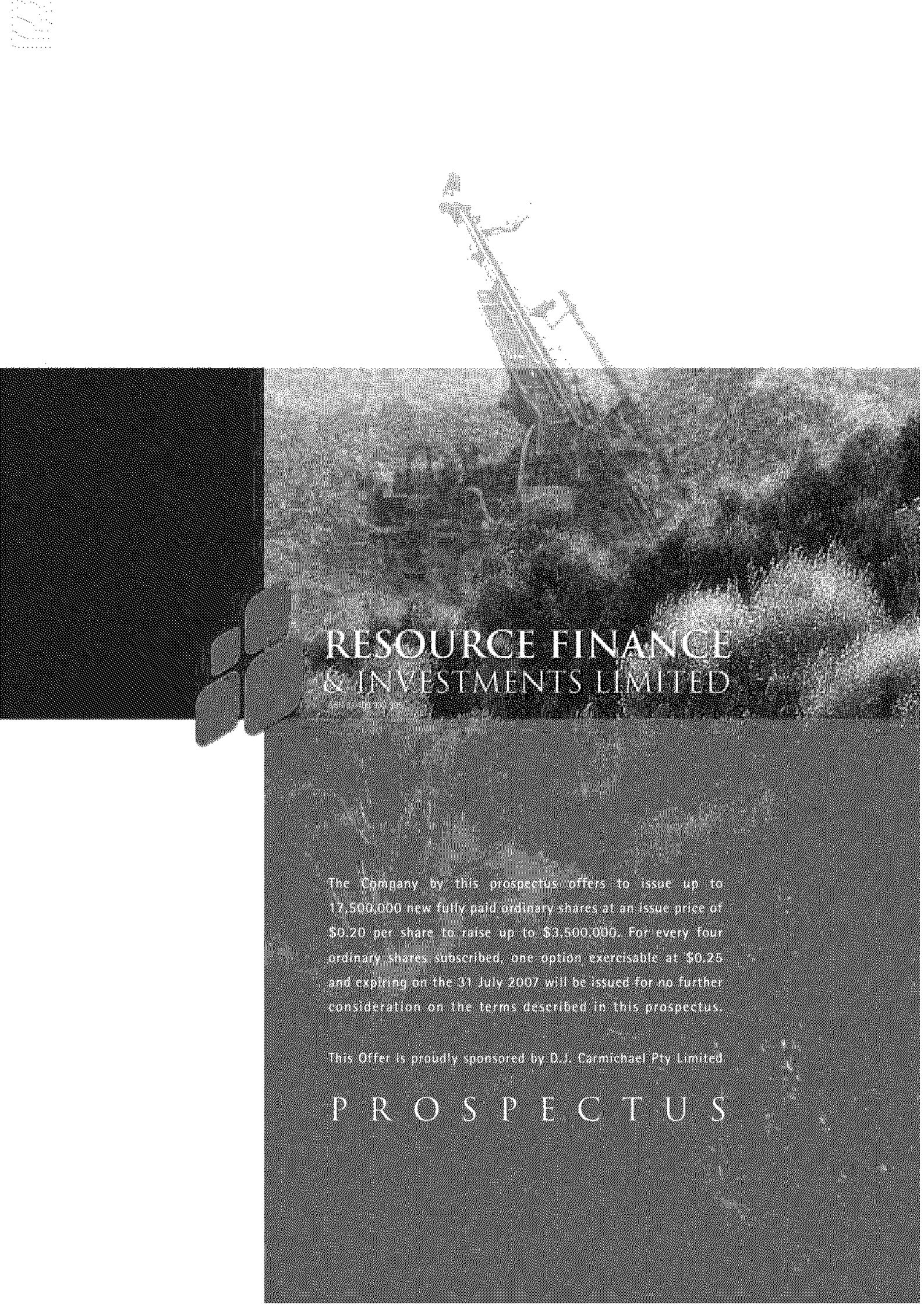




RESOURCE FINANCE & INVESTMENTS LIMITED

The Company by this prospectus offers to issue up to 17,500,000 new fully paid ordinary shares at an issue price of \$0.20 per share to raise up to \$3,500,000. For every four ordinary shares subscribed, one option exercisable at \$0.25 and expiring on the 31 July 2007 will be issued for no further consideration on the terms described in this prospectus.

This Offer is proudly sponsored by D.J. Carmichael Pty Limited

P R O S P E C T U S

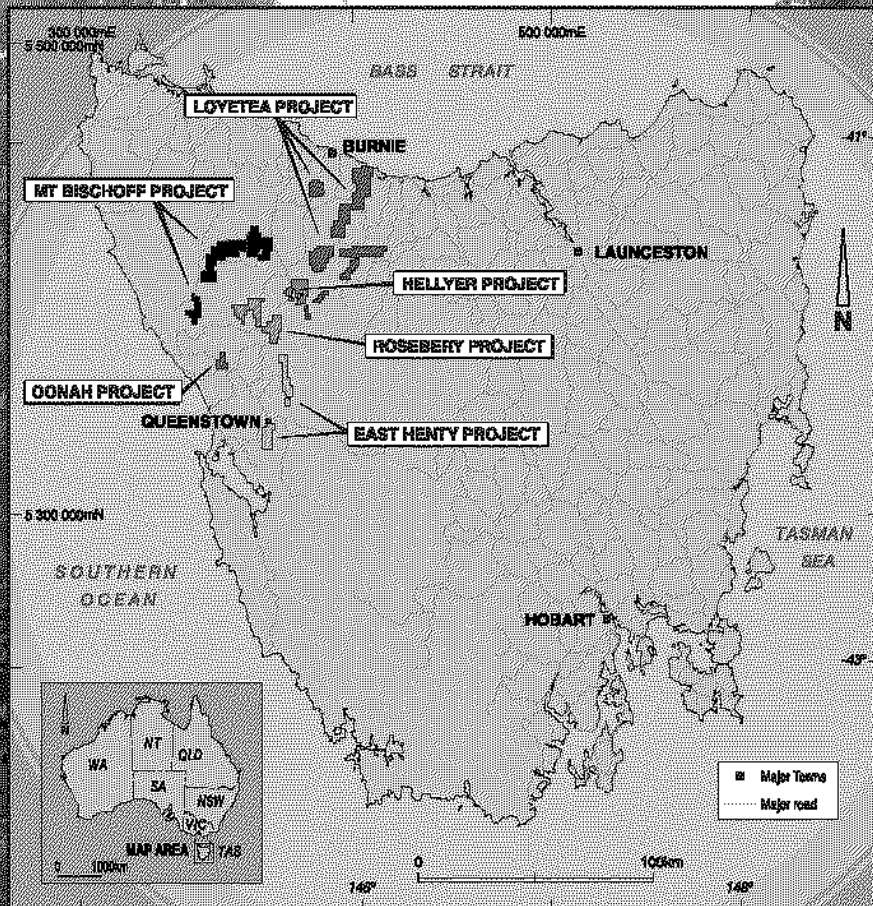


Figure 1: Location diagram showing RFT project interchanges throughout Tasmania.

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IMPORTANT NOTICE

The Prospectus is dated 16 August 2005 and a copy of the Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Prospectus.

Within seven days of the date of this Prospectus, the Company will make an application to ASX for the Shares and Options offered pursuant to the Prospectus to be admitted for quotation on ASX.

No Shares or Options will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Shares and Options pursuant to this Offer must do so using the Application Forms attached to or accompanying this Prospectus. Before applying for Shares and Options potential investors should carefully read the Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the Shares and Options, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investments in the Company should be considered speculative. Applicants should read this document in its entirety and persons considering applying for Shares and Options pursuant to the Prospectus should obtain professional advice.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus as such information can not be relied upon as having been authorised by the Company Directors.

The Offer of Shares and Options made pursuant to this Prospectus is not made to any persons or in any places which it would not be lawful to make such an offer of securities. Any persons who come into possession of this Prospectus should seek advice on and comply with any legal restrictions which may exist.

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in the Glossary contained at Section 10

Assets depicted in photographs in this prospectus are not assets of the Company unless otherwise stated.

PROJECT SETTING - AMONGST WORLD-CLASS DEPOSITS

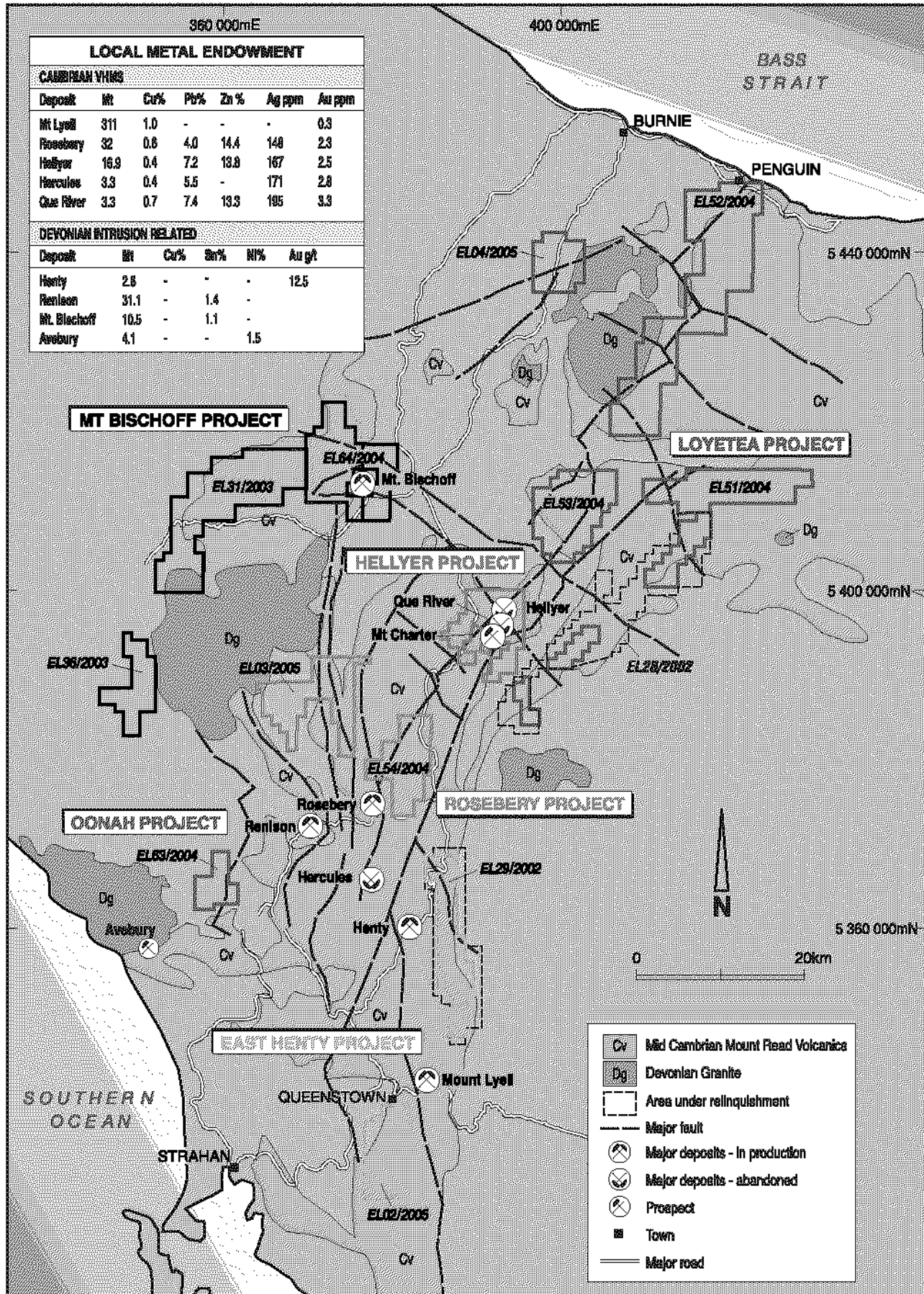


Figure 2: Location map of RHI project interests and major deposits with simplified geology.

INVESTMENT HIGHLIGHTS

1. **Interests in largest land position in the Mt Read Volcanics belt in NW Tasmania** (1,000km²) – creates a unique opportunity for investors to gain extensive exploration exposure to one of the most mineralised geological provinces in the world – the Mt Read Volcanics belt (MRV) – exemplified by large scale mines rich in zinc, copper, gold and tin such as the following (based on pre-mining resources):
 - Henty : (Gold –1 million ounces contained)
 - Rosebery : (Base metals & gold; 32Mt at 14% Zn, 4% Pb, 148 g/t Ag and 2.3 g/t Au)
 - Hellyer : (Base metals & gold; 16.9 Mt at 14% Zn, 7% Pb, 167 g/t Ag and 2.5 g/t Au)
 - Hercules : (Base metals & gold; 3.3Mt at 17% Zn, 6 % Pb, 171 g/t Ag and 2.8 g/t Au)
 - Mt Lyell : (Copper & gold; 311Mt at 1.0% Cu and 0.3 g/t Au)
 - Que River: (Base metals & gold; 3.3Mt at 13% Zn, 7% Pb 195 g/t Ag and 3.3 g/t Au)

There is an emerging realisation of the region's prospectivity with Tasmania rated 1st in the world for mineral potential ahead of Alaska and Nevada by The Fraser Institute (February 2005) in an independent survey of international exploration companies. RFI has established an early strategic tenement position in the MRV.

2. **Exploration alliance with Zinifex Australia Limited (Zinifex)**, over the Hellyer Leases with Zinifex, operator of the world-class Rosebery Mine in NW Tasmania, committed to contribute a minimum of \$1.0 million to a joint exploration budget, to identify and evaluate high value zinc-lead-silver-gold targets within the Hellyer Project area.
3. **Advanced gold and copper prospects** – with potential for development in the medium term subject to ongoing exploration and feasibility results;
 - shallow S-Lens combined Mineral Resource (370,000t at 1.7% Cu, 4.2% Zn and 64 g/t Ag) at Que River; and,
 - the large Mt Charter gold-silver mineralised system (drill results include 58m at 1.8 g/t Au 32 g/t Ag including 7.9m at 3.6 g/t Au).
4. **Zinc, lead, silver and gold targets** over 5 regional projects within the MRV through its strategic alliance with Geoinformatics Exploration Inc. (Geoinformatics). RFI brings new geological processes at a scale and scope never before utilised in this region before including over areas with known mineralisation and new large-scale mineralised targets. Opportunities for other commodities including nickel, PGM's, tin and iron ore will also be assessed.
5. **Geoinformatics (TSX-V: GXL), a proven ore finder** contributes technical expertise to RFI's strategy of efficiently extracting value through exploration success from its large land position. The Geoinformatics relationship is an equity sharing alliance – Geoinformatics will be an RFI shareholder and joint venture partner. The direct participation of Geoinformatics' 24 highly qualified geoscientists and technical support staff gives RFI the technical horsepower of a major whilst retaining the innovation and flexibility of a junior explorer.
6. **Processing infrastructure** available to RFI through agreed access to Intec Ltd's modern, 1.5mtpa crushing, grinding and flotation facility at Hellyer.
7. **Vigorous exploration programme** – drill programmes planned to start on completion of this offer on the advanced Hellyer Project.
8. **"Stepping stone" strategy to development and growth** with short term production goals based on existing resources and prospects to build a diversified, profitable minerals business.
9. **Experienced management with a strong blend of technical, corporate and commercial skills** comprising: Don Boyer, Michael Rosenstreich, Craig McGown and Kieran Rodgers.
10. **Tasmania is a positive place to work.** In addition to possessing excellent regional infrastructure, The Fraser Institute survey ranks Tasmania 1st in the world in terms of its environmental policy and 10th in the world for the most favourable mineral policy, ahead of any other state in Australia.

THE COMPANY

Resource Finance and Investments Limited

DIRECTORS

Don Boyer : Non-Executive Chairman

Michael Rosenstreich : Managing Director

Craig McGown : Non-Executive Director

Kieran Rodgers : Non-Executive Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Desmond Kelly

EXPLORATION MANAGER - TASMANIA

Mark Derriman

REGISTERED OFFICE

Ground Floor 43 Ventnor Street

West Perth WA 6005 Australia

P.O. Box 1330 West Perth WA 6872 Australia

Telephone: (61 8) 9322 8044

Facsimile: (61 8) 9322 8066

Email: notices@rfilimited.com

Website: www.rfilimited.com

SPONSORING BROKER

D.J. Carmichael Pty Limited

Level 11, Allendale Square

77 St Georges Terrace

Perth WA 6000 Australia

SHARE REGISTRY

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153 Australia

Telephone: (61 8) 9315 2333

Facsimile: (61 8) 9315 2233

Email: registrar@securitytransfer.com.au

Website: www.securitytransfer.com.au

AUDITOR

Bentleys MRI Perth Partnership

Level 1, 10 Kings Park Rd

West Perth WA 6005 Australia

CORPORATE ADVISOR

Carmichael Capital Markets Pty Limited

Level 11, Allendale Square

77 St Georges Terrace

Perth WA 6000 Australia

INDEPENDENT GEOLOGIST

Snowden Mining Industry Consultants

87 Colin Street

West Perth WA 6005 Australia

SOLICITORS

Price Sierakowski

Level 24 St Martin's Tower

44 St George's Terrace

Perth WA 6000 Australia

Holborn Lenhoff Massey

Third Floor, Irwin Chambers, 16 Irwin Street

Perth WA 6000 Australia

INDEPENDENT ACCOUNTANTS

Bentleys MRI Perth Partnership

Level 1, 10 Kings Park Rd

West Perth WA 6005 Australia

MEMBERSHIPS

Minerals Council of Tasmania

Brand Tasmania

CORPORATE DIRECTORY

16 August 2005

Dear Investor

On behalf of the Directors of Resource Finance and Investments Limited (RFI), it is a great pleasure to introduce this Prospectus and invite you to invest in RFI by subscribing to this Offer.

Tasmanian Focus

Since incorporation in July 2004, RFI has focused on a strategy of accumulating a substantial land position within the highly prospective Mt Read Volcanics belt (MRV) in Western Tasmania. Acquisition of the advanced Hellyer exploration project, including the decommissioned Hellyer and Que River mines, was the first stage of a very successful acquisition process that has since resulted in the expansion of the Company's ground position to approximately 1,000 km² – the largest of any explorer in this outstandingly prospective region.

World class mines and favourable government policy

The MRV hosts a number of mining operations including the Rosebery and Mt Lyell base metal mines and the Henty gold mine. Mining first started in this region in the 1880's and the area boasts significant mining-related infrastructure. The success of the Tasmanian government's policy of actively fostering and facilitating mineral developments is reflected in a recent world wide survey of mineral exploration companies by The Fraser Institute, a well respected independent public policy organisation which ranks Tasmania 1st in the world for "pure mineral potential" ahead of such major mining centres as Nevada and Alaska, 1st in terms of its environmental policy and 10th in the world for the most favourable mineral policy, ahead of any other state in Australia.

Advanced prospects with access to treatment plant and quality regional interests

The Company's assets comprise six project areas. Ten advanced exploration targets have already been identified in the Company's advanced Hellyer project, including the S-Lens copper-zinc-silver Mineral Resource, the Mt Charter gold deposit and a number of other targets that will be advanced to the drill testing stage. The S-Lens Mineral Resource represents a potential early cash flow opportunity supported by priority access to Intec Ltd's modern processing plant at Hellyer only 3km away. The remaining five regional project areas provide exposure to exciting new well-founded conceptual targets and several gold prospects that will be upgraded to drill targets with more detailed exploration work.

Strategic alliances with Zinifex and Geoinformatics – proven ore finders

A key strength of this proposed exploration program is the strategic alliances that RFI has formed with Zinifex and Geoinformatics. Zinifex, operator of the nearby Rosebery mine, has committed to contribute \$1.0 million to explore and generate new targets on the Hellyer leases, as part of its corporate strategy to increase its ore reserve base. Geoinformatics will utilise its proven propriety data validation, processing and target generation technology on all of RFI's projects in the MRV. This unique modelling process will form the basis of a targeting strategy for developing prioritised areas for regional, prospect and mine scale evaluation. Geoinformatics' work to date has resulted in making applications for nine exploration licences to be held jointly with RFI. The alliance enables RFI to efficiently evaluate its large ground position and commence exploration quickly by short circuiting the "data digestion" stage that typically confronts junior explorers taking on large-scale projects and will maintain a stream of targets for testing.

CHAIRMAN'S LETTER

Sound strategy and management – creating a remarkable opportunity

RFI has a remarkable opportunity to initiate a new wave of exploration over a substantial land package essentially locked up by just a few base metal focused companies over the past 35 years. The Board considers that as with other highly endowed mineral provinces where discoveries come in waves associated with geological advances, the MRV has the potential to yield further major discoveries of base metals and gold through the use of an integrated regional geological database, new geophysical data sets and methods and the proven target generation skills of our alliance partner, Geoinformatics.

Stepping stones to growth and development

The Company's logo reflects not only a geological texture but also represents stepping stones – in the case of RFI those stepping stones are our current exploration assets. The Company has a strategy to progressively prove up and develop those assets in a staged manner so that each project provides financial support for the evaluation and development of the next. Our first stepping stone is the S-Lens resource, the next is Mt Charter followed by the zinc-lead-silver opportunities to be developed with Zinifex at Hellyer and other targets on RFI's regional tenements. RFI has a pathway to create a profitable diversified minerals business.

RFI is seeking to raise up to \$3.5 million to achieve its objectives. On completion of this raising and the successful listing of the Company's Shares and Options on ASX, the Company plans to continue and step-up its intense exploration programme on the Hellyer project and its other properties that will include work to be undertaken by Geoinformatics together with systematic drill-testing of priority targets.

The Company has assembled an experienced and well credentialed Board of Directors and technical team to drive the exploration and development process. The Board is excited about the Company's future and, on their behalf I commend the Offer to you and look forward to welcoming you as a shareholder of RFI and to your participation in the Company's activities.

Yours sincerely



Don Boyer

Chairman

1.

DETAILS OF THE OFFER

INDICATIVE TIMETABLE

Dates shown in the table below are indicative only and may be varied. The Company reserves the right to vary the Opening Date and the Closing Dates without prior notice, which may have a consequential effect on the other dates. Applicants are therefore urged to lodge their Application Forms as soon as possible.

INDICATIVE TIMETABLE	Target Dates
Lodgement of this Prospectus with ASIC	16 August 2005
Opening Date for Public Offer	23 August 2005
Priority Offer Closing Date	23 September 2005
Public Offer Closing Date	3 October 2005
Dispatch of Statements of Shareholding	10 October 2005
Expected date for Shares and Options to commence trading on ASX	18 October 2005

By this Prospectus, the Company offers up to 17,500,000 new fully paid ordinary shares at an issue price of \$0.20 per share to raise up to \$3,500,000. For every four ordinary shares subscribed, one option will be issued for no further consideration on the terms described below. There is no provision for over subscriptions.

The Offer consists of a Public Offer which is open to the general public and also a Priority Offer to existing shareholders of Intec Ltd (Intec), RFI's largest shareholder, as a result of the consideration received for the sale of its Hellyer exploration interests to the Company.

The Shares to be issued pursuant to this Prospectus are of the same class and will rank equally in all respects with the Existing Shares in the Company.

The Options to be issued pursuant to this Offer are exercisable at \$0.25 and expire on the 31 July 2007. They are of the same class as the 3,750,000 Options exercisable at \$0.25 and expiring 31 July 2007 currently on issue and it is intended that these will all be listed and fully tradeable on ASX.

The rights and liabilities attaching to Shares and Options are further described in Section 8.2 and 8.3 of the Prospectus.

Persons wishing to apply for Shares and Options should refer to the Application Form at Section 11 of this Prospectus for further details and instructions.

1.1 THE PUBLIC OFFER

Under the Public Offer, members of the general public may apply for Shares and Options pursuant to this Prospectus. Applications for Shares and Options under the Public Offer can only be made on the Public Offer Application Form at the back of Section 11 of the Prospectus.

The Public Offer Application Form should be completed in accordance with the instructions set out on the form.

Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000), together with 2,500 Options and then in increments of 1,000 Shares (\$200) together with 250 Options. No brokerage, stamp duty or other costs are payable by applicants. Refer to Section 1.3 below for payment and lodgement details.

1.2 PRIORITY OFFER TO INTEC LTD SHAREHOLDERS

The Company offers to the shareholders of Intec the Priority Offer. Under the Priority Offer, an entitlement to Shares and Options offered under this Prospectus will be made available for application by Intec Shareholders on its register of members as at 5.00 pm WST on 16 August 2005 in priority to public investors.

Intec Shareholders who wish to subscribe for Shares and Options pursuant to the Priority Offer must make an Application on the Priority Offer Application Forms contained at the back of the Prospectus. Applications under the Priority Offer must be for a minimum of 10,000 Shares (\$2,000) together with 2,500 Options ("Minimum Allotment") and thereafter in increments of 2,000 Shares (\$400), together with 500 Options.

In the event Intec Shareholders validly apply for more than 10,000,000 shares (\$2,000,000) and 2,500,000 Options the Directors, in conjunction with the Sponsoring Broker, at their absolute discretion will allocate the Shares and Options subject to each applicant receiving at least the Minimum Allotment.

The Priority Offer will only apply to Applications received on or before the Priority Offer Closing Date, subject to the right of the Company to close the Priority Offer early. Applications received after this date but before the Public Offer Closing Date, will not be granted priority and will be considered by the Directors with Applications received under the Public Offer.

Shares and Options applied for in excess of the Minimum Allotment and received prior to the Priority Offer Closing Date will be allotted at the absolute discretion of the Directors.

Shares and Options not taken up by Intec Shareholders pursuant to the Priority Offer will be made available to the general public for subscription under the Public Offer.

Intec Shareholders should refer to Section 1.3 below for payment and lodgement details.

Intec will hold 21.1% of the fully diluted and 22.1% of the undiluted issued capital of the Company if the Offer reaches the Maximum Subscription.

1.3 PAYMENT AND LODGEMENT DETAILS

The details provided in this section relate to both the Priority Offer and Public Offer Application Forms attached to this Prospectus.

All Application Forms must be completed in accordance with the instructions contained on their reverse side and must be accompanied by a cheque in Australian dollars for the full amount of the application being \$0.20 per Share ("Application Monies"). Cheques must be made payable to "Resource Finance and Investments Limited – Share Application Account" and should be crossed "Not Negotiable". All Application Monies will be paid into a trust account.

Completed Application Forms and cheques must be received by the Share Registry before 5.00pm WST on the Closing Date for the Public Offer and by 5.00pm WST on the Priority Offer Closing Date.

Applicants are urged to lodge their Application Forms as soon as possible, as the Offer may close early without notice.

Delivered to:
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Mailed to:
Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

An original, completed and lodged Application Form for Shares and Options together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares and Options specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe amend or complete the Application Form is final however an applicant will not be treated as having applied for more Shares and Options than is indicated by the amount of the cheque for the Application Monies.

1.4 MINIMUM SUBSCRIPTION

The Minimum Subscription for this Prospectus is \$3.0 million. No Shares and Options will be allotted or issued until the Offer has reached its Minimum Subscription.

1.5 ARRANGEMENT WITH SPONSORING BROKER

DJ Carmichael Pty Limited has agreed to act as Sponsoring Broker to the Offer. A summary of the terms and conditions of this arrangement is provided in Section 5 of this Prospectus. The fees payable are summarised in Section 8.6 of this Prospectus.

1.6 ALLOCATION AND ALLOTMENT OF SHARES AND OPTIONS

The Directors in conjunction with the Sponsoring Broker, reserve the right to reject any application or to allot a lesser number of Shares and Options than applied for. If the number of Shares and Options allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the Shares and Options, the allotment of Shares and Options will occur as soon as practicable after the Public Offer and the Priority Offer close. All Shares issued pursuant to the Public Offer and the Priority Offer will rank *pari passu* in all respects with the Existing Shares of the Company. Statements of shareholding will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares and Options.

Applicants who sell Shares and Options before they receive their statement of shareholding will do so at their own risk.

1.7 APPLICATION MONIES TO BE HELD IN TRUST

The Application Monies for Shares and Options to be issued pursuant to the Offer will be held in a separate bank account on behalf of applicants until the Shares and Options are allotted. If the Minimum Subscription of the Offer is not fully subscribed within a period of three (3) months from the date of this Prospectus, the Application Monies will be refunded in full without interest, and no Shares and Options will be allotted pursuant to this Prospectus in accordance with the Corporations Act.

All interest earned on Application Monies (including those which do not result in allotment of Shares and Options) will be retained by the Company.

1.8 ASX LISTING

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for ASX to grant official quotation to the Shares and Options issued pursuant to this Prospectus.

If the Shares and Options are not admitted to quotation within three (3) months after the date of this Prospectus, no Shares and Options will be issued. Application Monies will be refunded in full without interest in accordance with the Corporations Act.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares and Options issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares and Options.

1.9 PURPOSE OF THE OFFER

The principal purpose of the Offer is:

- to facilitate the listing of the Company's Shares and Options on ASX;
- to advance the Company's exploration projects in Western Tasmania and, where appropriate, advance the development of these projects; and,
- to provide funds for general working capital purposes, including potential acquisitions that compliment or enhance the objectives of the Company.

1.10 PROPOSED APPLICATION OF FUNDS RAISED

RFI plans to raise up to \$3.5 million. The Company intends to apply the funds raised from the Offer over the next two years as follows:

PROPOSED APPLICATION OF FUNDS RAISED

	Minimum Subscription \$000	Maximum Subscription \$000
Opening Cash*	430	430
Expenses of the Offer Including Broker's fees **	234	259
Funds Raised by the Prospectus	\$3,000	\$3,500
Exploration expenditure (refer Section 2.4)	2,344	2,454
Administration costs	800	800
Unallocated Funds	52	417

* June 30th audited close adjusted for July 2005 expenditure estimate.

** Additional expenses of approximately \$143,000 for the Offer have been paid from existing funds of the Company (refer Section 8.10).

The Directors are satisfied that upon completion of the Public Offer and the Priority Offer, the Company will have sufficient working capital to meet the stated purpose of the Public Offer and the Priority Offer.

The use of future additional joint venture funding or share placements will be considered by the Directors where it is appropriate to accelerate exploration of a specific project towards the delineation or development of a discovery.

1.11 CAPITAL STRUCTURE

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Public Offer and the Priority Offer.

CAPITAL STRUCTURE

	No. of Shares	Maximum Subscription Basis	
		No. of Options	% fully diluted
Shares on issue at the date of the Prospectus	18,250,003		50.49
Options on issue at the date of the Prospectus		5,750,000	12.11
Shares to be issued to Geoinformatics pursuant to an agreement dated 10 May 2005.	150,000		0.41
Options to be issued to Pioneer Nickel pursuant to an agreement dated 27 April		150,000	0.32
Shares to be issued to Michael Rosenstreich on ASX listing pursuant to employment agreement dated 28 July 2005	250,000		0.69
Incentive Options to be issued to MD on ASX listing.		1,050,000	2.21
Shares now offered under the Prospectus	17,500,000		48.41
Options now offered under the Prospectus		4,375,000	9.22
Total Shares and Options on issue at the completion of the Offer*	36,150,003	11,325,000	100.00
Fully Diluted	47,475,003		100.00

* *Undiluted Market Capitalisation of the Company on listing on ASX at Issue price of 20 cents per share will be \$7.23 million*

Options on Issue

In addition to the above Shares, the Company has the following Options on issue:

- 3,750,000 Options exercisable at \$0.25 prior to 31 July 2007;
- 2,000,000 Options exercisable at \$0.25 prior to 31 December 2007;

On successful listing the Company will also have the following Options on issue, assuming the Maximum Subscription is reached:

- 4,525,000 Options exercisable at \$0.25 prior to 31 July 2007;
- 350,000 Options exercisable at \$0.25 prior to 31 December 2007;
- 350,000 Options exercisable at \$0.30 prior to 31 December 2007;
- 350,000 Options exercisable at \$0.35 prior to 31 December 2007.

It is proposed that the existing 3,750,000 Options exercisable at \$0.25 prior to 31 July 2007 and the 4,525,000 Options exercisable at \$0.25 prior to 31 July 2007 to be issued under the Public Offer and the Priority Offer will be listed and tradeable on ASX.

1.12 RESTRICTED SECURITIES

Pursuant to the ASX Listing Rules, securities issued to promoters, seed capitalists and vendors (as defined in the ASX Listing Rules) may have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period.

Escrow Agreements in relation to the above Shares and Options will be entered into in accordance with the ASX Listing Rules. ASX may determine further escrow restrictions once the Company lodges its application for quotation of the Shares and Options.

1.13 CHESS AND ISSUER SPONSORSHIP

The Company will apply to CHESS. The Company will operate an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of Shares and Options.

The Company will not issue certificates to shareholders. Rather, holding statements (similar to bank statements) will be dispatched to shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for shareholders who elect to hold Shares and Options on the CHESS sub-register) or by the Company's Share Registry (for shareholders who elect to hold their Shares and Options on the issuer sponsored sub-register). The statements will set out the number of Shares and Options allotted under the Prospectus and provide details of a shareholder's Holder Identification Number (for shareholders who elect to hold Shares and Options on the CHESS sub register) or Shareholder Reference Number (for shareholders who elect to hold their Shares and Options on the issuer sponsored sub-register). Updated holding statements will also be sent to each shareholder following the month in which the balance of their shareholding changes, and also as required by the ASX Listing Rules or the Corporations Act.

1.14 RISKS

As with any share investment, there are risks associated with investment in RFI. The principal risks that could affect the performance of the Company are detailed in Section 7 of this Prospectus. The Shares and Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.15 OVERSEAS INVESTORS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of Shares and Options in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the issue to them of Shares and Options offered pursuant to this Prospectus.

1.16 PRIVACY DISCLOSURE

Persons who apply for Shares and Options pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares and Options, to provide facilities and services to shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with relevant privacy laws. If the information requested is not supplied, applications for Shares and Options will not be processed. In accordance with privacy laws, information collected in relation to specific shareholders can be obtained by that shareholder through contacting either the Company or the Share Registry.

1.17 EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with ASIC. The Exposure Period may be extended in certain circumstances by ASIC for a further period of up to 7 days.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. During the Exposure Period, the Prospectus may be viewed online at the Company's website or a hard copy of the Prospectus may be requested from the Company. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on applications received during the Exposure Period and all such applications will be treated as if they were simultaneously received on the Opening Date.

1.18 ELECTRONIC PROSPECTUS

In addition to issuing the Prospectus in printed form, a read-only version of the Prospectus is also available on the Company's website, www.rfilimited.com. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

1.19 NO PROSPECTIVE FINANCIAL FORECASTS

The Company is a mineral exploration company with the objective of becoming a minerals producer in the medium term. Given the speculative nature of mineral exploration, mineral development and production, and considering the matters set out in ASIC Policy Statement 170, the Company considers that it is unable to provide potential investors with reliable revenue, profit or cash flow projections or forecasts.

1.20 ENQUIRIES

This document is important and should be read in its entirety. Any investments in the Company should be considered speculative and people wishing to invest should consult their stockbroker, solicitor, accountant or other professional advisor. Questions relating to the Offer can be directed to the Company on (08) 9322 8044 or the Sponsoring Broker, DJ Carmichael Pty Limited on 1800 198 003.

Questions relating to the completion of the Application Forms can be directed to the Share Registry on (08) 9315 0933.

Looking northwest from Mt Bischoff across the Waratah licence. (Part of the Mt Bischoff Regional Project)



2. BUSINESS OVERVIEW

The information provided in this Section is in summary form only. Investors should read the remainder of this Prospectus which contains more detailed information before making a decision to apply for Shares and Options.

The Company was incorporated on 7 July 2004 as a mineral exploration company. The Company's principal objective is to create and sustain a profitable minerals business through exploration and acquisition and provide attractive shareholder returns through capital growth and dividend streams, while at all times maintaining good corporate governance and operating in a safe and environmentally responsible manner. The initial focus will be on the key projects in Tasmania but, given the extensive experience and network throughout Australia and off shore within the Company, a process of project review to identify further growth and value-adding opportunities will be ongoing.

2.1 BUSINESS OBJECTIVES – "STEPPING STONES TO GROWTH"

The Board of RFI has identified Western Tasmania as a 'fertile' area for the discovery of major deposits hosting a variety of commodity types.

The Company has successfully established ownership of (or a majority joint venture interest in) a strategic land position of approximately 1,000km² comprising the advanced Hellyer Project and five large regional project areas within the MRV. The strategy of the Company is clear – it has a land position that is considered by the Board to offer a number of excellent development and exploration opportunities and plans to assess these through exploration and, if appropriate, development to optimise value from them for the benefit of all stakeholders, which is the "Stepping Stones to Growth" strategy. To achieve this, the Company plans to do the following.

In the short to medium term:

1. reach a development decision on the 100% owned S-Lens copper-zinc-silver target with a view to commencement of production. S-Lens is situated on a granted mining lease, 3 km from an idle, operational processing plant and represents an opportunity for possible early cash flow;
2. advance the 100% owned Mt Charter gold deposit to a mineral resource and commence a pre-feasibility level study;
3. evaluate numerous Hellyer style Zn-Pb-Ag-Au targets on the Hellyer Leases through the exploration alliance with Zinifex; and,
4. develop and evaluate the base metal, gold, nickel and tin potential of the remaining tenements which includes significant zinc-silver mineralisation at Magnet and Oonah, gold-copper targets at Selina east of Henty, as well as Hellyer style (Zn-Pb-Ag-Au) targets.

In the medium to long term:

5. utilise cash flow from potential S-Lens operations to contribute to the development of the Mt Charter Gold deposit;
6. in association with Zinifex complete feasibility work and pre-development of any Zn-Pb-Ag and Au discoveries arising from the exploration alliance;
7. develop the Mt Charter gold deposit to provide funding to develop the base metals assets, grow the business; and,
8. continue with Geoinformatics' regional exploration work to maintain a pipeline of new opportunities in this highly mineralised region.

RFI has the "stepping stones" in terms of resources, advanced targets and the regional prospectivity to achieve these broad objectives to build up, in time, a large diversified minerals business.

The RFI strategy is not limited to a single commodity – RFI investors will have exploration exposure to a range of commodities consistent with the mineral potential of the region as indicated in Table 2.1. RFI has access to the modern 1.5mtpa crushing, grinding and flotation facility at Hellyer through a Letter of Intent with Intec (as described in the Material Contracts Summary at Section 5 of the Prospectus) enabling it to realise early cash flow opportunities which may arise. The plant and supporting infrastructure shown in figure 3 is currently under care and maintenance.

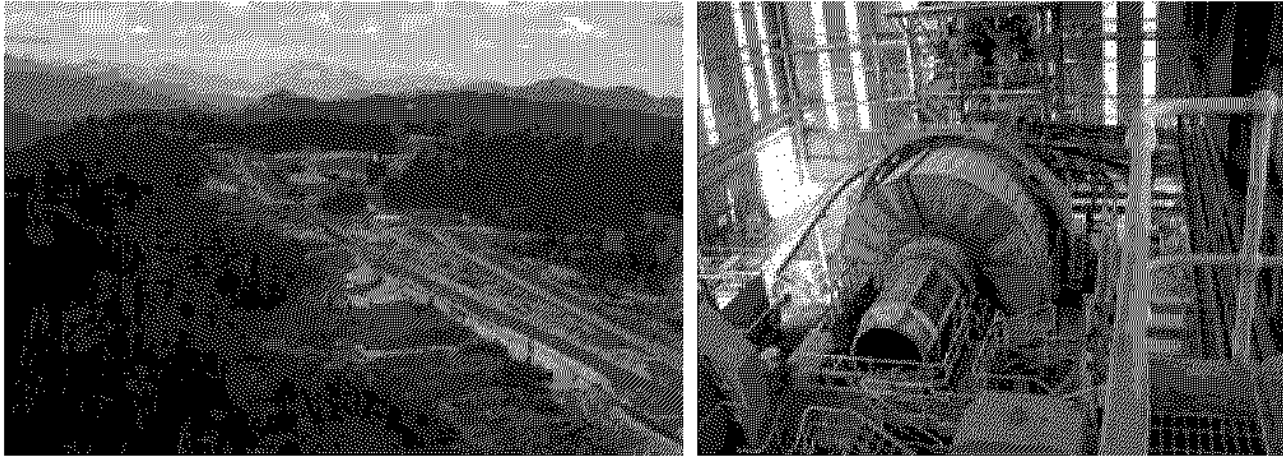


Figure 3: (left) Aerial view looking south of the Hellyer Mill and rail infrastructure and (right) view of the grinding circuit.

The following section presents the background for the Company's strategy with respect to the selection of Western Tasmania, the projects and the implementation strategy of the Company to achieve its stated objectives. A detailed technical description of each of the Company's projects is given in the Independent Geologist's Report.

2.2 REGIONAL SETTING AND POTENTIAL

RFI is owner or manager of 6 project areas in Western Tasmania within an area extending from Penguin on the north coast, 130 km to the south of Queenstown. The tenements cover exploration target zones identified within the Cambrian aged MRV and peripheral Devonian aged granites as shown in Figure 1.

The MRV represents a 500 million year old (Cambrian age) submarine volcanic terrain and forms a 200km by 20km arcuate belt stretching from Elliot Bay on the southwest coast to near Deloraine in the northeast of the State. It is one of the most highly mineralised geological provinces in the world as exemplified by world class deposits such as the Mt Lyell copper-gold deposit, the Hellyer and Rosebery zinc-lead-silver and gold deposits and the Renison and Mt Bischoff tin deposits. With a mining history that includes gold, copper, zinc tin, nickel and PGM's – spanning the last 120 years the MRV is obviously a highly prospective region for these commodities.

Deposit styles in Western Tasmania are typically categorised as being either volcanic hosted massive sulphide (VHMS) type or as intrusive related deposits (IRD) associated with Devonian granites, but there are also several hybrid types such as the Auebury skarn nickel deposit. These deposits, particularly the VHMS style, frequently contain a range of metals (polymetallic) making them attractive exploration targets because of the potential multiple revenue streams from by-product metals recovered. Table 2.1 provides some indication of the deposit styles and scale found on and around RFI's tenements.

TABLE 2.1 Summary of major deposits in the vicinity of RFI's interests.

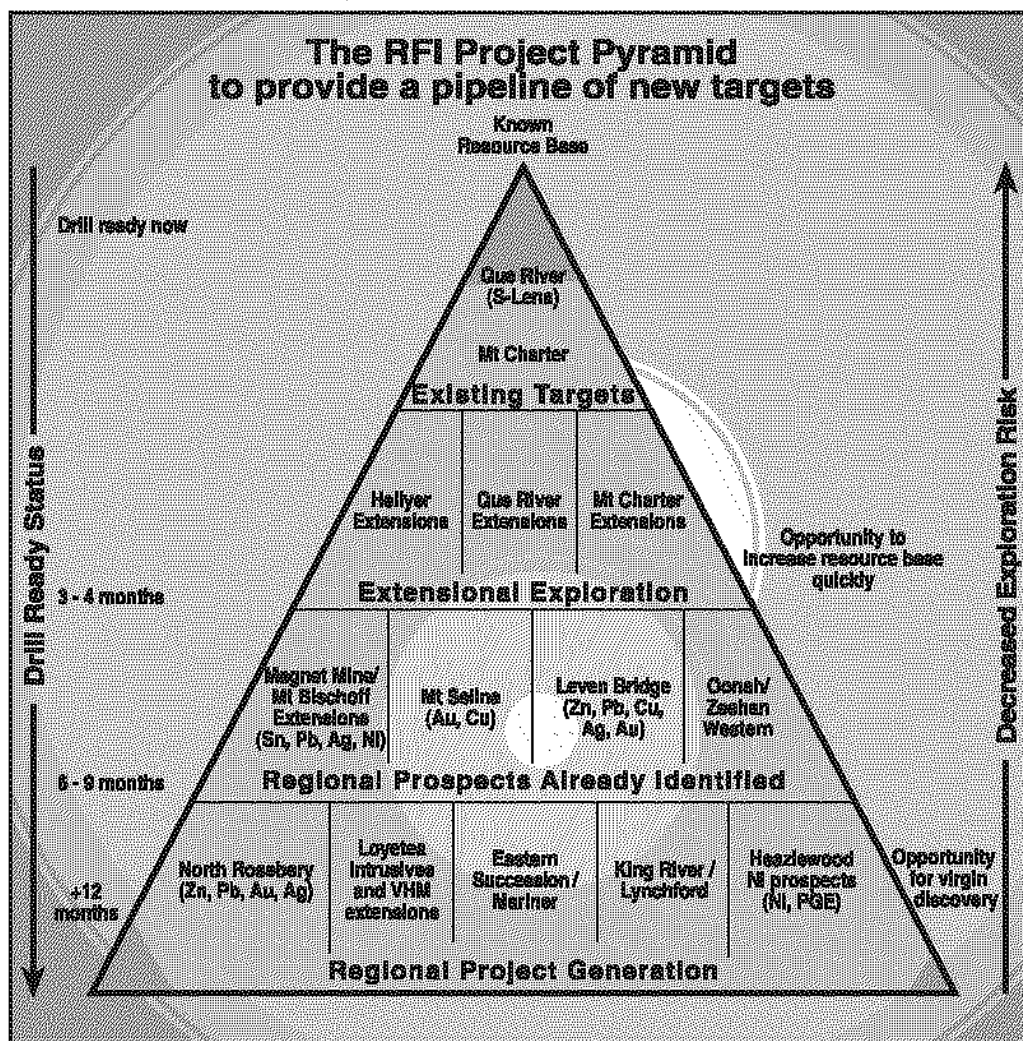
	Mineralisation Style	Metal Endowment Profile (Pre-mining)
Hellyer	VHMS	16.9 Mt at 13.8% Zn, 167 g/t Ag, 2.5 g/t Au, 7.2% Pb & 0.4% Cu
Hercules	VHMS	3.3 Mt at 17.3% Zn, 5.5% Pb, 171 g/t Ag and 2.8 g/t Au
Rosebery	VHMS	32 Mt at 14.4% Zn, 4.0% Pb, 148 g/t Ag 2.3 g/t Au & 0.6% Cu
Mt Lyell	VHMS	311 Mt at 1.0% Cu & 0.31 g/t Au
Que River	VHMS	3.3 Mt at 13.3% Zn, 195 g/t Ag, 3.3 g/t Au, 7.4% Pb & 0.7% Cu
Henty	Mesothermal/VHMS	2.8 Mt at 12.5 g/t Au (1.14 million ounces)
Mt Bischoff	Intrusive	10.5 Mt at 1.10% Sn
Renison	Intrusive	25.1 Mt at 1.4% Sn
Avebury	Intrusive	4.1 Mt at 1.5% Ni

Data is based on the Mineral Resources Tasmania online TIGER database.

2.3 RFI STRATEGY AND PROJECTS

The Company's project inventory includes the Hellyer Project with two advanced prospects (the S-Lens copper-zinc-silver resource and the Mt Charter gold deposit) and 5 regional project areas made up of 13 separate exploration licences comprising the Loyetee, Mt Bischoff, East Henty, Rosebery and Oonah Regional Projects as presented in Figure 1. Figure 4 highlights RFI's strategy of focusing on its advanced prospects whilst ensuring that a supply of targets for drill testing within a reasonable time frame from its significant ground position, particularly the Hellyer area, through the Zinifex alliance, is maintained.

Figure 4: RFI's exploration strategy and opportunities.



RFI has established a strategic land position within the MRV on targets prospective for large scale copper, gold and zinc deposits. The potential mineralisation styles range from polymetallic VHMS and intrusive-related deposits to structurally hosted gold deposits. To realise the value from the ground position the Company has also put in place the following measures:

2.3.1 STRATEGIC ALLIANCES – A KEY SUCCESS FACTOR

RFI has strategic alliances with Zinifex, Geoinformatics and Intec.

ZINIFEX

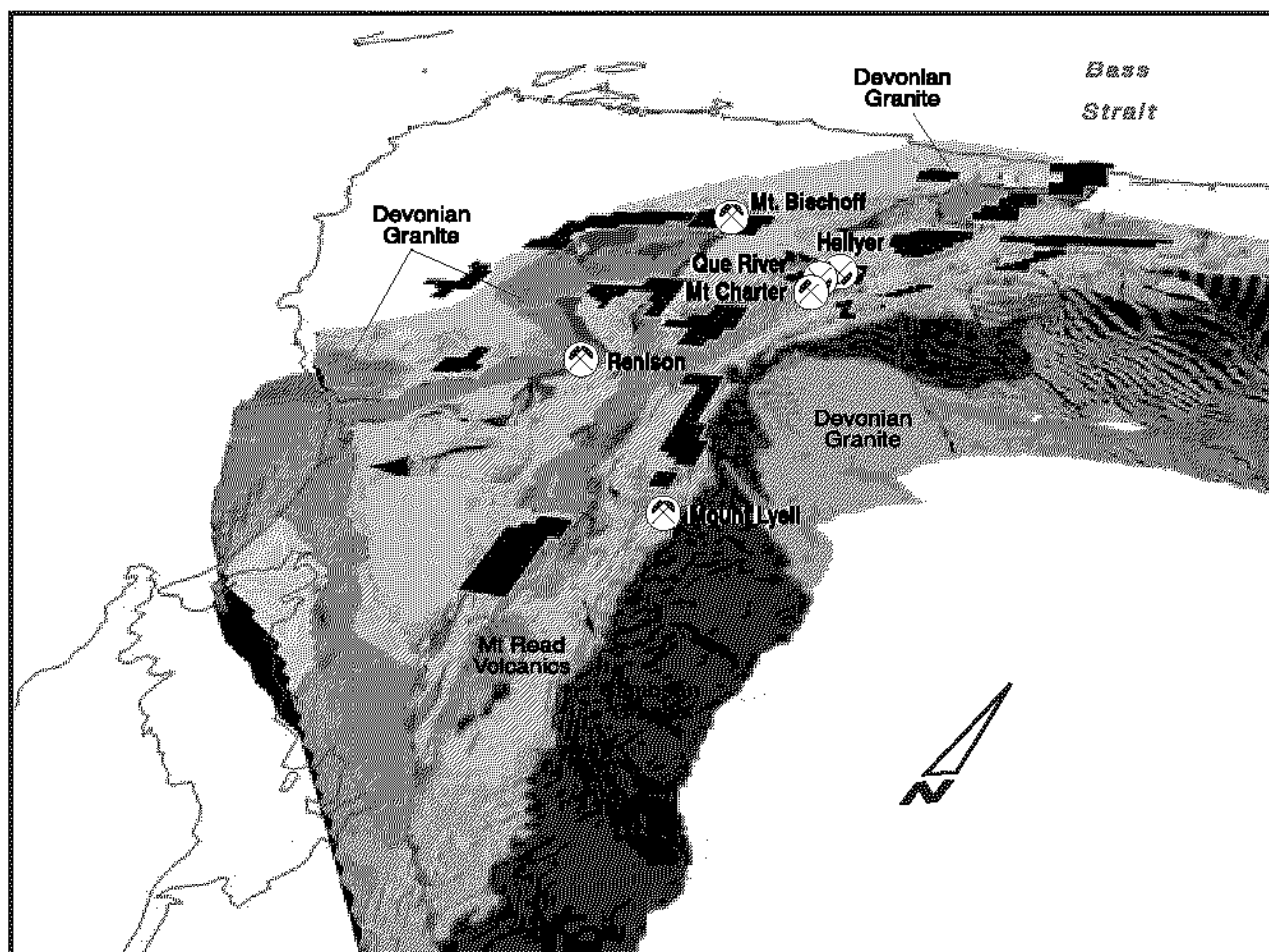
Zinifex and RFI entered into a Heads of Agreement on 2 August 2005 to enter into an Alliance Agreement to establish the Hellyer Exploration Alliance (HEA) and commit to contribute \$1.0 million of the \$2.0 million HEA budget designed to generate and test new mineralised positions on RFI's Hellyer leases. The HEA budget will cover a 2 year work programme which will be managed by RFI. Before the end of the HEA period Zinifex will have the right to select up to 3 special project areas for joint venture in which it can acquire a 51% interest by spending at least \$4.5 million within 3 years. Zinifex will then have the right to increase its stake in the special projects to 70% by completing a bankable feasibility study for each. The financial and technical support of a major resources company and local mine operator such as Zinifex will be of tremendous assistance, particularly their understanding of VHMS geology in the drill evaluation of deeper targets.

