

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

January 31, 2011

Quarterly Activity Report ending 31 December 2010

ASX Release: PRW

Proto has continued to focus primarily on its flagship nickel-cobalt-iron project at Barnes Hill near Beaconsfield in Tasmania. The independent estimation of an updated mineral resource was completed in the quarter on 18 October 2010 with an updated indicated and inferred mineral resource for the Barnes Hill deposit of 6.6Mt at 0.82% Ni and 0.06% Co at a 0.5% Ni cut-off. The resource includes a higher grade portion of 2.8Mt at 1.01% Ni and 0.06% Co using a 0.8% nickel cut-off.

Proto also made advances at its other projects during the quarter, including a number of new applications at Waterloo, Clara Hill and in the Doolgunna Region of Western Australia. A fixed wing airborne magnetic and radiometric survey of approximately 1425 line km on 100m spaced lines with a 50m ground clearance was completed over the Clara Hill project tenements. Initial field work results were also reported at Clara Hill. These assays returned from rock chips collected at the Jack's Hill Prospect including peak results of 22.7% copper, 2.05% nickel, 1.15g/t platinum, 0.8g/t palladium, 89g/t silver and 0.3g/t gold. A Z Axis Tipper Electromagnetic system geophysical survey was completed at Lindeman's Bore and Wave Hill in late December 2010 under Proto's joint venture with Peak Mining and Exploration Limited. The data is under analysis with results expected in February 2011.

Highlights

- Barnes Hill (Tasmania) – Proto has continued to focus primarily on its flagship nickel-cobalt-iron project at Barnes Hill near Beaconsfield in Tasmania. The independent estimation of an updated mineral resource was completed in the quarter, resulting in the release of an updated mineral resource supporting a materially extended mine life of 26 years at the proposed mining rate of 250,000t per annum. A total indicated and inferred resource for the Barnes Hill portion of the overall deposit (the Barnes Hill project contains the Barnes Hill deposit, Mt Vulcan deposit and Scott's Hill deposit) of 6.6Mt at 0.82% Ni and 0.06% Co at a 0.5% Ni cut-off has been estimated, of which more than 5.6Mt now falls within the Indicated category. On 23 November 2010, the Company also released a Reserve Statement from Snowden for the Barnes Hill deposit. A Total Reserve of 4.0 Mt @ 0.84% Ni and 0.06% Co was estimated at a 0.70% nickel equivalent ("NiEq") cut-off by Snowden.

