. It is expected that this work will occur in parallel to the CIL restart program such that, subject to permitting and project approvals, the first HL feed could be processed 10-12 months after the recommencement of CIL gold production. Any HL ore mined during this intervening period will be stockpiled in anticipation of the HL start-up.

The Peak Hill deposits will undergo feasibility studies to evaluate and optimise the commercial viability of HL prior to any project approval. The current schedule, subject to funding, permitting and project approvals, envisages the Peak Hill HL operation commencing production in January 2019. This delayed start-up of the Peak Hill HL is a result of the current production plan to relocate the Grosvenor HL plant to Peak Hill once the Grosvenor material is processed. Consideration is also being given to the purchase of a second HL plant to allow parallel operation of the both the Grosvenor and Peak Hill HL operations. This is the subject of further optimisation studies.

Development capital to establish the Grosvenor operations is presented in Table 2. Of the total amount of A\$49.5 million, A\$35 million is estimated to be pre-production, pre-cash flow capital.

Capital Costs - Development	A\$ 2014 – Real
Grosvenor HL Capex	14.5m
Grosvenor CIL Capex	16.4m
Pre-operating Owner's Costs	18.6m
TOTAL	49.5m

Table 2: Development Capital Cost Estimate Summary

Capital requirements for ongoing sustaining capital, Starlight underground capital and Peak Hill HL capital are presented in Table 3.

Capital Costs – Sustaining and Expansion	A\$ 2014 - Real
Peak Hill HL Capex	8.6m
Underground Capex	31.5m
Sustaining Capital Expenditure	12.5m
TOTAL	52.6m

Table 3: Sustaining and Expansion Capital Cost Estimate Summary

Estimates of post-production capital in Table 3 are over the remaining life of mine, estimated at eight years to mid-2022.

Current activities include preparation for finalising the mining tender and the initiation of studies on the Peak Hill resources, including mining and metallurgical studies, underground mining studies, all of which have targeted conclusion at the end of the June 2014 quarter.

Utilising the Company's assumptions, New Holland Capital Pty Ltd prepared the financial model. Other technical advisors to RNI have included Umwelt (permitting and environmental, regulatory), Orelogy (pit engineering design, optimisations), Ravensgate Consultants (audits, resources), Outback Ecology (historical environmental reports, reporting), Coffey Mining (geotechnical) and Golder Associates (water operating strategy). Metallurgical testwork since May 2013 has been conducted and project managed by Independent Metallurgical Operations Pty Ltd.

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Competent Person's Statement

Information in this announcement that relates to studies is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm BSc (Hons) MSc, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Resource and Investment NL. Mr Thamm 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 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Thamm consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to previously released resource data on the Peak Hill Metals resource was disclosed to the ASX under the JORC Code 2004. These documents and information have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm BSc (Hons) MSc, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Albert Thamm is a Director of Peak Hill Metals Pty Ltd.

Forward-Looking Statements

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