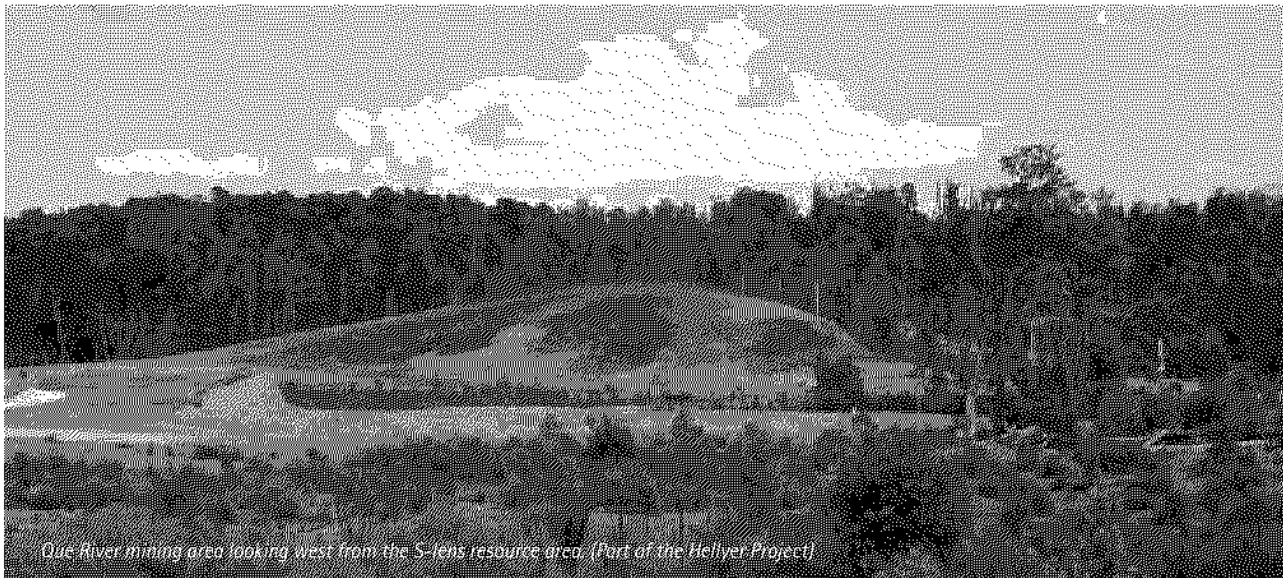
GEOINFORMATICS

Geoinformatics has a unique and proven process to compile and verify large volumes of geoscientific data into three-dimensional databases and geological models utilising proprietary methods to generate targets prospective for mineralisation.

Geoinformatics won the Goldcorp Challenge award in 2001 conducted by Goldcorp Inc. by generating high quality targets which were successfully drilled thereby making a key contribution to the 6 million ounce gold resource upgrade at the Red Lake mine in Ontario, Canada.

Figure 5: View looking north of the Geoinformatics 3-d model of NW Tasmania with RFI tenements superimposed.





Que River mining area looking west from the S-lens resource area. (Part of the Hellyer Project)

The Geoinformatics process has a track record of success to date and has the potential to be a major contributing factor to the success of RFI's exploration programs. The Geoinformatics alliance enables RFI to assimilate and utilise the large amounts of geoscientific data available over the MRV and surrounding areas quickly and then to apply sophisticated multi-data set processing techniques for the assessment of mineralisation potential and target generation. Through the expertise of Geoinformatics RFI will effectively have the support of up to 24 highly experienced geoscientists and technical support staff as alliance partners. The Geoinformatics alliance means that RFI has the strong momentum and innovation of a junior explorer with the technical "horsepower" of a major mining house.

INTEC

Intec is the largest shareholder in RFI as a result of the share based consideration received for the sale to RFI of the Hellyer exploration assets. Intec is currently commissioning a demonstration plant for its chloride leach processing technology in Burnie, Tasmania. The operation of the demonstration plant during the second half of 2005 will form the basis of a bankable feasibility study examining the establishment of a commercial scale facility at Hellyer to recover a suite of metal products from the residual tailings remaining from the earlier processing of the Hellyer orebody. RFI considers this to be another important alliance with potential opportunities and synergy arising from Intec's processing expertise, its well maintained flotation plant at Hellyer and potentially a new hydrometallurgical processing facility at Hellyer able to process diverse base metal and gold ores to produce saleable metal.

2.3.2 DRILLING COMMITMENT

RFI has a drilling contractor committed to commence on the Mt Charter diamond core drill programme before the end of September 2005. This is a significant achievement given the strong demand for drilling rigs in Tasmania.

2.3.3 NEW GEOLOGICAL TECHNOLOGY AND INSIGHT

For the past 30 to 40 years tenement ownership over a large portion of the area has been dominated by a few major mining houses – that effectively means the same geological ideas, the same prospecting tools, the same commodity focus (often without gold) and in many cases the same geologists over that time period. RFI plans to contribute new data sets and processes at a scale and scope not employed previously on these project areas largely through the utilisation of new detailed regional data sets acquired by Mineral Resources Tasmania (MRT) and through the Company's alliance with Geoinformatics. Geoinformatics in collaboration with the MRT created a 3-d geological model of Tasmania to facilitate targeting of exploration areas in the State. The northwest portion of that model is presented in figure 5.

RFI has employed a well credentialed senior geologist as Exploration Manager-Tasmania to be based in Tasmania and lead a team of experienced Tasmanian geologists. Initial field activities will focus on commencing drilling programmes on the advanced prospects and completing infill geochemical sampling to advance target definition for "near-drill ready" targets. RFI plans to maintain an intensive exploration schedule throughout the year and have an on-going presence in the region.

RFI has a demonstrable competitive advantage to its peers in terms of having gained an early, large land position in highly mineralised and prospective terrain. Strategic alliances with Zinifex, Geoinformatics and Intec have the capacity to provide expertise and opportunities that can contribute to RFI's further success and growth.

2.4 EXPLORATION BUDGET

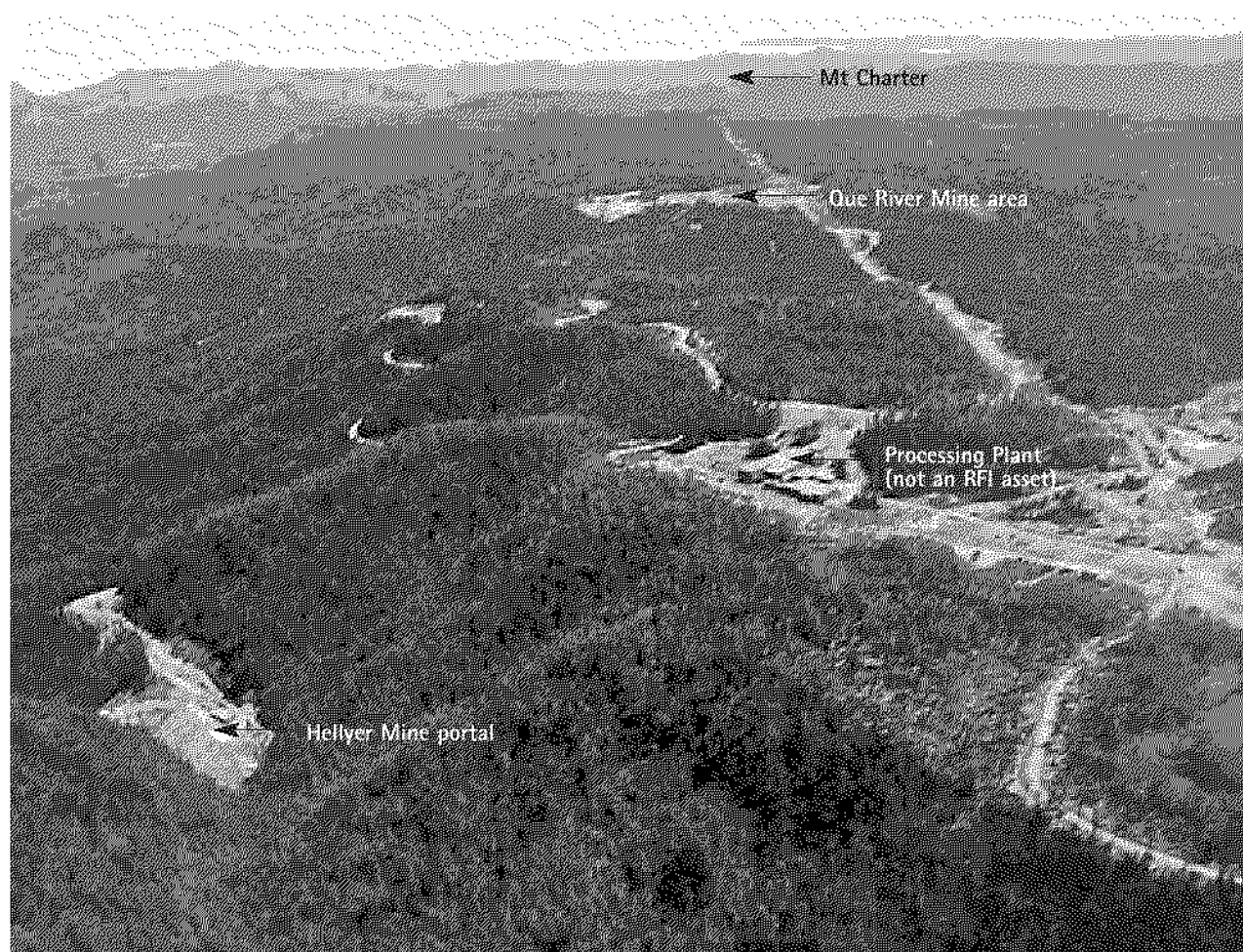
The Company plans to spend approximately \$2.45 million on exploration as per Table 2.2 within a two-year period following the successful completion of the Public Offer and the Priority Offer. A major portion of the funds raised from the Offer are planned to be used for drilling and to fund the data processing and analysis activities to be undertaken by Geoinformatics. If only the Minimum Subscription is raised then RFI will reduce its exploration budget to \$2.34 million by reducing surface work and technical studies at Hellyer. In this case the budget would comprise expenditure of \$1.46 million in year 1 and \$0.88 million in year 2.

During this period statutory expenditure commitments total approximately \$1.2 million and joint venture commitments total approximately \$1.5 million.

TABLE 2.2 Planned Exploration Expenditure per Project—assuming raising of the Maximum Subscription.

	Hellyer	East Henty	Loyetee	Mt Bischoff	Rosebery	Oonah	Other	Total
Geological Et Supervision	51	26	103	83	25	10		298
Geological Modelling	180	57	190	200	62	28		717
Geophysics	175	-	20	-	-	-		195
Surface Sampling Et Logistics	65		25	10	8	-		108
Drilling activities	670	45	75	31	-	-		821
Technical Studies	50	-	-	-	-	-		50
Rents Et Rehabilitation	23	8	10	5	2	2		50
General Exploration	-	-	-	-	-	-	130	130
Project Generation	-	-	-	-	-	-	85	85
Total	1,214	136	423	329	97	40	215	2454

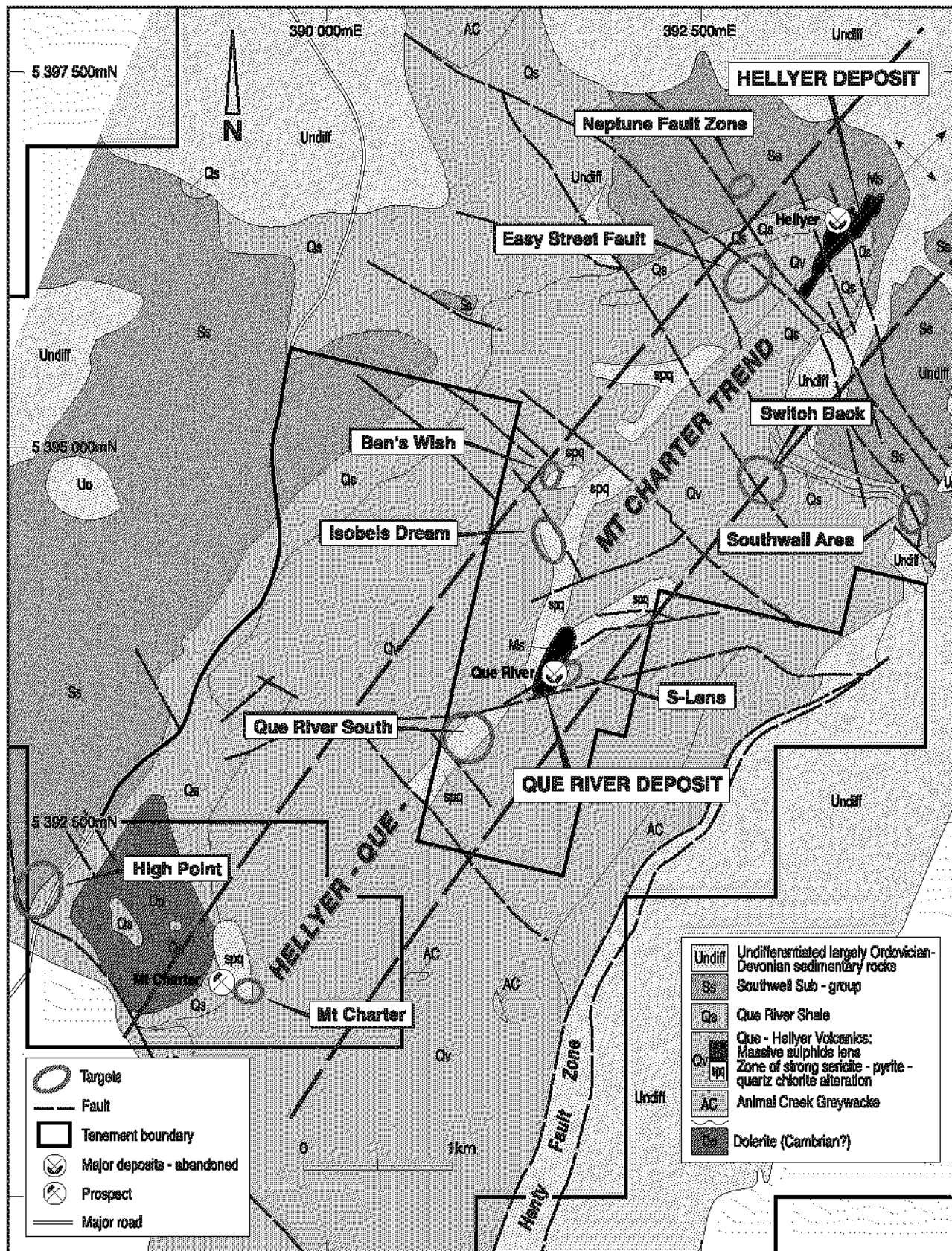
Aerial Shot of the Hellyer Mine site – looking south. (Part of the Hellyer Project)



2.5 HELLYER PROJECT SUMMARY

The Hellyer Project comprises a large strongly mineralised alteration system hosting the Hellyer, Que River and Mt Charter deposits. Of immediate interest for further drilling are the shallow mineral resource (370,000t at 1.7% copper, 4.2% zinc and 64g/t silver) at Que River and the widespread gold mineralisation at Mt Charter as well as several highly ranked VHMS and gold targets.

Figure 6: Hellyer Project central area - map of simplified geology and RFI target areas.



The exploration rights to the Hellyer Project tenements were purchased from Intec in early 2005. The tenements cover the decommissioned Hellyer and Que River mines referred to in Table 2.1 above. Intec retains ownership of the tailings dam, the mill and office complex and other processing infrastructure on the site which it hopes to utilise for the commercialisation of its Intec Process to recover the metals remaining in the tailings dam. Intec has responsibility for environmental management of the tailings dam and existing mine infrastructure.



RFI's strategy is to re-start exploration after an effective 7 year hiatus on the Hellyer Leases. Planned work by RFI will initially focus on following up the advanced S-Lens copper and Mt Charter gold prospects, which are excluded from the Hellyer Exploration Alliance with Zinifex. Under the alliance with Zinifex a significant programme is being finalised to explore for Hellyer style polymetallic deposits and structurally hosted gold mineralisation on both the existing target areas shown in figure 6 as well as developing new targets- particularly with the input of Geoinformatics.

2.5.1 S-LENS COPPER MINERAL RESOURCE

The S-Lens hosts a shallow, modest sized Cu-Zn-Ag Mineral Resource with potential for resource extensions to the south down plunge and to the north near surface. An unresolved downhole EM anomaly between 300m to 600m depth highlights the potential for a larger scale copper rich feeder zone.

a. S-Lens

In April 1974, Aberfoyle Resources Ltd's (Aberfoyle) drill hole QR1 intersected 11.44m at 2% Cu, 5% Pb and 7% Zn in what is now referred to as S-Lens. This was the discovery hole for the Que River VHMS deposit. Subsequently the larger PQ and PN lenses were discovered and mining operations commenced in 1981 and continued until 1991 recovering approximately 2.5Mt of massive sulphide ore grading 13.6% Zn, 7.6% Pb, 0.5% Cu, 2.3g/t Ag and 3.7g/t Au.

The S-lens deposit was only partially mined to recover the zinc rich zone. Aberfoyle was not able to process the copper rich portion under ore offtake arrangements.

RFI has recognised the opportunity to delineate a modest, but high grade and relatively shallow resource at S-lens. A resource model was constructed by MODA of Burnie who's Principal, Dr Gary McArthur, has direct experience with the Que River deposit as Chief Geologist for Aberfoyle at Que-Hellyer from 1983 to 1993. He is a Competent Person as defined by the JORC Code and has consented to the inclusion of his estimate in this Prospectus.

The S-Lens Mineral Resource estimate is reported in accordance with the 2004 JORC Code and the results are presented in Table 2.3 and grade contour plots are illustrated in figure 7.

Figure 7: Long section grade contour plot for S-Lens.

TABLE 2.3 Insitu S-Lens Mineral Resource Estimate

Mineral Resource Category	'000 Tonnes	Density (g/cm ³)	%Cu	%Pb	Mean Grades %Zn	g/t Ag	g/t Au
Indicated	164	3.91	1.5	1.7	5.3	70	0.34
Inferred	206	3.90	1.9	1.2	3.3	59	0.26
Combined Total	370	3.90	1.7	1.4	4.2	64	0.30

N.B. Small rounding errors may occur.

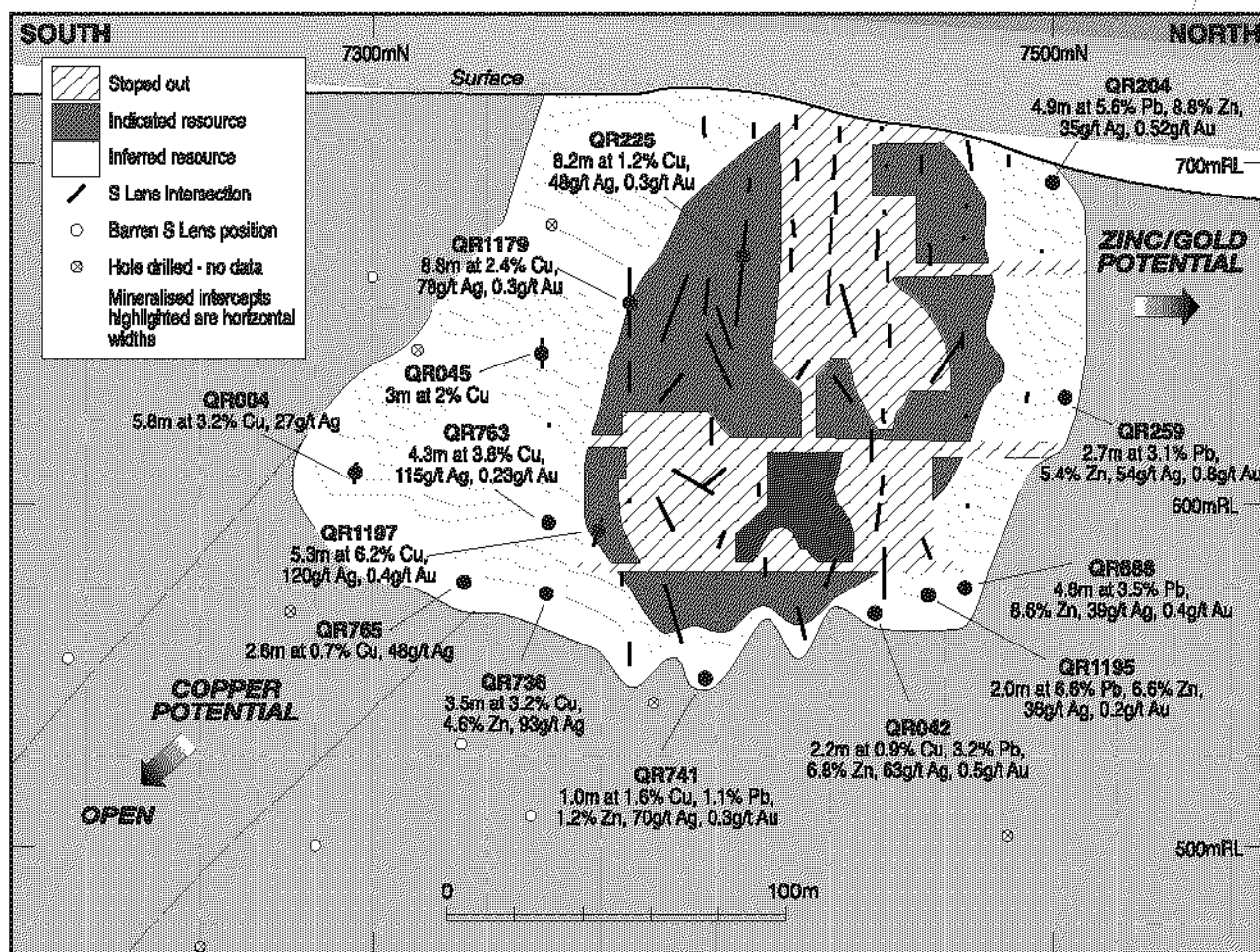
The information in this Prospectus to which this statement is attached that relates to the S-Lens Mineral Resources is based on information compiled by Gary McArthur PhD FAusIMM MMICA MSEG, who is a Fellow of the Australasian Institute of Mining and Metallurgy.

The long section in figure 8 clearly indicates the potential to expand the copper-rich portion of S-Lens to the south along an interpreted plunge orientation for the copper mineralisation. Drilling in this area is sparse but drill intercepts defining this trend include:

- 8.3m (5.8m horizontal width) at 3.3% Cu, 28g/t Ag in QR04
- 15.2m (9.0m horizontal width) at 1.6% Cu, 56g/t Ag in QR92

The remnant high grade zinc and gold mineralisation is also of interest and MODA considers that there is scope to increase the zinc and gold rich portion of the resource to the north.

Figure 8: S-Lens long section with drill hole intercepts (true width) and resource estimate outlines.



The Mineral Resource estimate is an important advance for RFI, providing a sound basis for continuing work to delineate a larger resource. The current Mineral Resource extends from surface to a vertical depth of approximately 150m and contains approximately 6,300t of copper, 15,500t of zinc and 761,000 oz of silver.

Given the shallow nature of the deposit, the favourable open pit setting on a granted mining lease and the metallurgical precedents for treating this material, this Mineral Resource (subject to further drilling and evaluation) may lead the Company to early production, particularly as Intec's flotation plant, 3km to the north, is available to RFI for processing.

b. S-Lens Deeps

Deeper, larger scale potential is indicated by an unresolved north south trending downhole electro-magnetic conductor (EM) 300 to 600m vertically beneath the S lens within strong footwall sulphide stringer-vein style alteration. The EM anomaly has been interpreted as a copper rich feeder zone to the S-Lens.

Two holes and a wedge drilled by Aberfoyle to test the feature intersected chalcopyrite-pyrite stringer vein copper mineralisation. Given Aberfoyle's EM experience in the district, where they concluded that EM anomalies of this type generally indicated massive sulphide zones. RFI considers that this anomaly has not been resolved. As shown in figure 3.6 in the Independent Geologist's Report, a massive sulphide lens was interpreted to lie above the intersected stringer mineralisation in drill hole QR1169 (20m grading 0.6% Cu), however QR1169A also intersected only a pyrite-chalcopyrite stringer zone above the previous intercept. Unfortunately, downhole EM was not possible in QR1169A to assist in resolving the source of the anomaly.

The occurrence of a pyrite-chalcopyrite stringer zone in the centre of the Que River alteration zone extending well below S-Lens indicates to RFI that this area was a likely focus for hydrothermal fluids. RFI considers the target is prospective for either an intense possibly massive pyritic feeder system with chalcopyrite extending up toward S-Lens or a new deeper copper rich massive sulphide lens related to the Que River mineralisation.

2.5.2 MT CHARTER GOLD PROSPECT



Figure 9: Outcrop of gold-silver mineralised barite zone at Mt Charter.

The Mt Charter gold prospect occurs within a large 1 km long alteration zone – of the same alteration style and within the same host sequence as the Hellyer deposit to the north. Gold assays above 1.0 g/t and high silver values in rock chips and in drill holes occur consistently over an area of approximately 500m by 250m (12.5 ha). The gold mineralisation has not been the subject of detailed drilling or evaluation and RFI considers that there is excellent potential to delineate a viable JORC-compliant resource.

Mt Charter is located approximately 7km south of the Hellyer mill complex, and only 1.5km from the sealed Murchison Highway to the west. The project area is covered by a retention licence (RL11/1997) granted on the basis of a large low grade resource identified by Aberfoyle during its base metal exploration. The 1992 Aberfoyle resource was not estimated in accordance with the current 2004 JORC Mineral Resource reporting guidelines and is not reported here.

The mineralisation occurs as a massive barite lens shown in figure 9, developed at the same stratigraphic position as the Hellyer deposit, underlain by altered footwall rocks with stringer veins (pyrite-sphalerite-galena-barite) and disseminated pyrite-barite.

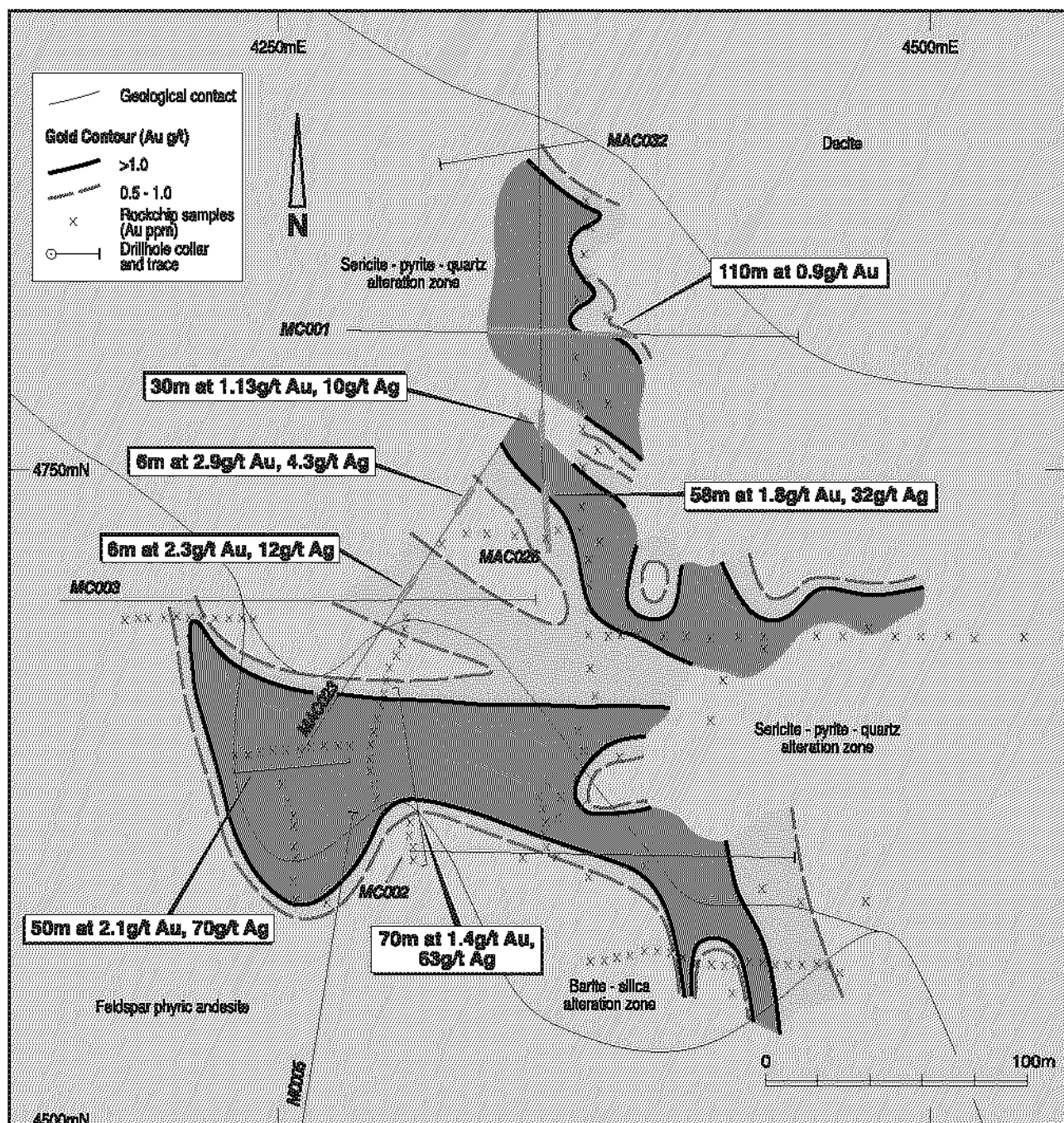
Systematic surface spot and costean outcrop sampling outlines an extensive gold-silver mineralised system. The surface sampling defines an area of approximately 500m by 250m with a consistent distribution of gold assays greater than 1.0 g/t (max 3.7 g/t) and silver assays above 5g/t Ag (max 176 g/t). The contours in Figure 10 illustrate the extent of the gold distribution.

The sparse drilling comprises thirteen holes drilled on irregular 100m to 400m centres over a 1km by 1km area testing primarily for base metal mineralisation. Selected previous gold and silver results from the project include:

- 58m at 1.8 g/t Au, 32 g/t Ag, 1.2% Zn, 30% Ba (0-58 m, MAC026); including 8m at 3.6 g/t Au
- 30m at 1.13 g/t Au, 10 g/t Ag, 2.8% Zn, 1.6% Pb (73-103m, MAC026); including 3m at 7.1% Zn, 4.8% Pb
- 6m at 2.3 g/t Au, 12 g/t Ag, 0.19% Cu, 24% Ba (135-141m, MAC023)
- 6m at 2.9 g/t Au; including 3m at 4.3 g/t Au (216-222m, MAC023)
- 110m at 0.9 g/t Au, 16 g/t Ag (81-191m, MC001)
- 50m of continuous surface rock chip samples grading 2.1 g/t Au and 70 g/t Ag.

All, but one of the drill holes in the area shown in Figure 10 were drilled to test deeper base metal massive sulphide targets. MAC023 was drilled to evaluate the gold grade variation within the various stratigraphic units. It is also noteworthy that pits and a small adit were worked by prospectors on Mt Charter during the 1930's.

Figure 10: Plan view of Mt Charter rock chip gold assay contours.



The gold-silver mineralisation remains open to the east, southeast and west. An outcropping barite vein returned 3.9 g/t Au in a rock chip sample 500m southeast of the best drill hole MAC026, near MAC036. Weak results in two deep holes (MAC032 and MAC033) may limit the potential at depth.

Preliminary bench scale metallurgical testwork was completed in 1988 on one 50m section of core (MAC001 from 81.0m to 131 m) at a grind size of $P_{80} < 95$ microns and a head grade of 0.8 g/t Au, 9.0 g/t Ag. A summary of the results is presented in Table 2.4.

Table 2.4. Preliminary Testwork Results (from 1988)

Method	Au Recovery	Ag Recovery
Flotation to sulphide concentrate	81%	70%
Cyanide leach 24 hrs	49%	

The Company plans to undertake more detailed metallurgical testwork to better understand the gold and silver mineralogy, the grind-recovery relationships and assess possible treatment options of any refractory component in the material. The Company is well placed to manage more problematical ore types through the Intec relationship and the possible establishment of an Intec hydrometallurgical plant at the Hellyer site.

Mt Charter represents a large shallow gold and silver rich mineralised system. RFI plans to undertake detailed surface geochemical sampling and mapping to delineate the extent and trend of the higher grade gold zones to define targets for drilling. The gold trends are to be tested by several fences of drill holes to provide coverage along and across the entire mineralised zone with the aim of delineating a shallow gold-silver resource.

2.5.3 TARGETS WITHIN THE HELLYER PROJECT

In co-operation with Zinifex and Geoinformatics, RFI hopes to quickly generate new targets on the Hellyer Project as well as evaluate the 10 existing targets. These 10 targets range from advanced to conceptual as shown in figure 6 which the HEA plans to investigate in the quest for repeats of the Hellyer deposit style and for structurally hosted gold deposits. A summary note for each target within the Hellyer Project is presented below:

Isobel's Dream

Stratigraphically and structurally similar to Hellyer with coincident anomalous soil geochemistry, Isobel's Dream occurs 2.5km southwest of Hellyer. It is a new target on the northeast trending Hellyer – Que River line (containing the Hellyer ore horizon) associated with strong alteration and northwest trending faults.

Neptune Fault

A deep unresolved alteration system approximately 500m west of the main Hellyer deposit which may represent a north-northeast trending zone parallel to the Hellyer deposit and is prospective for Hellyer type base metal and gold mineralisation.

Easy Street Fault

A regional deep-seated mineralised northwest trending fault zone with potential for new deposits adjacent or along the fault. This target is close to the Hellyer ore horizon with associated soil anomalies and a "gravity high" anomaly.

The Switchback

Favourable structure and stratigraphy prospective for Hellyer style deposit, located 1500m to 1800m south-southeast of Hellyer. It is an area with anomalous outcropping patchy sphalerite, galena and pyrite as massive sulphide clasts in epiclastic rocks near where the Hellyer ore horizon is predicted to occur, indicating possible proximity to a massive sulphide lens.

Que River South

Que River deposits occur in a wide alteration zone with variable IP and EM responses.

There is potential for a new ore horizon lower in the Que Hellyer Volcanics (QHV) sequence, associated with strong alteration in close proximity to a northwest trending fault 1km south along strike of Que River. Irregular drill coverage has intersected sericite-silica-pyrite altered clasts in epiclastics and breccias immediately beneath host units to the Hellyer and Que River orebodies. An intercept of 5m at 0.2% zinc was intersected in one of these zones (MAC29 157.5 m to 162.2 m). The core has been acquired by RFI and is stored at the Que River core shed – figure 11.



Figure 11. River core shed owned by RFI.

Ben's Wish

A poorly tested zone of Hellyer style alteration in a structurally complex setting prospective for Que River style mineralisation. It is located 1 km northwest of the Que River deposits and consists of altered dacite outcrops in a complex faulted zone potentially similar to the geological setting at Que River.

High Point

A favourable geological setting with stringer zinc mineralisation highlighting potential, located approximately 1 to 2 km west of Mt Charter straddling the Murchison Highway. Seven holes were drilled in this area by previous explorers but only one appears to have intercepted prospective ore host horizon, with no significant results. RFI considers that the target has been inadequately tested partly due to the former tenement boundary which transects the target area.

Southwell

An exciting conceptual structurally hosted gold target along the northern extensions of the Henty fault zone. The Southwell target lies under alluvial gravel cover at the intersection of the Henty Fault with the northwest striking Easy Street Fault. The Henty gold mine is a 1 million ounce high grade ore body, 35 km south-southwest of Hellyer, associated with the Henty fault.

Hellyer Extensions

The Hellyer alteration is open down plunge and lateral vent positions and feeder zones are also indicated by earlier drilling.

The main north-northeast striking feeder structure at Hellyer continues northwards and the alteration zone remains open at depth. There is potential to find discrete new massive sulphide zones such as shown in figure 12 down plunge beyond the limit of Aberfoyle's drilling which is approximately 1 km beyond the northern end of the Hellyer deposit. Lenses may also have formed in a lateral position associated with parallel subsidiary feeder zones such as those incompletely tested by Aberfoyle to the northwest and west of the main orebody.

These are considered by RFI to represent deep but attractive targets that will benefit greatly from the expertise of Zinifex in contributing to test these deep targets.

Bulgobac River Anomalies

Lower order geochemical anomalies in prospective structural sites located near the Mt Charter fault.

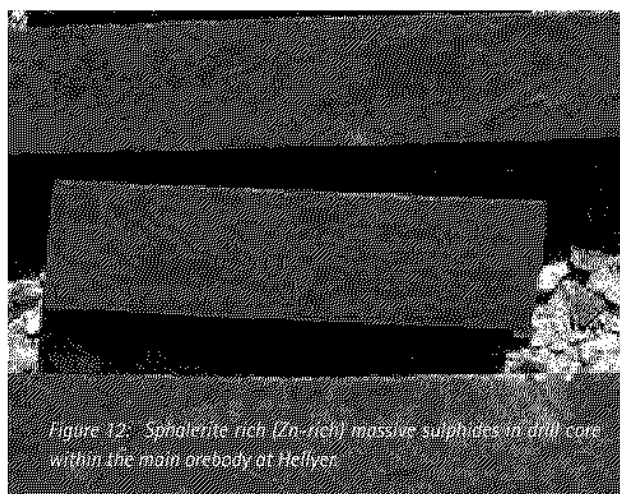


Figure 12: Sphalerite rich (Zn-rich) massive sulphides in drill core within the main orebody at Hellyer.

M. Rosenstreich examining Mt Charter mineralised outcrop.



2.6 REGIONAL PROJECTS

RFI has interests in 13 exploration licences making up five regional projects. The regional projects are considered by RFI to be prospective for large scale copper, gold and zinc deposits similar to deposits currently being mined near RFI's project areas. Several of the properties, such as at Oonah and the Magnet Mine in the Mt Bischoff Project area, host significant historic mining centres that have potential for either stand alone deposits or trucking scenarios to either the Hellyer plant or other operations in the area. They are well located with respect to road access and could be advanced relatively quickly. Notwithstanding that much work needs to be done to upgrade the targets already identified; several areas have near drill ready target areas.

2.6.1 EAST HENTY REGIONAL PROJECT

RFI has interests in two exploration licences; the Selina licence is approximately 4km east of the Henty gold mine and the Lynchford licence is 10km south of the Mt Lyell copper-gold mine.

The Selina area has been extensively explored for VHMS style base metal mineralisation with only occasional attention given to the gold potential. The sporadic nature of gold results probably reflects more on the lack of gold focus and systematic gold methodology than a lack of potential for viable gold mineralisation. RFI's ground position is prospective for Henty type gold deposits and non-outcropping VHMS style deposits.

The Henty gold deposit has a distinctive alteration halo and metal endowment (Au, Ag +/-Cu). The alteration zone is over 3km in length and between 10m to 100m wide. Large halos of low grade mineralisation extend along and down the alteration zone. The orebody and alteration occur within the northeast trending Henty Fault zone but diverges at depth from the fault.

RFI considers that a more detailed systematic gold exploration methodology could yield positive results particularly at "near" drill ready targets such as the Eastern and Western Pyrite zones at Mt Selina. Better results from previous wide spaced drilling include 4.6m at 54.5 g/t Ag, 7.9m at 0.4% Cu, and 1m at 4.8% Zn 0.3% Pb and 16 g/t Ag.

Drill hole spacing generally varies between 200m to 1km along strike. The stratigraphy, alteration and structure are amenable to Henty type gold mineralisation. The historic drill spacing is not an appropriate spacing to delineate narrow high grade Henty style mineralised bodies.

At the Lake Dora prospect exploration to date has identified a 1.2km long zone of anomalous Cu-Zn mineralisation up to 150m wide. The soil anomaly is coincident with an IP anomaly, mapped alteration and sulphide mineralisation. The area has not been systematically sampled for gold but surface samples in the area include:

0.2% Cu, 4% Pb, 5.7% Zn, 160 g/t Ag (rock chip) and 48.4 g/t Au, 250 g/t Ag, 3.85% Cu 0.1% Zn, 0.5% Pb and 2.3% Co. (mullock sample).

The presence of a wide spread soil anomaly associated with historical workings, strongly altered rocks and anomalous rock chip results demonstrates the areas prospectivity for gold and silver mineralisation.

The Lynchford licence covers the southern limit of the MRV, 10km south of Mt Lyell, as well as interpreted extensions of the Henty-Rosebery fault system. The area has numerous mineral occurrences including several small scale historic gold workings. Recent aeromagnetic data has indicated the presence of northwest trending cross structures possibly containing mineralisation, which is coincident with several airborne EM targets.

2.6.2 LOYETEA REGIONAL PROJECT

The Loyetee Regional project comprises five exploration licences prospective for:

VHMS Hellyer-Que River style targets along northern extensions of the Hellyer stratigraphy and structures such as at

- Leven River (refer figure 13) where Hellyer stratigraphy plunges under cover north of Hellyer, but emerges again further north in an up faulted block at Leven River, where recent MRT airborne surveys have identified 2 untested EM conductors;
- several exciting intrusive related skarn mineralisation targets generated by recent inversion modelling of the granite contacts, supported by geochemistry; and,
- structurally hosted gold mineralisation with several unresolved gold prospects never followed up with systematic gold exploration methods – includes rock chip results of up to 68 g/t Au in haematitic quartz-vein breccia stock work.

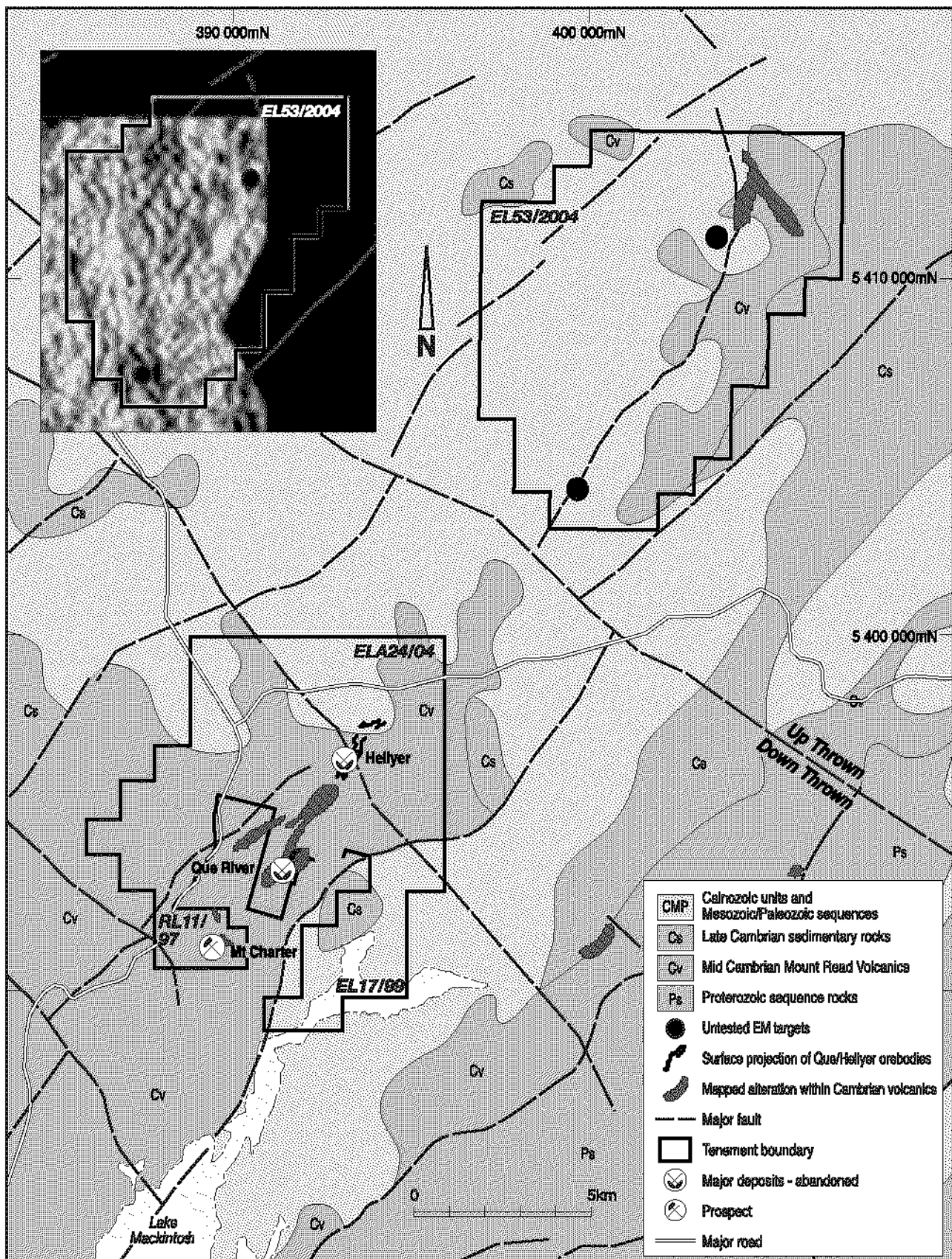


Figure 13: the Leven River EL -highlighting position of untested EM anomalies on favourable stratigraphic and structural positions.

2.6.3 MT BISCHOFF REGIONAL PROJECT

The Mt Bischoff Regional Project comprises three exploration licences adjacent to the historic Mt Bischoff and Cleveland tin deposits and encompassing the historic Magnet Ag-Pb-Zn deposit. The exploration potential is for gold, nickel-skarn and tin mineralisation, in particular:

THE MAGNET PB-ZN-AG LODE

There are also over 30 base metal occurrences associated with the granite intrusive on the Waratah licence, including the Magnet Ag-Pb-Zn mine which has recorded production of 630,000t at 7.3% Zn, 427g/t Ag and 5.7% Pb between 1895 and 1933.

The Magnet Lode comprises a series of steeply west dipping lodes defined by footwall and hanging wall shears. Figure 14 shows the Magnet Lode to have a strike extent of approximately 1km on the Waratah licence and the mineralisation to be open in all directions:

- In the underground mine the mineralisation is open at depth. Historic reports indicate high water flows at the lowest mine level (16 level at 365m vertical depth) contributed with low metals prices to the mine's closure.
- At the open cut, rock chip samples of outcrop near the former open cut taken by RFI returned results of:
 - Sample 1-0.4% Pb, 1.4% Zn and 130 g/t Ag
 - Sample 2-1.0% Pb, 2.3% Zn and 125g/t Ag
 indicating potential halo mineralisation around the central mined lode.
- To the south of the mine only 5 holes have been recorded with significant intercepts including:
 - 0.8m at 0.7% Pb, 3.9% Zn and 37g/t Ag (from 138.6m in WP83)
 - 3.1m at 1.3% Pb, 1.8% Zn and 87g/t Ag (from 289.6m in WP84)
 highlighting that the mineralisation does extend south though a Magnet style shoot position has not been intersected.
- To the north the lode has not been drill tested but it has been defined for a further 800m along strike by mapping of the ultramafic host rock and alteration associated with mineralisation, a coincident magnetic "low" and Pb-Zn occurrences and prospects from the MRT database along the structure.

RFI considers that further drilling with the benefit of down-hole geophysics has good potential to lead to further mineralisation being delineated. Magnet is only approximately 40km by road from the Hellyer plant and therefore with exploration success and a positive feasibility study could form the basis of a satellite operation.

TIN-MT BISCHOFF

The Waratah licence surrounds the Mt Bischoff tin deposit recently purchased by Bluestone Tin Limited for approximately \$2.5 million in cash and shares. RFI considers that there is potential to discover extensions of the Mt Bischoff tin mineralisation within the Waratah licence.

NICKEL

There is potential for nickel skarn mineralisation within the narrow northeast striking ultramafic units. This is demonstrated by small scale historic nickel mining in the region, in the northern half of the Waratah and Heazlewood tenements containing ultramafic bodies. Targets are being developed based on deep seated structures tapping into the granite margin zones – acting as conduits for mineralising fluids.

GOLD

The Whyte River licence covers the eastern part of the historic Corinna Goldfield where it is estimated 600kg to 900kg of alluvial gold has been recovered including a 7.5kg nugget. A hard rock source of the alluvial gold has never been located and several gold in soil anomalies remain to be tested.

PLATINOID GROUP

The Heazlewood Complex was the world's largest supplier of platinum group metal (PGM), osmiridium alloy (Os, Ir and Ru) won from minor alluvial and bedrock workings in the early 1900's. Total recorded production from the entire field was of the order of 15,526oz of osmiridium alloy. There is potential to identify blind PGM deposits.