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- By the end of the quarter, Proto was in possession of the comprehensive draft Development Proposal and Environmental Management Plan ("DPEMP") for the Barnes Hill nickel-cobalt deposit with the receipt in December 2010 of the Mine Plan and Terrestrial Botanical Survey and Fauna Habitat Assessment. Proto is now providing the comprehensive draft DPEMP to these authorities and stakeholders for comment. Final lodgement for formal assessment is now planned for early 2011 and will include any recommendations from the authorities.
- Barnes Hill West (Tasmania) – Proto completed a soils program at Barnes Hill West. The total program consisted of 551 samples, including infill beyond the 375 samples originally planned due to an identified anomaly. This anomaly on the Barnes Hill Extension Prospect was subsequently reported on 18 January 2011 and consisted of a coincident Cu-Pb-Zn soil anomaly which corresponds with a northwest trending fault identified from airborne magnetics data. The soil anomaly returned a peak zinc result of 415ppm, peak lead result of 198ppm and a peak copper result of 137ppm.
- Waterloo, Wave Hill & Lindeman's Bore Projects (NT) – On 22 December 2010, Proto announced that the Company had applied for two further exploration licences EL28504 and EL28505 covering a total area of 2,041.3km² located south of the existing licences at Waterloo. The licence applications were made following the recently completed field work undertaken by the Queensland University of Technology that identified copper mineralisation in the Headley Limestone.
- As announced on 3 November 2010, Proto has now entered into a joint venture to fast-track exploration at the Waterloo, Wave Hill and Lindeman's Bore projects in the Northern Territory. Peak Mining and Exploration Limited will be taking a 10% stake in the Lindeman's Bore project and under an earn-in arrangement, can acquire a 50% interest in the Waterloo Project by spending \$1,500,000 on exploration targeting Norilsk-style deposits over 5 years. Peak's joint venture with Proto funded a Z Axis Tipper Electromagnetic system geophysical survey that was completed at Lindeman's Bore and Wave Hill in late December 2010. Preliminary results have been received with detailed inversion and analysis now underway with results expected in February 2011.
- Clara Hill (WA) – On 12 October, Proto announced completion of a fixed wing airborne magnetic and radiometric survey of approximately 1425 line km on 100m spaced lines with a 50m ground clearance was completed over the Clara Hill project tenements. The Clara Hill Project contains an advanced nickel, copper, platinum and palladium ("Ni-Cu-PGE") prospect. The results of the first phase of field work were also very positive. The assays returned from rock chips collected at the Jack's Hill Prospect returned high grade copper, nickel, platinum, palladium, gold and silver results. Peak results were 22.7% copper, 2.05% nickel, 1.15g/t platinum, 0.8g/t palladium, 89g/t silver and 0.3g/t gold. Proto also took the step of expanding its ground holding at Clara Hill, with a new exploration licence application (E04/2060) adjacent to the existing project area.
- Doolgunna (WA) – Proto has applied for five exploration licences in the Doolgunna Region, northeast of Meekatharra and north and northwest of Wiluna, in Western Australia. The new application ground of a combined area of 409km² is in a region of Western Australia which hosts known base metal mineralisation.



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Corporate Development

RB Milestone Group, LLC is an independent equity research and corporate advisory firm based on Wall Street, New York. On 23 November 2010, Proto announced that it had been advised of the release on Monday 22 November of a RB Milestone research report on the Company that provided a discounted cash flow valuation of the Company of \$0.26 per share.

To access the detailed report, copy into your browser: protoresources.com.au/reports/broker

Proto's Frankfurt Stock Exchange listing has been a great success. Consequently, it was decided to make a further placement to satisfy overseas demand for stock. This included a large proportion to Swiss-German investment group AXINO Capital AG ("AXINO Capital") who were the initial market maker in Germany. Although not reflected in the December 30 cashflow statement, this additional raising of \$1,980,000 has provided the company with a strong capital position to maintain the Company during the submission of the DPEMP for Barnes Hill early this year.

As anticipated by management, Proto faced material costs for the engineering and metallurgical work being completed to support future mining at Barnes Hill. The support of overseas investors in Europe interested in the innovative nickel processing technology that Proto is developing both directly and through its investment as majority shareholder in Barrier Bay Pty Ltd has allowed the Company to meet these demands without unwanted delay. As noted above, this began with Proto gaining international attention for its new technology when, with nickel continuing to appreciate (this has only continued with nickel reaching US\$26,795 on the London Metals Exchange by 27 January 2011), the Company undertook a placement to AXINO Capital. As announced on 6 October 2010, that placement began a dual listing on the Frankfurt Stock Exchange. The placement raised approximately \$1,840,000 to complete engineering and geotechnical work, and bulk sample drilling for the pilot plant at Barnes Hill.

As noted in a 29 September 2010 substantial holder notice, Proto is the owner of 8% of Metals Finance Limited ("Metals Finance", ASX: MFC). In the quarter, Proto was pleased to note that Metals Finance, who is also its joint venture partner with an important role in financing and completing the feasibility and detailed engineering study for Barnes Hill, announced an arrangement with Rio Tinto-controlled Palabora Mining Company Limited to sell its nickel processing facility in South Africa for a price of approximately A\$5.4m (ZAR 36.3 million). This demonstrated confidence in Metals Finance's low pH nickel expertise which is being applied in the development of Barnes Hill.

