

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

30 December 2011

End of 2011 Update

ASX Release Stock Code: PRW

Proto Resources & Investments Ltd (“Proto”, “the Company”) has achieved many milestones across its projects in 2011 and the New Year looks extremely promising as the Barnes Hill project in particular continues its development phase. The Company is also pursuing copper exploration in the Northern Territory and Western Australia, and is looking to grow this part of its asset portfolio. Proto believes it has the right mix of assets to deliver strong growth from exploration success, technological innovation, and project development.

Executive Summary

- After two years of hard work, Proto has returned to the Lindeman’s Bore project to drill the third vertical diamond core hole into a large electromagnetic anomaly.
- In addition to the continuous flow processing of recently shipped bulk samples of Barnes Hill saprolite ore at the pilot plant in northern New South Wales, Proto is continuing to work with the regulators on the development plans for the Barnes Hill mine. The approvals process is progressing well, with increasing focus being placed on the operative aspects of the mine design.
- The Barrier Bay waste steam processing technology was the subject of a preliminary independent expert’s report that has given Proto great encouragement as to the commercial viability of the technology as demonstrated by the testing that has been conducted to date.
- Proto has made personnel changes in anticipation of the resourcing that will support the upcoming exploration and development milestones that will be passed in the New Year.

Lindeman’s Bore Drilling

After two years hard work, the Company has returned to the Lindeman’s Bore project in the Northern Territory to drill the third diamond drill hole into a large electromagnetic anomaly. The Company believes that this electromagnetic (“EM”) target is potentially sulphide bearing and that its prospectivity is suggested by the minor base metal mineralisation was been documented nearby during Proto’s previous exploration at Lindeman’s Bore. The 600m vertical drill hole is being funded by Peak Mining and Exploration Limited and the Company looks forward to updating all shareholders as to the results from this new drilling campaign. Proto is very confident in Lindeman’s Bore, and is keen to further test the mineral potential of the area following the results received in the first two drills holes.

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Barnes Hill Nickel-Cobalt and Iron Ore

Proto received the mining license for Barnes Hill in the middle of the year and then quickly signed with Caterpillar Financial SARL (the financing arm of Caterpillar Inc.) to arrange the debt funding for the project. Proto's joint venture partner Metals Finance Limited ("Metals Finance", ASX: MFC) has signed a letter of intent with The Dow Chemical Company (NYSE: DOW) that provides substantial assistance to Metals Finance that Proto expects will positively impact on the Barnes Hill project. Initial results from the definitive feasibility studies on Barnes Hill are showing very positive returns on capital and operational expenditure from nickel metal sales and Proto is now turning its attention to other projects to increase future earnings potential for the Company. Proto has already lodged the Development Application and Environmental Management Plan for Barnes Hill and the Company expects the approvals process to be relatively swift.

Proto is also working on iron ore sample testwork that would support a maiden iron ore resource at the Barnes Hill project. This ironstone cap was already drilled during the Barnes Hill drill-out and a resource will be easily estimated once beneficiation testing has been proven to a JORC-compliant standard. Interestingly, Proto was recently contacted by a historian from Tasmania who is preparing a publication about the ironstone hills of the Beaconsfield district of which Barnes Hill is a part. The book reveals that this was the site of the first iron ore discovery in Australia in 1805, and in fact the first operating metal mine in Australia that same year. One prominent pioneer was Sir Joseph Banks who had a keen interest in the area and not only had early explorers send samples of minerals from Proto's lease area back to him but also was instrumental in shipping the first drill rig to Australia to evaluate resources in the area. Subsequently, the area was also host to Australia's first hot blast iron smelter in the 1870s using coal from Newcastle and Wollongong in iron production for the first time.



Figure 1 – Barnes Hill ironstone material being shipped for beneficiation

Barrier Bay Technology

The Barrier Bay Technology continues to perform well under testing and membrane selection has been recently completed to optimise additional saleable metal recovery and acid regeneration. Barrier Bay has received a preliminary independent's expert report that has given Proto a great deal of encouragement as it demonstrates the practicality of the Barrier Bay process subject to appropriate power costs and product harvesting. Given the location close to cost effective grid power and the extensive drilling already



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completed in generating the ore reserve, Proto is endeavouring to have the Barrier Bay technology implemented from the outset of production at Barnes Hill. This would make Barnes Hill the first nickel processing facility of its kind in the world.

Western Australia Copper Exploration

Proto has applied for five exploration licenses in the Doolgunna region of Western Australia. These sit within the historical Glengarry Basin, with four now being granted. These are Great Doolgunna (6.19 km²), Casey (196.8 km²), Mt Killara (135.4 km²) and Magellan North (18.44 km²), with the Station Bore application still in process. Proto will be exploring these tenements directly and in joint venture in pursuit of copper and gold mineralisation associated with hydrothermal or volcanic massive sulphide events. Proto believes that a significant portion of the broader region is prospective for Sandfire-style mineralisation as other companies, such as Sipa Resources Limited (ASX: SRI) and Duorado Resources Limited (ASX: DUO), have already returned promising results in nearby drilling. Proto is targeting copper as its secondary focus (after nickel) on the basis of its demonstrated commercial potential and strong forward outlook.

Personnel Changes

Former Federal Environment Minister Mr. Ian Campbell has recently become Chairman of Proto, with Mr. Mortimer now focusing solely on the role of Managing Director and Ms. Lia Darby becoming a Non-Executive Director. Dr. Pierre Richard will now take on the role of Chief Executive of the Nickel Division, having responsibility for the Barnes Hill approval process, project debt funding and the international project development currently underway as Proto seeks to leverage its nickel expertise across a wider portfolio of projects internationally. Mr. Hugh Minson has now been appointed to the role of Business & Technology Development Manager and will drive the commercialisation of the Barrier Bay technology on Proto's behalf.

Conclusion and Forward Outlook

Proto's portfolio of activities provides compelling exposure to nickel development, nickel exploration, and technological innovation. The Company now looks forward to converting this into a stream of future earnings for the benefit of shareholders, while also leveraging high value exploration for rapid capital growth. The Company looks forward to delivering further achievements in the New Year, and greatly appreciates the strong backing its shareholders have provided through turbulent market conditions.

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Competent Persons Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves, together with any related assessments and interpretations, is based on information reviewed by Mr Peter Peebles a full-time employee of Darlington Geological Services Pty Ltd. Mr Peebles is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation 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 Mineral Resources and Ore Reserves". Mr Peebles consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.