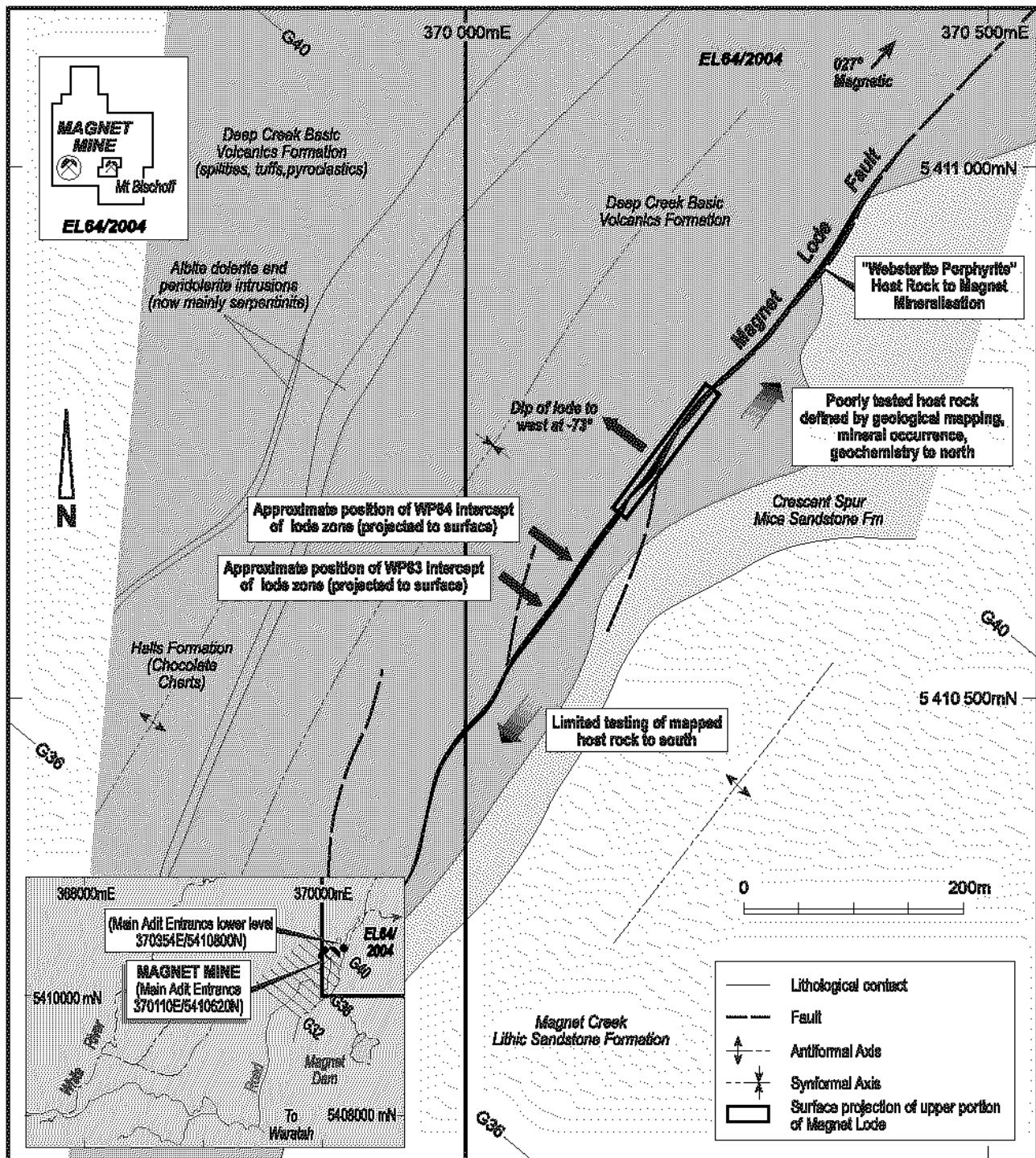


Figure 14: Plan View of the Magnet Mine area showing the interpretation of the Magnet Lode strike extent.

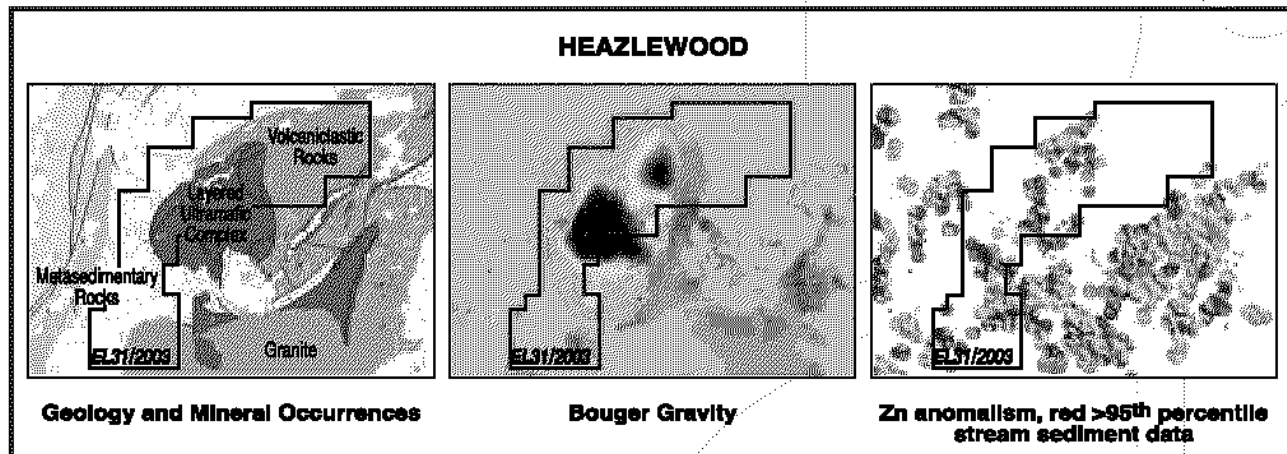


Figure 15: A montage showing the geology, gravity and geochemistry for the Heazlewood EL.

Mt. Bischoff mine in central excised area of RPA-Geographical Information L1



IRON

In the 1960's Industrial Mining Investigations drilled several aeromagnetic features defining a zone of magnetite-pyrite mineralisation at Rocky River of the style currently mined at the Savage River iron ore mine approximately 10km to the north.

and.....

Recent processing work has identified a regionally significant Zn and Ag anomaly coincident with a very large gravity 'high' overlying a thickened sequence of Cambrian ultramafic as shown in Figure 15. It's an obvious large scale geological "anomaly" possibly indicative of a mineralised structure which RFI plans to investigate further.

2.6.4 ROSEBERY REGIONAL PROJECT

This project consists of two exploration licences covering a prospective portion of the MRV and structures typically associated with mineralisation. Whilst these areas have generally been extensively explored in the past for base metals, the recent MRT airborne EM and magnetic data have highlighted several new opportunities for Hellyer and Rosebery style VHMS targets, including:

- The first Rosebery licence, immediately adjacent to Zinifex's Rosebery mine, contains several highly ranked VHMS targets supported by more than 10 VHMS occurrences, many of which are historic Pb-Zn-Ag-Au mines. The north-northeast trending Rosebery Fault cuts the western part of the tenement and the northeast trending Hellyer Fault strikes through the central north part. This intersection zone coincides with a large (>4km long) alteration zone and low-order geochemical anomalies which do not appear to have defined by very high Ishikawa indices in the CODES lithochemistry database.
- Inversion modelling for the other licence area suggests several features typically associated with intrusive related mineralisation in the region such as granite apophyses or "fingers" extending to near surface and northwest trending structures near the granite margin.

2.6.5 OONAH ZINC PROJECT

The Oonah Project comprises a single exploration license located approximately 5km northwest of Zeehan township. The Heemskirk anticlinorium, a folded sequence of neoproterozoic sediments, is underlain by the Heemskirk Granite that outcrops to the west of the Oonah Project. Within the Oonah Project the sediments have been offset by a series of northwest trending strike slip faults such as the Oonah Fault, which appear to have had a controlling influence on the position of known base metal mineral occurrences. These northwest trending faults merge into the Tenth Legion Fault which is a more regional and deep seated structure interpreted to have acted as a conduit for mineralising fluids.

The 23km² licence contains in excess of 44 known base metal occurrences three of which produced significant amounts of base and precious metals as shown below:

Oonah	863,000t at 1.05%Cu 1.23%Pb 0.98%Sn and 153g/tAg
Montana Silver-Lead	40,000t at 143g/t Ag, 5.3%Pb and 0.5g/t Au
Zeehan Western	300,000t at 480g/t Ag, 8.7%Pb and 0.5g/t Au



The Stannite Lode at the Oonah mine was last drilled between 1963 to 1981 by companies including Minops (subsidiary of Paringa), CRA Exploration Pty Ltd and Placer Dome. RFI is attracted to this target by the high tin, silver and copper grades over attractive thicknesses. It has the advantage of recent strong metal prices, improved downhole geophysical techniques and its access to a modern flotation plant approximately 70km away. Together these features combine to make Oonah an important and advanced target for the Company.

The earlier drilling was aimed at delineating ore grade mineralisation within the lode with the drilling extending over 600m of strike. Significant intercepts are given below, as true widths:

- 5.9m at 1.75% Sn, 2.4% Cu and 187g/t Ag (from 91.5m in hole OC4)
- 2.7m at 1.15% Sn, 1.1% Cu and 113g/t Ag (from 124.1m in hole M10)
- 5.8m at 1.51% Sn, 1.9% Cu and 153g/t Ag (from 138.1m in hole M1)
- 6.8m at 1.2% Sn, 1.0% Cu and 194g/t Ag (from 124.9m in hole Placer3)
- 0.85m at 6.3% Sn, 5.3% Cu and 79g/t Ag (from 163.9m in hole Placer5)

The drilling intercepted the Stannite Lode between 100m and 300m vertically below the surface, with the mineralisation open at depth as shown in Figure 16. In addition a new shoot appears to have been intersected to the northwest which commences approximately 100m below surface.

Exploration within the Oonah Project will initially focus on the Stannite Lode which provides early drill targets within a mineralised system that is open along strike and at depth with precedent of shoots which do not outcrop. There is also potential for replacement styles of mineralisation offering larger tonnage-potential targets. The mineral endowment of the Oonah Project is evident from the numerous known base and precious metal mineral occurrences many of which have not been drilled in conjunction with the spatial association of the fertile Heemskirk Granite.

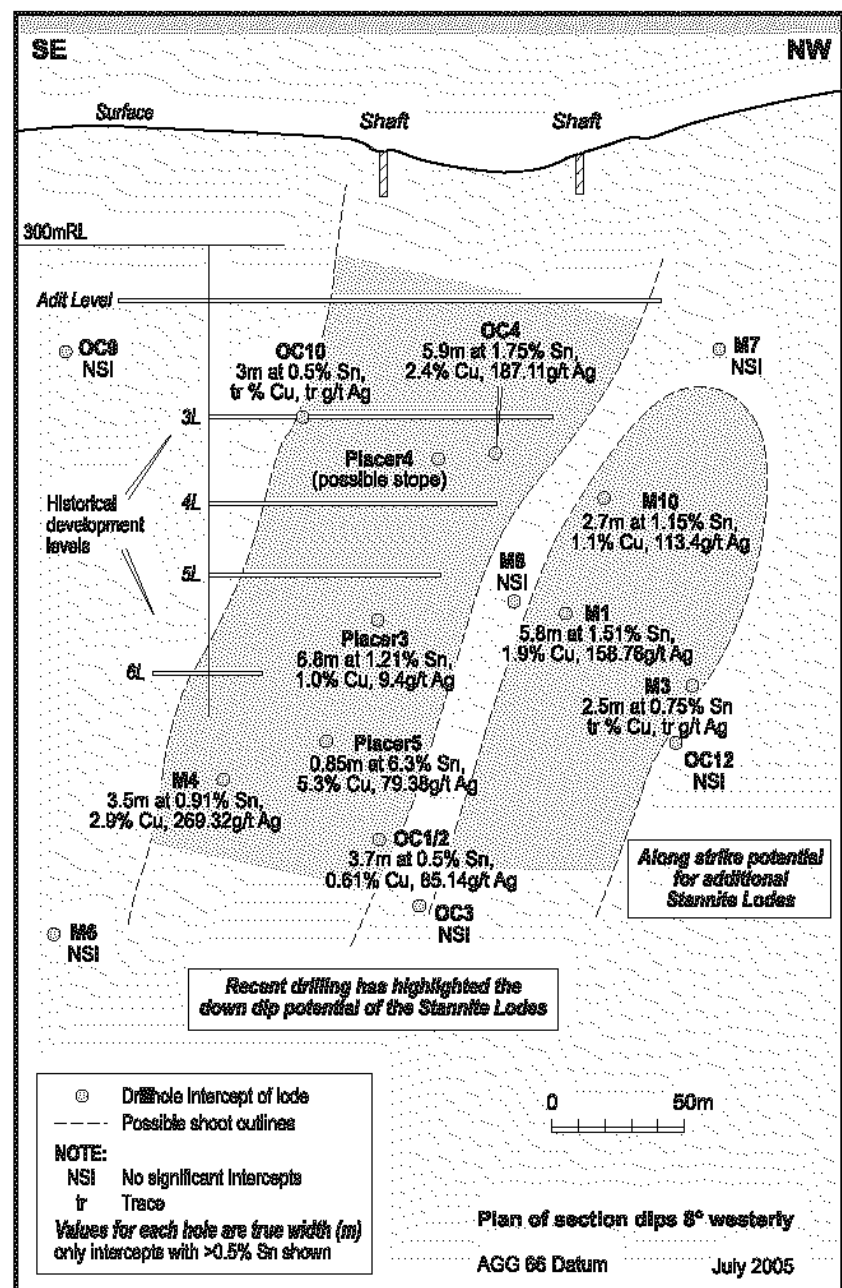


Figure 16: Long Section of the Stannite Lode.

2.7 TASMANIA

Tasmania has a mining history going back over 120 years. Current mineral production includes copper, gold, zinc, lead tin, iron ore and several industrial bulk commodities and includes downstream processing with an alumina refinery, zinc smelter and ferro-alloy plant. Mining and minerals processing contributed a total of \$1.5 billion of value to the State in the 2004 financial year. The minerals industry employed 4,000 people directly and an estimated 10,000 indirectly. There can be no doubt that the mining industry is relevant, vital and well supported by both the Tasmanian Government and Tasmanian people.

A recent world wide survey of 259 mining and mineral exploration companies by independent Canadian public policy research group, The Fraser Institute, on the allocation of exploration budgets based on mineral potential and mining policy of 64 different jurisdictions around the world consistently features Tasmania highly in the rankings on a range of items, including:

- Policy Potential Index ranked 10th and highest for Australian states (assesses how attractive government policies are from the perspective of the exploration company).
- Best Practices Mineral Potential Index ranked 1st ahead of Nevada (2nd) and Alaska (3rd) (assesses a jurisdictions "pure" mineral potential as it assumes all jurisdictions have a "best practice" policy regime).
- Regulatory Duplication and Inconsistencies ranked equal 1st with Nevada and Ireland (assesses the efficiency and objectiveness of the approval processes).
- Taxation Regime ranked equal 1st and highest for Australian states (assesses the deterrence of the tax regime to mineral investment, with first being considered not to have any deterrence).

The above survey results independently support the observation that the Tasmanian Government has taken steps over recent years to remove the perception that access is difficult, and to eliminate the threat of sovereign risk. These measures have included:

- The Mining (Strategic Prospectivity Zones) Act 1993 which provides security of access for exploration to most of Tasmania's Crown Land.
- The Mineral Resources Development Act 1995 which provides a clear prescribed process for the administration of access and obligations related to mineral exploration and development.
- The signing of the Tasmanian Regional Forest Agreement which aims at ensuring that the community benefits from the full range of forest uses, including mineral development by providing certainty of access to the mining industry.

RFI is committed to contributing to the development of Tasmania's mineral resources through its exploration activities, and to facilitate its goals and promote the sector within and outside Tasmania. RFI has joined the Minerals Council of Tasmania and Brand Tasmania.

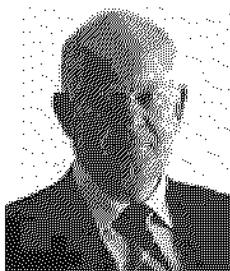
In summary, Tasmania offers a transparent and efficient regulatory framework to conduct mineral exploration and mine development activities. The State Government is supportive of the mining and mineral processing industries and has allocated funds to foster and develop Tasmania's mineral potential. The facts demonstrate that mining is an important and relevant industry to the economy of Tasmania.



Surface expression of S-1235 - Looking South

3.1 BOARD OF DIRECTORS & EXECUTIVES

The Company has a well respected Board and management team with extensive and varied experience in the resources industry. Brief summaries of the Directors and management profiles are set out below.



DON BOYER

BSc (Hons), CP Geo, FAIMM, MAIG, MAICD

Non-Executive Chairman

Don is a geologist and resource company manager with over 34 years experience in gold and base metals exploration and management of resource projects in Australia and overseas.

He has considerable experience in exploration management, project management and assessment, feasibility studies and development analysis. His experience includes responsibility for technical operations from project acquisition through discovery to production and has been instrumental in the listing of a number of successful junior exploration companies.

He was Managing Director of Gilt-Edged Mining NL, from its listing in 1996 until the successful take-over of that company by Goldfields Limited in 2000 after the discovery of in excess of 1 million ounces of gold at East Kundana, resulting in significant wealth creation for shareholders.

He has held management positions in various companies including MIM Holdings Limited's exploration division, a subsidiary of the French group COGEMA, and a number of listed Australian resource companies, including most recently the Managing Director position with Australian Mines Ltd.

Don is currently the non-executive chairman of Western Areas NL and of Midas Resources Ltd.



MICHAEL ROSENSTREICH

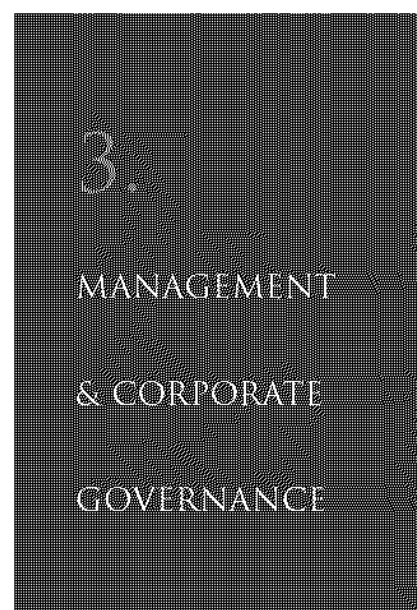
BSc(Hons), MMEE, MAIMM

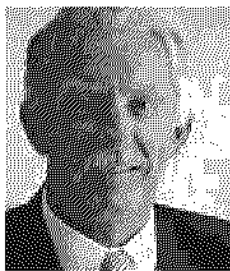
Managing Director

Michael has a strong combination of technical and commercial skills gained over the past 20 years in the banking and mining sectors. He is a geologist with 12 years of experience gained in both exploration and mining roles including management positions with companies including Homestake Mining, Dominion Mining and Consolidated Gold.

Since then he was a senior member of the Rothschild resource finance team where he was involved in domestic and offshore project and corporate financings covering a range of commodity types. He left Rothschild in late 2002 to become involved with several junior and start-up resources companies in management, corporate advisory and technical consulting roles. He is currently also a non-executive director of RedOx Diamonds Ltd.

Graduating in 1984 from Otago University (NZ) with an Honours degree in Geology, Mike went on to complete a Masters of Mineral and Energy Economics at Macquarie University in 1996. He is a member of the Australian Institute of Mining and Metallurgy.





CRAIG MCGOWN

B. Comm, FCA, ASIA Non-Executive Director

Craig has more than 30 years experience in corporate finance, covering mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings.

He holds a Bachelor of Commerce degree from the University of Western Australia, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Securities Institute of Australia.

Craig has significant experience with capital raisings in both domestic and foreign financial markets and has been involved in a number of successful capital raising transactions. Craig has also served on the Boards of a number of listed and unlisted companies including Resource Finance Corporation Limited as an executive director. He is currently executive chairman of DJ Carmichael Pty Limited.



KIERAN RODGERS

B.E. (Hons.) Min. (UNSW), MBA (IMD) Non-Executive Director

Kieran is the current Chief Financial Officer and Business Development Manager of Intec. Kieran joined Intec in March 2001 after 13 years of experience in merchant banking and financial consulting, largely with Resource Finance Corporation Ltd, with a specific focus on the Australian and international resources industry.

Prior to entering the merchant banking sector, he gained three years of operational mining engineering experience in the gold and base metals industries, including at the Cobar copper mine.

DESMOND KELLY

B. Comm, CPA, MAICD Chief Financial Officer and Company Secretary

Des has nearly 30 years financial and corporate management experience focussed mainly in the resources sector. He was Dominion Mining's Group Chief Accountant in that company's key growth phase in the mid-eighties responsible for all aspects of the Companies accounts as well as management of the hedging position and securing project finance. Between 1994 and 1998 he held the roles of Finance Director and Managing Director of Horizon Mining NL before establishing his own corporate management consulting business. Des now contributes corporate and administration management expertise to several listed groups including Universal Resources, Traka Resources, Midwest Corporation and B-Digital as well as RFI.



MARK DERRIMAN

BSc(Hons), MAppSc, MBA, MAIMM Exploration Manager-Tasmania

Mark completed a BSc(Hons) in Geology from the University of NSW in 1982 followed by an MAppSc in Remote Sensing and GIS also at the University of NSW in 1984. Starting his career with the Northern Territory Geological Survey and then Geopeko based in Queensland, Mark moved to Western Australia, with Ashton Gold where he was part of the successful Duketon Belt gold exploration team that delineated in excess of 1 million ounces of gold. In the mid 1990's, with Mount Burgess Gold Mines, he was part of the discovery team for the Red October 450,000 ounce gold mine using high resolution helimagnetics for exploration on salt lakes. From 1995 to 2001 Mark worked for Normandy Exploration and was involved in projects throughout Australia, and ultimately specialising in exploration geochemistry for the group. Since then Mark has been involved in near-mine nickel exploration with Mincor and project generation work for iron ore with Aquila Resources. He contributes a great depth of experience in both regional and near mine exploration and is a well regarded and successful manager. Mark will relocate to Burnie, Tasmania on completion of this Offer.

3.2 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are relevant to the organisation at this point in time, the Company has adopted the Ten Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council.

In carrying out the functions and exercising the powers set out in its Corporate Governance policy, the Board will at all times act to protect and enhance shareholder value and to conduct the Company's business ethically and in accordance with the law. It will practice the highest standards of corporate governance in the interests of shareholders, employees, customers and the communities in which it operates. The Policy is available on the Company's website at www.rfilimited.com and key elements are summarised below.

FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for the overall management of RFI and for directing its strategic goals, with the aim of creating and delivering shareholder value through maximising the performance of RFI's projects.

There is a clear balance of responsibility between the Managing Director and the Chairman of the Company. The Board has delegated to the Managing Director authority over the day-to-day management of RFI and its operations; specifically:

- (a) managing the Company;
- (b) recommending policy and strategic direction for Board approval; and,
- (c) conducting the day-to-day operation of the Company.

The Chairman will be responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board to the public.

BOARD STRUCTURE & COMPOSITION

The composition of the Board and the members' relevant experience is set out in Section 3.1. The composition is currently not in compliance with recommendation 2.1 of the ASX Corporate Governance Guidelines. The need for access to supporting equity and skills as required, and a flexible cost structure are greater imperatives for RFI as an exploration company, than the largely mutually exclusive concept of independence, which is much more relevant to larger corporations with substantial workforces.

However, as RFI moves to become a minerals producer the concept of independence will become more relevant and the Company will examine steps to progressively increase the independence of its Directors over time.

Within the current Board, Messrs Boyer, McGown and Rodgers are all non-executive Directors, with the Chairman, Mr Don Boyer, being considered independent.

The Board has not established separate committees for Audit and Risk Management, Remuneration and Nomination. The Board considers that the Company is not of a sufficient size, nor are the affairs of the Company sufficiently complex to warrant the existence of separate committees. All matters which could be delegated to such committees are dealt with by the full Board.

OCCUPATIONAL HEALTH AND SAFETY POLICY

The Company is committed to operating in a manner that will ensure that the highest practical standards of occupational health and safety are maintained in all of its operations.

RFI personnel will ensure that all of their activities are carried out in the manner required by the appropriate legislation and standards, and that a healthy and safe workplace is maintained.

ENVIRONMENTAL POLICY

To achieve the standards of environmental performance to which it is committed, RFI will conduct its operations, at a minimum, in compliance with all relevant environmental regulations, licences and legislation.

RFI is committed to the principles of sustainable development. It sees the environment as an opportunity for economic growth and business success while acknowledging that all of the Company's activities must be balanced with protection of the environment.

The development of an environmentally responsible culture is to be promoted at all locations and environmental awareness is to be included as a major component in the induction of personnel at all sites. An integral process through all phases of RFI's mining and exploration activities is the assessment and control of environmental impacts.

CODE OF CONDUCT FOR COMPANY DIRECTORS AND SENIOR EXECUTIVES

As a general proposition, it is expected that Directors and senior executives will actively promote the highest standards of ethics, honesty and integrity in carrying out their roles and responsibilities within the Company.

In addition, in dealing with the Company's suppliers, competitors, customers, and other organisations with which they have contact, they will exercise fairness and integrity, and will observe the form and substance of the regulatory environment in which the Company operates.

At all times, Directors and senior executives must act in the interests of the Company. They are therefore required to disclose any actual or perceived conflicts of interest, and to conduct themselves professionally and honestly in the resolution of such conflicts.

PERFORMANCE EVALUATION

The Board has a policy of annual performance review to measure its own performance. The Board is responsible for the appointment of the Managing Director and will conduct an annual review of his performance and of any other key executives of the Company.

CONTINUOUS DISCLOSURE POLICY

RFI has a comprehensive disclosure policy to comply with the ASX Listing Rules regarding the public disclosure of material information. The aim of this policy is to ensure that RFI releases price-sensitive information in a timely and ordered manner.

SHAREHOLDER COMMUNICATIONS POLICY

The Board of Directors is responsible for ensuring shareholder communications are adequate and appropriate and are based on transparency and sound corporate governance principles.

These principles form the basis of the Shareholder Communications Policy of the Company. The objective of this policy is to provide shareholders with important information in a timely manner through written and electronic communication.

The Company promotes direct communications with shareholders and encourages them to direct questions or requests for information to the Directors or management through the Managing Director.

SHARE TRADING POLICY

The Share Trading Policy has been written in an effort to prevent the incidence of insider trading in the Company's securities by Directors, senior managers and other employees and person associated with any of them on the basis that the Company's Shares and Options will eventually be listed on the Australian Stock Exchange. This policy sets out when trading in the Company's securities by Directors, senior managers and other employees is permitted and what approval is required prior to the trade occurring.

Example of Western Tasmania's extensive hydro-electric infrastructure



1 August 2005

The Directors
Resource Finance and Investments Ltd
Ground Floor
43 Ventnor Street
WEST PERTH WA 6005

INDEPENDENT
GEOLOGIST'S
REPORT

Dear Sirs

INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL ASSETS OF
RESOURCE FINANCE AND INVESTMENTS LTD

At your request Snowden Mining Industry Consultants ("Snowden") has prepared an Independent Geologist's Report on the Mineral Assets of Resource Finance & Investments Limited ("RFI") located in the Mt Read Volcanic belt of western Tasmania. It is our understanding that this report will be included in a Prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC"). The purpose of the Prospectus is to offer for subscription up to 17.5 million ordinary shares at an issue price of \$0.20 per share to raise a total of \$3.5 million (with a minimum subscription of \$3 million) before costs of the issue to fund the future assessment of RFI's projects.

The objective of this report is to present for each project a geological description, an outline of previous mining and exploration work and an opinion on the exploration potential of the projects and on RFI's proposed costed exploration programmes over the next two years.

Snowden has based its assessment of RFI's Tasmanian tenements on a site visit to the Hellyer, Mt Bischoff and Rosebery project areas during January 2005; discussions with directors and consultants of RFI, and on technical information compiled by RFI, its joint venture partners, previous tenement holders and Mineral Resources Tasmania ("MRT"). Information relating to historical production, previous exploration and mineral occurrences over RFI's project areas has largely been derived from open file reports and databases held by MRT. No field visit was made to the Henty East, Loyetee and Oonah properties for the purpose of this report, as they represent exploration properties in the early stages of assessment.

A listing of the documents referenced is provided at the end of this report. Consents have been sought from RFI's consultants to include technical information and opinions expressed by them. None of the other entities referred to in this report have consented to their inclusion in this Prospectus and have only been referred to in the context of reporting material fact.

Snowden has based its findings upon information known to us as at 30 June 2005 and has satisfied itself that all material information in the possession of RFI and its consultants has been fully disclosed to Snowden. RFI has agreed to indemnify Snowden from any liability arising from its reliance upon information provided or from information not provided. A draft version of this report was provided to the directors of RFI for comment in respect of omission and factual accuracy.

Snowden has prepared this report on the understanding that all RFI's granted tenements are currently in good standing and that there is no cause to doubt the eventual granting of any tenement applications. Snowden has not attempted to establish the legal status of tenements within each project area with respect to Native Title claims or potential environmental and access restrictions. Snowden has not independently verified ownership and current standing of RFI's tenements and is not qualified to make legal representations in this regard. Rather we have relied upon information provided by RFI and on independent tenement searches undertaken through the TIGER system of MRT. It is our understanding that the current ownership status and standing of the tenements is dealt with in a separate Solicitor's Report in Section 5 of this Prospectus.

The proposed exploration programmes developed by the management of RFI and reviewed by Snowden have been designed to realise the potential of its project areas in a prudent and efficient manner. RFI's planned commitment of \$2.45 million (or \$2.34 million should the minimum subscription be achieved) to the exploration and evaluation of the project represents approximately 70% (or 78% should the minimum subscription be achieved) of the funds proposed to be raised by RFI after costs of the issue and administration. We note that these amounts are sufficient to meet RFI's joint venture commitments and the minimum expenditure obligations for each tenement as specified by MRT.

From Snowden's assessment of RFI's projects at Hellyer, East Henty, Loyetee, Mt Bischoff, Rosebery and Oonah, it is our opinion that the projects are of merit and that the evaluation programmes proposed have been carefully conceived and costed.

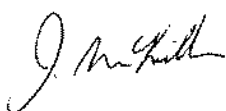
This report has been prepared by Mr Jeames McKibben (Consultant) and reviewed by Mr Philip Retter (Divisional Manager Corporate Services) of Snowden's Perth office in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports ("the VALMIN Code") and Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code").

Snowden is an independent firm providing specialist mining industry consultancy services in the fields of geology, exploration, resource estimation, mining engineering, geotechnical engineering, risk assessment, mining information technology and corporate services. The company, with its principal office at 87 Colin Street, West Perth, Western Australia, also operates from offices in Brisbane, Johannesburg, Vancouver and London has prepared independent technical reports and valuations on a variety of mineral commodities in many countries.

Neither Snowden nor those involved in the preparation of this report have any material interest in RFI or in the mineral properties considered in this report. Snowden is remunerated for this report by way of a professional fee determined according to a standard schedule of rates which is not contingent on the outcome of this report.

Snowden has given and has not before lodgement of RFI's Prospectus with ASIC withdrawn its written consent to being named as author of this report and to the inclusion of this in its Prospectus.

Yours faithfully



Mr J A J McKibben *BSc(Hons), MBA, MAIG*

Consultant



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Divisional Manager - Corporate Services

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10 SUMMARY

Resource Finance and Investments Limited ("RFI") is an unlisted public resource company which was incorporated in July 2004. Through a series of acquisition and joint venture agreements, RFI has built a diverse portfolio of exploration interests over western Tasmania and is now seeking to list on the Australian Stock Exchange ("ASX") in order to raise working capital to fund the future assessment of its projects.

RFI's principal mineral assets comprise several gold and base metal exploration projects in the Mt Read Volcanic belt ("MRV") of western Tasmania centred on the former Hellyer mine, located some 60km south of Burnie on Tasmania's northwest coast.

Upon fulfilling its farm-in obligations, RFI's mineral portfolio in western Tasmania will comprise a 100% interest in Intec Ltd's ("Intec") Hellyer project; a 75% interest in Geoinformatics Exploration Australia Pty Ltd's ("Geoinformatics") Loyetee, Mt Bischoff, Rosebery, Oonah and East Henty project tenements; a 70% interest in Pioneer Nickel Ltd's ("Pioneer") Heazlewood and Whyte River tenements; and a 60% interest in Adamus Resources Ltd's ("Adamus") Bond Range and Mt Selina projects.

In addition to its extensive land position in western Tasmania, RFI has negotiated a number of strategic alliances with Zinifex Australia Limited ("Zinifex"), Geoinformatics, Intec and Stacpoole Enterprises Pty Ltd ("Stacpoole"). These alliances provide RFI with access to Geoinformatics' geo-spatial data management and target generation expertise, a priority right to utilise Intec's processing facility at Hellyer and priority use of Stacpoole's diamond drilling equipment. Zinifex has also agreed to a pro-rata contribution of up to \$1 million in exploration expenditure over 2 years at the Hellyer project.

RFI's project areas form a discontinuous tenement package over an area of approximately 1,000km² and a distance of some 120km covering the MRV belt and peripheral Devonian granites. The MRV is of Cambrian age and consists of a sequence of felsic to intermediate lavas and volcanoclastic units interbedded with pelitic, tuffaceous and graphitic sedimentary rocks. These units have been subjected to lower greenschist facies metamorphism, deformed by polyphase folding, shearing and faulting, and intruded by dolerites, quartz feldspar porphyries and several large, Devonian-aged granitoid bodies. This has resulted in a strong north-northeast to northwest trending fabric, paralleled by the regional scale Henty and Rosebery Fault zones, which are two anastomosing networks of faults and shears intimately associated with the base metal and gold mineralisation of the central and northern MRV. Much of the northern MRV is buried beneath an extensive cover of Tertiary flood basalts.

The MRV is prodigiously mineralised hosting several significant base metal deposits, most notably the Mt Lyell, Rosebery, Renison, Mt Bischoff, Que River and Hellyer mines, in addition to the Henty gold deposit. Up until the late 1990s, land tenure over much of the MRV was tightly held by a few mining companies. Whilst these companies historically explored and exploited extensive areas of the MRV, RFI's strategy is to identify and develop geologically driven conceptual targets considered prospective for volcanic-hosted massive sulphide ("VHMS") lead-zinc-silver, structurally-hosted gold and intrusive related base metal mineralisation within its project areas.

The Hellyer project comprises a coherent tenement holding centred over the former Hellyer and Que River base metal mines. Despite these tenements having been explored on an almost continuous basis since the discovery of base metal mineralisation in the MRV in the late 1870s to 1880s, the significant discoveries at Que River and Hellyer were not made until the 1970s and 1980s. The base metal mineralisation within these mines is stratiform and stratabound, occurring along the upper and lower contacts of a chaotic sedimentary and dacite-dominated volcanic package, known as the Mixed Sequence within the Que-Hellyer Volcanics ("QHV") sequence. The QHV sequence appears to have been complexly deformed, with the Hellyer deposit interpreted to lie within the nose of an open, moderately north-plunging antiform, whilst the Que River deposit lies within a tightly folded and faulted synform.

A small resource of moderate grade sulphide mineralisation remains at Que River, referred to as the S Lens deposit. The Mineral Resource estimate for S Lens as reported by McArthur Ore Deposit Assessments Pty Ltd ("MODA") is summarised in the following table:

Que River S Lens Mineral Resources (after MODA, 2005)

Resource category	'000 Tonnes	Density	%Cu	%Pb	Grade %Zn	g/t Ag	g/t Au
Indicated	164	3.91	1.5	1.7	5.3	70	0.34
Inferred	206	3.90	1.9	1.2	3.3	59	0.26
TOTAL	370	3.90	1.7	1.4	4.2	64	0.30

In Snowden's opinion, the S Lens resource estimate and classification has been appropriately reported in accordance with the JORC Code (2004).

On-going exploration and assessment programmes at S Lens are planned by RFI and involve expanding the resource and preliminary mining studies to confirm its economic viability. In addition, RFI proposes to conduct further exploration over the distinctive barite-silica alteration zones at Mt Charter, some 7km to the south of the Hellyer concentrator, to locate high grade zones of gold mineralisation. Previous exploration at Mt Charter had focussed on the prospect's base metal potential, with only very limited assessment of its gold prospectivity.

Outside of its main prospect areas at S Lens and Mt Charter, RFI plans to introduce innovative geological concepts supported by recently released Mineral Resources Tasmania ("MRT") geophysical data to generate new gold and base metal targets for drill testing. Preliminary data compilation by RFI has highlighted a number of structural/stratigraphic, geochemical and geophysical targets which remain poorly tested but represent worthy exploration targets that offer potential for further zones of high grade base metal mineralisation and for the discovery of Henty-style gold mineralisation within the Hellyer project area.

Outside of its main Hellyer project, RFI proposes to conduct further exploration over its regional projects, namely the East Henty, Loyetee, Mt Bischoff, Rosebery and Oonah project areas.

The East Henty project area is located in proximity to the regional-scale Henty Fault zone, which hosts Placer Dome Asia Pacific Ltd's ("Placer Dome") Henty gold mine some 3km west of the project area. Within RFI's East Henty project area, the Eastern and Western Pyrite zones represent the most advanced exploration targets, which comprise elongate alteration zones hosting minor base metal mineralisation. Previous wide-spaced diamond drilling over these zones has intersected narrow zones of low grade copper-zinc-silver mineralisation with associated anomalous gold values. Snowden considers that further investigations are warranted to evaluate these prospects for their potential to host zones of high grade base metal and gold mineralisation.

The Loyetee project area is considered by Snowden to be highly prospective for high grade, Hellyer-style VHMS base metal mineralisation as it covers the northeastern extensions of QHV stratigraphy and associated structures, which is concealed by variable thicknesses of Tertiary basalt. This basalt cover has impeded the effectiveness of previous exploration with most work restricted to inliers of Cambrian basement rocks. The project area also lies adjacent to the Devonian Housetop and Dalcoath granite intrusions, which host several small intrusive related tin-tungsten and gold, silver, lead and zinc occurrences. Elevated gold values have been reported from rock chip sampling along the Mariner workings in the Bonds Range area, which require further investigation.

RFI's Mt Bischoff project tenements lie adjacent to the historically significant Cleveland and Mt Bischoff tin deposits and the Magnet silver-lead-zinc deposit. The project area is dominated by rocks within and to the immediate east of the Arthur Lineament, which is a highly deformed and metamorphosed zone of Proterozoic sedimentary and basic volcanic rocks. These rocks have been intruded by the Merideth Granite, which is spatially associated with lead, zinc, copper, iron, tungsten, silver and gold occurrences as well as some platinum group metal ("PGM") and nickel occurrences. Geophysical modelling has shown the Merideth Granite to continue as a shallow spine beneath RFI's project tenements, potentially acting as a source of mineralising fluids. RFI has identified a number of exploration targets within its Mt Bischoff project area, including the occurrence of a coincident gravity – stream sediment anomaly and a potential extension to the Magnet lead-zinc-silver deposit, which appears poorly tested along strike to the north and south, and beneath the historic mine workings. Snowden considers this setting to host good potential for tin and base metal mineralisation along the margins and within the roof zone of the Merideth Granite.

RFI's Rosebery project lies immediately adjacent to the Rosebery lead-zinc mine and is underlain by similarly prospective host rocks, including volcanic lavas, breccias and volcanoclastic units of the Central Volcanic Complex ("CVC") sequence. In addition, limestone and calcareous sediments lying along the southern margin of the Merideth Granite are interpreted by Snowden to provide good geological settings for skarn and replacement-style base metal mineralisation. Recently released MRT aeromagnetic and EM

geophysical data for the Rosebery area has also highlighted several new geophysical anomalies which remain to be fully assessed and are prospective for Hellyer-style VHMS deposits.

The Oonah project area lies immediately north of the historic mining centre of Zeehan and includes the former Oonah, Montana and Zeehan Western lead-zinc-silver-copper mines, in addition to numerous other base metal occurrences. The project area is underlain by Proterozoic slates and quartzites which have been intruded by the Devonian Heemskirk Granite. Geophysical interpretations have shown this granitic body to continue at shallow depths beneath the Zeehan lead-zinc-silver field, with several cupola positions interpreted to underlie RFI's project area. RFI has identified an advanced exploration target at the historic Oonah mine, where previous drilling encountered potential extensions and repetitions to the high grade tin-silver-copper mineralisation beneath the historic mine workings. Snowden considers that these provide valid exploration targets for skarn and replacement-style base metal mineralisation.

RFI has proposed a staged exploration strategy based on initially evaluating advanced targets such as S Lens and Mt Charter within the Hellyer project and using these to fund the future assessment of other regional opportunities, such as the historic Oonah and Magnet mines and others which may be generated through the Zinifex alliance. Also, by leveraging off the Geoinformatics alliance, RFI proposes to introduce a new gold focus to its exploration projects and place greater emphasis on a range of base metal and gold exploration models than previously applied within this world-class polymetallic mineral province.

RFI's exploration strategy in northwestern Tasmania will be underpinned by the presence of Intec's Hellyer concentrator and proposed tailings treatment plant within its project tenements. RFI has been provided with a Letter of Intent giving it guaranteed processing capacity and a first right to purchase the Hellyer concentrator. This infrastructure provides RFI with a significant opportunity to evaluate and potentially exploit a wide variety of mineralisation styles present over the Hellyer project area.

Snowden has concluded from its review of RFI's western Tasmanian project areas that they are of merit and worthy of further exploration. RFI has proposed a two year exploration programme to evaluate numerous targets within its Hellyer and regional project areas with a budgeted expenditure of \$2.45 million. A summary of the proposed expenditure is presented in the table below.

Should the minimum subscription of \$3 million be achieved, then RFI will reduce its exploration budget to \$2.34 million with less funding allocated to target generation and follow-up activities such as drilling on its secondary exploration targets within the Hellyer project area.

Summary of RFI's proposed exploration budget

Project	Year 1	Year 2	Total
Hellyer	732,000	483,000	1,215,000
East Henty	120,000	16,000	136,000
Loyetea	241,000	181,000	422,000
Mt Bischoff	242,000	87,000	329,000
Rosebery	75,000	23,000	98,000
Oonah	33,000	6,000	39,000
General Exploration	62,000	68,000	130,000
Project Generation	43,000	43,000	86,000
TOTAL	\$1,548,000	\$907,000	\$2,455,000

RFI's ultimate success in discovering and developing base metal and gold deposits within its project areas will be dependent largely upon the skills of its exploration team and its alliances with Zinifex and Geoinformatics. In Snowden's opinion, RFI has the key elements in place to achieve its objectives. Furthermore, Snowden considers RFI's exploration strategy to be justified and is satisfied that the proposed exploration programmes have been well defined and are appropriate.

2.0 INTRODUCTION

Resource Finance and Investment Limited ("RFI") is an unlisted public resources company which was incorporated in July 2004. Through a series of acquisitions and joint venture agreements, RFI has built a diverse portfolio of exploration interests in western Tasmania and is now seeking to list on the Australian Stock Exchange ("ASX") in order to fund the future assessment of these projects.

RFI's principal focus is on the exploration for gold and base metal deposits in the highly mineralised Mt Read Volcanic belt ("MRV") of western Tasmania centred on the former Hellyer mine area, located some 60km south of Burnie on Tasmania's northwest coast (Figure 2.1). RFI's tenement portfolio stretches from east of Burnie to the township of Queenstown in central-western Tasmania.

The area has a long mining history with the discovery of tin mineralisation at Mt Bischoff in the 1870s which was followed by the discovery of the significant base metal deposits at Queenstown and Zeehan in the 1880s. Since that time, extensive exploration and mining has occurred throughout the MRV, most notably at the Mt Lyell, Rosebery, Henty, Renison, Mt Bischoff, Que River and Hellyer mines. Up until the late 1990s, land tenure over much of the MRV was tightly held by a few mid-tier and major mining companies. Whilst these companies historically explored and exploited extensive areas of the MRV, RFI's strategy is to identify and develop geologically driven conceptual targets by introducing new technologies, recently released geophysical data and a diverse range of base metal and gold exploration models to its project areas.

To this end, RFI has identified and consolidated a diverse portfolio of exploration tenements which it considers prospective for volcanic-hosted massive sulphide ("VHMS") lead-zinc-silver deposits as well as structurally-hosted gold and intrusive-related tin-tungsten mineralisation.

In December 2004, RFI acquired the hard-rock mineral rights to the Hellyer tenements from Intec Ltd ("Intec"). This agreement included a sublease over the main Hellyer mining lease, CML103M/1987, which grants RFI "the rights to all in-situ mineral resources" over the former Hellyer leases. Since that time, RFI has entered into joint venture agreements with Geoinformatics Exploration Australia Pty Ltd ("Geoinformatics"), Adamus Resources Limited ("Adamus") and Pioneer Nickel Limited ("Pioneer") over several prospective areas surrounding its Hellyer project.

RFI has also negotiated four strategic alliances with Zinifex Limited ("Zinifex"), Geoinformatics, Intec and Stacpoole Enterprises Pty Ltd ("Stacpoole"). These alliances provide RFI with the expertise of more than 20 highly qualified geoscientists and technical staff in the fields of geo-spatial data management, target generation and exploration management, as well as pro-rata funding of its exploration programmes within the Hellyer project and priority access to Intec's Hellyer processing facility and Stacpoole's diamond drilling equipment.

2.1 AGREEMENTS AND TENEMENT STATUS

A summary of RFI's key purchase and farm-in joint venture agreements as advised by the company is presented below. More detailed information relating to these agreements are provided in the Material Contracts section of this Prospectus.

- in consideration for the acquisition of the Hellyer exploration tenements and sublease over CML103M/1987, RFI has agreed to issue Intec with a total of 8.0 million ordinary shares at an issue price of \$0.15 and 2 million free options to acquire RFI shares for \$0.25 each on or before 31 July 2007, giving RFI a 100% interest in the Hellyer project comprising one granted consolidated mining lease (CML103M/1987), two granted mining leases (ML68M/1984 and ML10W/1980), one retention lease (RL11/1997) and two exploration licences (EL17/1999 and EL24/2004);
- under the terms of its exploration joint venture agreement with Geoinformatics, RFI has agreed to acquire a 75% interest in Geoinformatics' tenements in northwestern Tasmania for the consideration of 150,000 RFI shares at an issue price of \$0.15 per share. RFI and Geoinformatics will then form a joint venture on a 75:25 equity split. Geoinformatics is also eligible to earn performance shares for significant increases to the resource base on all of RFI's projects. Furthermore, RFI and Geoinformatics have agreed to an alliance, with Geoinformatics providing its geo-spatial data management and target generation capabilities exclusively to RFI for all its projects in an agreed "Area of Mutual Interest". Under the terms of its agreement with Geoinformatics, RFI will hold a 75% interest in Geoinformatics' Loyetea, Mt Bischoff, Rosebery, Oonah and East Henty project tenements comprising:
 - Rosebery project - North Rosebery EL54/2004 and Huskisson EL3/2005;
 - Oonah project - Oonah EL63/2004;
 - Loyetea project - Wilmot EL51/2004, Loyetea EL52/2004, Leven River EL53/2004 and Highclere EL4/2005;
 - East Henty project - Lynchford EL2/2005;
 - Mt Bischoff project - Waratah EL64/2004;
- under the terms of its joint venture agreement with Adamus, RFI has agreed to a staged farm-in to acquire a minimum 60% interest in the Bonds Range and Mt Selina tenements by assuming 100% of Adamus' expenditure commitments on these tenements. These commitments are currently estimated at \$202,000 per annum ("pa") for the year ended January 2005 and \$472,500 pa for the year ending January 2006. Snowden notes that these commitments are likely to decrease substantially following voluntary tenement reductions in early 2005 by RFI. RFI will initially hold a 60% interest in Adamus' Bonds Range EL28/2002 and Mt Selina EL29/2002 projects; and
- RFI can earn a 70% interest in Pioneer's tenements through sole funding of exploration to a value of \$300,000. This can be increased to 80% equity with the expenditure of a further \$300,000. RFI will hold a 70% interest in Pioneer's Heazlewood EL31/2003 and Whyte River EL36/2003 projects upon completion of the Pioneer joint venture.

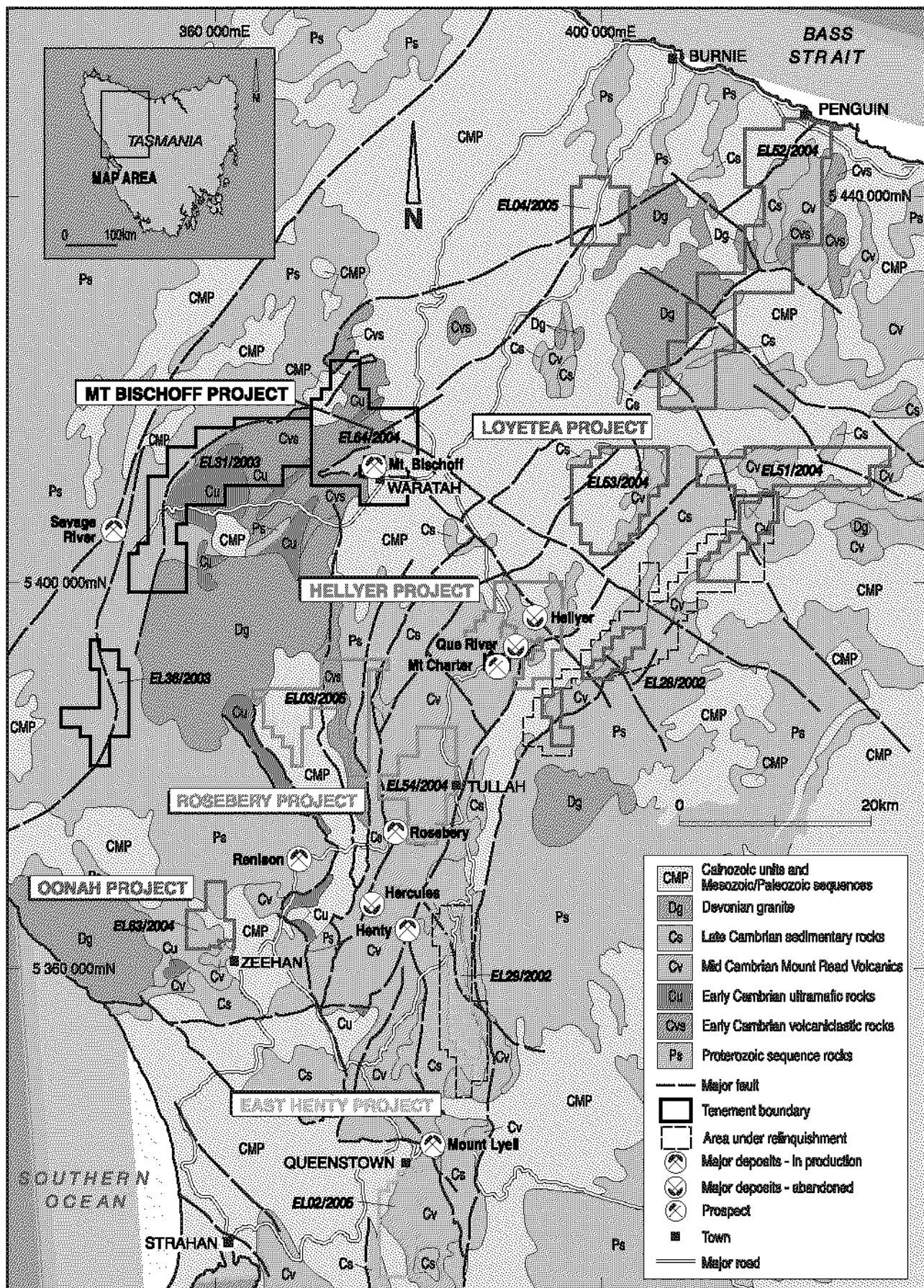


Figure 2.1 Location of RFI's project areas, simplified geology and mineral deposit map of Western Tasmania (prepared by RFI)

RFI has structured its exploration tenements outside of the Hellyer project into five geographic groupings, referred to from north to south as; Loyetee, Mt Bischoff, Rosebery, Oonah and East Henty. These project groupings, as well as the status of the individual tenements within the projects and RFI's equity entitlement is detailed in Table 2.1.