Barnes Hill, Tasmania (Nickel Laterite, Cobalt and Iron Ore)

During the quarter attention focused on the estimation of an upgraded resource for the Barnes Hill deposit in Beaconsfield, Tasmania. On 18 October 2010, Proto announced receipt of an updated Mineral Resource for the Barnes Hill portion of the wider project from Snowden Mining Industry Consultants ("Snowden") (the wider project also includes the historically estimated resources of 3.6Mt at Mt Vulcan and Scott's Hill that were not re-estimated during this process). A total indicated and inferred resource of 6.6Mt @ 0.82% Ni and 0.06% Co has been estimated at a 0.5% Ni cut-off by Snowden under JORC guidelines (see Table 1). In isolation, this latest Mineral Resource for the Barnes Hill region of the deposit indicates a potential mine life of 26 years at a proposed mining rate of 250,000t pa. The resource includes an identified >2Mt zone of higher grade saprolite material at a grade of 1.0% Ni and 0.06% Co (Table 2). This higher grade zone will be targeted in the first 10 years of mining and will be the focus of the ongoing feasibility study. The Barnes Hill resource was estimated using data from the 50m by 50m spaced drilling program (641 drill holes), in addition to pre-existing historic drill hole data (73 drill holes).



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On 23 November 2010, the Company released a Reserve Statement from Snowden for the Barnes Hill deposit. A Total Reserve of 4.0 Mt @ 0.84% Ni and 0.06% Co was estimated at a 0.70% nickel equivalent ("NiEq") cut-off by Snowden under the JORC Code. The Reserve estimate indicates Proto's intentions are economically viable and the project has a minimum mine life of 16 years at a proposed mining rate of 250,000 tpa. The Barnes Hill Reserve was based on metal prices for Ni of \$US9/lb (\$US19,842/t compared to the London Metals Exchange spot price of \$US26,795/t on 27 January 2011). Process recoveries of 75% and 70% were used for Ni and Co respectively. Planned dilution and mining ore recoveries were modelled using a minimum mining dimension of 25 m width, 25 m length and 1 m depth. Only the transitional, saprolite and saprock materials have been included in the Ore Reserve estimate. Expected improvements in these areas are likely to result in an increase to the Ore Reserve.

By 20 December 2010, Proto was in possession of the substantially complete DPEMP for the Barnes Hill nickel-cobalt deposit. This milestone was achieved with the receipt of the Mine Plan and Terrestrial Botanical Survey and Fauna Habitat Assessment for Barnes Hill. These key reports have been delivered in accordance with Proto's previously announced mid-December timeline. This followed earlier work, where by 22 November 2010, Proto had finalised the locations of processing facilities and completed the last round of geotechnical testing to confirm the integrity of the proposed storage dams to support mining operations (see Figure 1).

