



4th November 2005

Recommendation

SPECULATIVE BUY

ASX Codes

RFI
RFIO

Share Prices

RFI \$0.18
RFIO \$0.05

Range

High \$0.24 – Low \$0.16
(listed 20/10/05)

Market Capitalisation

\$7.04m (fully diluted)

Issued Capital

Listed FPO
27.0m
Listed Options
6.1m
Unlisted
RFIAI/O ord fpo (restricted)
9.3m
RFIAx options (various)
4.1m

Average Volume

week 96K

Share Price Performance

(as against the ASX:XSR)
week rolling **-0.42%**

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Resource Finance and Investment - (RFI)

Drilling at Mt Charter and S-Lens follows a successful October listing.

RFI has followed a successful ASX listing (20/10/05) with immediate drilling activity at two of the Company's advanced projects located within the Hellyer project tenements in Tasmania. One drilling rig is now located at Mt Charter which is a large gold-silver mineralised system located some 7km from the Hellyer infrastructure and a second is drilling the S-Lens, some 3kms from the idle Hellyer concentrator Que River. S-Lens is a shallow combined Mineral Resource of 370,000t at 1.7% Cu, 4.2% Zn and 64 g/t Ag.

It's not often an explorer conducts its work in the "shadow" of an existing concentrator and we believe that the access afforded RFI by major shareholder Intec Limited (INL) to the mothballed Hellyer concentrator differentiates the newly-listed Tasmanian explorer from its peers and provides the company with a very real and tangible project development advantage.

Early drill success that ultimately confirms mineralisation that can be brought into production in a timely manner can provide to RFI a cashflow capable of unlocking further value from an attractive exploration portfolio. An exploration alliance with base-metal major Zinifex Limited (ZFX) provides third party support to RFI's business model.

Key Investment Criteria

- RFI has interests in largest land position (~1,000km²) in the extensively mineralised Mt Read Volcanics (MRV) belt in NW Tasmania that contained the large scale mines rich in zinc, copper, gold and tin such as Henty, Rosebery, Hellyer, Hercules, Mt Lyell, and Que River.
- Processing infrastructure available to RFI through agreed access to Intec Ltd's modern, 1.5mtpa crushing, grinding and flotation facility at Hellyer.
- Advanced gold and copper prospects with potential for development in the medium term subject to ongoing exploration and feasibility. S-Lens resource (370,000t @ 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 @ 1.8 g/t Au 32 g/t Ag including 7.9m @ 3.6 g/t Au) are currently undergoing drill testing after a 7 year exploration hiatus on the Hellyer leases.
- Additional zinc, lead, silver and gold targets over 5 regional projects within the MRV through its strategic alliance with Geoinformatics Exploration Inc. (TSX-V: GXL). Geoinformatics contributes technical expertise to RFI's strategy where the relationship is one of equity sharing from GXL's shareholding in RFI and through its status as a joint venture.
- An exploration alliance now exists with base metal major Zinifex Australia Limited (Zinifex), over the Hellyer Leases. Zinifex has committed to contribute a minimum of \$1.0 million to a joint exploration budget *prior to earning any equity*.
- Tasmania is now classed as a positive place for resources companies to operate. Recently, the independent Fraser Institute survey recently ranked Tasmania within the top 10 in the world for most favourable mineral policy and 1st in the world in terms of the "workability" of its environmental policy.

Projects

Hellyer Project

The Hellyer Project comprises a large mineralised alteration system that hosts the Hellyer, Que River and Mt Charter deposits. The exploration rights to the Hellyer Project tenements were purchased from Intec in early 2005.

Diamond drilling has commenced at the shallow mineral resource (370,000t at 1.7% copper, 4.2% zinc and 64g/t silver) at Que River and also commenced at the widespread gold mineralisation of the Mt Charter area on 24th October 2005.

The S-Lens drilling has been designed to complete delineation of the mineralisation to enable a decision as to whether the remaining mineralisation is feasible to mine. The deposit is on a granted mining lease, 3km from a mothballed idle, operational processing plant (Hellyer) and represents an opportunity for early cash flow.