Table 2.1 RFI's tenement schedule

Tenement	RFI equity	Grant date	Area (km ²)	Rent	2 Year expenditure commitment*	Performance bonds	Registered holder
HELLYER							
Hellyer CML103M/1987	100%	1/1/1987	17	\$3,880	-	\$10,000	Intec – RFI Sublease 100%
Hellyer ML68M/1984	100%	29/3/1988	3	\$4,578	-	\$30,000	RFI 100%
Hellyer ML10W/1980	100%	9/6/1981	0.2	\$336	-	-	RFI 100%
Mt Charter RL11/1997	100%	5/6/1998	4	\$488	-	-	RFI 100%
Mt Cripps EL17/1999	100%	30/3/2001	12	\$440	\$75,000	\$10,000	RFI 100%
Bulgobac River EL24/2004	100%	30/07/2004	32	\$602	\$187,000	\$10,000	RFI 100%
EAST HENTY							
Lynchford EL2/2005	75%	Application	44	\$828	\$33,000	\$6,210	Geoinformatics (25%)
Mt Selina EL29/2002	60%	31/1/2003	58	\$4,000	\$139,750	\$7,000	Adamus, RFI earning 70%
LOYETEE							
Wilmot EL51/2004	75%	Application	75	\$1,411	\$56,250	\$7,063	Geoinformatics (25%)
Loyetee EL52/2004	75%	Application	186	\$3,499	\$139,500	\$10,115	Geoinformatics (25%)
Leven River EL53/2004	75%	Application	81	\$1,524	\$60,750	\$7,228	Geoinformatics (25%)
Highclere EL4/2005	75%	Application	38	\$715	\$28,500	\$6,045	Geoinformatics (25%)
Bonds Range EL28/2002	60%	31/1/2002	54	\$8,000	\$174,750	\$8,000	Adamus, RFI earning 60%
MT BISCHOFF							
Waratah EL64/2004	75%	Application	105	\$1,975	\$78,750	\$7,888	Geoinformatics (25%)
Heazlewood EL31/2003	70%	25/03/2004	136	-	\$238,000	\$10,000	Pioneer, RFI earning 70%
Whyte River EL36/2003	70%	29/07/2004	44	-	\$77,000	\$7,000	Pioneer, RFI earning 70%
ROSEBERY							
North Rosebery EL54/2004	75%	Application	56	\$1,053	\$42,000	\$6,540	Geoinformatics (25%)
Huskinson EL3/2005	75%	Application	74	\$1,392	\$55,500	\$7,035	Geoinformatics (25%)
OONAH							
Oonah EL63/2004	75%	Application	23	\$440	\$17,250	\$5,633	Geoinformatics (25%)
Total			1,087.2	\$35,161	\$1,403,000	\$155,755	

* The minimum 2 year expenditure commitment refers to the statutory minimum expenditure commitment imposed by Mineral Resources Tasmania. In the case of the Hellyer project the figure tabled exceeds the statutory amount as RFI has agreed as part of the sale agreement to expend at least \$250,000 on all leases within 12 months of the commencement of the agreement.

2.2 ZINIFEX ALLIANCE

In addition to its farm-in joint venture agreements, RFI entered into an exploration alliance with Zinifex over the Hellyer project tenements in July 2005. Under the terms of the Zinifex joint venture agreement, both RFI and Zinifex have agreed to spend up to \$1 million each in exploration expenditure on the Hellyer tenements over a two year period, with RFI acting as manager of the joint venture.

In the event that the exploration work carried out during the joint venture period results in one or more mineral discoveries, Zinifex may select up to three areas considered to be of potential economic significance to be designated as "Special Projects". Zinifex may then elect to sole-fund exploration on a staged farm-in basis to acquire up to a 70% interest in each Special Project. At its sole discretion, Zinifex may elect to earn a 51% interest in a Special Project through additional exploration expenditure of \$4.5 million over 3 years and a 70% interest by free-carrying RFI to the completion of a bankable feasibility study. Both the Mt Charter and Que River deposits are specifically excluded from becoming Special Projects.

2.3 GEOINFORMATICS ALLIANCE

Of primary importance to the assessment of RFI's western Tasmanian project areas will be the success of its alliance with Geoinformatics. In this alliance, Geoinformatics has undertaken to provide its geo-spatial data management and target generation skills exclusively to RFI. This alliance will enable RFI to rapidly assimilate large volumes of exploration data to select and rank prospective areas for evaluation, in addition to providing RFI with access to Geoinformatics' team of highly experienced geoscientists. Geoinformatics has a strong history of exploration success, being associated with new discoveries at Lake Lefroy in Western Australia and at Red Lake in Canada totalling several million ounces of gold.

A brief outline of Geoinformatics' targeting process for western Tasmania is provided below.

In early 2004, Mineral Resources Tasmania ("MRT") released a comprehensive three dimensional geographic information system for Tasmania, which included data on soil and stream sediment geochemistry, mapped geology, geophysics, drilling, satellite imagery, mineral deposits, tenements and infrastructure. Using these publicly available datasets, Geoinformatics constructed a 3D predictive mineralisation model to define broad exploration areas considered prospective for VHMS base metal, intrusive-related tin-tungsten and orogenic gold mineralisation.

In order to outline areas prospective for these styles of mineralisation, Geoinformatics subjected the MRT data to a systematic evaluation process, which takes the raw field data through several data aggregation and validation steps prior to 3D modelling and targeting. Fundamental to this process is the assurance that all data is collected, validated and integrated into 3D datasets. To ensure confidence in the underlying data, Geoinformatics developed unique techniques for the digitising, validating and organising of multiple historical datasets.

Following validation and organisation, Geoinformatics applies proprietary 2D and 3D weights of evidence geostatistical techniques to the data to identify parameters indicative of western Tasmanian VHMS or intrusive-related deposits. These parameters include geological and structural controls on known mineralisation, as well as associated alteration and geochemistry. The dataset is then compiled and analysed to highlight statistically similar areas or targets. These targets are then ranked and prioritised for follow-up investigation.

To date, the Geoinformatics process has only been used to define broadly prospective areas in order to acquire overlying tenement holdings. However, the process is iterative and will be used for future drill hole targeting following further data acquisition at project and prospect scales.

Snowden notes that the underlying principles and techniques employed by Geoinformatics' targeting process have been previously outlined and published in several journals. Snowden notes that the technique relies on the expertise and experience of the analyst responsible for the investigation and also on meaningful and reliable data.

Targets identified using this technique require further exploration to establish whether mineralisation indeed exists. If indications of mineralisation are found then an appropriate exploration programme can be designed. In this context, the ability of experienced analysts is a strong determinant in the effectiveness of the technique. In Snowden's opinion, the principals of Geoinformatics have had extensive practical experience in 3D modelling, through their involvement in the Predictive Mineral Discovery Cooperative Research Centre ("pmd-CRC") collaboration to produce the Tasmanian 3D geological model/prospectivity map and through the application of this technique to a range of geological and mineral deposit investigations. Snowden therefore considers the Geoinformatics' process to have merit and strongly endorses its use as a conceptual targeting tool in generating VHMS and intrusive-related prospects over all of RFI's tenements.

2.4 OTHER STRATEGIC AGREEMENTS

RFI has also entered into two other strategic agreements. These are:

- through a Letter of Intent, dated 29 April 2005, Intec has provided RFI with access to the Hellyer concentrator and the associated facilities on an indefinite basis. In addition, Intec has granted RFI a first right of refusal over the available capacity at the Hellyer concentrator and should Intec elect to operate the Hellyer concentrator as a toll treatment facility, it has reserved 400,000 tpa of ore throughput capacity for RFI. Furthermore, RFI has the first right to purchase the Hellyer concentrator should Intec elect to sell the facility; and
- RFI has secured access to Stacpoole's drilling equipment in order to commence drill testing of its advanced targets at Mt Charter and S Lens upon listing on the ASX.

2.5 GEOLOGICAL OVERVIEW

The highly mineralised Cambrian MRV forms a 200km by 20km arcuate, longitudinal belt stretching from Elliot Bay on the southwest coast to Deloraine in the central-north of Tasmania (Figure 2.2). The MRV overlies Precambrian meta-sedimentary and meta-volcanic basement rocks of the Tyennan Block to the east and Arthur Lineament to the west.

The MRV consists of rhyolitic, dacitic and andesitic volcanic and volcanoclastic rocks with subordinate basalt. Locally, younger, sub-volcanic granitic bodies intrude the MRV. The MRV belt is subdivided into several sequences, comprising from oldest to youngest:

- **Sticht Range Beds** – basal conglomerate and sandstone resting unconformably on the Tyennan Block and forming the eastern margin of the MRV;
- **Eastern Sequence** – quartz-phyric volcanoclastic rocks along the eastern margin of the MRV;
- **Central Volcanic Complex ("CVC")** – predominantly feldspar-porphyrific lavas, intrusions and pumice breccia;
- **Western volcano-sedimentary sequences** – tuffaceous sediments, andesite and felsic lava and breccias, and porphyritic intrusions. Correlation along strike is very difficult due to faulting. The sequence is subdivided by geographic location on the following basis:
 - i. *The Yolande River sequence* – units south of the Henty Fault;
 - ii. *The Henty Fault Wedge* – strongly deformed units lying between the North and South Henty Faults;
 - iii. *The Dundas Group* – units north of the Henty Fault Wedge between the Hercules and the Rosebery mines and northwards of Rosebery to the Pinnacles area;
 - iv. *The Mt Charter Group* – units in the Mt Charter – Mt Cripps area; and
- **Tyndall Group** – a distinctive sequence of quartz rich, mass flow emplaced breccia, sandstone and volcanoclastic conglomerate. Correlates in the Hellyer mine area are known as the *Mt Cripps Sub-Group*.

Figure 2.2 summarises the regional stratigraphic relationships and also highlights correlations across the Henty Fault zone. The felsic CVC is host to the important Mt Lyell, Hercules and Rosebery base metal deposits in western Tasmania, whilst the Que and Hellyer deposits are hosted within the Que-Hellyer Volcanic ("QHVV") sequence, which forms part of the Mt Charter Group.

Two major periods of deformation are evident in the MRV, consisting of a Late Cambrian and a Middle Devonian event. Although similar structural trends are apparent for both events, the Cambrian event is dominated by faulting, whilst both folding and faulting are equally represented in the Devonian event. The most prominent expression of Cambrian faulting is the north-northeast trending Henty and Rosebery Faults. Both faults obliquely bisect the MRV resulting in major disruption to the stratigraphy of the central and northern portions of the MRV. A Late Cambrian intrusive event resulted in the emplacement of the Darwin and Murchison Granites, in addition to the intrusion of basaltic and quartz feldspar porphyry units.

Devonian deformation comprises two stages; an early regional north-northwest trending folding event followed by a northwest trending folding and faulting phase. Regional lower to middle greenschist facies metamorphism accompanied this event. Late stage granitoids were intruded in the Late Devonian. These granites are interpreted to be interconnected at depth, forming a regional basement. Cupola positions on some of the granite stocks are associated with tin deposits at Renison and Mt Bischoff and lead-zinc-silver mineralisation at Zeehan.

The MRV is variably overlain by younger clastic and carbonate sediments, Tertiary flood basalts and Quaternary sediments to the north and east.

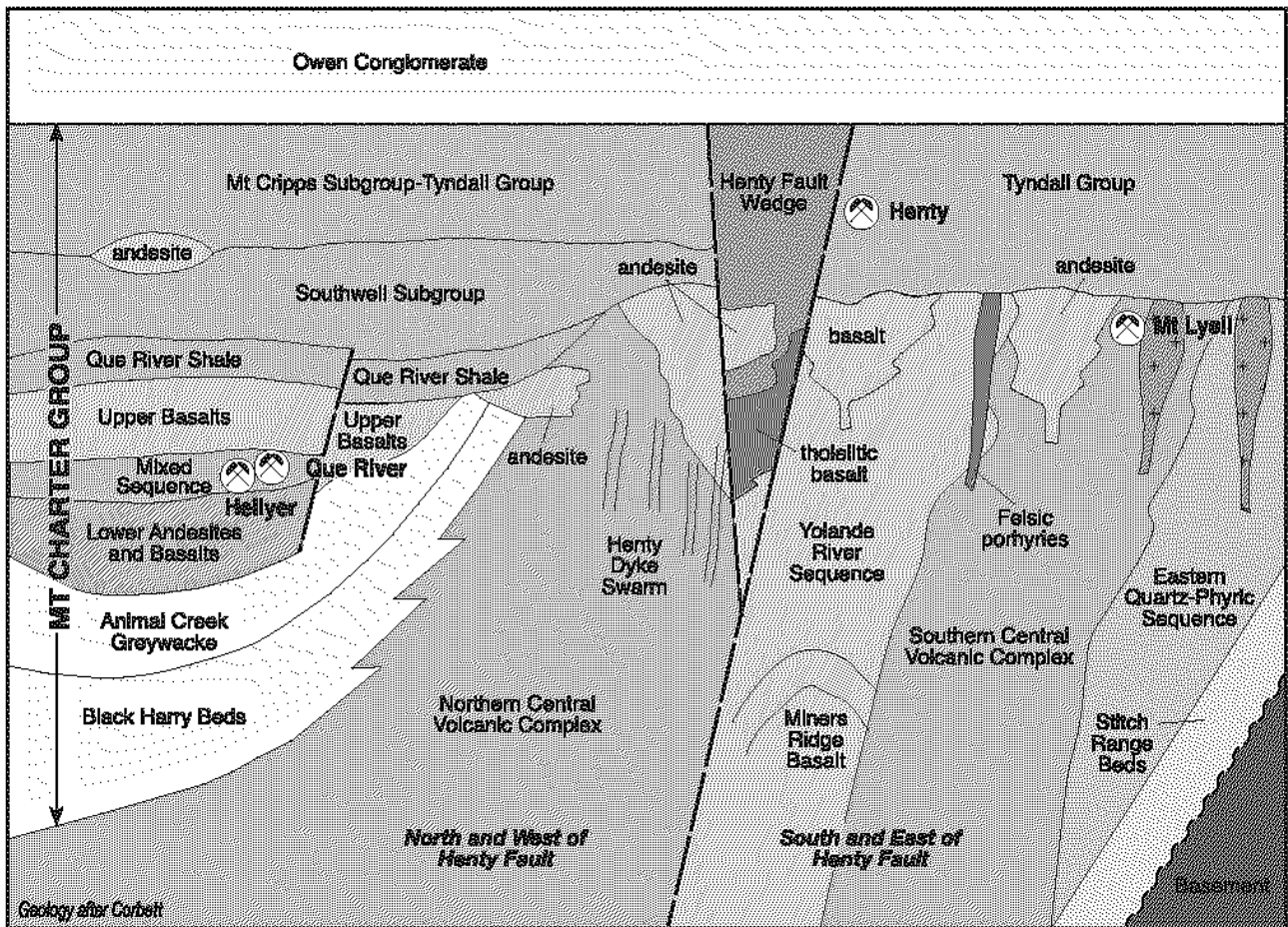


Figure 2.2 Stratigraphic relationships and correlations of the MRV sequence (modified after Corbett, 1992 and prepared by RFI)

3.0 HELLYER PROJECT

3.1 INTRODUCTION

RFI's Hellyer project area is located approximately 60km south of Burnie and 33km north of Rosebery in northwestern Tasmania. The sealed Murchison Highway and Cradle Mountain Link Road traverse the western and northern boundaries of the project area respectively, with well-formed gravel roads and numerous pre-existing mineral exploration tracks providing ready access throughout the project tenements (Figure 2.1). A railway line connects Hellyer to the port of Burnie, where major services are available including daily flights to Melbourne and Sydney.

The Hellyer project area includes the former underground base metal mines of Que River and Hellyer, with a combined historic production exceeding 19Mt of ore from which more than 3 million tonnes of zinc concentrate, 900,000 tonnes of lead concentrate and 600,000 tonnes of bulk (lead and zinc) concentrate was produced. The project area also contains numerous other base metal and gold occurrences, including the Que River "S Lens" resource and the Mt Charter gold prospect.

RFI's proposed strategy is to challenge conventional geological models for Que River and Hellyer style base metal mineralisation and to include a focus on the Hellyer project's gold potential. Through the integration of historical exploration data with recently acquired geophysical data, RFI proposes to routinely use multiple data sets and to capitalise on Geoinformatics' target generation expertise to define further base metal and gold targets around the known VHMS deposits and at other structural/stratigraphic positions.

The physiography of the project area is dominated by an undulating plateau at an average elevation of some 700m above sea level, covered by dense myrtle rainforest. To the east, the plateau falls steeply to the valley of the Southwell River and Lake Mackintosh. Away from roads, tracks and streams, rock exposure is generally poor due to the development of a thick organic soil horizon and minor localised glacial deposits over the area. The principal land use apart from mining includes forestry and minor cattle grazing.

The Hellyer tenements form a contiguous block comprising one granted CML, two granted MLs, two granted ELs and one granted RL (Figure 3.1; Table 2.1). The combined tenement area is approximately 68km². Snowden notes that in the case of CML103/1987, covering the former Hellyer mine, RFI has entered into a sub-lease agreement, which gives RFI the rights to all in-situ mineral resources excluding the tailings dam. Intec remains responsible for the environmental management of all aspects relating to the tailings and existing mine infrastructure.

The Hellyer concentrator was commissioned in 1989 and operated for approximately eleven years. The plant was operating at 1.5 million tonnes per annum ("Mtpa") on closure in mid-2000. The Hellyer mine and concentrator are located on CML103M/1987, whilst the Que River mine is located on ML68M/1984. The entrance to both the Que River and Hellyer mines have been back-filled and closed, whilst the Hellyer mill has been placed on care and maintenance.

Snowden has been advised that the acquisition of RFI's interests in the Hellyer project from Intec excludes the Hellyer concentrator but is inclusive of the existing core sheds, their contents and associated infrastructure, as well as all physical data held relating to past and present exploration and mining activities carried out within the Hellyer project tenements. RFI is also entitled to reasonable access to existing mine infrastructure, buildings, services and utilities.

3.2 GEOLOGICAL SETTING

3.2.1 REGIONAL GEOLOGY

The Hellyer project area is covered by a thick soil profile and transported material with sparse outcrop, areas of outcrop indicate that the region is underlain by a complex lithological sequence with marked variations in primary stratigraphy and a protracted deformational history.

In the Hellyer region, the MRV consists of the Mt Charter Group, the basal parts of which comprise sandstone, greywacke and siltstone referred to as the Animal Creek Greywacke (Figure 3.1 and Figure 3.2). The Mt Charter Group is interpreted to overlie a substantial thickness of felsic volcanic rocks of the CVC. Overlying the basal sedimentary rocks is the Que-Hellyer Volcanic ("QHVV")

sequence, an intermediate - lava dominated sequence ranging in thickness from 50m to more than one kilometre which hosts the Hellyer and Que River deposits. At a mine scale, the QHV can be broadly subdivided into four sub-units, from oldest to youngest are:

- **Lower Basalt** – a sequence of massive to locally pillowed and amygdaloidal basalt lava and volcaniclastic units ranging in thickness up to approximately 800m;
- **Feldspar Phyric Andesite** – a sequence of dominantly porphyritic andesitic lavas and volcaniclastic breccias with minor basalt and dacite with a maximum thickness of 800m;
- **Mixed Sequence** – a highly variable sequence to 300m in thickness, characterised by volcaniclastic units and dacitic lavas and breccias with minor basalt and andesite units. This unit hosts the Hellyer, Que River and Mt Charter base metal and gold deposits; and
- **Hellyer (or Upper) Basalt** – massive to pillowed basaltic lava and volcaniclastic units with a maximum thickness of 350m.

Grey, fossiliferous, slightly carbonaceous shales, known as the Que River Shale, overlie the QHV. The remainder of the Mt Charter Group comprises the Southwell and Mt Cripps sub-groups.

The Que-Hellyer area was subject to deformation during the Devonian resulting in upright, northeast trending folds and faults and lower greenschist facies metamorphism. A major north-northeast trending synclinal axis passes through the Que River deposit and a parallel anticlinal axis passes through the Hellyer deposit (Figure 3.1).

3.2.2 LOCAL GEOLOGY

The Hellyer project area predominantly covers units of the Mt Charter Group (Figure 3.1) with a primary focus on the Mixed Sequence within the QHV. Previous exploration at Hellyer has shown the Mixed Sequence host both the Hellyer and Que River VHMS deposits, as well as the Mt Charter gold deposit. The Mixed Sequence ranges in thickness from a few centimetres to over 300m and is dominated by dacitic lavas, breccias and volcaniclastic units.

Previous geological interpretations have placed the Hellyer and Mt Charter deposit positions stratigraphically above the Que River mineralisation on the basis of the dacite lavas occurring in the footwall of the mineralisation at Hellyer and Mt Charter, whilst occurring in the hangingwall to the Que River deposit.

Intense sericite-pyrite alteration envelops the footwall zones of the Hellyer and Que River deposits and forms a linear north-northeast trending alteration zone which can be traced for some 8km along strike from the south of Mt Charter to 1km north of the Hellyer deposit. This alteration zone is known as the "Que River-Hellyer footwall alteration zone" and drilling has shown the alteration zone to be strongly developed and base metal mineralised to at least 900m below the deposits. The footwall alteration zone is interpreted as the main feeder structure to the Mt Charter, Que River and Hellyer deposits.

A hangingwall alteration 'plume' of pervasive and fracture controlled green fuchsite (a green mica) and calcite is developed in the Hellyer Basalt which overlies the Hellyer deposit.

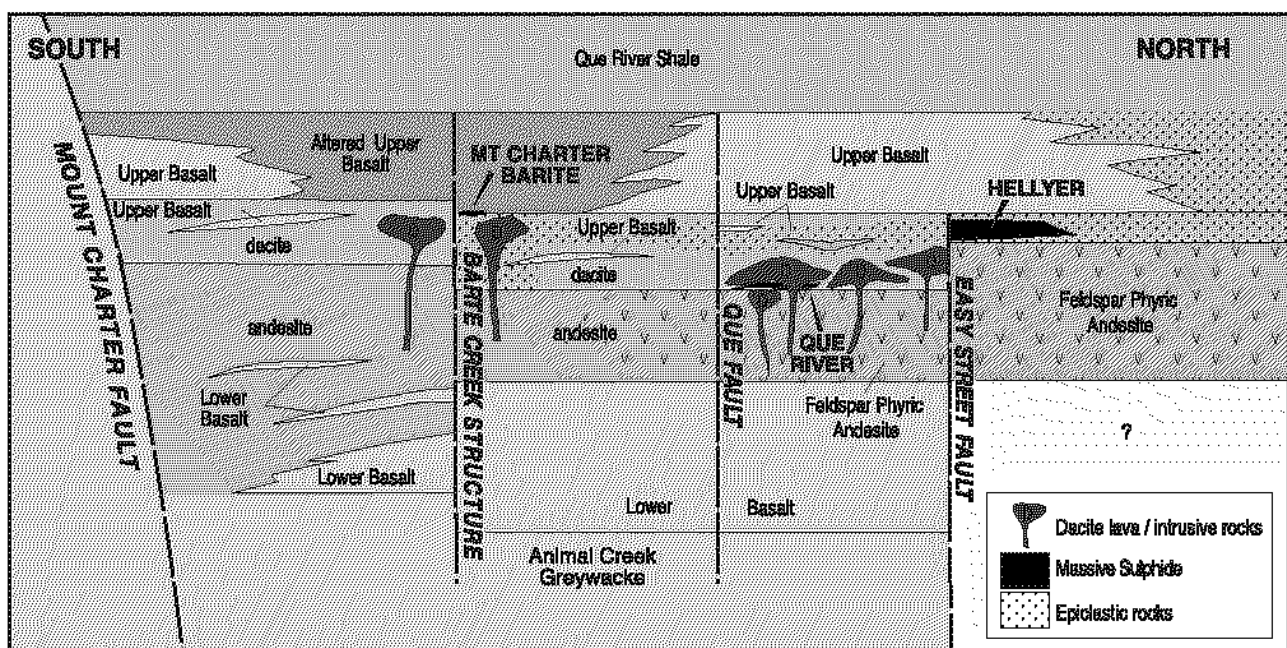


Figure 3.2 Simplified stratigraphic column of the Que-Hellyer area (prepared by RFI)

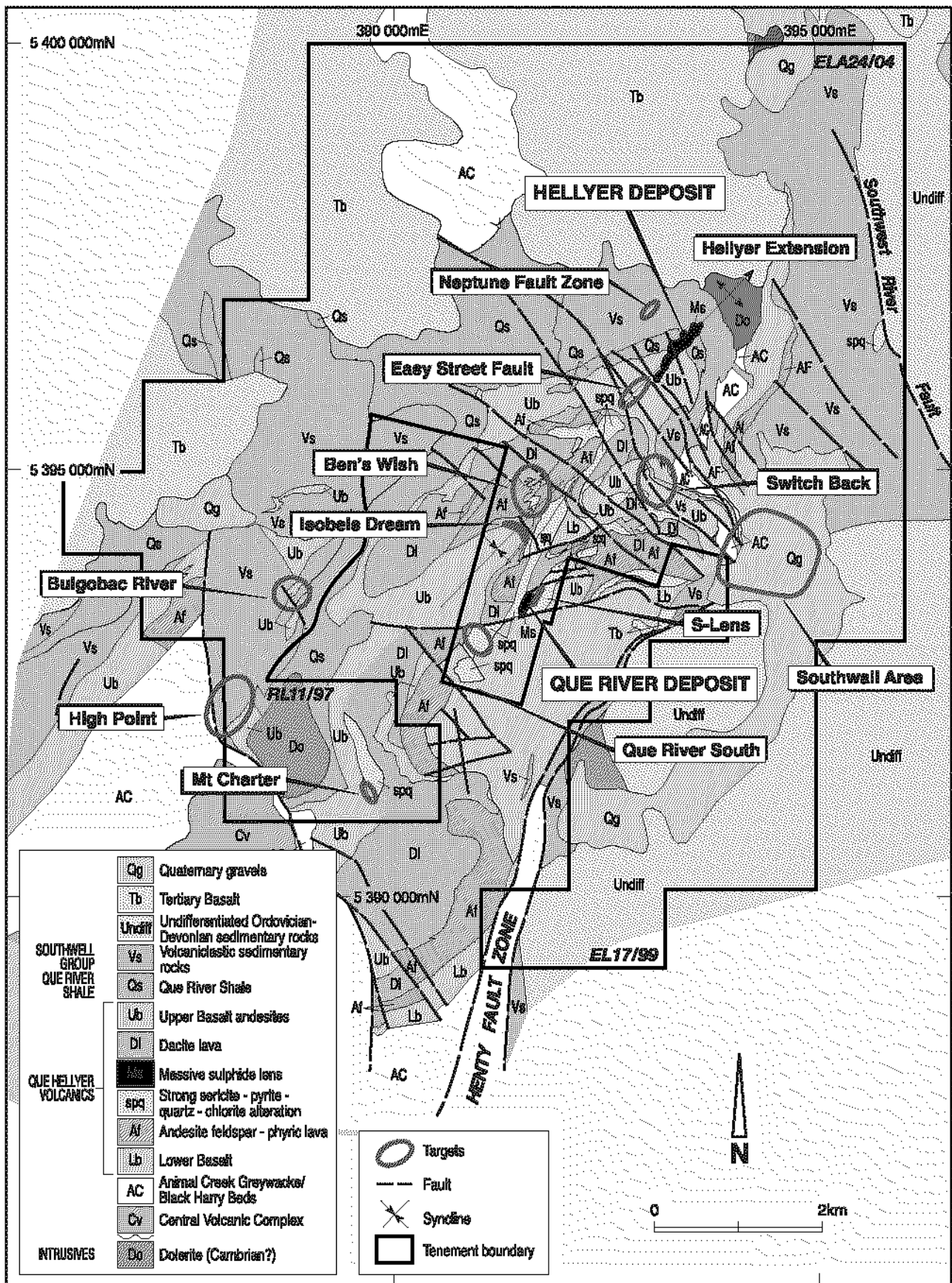


Figure 3.1 Hellyer project tenement plan showing geology and mineral deposits (prepared by RFI)

3.2.3 HELLYER DEPOSIT

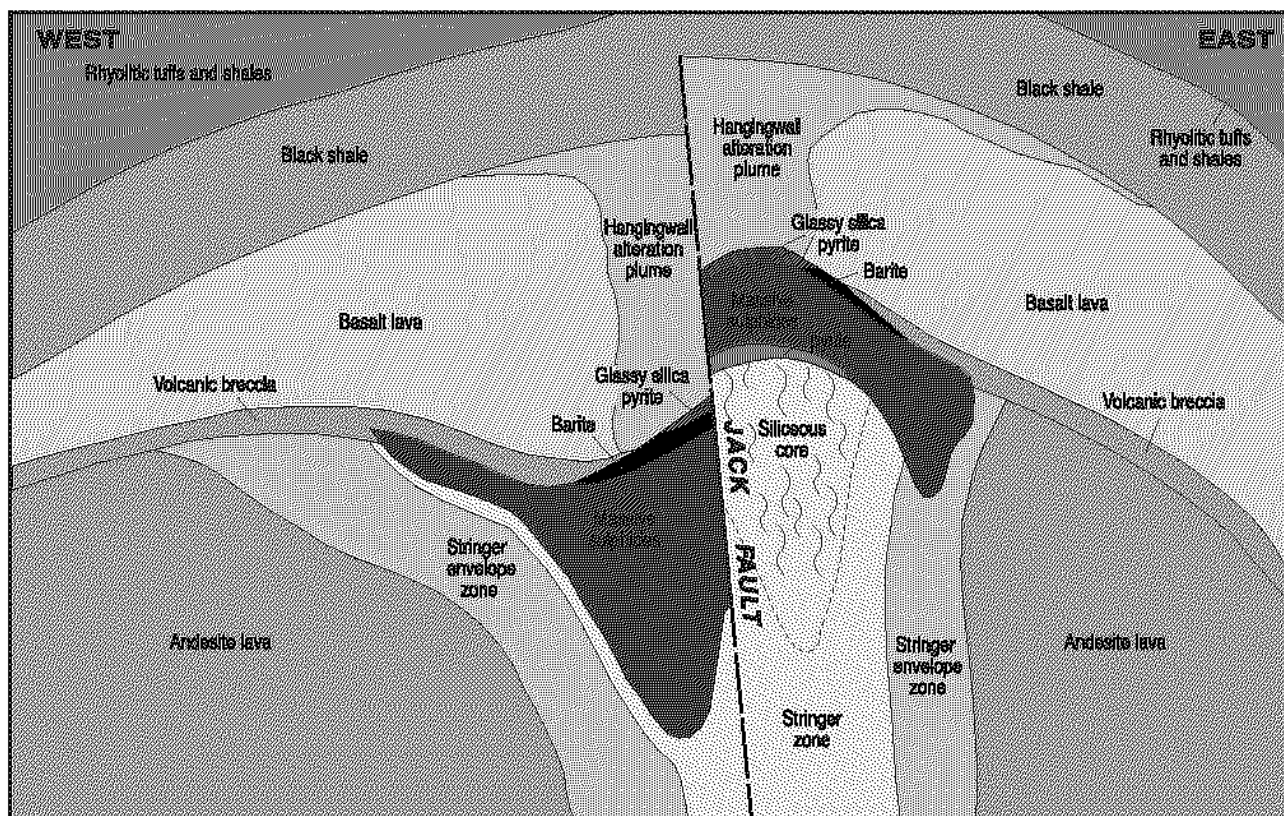
The Hellyer deposit is a single high grade polymetallic orebody which was originally reported prior to the commencement of mining to contain 16.9Mt at 13.8% Zn, 7.2% Pb, 0.4% Cu, 167g/t Ag and 2.5g/t Au (McArthur and Dronseika, 1990). Two different types of sulphide mineralisation are recorded at Hellyer, namely: a narrow stratiform massive sulphide zone occurring at the upper contact of the Mixed Sequence and the overlying Hellyer Basalt; and an underlying zone of stringer vein mineralisation (Figure 3.3). Previous mining mainly exploited the stratiform massive sulphide lode.

The Hellyer deposit occurs along the hinge of a shallowly north-plunging anticline and lies between 50m and 300m below the current surface. A major north-trending fault, the Jack Fault, cuts acutely across the centre of the deposit. The deposit occurs as a mound-shaped massive sulphide body with dimensions of 800m north-south and 200m east-west, with an average vertical thickness of 43m. The stratiform mineralisation is unusually sulphide rich, averaging 54% pyrite, 20% sphalerite, 8% galena, 2% arsenopyrite and 1% chalcopyrite in addition to gangue quartz, barite and calcite. Ore textures are primarily massive, with subordinate banded, reworked or fragmental ore and sulphide stringer mineralisation developed in the lower parts and beneath the massive sulphide lode. The Hellyer deposit is capped by a 15m thick zone of crystalline or massive barite, which contains low grade sulphide mineralisation and is overlain by a 5m thick siliceous pyrite zone containing significant precious metal values.

In contrast, the stringer vein mineralisation and associated footwall alteration zone is restricted to the footwall of the massive sulphide lode and is an excellent example of a hydrothermal feeder system. The stringer zone occurs as a well-defined pipe along the entire length of the deposit and extends to more than 600m vertical depth. The stringer mineralisation comprises multiple generations of veins containing quartz, barite, pyrite and coarse base metal sulphide mineralisation. These veins anastomose and coalesce to a maximum width of 20cm. The veins are typically sub-economic in grade.

The associated footwall alteration zone is dominated by the development of concentrically zoned gangue minerals grading outwards from a central core of quartz+chlorite+sericite (associated with base metal sulphide stringer veins) to chlorite+carbonate, chlorite+sericite, sericite+quartz and eventually unaltered host rock (andesite).

Figure 3.3 Schematic cross-section through the Hellyer deposit looking north (prepared by RFI)



3.2.4 QUE RIVER DEPOSIT

The Que River deposit lies 3km south of the Hellyer deposit in a similar geological setting, but has been deformed and dislocated by tight folding and later north-northeast trending faults. The Que River deposit consists of five steeply dipping lenses (PQ, P North, S, QR32 and N) that lie along the limb of a major north-plunging syncline. These lenses strike approximately north-northeast over a length of 800m and extend to a depth of some 300m below surface. Historically the PQ and P North lenses contained most of the base metal mineralisation, which was originally reported prior to the commencement of mining to contain 3.3Mt grading 13.3% Zn, 7.4% Pb, 0.7% Cu, 195g/t Ag and 3.3g/t Au (McArthur and Dronseika, 1990).

The lenses are subdivided on the basis of their copper content. The easternmost copper-rich S Lens averages 5m in thickness and is predominantly composed of stringer, vein and disseminated iron and base metal sulphides. In general, it consists of pyrite with accessory chalcopyrite, sphalerite and galena. The lens is apparently zoned with a copper rich southern end and a lead-zinc rich northern end (refer to Section 3.5.1). The lens outcrops at surface.

The four remaining lead-zinc lenses are predominately massive and banded sphalerite and galena with subordinate chalcopyrite and pyrite with carbonate, silica and minor barite gangue. PQ Lens is located 120m west of S lens and is the largest sulphide body, being 600m long, 150m wide with an average thickness of 8m. PQ Lens plunges shallowly northwards and in cross-section ranges in shape from an ellipse to body shaped like a W or a Y.

P North Lens lies immediately west of PQ Lens and has a maximum width of 26m and an average width of 5m. Further west are the small QR32 and N lenses, with average widths of 4m and 3m respectively. High grade mineralisation is dominantly contained within massive sulphide lenses, with lower grades associated with the stringer and disseminated sulphide mineralisation.

The Que River mineralisation occurs within a much larger alteration halo measuring some 500m in width. The down dip continuation of the alteration zone has been demonstrated by diamond drilling to extend to at least 900m below the base of the lenses.

3.2.5 MT CHARTER GOLD DEPOSIT

The Mt Charter gold deposit is located 3km south of the former Que River mine, where extensive auriferous barite veining is apparent at surface. In addition, a zone of semi-massive to massive barite occurs at the top of the mineralising system and appears to be conformable with the enclosing rocks. The geological setting of the Mt Charter area is consistent with that of the Que-Hellyer area, being dominated by andesitic to dacitic lavas and breccias of the QHV. These volcanic units strike northwest and dip moderately to the southwest and have been pervasively altered and veined over an area of 1,000m in length by 100m to 250m in width.

Surface rock chip sampling has defined an area of approximately 500m by 250m with a consistent distribution of gold assays greater than 1.0g/t Au and silver assays above 5g/t Au. The best recorded gold intersection returned 58m at 1.8g/t Au and 32g/t Ag, including 7.9m at 3.6g/t Au in association with the massive barite zone.

The mineralisation at Mt Charter is characterised by massive barite, with associated base metal stringer veins up to 10cm in thickness hosting disseminated pyrite, sphalerite, galena and minor chalcopyrite mineralisation. The highest grades are associated with the massive barite vein, which lies at the southern end of the alteration zone. Gold mineralisation reportedly comprises both coarse (visible) grains and fine grains as electrum. Metallurgical test work indicates that some of the fine grained gold may be locked in pyrite as sub-microscopic grains or in solid solution.

The Mt Charter deposit is interpreted to be associated with a footwall alteration system with no known development of massive sulphide mineralisation. Previous mining of the Mt Charter deposit is limited to pits, trenches and a small adit sunk by early prospectors into massive barite mineralisation circa 1930. No modern day production is recorded at Mt Charter. While resource estimates have previously been calculated for Mt Charter, these estimates do not currently meet the minimum reporting requirements of the JORC Code.

3.3 MINING HISTORY

Zinc and lead are the only commodities to have been successfully mined in significant quantities from the Que-Hellyer area. Minor occurrences of gold have been noted to the south and west of the project area and are predominantly associated with base metal mineralisation. The Hellyer project tenements currently contain most, if not all, of the significant base metal producing areas in the QHV.

3.3.1 QUE RIVER

The Que River lenses were mined from February 1981 until late 1990 from several small open pits and underground. According to MRT's Mirloch database, some 3.3Mt of material grading 13.3% Zn, 7.4% Pb and 0.7% Cu was extracted from Que River via a decline and a single shaft before being trucked by road to the Rosebery concentrator for processing. The S Lens was the final area mined due to its lower lead and zinc grades and was blended with Hellyer ore for processing.

Full scale production ceased following the exhaustion of reserves in December 1990.

3.3.2 HELLYER

Underground production commenced at Hellyer in December 1986 with production peaking at around 1.5 Mtpa until the orebody was exhausted in June 2000. Ore was processed at the purpose built 1.5 Mtpa Hellyer mill that provided the grinding necessary to liberate the fine sulphides for concentration.

According to MRT's Mirloch database, Hellyer produced approximately 16.5Mt grading 0.38% Cu, 7.2% Pb and 13.9% Zn.

Due to the complex metallurgy of the Hellyer ore, significant unrecovered base and precious metals were retained in the tailings dam. Intec report a mineral resource of 10.9Mt at 2.8% Zn, 0.16% Cu, 3% Pb, 88g/t Ag and 2.6g/t Au at the Hellyer tailings dam (Intec, 2004). Intec is currently evaluating the viability of recovering these metals. The Hellyer tailings resource is specifically excluded from the sale agreement between Intec and RFI, with RFI holding no material claim to this resource.

3.4 PREVIOUS EXPLORATION

Prospecting in the Que River area began in the early 1900s. In 1922, prospector Tom McDonald discovered alluvial gold and boulders containing zinc and lead sulphides in a creek draining the Que River S Lens. He sank a shaft to 6m depth at Gold Hill about 500m north of the former Que River mine but failed to locate the outcropping S Lens.

Most of the previous exploration work carried out over the Hellyer project tenements prior to the mid-1970s is poorly documented. MRT open file records indicate that historical exploration activities in the district had been primarily for near surface base metal and gold mineralisation. Several companies undertook base metal exploration programmes near the current project area in the mid 1950s and 1960s, although no work of significance was carried out within RFI's Hellyer project tenements at that time.

Modern exploration of the QHV has been carried out almost exclusively by one company. Only deep QHV conceptual targets located beneath Southwell Subgroup cover to the west of the Murchison Highway and outside the current project area have been explored by other companies.

Exploration over the Que-Hellyer project area was largely focussed on the discovery of large (>10Mt) polymetallic VHMS deposits, with volcanic-hosted or structurally-related gold mineralisation providing a secondary target. The search for VHMS deposits achieved notable success in the 1970s and 1980s with the discovery of the Que River and Hellyer deposits. From the mid-1980s, the exploration focus was largely driven by the need to replenish the diminishing Hellyer deposit. Deeper exploration was constrained by the high cost of drilling through the thick overlying stratigraphy. As a result, exploration of deep structural, stratigraphic and geophysical targets was largely of a reconnaissance nature and in places was either ineffective or incomplete, with some targets remaining untested.

3.4.1 SUMMARY OF PREVIOUS EXPLORATION WORK

Between 1970 and 1974, reconnaissance exploration was conducted over the project tenements, which included geological mapping, trenching and water, stream sediment and grid-based soil geochemical sampling. In addition to localised ground magnetic, electromagnetic ("EM"), induced polarisation ("IP"), self potential ("SP") and mise-a-la masse (electrical resistivity) geophysical surveys, airborne EM surveying was also completed over an area of 400km². Following the discovery of base metal sulphide mineralisation in several deep pits at the Que River prospect, a 7 hole diamond drilling programme was completed in early-1974 leading to the discovery of the Que River deposits.

In addition to the delineation drilling at Que River, further regional mapping, soil sampling and a major IP campaign was completed between 1975 and 1983. Several resultant anomalies were diamond drill tested, including the Mt Charter prospect.

In 1983, a substantial part of the prospective volcanic belt was surveyed with a new fixed loop, time domain EM system developed by the University of Toronto, known as UTEM. Subsequent mapping and drill testing of the delineated conductors was carried out between 1983 and 1984 leading to the discovery of the Hellyer VHMS deposit.

After the discovery of Hellyer in 1983, exploration was largely led by the application of ground time domain EM ("TDEM") techniques targeting depths of 200m – 300m. By 1988, TDEM surveys had largely covered areas of outcropping QHV and Que River Shale, with the only targets identified by these surveys interpreted to be the result of carbonaceous layers in the shales and hence discounted from further exploration.

Thereafter, target generation was largely focussed on the integration of geological, geophysical and geochemical data in order to build a three dimensional model of the Que River-Hellyer Basin. This involved further regional and detailed mapping, the collection of stream sediment, soil, channel, rock chip and mobile metal ions ("MMI") geochemical samples, two seismic surveys conducted by MRT, infill ground magnetic and gravity surveying, airborne magnetic/radiometric surveying and the preliminary testing of several ground and airborne EM systems including UTEM, CSIRO's time domain EM system ("SIROTEM") and Zonge GDP-16. In 1992, a structural/stratigraphic re-interpretation of the QHV was conducted with prospective targets diamond drill tested and subject to down-hole EM ("DHEM") surveys.

Complementing earlier seismic studies across the Hellyer area, MRT completed a regional seismic traverse in 1996, with the data becoming publicly available in 1998. This was complemented in 2002 – 2003 when MRT flew close spaced airborne magnetic, radiometric and EM across the entire MRV belt.

3.4.2 SUMMARY OF EXPLORATION RESULTS

Previous exploration completed over RFI's current Hellyer project area has successfully discovered and delineated three VHMS bodies since the 1970s, which from north to south are Hellyer, Que River and Mt Charter.

QUE RIVER DISCOVERY

Regional mapping, stream sediment geochemical and a combined airborne EM and magnetic geophysical surveys conducted in the Que-Hellyer area between 1971 and 1972 outlined six anomalies coincident stream – EM anomalies. A follow-up ground EM and soil sampling survey in 1973 discovered the outcropping S Lens mineralisation at Que River. The first diamond drill hole (QR1) in April 1974 intersected 11m of massive sulphide mineralisation and was followed by a further 25,000m of resource delineation drilling. This drilling defined the main PQ lens and the P North, QR32 and S lenses at Que River. The pre-mining resource was reported as 3.3Mt grading 13.3% Zn, 7.4% Pb, 0.7% Cu, 195g/t Ag and 3.3g/t Au (McArthur and Dronseika, 1990).

NEAR MINE EXPLORATION AROUND QUE RIVER

Following the Que River discovery, exploration was heavily focused on testing the along strike extent of the base metal mineralisation. This led to step out diamond drill testing, on approximately 100m centres, for about 1.5km north and 1km south of the Que River orebodies. These holes were generally less than 500m in depth and resulted in the early recognition and subsequent definition of the linear (footwall) alteration zone extending from near Mt Charter to the Que River deposits and northwards to the Hellyer deposit.

From the mid-1970s to 1983, the main surface geological, geochemical and geophysical programmes were carried out over the QHV, and included 1:2,500 scale mapping and -80# C-horizon soil geochemistry.

In broad terms, the results from the soil geochemistry indicated widespread dispersion of base metals throughout the QHV, with the highest values found associated with the outcropping footwall alteration zones between Que River and Hellyer. Copper was elevated in both the footwall alteration and Upper Basalt. Lead anomalies defined a footwall alteration, mineralised Mixed Sequence stratigraphy as well as the Upper Basalt. Zinc anomalies reflected the same features as lead but were broader due to greater geochemical mobility, whilst barium anomalies were indicative of hydrothermal alteration, particularly at Mt Charter. Arsenic also showed a strong correlation with hydrothermal alteration whilst silver was only anomalous in the soils at Mt Charter.

Geophysical exploration programmes from the mid 1970s to early 1980s was largely dominated by IP surveying of the QHV. During this period, many drill holes were targeted at coincident soil geochemical and IP anomalies, only to intersect geochemically anomalous alteration zones.

HELLYER DISCOVERY

The failure of IP to discover any further massive sulphide deposits led to preliminary testing of the UTEM system in 1983. The UTEM system was subsequently used over all prospective volcanic units surrounding the Que River mine. Only one conductor as strong as Que River was detected and consisted of a deep moderately conductive body coincident with weakly anomalous soil geochemistry, barite veining and fuchsite alteration.

Drill testing of this EM anomaly intersected 24m of massive iron and base metal sulphide. By November 1984 approximately 22,000m of delineation drilling had been completed and in June 1986, a 1.3km adit was driven to intersect the Hellyer massive sulphide mineralisation. The Hellyer pre-mining resource was reported as 16.9Mt grading 13.8% Zn, 7.2% Pb, 0.4% Cu, 167g/t Ag and 2.5g/t Au (McArthur and Dronseika, 1990).

DETAILED STRATIGRAPHIC CORRELATION

The discovery of the Hellyer deposit highlighted the stratigraphic contact between the Mixed Sequence and the overlying Hellyer Basalt as a mineralised surface, with the Mixed Sequence becoming a key exploration target throughout the QHV.

Between 1984 and 1992, exploration focussed on three targets:

- continued drill testing of surface EM anomalies;
- testing of various prospective structural locations along the Hellyer deposit horizon and in some cases at the slightly deeper Que River position; and
- testing of the Hellyer position located on top of the Hellyer footwall alteration zone, as well as down plunge and to the north of the deposit.

Despite the routine application of DHEM surveying of drillholes during this period no significant mineralisation or alteration was located.

NEW STRUCTURAL MODEL

By 1992, drill testing of surface EM targets had effectively downgraded the potential of the QHV down to a depth of 200m for a Que River-sized target and to 400m for a Hellyer-sized target. In response, geological, geophysical and geochemical data was integrated to develop a three-dimensional structural model of the entire QHV basin and to delineate the syn-volcanic fault network within the basin. A total of 26 target areas were defined from the new structural model using geophysical, alteration, geochemistry and stratigraphic indicators and prioritised for drill testing.

Between 1992 and 1994, supporting data such as close spaced aeromagnetic and additional gravity data were gathered providing a complete coverage of the Hellyer project area. From 1993 to 1996, these structural/stratigraphic were drill tested, with drilling either failing to reach the prospective target depth or intersecting barren target positions.

MMI GEOCHEMICAL TESTING BENEATH COVER

In 1996, MMI soil surveys were carried out for some 10km to the north and along strike of the Hellyer mine. The survey detected several coherent anomalies, including Midway, Mayday and Maverick. Both the Midway and Maverick anomalies were discounted from further exploration as they were interpreted to be due to surface contamination and cultural features. The coincident MMI - structural Mayday anomaly was drill tested in 1997 by a 1,500m deep vertical diamond hole which failed to penetrate the overlying Que River Shales to intersect the QHV. The source for the MMI anomaly remains unexplained.

EXPLORATION CEASES

Regional exploration ceased in 1998 with mine exploration ceasing in early 2000 and was followed shortly thereafter by the completion of mining at Hellyer in June 2000.

3.4.3 PROJECT DATABASE

The current project database is the product of:

- 30 years of exploration, development and mining of two deposits within the project area has produced a large amount of geological, geophysical, geochemical and drilling data; and
- incorporation of regional MRT data sets not previously available.

Recent database work by RFI and Geoinformatics has shown the digital data to generally be well organised and consistent. RFI has proposed further interrogation and validation of the entire database as part of its initial exploration programme for the project.

Snowden therefore cautions that any reference made to previous exploration data in this report is qualified to the extent that the database requires further verification.

Spatial data is largely in MapInfo format with point data derived from the digital databases. Hard data consists of numerous reports, plans, sections, general documentation, drill core, thin and polished sections and some assay pulps. An audit of the plans and drawings currently held by RFI has shown that in excess of 1,000 plans cover RFI's current Hellyer project area.

The database over the current Hellyer project tenements as at February 2005 contains the following:

GEOCHEMICAL SAMPLING

Numerous programmes of soil, stream, rock chip and whole rock sampling have been conducted over the project area by previous explorers. Some 90,000 samples have been located and entered into the database. In addition there are some 586 records in the petrology database. This work has outlined many areas of anomalous base and precious metal geochemistry although the more coherent anomalies tend to be broadly coincident with the historical workings. Many of these anomalies have been tested by drilling. Snowden has noted that much of the area sampled is obscured by both thick soil horizons and transported material of glacial origin highlighting the importance of an accurate geological map.