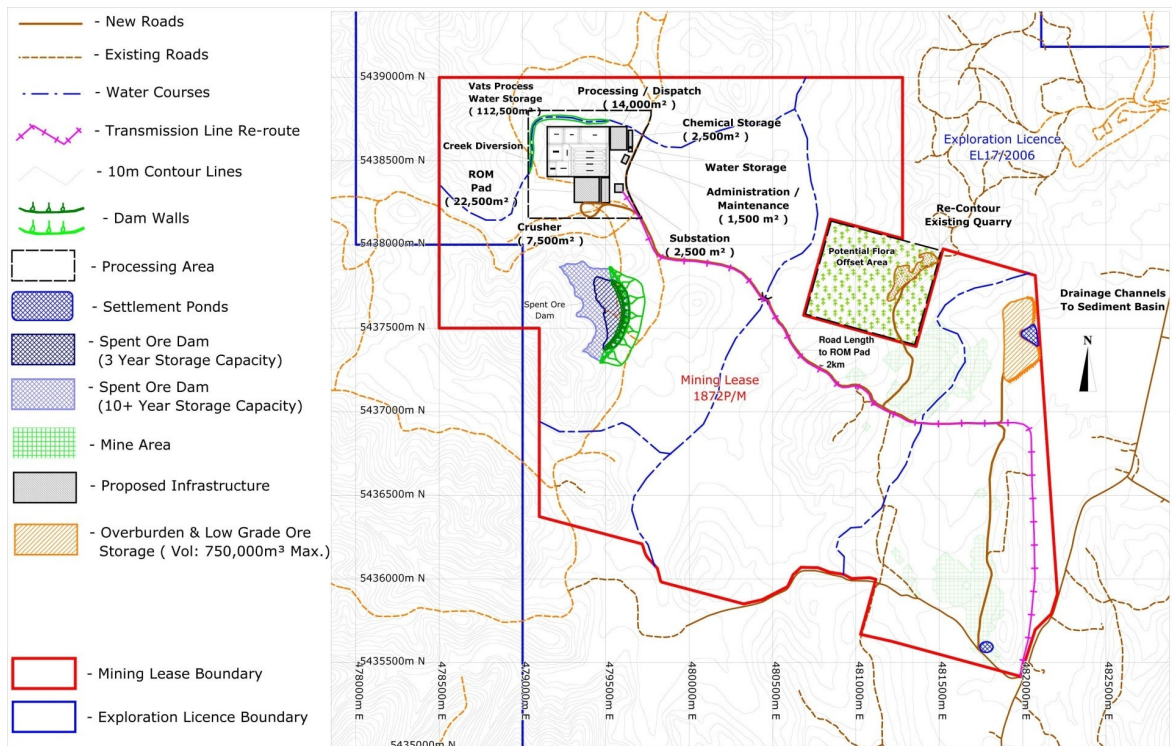


Figure 1 – Updated Proposed Layout of the Barnes Hill Mine and Processing Facility.

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The geotechnical program, for which the final report has now been received, involved a comprehensive set of bore holes and geotechnical excavations by a local Tasmanian contractor. To provide decision-making authorities with the opportunity to comment on the substantially complete DPEMP and in response to encouragement to provide the best opportunity for public exposure by avoiding submission over the Christmas/New Year period, Proto is now circulating the substantially complete draft of the DPEMP. Final lodgement for formal assessment is planned in early 2011, once any comments from these parties have been integrated into a submission version.

The Mine Plan designed by Proto's consulting engineers Pitt & Sherry for the mining of nickel and cobalt at Barnes Hill is based on the pit-shells and other modelling used in the Barnes Hill Reserve Statement as calculated by Snowden Mining Industry Consultants that was announced on 23 November 2010. This Mine Plan presents the approach to mining and details progressive operations over time. It has been provided to Mineral Resources Tasmania to allow the calculation of bonds needed to support the grant of the Mining Lease, which the Company expects to receive imminently now.

The Terrestrial Botanical Survey and Fauna Habitat Assessment on the presence and potential impact on flora and fauna of mining and processing activities at Barnes Hill was also received in December. The report concluded that the mining and processing layout have successfully avoided the highest conservation value plant populations and further minimised the environmental impact. The designed layout also avoids all active Tasmanian devil dens in the Mining Lease area. Moreover, the extensive botanical surveys performed by an expert environmental consultancy on behalf of Proto have confirmed that the proposed mining pits and plant layout will have no direct impact on existing populations of the threatened *Tetratheca gunnii* or *Spyridium obcordatum*. The impact on *Epacris virgata* under the revised layout has also been vastly reduced and is estimated to be just 2% of the approximately 3,200,000 individual plants that the survey found in the Mining Lease area and adjacent reserves.

Following this, the Board of Proto voted unanimously to endorse the set of recommendations made in the environmental report. These include proposed commitments to:

- Purchase 105 ha of private land to add to reserves and provide 87 ha of native habitat;
- Active propagation of *Tetratheca gunnii* (known commonly as "Shy Susan") at five sites including the financing of independent scientific research to improve understanding of threatened flora and improve the ability to propagate such populations; and to
- A "recovery plan" for the monitoring and active management of the threatened flora.

Proto is now engaging further with environmental and conservation groups prior to DPEMP lodgement in early 2011.