Figure 2. – S Lens and Mt Charter

source RFI

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

The long section in figure 3 clearly indicates the potential to expand the copper-rich portion of S-Lens. The remnant high grade zinc and gold mineralisation is also of interest.

The granted mining lease, the shallow nature of the deposit, the metallurgical history from past treatment and the proximity to the Hellyer concentrator may lead RFI to early production.

S-Lens Deeps

Deeper, larger scale potential is indicated by an unresolved north south trending downhole electromagnetic 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.

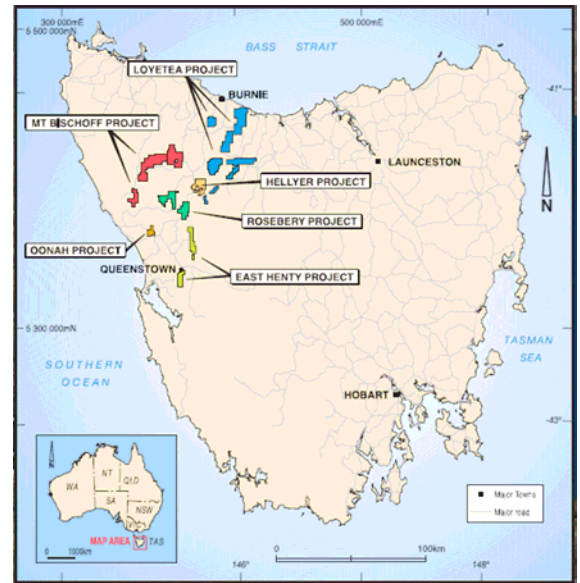


Figure 1. – Western Tasmanian projects

source : RFI

The Mt Charter gold prospect is a large and relatively shallow gold and silver system and is located 7km from the Hellyer Plant (refer figure 2) and has excellent potential to delineate a viable JORC-compliant resource.

Que River (Base Metals)

S-Lens

Aberfoyle Resources Ltd (Aberfoyle) drilled hole QR1 in April 1974 intersecting 11.44m at 2% Cu, 5% Pb and 7% Zn in what is now referred to as S-Lens. Subsequently larger lenses of mineralisation 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.

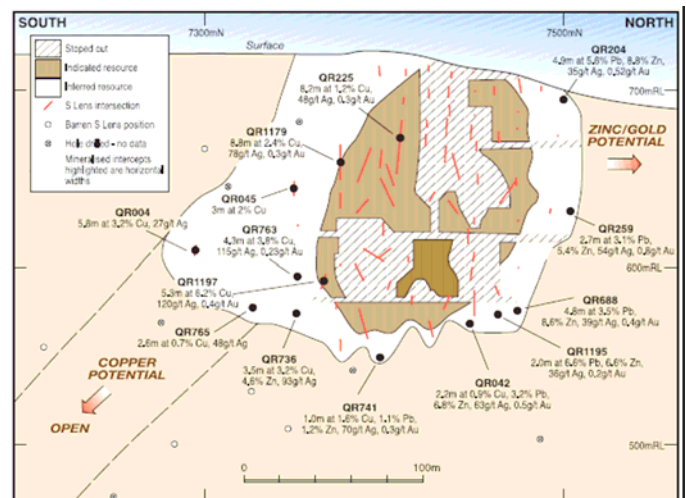


Figure 3. – S Lens Long Section

source RFI

Mt Charter (Precious Metals)

Mt Charter is located 7km south of the Hellyer complex (refer figures 2 & 4.). The prospect occurs within a large 1km long alteration zone - of the same alteration style and within the same host sequence as the Hellyer deposit to the north. Gold assays above 1.0g/t and high silver values in rock chips and in drill holes occur consistently over an area of approximately 500m x 250m (12.5ha). The gold mineralisation has not been the subject of detailed drilling or evaluation.