GEOPHYSICS

There are numerous data tapes and cartridges in a variety of formats holding archived data, including the source data for numerous surface, down hole and airborne EM and IP surveys. Further compilation and verification is planned for the geophysical database.

DRILLING

Numerous drilling programmes have been undertaken over the project area, often comprising follow-up evaluation of geochemical or geophysical anomalies. The database contains records for 1,376 diamond drill holes with a total meterage of 410,367m and 43,073 assay results. It is likely however that there is some duplication within this data, as the data remains to be fully compiled, integrated and verified.

Much of the drilling was either designed for resource evaluation purposes or to intersect specific structural, stratigraphic or geophysical targets at depths of greater than 300m. Not all targets were intersected or explained.

3.5 RESOURCE ESTIMATES

3.5.1 QUE RIVER "S LENS" REMNANT COPPER RESOURCE

At RFI's request, McArthur Ore Deposit Assessments Pty Ltd ("MODA") completed a resource estimate for the Que River S Lens in January 2005 and reported an Indicated and Inferred Resource of 370,000t grading 4.2% Zn, 1.7% Cu, 1.4% Pb, 64g/t Ag and 0.30g/t Au (Figure 3.4, Figure 3.5, Table 3.1, McArthur, 2005).

TABLE 3.1 Que River S Lens resource estimate (after MODA, 2005)

Resource Category	'000		Mean Grades				
	Tonnes	Density	%Cu	%Pb	%Zn	g/t Ag	g/t Au
Indicated	164	3.91	1.5	1.7	5.3	70	0.34
Inferred	206	3.90	1.9	1.2	3.3	59	0.26
TOTAL	370	3.90	1.7	1.4	4.2	64	0.30

MODA's estimate for Que River S Lens comprises a three-dimensional wireframed geological interpretation which is based primarily upon a 5% (Pb + Zn) grade cut-off, and to a lesser extent on geological logging or a 1% copper boundary. A block model was created, comprising 5m (north-south) by 5m (vertical) blocks which extend to the full width of the lens. A total of 94 drill holes were used for the resource estimation, each being composited to the full width of the lens. Copper, lead, zinc, silver and gold grades were interpolated into the blocks using a 2D inverse distance weighting.

The tonnage removed by historical mining was estimated by digitising a long-section plot of the final mining outline and then flagging those resource blocks which fell within or partially within the outline as mined. It was assumed that the ore was mined to the full width of the lens, which Snowden considers to be a conservative assumption.

The remaining resource was allocated to the Indicated and Inferred categories depending upon how many drill intercepts were used to estimate a grade for each block. Indicated Resources were estimated by more than 30 intercepts and Inferred Resources were informed by more than one but less than 30 intercepts.

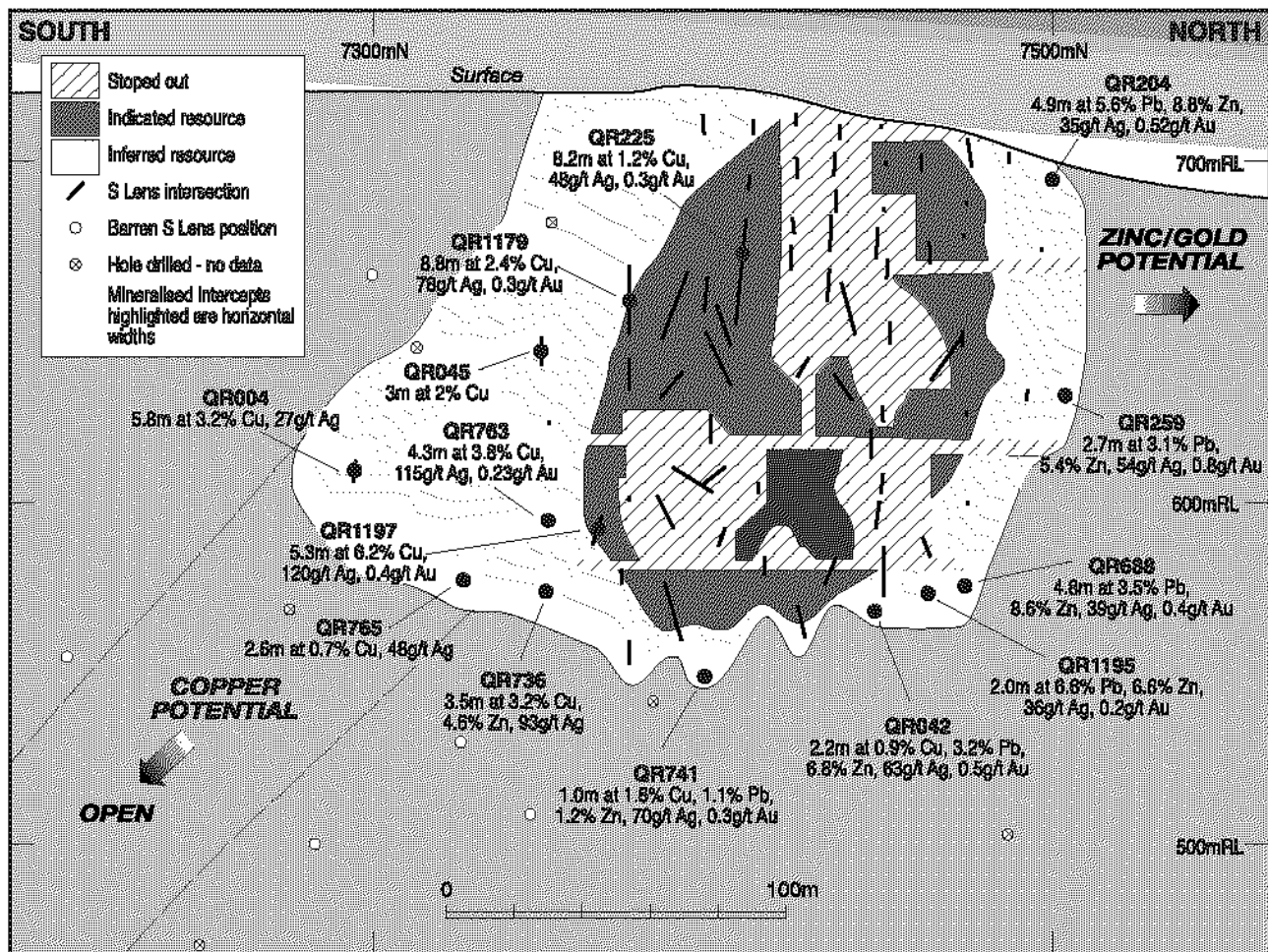


Figure 3.4 Que River S Lens longitudinal projection of the resource model (prepared by RFI)

Based on its review of MODA's resource estimate for Que River S Lens, Snowden considers the estimate to be a fair representation of the grade and tonnage as measured by the 94 drillholes used in the estimate. It is slightly oversmoothed and there is potential to increase the lead and zinc grades with a tighter search ellipse based upon continuity analysis.

Snowden endorses the Mineral Resource classification applied by MODA, but notes that there is probably some potential to increase the area of the Indicated Resource slightly.

3.6 MINING AND METALLURGICAL CONSIDERATIONS

3.6.1 MINING

There is a well established history of mining at Que River with the main PQ, P North and S lenses mined between 1981 and 1990. The S Lens was the final lens to be mined due to its relatively lower lead and zinc grade. The central portion of the S Lens provided access via an extension to the existing mine decline at PQ Lens, a single shaft and a separate short decline located at the northern end of the S Lens. The lens was mined on four levels to the 580mRL (a vertical depth of approximately 130m below surface) using open stope mining methods. A minimum mining width of 3m was used representing the minimum practical width for mechanised mining, although narrower widths were exploited if the grade exceeded 5% (Pb+Zn) when bulked out to 3m width.

Following exhaustion of the reserves in December 1990, the shaft and portals to the mine were plugged and back filled. No information is available on the current condition of the underground workings.

Snowden has held discussions with former mine workers at Que River, who indicated that S Lens was marked by consistent lode geometry within competent ground conditions. Furthermore, the mine was not subject to significant water inflows.

3.6.2 METALLURGY

S LENS

Previous mining at the Que River mine demonstrated that some of the mineralisation at S Lens was unique in terms of its high copper content relative to the other Que River lenses and therefore was not amenable for treatment at the Rosebery mill, where nearly all of the ore from the PQ, P North and QR32 lenses was processed. Further investigations will be undertaken by RFI as part of its future assessment of the deposit to evaluate viable processing options. Snowden notes that ore from S Lens was blended with Hellyer ore for treatment at the Hellyer concentrator. The Hellyer mill is located 3km to the north of the S Lens resource and is currently on care and maintenance.

MT CHARTER

Preliminary bench scale metallurgical test work for a 50m section of core from the Mt Charter gold deposit was completed in 1988. The assayed head grade of a composite sample from the core was 0.8g/t Au, 9.0g/t Ag, 225ppm Cu, 1800ppm Pb, 3500ppm Zn and 330ppm As. The composite was coarsely ground to between 80 and 95 microns and divided into 2kg sample weights for gold recovery test work by flotation and cyanide leach. A summary of the results is presented in Table 3.2.

TABLE 3.2 Mt Charter – Preliminary testwork results

Method	Au Recovery	Ag Recovery
Flotation to bulk sulphide concentrate	81 %	70 %
Cyanide leach – 24 hrs	49 %	–

The metallurgical test work indicated the presence of very fine occluded gold associated with the sulphide minerals, possibly arsenopyrite. Gold recovery by flotation to a bulk sulphide concentrate is relatively high although a fine grind size would be required to achieve recoveries in excess of 90%.

Based on the results from this limited test work, there may be issues with treating the Mt Charter ore by conventional cyanidation of the ore. Additional testwork is required to complete the metallurgical assessment of the Mt Charter gold mineralisation.

Snowden notes that Intec is currently evaluating the application of its proprietary "Intec Process" to the re-treatment of the tails dam at Hellyer. The "Intec Process" is a halide based hydrometallurgical process applicable to all sulphide base metal minerals and refractory gold ore. Bench-scale test work has shown that the "Intec Process" can recover approximately 80% of the metal contained in the tails dam at Hellyer. A pilot-scale plant has been built in Sydney and operated over a period of four months to verify the results of the bench-scale test work and to establish and optimise the design parameters for a full-scale operation. A pre-feasibility study has been completed, with a demonstration plant programme and a bankable feasibility study both due for completion in 2005.

The future development of Intec's plant at the Hellyer project may provide RFI with an opportunity to assess the potential for processing complex base metal and gold mineralisation, possibly including the bulk tonnage, low grade refractory gold-base metal mineralisation associated with the extensive footwall alteration system present over the Hellyer project area.

3.7 EXPLORATION POTENTIAL

Snowden has drawn the following conclusions on the exploration potential of the Hellyer project area from its review of the exploration work completed to date:

- the Hellyer project area has a large base metal endowment with most previous mining and exploration work focused on two well defined stratigraphic positions. Considerable drill testing of EM conductors and geochemical anomalies along the strike extents of these known positions away from Que River and Hellyer has been undertaken, even where the prospective host lithologies are buried under cover. Potential remains for the discovery of further base metal mineralisation within the prospective stratigraphy in proximity to power lines, which cut north-south across the tenement and impeded previous EM geophysical surveys;
- numerous structural and stratigraphic targets within the Hellyer-Que River area have been drilled to depths exceeding 400m with mixed success. Due to drill hole deviation and the early termination of some drill holes, several targets remain unassessed;
- as a general observation, gravity features were largely ignored during the targeting process at Que-Hellyer;
- regional northwest trending structures hosting barite-base metal sulphide mineralisation, such as the Easy St Fault, remain relatively untested and may be prospective for remobilised base metal mineralisation;
- the project area has been predominantly held by one company since the 1970s and this is reflected in the high quality of the project database. However, merged data sets were only used towards the end of the exploration campaign and may not have been given the full consideration they were due; and
- there is potential for large tonnage, low grade gold deposits within the project area although results from limited exploration work completed to date has not been conclusive. Despite the presence of some large barium and arsenic anomalies, the prospective lithologies do not appear to have been fully evaluated for their potential to host gold mineralisation.

A more detailed account of the main exploration targets at the Hellyer project is provided below.

3.7.1 ADVANCED PROSPECTS

QUE RIVER S LENS

- Que River S Lens outcrops on a hill at the southern end of the Que River deposit and lies 100m east of the other massive sulphide lenses (P North, PQ and QR32);
- S Lens has a strong metal zonation over a 250m strike length ranging from massive copper-rich pyrite chalcopyrite (>1% Cu) to dense stringer mineralisation in the southern section of the lens to relatively rich zinc-lead ($\pm$ gold) mineralisation (>5% Zn+Pb) in the northern section of the lens. The copper rich southern portion and gold rich northern portions remain unmined and extends for approximately 150m along strike and from surface to a vertical depth of at least 130m with an average thickness of 6m;
- potential remains to expand the copper-rich portion of the S Lens southwards, down-plunge of the existing resource. Better drill intercepts within S Lens which define this trend include:
 - 8.3m (5.6m horizontal width) at 3.3 % Cu and 28g/t Ag in QR04; and
 - 15.2m (9.0m horizontal width) at 1.6 % Cu and 56g/t Ag in QR92.
- drill hole information down-plunge of these results is sparse and unfortunately all data relating to these holes were discarded;
- based on MODA's review of the drilling data for the S Lens resource estimate, potential was identified to expand the remnant high grade zinc and gold mineralisation at the northern end of S Lens; and
- previous exploration has highlighted an unresolved north-south trending DHEM conductor located some 300-600m vertically beneath S Lens which is associated with a strongly altered zone of stringer base metal mineralisation (Figure 3.5). Whilst two holes were drilled to test this anomaly, neither has adequately explained it. Previous experience at Que River and Hellyer indicates that it is often possible to drill in close proximity to a massive sulphide body without recognising potential for significant mineralisation nearby.

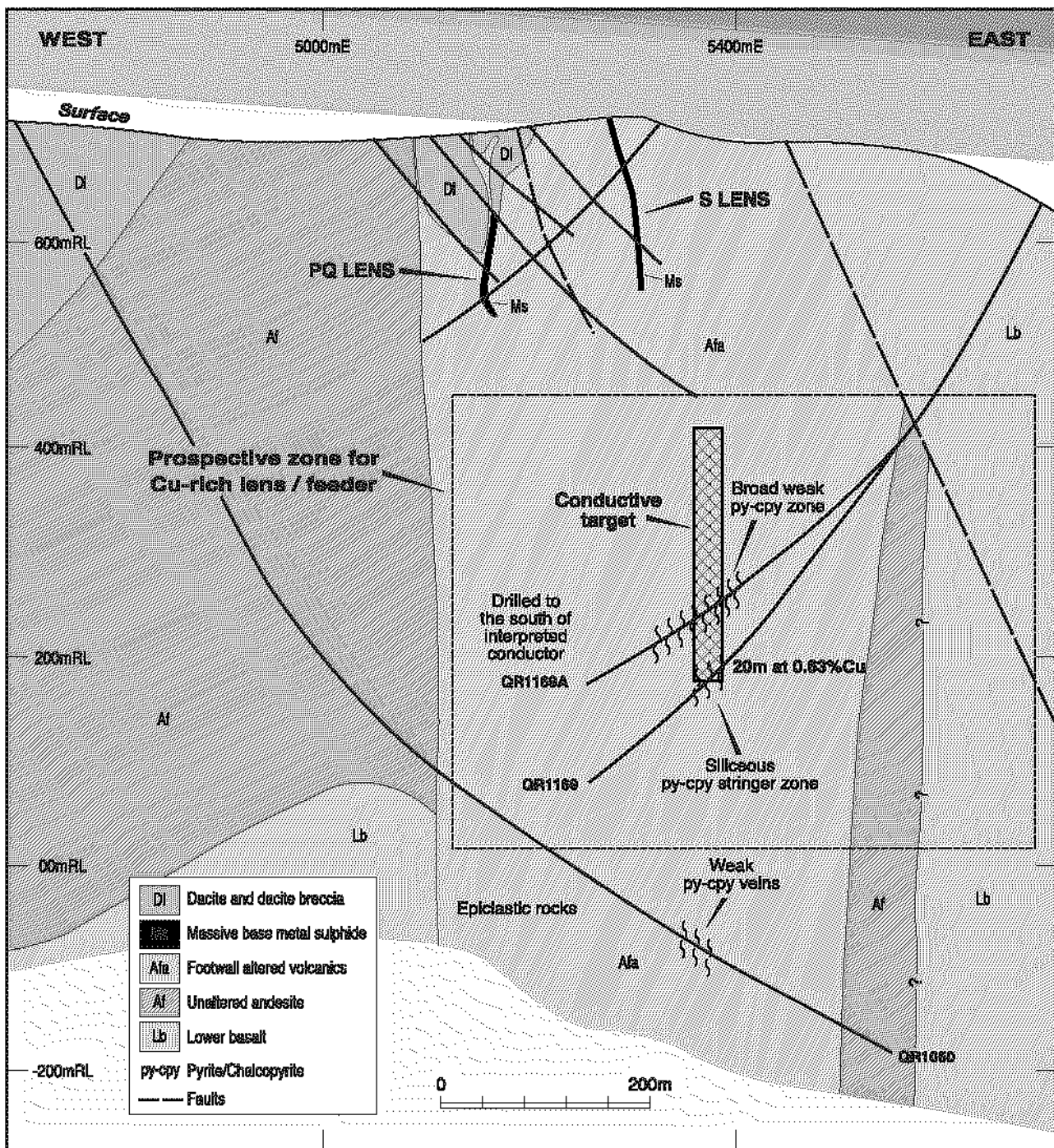


Figure 3.5 Cross Section 7300mN highlighting the Que River S Lens Deep target zone (prepared by RFI)

MT CHARTER

- the Mt Charter prospect is an outcropping gold-barite disseminated and stockwork veined alteration system over an area of 1000m in length and between 100m and 250m in width, which is interpreted to lie at the Hellyer stratigraphic position within pervasively altered Mixed Sequence rocks some 7km south of the Hellyer concentrator;
- previous systematic rock chip and costean sampling has outlined a gold-silver mineralised zone within the broader alteration system, measuring about 500m by 250 m. This zone has a consistent distribution of gold assays greater than 1.0g/t Au and silver assays above 5g/t Ag. Maximum gold and silver assays from surface sampling were 3.7g/t Au and 176g/t Ag (Figure 3.6 provides a contour plan of the gold assay data from the rock chip and costean sampling);
- previous exploration drilling at Mt Charter was largely focussed on assessing the potential for deep massive sulphide base metal targets and apart from one hole (MAC23), this work has largely ignored the precious metal potential of the prospect. Previous results from drilling completed on irregular 100m to 400m centres over a 1km² area include:
 - 58m at 1.8g/t Au, 32g/t Ag, 1.2% Zn and 30% Ba (0-58 m, MAC026), including 8m at 3.6g/t Au (Figure 3.6);
 - 30m at 1.13g/t Au, 10g/t Ag, 2.8% Zn and 1.6% Pb (73-103 m, MAC026), including 3m at 7.1% Zn and 4.8% Pb;
 - 6m at 2.3g/t Au, 12g/t Ag, 0.19% Cu and 24% Ba (135-141 m, MAC023);
 - 6m at 2.9g/t Au; including 3m at 4.3g/t Au (216-222 m, MAC023); and
 - 110m at 0.9g/t Au (MC1).
- the highest gold grades are associated with massive barite at the southern end of the Mt Charter alteration zone;
- the gold-silver mineralisation at Mt Charter reportedly remains open to the east, southeast and west, however there appears to be limited potential at depth due to the poor results reported from two deep holes (MAC032 and MAC033);
- previous studies have outlined a large, low grade gold deposit at Mt Charter. Previous resource estimates, however, do not meet the minimum reporting requirements of the 2004 JORC Code;
- previous metallurgical test work showed that a component of the gold mineralisation at Mt Charter is fine grained and encapsulated within sulphide minerals;
- RFI plans to focus future exploration on the distinctive massive barite-silica alteration zones, where it considers there is good potential to define a narrow zones of higher grade gold mineralisation;
- RFI proposes further diagnostic metallurgical testwork to confirm amenability to conventional treatment options; and
- Snowden considers there is potential to delineate narrow zones of higher grade gold mineralisation or to define a large tonnage, low grade gold deposit with a refractory gold component within the extensive pyritic footwall alteration system surrounding the defined Mt Charter mineralisation. Furthermore, Snowden considers that further drill testing and metallurgical test work is warranted at Mt Charter. Should these studies indicate that a viable resource exists but the final metallurgy tests preclude conventional gold treatment route options, RFI is well positioned to benefit from Intec's proposed plant at Hellyer.

3.7.2 ADVANCED TARGETS

ISOBEL'S DREAM (Figure 3.1)

- to the south-southwest of Hellyer, the Hellyer stratigraphic position is folded around a tight south-plunging syncline and associated with strong hydrothermal alteration, anomalous Ba, Zn and As geochemistry and cross-cutting northwest-trending faults;
- powerlines overlie the prospective area and would have impeded the use of EM geophysics for target generation purposes; and
- minimal drilling has been undertaken in the area with only three vertical drill holes completed along the 1.5km trend.

NEPTUNE FAULT (Figure 3.1)

- a major north-northeast trending structure connects the Que River and Hellyer deposits and appears to be an important localising feature for base metal mineralisation and associated hydrothermal alteration. The Neptune Fault target lies along a parallel structure some 400m to the west of Hellyer and comprises a coincident soil Cu, Ba and Zn anomaly which overlies a change in the gravity gradient;
- two drill holes have tested the southern extents of this structure and intersected base metal sulphides associated with glassy silica – chert along the Hellyer ore position and an underlying silica-sericite-pyrite alteration system;

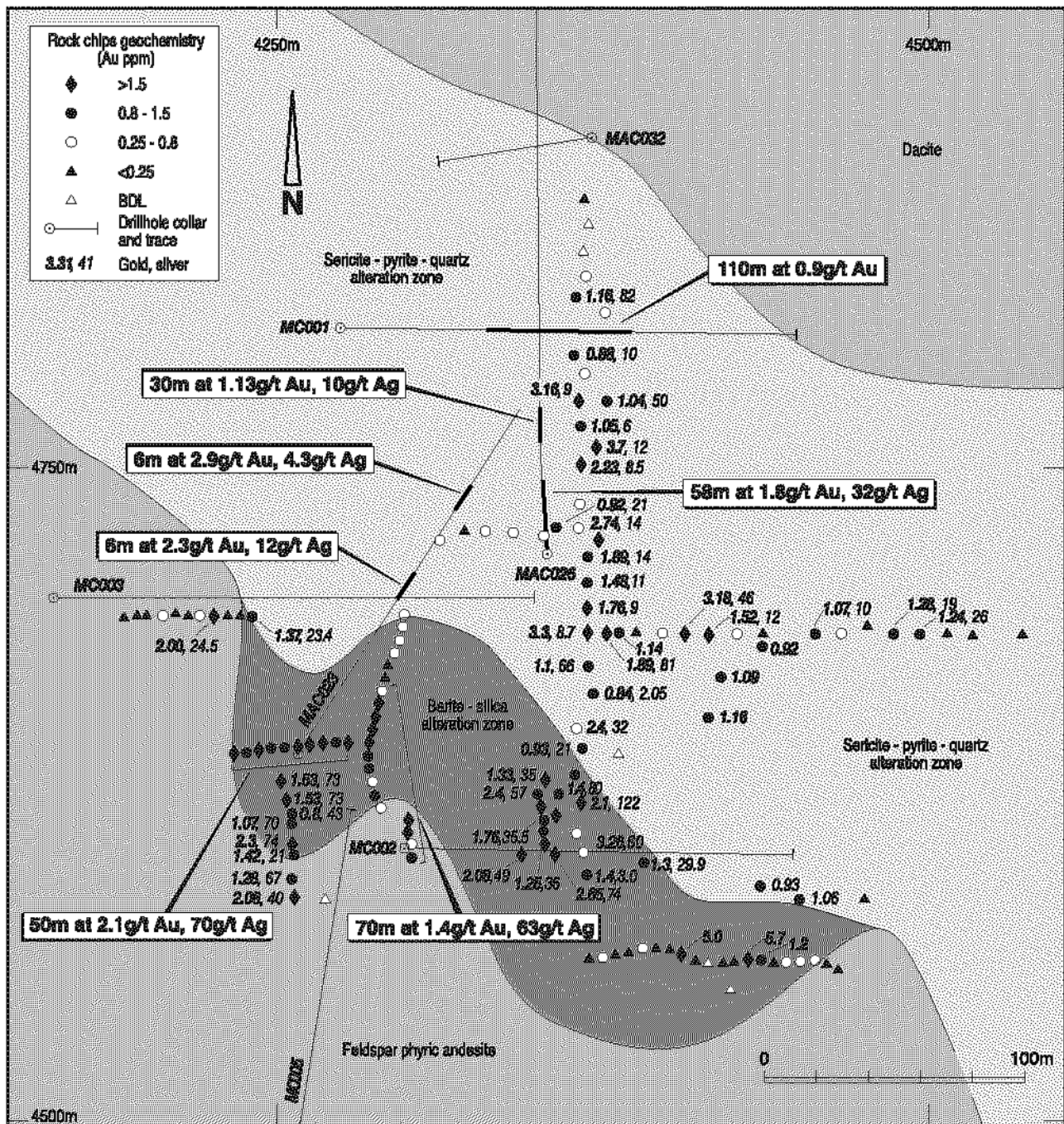


Figure 3.6 Mt Charter drill hole location and results (prepared by RPI)

- potential for further base metal mineralisation exists over the northern 400m strike length of this structure, which remains untested by drilling; and
- a similar structure is interpreted from gravity data to lie 750m southeast of Hellyer. Further geophysical work is required to define a target ready for drilling at this location.

EASY STREET FAULT (Figure 3.1)

- the northwest-trending Easy Street Fault ("ESF") is considered by Snowden to be a key localising feature at Hellyer, with dilatant zones along this structure not fully assessed by previous exploration. Anomalous soil-assays have been returned along this structure coincident with a gravity high interpreted to lie in proximity to Hellyer;
- barite-sulphide mineralisation deposited along the ESF at the southern end of the Hellyer deposit has not been closed off by drilling; and
- a discrete gravity feature associated with the ESF between the Hellyer and Que River mines remains to be fully tested at depth.

SWITCHBACK (Figure 3.1)

- outcropping iron and base metal sulphides occur within a mass flow volcanoclastic unit at the interpreted Hellyer stratigraphic position some 1.5km south-southeast of Hellyer, indicating proximity to a mineralised lens;
- this zone is structurally complex lying within a northeast-plunging syncline, which has been cut by several northwest trending structures parallel to the mineralised ESF;
- two untested gravity highs lie along the synclinal axis; and
- previous drilling in the area intersected 1.4m grading 4.5% Zn, 5.3% Pb, 0.35% Cu, 35g/t Ag and 1.4g/t Au but has not adequately explained the gravity anomalies. Further drilling is required.

3.7.3 TARGETS AND CONCEPTS

RFI plans to introduce new exploration models to the Hellyer project to generate new, conceptual targets, which are unconstrained by "geological tradition" or commodity focus. To this end, RFI has reviewed and integrated historical exploration databases with previously unavailable MRT geophysical data sets. In addition to several previously identified targets, RFI's preliminary review of the integrated exploration database has highlighted some new areas warranting follow-up work. These targets typically represent early stage exploration plays over prospective lithologies with associated cross-cutting structures. These include:

- **Que River South** - a potential new mineralised position lower in the sequence which is associated with strong alteration in proximity to a northwest trending fault one kilometre south along strike of Que River mine;
- **Ben's Wish** - an untested zone of hydrothermal alteration within a structurally complex geological setting considered by RFI to be prospective for Hellyer-style base metal sulphide mineralisation;
- **High Point** - an unusual geological setting comprising numerous dolerite sills intruding the Que River Shale which hosts stringer base metal sulphide mineralisation;
- **Southwell** - a conceptual gold target overlain by alluvial gravels at the intersection of the regional Henty Fault and the mineralised northwest trending Easy Street Fault in a geological setting akin to the Henty gold deposit;
- **Hellyer Extensions** - discrete massive sulphide zones within the Hellyer alteration system both down-plunge, beyond the limit of previous drilling, and in potential lateral positions associated with parallel hydrothermal fluid feeder zones; and
- **Bulgobac River** - several low order MMI soil anomalies located in proximity to the Mt Charter Fault but remaining untested to date.

The location of these targets is shown in Figure 3.1. In addition, Snowden considers there to be good potential for bulk tonnage, low grade gold deposits associated with the extensive footwall alteration system evident over the majority of the central Hellyer project area extending from south of Mt Charter to the north of Hellyer.

3.8 OPINION

From Snowden's assessment of the exploration data it is evident that the Hellyer project area has been extensively explored, but there are sizeable areas which remain largely untested. The geologically driven exploration strategy as presented by RFI will introduce new geological models and geophysical data to the project. Furthermore, this strategy provides for the discovery of further high grade zones of gold mineralisation associated with the Mt Charter gold deposit, extensions to the Que River S Lens along strike at depth and down-dip and the discovery of new base metal mineralisation associated within defined structural and stratigraphic positions. Snowden concurs with RFI that the project area is prospective for moderate to high grade gold deposits within deformed, sheared, intensely altered and veined volcanic units, a geological setting akin to the Henty gold deposit located some 30km to the south. In addition, it is Snowden's opinion that there is potential for bulk tonnage, low grade gold-base metal mineralisation associated with the extensive pyritic footwall alteration system evident within the Hellyer project area. Snowden considers the project to be at a mature stage of exploration, however, several conceptual targets remain untested and represent worthy exploration targets that offer potential for further zones of high grade base metal mineralisation and for the discovery of Henty-style gold mineralisation within the Hellyer project area. In this context the work proposed by RFI is justified.

4.0 EAST HENTY PROJECT

4.1 INTRODUCTION

The East Henty project is the southernmost project within RFI's western Tasmanian portfolio lying immediately north and south of Queenstown (Figure 2.1, Figure 4.1). The project comprises a single granted exploration licence (Mt Selina) and an exploration licence application (Lynchford) with a combined area of 153km² (Table 2.1).

The topography of the project area is extremely rugged and varied, comprising steeply timbered slopes along the West Coast Range passing into deeply incised valleys and button grass plains on elevated plateaux. Numerous lakes and closed catchment basins are distributed throughout the area.

The underlying geology to the project area is extremely complex with a wide array of rocks of varying composition evident. These rocks have been overprinted by several phases of deformation and intense alteration. Broadly, the project area overlies volcanoclastic and sedimentary units of the lower MRV, which conformably overlie quartzites and phyllites of the Precambrian Tyennan Basement. These lower MRV units have been intruded by several felsic porphyries and intrusives and host the known base and precious metal mineralisation in the area. These volcanic units lie in proximity to the regional-scale Henty Fault and follow similar north-south and north-northwest to south-southeast trends. Devonian-aged northwest-trending folds and faults cross-cut the earlier fabric.

4.2 MT SELINA

The Mt Selina tenement extends over a distance of 24km in length by 5km in width to the north of Queenstown and currently covers an area of 109km², although RFI has indicated its intention to decrease this area to 55km² by early 2005 (Figure 4.1, Table 2.1). The sealed Anthony Road cuts through the northwestern corner of the tenement, whilst access to the central and southern areas is limited to a few gravel tracks maintained by Hydro Tasmania, the Tasmanian Parks and Wildlife Service and Copper Mines of Tasmania Pty Ltd. Access to the remaining licence area is by foot or helicopter.

The Sticht and Tyndall Ranges bound the tenement to the north and west, whilst the slopes of Mt Murchison and the Comstock Valley define the northern and southern boundaries respectively. Principal land uses include regional reserves and conservation areas, hydroelectric water catchments and Crown Land. The Henty gold mine lies some 3km to the west of the tenement area.

The Mt Selina tenement covers units of the lower MRV, lying to the immediate east of the Henty Fault zone. This sequence has been intruded by the Cambrian-aged Murchison Granite which is interpreted to underlie units of the MRV in the northern and eastern portions of the tenement, where a number of small outcrops of this granite have been recorded.

During the 1880s to early 1890s, a number of small-scale copper mining operations were carried out within the current tenement area. Most of these were hosted along the northwest trending Selina-Dora-Spicer Fault zone in the central-eastern part of the tenement where the mineralisation is associated with volcanoclastic conglomerates, lavas and felsic porphyries of the MRV (Figure 4.1). The mineralisation exploited included Cu-Zn at Lake Dora and Pb-Zn-Ag at the Eastern and Western Pyrite Zones ("EPZ" and "WPZ") near Mt Selina in the central-northern portion of the project area.

Modern exploration efforts over the tenement area commenced in the late 1950s focussing on VHMS base metal deposits, with more recent attention given to the area's gold potential.

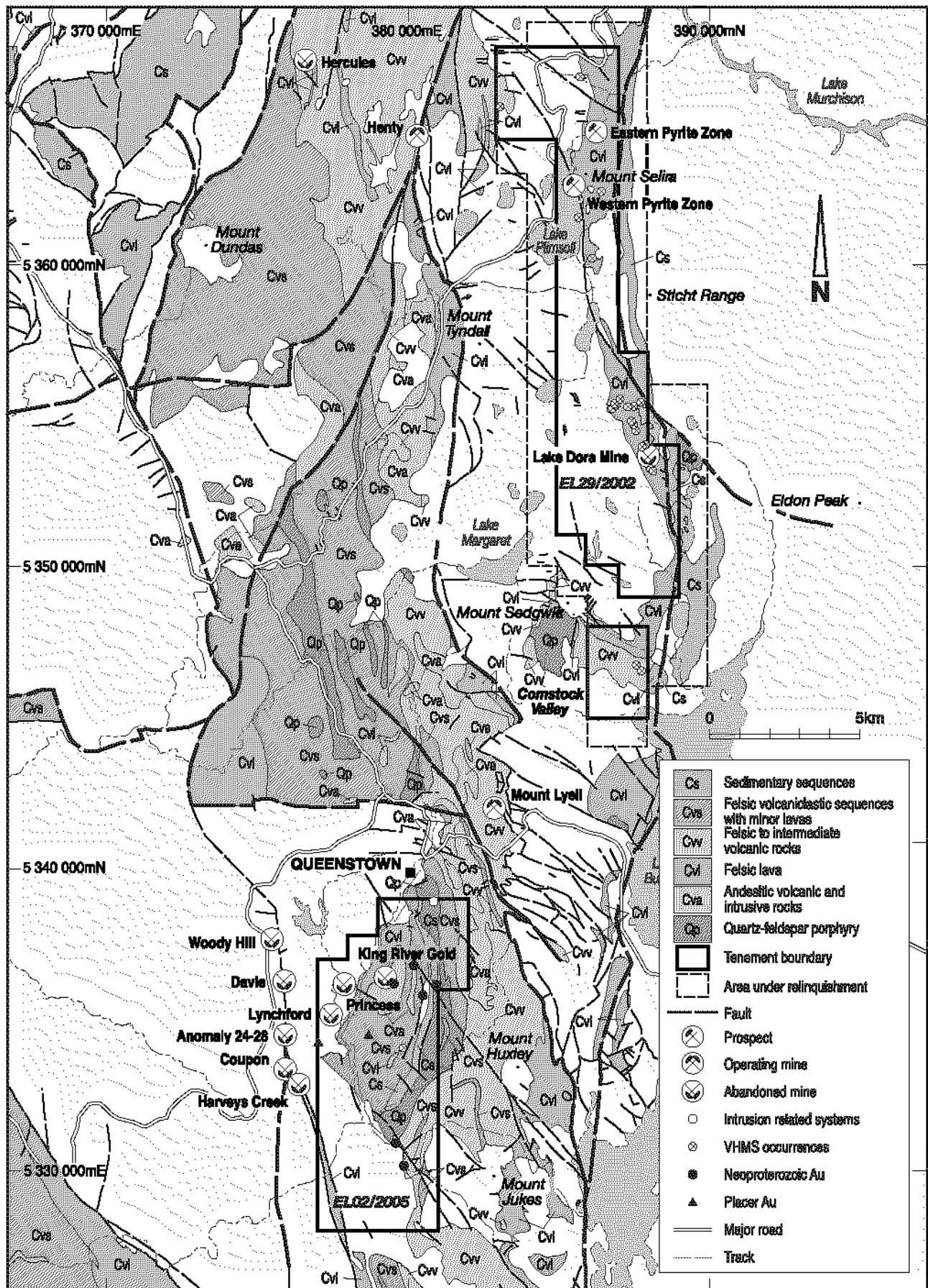


Figure 4.1 East Henty project location and tenements (prepared by RFI)

Previous exploration over the current project area initially comprised regional-scale geochemical and geophysical surveys. Extensive soil, stream and rock chip sampling identified several anomalous zones of lead-zinc-silver mineralisation, with peak rock chip sample assays of 1.4% Zn, 0.5% Pb, 24g/t Ag and 0.5% Cu. Work by all the previous explorers also involved the re-appraisal and/or collection of geophysical data including airborne magnetic and radiometric surveys, ground-based magnetic, gravity, IP and resistivity surveys and DHEM. Drill testing of the anomalies returned broad intervals of low grade copper-zinc mineralisation and discrete zones of narrow, higher grade zinc-lead-silver mineralisation. The principal targets identified by this work were the EPZ and WPZ (Figure 4.1).

4.2.1 THE EASTERN AND WESTERN PYRITE ZONES

Both the EPZ and WPZ have a number of similarities to the Henty gold system which lies some 3km to the west and outside of the project area. Like the Henty alteration system, the EPZ and WPZ occur as elongate alteration zones extending over strike lengths of more than 3km and up to 100m to 300m in width located in proximity to the regional scale Henty Fault Zone. Previous wide spaced diamond drilling intersected broad zones of low grade copper-zinc mineralisation ranging from 3m to 23m in thickness and grading between 0.1% and 0.8% Cu and up to 0.3 % Zn. Higher grade lead-zinc-silver zones have also been intersected whilst gold assays are generally around 0.2g/t Au.

Based on the previous drilling at EPZ and WPZ, RFI considers that the observed stratigraphy, alteration and structure is characteristic of Henty-type gold mineralisation, but that the drill spacing employed is not appropriate to delineate narrow, high grade zones of gold mineralisation.

4.2.2 LAKE DORA

Previous exploration completed in the Lake Dora area in the central eastern portion of the tenement has identified a coincident soil geochemical and IP geophysical anomaly extending over a 1.2km length and up to 150m in width, associated with historical workings, strongly altered rocks and strongly anomalous rock chip results. The area has not been systematically sampled for gold, but previous rock chip sampling has returned moderate grade lead, zinc, copper and high grade silver and gold mineralisation.

In addition, RFI has identified a number of significant geochemical anomalies, which do not appear to have been adequately followed up. These include a broad lead-zinc-silver soil anomaly to the south of the EPZ, which returned low grade silver and gold mineralisation and a lead-zinc stream sediment anomaly with an anomalous gold in rock chip sample to the north of the EPZ.

4.3 LYNCHFORD

The Lynchford tenement lies 7km southwest of the Mt Lyell copper-gold deposit and to the immediate south of Queenstown (Figure 4.1). This exploration licence application partly overlies an existing mining lease (Lynchford 14M/1996) of 150ha in area held for metallic and construction minerals associated with the former King River gold mine. Access to the tenement is generally good, with the Lynchford, Mt Jukes and Whip Spur Roads passing through the central and eastern portions of the tenement.

The topography of the tenement area is extremely rugged overlying the western slopes of the West Coast Range, where elevations exceed 1,100m asl, and fall to less than 200 m along the Queen River. Thick forest and abundant regrowth areas cover much of the tenement area.

Broadly, the tenement area overlies the southern limit of the MRV, comprising volcanoclastic sediments and intercalated basic lavas of the Western Volcano Sedimentary Sequence located between a large syncline of Ordovician to Devonian aged siliciclastic and carbonaceous sedimentary units to the west and a belt of Ordovician Owen Conglomerate to the east. This volcanic sequence has been folded along northerly trends and is cut by a series of north-northwest to northwest trending faults including southward projection of the Henty and Rosebery Faults.

Several historic gold mines and prospects are recorded in the Lynchford area including the Princess, Lynchford and King River mines. Descriptions of most historical workings indicate that they were relatively minor producers developed on mineralised quartz veins in sedimentary units. Three significant workings within or adjacent to RFI's current tenement include:

- Woody Hill, which reportedly produced some 4.6kg of gold at a grade of 17.6g/t Au;
- Davie workings comprising several shafts and adits, however production records no longer exist. More recent sampling has returned high grade gold mineralisation; and
- Coupon workings consisting of extensive workings developed over gold bearing limonite zones. Production records are incomplete, but in 1913 some 32t ore was recovered at a reported grade of 12g/t Au.

Modern exploration of the area commenced in the mid-1960s when regional stream sediment sampling was conducted throughout much of western Tasmania. However, it was not until the early 1980s, that systematic exploration began in earnest with several companies evaluating the Lynchford area for Carlin-style gold and Henty-style structurally controlled gold mineralisation. Work completed during this time included stream sediment, soil, rock chip and channel geochemical sampling, ground magnetic surveying and diamond drill testing of the resultant anomalies. Drill testing was completed at the Harvey Creek, Anomaly 24-28, Davie and Coupon gold-arsenic soil and channel anomalies, which lie immediately outside the tenement's western boundary. Several broad zones of low grade gold mineralisation were intersected in addition to narrow zones of higher grade gold mineralisation associated with disseminated pyrite-arsenopyrite mineralisation in quartz veins hosted by a siltstone-shale sequence.

Recent modelling of MRT aeromagnetic data indicates that the northwest trending cross-structures possibly control the base metal mineralisation within the region. Target generation by RFI has shown that several untested airborne EM targets lie along northwest trending structures within the East Henty project area.

4.4 OPINION

Based on the available technical information, Snowden concurs with RFI that the East Henty project area remains prospective for both Mt Lyell/Hellyer-style VHMS base metal and Henty-style gold deposits as demonstrated by the widespread presence of altered and deformed volcanic sequences hosting historical base metal and gold workings. Whilst parts of the project area have been the subject of prolonged base metal exploration, only variable and sporadic gold exploration has been completed over the project area. RFI intends to advance several of the defined target areas through drill testing, whilst undertaking further investigation of other untested conceptual targets remaining untested. Snowden is therefore of the opinion that RFI's exploration strategy for the East Henty project has merit and that the proposed work programme is justified.

5.0 LOYETEA PROJECT

5.1 INTRODUCTION

RFI's Loyetea project tenements are located immediately northeast of Hellyer and extend some 90km to the coastal township of Penguin in northwestern Tasmania (Figure 2.1, Figure 5.1). The Loyetea project is a disparate group of tenements comprising one granted exploration licence (Bonds Range) and four exploration licence applications (Wilmot, Loyetea, Leven River and Highclere; Table 2.1). The total project area is approximately 428km². Access throughout the project area is generally good with well formed forestry roads in the central and eastern areas and sealed secondary roads in the north and east. Access around the southern area is limited to foot or helicopter.

Topographically, the project covers an undulating plateau of Tertiary basalt cover with an average elevation of 650m asl, which terminates against Permian aged to Recent sedimentary units along the northwestern coastline of Tasmania. The project tenements are largely covered by sub-alpine vegetation and extensive grassland plains which extend northward from Hellyer. Shallow incised creeks drain these plains, which have been extensively cleared for forestry purposes. Rugged and deeply dissected Cambrian rocks of the northern MRV occur as inliers within the Tertiary basalt cover. The Cradle Mountain – Lake St Clair National Park lies along the southern margin of the project area.

Within the Loyetea project area, Geoinformatics has identified several VHMS and intrusive-related target areas. RFI plans to target the northern extensions of the Hellyer host stratigraphy and structures in the Loyetea, Leven River and Wilmot tenements and on several intrusive-related targets recently outlined by gravity modelling of the Devonian Housetop Granite. Several skarn and replacement-style base metal deposits and some polymetallic vein deposits have been identified within RFI's tenements associated with this granite.

5.2 LEVEN RIVER

The Leven River tenement lies approximately 8km northeast of Hellyer and overlies the northern continuation of the Que River-Hellyer stratigraphy (Figure 5.1). Within the tenement, northwest-trending faults cross-cut the Cambrian stratigraphy, which has been uplifted bringing the Hellyer ore position close to surface. Approximately 70% of the tenement is covered by Tertiary basalt, which is interpreted to be less than 100m in thickness. Several lead, gold and arsenic mineral occurrences are reported within the tenement. The tenement overlies open accessible farmland with some state forest reserve.

Despite exploration over the area commencing in the late 1970s, the most comprehensive programme was completed the period 1983 to 1990. During this time, soil and rock chip geochemical sampling, in addition to ground magnetic, EM and resistivity geophysical surveys were completed prior to drill testing. Minor zones of narrow, anomalous base metal mineralisation was intersected by drilling in strongly altered volcanoclastic shales (Hungerford and Randell, 1990).

From 1990, further exploration was conducted over the area by several companies, who tested partial digest, MMI and whole rock geochemical methods, in addition to completing aeromagnetic and ground EM geophysical surveys and diamond drill testing. This drilling failed to locate any significant sulphide mineralisation.

Previous litho-geochemical studies undertaken at the University of Tasmania on altered rocks from the tenement have identified similar alteration signatures (as determined using the Ishikawa Index) to rocks hosting major VHMS deposits elsewhere within western Tasmania. In addition, Cambrian-age intrusive porphyries have been mapped in the area, which again have a strong spatial correlation with the known VHMS base metal deposits.

Target generation completed by Geoinformatics incorporating recent MRT airborne geophysical data has highlighted two high ranking, conceptual VHMS targets within the central portion of the tenement within outcropping QHV rocks, interpreted to lie in the hangingwall to the Hellyer deposit position. These untested EM anomalies lie along a fault zone associated with the well defined Hellyer-Que River-Mt Charter trend.

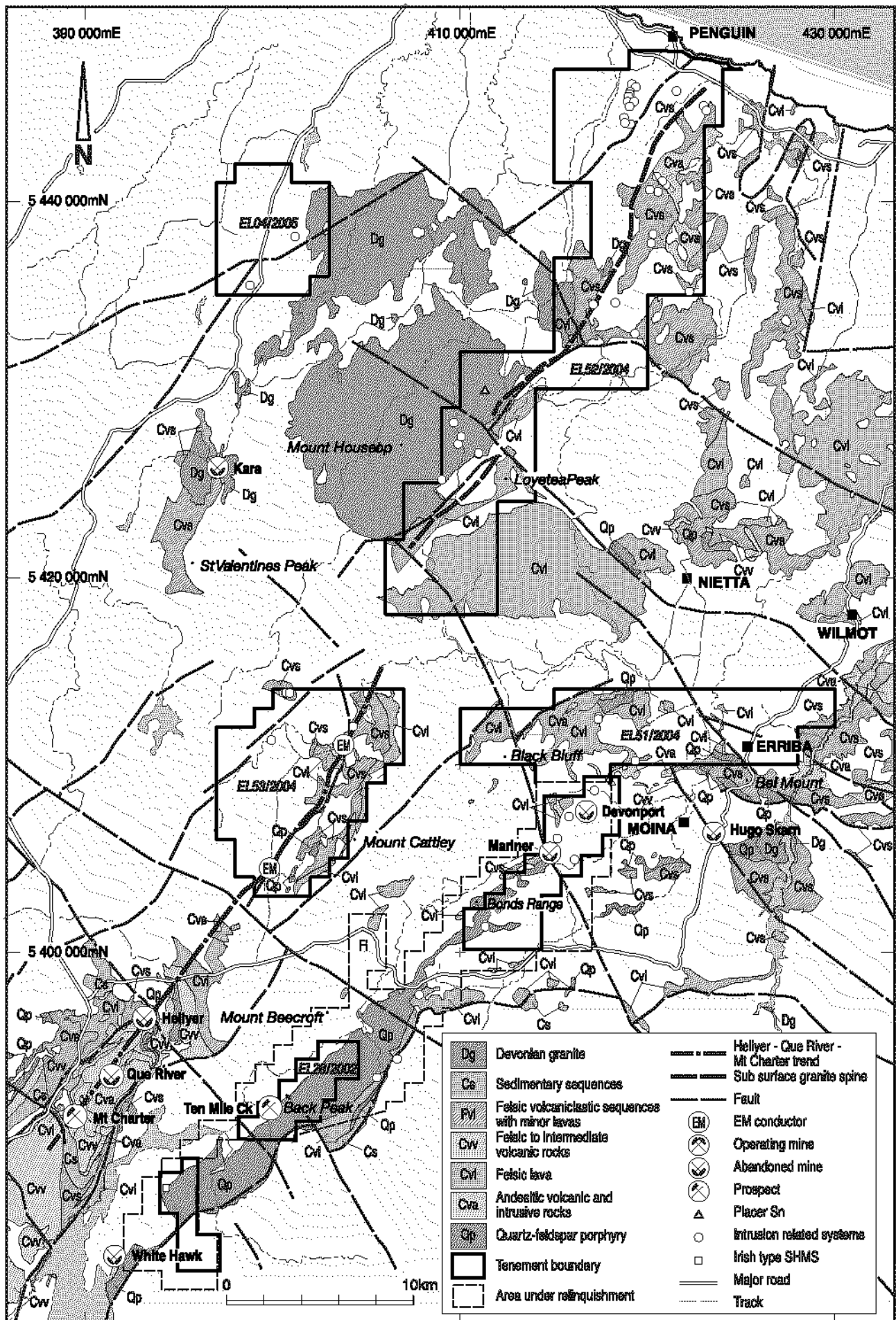


Figure 5.1 Loyetee project location (prepared by RFI)

5.3 BONDS RANGE

RFI is currently earning a 60% interest in Adamus' Bonds Range tenement, which lies to the immediate east of RFI's Hellyer project and extends northeastwards along the northern boundary of the Cradle Mountain National Park towards the Wilmot tenement (Figure 5.1). The sealed Cradle Mountain Link Road cuts through the central portion of the tenement.

The tenement is mapped by MRT as overlying the eastern margin of the MRV, which comprises quartz feldspar-biotite porphyry and Late Cambrian to Ordovician siliciclastic conglomerate, sandstone and limestone. Small inliers within the Tertiary basalt have exposed Cambrian volcanoclastic sandstone and felsic to intermediate lava lying within the core of two parallel northeast-trending anticlines. Tertiary basalt also lies within the core of the intervening syncline. The regional-scale Henty – Mt Cripps fault system cuts the southern and western margins of the tenement. Numerous northwest trending faults are also evident within the tenement area.