Shipment of the first set of bulk samples to the laboratory in Evans Head was also commenced in the quarter, with subsequent shipments continuing into January. These shipments are being used in the pilot plant. A total of 7t of ore will be processed during the initial pilot stage. This metallurgical leaching and processing will allow further fine-tuning of the processing circuit, particularly around reagent concentration and extraction of saleable magnesium and iron products from the Barnes Hill nickel-cobalt ore. A drilling programme to collect ore from the higher grade saprolite zone using a wide gauge Reverse Circulation ("RC") drill was also undertaken in the period to collect part of this material.



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In the quarter, Proto also continued testwork on the iron ore cap that lies immediately above parts of the nickel laterite orebody. This mineralogical testwork by ALS Laboratory Group in Perth is aiming to assess means of upgrading the ironstone material at Barnes Hill into exportable products (this material is already sold into Tasmanian industry). If these studies, which are initially focusing on investigation of the potential benefits of screening and washing across various grind sizes, are positive, then Proto will aim to have an iron ore resource estimated during the feasibility work on Barnes Hill.

Proto is very pleased to have achieved the updated Mineral Resource for the Barnes Hill deposit and will continue to hit material development milestones over the next few quarters. The 26 year resource mine life and the 18 year reserve calculated by Snowden provide a basis upon which to move forward on the project and to complete the feasibility study and detailed engineering design. The Company is strenuously pursuing the finalisation of the Mining Licence (application 1872P/M) and DPMP for Barnes Hill, which is continuing to be the focus of internal efforts.

Metal Rocks, Western Australia (Gold and Uranium)

On 20 December 2010, Proto also announced that the Metal Rocks project on exploration licence E39/1559 had been granted. The Metal Rocks project covers an area of 321.9km² located 250km north-east of Kalgoorlie in Western Australia on the edge of the Yilgarn Craton in the vicinity of known uranium and gold mineral deposits (including the Ambassador Uranium Deposit owned by Energy and Minerals Australia Limited located 10km south-west of the project area and the Tropicana Gold Deposit owned by AngloGold Ashanti Limited located 65km to the north-east). Processing of publicly available airborne magnetics and radiometrics data by geophysics consultants Southern Geoscience is being used to plan upcoming exploration programs for the project which will commence in the first quarter of 2011.

Barnes Hill West, Tasmania (Copper, Gold and Nickel Sulphide)

On 20 December 2010, Proto announced the completion of the soils program at Barnes Hill West (EL53/2008). As previously announced on 16 July 2010, three separate prospect areas are being tested. The prospect areas are: (1) the Barnes Hill Extension prospect located west of the Barnes Hill Nickel Deposit, (2) the Pandora prospect around the historic workings of the Pandora Copper Mine and a northwest striking fault structure interpreted to be related to the copper mineralisation at the mine, and (3) the Kelly's Lookout prospect in an area with mapped small scale historical gold diggings. The total program consisted of 551 samples, including infill beyond the 375 samples originally planned due to an identified anomaly. This anomaly on the Barnes Hill Extension prospect was subsequently reported on 18 January 2011. The 145 soil samples collected at the Barnes Hill Extension Prospect identified a coincident Cu-Pb-Zn soil anomaly which corresponds with a northwest trending fault identified from airborne magnetics data (see Figure 3 for anomalous Zn results). The soil anomaly although moderate in intensity is well above background levels and returned a peak zinc result of 415ppm, peak lead result of 198ppm and a peak copper result of 137ppm. The coincident Pb and Zn anomaly extends over a length of 1.4km at the +50ppm Pb and +100ppm Zn contour while the Cu anomaly extends over 400m at the +50ppm Cu contour.