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 mineralisation occurs as a massive barite lens shown in figure 5, 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 has outlined an extensive gold-silver mineralised system. The surface sampling defines an area of approximately 500m x 250m with a consistent distribution of gold assays greater than 1.0g/t (max 3.7g/t) and silver assays above 5g/t Ag

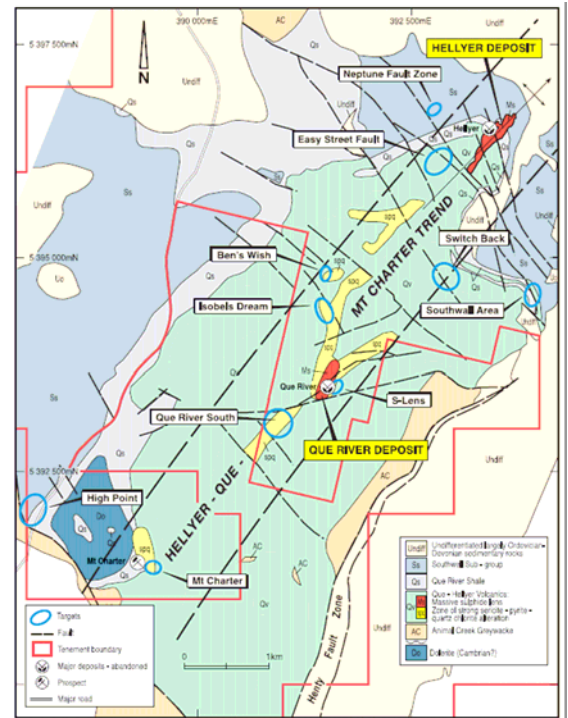


Figure 4. – Local Geology Plan

source RFI



Figure 5. – Outcropping Breccia - Mt Charter

source RFI

(max 176 g/t). 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.

The majority of the drillholes in the area were drilled to test deeper base metal massive sulphide targets. MAC023 was drilled to evaluate the gold grade variation within the various stratigraphic units and the area has small pits and a small adit worked by prospectors on Mt Charter during the 1930's.

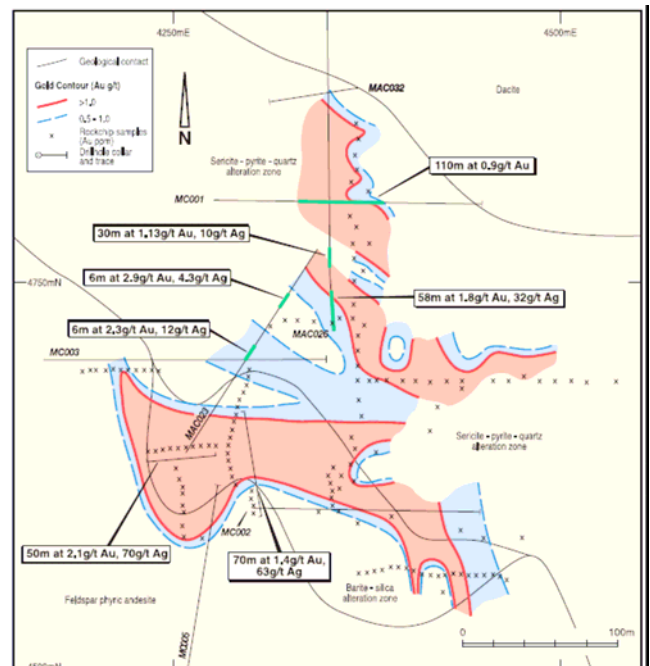


Figure 6. – Mt Charter Historical Exploration

source RFI

IMPORTANT NOTICE:**Disclosure Disclaimer****RCAN0514**

This Research report, accurately expresses the personal view of the Author.

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The Author of this report made contact with **Resource Finance and Investments Limited** for assistance with verification of facts, admittance to business sites, access to industry/company information. No inducements have been offered or accepted by the company.

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Recommendation and Rating Classification/Definitions

Short-term (ST) 0 – 3 months
Medium-term (MT) 3 – 12 months
Long-term (LT) 12 months to 5 years

Buy Expected stock return is in excess of +10%
Accumulate Expected stock return of in excess of +10% is contingent on entry price and suggests exploiting any share price weakness
Hold Expected stock return is between -10% to +10%
Sell Expected stock return is in excess of -10%

Outperform Expected stock return is in excess of the sector return
Marketperform Expected stock return is in line with the sector return
Underperform Expected stock return is below the sector return
Speculative High risk and/or low predictability of earnings with the stock expected to move up or down by as much as 50% in a year

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