The licence area is known to host a number of small-scale gold and base-metal mine workings which operated from the 1890's to early 1900's. Most of these operations are located within the northeastern portion of the tenement area, in the vicinity of Mt Beecroft and Bonds Range, where disseminated and vein-hosted base metal sulphide mineralisation is associated with intrusive porphyry bodies within Cambrian rocks. In addition, lead, zinc and silver mineralisation was reportedly mined from sulphide bearing veins within Ordovician limestones at the White Hawk mine near Lake Mackintosh, along the southern margins of the current tenement.

A number of companies have previously been attracted to the Bonds Range area due to its potential to host extensions to the QHV, the elusive Henty Fault zone, as well as offering potential for gold mineralisation related to intrusive porphyry bodies. Previous efforts were primarily focused on exploring for Rosebery/Hellyer-style VHMS base metal deposits, with only recent attention paid to the area's gold potential.

During the 1980s targeted gold exploration was carried out over historical gold mining areas and along selected lithologies, such as the Owen Conglomerate and the Gordon Limestone. Extensive rock chip and mullock sampling was completed at this time, returning low to moderate gold values, up to 68g/t Au from the Mariner 6 workings in the northern part of the current tenement (Pemberton, 1981).

A reappraisal of primary geophysical data was also carried out, to locate and define buried magnetic anomalies and VHMS conductors lying below Tertiary and Ordovician cover rocks. This work involved the collection of airborne and ground-based magnetic, DHEM and gravity geophysical survey data.

This work located a number of geophysical and geochemical anomalies within the area, with subsequent drill testing intersecting discrete zones of broad, low grade lead-zinc mineralisation. However, several high grade Au-Ag rock chip samples do not appear to have been adequately followed up.

A number of prospective zones have been identified within the area (Rust and Brookes, 2005), which RFI considers it can rapidly advance to drill target status. These include:

- **Ten Mile Creek prospect** – previous stream sediment, soil and rock chip sampling outlined a coherent tin-tungsten-gold anomaly at Ten Mile Creek near Lake Murchison which returned high grade gold mineralisation within rock chips (Figure 5.1). Subsequent drilling failed to reach the target depth but narrow zones of anomalous gold mineralisation associated with intensely altered stockwork veining were intersected. Further work was recommended to determine whether these sporadic but significant gold and base metal anomalies were indicative of a larger target within the area;
- **Mariner prospect** – this prospect lies within the northern portion of the Bonds Range tenement and comprises of several historical gold workings. Rock chip and mullock sampling from the prospect has returned values ranging from 1g/t Au to 13g/t Au. Drilling completed in the 1980s failed to intersect any significant gold mineralisation underlying the historic workings, despite intersecting chalcopyrite and pyrite mineralisation; and
- **Devonport mine** – rock chip sampling around the portal of the historical Devonport underground gold mine located in the northern Mariner area returned results of up to 9.8g/t Au. No drilling has been completed to test for down-dip extensions to the gold mineralisation.

5.4 WILMOT

The Wilmot tenement extends some 15km east-west from the shores of Lake Barrington to the Leven River north of Black Bluff Range and overlies exposed units of the upper MRV between Wilmot and Moina (Figure 5.1). The area is rugged and varied with deeply incised gorges passing into elevated plateaux of Tertiary flood basalts. Access is generally good with the Wilmot and Nietta Roads passing through the tenement area.

Within the tenement, correlates of the Hellyer host sequence are overlain by Ordovician conglomerates, sandstone and limestone, which have been intruded by the Devonian Dalcoath Granite. Mineralisation surrounding this granitoid is varied in style and content. It includes tin-tungsten deposits and to a lesser extent, gold, silver, lead and zinc occurrences. Many of these mineral occurrences are considered to be either skarn or replacement-type deposits within limestone.

Previous exploration has been conducted by several major mining companies over the tenement area for VHMS and skarn related base metal mineralisation. This exploration has included stream sediment, soil and rock chip geochemical surveys, aeromagnetic and ground-based EM, magnetics and IP geophysical surveys and limited drilling. To date, drill testing of the main geophysical and geochemical anomalies has failed to delineate any economic concentrations of mineralisation within the current tenement area.

As part of its target generation process, Geoinformatics has identified a VHMS target in the western portion of the tenement and an intrusive-related target close to Moina, where the Hugo Skarn deposit lies some 5km to the south.

5.5 LOYETEA

The Loyetee tenement extends some 30km to the southwest from Penguin to the Leven River, south of Mt Housetop (Figure 5.1).

Access to the tenement is generally good via a diverse network of secondary roads covering largely open farmland and forest reserve.

The Devonian-aged Housetop Granite dominates the geology of this tenement, which lies along its western margin. This granite is an economically important granitic mass being intimately associated with several skarn, replacement and vein deposits, including the Kara tin, tungsten and iron deposit. All known mineral occurrences occur within the granite body or very close to its margin.

This granitic body is interpreted to continue at shallow depths towards southwest where it underlies several small tin-tungsten and base metal deposits within Precambrian and upper Cambrian rocks. Gravity modelling indicates that RFI's tenement is centred along this granitic spine, with several cupolas interpreted to lie along the northern projection of the Hellyer Fault. Prominent northwest trending cross-faults cut through the central part of the tenement, and offset the Hellyer Fault.

The first reported exploration over the current tenement area was in the early 1970s, when Tasminex NL commenced evaluation of a number of historic workings for their base metal potential. Since that time, extensive exploration has been conducted for VHMS base metal sulphide and Renison-style replacement tin deposits by several companies. Work completed during that time included stream sediment, soil, rock chip, channel and whole rock geochemical sampling, airborne magnetic-radiometric and ground-based magnetic, gravity, EM, IP and resistivity geophysical surveys and minor diamond drilling.

Drill testing of several geochemical and geophysical anomalies intersected thin zones of low grade zinc mineralisation from a skarn altered zone within limestones adjacent to the Housetop Granite, and wide zones of low grade copper mineralisation within calcareous and dolomitic sediments interpreted to be underlain by Devonian granite (Anonymous, 1997 and Herrman, 1985).

Based on Geoinformatics' target generation work to date, the tenement is situated over a large, elevated magnetic anomaly potentially representing a regional skarn halo. Several highly ranked intrusive-style targets have been generated from this work, and are supported by 26 lead, zinc, tin, tungsten, barium, iron, silver and gold mineral occurrences within or in close proximity to the tenement. Of particular interest is three adits with anomalous gold results located near Penguin (Figure 5.1).

5.6 HIGHCLERE

The Highclere tenement is located along the prospective northwestern margin of Housetop Granite, which is the same granite body located within the Loyetee tenement (Figure 5.1). This area is considered particularly prospective by RFI for skarn tin-tungsten mineralisation as it overlies the same northeast trending structure that hosts the significant tin mineralisation at Mt Bischoff.

Only limited exploration has previously been carried out over the Highclere tenement area. The last significant exploration campaign was conducted during the late-1970s to mid-1980s by Comalco, who completed geological mapping, soil sampling, SIROTEM and magnetic geophysical surveys over inliers in the Tertiary basalt. This work identified a 500m by 500m soil geochemical anomaly with a coincident EM anomaly. No drill testing of this anomaly was conducted and which remains untested.

5.7 OPINION

Snowden notes that whilst the Loyetee project has been selectively drilled, the presence of a considerable veneer of Tertiary basalt has impeded the understanding of the project geology and therefore the significance of previous exploration results. The presence of upper Cambrian stratigraphy analogous to the QHV and Ordovician limestone located in proximity to mineralised granite contacts suggests the project is prospective for the discovery of VHMS and intrusive-related skarn and replacement-style base and precious metal deposits. Snowden is therefore of the opinion that the project is of merit and worthy of exploration to the extent being proposed by RFI.

6.1 INTRODUCTION

RFI's Mt Bischoff project tenements are centred on the historical mining town of Waratah, which is the largest permanent settlement in the region, lying some 75km southwest of Burnie (Figure 2.1, Figure 6.1). The Mt Bischoff project consists of two granted exploration licences (Heazlewood and Whyte River) and a single exploration licence application (Waratah), with a total combined area of 285km² (Table 2.1). Due to forestry operations within the district, access through the project tenements is generally good. Access to the more remote areas is by foot or helicopter.

The project area is dominated by deeply dissected and heavily vegetated country of the Arthur River catchment developed over Proterozoic, Cambrian and Carboniferous-Permian aged rocks interpreted to lie within and to the immediate east of the Arthur Lineament. The Arthur Lineament is a northeast-trending belt of highly deformed and metamorphosed sedimentary and basic volcanic units of Proterozoic age. The Mt Bischoff project area is largely underlain by basalts, volcanoclastic sediments, sandstones, shales, cherts and minor carbonates, which are structurally overlain by several ultramafic and mafic bodies.

The economically important Cleveland and Mt Bischoff tin deposits which occur immediately outside the current project tenements were discovered in the 1870s. Mineralisation at Mt Bischoff is considered to be genetically related to Devonian granitoids which outcrop as the Merideth Granite, some 10km southwest of Waratah. Based on previous geophysical investigations within the area, the Merideth Granite is interpreted to continue as a shallow spine beneath the Mt Bischoff deposit. Other types of mineralisation associated with Merideth Granite in the general area include lead, zinc, copper, iron, tungsten, silver and gold as well as some PGMs and nickel. The origin of the gold remains enigmatic, whilst nickel and PGM mineralisation is considered to be derived from the ultramafic rocks.

Recent 3D modelling of regional aeromagnetic data by Geoinformatics has shown the Merideth Granite to extend northwards under Cambrian rocks which are offset by several significant northeast trending structures within RFI's Mt Bischoff project tenements.

RFI is particularly interested in evaluating the Mt Bischoff tenements for their potential to host significant skarn and replacement-style tin and nickel mineralisation along the margins and within the roof zone of the Merideth Granite.

6.2 WARATAH

RFI's Waratah tenement is centred over, but excludes the Mt Bischoff tin deposit which is located 2km north of Waratah (Figure 6.1). The tenement is interpreted to overlie Proterozoic to Early Cambrian sedimentary, volcanic and ultramafic units along the northeastern margins of the Merideth Granite between the villages of Luina and Waratah. This sequence is in part overlain by Tertiary basalt.

Geophysical studies have shown that the Merideth Granite shallowly underlies much of the tenement area and is cut by a large cross-fault which has had an important localising effect on the known mineralisation. A cupola emanating from the main body of the Merideth Granite is interpreted to underlie the Mt Bischoff deposit, which has produced approximately 1.9Mt at 0.96% Sn.

More than 30 lead, tin, tungsten and silver mineral occurrences have been documented within the Waratah tenement, including the Silver Cliffs and Persic lead prospects lying immediately to the northwest of Mt Bischoff. The largest base metal deposit discovered and mined to date from within the current tenement is the former Magnet deposit, which lies along the tenement's western flank. Approximately 630,000t grading 5.7% Pb, 7.3% Zn and 394g/t Ag was extracted from Magnet between 1895 and 1940. Significant water flows into the 16th level (approximate vertical depth of 365m) combined with low base metal prices are reported to have resulted in the closure of the mine.

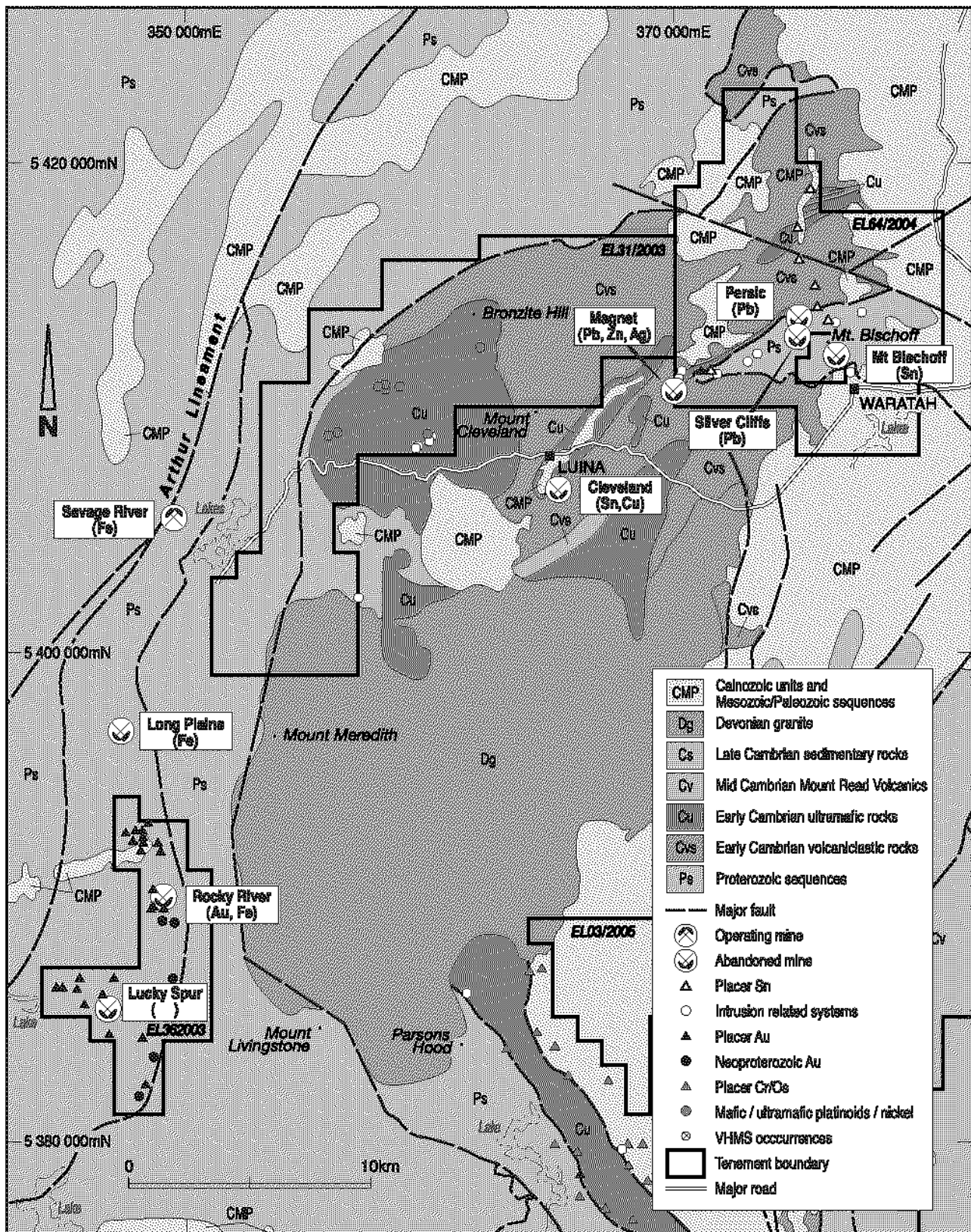


Figure 6.1 Mt Bischoff project location and tenements (prepared by RFI)

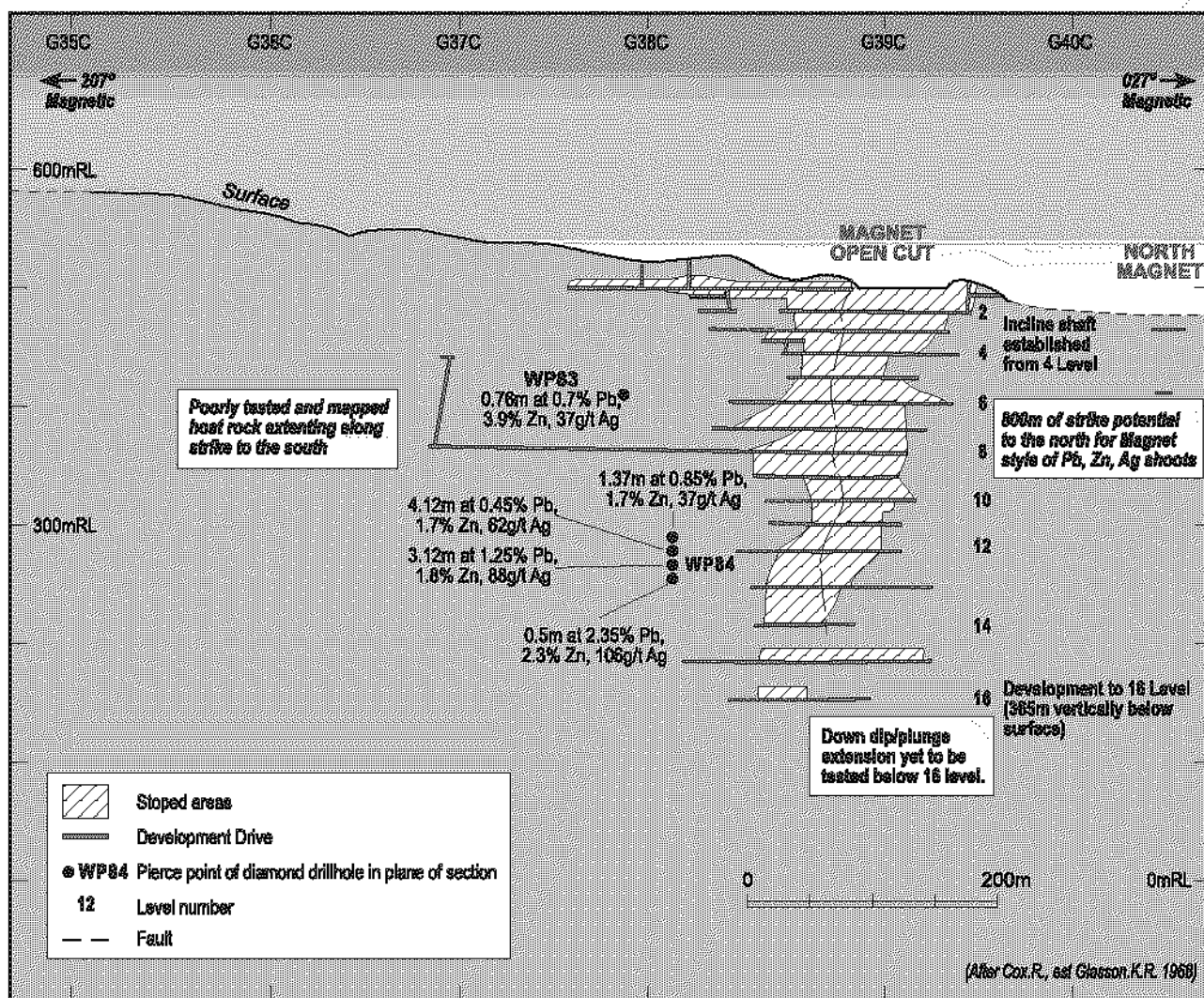
There has been a great deal of exploration and mining activity centred on the Mt Bischoff tin and the Magnet lead-silver deposits, some of which has extended into RFI's Waratah tenement. Mining at Mt Bischoff commenced in the early 1870s and continued until 1947, whilst the Magnet mine operated between 1895 and 1933. Since the closure of these mines, the surrounding area has been explored by several mining and exploration companies. Work completed by these companies included extensive stream sediment, soil and rock chip geochemical sampling, geological mapping, a range of geophysical surveys including aeromagnetics, ground magnetics and EM, as well as several drill holes. Numerous tin and base metal anomalies were delineated within the area, although much of the mineralisation has previously been attributed to contamination from Mt Bischoff and Magnet mines. Outside of the defined deposits, no mineralisation of significance had been reported.

Recent compilation work by RFI has highlighted the along strike and down dip potential of the Magnet lead-silver deposit, which extends over a strike length of 90m with an average true width of 5.5m and was worked to a vertical depth of 365m below surface. The deposit is described as being a pipe-like lode which occupies a steep west-northwest dipping fracture system and is associated with a mafic intrusive body known as the Magnet dyke (Figure 6.2). The mineralisation predominantly comprises sphalerite and argentiferous galena along the footwall contact of the Magnet dyke with dolomitic and tuffaceous sedimentary units. The mineralisation appears to be poorly tested below the 16 level despite grades in the lower levels of the mine being consistent with the deposit's overall average grade.

According to mineral occurrence information compiled by MRT, several lead-zinc prospects are recorded over a distance of 800m to the north and some 250m to the south of the former Magnet mine. These prospects do not appear to have been adequately tested by previous drilling, with no recorded drilling evident along strike to the north of the Magnet mine and only 5 drill holes completed to the south. Better results from this drilling along the southern strike extents of the Magnet mine include:-

- WP83: 0.76m grading 0.7% Pb, 3.9% Zn and 37g/t Ag (Figure 6.2); and
- WP84: 3.1m grading 1.25% Pb, 1.8% Zn and 88g/t Ag from 302.2m depth down the hole.

Figure 6.2 Longitudinal section of the Magnet mine area (prepared by RFI)



Further wide zones of moderate grade lead-zinc mineralisation were also reportedly intersected along the western boundary of the project area and to the immediate west of the Magnet deposit.

RFI is proposing to undertake further investigation of the Magnet mine area, including further data compilation, additional geophysical surveying and if warranted, drilling.

Despite the considerable mining and exploration completed around the Mt Bischoff area, RFI considers the Waratah tenement to offer excellent potential for the discovery of further replacement-style and vein-hosted base metal deposits in addition to nickel mineralisation associated with narrow, northeast striking ultramafic units located in the northern half of the tenement.

6.3 HEAZLEWOOD

RFI proposes to earn a 70% interest in Pioneer's Heazlewood project, which immediately abuts RFI's Mt Bischoff tenement to the east and Goldamere Pty Ltd's Savage River magnetite mine to the west (Figure 6.1). The Heazlewood tenement covers a layered ultramafic-mafic complex of Cambrian age which extends over some 15km north-south and 5km east-west. The complex consists of a 5km thick sequence of layered ultramafic cumulates comprising from the base; peridotite, pyroxenite and gabbro. The ultramafic units are overlain by up to 3km of tholeiitic basalt. Interpretation of regional magnetic data suggests that the ultramafic complex underlies much of the northeastern portion of Pioneer's tenement above the Merideth Granite.

Base metal mineralisation was first discovered in the Heazlewood area in the late 19th century with subsequent small-scale production from the Lord Brassey nickel mine, the Jasper Hill copper-gold deposit and a number of minor nickel and lead-zinc occurrences. The nickel mineralisation at the Lord Brassey workings is reportedly shear related occurring within serpentinised ultramafic rocks, whilst the copper-gold mineralisation at Jasper Hills is associated with stringer-style veins in a quartz and jasper altered host unit.

In the early 1900s, the Heazlewood ultramafic complex was the world's largest supplier of osmiridium (a naturally occurring platinum group alloy of osmium, iridium and ruthenium) won from minor alluvial and bedrock workings. Total recorded osmiridium production from the entire field was in the order of 15,526 oz.

Significant exploration within the project area has included:

- 2003 to 2004: compilation of all available digital data in MapInfo format, and reprocessing and reinterpretation of the geophysical data for target identification;
- 1992 to 1996: the potential of the ultramafic complex for near surface, bulk tonnage resources of low grade nickel sulphide and copper-gold mineralisation was investigated. The results from regional stream sediment and rock chip geochemical sampling downgraded the potential of the complex for nickel sulphide mineralisation. The nickel anomalism was interpreted as being consistent with silicate nickel sources and that the Cu-Au mineralisation was confined to low tonnage deposits hosted in faults of Devonian age;
- 1985 to 1989: the complex was explored primarily for PGM lode deposits by completing extensive mapping, sampling, EM and ground magnetic programmes over known mineralised areas. Rock chip sampling at the Brassy Hill prospect returned moderate to high grade lead, nickel, copper and gold mineralisation, however no significant PGM or nickel results were reported from drilling completed at these prospects; and
- 1968 to 1983: several regional geochemical and geophysical surveys were conducted which generated 13 target areas including the Christmas Creek area. No mineralisation appears to have been delineated but several targets were left untested.

The extent and quality of previous surface exploration over exposed portions of the Heazlewood complex reduces the potential of the area to host large zones of shallow nickel sulphide mineralisation. However, a recent data compilation by RFI has highlighted the occurrence of a significant gravity anomaly which is coincident with elevated lead-zinc-silver stream geochemistry within the central portions of the Heazlewood tenement. Furthermore, RFI considers that the Heazlewood tenement offers potential for the following styles of mineralisation:

- PGM in sulphide lodes within the Heazlewood complex;
- remobilised base metal and/or PGM's such as those found at the Avebury deposit which lies to the west-southwest of Zeehan. Like Avebury, the northeast portion of RFI's Heazlewood tenement is interpreted to contain ultramafic units within the thermal aureole of the Meredith Granite;
- carbonate replacement or sulphide replacement tin deposits in sedimentary units of the Crimson Creek Formation; and
- structurally-hosted gold mineralisation.

6.4 WHYTE RIVER

Through the Pioneer joint venture agreement, RFI is earning a 70% interest in the Whyte River tenement (Figure 6.1). The tenement is located some 8km to the southwest of the Heazlewood tenement and is underlain by Proterozoic rocks of the Arthur Lineament, comprising muscovite-chlorite-schist with minor quartzose partings of the Timbs Group, and muscovite-schist and phyllite interbanded with quartz-schist of the Oonah Formation.

Tertiary gravels, frequently overlain by thin basalt flows, are common throughout the tenement area and offer a potential source for the widespread alluvial gold mineralisation within the Whyte River area.

The Whyte River tenement covers the eastern portion of the historic Corinna Goldfield which was worked for alluvial gold around the turn of the 19th century producing between 600kg and 900kg of gold. Alluvial gold was first discovered at Middleton's Creek to the west and outside of the Whyte River tenement area in 1879. By 1881, coarse gold was reported from workings at Nancy Creek, Lucy Creek and Paradise River, which all lie within the southern half of the current tenement. Since that time, small-scale mining of both alluvial and minor hard rock deposits has been carried out on an intermittent basis. This work suggests that most of the gold mineralisation is of limited extent and generally of low grade. Small-scale alluvial mining reportedly continues to the present day.

Since the early 1960s, a number of companies have completed modern systematic exploration over the current tenement area focussing on a range of different commodities including gold, base metal and iron ore. Significant work programmes completed during that time include:

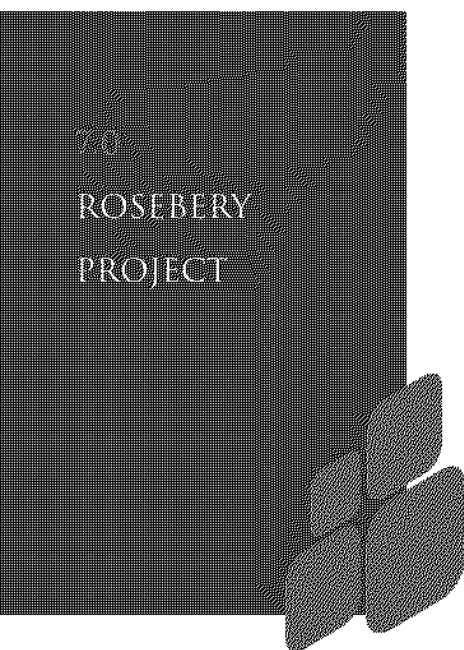
- 1961 to 1988: follow-up testing of several aeromagnetic anomalies after the discovery of the Savage River magnetite-pyrite deposit. Two iron ore deposits were delineated at the Long Plains South and Rock River prospects. Only the Rocky River deposit is located within the current tenement. IMI continued to explore the area for gold, base metals and diamonds for nearly 30 years; and
- 1994 to 1999: regional stream sediment, soil and rock chip geochemical sampling, Helimag geophysical surveys, reconnaissance diamond drilling and gold grain morphology studies were completed over the current tenement. Results were generally disappointing.

Despite considerable and prolonged exploration over the tenement area, the source of the alluvial gold over the general Corinna area remains enigmatic, with results from hard rock exploration to date failing to locate a source despite gold grain morphology studies suggesting a local source.

RFI is proposing to investigate the potential sources for the alluvial gold as well as defining new target areas through the integration and modelling of the regional datasets, including a re-assessment of the area's iron ore potential. RFI considers that the Lucy Spur, Lefroy Ridge East and Rocky River prospects offer some potential as a hard rock gold source, as the Titan-Goldstream JV generated several low-level soil anomalies which do not appear to have been adequately tested.

6.5 OPINION

Based on its review of the available technical data, Snowden considers the Mt Bischoff project area to remain prospective given the project's location adjacent to the Merideth Granite, the project's alluvial gold, tin-tungsten and iron endowment, the presence of a sheared and mineralised ultramafic sequence and the lack of any prolonged systematic exploration programme over much of the project area. Snowden is of the opinion that the Mt Bischoff project is of merit and that the work programme proposed by RFI is appropriate.



7.1 INTRODUCTION

RFI's Rosebery project comprises two exploration licence applications (Huskisson and North Rosebery) located 16km northwest and immediately east of the Rosebery township respectively (Figure 2.1, Figure 7.1, Table 2.1). These tenements have a combined area of 130km².

Primary access to the tenements is via the Murchison Highway, Pieman Road and on roads and tracks associated with Hydro Tasmania's electrical infrastructure and mining operations around Tullah and Rosebery. More remote areas north of Pieman Road require access by foot or helicopter. In general, bedrock exposure is poor with much of the project area covered by thick scrub and rainforest. The terrain of the area is rugged being dominated by Mt Black, which rises 950m asl to the immediate north of the Rosebery township. Lake Rosebery lies to the west of Tullah.

Base metal mineralisation was discovered at Rosebery in 1893 with small-scale open cut and underground mining operations commencing shortly thereafter. Mining has continued on a semicontinuous basis ever since, consistently producing around 0.5Mtpa of zinc, lead, silver, copper and gold ore. Current production is around 0.8Mtpa.

At the Rosebery operation, underground mining extends over a strike length of 3km and to more than 1km depth. The Rosebery orebody is a high grade polymetallic deposit that is composed of numerous sheet-like lenses and pods of banded sulphides within altered host rocks. Individual lenses are typically in the order of 100m to 400m in strike length, 100m to 500m in down-dip length and generally less than 20m in true thickness. The ore minerals are dominated by sphalerite (25%), galena (5%) and chalcopyrite (3%) and pyrite (30%). Gold is associated mainly with massive sulphides.

The base metal mineralisation at Rosebery is hosted by an altered and deformed sedimentary sequence comprising fine-to-medium grained volcanoclastic shales and sandstones within the CVC sequence. This sequence is bound to the east and west by the north-northeast trending Rosebery and Henty Faults respectively.

7.2 NORTH ROSEBERY

The North Rosebery tenement lies immediately adjacent to the Rosebery mine and continues northwards for some 12km to include Mt Black, Lake Rosebery and the Pieman Road to the west and north of Tullah (Figure 7.1; Table 2.1). The tenement covers the central MRV lying between the Henty Fault to the east and the Rosebery Fault to the west. This area is dominated by the Mt Black Volcanics which is interpreted to overlie the Rosebery mine sequence. The Mt Black Volcanics comprise mafic to intermediate lavas, breccias and volcanoclastic units of the CVC with minor interbedded shale. Several quartz-feldspar porphyries have intruded this sequence.

The generally massive nature and poor outcrop of the CVC has hindered structural analysis of the area, with only a broad syncline interpreted from regional mapping along Pieman Road. Two significant faults are recorded within the North Rosebery tenement. The north-northeast trending Rosebery Fault lies along the western margin of the tenement, whilst the northern portion of the tenement is cut by the northeast trending Hellyer Fault (Figure 7.1). More than ten VHMS base metal occurrences are reported from within the tenement, many of which are historic lead-zinc-silver-gold mines.

The steep slopes surrounding Rosebery have been explored on an almost continuous basis since base metal mineralisation was discovered at Rosebery. Between 1908 and 1929, some 36,000t grading 37% sulphur was extracted from the Chester pyrite mine, north of Lake Rosebery, by Mt Lyell for its Queenstown smelters. Modern exploration of the area began in the 1970s and has been dominated by the former owners of the Rosebery mine and their joint venture partners. Work completed since the 1970s has included extensive geological mapping, stream sediment, soil, rock chip, trench and isotope geochemical sampling with whole and partial leach assay methods tested, various ground-based IP, EM, magnetic and gravity geophysical surveys, in addition to aeromagnetic and photo-geological interpretations. Drill testing of main geophysical and geochemical anomalies failed to

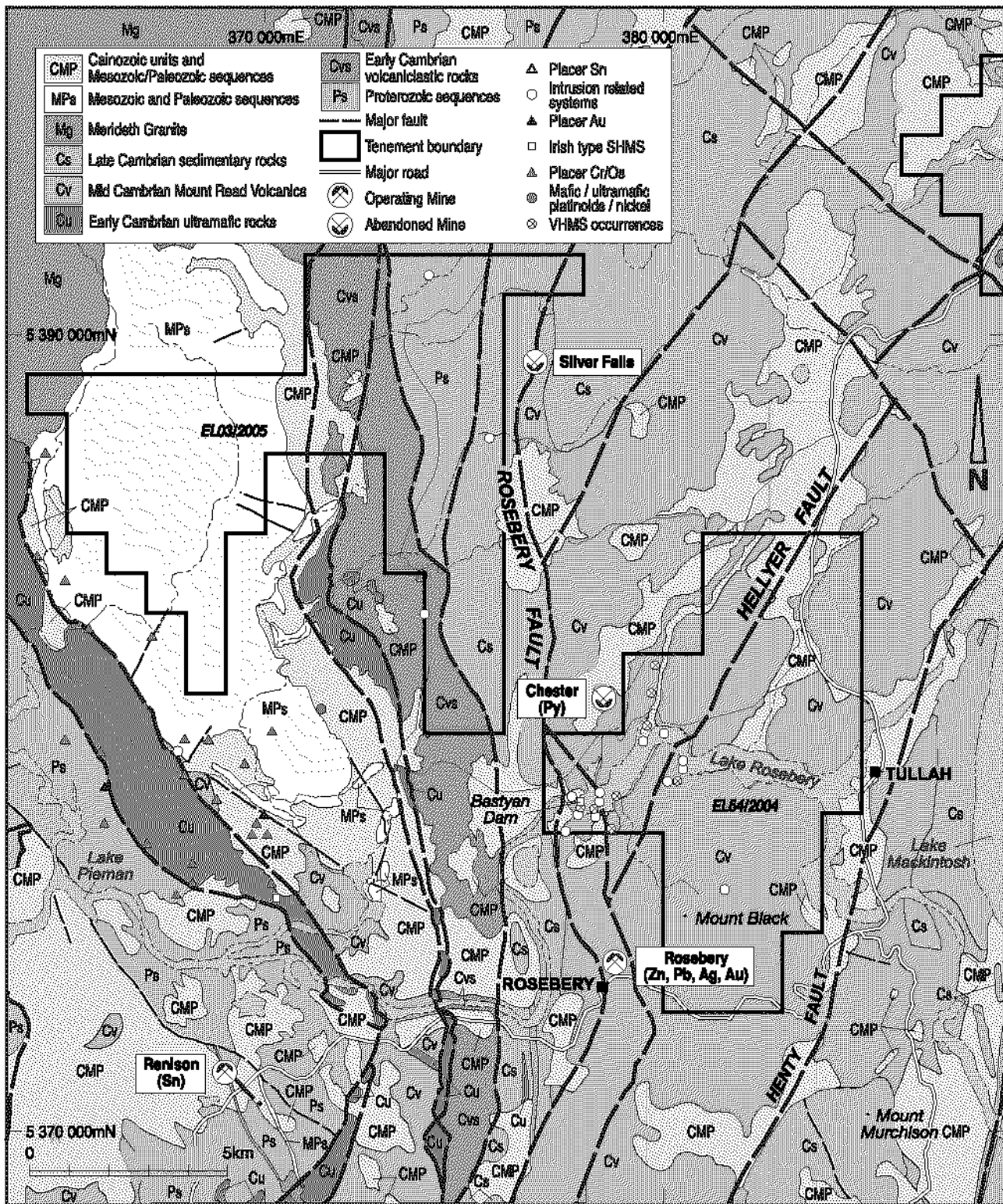


Figure 7.1 Rosebery project location and tenements (prepared by RFI)

locate any significant mineralisation within the North Rosebery tenement, with peak intercepts of 0.5m grading 2.1% Zn and 0.1% As and 13.5m at 0.5% Zn returned from near Bastyan Dam, where zinc-rich massive clasts (with up to 35% sulphide) had previously been located (McNeill, 2003).

Target generation work by RFI and Geoinformatics has shown the Rosebery and Hellyer Faults to intersect near the western boundary of the North Rosebery tenement, where the host rocks are significantly altered over a distance exceeding 4km in length. In addition, previous geochemical sampling highlighted several partial leach soil anomalies which do not appear to have been drill tested.

7.3 HUSKISSON

The Huskisson tenement lies in a relatively remote area located to the north of the Pieman Road, some 15km east of the Whyte River tenement area and 16km northwest of the Rosebery township (Figure 7.1). The tenement area covers a structurally complex portion of the MRV, which includes the northern extents of the Rosebery Fault, the Huskisson Syncline and the southeastern margin of the Merideth Granite.

Broadly, the geology of the eastern half of the tenement is dominated by Late Cambrian volcanoclastic greywackes, siltstone and mudstones lying adjacent to the Rosebery Fault and the northern extensions of the Federal-Bassett Fault system, which hosts the significant tin mineralisation at Renison. These sediments have previously been correlated with the Southwell Subgroup, which is interpreted to overlie the Que River-Hellyer stratigraphy. In contrast, the western half of the tenement is dominated by the large, open Huskisson Syncline which lies along the southeastern flank of the mineralised Merideth Granite. The north-northeast trending Huskisson Syncline comprises a basal Cambrian ultramafic sequence which is structurally overlain by Ordovician to Silurian sandstone, siltstone, shale and limestone. Several small osmiridium, tin, lead and gold occurrences are recorded within the ultramafic rocks along the southwestern flank of the Huskisson Syncline, immediately to the west and outside the tenement.

Exploration has been conducted over the Huskisson tenement since the late 1960s when Comstaff evaluated the area for base metal and gold mineralisation. Since that time, the area has been assessed for Renison-style tin, Hellyer/Rosebery-style VHMS, skarn and vein-hosted tin-tungsten deposits by numerous companies. Exploration work completed within the tenement includes regional stream sediment, soil, rock chip and trench geochemical surveys, ground-based SP, EM, magnetic and IP geophysical surveys, airborne magnetic and radiometric geophysical surveys and diamond drill testing of the anomalies. Whilst this exploration has identified several targets considered prospective for VHMS and intrusive-related base metal and gold deposits, the only significant mineralisation encountered to date was at the Silver Falls prospect where drilling intersected a narrow zone of low grade lead mineralisation (Hollamby, 1998).

Despite this apparent lack of success, RFI considers the Huskisson tenement to remain prospective for VHMS mineralisation in the east and intrusive related base metal mineralisation in the west around the Merideth Granite. Modelling of gravity data suggests that extensions to the Merideth Granite underlie the tenement with several granite apophyses rising from the main body to near surface positions, providing sites for potential base metal mineralisation. In addition, aeromagnetic data suggested several significant northwest trending structures lie along the granite margin, thereby providing localising conduits for any mineralised fluids.

7.4 OPINION

Whilst Snowden considers the Rosebery tenements to be relatively mature in exploration terms they overlie similar Cambrian stratigraphy to the Rosebery deposit offering the potential for the discovery of small high grade base metal deposits in proximity to the Rosebery processing facility. In addition, limestone and calcareous sediments lying along the southern margin of the Merideth Granite are considered prospective for skarn and replacement-style, tin-tungsten and base metal mineralisation. Recently released MRT aeromagnetic and EM geophysical data for the Rosebery area has highlighted several new areas considered by RFI to be prospective for Hellyer-style VHMS deposits, which remain to be fully assessed. Snowden is therefore of the opinion that RFI's exploration strategy for the Rosebery project has sufficient conceptual merit and that the work programme proposed is justified.

8.0 OONAH PROJECT

The Oonah project is located approximately 5km north of the historic mining centre of Zeehan and comprises a single exploration licence application covering an area of 23km² (Figure 2.1, Figure 8.1, Table 2.1). Access to the tenement is provided by Pieman Road which cuts diagonally across the tenement towards the northwest. Secondary gravel roads provide further access. The topography of the Zeehan region is dominated by swampy button-grass plains at an elevation of about 300m asl. To the north and west of Zeehan these plains are deeply dissected by tributaries of the Pieman River, which have formed rolling hills capped by Tertiary gravels.

Extensive small-scale open pit and shallow underground workings have been developed throughout the Zeehan area following the discovery of silver and base metal mineralisation in the 1880s. A rush followed and Zeehan became the site of Tasmania's first mining boom, with several mines established including the Silver Queen and Oceana. However, the boom was short lived due to the small size and extensive distribution of the deposits and significant overcapitalisation and poor management of the mines. By the early 1900s, the Zeehan field was largely deserted.

A resurgence in mining occurred in 1937 following the discovery of tin mineralisation at Queen Hill, which was subsequently paralleled by the resurrection of silver-lead mining. The discovery of the Montana silver-lead mine led to the re-development of the Oceana mine in the late 1940s. Mining continued until the early 1960s, by which time the Zeehan field had produced approximately 200,000 tonnes of lead, 826,000kg of silver, 2,700 tonnes of zinc and 5.4 tonnes of tin. Since then, exploration and small-scale mining has been completed on an intermittent basis.

The Zeehan area is largely underlain by a thick sequence of Proterozoic slates and quartzites of the Oonah Formation, which are overlain to the north and east by turbiditic mudstones, greywackes and slates of Lower Cambrian age. This metamorphosed sedimentary sequence was intruded during the Devonian, by the Heemskirk Granite, which outcrops less than 8km to the west of Zeehan.

Geophysical studies have shown the Heemskirk Granite to shallowly underlie the Zeehan region, with irregularities along the granite surface interpreted to control much of the base and precious metal mineralisation in the district. Proterozoic and Lower Cambrian rocks of the Zeehan district are folded and faulted along northwest trends which are cross-cut by northeast directed faults.

The Oonah tenement covers the northern Zeehan lead-zinc-silver mineral field, where a number of regional scale faults, including the northwest trending Tenth Legion Fault, cuts across the regional fabric. The tenement has some forty four recorded base metal mineral occurrences and historic mines within its boundaries. Of most significant historical importance were the mines of Oonah, Montana and Zeehan Western, which were developed over steeply, east-dipping irregular fissure veins. According to MRT's Mirloch database, production figures for these mines were:

- Oonah - 863,000t at 1.05% Cu, 1.23% Pb, 0.98% Sn and 153g/t Ag;
- Montana - 40,000t at 5.3% Pb, 143g/t Ag and 0.5g/t Au; and
- Zeehan Western - 300,000t at 8.7% Pb, 480g/t Ag and 0.5g/t Au.

Outside of RFI's project area, numerous base metal occurrences attest to the mineral potential of units overlying the Heemskirk Granite. Two of the more recently discovered zones of significant base metal mineralisation are the Sylvester and Avesbury prospects, where sulphide mineralisation is hosted within Proterozoic-aged carbonate and ultramafic rocks, respectively. The Sylvester prospect lies some 3km southwest of RFI's Oonah tenement and comprises massive sulphide mineralisation which has replaced dolomitic units within a skarn-type geological environment (Figure 8.1). Wide zones of low to moderate grade lead, zinc and silver mineralisation have previously been reported from the Sylvester prospect.

The Avesbury deposit is located approximately 15km southwest and outside of RFI's tenement and consists of disseminated nickel sulphide mineralisation located along the margins of an irregular ultramafic body within a Cambrian volcano-sedimentary sequence. The sulphide mineralisation, which is evident over a strike extent of approximately 500m, is interpreted to have been emplaced by fluids emanating from the Heemskirk Granite.

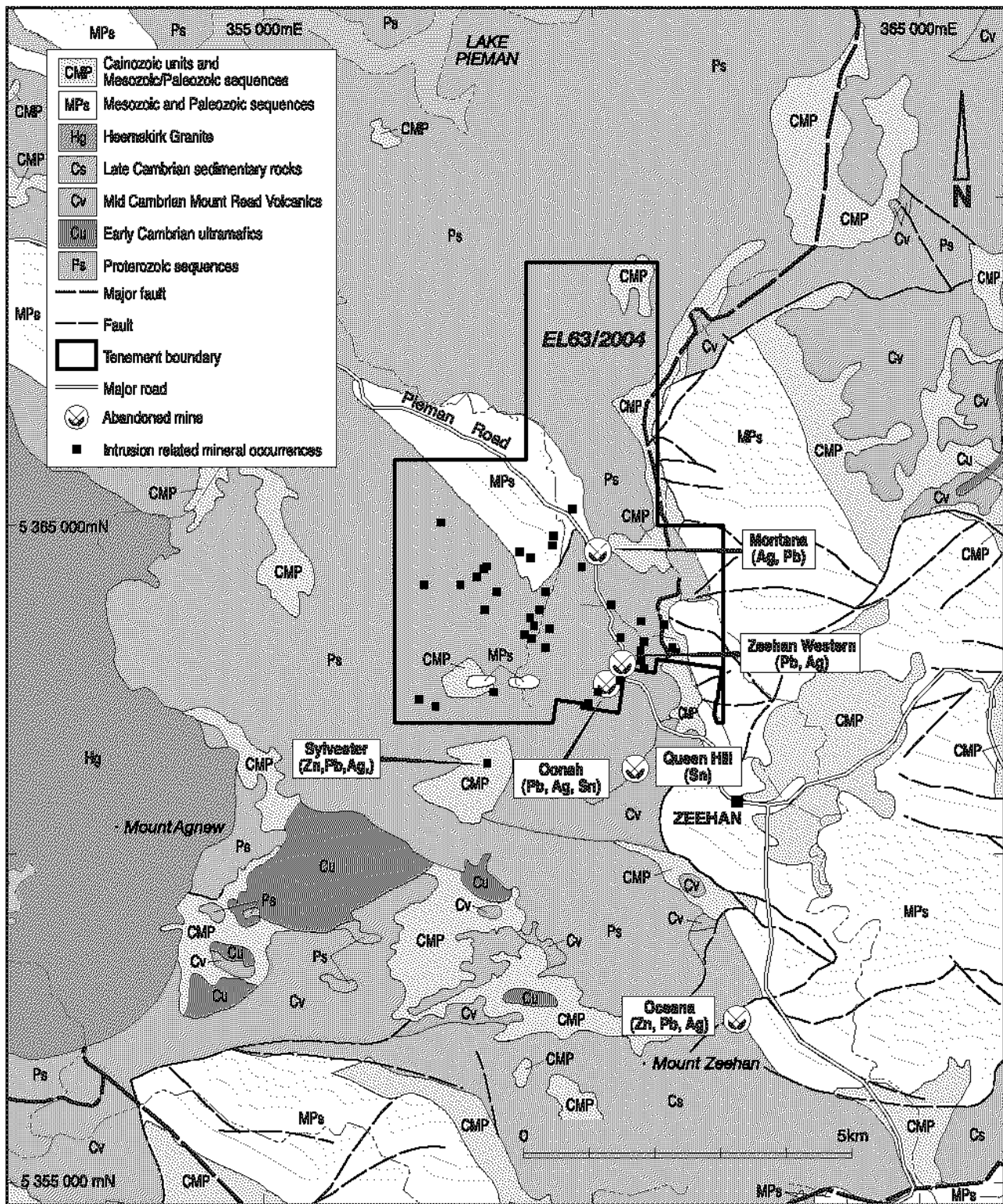


Figure 8.1 Oonah project location and tenements (prepared by RFI)

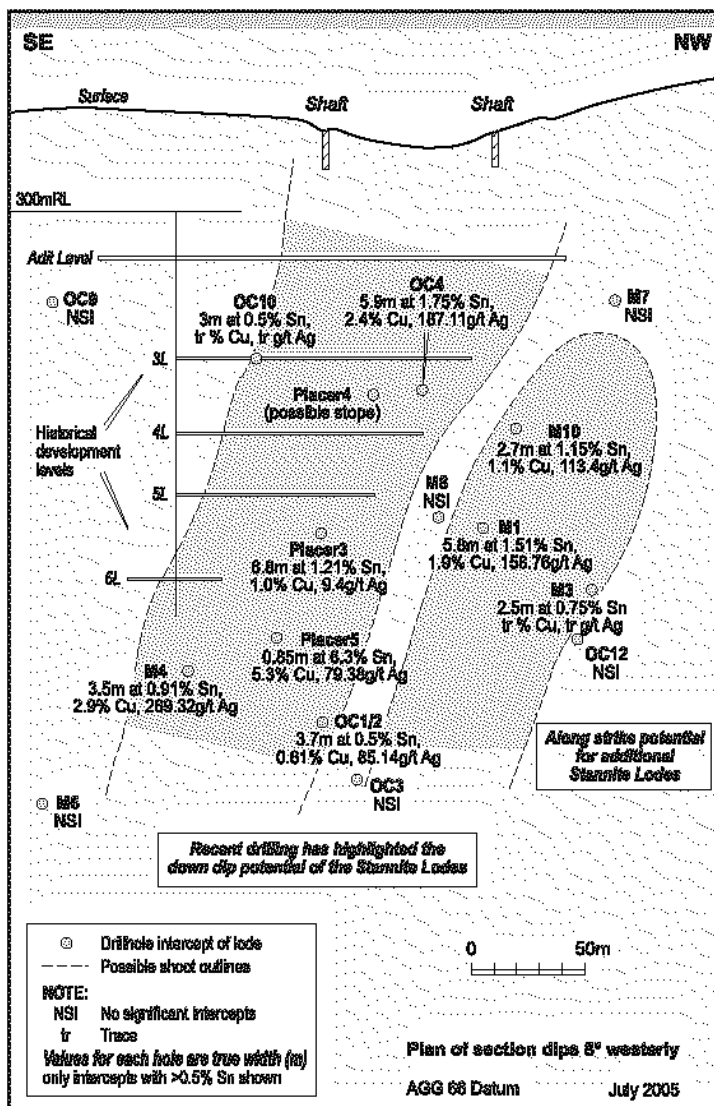
Modern exploration of the Zeehan field commenced in the 1970s and included exploration by several mining and exploration companies. Activities conducted by these companies included auger geochemical sampling, ground based magnetic, EM, IP, DHEM and helicopter-borne EM geophysical surveys to test for replacement, vein and skarn tin and gold mineralisation. Subsequent drill testing of the geophysical and geochemical anomalies intersected significant sulphide alteration hosting narrow zones of moderate grade silver mineralisation with associated anomalous tin and copper values. The best results were recorded from drilling over a 600m strike length testing the Stannite Lode at the historic Oonah mine and include:-

- OC4: 5.9m grading 1.75% Sn 2.4% Cu and 187g/t Ag from 91.5m (Figure 8.2);
- OC1/2: 3.7m grading 0.5% Sn 0.61% Cu and 85g/t Ag from 204.0m;
- M1: 5.8m grading 1.51% Sn 1.9% Cu and 153g/t Ag from 138.1m;
- M10: 2.7m grading 1.15% Sn 1.1% Cu and 113g/t Ag from 124.1m;and
- Placer3: 6.8m grading 1.2% Sn 1.0% Cu and 94g/t Ag from 124.9m.

This drilling intercepted the Stannite Lode between vertical depths of 100 and 300m below surface, with the mineralisation interpreted to remain open at depth. Further work is proposed by RFI to test the down dip extents of the Stannite Lode and for potential repetitions along strike to the north and south.

8.1 OPINION

Whilst the Oonah project is relatively mature in exploration terms, the presence of shallow structurally controlled cupolas emanating from the Devonian granite basement coupled with the extensive base metal and tin mineral occurrences within the tenement and the surrounding Zeehan mineral field highlight the tenement's prospectivity for conceptual tin, zinc and lead ore positions. Within this context, Snowden considers that the Oonah project is worthy of evaluation to the extent being proposed by RFI.



9.0

PROPOSED EXPLORATION PROGRAMME AND EXPENDITURE

RFI has proposed a staged programme of exploration and development for its Hellyer and regional projects over a two year period following listing on the ASX. RFI's principal strategy is to initially evaluate its advanced exploration targets such as those at S Lens and Mt Charter within the Hellyer project and use these targets to fund the future assessment of its other regional opportunities, such as those evident at the former Magnet and Oonah mines, as well as other prospects which may be generated through the Zinifex alliance.

RFI's programme will initially focus on compilation, verification and critical assessment of the geology and historical exploration data prior to integration with previously unreleased MRT data sets to generate new exploration targets for subsequent follow-up assessment. In concert with this target generation phase, RFI plans to:

- undertake further exploration drilling at the advanced prospects of Que River S Lens and Mt Charter, with a view to upgrading and expanding the currently defined mineralisation at Que River S Lens and outlining higher grade zones within the Mt Charter gold-silver system. In addition RFI proposes to undertake detailed soil sampling and geological mapping, metallurgical test work and a scoping study to evaluate the mining and treatment options available;
- re-evaluate advanced targets such as historical workings, structural/stratigraphic, geochemical and geophysical targets with favourable geological indicators to define drill targets capable of hosting high grade gold and base metal resources. RFI plans to assess these targets through detailed geological mapping, detailed geochemical and geophysical surveys, interpretation and modelling and RC drilling; and
- the generation of new base metal and gold anomalies and associated concepts associated with favourable geological parameters. RFI proposes to assess these targets through geological mapping, soil, stream and rock chip geochemical sampling, geophysical surveying, interpretation of satellite and aeromagnetic imagery and RC drilling.

Snowden considers the work programme proposed by RFI is well conceived and provides adequate consideration of the differing styles of mineralisation and have been designed to realise the potential of the project areas in a prudent and efficient manner. The exploration programmes currently planned by RFI totals \$1,548,000 in Year 1 and \$907,000 in Year 2 following their equity raising (Table 9.1). We note that these amounts are sufficient to meet RFI's joint venture commitments as well as the minimum expenditure obligations for each tenement as specified by MRT.

TABLE 9.1 RFI – Proposed Exploration Budget

Project	Year 1	Year 2	Total
Hellyer	732,000	483,000	1,215,000
East Henty	120,000	16,000	136,000
Loyetee	241,000	181,000	422,000
Mt Bischoff	242,000	87,000	329,000
Rosebery	75,000	23,000	98,000
Oonah	33,000	6,000	39,000
General Exploration	62,000	68,000	130,000
Project Generation	43,000	43,000	86,000
TOTAL	\$1,548,000	\$907,000	\$2,455,000

Should the minimum subscription of \$3 million be achieved, then RFI will reduce its exploration budget to \$2.344 million, with less funding available to complete target generation and follow-up activities such as drilling at its secondary exploration targets within the Hellyer project. In this circumstance, the proposed exploration budget will amount to \$1.463 million in Year 1 and \$881,000 in Year 2.

In Snowden's opinion, RFI's proposed expenditures are realistic in the context of the available working capital currently held by the company. It should be possible to evaluate the resource potential of its key project area at Hellyer in the two year period. Furthermore the budget proposed should permit a meaningful assessment of the potential and limited drilling of the key targets identified within its regional projects of East Henty, Loyetee, Mt Bischoff, Rosebery and Oonah. Snowden cautions, however, that the proposed exploration programmes may change in Year 2 from that currently stated and will be dependent on the results from the Year 1 programme.

10.1 INDEPENDENCE

Snowden is an independent firm of consultants providing a comprehensive range of specialist technical and financial services to the mining industry in Australia and overseas, through offices in Perth, Brisbane, Johannesburg, Vancouver and London. Our corporate services include technical audits, project reviews, valuations, independent expert reports, project management plans and corporate advice.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in RFI, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Snowden's standard rates, whilst expenses are being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

10.2 QUALIFICATIONS

The principal personnel responsible for the preparation and review of this report are Mr Jeames McKibben (Consultant) and Mr Philip Retter (Divisional Manager Corporate Services) respectively.

Mr Jeames McKibben (BSc (Hons), MBA, MAIG) has 10 years experience gained as an exploration geologist in Australia, Zambia and Morocco, and as a geologist/analyst with the government agency, Tasmania Development and Resources. Having completed his MBA at Macquarie University, Mr McKibben joined the Corporate Services Division at Snowden, where he is involved in independent technical reviews, audits and valuations of mining and exploration assets.

Mr Philip Retter (BAppSc (Hons), MAIG) is a professional geologist with 20 years experience including 10 years mining and exploration experience in Australia and 7 years as an independent consultant based in Jakarta, Indonesia. Mr Retter joined Snowden in July 1996 as the General Manager of its Jakarta office and is currently the Manager of Snowden Corporate Services in Perth. He has been involved in numerous independent reviews and valuations of precious and base metal projects in Australia, Africa and Asia.

10.0
DECLARATIONS
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CONSULTANTS
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APPENDIX 1 GLOSSARY OF TECHNICAL TERMS

Abbreviations	oz – ounce, km – kilometre, m – metre, M – million, t – tonne, ha – hectare, bcm – bulk cubic metres, tpa – tonnes per annum, µm – microns.
Adamellite	A variety of granite containing a calcium rich plagioclase and potassium feldspar in approximately equal amounts.
Aeromagnetics	A geophysical technique utilised from an airborne craft.
Alteration	A change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions or by pressure changes.
Amphibolite	A metamorphic rock composed predominantly of amphibole and plagioclase.
Andesite	A fine grained volcanic rock with phenocrysts of plagioclase and mafic minerals.
Anomalous	A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm.
Anticline	Applied to strata which dip in opposite directions from a common ridge or axis.
Apophysis	A branch or offshoot of a larger intrusive body.
Archaean	The oldest rocks of the Earth's crust – older than 2 400 million years.
Arsenopyrite	An iron sulphide mineral containing arsenic.
Auger	A screw-like boring or drilling tool for use in clay or soft sediments.
Basalt	A dark, fine-grained extrusive igneous rock composed of feldspar and iron and magnesium rich minerals.
Bedrock	Solid rock that underlies soil or other unconsolidated material.
Bimodal	Comprised of two populations or associations.
Biotite	A dark coloured mica mineral.
Block model	Representation of a mineral deposit where tonnes and grade are estimated for each cell or block used to fill the resource volume.
Breccia	Fragmented rock with angular components.
Bulk Density	The weight of a material divided by the volume it occupies (including pore spaces).
Cambrian	The oldest system of rocks in which fossils can be used for dating and correlation – commenced approximately 530 ± 40 m.y. ago.
Carbonaceous	Containing carbon or coal particles.
Carbonate	Common mineral type consisting of carbonates of calcium, iron, and/or magnesium.
Chalcopyrite	A copper iron sulphide mineral, the most important ore of copper.
Chemical symbols	Au – Gold, Ni – Nickel, Cu – Copper, Zn – Zinc, Co – Cobalt, Pb – Lead, W – Tungsten, As – Arsenic, Ag – Silver.
Chert	A hard, extremely fine grained sedimentary rock consisting almost entirely of interlocking quartz crystals, of which flint is a dark variety.
Clastic	Term to describe sedimentary rocks that consist of fragments of rock or other material that have been transported from their place of origin.

Colluvium	Loose soil or rock fragments accumulated by slow down-slope creep or rain-wash, as found at the base of slopes or hillsides.
Compression	Tectonic forces acting to reduce volume or shorten material.
Cumulate (texture)	An igneous rock formed by the accumulation of crystals that settle out from a magma by the action of gravity.
Cupola	A small dome-like protuberance projecting from the main body of a larger igneous intrusion.
Dacite	A medium grained felsic intrusive rock composed mostly of quartz and feldspar.
Devonian	A geological period extending from 395 to 345 m.y. ago.
Diamond drilling	Method of obtaining a cylindrical cor of rock by drilling with a diamond impregnated bit.
Differentiated	The process by which more than one rock type is derived from a parent magma.
Dilatant	Deformation characterised by an increase in volume while maintaining the overall shape
Dilution (mining)	The addition of waste to mineralised material in the mining process.
Dip	The angle at which rock stratum or structure is inclined from the Horizon.
Disseminated	Scattered particles (of gold, silver, copper etc) in the rock.
Dolerite	A medium grained basic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
Dunite	An ultramafic igneous rock composed almost entirely of olivine.
Dyke	A tabular intrusion of igneous rock that cuts across the planar structure of the surrounding rock.
En echelon	Geologic features that are in a staggered or overlapping arrangement.
Epiclastic	Volcanic deposits formed through weathering, erosion and reworking of primary volcanic rocks.
Epigenetic	Mineral deposits formed later than the enclosing rocks.
Extensional	The elongation or separation of material during a tectonic event, often perpendicular to the direction of maximum compressive stress.
Fault	A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other.
Felsic	Light coloured rock containing an abundance of any of the following: feldspars, felspathoids and silica.
Flow breccia	A breccia that is formed contemporaneously with the movement of a lava flow. The cooling crust becomes fragmented while the flow is still in motion.
Footwall	The underlying side of a fault, orebody or mine workings.
Gabbro	A coarse grained intrusive rock, which is low in silica and has relatively high levels of magnesium minerals.
Galena	A lead sulphide mineral.
Geochemical exploration	Used in this report to describe a prospecting technique which measures the content of certain metals in soils and rocks and defines anomalies for further testing.
Geophysical exploration	The exploration of an area in which physical properties (eg. resistivity, gravity, conductivity, magnetic properties) unique to the rocks in the area are quantitatively measured by one or more geophysical methods.
Gossan	The oxidised, near surface part of underlying primary sulphide minerals.
Grade	g/t - grams per tonne, ppb - parts per billion, ppm - parts per million, dwt - pennyweight.
Granite	A medium to coarse-grained felsic intrusive rock which contains 10-50% quartz.
Granodiorite	A coarse grained igneous rock containing quartz, plagioclase (sodium - calcium feldspar) and potassium feldspar, with biotite, hornblende or pyroxene.

Greenschist metamorphism	A low grade, low temperature regional metamorphism that results in a mineral assemblage typically containing chlorite, epidote and/or actinolite.
Hangingwall	The overlying side of a fault, orebody or mine workings.
Hydrothermal	A term applied to magmatic emanations rich in water and to the alteration products and mineral deposits produced by them.
Igneous	A rock that has solidified from molten material or magma.
Intrusion/Intrusive	A body of igneous rock that invades older rocks.
Ironstone	An iron rich sedimentary rock either deposited directly as a ferruginous sediment or resulting from chemical replacement.
Isoclinal fold	A fold whose limbs are parallel.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
K-feldspar	Potassium feldspar – the minerals microcline, orthoclase and sanidine.
Kimberlite	An ultramafic rock, often brecciated, which occurs in vertical pipes, dykes and sills.
Limb	The side of a fold.
Limonite	A general term for a yellow to brown-black iron oxide minerals which are a common weathering product.
Lineament	A linear feature of regional extent, generally recognisable in the topography; commonly detected by satellite imagery.
Lithology	A term pertaining to the general characteristics of rocks. It generally relates to descriptions based on hand sized specimens and outcrops rather than microscopic or chemical features.
Lode deposit	A vein or other tabular mineral deposit with distinct boundaries.
Mafic (composition)	Igneous rocks composed dominantly of iron and magnesium minerals.
Malachite	A copper carbonate mineral found in oxidised zone of copper deposits.
Matrix	The finer grained material filling the spaces between and enclosing larger grains or crystals in a rock.
Metamorphism (metamorphic rocks)	The process by which changes are brought about in earth's crust by the agencies of heat, pressure and chemically active fluids.
Metasediment	Metamorphosed sedimentary rock.
Monzogranite	An intrusive igneous rock similar in composition to granite with minor quartz.
Mylonite	Chert-like rock with a streaky or banded structure produced by extreme granulation and shearing of rocks.
Ordovician	A geological time period extending from 500 to 435m.y. ago.
Oxide zone	Near surface material affected by weathering and leaching of minerals.
Palaeochannel	A buried stream channel.
Percussion drilling	Method of drilling where rock is broken by the hammering action of a bit and the cuttings are carried to the surface by pressurised air returning outside the drill pipe.
Peridotite	An ultramafic rock consisting predominantly of olivine with or without pyroxene.
Permian	A geological time period extending from 280 to 225m.y. ago.
Phenocryst	Large crystal or mineral grain within a finer grained ground mass.
-phyre, -phyric	A suffix denoting a porphyritic rock.
Physiography	The surface relief or landforms.

Pisolite, pisolitic	Pea shaped rock particles grown by accretion and forming a sedimentary unit.
Plunge	The inclination of a linear geological structure from the Horizon.
Porphyry	An igneous rock that contains conspicuous crystals in a fine-grained matrix.
Primary	Un-oxidised.
Proterozoic	The Precambrian era after Archaean.
Pyrite, pyrrhotite	A common pale bronze iron sulphide mineral.
Pyroxenite	An ultramafic rock dominated by pyroxene crystals.
QA/QC	Quality Assurance/Quality Control, system of checks and methodologies to assess the quality and reliability of data obtained.
Quartz	Mineral species composed of crystalline silica.
Radiometrics	Geophysical technique measuring emission from radioactive isotopes.
Regolith	The layer of unconsolidated rock material, of whatever origin, that underlies the surface and rests on bedrock.
Reverse Circulation (RC) drilling	A method of drilling whereby rock chips are recovered by air flow returning inside the drill rods rather than outside, thereby providing usually reliable samples.
Reverse fault	A fault on which the hanging wall appears to have moved upward in relation to the footwall.
Rhyolite	A felsic volcanic rock, often porphyritic and with flow textures and very fine grained groundmass. The volcanic equivalent of granite.
Rock chip sample	A series of rock chips or fragments taken at regular intervals across a rock exposure.
Rotary Air Blast (RAB) drilling	Method of drilling in which the cuttings from the bit are carried to the surface by pressurised air returning outside the drill pipe. Most "RAB" drills are very mobile and designed for shallow, low-cost drilling of relatively soft rocks.
Saprolite	A weathered or decomposed, clay-rich rock.
Schist	Fine grained micaceous metamorphic rock with laminated fabric.
Search ellipse	The search distances used to capture data for the calculation of tonnes and grade at a given point in a resource model estimate.
Sericite	A white, fine grained potassium mica.
Serpentinized	Hydrothermally altered magnesium rich rock dominated by serpentine minerals.
Sedimentary rock	Rocks formed by deposition of particles carried by air, water or ice.
Shale	Fine-grained sedimentary rock with well defined bedding planes.
Shear zone	A generally linear zone of stress along which deformation has occurred by translation of one part of a rock body relative to another part.
Silcrete	A deposit cemented by silica commonly formed in the weathering profile.
Silicified	Alteration of a rock by introduction of silica.
Sill	A tabular intrusion that parallels the planar structure of the surrounding rock
Silurian	A geological time period extending from 435 to 395 m.y. ago.
Sinistral	A geological structure with a leftward offset.
SIROTEM	A geophysical exploration method that analyses the behaviour of electromagnetic signals generated at surface and the time decay of primary magnetic fields.

Skarn	An impure limestone or carbonate rock which has been altered through contact metamorphism (ie generally lies within close proximity to an intrusive body).
Specific gravity	The weight of a substance compared with an equal volume of water.
Sphalerite	A zinc sulphide mineral.
Stock	A small igneous intrusion.
Stockwork	A network of veins.
Stope	An underground excavation in an orebody.
Stratabound	Orebodies restricted to a particular stratigraphic unit or part of the stratigraphic column.
Stratiform	Orebodies that are parallel to bedding and with limited development perpendicular to it.
Stratigraphy	The study of formation, composition and correlation of sedimentary rocks.
Strike	The direction of bearing of a bed or layer of rock in the horizontal plane.
Sulphides	Minerals consisting of a chemical combination of sulphur with a metal.
Supergene	An enrichment or deposit formed by descending fluids in weathered rock.
Tailings	Finely ground waste product from the crushing and grinding of ore.
Tectonic	Forces or movements resulting in the formation of structural features.
Tertiary	A geological time period extending from 65m.y ago to the present time.
Thrust, thrust contact	An overriding movement of one crustal unit over another; the juxtaposition of two rock types caused by thrusting.
Top cut	The reduction of anomalously high grades to a statistically determined figure, to remove possible undue influences in grade calculation.
Ultramafic	An igneous rock comprised chiefly of mafic minerals.
Vergence	The direction of overturning or inclination of a fold.
Volcanics	Collective term for extrusive igneous rocks.
Volcaniclastic	Sediments comprising rock fragments derived by explosion or eruption from a volcanic vent.
Vuggy	Containing small cavities in a rock.



16 August 2005

The Directors

Resource Finance and Investments Limited

43 Ventnor Street

WEST PERTH WA 6005

Dear Sirs

SOLICITORS' REPORT ON MINING TENEMENTS

This report has been prepared for inclusion in the prospectus to be issued by Resource Finance and Investments Limited ("the Company") dated on or about 16th August 2005 to raise up to \$3,500,000 ("the Prospectus"). The offer in the Prospectus comprises the issue by the Company of up to 17,500,000 fully paid ordinary shares at 20 cents each and one attaching Option for every four shares subscribed.

We have been requested to report on the mining tenement interests to which the Company is entitled to or has acquired rights ("the Tenements"). Details of these mining tenement interests are listed in the attached Schedule of Tenements ("the Schedule") which, together with the notes to the Schedule ("the Notes") and the Material Contracts Summary, forms part of this report.

All of the Tenements are located in Tasmania and are identified in the Schedule.

1. SEARCHES

We conducted searches of the Tenements listed in the Schedule in the registers maintained by the Department of Mineral Resources Tasmania ("DMR") on or about 1 August 2005. We have also undertaken native title inquiries and checked those against the National Native Title Tribunal's ("NNTT") electronic register in relation to the Tenements as at 1 August 2005.

As a result of those searches and our perusal of the material contracts set out in the Summary of Material Contracts ("the Agreements"), we consider this report provides an accurate statement, as at the date of the respective searches, as to the status of the Tenements and the interests of the Company in those Tenements. We have assumed the information in the registers maintained by DMR and NNTT is accurate. The references in the Schedule to the areas of the Tenements are taken from details shown on DMR's and NNTT's electronic registers. No survey was conducted to verify the accuracy of Tenement areas. We have further assumed that the various parties' seals and signatures on all the Agreements are authentic, and that the Agreements are and were within the capacity and powers of those who executed them. We assume that all of the Agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them in relation to their respective subject matters.

5. SOLICITOR'S REPORT

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2. GENERAL INFORMATION ABOUT MINING TENEMENTS

(a) Mining Lease ("ML")

A ML gives the holder the right to carry out mining operations on the leased land for the minerals specified in the lease. The *Minerals Resources Development Act (TAS) 1995* ("the Act") also confers upon the holder the right not to be encumbered or hindered from performing those activities authorised in the ML. The ML's to which the Company has acquired rights authorise the Company to explore for all minerals though this is restricted by the sub-lease of 103M/1987 as detailed in the Agreements.

The term of a ML is determined by the Minister with the standard period being 21 years. The duration of the term is subject to compliance with any conditions imposed by the Minister.

The Act permits the holder of a ML to transfer and sub-lease the ML provided that the consent of the Minister is obtained and the relevant parties are in compliance with the Act.

(b) Exploration Licence ("EL")

The Act authorises the holder of an EL to enter on to, and explore for the type of minerals specified in that EL. All of the EL's held by the Company authorise the holder to explore for Category 1 - metallic minerals, except for EL31/2003 which also permits the holder to explore for precious and semi-precious stones.

The term of an EL of the category held by the Company is five years subject to any revocation by the Minister.

The holder of an EL is under a duty to explore and rehabilitate the land consistent with the code of practice set out by the Department. Any transfer of an EL must be approved by the Minister.

As set out in the Schedule a number of the Tenements are not yet granted. It is the responsibility of the Minister on the recommendation of the Director of Mines to grant any EL application.

(c) Retention Licence ("RL")

The holder of a RL has the right to carry out studies and tests to evaluate the potential of the relevant ground for mining.

A RL must not be greater than 10 square kilometres and runs for a period of not greater than five years at the discretion of the Minister though extension are possible. A RL may be transferred provided that the approval of the Minister is obtained.

The Act provides that where, in the opinion of the Minister, actual mining operations should commence on the RL a notice may be served on the holder to show cause why they should not apply for a ML. The holder has the right to apply for all or part of the land in the RL as an ML.

3. ABORIGINAL SITES

The Tenements are subject to the provisions of the *Aboriginal and Torres Strait Islander Heritage Protection Act (1984) (Cth)* (the "Commonwealth Heritage Act"). This Act contains provisions designed to preserve and protect from injury or desecration areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with aboriginal tradition.

The Company must ensure that any interference with such sites is in strict conformity with the provisions of the Commonwealth Heritage Act.

4. NATIVE TITLE LEGISLATION

Judicial recognition of native title at common law occurred in *Mabo -v- Queensland (No 2) (Mabo)*, a decision of the High Court of Australia on 3 June 1992. Generally native title rights to land will be recognised where:

- a) the claimants can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since British settlement in 1788; and
- b) the native title rights have not been lawfully extinguished.

The High Court held in *Mabo* that native title rights can be lawfully extinguished by certain government legislation and executive actions which are not inconsistent with native title. In order for extinguishment to be lawful the extinguishment must comply with the obligations imposed by the *Racial Discrimination Act 1975 (Cth)*.

After *Mabo*, considerable uncertainties existed about the validity of proprietary rights in Australia, including mining tenements. To address those uncertainties the Commonwealth Parliament responded by passing the *Commonwealth Native Title Act 1993 (Cth)* ("NTA"). The NTA commenced on January 1994 and was substantially amended in 1998 in response to the decision of the High Court in *Wik v Queensland*. The *Wik* case recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease. In summary the NTA:

- a) provides for recognition and protection of native title;
- b) sets up mechanisms for determining claims for native title such as the "right to negotiate" which allows native title claimants to be consulted in relation to certain mining and other developments;
- c) make valid certain "past acts" which would otherwise be invalidated because of native title;
- d) establish ways in which "future acts" (eg the granting of mining tenement applications and converting exploration licences and prospecting licences to mining leases) affecting native title may proceed and how native title rights are protected, including rights to compensation; and
- e) provides a process by which claims for native title and compensation can be determined.

The High Court decision of *Ward v Western Australia and South Australia* (2002) HCA 28 (8 August 2002) established that where tenure such as a pastoral lease is granted, native title is extinguished to the extent that it is inconsistent with the rights conferred by the pastoral lease.

5. NATIVE TITLE CLAIMS

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA.

If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the Commonwealth Act ("Registration Test") it will be entered on the Register of Native Title Claims maintained by the National Native Title Tribunal ("Register"). Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Tribunal's Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.

We have searched the online records of the NNTT and note that there is only one claim in Tasmania known as TC00/1 – Sundown Point. The area claimed does not touch upon any of the Tenements and as such there are no native issues, except as noted elsewhere in this Report, to consider in relation to the Tenements.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that the native title determination may be challenged, or the possibility of any further claims being made in the future.

6. VALIDITY OF THE TENEMENTS

a) Tenements granted prior to 1 January 1994

The NTA permits a State to validate 'past acts'. Under the NTA mining tenements granted in Tasmania prior to 1 January 1994 are deemed to be valid. With respect to the Tenements that were granted prior to 1 January 1994, native title (if any exists) has been suspended by their grant. To the extent that the exercise of native title rights and interests is inconsistent with the exercise of the rights conferred by those Tenements, the rights under each particular Tenement will have priority for the term of the relevant grant.

b) Tenements granted between 1 January 1994 and 23 December 1996

The State governments of Australia granted some mining tenements during the period between 1 January 1994 and 23 December 1996 without complying with the requirements of the NTA. Accordingly, there is a risk that some tenements granted in this period may be invalid as a result of non compliance with the NTA. This risk has been removed by the 1998 amendments to the NTA and corresponding State legislation so far as the Tenements were granted over land which is the subject of a pastoral lease or other prescribed leasehold land.

c) Tenements granted since 23 December 1996

Mining Tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the future act procedures set out in (d) below were followed by the relevant parties. We have not been instructed to analyse whether or not the relevant NTA procedures were followed in relation to each tenement, but are of the opinion that they were validly granted.

d) Future Tenement Grants

The valid grant of any mining tenement which may affect native title requires full compliance with the provisions of the NTA in addition to compliance with the usual procedures under the relevant State or Territory mining legislation. The primary procedure prescribed under the NTA is the "right to negotiate" process.

The right to negotiate process involves the publishing or advertising of a notice of the proposed grant of a tenement followed by a 6 month period of negotiation between the State or Territory Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the National Native Title Tribunal ("NNTT"), which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Federal Minister.

The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the expedited procedure applies. Under the NTA, a future act is an act attracting the expedited procedure if:

- (i) the act is not to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land; and
- (ii) the act is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and
- (iii) the act is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

When the proposed future act is considered to be one that attracts the expedited procedure, persons have until 3 months after the notification date to take steps to become a native title party in relation to the relevant act (for example the proposed granting of an exploration licence). The future act may be done unless, within four months after the notification day, a native title party lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.

If there are no objections lodged within the four month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is, the State or Territory may do the future act (i.e. grant an exploration licence).

Further, the right to negotiate process does not have to be pursued in cases where an indigenous land use agreement ("ILUA") is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the ILUA.

7. RENEWALS AND EXTENSIONS OF TENEMENTS

As with the granting of mining tenements, renewals and extensions of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation.

Renewals of mining tenements granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date will not be subject to the right to negotiate process provided:

- (a) the area to which the earlier right is made is not extended;
- (b) the term of the new right is not longer than the term of the earlier right; and
- (c) the rights to be created are not greater than the rights conferred by the earlier grant.

There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the Courts.

Other than as stated above, renewals of mining tenements are subject to the same right to negotiate process as is described in 6 d) above.

8. COMPLIANCE

The Company's interest in or rights in relation to the granted Tenements are subject to the holder continuing to comply with the respective terms and conditions of the granted Tenements under the provisions of the Act and regulations made pursuant to that legislation, together with the conditions specifically applicable to any granted mining tenement. The searches that we have carried out in relation to the Tenements do not reveal any failure to comply with the conditions in respect of each of the granted mining tenements.

9. QUALIFICATIONS

While the status of the Tenements is dealt with in detail in the Schedule and the Notes to the Schedule we point out by way of summary, that:

- (a) we have assumed that all searches conducted on our behalf by the departments are complete and accurate as at the time the searches were conducted;
- (b) we have assumed that all information or advice, whether oral or written provided to us by the Company, its officers, employees, agents or representatives is accurate and complete; and
- (c) in relation to each tenement application we express no opinion as to whether such tenement application will ultimately be granted, (including whether relevant Ministerial consent will be obtained) nor the conditions to which such tenement application may be granted or may not be granted subject to.

10. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



PRICE SIERAKOWSKI

SCHEDULE OF MINING TENEMENTS

To be read in conjunction with the abbreviations and notes at the end of the Schedule.

Holder	Tenement Name	Term	Area (km ²)	Rent (\$)	Expenditure Commitment (\$)	Bonds (\$)	Notes
Intec	CML 103M/1987	1-Jan-88 to 01-Feb-09	17	3,880	N/A	10,000	B
RFI	ML 68M/1984	29-Mar-88 to 01-Mar-09	3	4,578	N/A	30,000	A
	10W/1980	9-Jun-81 to 01-Jun-02	0.2	336	N/A	N/A	A
	RL 11/1997	5-Jun-98 to 05-06-05	4	488	N/A	N/A	A
	EL 17/1999	30-Mar-01 to 03-Mar-06	12	440	75,000	10,000	A
	EL 24/2004	30-Jul-04 to 30-07-09	32	602	187,000	10,000	A
GEXT	EL51/2004	Application	75	1,411	56,250	7,063	C
	EL52/2004	Application	186	3,499	139,500	10,115	C
	EL53/2004	Application	81	1,524	60,750	7,228	C
	EL54/2004	Application	56	1,053	42,000	6,540	C
	EL63/2004	Application	24	440	17,250	5,633	C
	EL64/2004	Application	105	1,975	78,750	7,888	C
	EL3/2005	Application	74	1,392	55,500	7,035	C
	EL4/2005	Application	38	715	28,500	6,045	C
	EL2/2005	Application	44	828	33,000	6,210	C
Adamus	EL28/2002	31-Jan-03 to 31-Jan-06	54	2,400	174,750	8,000	D
	EL29/2002	31-Jan-03 to 31-Jan-06	58	2,000	139,750	7,000	D
Pioneer	EL31/2003	30-Jul-04 to 01-Mar-06	136	2,000	238,000	10,000	E
	EL36/2003	26-Mar-04 to 01-Jul-06	44	800-	77,000	7,000	E

LEGEND	Intec	~ Intec Hellyer Metals Pty Ltd (ACN 104 931 768)
	RFI	~ Resource Finance and Investments Limited (ACN 109 933 995)
	GEXT	~ Geoinformatics Exploration Tasmania Pty Ltd (ACN 113 307 038)
	Adamus	~ Adamus Resources Ltd (ACN 094 543 389)
	Pioneer	~ Pioneer Nickel Ltd (ACN 103 423 981)

NOTES	A.	These tenements are the subject of the Tenement Acquisition Agreement between the Company and Intec which as at the date of this report had been completed and as such the Company is now the registered holder of these tenements.
	B.	This tenement is the subject of a Sublease between the Company and Intec as described in the Summary of Material Contracts.
	C.	These tenements are the subject of a joint venture agreement between the Company and Geoinformatics Exploration Australia Pty Ltd as described in the Summary of Material Contracts.
	D.	These tenements are the subject of a joint venture agreement between the Company and Adamus Resources Ltd as described in the Summary of Material Contracts.
	E.	These tenements are the subject of a joint venture agreement between the Company and Pioneer Nickel Ltd as described in the Summary of Material Contracts.

SCHEDULE B MATERIAL CONTRACTS SUMMARY

Set out below is a summary of the material contracts to which the Company is a party that may be material in terms of the Offer for the operation of the business of the Company or otherwise may be relevant to a potential investor in the Company.

The whole of the provisions of the agreements are not repeated in this Prospectus and any intending Applicant who wishes to gain a full knowledge of the content of the Material Contracts should inspect the same at the registered office of the Company.

3.1 HELLYER EXPLORATION ALLIANCE AGREEMENT – ZINIFEX AUSTRALIA LIMITED ("ZINIFEX") AND THE COMPANY ("THE HEA AGREEMENT")

The HEA Agreement was executed on 2 August 2005. The HEA Agreement covers only the Hellyer leases, namely RFI's right and interest in CML 103M/1987, ML 68M/1984, 10W/1980, RL11/1997, EL24/2004 and EL17/1999 ("the Hellyer Tenements") but expressly excludes the S-Lens resource area and the Mt Charter gold deposit. The parties to the HEA Agreement are obliged to enter into a formal joint venture agreement on or before 28 February, 2006.

Under the terms of the HEA Agreement Zinifex and the Company each contribute \$1,000,000 over 2 years which shall be managed by the Company. At any time up to the expiry of the 2 year alliance period Zinifex may select up to 3 areas which will become joint ventures. These areas are limited in size to 2km² each.

Zinifex will have the right to earn a 51% interest in up to three of these areas by spending at least \$4.5 million in aggregate on them within three years of making its first election to nominate an area ("Earning Criteria").

During this period Zinifex will act as joint venture manager. RFI may continue its own exploration and development activities outside of the nominated areas.

In the event that Zinifex satisfies the Earning Criteria by sole funding additional exploration expenditure on more than one of the nominated areas, but expenditure on any of the other nominated areas (if Zinifex has nominated more than one) is less than \$4.5 million divided by the number of nominated areas ("Threshold Amount") then Zinifex shall only be entitled to a 49% equitable interest in any area where the additional expenditure has not reached the Threshold Amount.

In the event that Zinifex has a 49% equitable interest in an area, it shall be entitled to increase its equitable interest to 51% by funding further work to bring the total additional exploration expenditure to an amount equal to or exceeding the Threshold Amount within 2 years of satisfying the Earning Criteria.

Zinifex may withdraw prior to satisfying the Earning Criteria subject to proper notification and completion of budget commitments. Upon any such withdrawal it will retain no equity or liability in the Tenements.

Zinifex may earn a further 19% interest in an area (taking its total interest to 70%) by continuing to sole-fund it to the delivery of a bankable feasibility study. RFI's 30% interest shall be free-carried during this period.

Zinifex may elect to withdraw from an area after earning 51% but before earning a 70% interest by giving 2 months written notice to the Company, in which case it will transfer its interest to the Company for a consideration to be agreed between the Company and Zinifex. In the absence of the parties reaching agreement on any other form of consideration within a 3 month period Zinifex will transfer its earned interest back to RFI in exchange for a net smelter return royalty in respect of future production over that area.

On completion of the bankable feasibility study a development joint venture will be formed, with Zinifex holding a 70% interest and RFI holding a 30% interest.

3.2 TENEMENT ACQUISITION AGREEMENT – INTEC HELLYER METALS PTY LTD ("INTEC") AND THE COMPANY ("THE ACQUISITION AGREEMENT")

The Company executed the Acquisition Agreement on 21 March 2005. The Acquisition Agreement is conditional upon ministerial consent under the Mineral Resources Development Act 1995 (TAS) ("the Act") to the sale and transfer of the relevant tenements which was received on the 11 July 2005.

It is a condition subsequent that the Purchaser is admitted to the Official List of the ASX by 30 June 2006 and that any required ministerial or regulatory approvals are obtained.

Pursuant to the Acquisition Agreement Intec has sold to the Company its right and interest in 68M/1984, 10W/1980, RL11/1997, EL24/2004 and EL17/1999 ("the Intec Tenements") in consideration of the issue and allotment by the Company to Intec of 8,000,000 fully paid ordinary Shares and 2,000,000 options exercisable at \$0.25 on or before 31 July 2007.

Subject to the Act, on and from the date of execution of the Acquisition Agreement the Company is entitled to prospect and explore on the Intec Tenements. Under the Acquisition Agreement the Company is obliged to incur minimum aggregate expenditure on the Intec Tenements of \$250,000 within 12 months of execution of the Acquisition Agreement.

Pursuant to the Acquisition Agreement Intec retains the rights to any limestone reserves on EL17/1999. Further, Intec is granted the option to install a nominee on the Board of Directors of the Company provided always that it holds over 15% of the issued capital of the Company. Intec has also agreed to undertake certain rehabilitation works in relation to the Intec Tenements.

The Acquisition Agreement contains warranties given by Intec and other clauses which are considered standard for an agreement of this type.

The Acquisition Agreement was varied by Deed on or about 1 April 2005. The variations have been incorporated into the summary above.

3.3 SUB-LEASE OVER 103M/1987 – INTEC HELLYER METALS PTY LTD ("INTEC") AND THE COMPANY ("THE SUB-LEASE AGREEMENT")

The Company entered into the Sub-lease Agreement on 21 March 2005. Pursuant to the Sub-lease Agreement Intec granted the Company a sub-lease over ML 103M/1987 ("the Lease Tenement"). The Sub-lease Agreement is subject to the written approval of the Minister as required by the Act and conditional upon the Company and Intec entering into the Acquisition Agreement.

Pursuant to the Sub-lease Agreement Intec agrees to sub-lease the Lease Tenement to the Company until the expiry of the initial term of the Lease Tenement at which point Intec must apply to the Minister in accordance with the Act for a new lease. Upon grant of a new mining lease over the Lease Tenement, Intec and the Company are obliged to enter into a new lease on the same terms and conditions as contained in the Sub-lease Agreement. The Company shall pay rent to Intec of \$12.00 per annum monthly in advance.

The Sub-lease Agreement confers upon the Company the right to conduct activities associated with the discovery, evaluation, commercial development, recovery, treatment and stockpiling of any mineral on the Lease Tenement subject to the existing operations of Intec including their operating infrastructure and tailings dam. The Company is also permitted to bring onto or construct plant and equipment on the Lease Tenement as it sees fit.

Under the Sub-lease Agreement title and ownership in any and all minerals found on the Lease Tenement vests in the Company. The sole restriction upon the rights of the Company under the Sub-lease Agreement is that Intec retains ownership of the tailings dam situated on the Lease Tenement however Intec's rights apply only to those materials found above the ground.

A first right of refusal to purchase the Lease Tenement has been granted to the Company in the event Intec attempts to assign or otherwise transfer its interest in the Lease Tenement. The Company is also able to terminate the Sub-lease Agreement if it deems there to be no economically viable reserves upon the Lease Tenement.

Subject to Intec's rights in the tailings dam and existing infrastructure, Intec grants the Company exclusive rights of access and possession of the core drill shed and a minimum of 20 square metres of space in the existing administration building.

The Sub-lease Agreement deals with other matters considered standard in an agreement of this type, principally being the allocation and payment of utilities, maintenance, responsibility for bonds and rental payments and mutual indemnities. The Company is responsible for 100% of the minimum aggregate expenditure on the Lease Tenement.

3.4 LETTER OF INTENT (LOI) – ACCESS TO THE HELLYER MILL – INTEC HELLYER METALS PTY LTD ("INTEC") AND THE COMPANY ("THE MILL ACCESS LOI")

The Company entered into the Mill Access LOI on the 29 April 2005. As neither party are currently in a position to reach a binding contractual arrangement on specific detailed terms concerning the Company's access to the Hellyer Mill and associated facilities, the Parties have entered into a LOI which provides the following terms for the potential access by the Company.

The Company has a first right of refusal over available capacity at the Hellyer Mill and a reservation of at least 400,000tpa. In the event that Intec wishes to utilise some of that reserved capacity, by providing such capacity to a third party, the Company will either have to match the commercial terms to maintain its access or forgo either all or a portion of its allocation.

The LOI provides that the Company has a first right of refusal to acquire the Hellyer Mill and further that Intec has an obligation to maintain the Hellyer Mill in at least its current condition.

The LOI further provides that when the Company wishes to utilise its capacity allocation the parties will negotiate in good faith commercial terms which will include reimbursement of direct operating costs and a mill access fee at a level consistent with prevailing industry practice.

3.5 TASMANIAN ALLIANCE AGREEMENT – GEOINFORMATICS AND THE COMPANY ("ALLIANCE AGREEMENT")

The Company entered into the Alliance Agreement on 10 May 2005 under which Geoinformatics Exploration Inc. through its wholly owned subsidiaries Geoinformatics Exploration Australia Limited (Geoinformatics) and Geoinformatics Exploration Tasmania Pty Ltd ("GEXT") and the Company agreed to the following terms.

The Company will be entitled to acquire a 75% equity interest in the 9 exploration licence application areas being ELA's 51/2004, 52/2004, 53/2004, 54/2004, 63/2004, 64/2004, 2/2005, 3/2005 and 4/2005 for a consideration of 150,000 fully paid ordinary shares in the Company to GEXT.

The Company and Geoinformatics agreed to form a 75:25 (RFI: Geoinformatics) joint venture under which the Company is obligated to maintain all the tenements in good standing for one year from the date of execution of the Alliance Agreement and to fund all exploration activity on the licences until a pre-feasibility study is completed on any one or more of the licence areas.

The Company and Geoinformatics agree to establish an Area of Mutual Interest (AMI) over a defined area in western Tasmania where tenements acquired or joint ventures entered into must be offered to the other party for consideration as to whether those interests will form a new joint venture on the same terms as described above. A first right of refusal to form a joint venture applies over all new opportunities identified by either party anywhere in Tasmania.

Geoinformatics has agreed to supply its Geoinformatics process (a proprietary technique used to develop and assess mineral targets) to all of the Company's project areas in western Tasmania regardless of whether Geoinformatics has a joint venture interest or not. The work schedule and budget covering the application of the Geoinformatics process is termed the Mt Read Volcanics Intervention Project (MRVIP). Geoinformatics has undertaken that the MRVIP will be completed in a specified time frame and predetermined cost. Consideration payable by the Company to GEXT comprises a total of 750,000 shares in the Company and 250,000 options to purchase shares in the Company (July 31st 2007 expiry / 25 cent strike price) payable in tranches subject to timely receipt of the Geoinformatics product in relation to the MRVIP.

The Alliance Agreement states that GEXT has the right to receive performance shares at the rate of 250,000 shares in the Company for every 500,000 ounces of gold or gold equivalent discovered on all of the Company's tenements above pre-agreed thresholds. The total number of shares issued is limited to 5,000,000 shares. Further, for every 500,000 ounces of gold or gold equivalent delineated on the leases GEXT is entitled to 100,000 RFI options with a strike price at a 20% premium to the average closing price on the previous 10 trading days, they will have an expiry date three years from the issue date.

All the share issues made by the Company to GEXT have a 12 month voluntary escrow period after which trading by GEXT is subject to the same rules and conditions as apply to Directors of the Company.

The Alliance Agreement is conditional on the approval of the Minister and the grant of the licence applications by Mineral Resources Tasmania (MRT). Commitment by Geoinformatics to completing the MRVIP is subject to the Company raising at least \$2,500,000 in exploration funds.

This Agreement also contains various safeguards for Geoinformatics to ensure that in the event that the Tasmanian Alliance Agreement is terminated the Company cannot acquire exploration areas within the AMI based on work completed by Geoinformatics.

3.6 STAGED FARM-IN – PIONEER NICKEL LTD ("PIONEER") AND THE COMPANY ("THE PIONEER AGREEMENT")

The Company entered into the Pioneer Agreement on 27 April 2005 pursuant to which Pioneer and the Company agreed to conduct a farm-in and joint venture over two mineral exploration tenements in Tasmania being EL31/2003 (Heazlewood) and EL36/2003 (Whyte River) ("the Pioneer Tenements").

At the date of execution the Pioneer Tenements were owned 100% by Pioneer. The Pioneer Agreement grants to the Company an option over the farm-in in exchange for the payment to Pioneer of \$5,000 per month from execution until either the successful IPO of the Company or 30 June 2005, whichever occurs first. This was subsequently extended by a Deed of variation to 30 September 2005.

The Company can earn a 70% interest in the Pioneer Tenements by expending \$300,000 on exploration activities. The Company cannot withdraw from the Pioneer Agreement until it has spent \$100,000 on the Pioneer Tenements.

The Company is obliged to issue Pioneer with 150,000 options with a 25 cent strike price and 31 July 2007 expiry date upon its successful listing on the ASX.

When the Company has earned its 70% equity in the Pioneer Tenements, Pioneer can elect to contribute to future exploration and expenses on a pro-rata basis in accordance with its equity interest. If Pioneer chooses not to contribute to future exploration the Company can increase its equity in the Tenements to 80% by the expenditure of a further \$300,000 on the Pioneer Tenements. Once

the Company has earned an 80% interest in the joint venture Pioneer can elect to contribute or dilute in accordance with a standard formula.

The Pioneer Agreement is subject to the following conditions precedent being satisfied:

- that the Company be successfully floated on the ASX and raise at least \$2,500,000;
- the Company organising an independent technical analysis of the Pioneer Tenements and the Company being satisfied with the results of such analysis;
- the Company being satisfied in relation to the obligations that exist on any of the Pioneer Tenements; and
- any regulatory approvals necessary to enable the formation of the proposed joint venture being obtained.

The Pioneer Agreement contemplates the formation of a formal joint venture agreement which will contain terms and conditions standard for an agreement of this type.

3.7 STAGED FARM-IN – ADAMUS RESOURCES LTD ("ADAMUS") AND THE COMPANY ("THE ADAMUS AGREEMENT")

The Company entered into the Adamus Agreement on 27 April 2005, pursuant to which Adamus and the Company agreed to conduct a farm-in and joint venture over two granted exploration tenements being EL28/2002 (Mt Selina) and EL29/2002 (Bonds Range) ("the Adamus Tenements"). The Adamus Tenements are 100% owned by Adamus who, in consideration of the assumption by the Company of 100% of Adamus' expenditure commitments on the Adamus Tenements up until 31 January 2006, have agreed to grant the Company a 60% interest in the Adamus Tenements.

The Adamus Agreement is subject to the following conditions precedent being satisfied:

- the Company organising an independent technical analysis of the Adamus Tenements and the Company being satisfied with the results of such analysis;
- the Company being satisfied in relation to the obligations that exist on any of the Adamus Tenements; and
- any regulator approvals necessary to enable the formation of the proposed joint venture.

Pursuant to the Adamus Agreement the Company also agreed to assume responsibility for an expenditure deficiency on the Adamus Tenements for the period ending 31 January 2005 of \$152,000 which was carried over to the current expenditure year. The Company may in its sole discretion elect to reduce the tenements to a level not less than 48km² in the case of EL28/2002 and 55km² in the case of EL29/2002. The Company has advised us that a submission to reduce EL28/2002 to 54km² and EL29/2002 to 58km² has been made to MRT.

Upon the Company earning a 60% interest in the Adamus Tenements a formal joint venture will be formed whereby the Company will hold a 60% interest and Adamus a 40% interest in the Adamus Tenements. At this point each party will contribute to the costs of exploration on a pro-rata basis and failure to contribute will result in a dilution of the non-contributing party's interest. Should Adamus' equity fall to 10% or below then its interest will automatically convert to a 1.5% net smelter return royalty over production.

The Company has the right to increase its equity in the Adamus Tenements to 75% by the issue of 350,000 shares in the Company to Adamus at any time up to two years following its earning of its 60% interest.

The Company has a first right of refusal in the event that Adamus elects to dispose of part or all of its interest in EL18/2002.

The Adamus Agreement contemplates the formation of a formal joint venture agreement which will contain terms and conditions standard for an agreement of this type.

3.8 DRILLING CONTRACT – STACPOOLE ENTERPRISES (STACPOOLE) AND THE COMPANY ("THE DRILLING CONTRACT")

On the 24 June the Company signed the Drilling Contract with Stacpoole, a Tasmanian based drilling services company.

The Drilling Contract relates specifically to drilling works to be undertaken on the Mt Charter project. The key obligations are:

- Stacpoole to provide a specified drilling rig on site at the project no later than the 30 August.
- Stacpoole agrees to conform to defined conditions including workmanship, environmental care aspects, screening of personal, occupational health and safety, quality of sampling, insurance and confidentiality.
- The Company has agreed to pay for core samples recovered, work time and mobilisation at specified rates and terms regarded standard for the industry.

The directors regard the Drilling Contract as a standard agreement for this type of undertaking.

3.9 EMPLOYMENT AGREEMENT – MIKE ROSENSTREICH ("ROSENSTREICH") AND THE COMPANY ("THE EMPLOYMENT AGREEMENT")

The Company entered into the Employment Agreement with Rosenstreich on 28 July 2005 to provide services to the Company from that date for a period of three years.

Rosenstreich was appointed as Managing Director of the Company on 15 December and the Employment Agreement details the services he is to provide which are standard for the position of Managing Director of an entity such as the Company. The authority and direction to Rosenstreich will be from the board of directors of the Company.

The remuneration to be paid to Rosenstreich under the Employment Agreement is \$170,000 per annum.

The Employment Agreement contains further terms and conditions with respect to confidentiality, performance and employee entitlements considered standard in this type of agreement.

3.10 MANDATE LETTER – CARMICHAEL CAPITAL MARKETS PTY LIMITED AND DJ CARMICHAEL PTY LIMITED (COLLECTIVELY REFERRED TO AS "CARMICHAEL") AND THE COMPANY ("THE CARMICHAEL MANDATE")

The Company entered into the Carmichael Mandate on or about 27 July 2005 with Carmichael. Under the Carmichael Mandate, the list of services that Carmichael will provide to the Company includes but is not limited to the following:

- advice in relation to any proposed pre-IPO Offer; and
- support and general advice in relation to the initial public offering of the Company.

In relation to the initial public offering of the Company Carmichael will act as a broker, review the due diligence process and the shareholder register, prepare the ASX Listing Application and manage after market and research coverage for a minimum of 12 months after the Company is listed.

The Carmichael Mandate provides that the Company will remunerate Carmichael as follows:

- for the work undertaken in relation to the initial public offering of the Company a management fee of \$20,000; and
- on the successful raising of the funds a completion fee of 5% of the funds raised.

The Company shall reimburse Carmichael for all its reasonable out of pocket expenses.

The Company is obliged to provide Carmichael with a first right of refusal to act as lead manager on any equity and or debt raising undertaken by the Company within 12 months after the successful public offering.

The Company has also provided an indemnity in favour of Carmichael to hold Carmichael harmless from and against a variety of matters including but not limited to action, claims, losses liabilities and damages suffered by Carmichael in connection with or arising out of this engagement.

3.11 SHARE PURCHASE PLAN

The Share Purchase Plan for eligible employees of the Company was approved at a General Meeting of the Company on 21 March 2005.

Pursuant to the Share Purchase Plan the Board of the Company may in its absolute discretion make an offer of shares and a corresponding loan on behalf of the Company to any employee of the Company to which the Board has resolved the Share Purchase Plan shall apply. Each loan will be interest free unless the Board decides otherwise.

The Board may, subject to any shareholder approval required by law or the Listing Rules, invite any employee to participate in the Share Purchase Plan. Directors are entitled to participate in the Share Purchase Plan. In determining whether an employee is eligible for the Share Purchase Plan the Board may consider the employee's length of service and position within the Company, the contribution or potential contribution of the employee to the Company, any misconduct by an employee, whether the employee will continue to be an employee of the Company and any taxation implications for the Company, its subsidiaries or the employee.

The Board has absolute discretion in determining the number or market value of shares to be issued to each employee. The price per share is to be determined by the market value of the shares or, if the Board determines, an amount equal to $(\text{Market value} \times N - \$1.00)/N$ where N is the number of shares being offered.

Shares issued under the Share Purchase Plan are subject to a restriction in dealing with the shares until the loan amount is either repaid in full or forgiven by the Company in its absolute discretion. The loan will become repayable on the earlier of the 10th anniversary of the loan being made or the employee ceasing to be an employee of the Company or its subsidiaries. Any dividends payable on the shares must be applied to any outstanding loan amount.

Shares cannot be issued to an employee under the Share Purchase Plan if, immediately following the proposed issue, the market value of shares issued in that financial year will exceed \$2,500,000. The Board may at any time by written instrument or resolution amend the Share Purchase Plan

3.12 EMPLOYEE SHARE OPTION PLAN ("SHARE OPTION PLAN")

The Share Option Plan was approved in General Meeting of the Company on 21 March 2005.

The objective is to provide an incentive and reward to eligible employees for their contributions to the Company. The initial duration of the Share Option Plan is three years. The Share Option Plan may be extended for such period as the Company determines in general meeting but any extension shall not be greater than a further period of three years.

Each option shall be free of consideration. No options shall be issued until an application is approved by the Board. An option may not be exercised within one year from the date of issue. Options automatically lapse, unless otherwise determined by the Board, upon cessation of employment with the Company, except for reasons of retirement or redundancy.

The Board shall set aside such number of ordinary shares as it determines for the purposes of the Share Option Plan. The Board shall not offer or issue options to any employee if the total number of shares the subject of the options, together with:

- the number of shares which would be issued should each outstanding offer or option made or acquired pursuant to the Share Option Plan or any other employee or executive share plan be accepted or exercised; and
- the number of shares issued during the previous five years pursuant to the Share Option Plan or any other employee or executive share plan;
- exceeds five per cent of the total number of issued shares of the Company.

The Board has absolute discretion regarding:

- the employees to whom shares and options shall be offered;
- the number of shares and options that may be offered to those employees;
- the exercise price of the options, provided that the exercise price is not less than the average market price on ASX on the five trading days prior to the day the Board resolves to grant the options; and
- any performance criteria that may apply.

Options may not be offered to a Director except where approval is given by the shareholders of the Company in general meeting. The Share Option Plan may not be amended without the prior approval of the Company in general meeting. The Share Option Plan may be terminated at any time by resolution of the Board.

15 August 2005

The Directors

Resource Finance and Investments Limited

Suite 2, 43 Ventnor Avenue

WEST PERTH WA 6005

Dear Sirs

6.
INDEPENDENT
ACCOUNTANT'S
REPORT

RESOURCE FINANCE AND INVESTMENTS LIMITED – INDEPENDENT ACCOUNTANT'S REPORT

This Independent Accountant's Report (IAR) on the historical financial information of Resource Finance and Investments Limited (RFI or the Company) has been prepared for inclusion in a prospectus dated on or about 16 August 2005 (the Prospectus) relating to the Offer of a minimum of 15,000,000 fully paid ordinary shares (Shares) at a price of \$0.20 to raise \$3,000,000 up to a maximum of 17,500,000 fully paid ordinary shares at a price of \$0.20 to raise \$3,500,000 with an attaching option granted for every 4 shares issued at an exercise price of \$0.25 and with an expiry date of 31 July 2007.

Expressions defined in the Prospectus have the same meaning in this report.

SCOPE

You have requested Bentleys MRI Perth Partnership (BMRIPP) to prepare a report covering the following financial information, which is attached to this IAR as Annexure A.

- i) The Historical Audited Statement of Financial Position of RFI as at 30 June 2005;
- ii) The Historical Audited Statement of Financial Performance of RFI for the period ended 30 June 2005;
- iii) The Historical Audited Statement of Cash Flows for the period ended 30 June 2005; and
- iv) The Unaudited Pro Forma Statements of Financial Position (Pro Forma Financial Information) of RFI as at 30 June 2005.

Items i) to iv) above are collectively referred to as the Historical Financial Information.

Basis of Preparation

The Historical Financial Information set out in Annexure A to this IAR has been extracted from the audited financial statements of the Company for the period ended 30 June 2005, which were previously audited by BMRIPP that issued an unqualified audit opinion dated 1 August 2005 in respect of the Historical Financial Information.

The Directors of RFI are responsible for the preparation of the Historical Financial Information, including determination of the pro forma adjustments. We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than that for which it was prepared. This IAR should be read in conjunction with the full Prospectus.

Review of Historical Financial Information

We have conducted an independent review of the Historical Financial Information in Annexure A, in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information is not presented fairly in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma transactions set out in Note 2 in Annexure A had occurred at 30 June 2005.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to reading of relevant Board minutes, reading of contracts and other legal documents, inquiries of management personnel, and analytical procedures applied to the financial data. We have also determined whether the pro forma transactions form a reasonable basis for the preparation of the Pro Forma Statements of Financial Position. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Financial Information.

CONCLUSION

REVIEW STATEMENT

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Historical Financial Information, does not present fairly the Historical Statement of Financial Position, Historical Statement of Financial Performance and Historical Statement of Cash Flows of the Company as at 30 June 2005, in accordance with the recognition and measurement principles prescribed in accounting standards and other mandatory professional reporting requirements and accounting policies adopted by the Company as disclosed in Annexure A to this IAR; and
- the Pro Forma Financial Information has not been properly prepared on the basis of the pro forma transactions.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this IAR and having regard to the scope of our IAR, to the best of our knowledge and belief, there have been no material transactions or events outside of the ordinary business of the Company subsequent to 30 June 2005 that have come to our attention which require comment on, or adjustment to, the information referred to in our IAR or that would cause such information to be misleading or deceptive.

INDEPENDENCE, DISCLOSURE OF INTEREST AND OTHER DECLARATIONS

BMRIPP does not have any interest in the outcome of this issue other than as the auditor of the Company and the preparer of this IAR, for which normal professional fees will be received. BMRIPP has not been involved in the preparation of any other part of the Prospectus and accordingly, we make no representations as to the completeness and accuracy of the information in any other part of the Prospectus.

Consent to the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this IAR, this consent has not been withdrawn.

Yours faithfully

BENTLEYS MRI PERTH PARTNERSHIP



J W VIBERT

Partner

ANNEXURE A

STATEMENT OF FINANCIAL PERFORMANCE

	Note	Period ended 30 June 2005 (Audited) \$
Revenues from ordinary activities		16,867
Expenses from ordinary activities		
Administration expenses		(197,474)
Bank and financing costs		(3,190)
Project evaluation expenses		(6,221)
Total expenses from ordinary activities		<u>(206,885)</u>
Loss from ordinary activities before income tax expense		<u>(190,018)</u>
Income tax benefit relating to ordinary activities		-
Net loss from ordinary activities after income tax expense		<u><u>(190,018)</u></u>

STATEMENT OF CASH FLOWS

	Note	Period ended 30 June 2005 (Audited) \$
Cash flows from Operating Activities		
Payments to suppliers and employees		(154,235)
Other – security deposits		(85,000)
Interest received		15,898
Net cash (used in) operating activities		<u>(223,337)</u>
Cash flows from investing activities		
Payments for plant and equipment		(17,906)
Payments for exploration properties		(68,067)
Expenditure on exploration		(203,470)
Net cash (used in) investing activities		<u>(289,443)</u>
Cash flows from financing activities		
Proceeds from issue of shares		1,082,523
Costs of share issues		(52,267)
Net cash provided by financing activities		<u>1,030,256</u>
Net increase in cash held		517,476
Cash at the beginning of the period		-
Cash at 30 June 2005		<u><u>517,476</u></u>

The above statements should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

		Actual 30 June 2005 {Audited} \$	Pro Forma 30 June 2005 Minimum Subscription (Unaudited) \$	Pro Forma 30 June 2005 Maximum Subscription (Unaudited) \$
Current Assets				
Cash Assets	3	517,476	3,283,276	3,758,276
Receivables	4	24,585	62,085	62,085
Prepayments	5	851	851	851
Total Current Assets		542,912	3,346,212	3,821,212
Non-Current Assets				
Receivables	4	85,000	85,000	85,000
Plant & equipment	6	17,499	17,499	17,499
Exploration and evaluation expenditure	7	1,537,116	1,559,616	1,559,616
Total Non-Current Assets		1,639,616	1,662,115	1,662,115
Total Assets		2,182,527	5,008,327	5,483,327
Current Liabilities				
Payables	8	70,489	70,489	70,489
Total Current Liabilities		70,489	70,489	70,489
Total Liabilities		70,489	70,489	70,489
Net Assets		2,112,038	4,937,838	5,412,838
Equity				
Contributed Equity	9	2,230,256	5,056,056	5,531,056
Option Premium Reserve	10	71,800	71,800	71,800
Accumulated Losses	11	(190,018)	(190,018)	(190,018)
Total Equity		2,112,038	4,937,838	5,412,838

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

The Actual Statement of Financial Position as at 30 June 2005 has been extracted from the Audited Financial Statements of RFI.

The Pro Forma Statements of Financial Position as at 30 June 2005 have been compiled based on the financial position of RFI as at 30 June 2005 adjusted for the pro forma transactions outlined in Note 2.

NOTES TO THE HISTORICAL AND PRO FORMA INFORMATION

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

As the Company was registered on 7 July 2004, the Statements of Financial Performance and Cash Flows are for the period from registration to 30 June 2005.

The Historical and Pro Forma Information have been drawn up in accordance with the recognition and measurement (but not all the disclosure) requirements of Applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001, unless the information that would be disclosed is not considered material or relevant to potential investors. The presentation of the financial information is consistent with that generally applied in a Prospectus.

The Historical and Pro Forma Information has been prepared on an accruals basis and are based on historical cost and do not take into account changing money values. Cost is based on the fair values of consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by RFI in the preparation of the Historical and Pro Forma Information.

(a) Income Tax

The Company adopts the liability method of tax effect accounting whereby the income tax expense shown in Statement of Financial Performance is based on the loss from ordinary activities before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of loss from ordinary activities before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Property, Plant & Equipment

Plant and equipment is measured on the cost basis.

The carrying amount of plant & equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. Recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation is calculated on the prime cost method and is brought to account over the estimated economic lives of all plant and equipment. The depreciation rates used are:

Office furniture	20%
Office computer equipment	33.33%

(c) Exploration, evaluation and development expenditure

The Company's policy with respect to costs of exploration properties is to use the area of interest method.

Exploration and evaluation costs are carried forward on the following basis.

- (i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- (ii) Exploration and evaluation costs related to an area of interest are carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
 - Such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or

- Exploration and/or evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

(iii) Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(iv) The Company has minimum annual expenditure commitments to maintain its tenements in good standing. These expenditure commitments are disclosed in the Prospectus.

(v) The directors believe that the Company will maintain the tenements in good standing for at least the next twelve months.

(vi) The carrying values of mineral tenements are reviewed annually by the directors where results of exploration and/or evaluation of an area of interest are sufficiently advanced to permit a reasonable estimate of the amount expected to be recouped through successful development of the area of interest or by its sale. Expenditure in excess of this estimate is written off to the Statement of Financial Performance in the period in which the review occurs.

(d) Operating Cycle

An operating cycle of twelve months has been used as the basis for identifying current assets and current liabilities in the Statements of Financial Position.

(e) Cash

Cash includes cash on hand and at call deposits with banks or financial institutions, which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of bank overdrafts.

(f) Receivables

Trade accounts receivable and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful debts.

(g) Adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS)

The Australian Accounting Standards Board (AASB) has adopted AEIFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Urgent Issues Group Abstracts corresponding to International Financial Reporting interpretations adopted by the International Accounting Standards Board (IASB).

The adoption of AEIFRS will first be reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AEIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AEIFRS to that comparative period. Most adjustments required on transition to AEIFRS will be made retrospectively against opened retained earnings as at 1 July 2005.

The Company is currently assessing the significance of these changes and preparing for their implementation.

Set out below are key areas that have been identified to date where accounting policies under AEIFRS impacts on the Company's financial reporting:

(i) Financial instruments

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial instruments will be required to be classified into five categories and to be measured based on the nature of the classification. The five categories and basis of measurement are:

- Financial asset or financial liability measured at fair value through the Statement of Financial Performance
- Held to maturity investments measured at amortised cost, subject to impairment
- Loans and receivables measured at amortised cost, subject to impairment
- Available for sale assets measured at fair value with changes in fair value measured directly in equity
- Financial liability measured at amortised cost

This will result in a change to the current accounting policy that does not classify financial instruments.

(ii) Exploration and evaluation costs

AASB 6 "Exploration for and Evaluation of Mineral Resources" continues to allow companies to apply "area of interest" account to their exploration and evaluation expenditures, effectively grandfathering the treatment of capitalising exploration and evaluation costs currently used by the Company under AASB 1022 "Accounting for the Extractive Industries". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised in accordance with AASB 136. It is anticipated that it is unlikely that the requirements of this standard will have a material impact on the financial position of the Company, except where areas of interest are abandoned and written off.

(iii) Income Tax

Under AASB 112 "Income Taxes", deferred tax balances are determined using the "balance sheet method" which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Statement of Financial Position and their associated tax bases.

This will result in a change to the current accounting policy under which deferred tax balances are determined using the income statement method.

On adoption by the Company, the change may result in the recognition of additional deferred tax assets and liabilities, with a corresponding impact on retained earnings.

(iv) Impairment

Under AASB 136 "Impairment of Assets", recoverable amount is defined as the higher of an asset's (or a cash generating unit's) fair value less cost to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from an asset or cash generating unit. The discount rate used must be an asset specific risk adjusted rate. Recoverable amount is to be determined whenever there is any indication that an asset may be impaired.

This will result in a change to the current accounting policy, under which the estimated future cash flows used to determine recoverable amounts of non-current assets on an annual basis are not discounted to their present values.

The impact of this change is expected to be nil.

(v) Share based payments

Under AASB 2 "Share Based Payments", the Company will be required to determine the fair value of options issued to employees as remuneration and recognise them in the Statement of Financial Performance.

This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share based payments issued after 7 November 2002, which have not vested as at 1 January 2005.

To the extent that any of the remuneration options on issue have not vested by 1 January 2005, they will need to be recognised and measured in accordance with AASB 2.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

The most significant impact will be the recognition of an expense of \$78,400 to adjust the historical profit for the period ended 30 June 2005, with a corresponding adjustment to reduce contributed equity by the same amount.

Due to the inherent uncertainty surrounding the timing of issuing the incentive options in Note 2 (e), if at all, the company's management have not been able to quantify the effect of granting these options within the Pro Forma transactions and its impact upon the financial performance of the company.

NOTE 2 – ASSUMPTIONS IN COMPILING THE CONSOLIDATED PRO FORMA STATEMENTS OF FINANCIAL POSITION

The Pro Forma Statements of Financial Position reflect the following transactions as if they had taken place as at 30 June 2005:

- (a) The issue of 150,000 fully paid ordinary shares at an issue price of \$0.15 to Geoinformatics Exploration Australia Pty Ltd (Geoinformatics) pursuant to a binding term sheet dated 17 December 2004 relating to the acquisition of a 75% interest in certain mineral exploration assets.
- (b) The issue of 150,000 options to Pioneer Nickel Ltd with a 25 cent strike price and 31 July 2007 expiry date upon the Company's successful listing on the ASX.
- (c) The issue of 17,500,000 fully paid ordinary shares at \$0.20 per share if the maximum subscription of \$3,500,000 is received and the issue of 15,000,000 fully paid ordinary shares at \$0.20 per share if the minimum subscription of \$3,000,000 is received.
- (d) The granting of one option for every four shares issued in (c) above at an exercise price of \$0.25 and with an expiry date of 31 July 2007, resulting in issuing 4,375,000 options to acquire ordinary shares if the maximum subscription is received, and 3,750,000 options, if minimum subscription is received.
- (e) The issue to the Managing Director of the following three tranches of Incentive Options:

Quantity	Strike Price	Expiry	Trigger Price
350,000	\$0.25	31 December 2007	\$0.35
350,000	\$0.30	31 December 2007	\$0.40
350,000	\$0.35	31 December 2007	\$0.45

To meet the Trigger Price threshold, the Shares must have closed above that price for five consecutive days.

- (f) The issue of 250,000 fully paid ordinary shares at an issue price of \$0.15 to the Managing Director pursuant to shareholder approval at a general meeting held 21 March 2005, upon the Company's successful listing on ASX.
- (g) The advance by the Company to the Managing Director of \$37,500 to fund the purchase of 250,000 ordinary shares at an issue price of \$0.15 pursuant to shareholder approval at a general meeting held 21 March 2005, upon the Company's successful listing on ASX.
- (h) The amount of \$259,200 of costs associated with raising capital under the Prospectus if the maximum subscription is raised and \$234,200 if the minimum subscription is raised has been charged against contributed equity.

	Note	Actual 30 June 2005 \$	Pro Forma 30 June 2005 Minimum Subscription \$	Pro Forma 30 June 2005 Maximum Subscription \$
Cash at bank and on hand		517,476	3,283,276	3,758,276
Movement in cash				
Balance at 30 June 2005			517,476	517,476
Proceeds from the Offer			3,000,000	3,500,000
Costs of the Offer			(234,200)	(259,200)
Pro Forma at 30 June 2005			3,283,276	3,758,276

NOTE 3 – CASH ASSETS

		Actual	Pro Forma	Pro Forma
		30 June 2005	30 June 2005	30 June 2005
			Minimum	Maximum
			Subscription	Subscription
	Note	\$	\$	\$
NOTE 4 – RECEIVABLES				
CURRENT				
Other debtors		24,585	62,085	62,085
Movement in Receivables				
Balance at 30 June 2005			24,585	24,585
Managing Director's Share Purchase Entitlement Loan			37,500	37,500
Pro Forma at 30 June 2005			62,085	62,085
NON-CURRENT				
Security deposits		85,000	85,000	85,000
NOTE 5 – PREPAYMENTS				
Operating costs prepayments		851	851	851
NOTE 6 – PLANT & EQUIPMENT				
Plant & equipment – at cost		17,905	17,905	17,905
Less accumulated depreciation		(406)	(406)	(406)
		17,499	17,499	17,499
NOTE 7 – EXPLORATION EXPENDITURE				
Exploration and evaluation expenditure		1,537,116	1,559,616	1,559,616
Movement in Exploration Expenditure				
Balance at 30 June 2005			1,537,116	1,537,116
Purchase of 75% interest in tenements from Geoinformatics			22,500	22,500
Pro Forma at 30 June 2005			1,559,616	1,559,616
NOTE 8 – PAYABLES				
Trade creditors and accruals		70,489	70,489	70,489

NOTE 9 – CONTRIBUTED EQUITY

Note	Actual 30 June 2005 \$	Pro Forma 30 June 2005 Minimum Subscription \$	Pro Forma 30 June 2005 Maximum Subscription \$
Share capital	2,230,256	5,056,056	5,531,056

(a) Shares

Actual

Note	30 June 2005 \$	30 June 2005 Number
Issue of 3 Shares on 8 July 2004	23	3
Issue of 3,000,000 fully paid ordinary shares at \$0.01 each on 20 July 2004	30,000	3,000,000
Issue of 250,000 fully paid ordinary shares at \$0.01 each on 20 July 2004	2,500	250,000
Issue of 7,000,000 ordinary shares under the Prospectus dated 5 August 2004 at \$0.15 each, paid up to \$0.05 each	350,000	7,000,000
Final call of \$0.10 each on 21 March 2005 on 7,000,000 ordinary shares issued under the Prospectus dated 5 August 2004 partly paid up to \$0.05 each	700,000	-
Issue of 8,000,000 fully paid ordinary shares at \$0.15 each as consideration under the Intec Hellyer Metals Pty Ltd Tenement Acquisition Agreement on 19 April 2005	1,200,000	8,000,000
Share Issue Costs relating to issues of shares prior to 31 December 2004	(52,267)	-
At 30 June 2005	2,230,256	18,250,003

Minimum Subscription

Shares to be issued to Geoinformatics	22,500	150,000
Shares to be issued under Share Purchase Entitlement	37,500	250,000
Shares to be issued pursuant to the Offer	3,000,000	15,000,000
Expenses of the Offer	(234,200)	-
Pro Forma at 30 June 2005	5,056,056	33,650,003

Maximum Subscription

Shares to be issued to Geoinformatics	22,500	150,000
Shares to be issued under Share Purchase Entitlement	37,500	250,000
Shares to be issued pursuant to the Offer	3,500,000	17,500,000
Expenses of the Offer	(259,200)	-
Pro Forma at 30 June 2005	5,531,056	36,150,003

	Note	30 June 2005 Number
(b) Options over issued shares		
<i>Actual</i>		
<i>31 July 2007 Options</i>		
Opening balance		3,750,000
<i>31 December 2007 Options</i>		
Opening balance		2,000,000
Total Number of Options over Ordinary Shares on Issue		5,750,000
<i>Minimum Subscription</i>		
<i>31 July 2007 Options</i>		
Opening balance		3,750,000
Issue of 150,000 options exercisable at \$0.25 to Pioneer Nickel Ltd as consideration for entering into the Pioneer Agreement		150,000
Issue of 3,750,000 Options on a one for four basis to IPO subscribers exercisable at \$0.25		3,750,000
		7,650,000
<i>31 December 2007 Options</i>		
Opening balance		2,000,000
Issue of 350,000 Options to the Managing Director exercisable at \$0.25 upon reaching the trigger price of \$0.35 each		350,000
Issue of 350,000 Options to the Managing Director exercisable at \$0.30 upon reaching the trigger price of \$0.40 each		350,000
Issue of 350,000 Options to the Managing Director exercisable at \$0.35 upon reaching the trigger price of \$0.45 each		350,000
		3,050,000
Pro Forma at 30 June 2005		10,700,000
<i>Maximum Subscription</i>		
<i>31 July 2007 Options</i>		
Opening balance		3,750,000
Issue of 150,000 options exercisable at \$0.25 to Pioneer Nickel Ltd as consideration for entering into the Pioneer Agreement		150,000
Issue of 4,375,000 Options on a one for four basis to IPO subscribers exercisable at \$0.25		4,375,000
		8,275,000
<i>31 December 2007 Options</i>		
Opening balance		2,000,000
Issue of 350,000 Options to the Managing Director exercisable at \$0.25 upon reaching the trigger price of \$0.35 each		350,000
Issue of 350,000 Options to the Managing Director exercisable at \$0.30 upon reaching the trigger price of \$0.40 each		350,000
Issue of 350,000 Options to the Managing Director exercisable at \$0.35 upon reaching the trigger price of \$0.45 each		350,000
		3,050,000
Pro Forma at 30 June 2005		11,325,000

		Actual	Pro Forma	Pro Forma
	Note	30 June 2005	30 June 2005	30 June 2005
		\$	Minimum	Maximum
			Subscription	Subscription
			\$	\$
NOTE 10 – OPTION PREMIUM RESERVE				
Option Premium Reserve		71,800	71,800	71,800

The Option Premium Reserve comprises the Directors' assessment of the value of options issued as part of the consideration for the acquisition by RFI of mineral exploration assets from Intec Hellyer Metals Pty Ltd.

NOTE 11 – ACCUMULATED LOSSES

Accumulated Losses		(190,018)	(190,018)	(190,018)
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NOTE 12 – SEGMENT INFORMATION

The Company operates predominantly in the mining industry in Australia.

NOTE 13 – SUBSEQUENT EVENTS

The following significant event has taken place since the end of the financial period:

The Company is in discussions with a major resources group interested in a Joint Venture over the Hellyer leases. The terms are still to be finalised and approved but it would involve both Parties contributing \$1.0 million over 2 years to an Exploration Alliance budget managed by RFI. Subject to success, the incoming party will have a right to earn up to 70% interest in specified sub-areas of the Hellyer leases with RFI being free carries to a development decision stage

NOTE 14 – CONTINGENT LIABILITIES

Based on discussions with the Directors, to our knowledge the Company has no material contingent liabilities.

NOTE 15 – EXPLORATION COMMITMENTS

The details of RFI's exploration expenditure commitments are set out in detail in Section 2 of the Prospectus.

7.

RISK FACTORS

As with any share investment, there are risks involved. This section identifies the major areas of risk associated with an investment in RFI, but should not be taken as an exhaustive list of the risk factors to which the Company and its shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisor before deciding whether to apply for Shares and Options.

7.1 ECONOMIC AND GOVERNMENT RISKS

7.1.1 INVESTMENT RISK

The Shares and Options to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or as to the market value of the Shares and Options. The prices at which an investor may be able to trade the Shares and Options may be above or below the Offer Price paid for the Shares and Options. While the Directors commend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in RFI is appropriate to their own circumstances.

7.1.2 SHARE MARKET

Share market conditions may affect the listed securities regardless of the operating performance of the Company. Share market conditions are affected by many factors, such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand for, and supply of, capital.

Investors should recognise that once the Shares and Options are listed on ASX, the price of the Shares and Options may fall as well as rise. Many factors will affect the price of the Shares and Options including local and international stock markets, movements in interest rates, economic conditions and investor sentiment generally. In addition, recent world events have affected the price of shares in various sectors. Such events are unpredictable and their impact on the individual companies or markets is beyond the control of the Company.

7.1.2 COMMODITY PRICE AND EXCHANGE RATE RISK

As the Company's potential earnings will be largely derived from the sale of mineral commodities, either in processed or concentrate forms, the Company's future revenues and cash flows will be impacted by changes in the prices of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates.

Furthermore, the international prices of most commodities are denominated in United States dollars while the Company's cost base will be in Australian dollars. Consequently changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

7.1.3 ECONOMIC FACTORS AND GOVERNMENT RISKS

The future viability of the Company is also dependent on a number of factors affecting performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in Government policies, taxation and other laws;
- the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- movement in, or outlook on, interest rates and inflation rates; and
- natural disasters, social upheaval or war in Australia or overseas.

7.2 EXPLORATION, DEVELOPMENT, MINING AND PROCESSING RISKS

Mineral exploration, project development and mining contain elements of significant risk. The future success of the Company, like all resource exploration and mining companies will be heavily dependent upon a number of factors many of which are beyond the control of the Company. Such risk factors include:

- maintenance of tenure and access to the Company's tenements and the granting of any mining tenement applications or other approvals required for the conduct of exploration and mining activities;
- reliance on key personnel, including the Directors, and ongoing access to competent management and technical personnel;
- the discovery and exploitation of economically recoverable ore reserves on the Company's tenements or any other tenements that may be acquired in the future;
- the calculation and interpretation of resource estimates are by their nature expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may, in turn adversely affect the Company's operations;
- finalisation of bankable feasibility studies and access to adequate project development capital on and acceptable terms;
- financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become a party;
- the ability to negotiate acceptable treatment agreements with respect to various mining and milling alternatives;
- obtaining consents and approvals necessary for the conduct of exploration and mining;
- mechanical failure or breakdown of mining or drilling plant and equipment or mine structure resulting in significant delays;
- adverse weather conditions, accidents or industrial disputes over a prolonged period adversely affecting mining and exploration activities and the earning of revenues; and
- adverse changes in government policies or legislation affecting mining and exploration activities.

7.3 NATIVE TITLE

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. The risks arising because of native title and aboriginal land rights may affect the Company's ability to gain access to prospective exploration areas to obtain production titles. Compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company.

A discussion of the possible impact of native title on the Company's tenements is included in the Solicitor's Report in Section 6 of this Prospectus.

7.4 ENVIRONMENTAL RISKS

The Company's projects are subject to State and Federal laws and regulations regarding environmental matters. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws.

7.5 RISKS SPECIFIC TO THE COMPANY

There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses.

Set out below are specific risks that may adversely affect the Company.

7.5.1 OPERATIONAL AND TECHNICAL RISKS

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- alterations to joint venture programs and budgets;
- the availability of drilling rigs and other machinery in Tasmania necessary for the Company to undertake its activities;
- unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to the existing, and any future access agreements entered into with future registered Aboriginal Land Council and the Native Title claimants).

7.5.2 TITLE, ENVIRONMENTAL BONDS & CONDITIONS

All mining tenements which the Company may acquire either by application, sale and purchase or farm-in are regulated by applicable state mining legislation. There is no guarantee that applications will be granted as applied for. Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to the Company.

The Tasmanian Department of Minerals and Resources from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company;

The Federal Government has committed to increasing Forest Reserves by 170,000 ha. The decision as to where those areas will be has yet to be determined and is under review by Forestry Tasmania. These reserves could impinge on the Company's tenement areas though the Tasmanian Government has stated that in areas prospective for minerals those reserves will be dual use and accessible to exploration.

7.5.3 RESOURCE ESTIMATES

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans altered in a way which could impact adversely on the operations of the Company.

7.5.4 EXPLORATION COSTS

The exploration costs of the Company described in Section 2 of this Prospectus are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

7.5.5 AGREEMENTS WITH THIRD PARTIES

The Company is a party to a number of agreements with third parties. If the Company is unable to satisfy the conditions precedent or otherwise defaults in its obligations under those agreements, the Company's interest in the relevant subject matter may be jeopardised. In addition, the current tenement holders may be required to maintain the tenements in good standing pending resolution of the outstanding matters. If those parties default in their obligations the standing of the tenements may be adversely affected.

8. ADDITIONAL INFORMATION

8.1 COMPANY INFORMATION

RESOURCE FINANCE AND INVESTMENTS LIMITED

RFI was incorporated on 7 July 2004 for the purposes of seeking out advanced exploration projects in Australia, but as at the date of this Prospectus has no significant operating activities.

8.2 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

RANKING OF SHARES

At the date of this Prospectus, all shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

VOTING RIGHTS

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held in the Company.

DIVIDEND RIGHTS

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

VARIATION OF RIGHTS

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

TRANSFER OF SHARES

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the ASX Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

GENERAL MEETINGS

Each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

UNMARKETABLE PARCELS

The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided a notice is given to the minority shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

RIGHTS ON WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- divide among the shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

8.3 TERMS OF OPTIONS

As at the date of this Prospectus, the Company has the following Options on issue:

- 3,750,000 Options exercisable at \$0.25 prior to 31 July 2007;
- 2,000,000 Options exercisable at \$0.25 prior to 31 December 2007

The terms and conditions of each class of Options are the same with the exception of the various exercise price, expiry dates and conditions detailed below.

- (a) Each Option will lapse if not exercised on or before their respective expiry dates.
- (b) Each Option shall entitle the holder to subscribe for and to be allotted one Share in the capital of the Company upon exercise of the Option and payment to the Company of the exercise price.
- (c) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the exercise price and the statement for the Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.
- (d) A notice of exercise is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 10 days of receipt of a properly executed notice of exercise and the required application funds the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.
- (g) The period during which the Options may be exercised can not be extended.
- (h) The option holder is not entitled to participate in new issues of securities offered to share holders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it in addition to the shares which it is otherwise entitled to have issued to it upon such exercise additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other shares allotted upon exercise of the Options.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder will be reconstructed (as appropriate in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation).
- (k) Shares allotted pursuant to exercise of the Options will rank equally with the then issued Shares of the Company.
- (l) Should the Company at any time over the life of the Option be re-admitted to ASX and an option holder exercises Options post the readmission date, the Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any Options, within 10 business days of the date of allotment of those Shares.
- (m) Other than as referred to above, the Option does not confer the right to a change in exercise price, or a change to the number of underlying securities over which it can be exercised.
- (n) Subject to the constitution of the Company, the Corporations Act 2001 and the Listing Rules of the ASX the Options are freely transferable.

Additional conditions which apply only to the 2,000,000 Options exercisable at 25 cents and expiring on the 31 December 2007:

- These Options are not transferable and no application will be made to apply to the ASX for official quotation.
- In addition 250,000 options are unvested as at 30 June 2005. Of these 125,000 Options will vest and are exercisable any time after 15 March 2006 until expiry and 125,000 Options will vest any time after 15 March 2007 until expiry, further details on the terms of these options can be found in the Summary of Material Contracts in Section 5 of this Prospectus.

8.4 CONTINUOUS DISCLOSURE DOCUMENTS AVAILABLE FOR INSPECTION

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASIC any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

8.5 INTERESTS OF DIRECTORS

SHAREHOLDING QUALIFICATIONS

The Directors are not required to hold any Shares or Options under the constitution of the Company.

DIRECTORS' SECURITY HOLDINGS

Set out in the table below are details of the Directors' relevant interests in the Shares and Options of the Company as at the date of this Prospectus.

DIRECTORS' SECURITY HOLDINGS

Interests of Directors and their related parties	Number Of Shares	% of Existing Shares	% of Proforma Shares (Maximum Subscription)	Number of Options
Don Boyer	360,000	2.0%	1.0%	527,500
Mike Rosenstreich*	Nil	Nil		350,000
Craig McGown	579,531	3.1%	1.6%	237,500
Kieran Rodgers**	8,000,000	43.8%	22.1%	2,250,000
TOTAL	8,939,531	48.9%	24.7%	3,365,000

*Mr Rosenstreich is entitled to 1.05 million incentive options as detailed in the Independent Accountant's Report and 250,000 shares following completion of the Offer, as well as the Options already issued to him.

**Mr Rodgers is an executive of Intec Hellyer Metals Pty Ltd, a wholly owned subsidiary of Intec, which owns the 8 million shares tabulated above and 2.0 million options comprising the vendor consideration for the purchase of the Hellyer leases and 0.25 million options issued as part of Director's remuneration. He was appointed to the Board to represent Intec's interest in accordance with the Tenement Acquisition Agreement.

DIRECTORS REMUNERATION

The Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The aggregate remuneration for all non-executive directors has been set at an amount of \$100,000 per annum. The Directors have resolved that non-executive director's fees will be \$50,000 per annum for the Chairman and \$25,000 per annum for non-executive directors, inclusive of statutory superannuation contributions.

The remuneration of the Managing Director is fixed by the Board via a service agreement, details of which are provided in the Material Contracts Summary of this Prospectus.

OTHER INTERESTS OF DIRECTORS

Mr McGown is the Executive Chairman and, indirectly, a shareholder of DJ Carmichael Pty Limited and its wholly owned subsidiary Carmichael Capital Markets Pty Limited (jointly referred to as "Carmichael"), Sponsoring Broker to the Offer. The terms of engagement of Carmichael are detailed in Section 5.

Other than as set out above or elsewhere in this Prospectus no Director has or has had, within two years before lodgement of this Prospectus with ASIC;

- any interest in the formation or promotion of the Company; or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or in the Offer; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director, either to induce him to become, or to qualify him as a Director, or otherwise, for services rendered by him in connection with the formation or promotion of the Company or the Offer.

8.6 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in the Prospectus, no expert, promoter, underwriter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with has or has, within two years before lodgement of the Prospectus with ASIC:

- had any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer or in the Offer and
- not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offer.

Snowden has prepared the Independent Geologist's Report which is included as part of this Prospectus. Total fees payable to Snowden for work done in relation to this Prospectus are approximately \$34,000.

Price Sierakowski acted as Solicitors to the Issue and has prepared the Solicitor's Report which is included in Section 5 of this Prospectus. Total fees payable to Price Sierakowski for work done in relation to this Prospectus are approximately \$25,500.

DJ Carmichael Pty Limited has acted as Sponsoring Broker to this Issue. Total fees payable to DJ Carmichael in relation to this Prospectus will comprise a \$20,000 management fee and a 5% broking fee which will be between a minimum of \$150,000 for the Minimum Subscription amount and a maximum of \$175,000, being the Maximum Subscription.

Carmichael Capital Markets Pty Limited has acted as Corporate Advisor to RFI since incorporation. Total fees payable to Carmichael Capital Markets in relation to the Company's administration, general advisory work and this Prospectus are approximately \$99,000.

Bentleys MRI Perth Partnership has prepared the Independent Accountant's Report which is included as part of this Prospectus. Total fees payable to Bentleys MRI Perth Partnership for work done in relation to this Prospectus are approximately \$9,500.

8.7 CONSENTS

The following written consents have been given in accordance with the Corporations Act with respect to the issue of this Prospectus in both paper and electronic form:

Snowden has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Independent Geologist and to the inclusion of the Independent Geologist's Report in Section 4 of this Prospectus in the form and context in which it is included, together with all references to that report in this Prospectus. Snowden has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than its report and any references to it.

Price Sierakowski has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as Solicitors to the Issue and to the inclusion of the Solicitor's Report in Section 5 of this Prospectus in the form and context in which it is included, together with all references to that report in this Prospectus. Price Sierakowski has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than its report and any references to it.

Bentleys MRI Perth Partnership have given, and at the time of lodging this Prospectus, has not withdrawn its consent to be named in this Prospectus as the Independent Accountant and Auditor of the Company and to the inclusion of the "Independent Accountant's Report" in Section 6 of this Prospectus in the form and context in which it is included, together with all references to them and to that report in this Prospectus. Bentleys MRI Perth Partnership has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than their report and any references to it.

DJ Carmichael Pty Limited has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as Sponsoring Broker to the Offer in the form and context in which it is included, together with all references to it in this Prospectus. DJ Carmichael Pty Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Carmichael Capital Markets Pty Limited has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as Corporate Advisor in the form and context in which it is included, together with all references to it in this Prospectus. Carmichael Capital Markets Pty Limited has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

The Fraser Institute has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in relation to its 2004/2005 Mining Survey. The Fraser Institute has had no involvement in the preparation of any part of this Prospectus, and has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Security Transfer Registrars Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named, together with all references to it in this Prospectus. Security Transfer Registrars Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry. Security Transfer Registrars Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Intec has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. Intec has had no involvement in the preparation of any part of this Prospectus other than being named as a the Vendor of the Hellyer Leases and major shareholders of RFI. Intec has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Zinifex has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. Zinifex has had no involvement in the preparation of any part of this Prospectus other than being named as an alliance and joint venture partner. Zinifex has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Geoinformatics has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. Geoinformatics has had no involvement in the preparation of any part of this Prospectus other than being named as an alliance and joint venture partner. Geoinformatics has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Holborn Lenhoff Massey has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. Holborn Lenhoff Massey has had no involvement in the preparation of any part of this Prospectus other than being named as legal advisor to the Company. Holborn Lenhoff Massey has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Stacpoole Enterprises Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named, together with all references to it in this Prospectus. Stacpoole Enterprises Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as drilling contractor to the Company. Stacpoole Enterprises Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

Dr McArthur has 15 years experience 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr McArthur consents to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

8.8 EXPENSES OF THE OFFER

The expenses of the Offer are expected to comprise the following estimated costs and are exclusive of any GST payable by the Company.

EXPENSES OF THE OFFER

	Minimum Subscription \$	Full Subscription \$
Broker fees	150,000	175,000
Professional consultant fees	33,500	33,500
Other Expenses	50,700	50,700
Total Estimated Expenses	\$234,200	\$259,200

8.9 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at notices@rfiled.com and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.rfiled.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.10 FORECASTS

RFI is an exploration company with intention to become a minerals producer in the medium term. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not been included in this Prospectus.

8.11 LITIGATION

To the Directors knowledge there is no litigation against the Company or initiated by the Company as at the date of this Prospectus.

8.12 TAXATION

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

8.13 PROPOSED NAME CHANGE

On the recommendation of the Directors and subject to the approval of ordinary shareholders in general meeting and the provisions of the Corporations Act 2001 and the Listing Rules of the ASX the Company is proposing to simplify its name to RFI Limited.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect of any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares and Options pursuant to this Prospectus.

Each of the Directors of Resource Finance and Investments Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

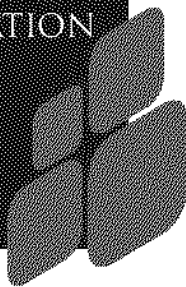
Dated the 16th day of August 2005.

Signed for and on behalf of Resource Finance and Investments Limited



Michael Rosenstreich
Managing Director

9. DIRECTORS' AUTHORISATION



Definitions of geological terms are also provided in the Glossary of the Independent Geologist Report in Section 4.

- **\$** means Australian dollars. All amounts in this prospectus are in Australian dollars unless stated otherwise.
- **Application Monies** means the amount of money in dollars and cents payable for Shares at 20 cents per Share pursuant to this Prospectus.
- **Application Forms** means the Public Offer Application Form and Priority Offer Application Form attached to, and forming parts of this Prospectus.
- **ASIC** means Australian Securities and Investments Commission.
- **ASX** means Australian Stock Exchange Limited ABN 98 008 624 691.
- **ASX Listing Rules** means the listing rules of ASX.
- **Board** means the Board of Directors of the Company.
- **Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that the ASX declares is not a business day.
- **Cambrian** means the oldest system of rocks in which fossils can be used for dating and correlation. The period commenced at least 540 +/- 40 million years ago and had a duration of at least 70 million years.
- **Chairman** means Chairman of the Board of the Company.
- **Chemical symbols**

Au	Gold
Ag	Silver
As	Arsenic
Ba	Barium
Bi	Bismuth
Co	Cobalt
Cu	Copper
Ir	Iridium
Ni	Nickel
Os	Osmium
Pb	Lead
Pt	Platinum
Ru	Ruthenium
Sn	Tin
W	Tungsten
Zn	Zinc
- **CHESS** means ASX Clearing House Electronic Sub-register System.
- **CODES** refers to the Centre for Ore Deposit and Exploration Studies a part of the Australian Research Council (ARC) Special Research Centre at the University of Tasmania's Sandy Bay campus in Hobart.
- **Company or RFI** means Resource Finance and Investments Limited ABN 31 109 933 995.
- **Company Secretary** means the Company Secretary of the Company.
- **Constitution** means the constitution of the Company dated 7 July 2004.
- **Corporations Act** means the Corporations Act 2001.
- **Devonian** means the time period from 395 to 345 million years ago.
- **Directors** mean the directors of the Company.

10.

DEFINITIONS

- East Henty Regional Project is a project area comprising EL29/2002 and ELA2/2005 situated in Tasmania.
- EL means Exploration Licence.
- ELA means Exploration Licence application.
- Electro-magnetic (EM) refers to a geophysical survey technique that measures the electrical conductivity of a rock mass in response to an applied current.
- Existing Shares means the 18,250,003 Shares in the Company on issue at the date of this Prospectus.
- Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.
- Geoinformatics means Geoinformatics Exploration Inc. a company listed on the TSX:V.
- Heazlewood Complex has the meaning given in the Independent Geologists Report in Section 4 of the Prospectus.
- Hellyer Project or Hellyer Leases is a project area comprising CML 103M/1987, M68/1984, 10W/1980, RL 11/1997, EL24/2004 and EL17/1999 situated in Tasmania.
- Induced Polarisation (IP) refers to a geophysical survey technique that measures the electrical resistance of a rock mass in response to an applied current.
- Intec means Intec Ltd (ACN 001 150 849).
- Intec Shareholder means a person or entity who at the date of this Prospectus is a holder of Intec ordinary shares.
- Issue means the issue of Shares and Options in accordance with the Offer.
- IPO means the initial Public Offering by the Company pursuant to this Prospectus.
- JORC and JORC Code means the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) as prepared and amended from time to time by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.
- Lake Dora means a prospect area within EL29/2002, part of the East Henty Regional Project.
- Leven River means the area within ELA53/2004, part of the Loyetee Regional Project.
- Loyetee means the area within ELA52/2004 part of the Loyetee Regional Project.
- Loyetee Regional Project is a project area comprising ELA51/2004, ELA52/2004, ELA53/2004 ELA4/2005 and EL28/2002 situated in Tasmania.
- Lynchford means the area within ELA2/2005 part of the East Henty Regional Project.
- Maximum Subscription means the maximum amount which may be raised by this Prospectus of \$3,500,000.
- Minimum Subscription means the minimum amount that may be raised by this Prospectus of \$3,000,000.
- MODA means McArthur Ore Deposit Assessments Pty Ltd (ABN 66 642 590 245).
- Mt Bischoff Regional Project is a project area comprising ELA64/2004, EL31/2003 and EL36/2003 situated in Tasmania.
- Mt Charter is a prospective area within RL11/1997.
- North Rosebery means an area within ELA54/2004 part of the Rosebery Regional Project.
- Offer and Public Offer means the offer to issue up to 17,500,000 new fully paid ordinary shares in the Company at an issue price of 20 cents per share to raise up to \$3,500,000. For every four ordinary shares subscribed, one option will be issued for no further consideration on the terms described in this prospectus.
- Offer Price means 20 cents per share.
- Official Quotation has the same meaning as in the ASX Listing Rules.
- Oonah Regional Project means the area within ELA63/2004 and includes the historic Oonah mine.
- Opening Date means the first date for receipt of completed Application Forms which is 9:00am WST on 23th August 2005 or other such date and time as the Directors in conjunction with the Sponsoring Broker determine.
- Option means an option to acquire Shares issued on the terms and conditions set out in Sections 1 and 8.3 of this Prospectus.
- PGM is an abbreviation for platinum group metals.

- **Priority Offer** means a priority entitlement offer under this Prospectus to Intec Shareholders, as described in Section 1.2.
- **Priority Offer Closing Date** means 5.00pm WST on 23rd September 2005.
- **Prospectus** means this prospectus dated 16th August 2005.
- **Public Offer** means an offer to the public of Shares and Options in the Company as described in Section 1.1 of this Prospectus.
- **Public Offer Closing Date** means 5.00pm WST on 3rd October 2005.
- **Que River** is a historic mining area within the Hellyer Project.
- **Restricted Securities** means Shares and Options classified by ASX as being subject to the restriction provision of the Listing Rules of ASX.
- **RFI** means the Company.
- **Rosebery Regional Project** is a project area comprising ELA54/2004 and ELA3/2005 situated in Tasmania.
- **Selina or Mt Selina** means a prospect area within EL29/2002, part of the East Henty Regional Project.
- **Share** means an ordinary share in the capital of the Company.
- **Shareholder** means the Company's existing shareholders at the date of this Prospectus.
- **Share Offer** means the Offer described in this Prospectus.
- **Share Registry** means Security Transfer Registrars Pty Ltd ABN 95 008 894 488.
- **Skarn** means hydrothermal alteration of a generally reactive rock type such as a limestone through its proximity to an intrusive rock body. Economic mineral occurrences can result from the skarn formation process.
- **S-Lens** means a Mineral Resource within the Hellyer Project and further described in the Independent Geologists Report.
- **Sponsoring Broker** means DJ Carmichael Pty Limited ABN 26 003 058 8570.
- **State** refers to one of the eight states or territories of Australia.
- **TSX:V** means the Venture Exchange of the Toronto Stock Exchange.
- **Units of Measurement**

g/t	grams per tonne
m	metre
t	tonne
km	kilometre
km ²	square kilometre
M	million
%	percent
- **VHMS** means volcanic hosted massive sulphide deposit.
- **Waratah** means the area within ELA64/2004 part of the Mt Bischoff Regional Project.
- **Whyte River** means the area within EL36/2003 part of the Mt Bischoff Regional Project.
- **WST** means the local time in Perth Western Australia.
- **Zinifex** means Zinifex Australia Limited (ACN004 074 962).

Please read all instructions on the reverse of this form

Share Registrars Use Only	
Broker reference - Stamp only	
Broker Code	Adviser Code

- at 20 cents per Share A\$
- You may be allocated all of the Shares above or a lesser number

- | | | | |
|---|--|-----|--|
| B | Total amount Payable by cheque(s) for Shares | A\$ | |
|---|--|-----|--|

- Name of applicant 1

[illegible]

Name of joint applicant 2 or <account name>

[illegible]

- Number/Street

[illegible]

Number/Street

Suburb/Town

[illegible]

State

Postcode

- G Chess HIN (if applicable)

- H Cheque payment details please fill out your cheque details and make your cheque payable to "Resource Finance and Investments Limited – Share Application Account"

Drawer

Cheque Number

BSB Number

Account Number

Total amount of Cheque

				\$	
--	--	--	--	----	--

- 1 You should read this Prospectus carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary prospectus (whether in paper or electronic form).

I/We declare that:

- (a) this Application is completed according to the declaration/appropriate statements on the reverse of this form and agree to be bound by the constitution of the Company; and
- (b) I/we have received personally a copy of this Prospectus accompanied by or attached to the Application Form or a copy of the Application Form or a direct derivative of the Application Form, before applying for Shares

Return of the Application Form with your cheque for the Application Monies will constitute your offer to subscribe for Shares in the Company.

Please note that the Company will not accept electronic lodgement of Application Forms or electronic funds transfer.

A signature is not required

GUIDE TO THE PUBLIC OFFER APPLICATION FORM

This Application Form relates to the offer of Shares and Options in Resource Finance and Investments Limited pursuant to the Prospectus dated 4th August 2005. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares and Options of Resource Finance and Investments Limited and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means provide to the other person access to the Prospectus, and any supplementary prospectus (if applicable), and an Application Form on request and without charge.

Please complete all the relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars in the correct forms of registrable titles to use on the Application Form are contained in the table below.

- A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B Insert the relevant amount of Application Monies. To calculate your Application Monies, add the number of Shares applied for multiplied by 20cents.
- C Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of the Company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applicants using the wrong form of title may be rejected. Clearing House Electronic Sub-Register System (CHES) participants should complete their name and address in the same format as that presently registered in the CHES system.
- D Enter your Tax File Number (TFN) or exemption category. Where applicable please enter the TFN for each joint Applicant. Collection of the TFN is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E Please enter your postal address for all correspondence. All communications to you from the Shares Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.
- F Please enter your telephone number(s), area code, email address and contact name in case we need to contact you in relation to your Application.
- G Resource Finance and Investments Limited will apply to the ASX to participate in CHES, operated by the ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Company will operate an electronic CHES sub-register of securities holdings and an electronic issuer sponsored sub-register of securities holdings. Together the two sub-registers will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of securities allotted.

If you are CHES participant (or are sponsored by a CHES participant) and you wish to hold securities allotted to you under this Application in uncertified form on the CHES sub-register, complete Section G or forward your Application Form to your sponsoring participant for completion of this section prior to lodgement. Otherwise, leave Section G blank and on allotment, you will be sponsored by the Company and an SRN will be allocated to you. For further information refer to the relevant section of the Prospectus.

- H Please complete cheque details as requested.

Make your cheque payable to "Resource Finance and Investments Limited – Share Application Account" in Australian currency and cross it "Not Negotiable" Your cheque must be drawn on an Australian Bank.

The amount should agree with the amount shown in section B.

Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

- I Before completing the Application Form the Applicant(s) should read the Prospectus to which the Application relates. By lodging the Application Form, the Applicant(s) agrees that this Application is for shares in Resource Finance and Investments Limited upon and subject to the terms of this Prospectus, and agrees to take any number of Shares equal to or less than the number of Shares indicated in Section A that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Applications

Return your completed Application Form with cheque(s) attached to:

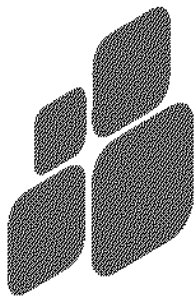
Delivered to:	Mailed to:
Security Transfer Registrars Pty Ltd	Security Transfer Registrars Pty Ltd
770 Canning Highway	PO Box 535
Applecross WA 6153	Applecross WA 6953

Application Forms must be received no later than the 3rd October 2005 which may be changed immediately after the Opening Date at any time at the discretion of the Company.

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares and Options. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Resource Finance and Investments Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable title may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual - Use Names in full, no initials	Mr John Alfred Smith	JA Smith
Minor (a person under the age of 18)	John Alfred Smith	
Use the name of a responsible adult, do not use the name of a minor.	<Peter Smith>	Peter Smith
Company - Use Company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates - Use executor(s) person name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of Late John Smith
Partnerships - Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son



RESOURCE FINANCE & INVESTMENTS LIMITED

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