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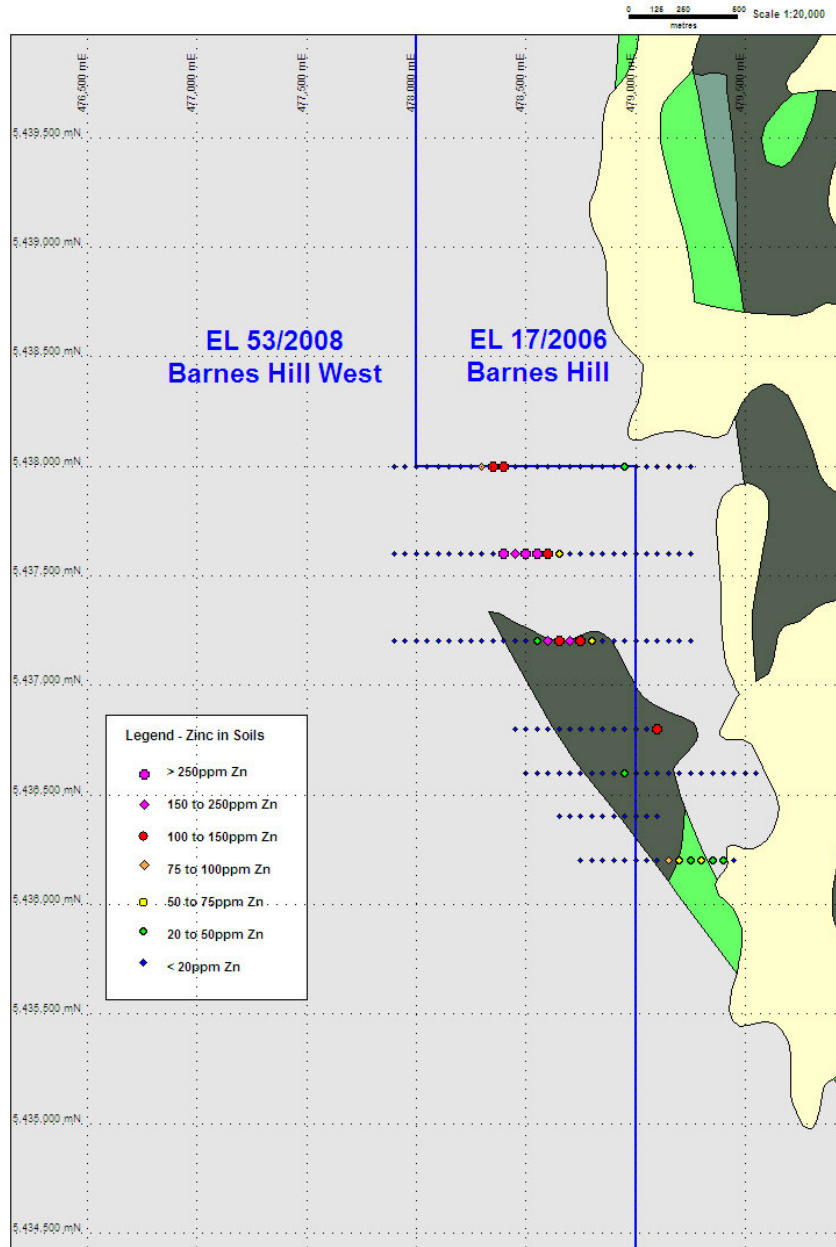


Figure 2 – Zinc in soils at the Barnes Hill Extension Prospect with geology as background (light grey colour is Badger Head Block and the dark grey and green colours are the Andersons Creek Ultramafic Complex).



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Waterloo, Wave Hill & Lindeman's Bore, NT (Nickel Sulphide, Copper and PGEs)

The Lindeman's Bore project, on granted exploration licence EL25307, and three recently granted tenements at Wave Hill (EL27413, EL27617 and EL27618) are located 380km south-west of Katherine near the community of Kalkarindji. On 22 December 2010, Proto announced that the Company had applied for two further exploration licences EL28504 (1,387km²) and EL 28505 (654.3km²) covering a total area of 2,041.3km² located south of the existing licences at Waterloo (EL27416 and EL27420) in the Northern Territory. The licence applications were made following the recently completed field work undertaken by the Queensland University of Technology ("QUT").

The QUT field work completed detailed stratigraphic mapping of the Kalkarindji basalts in the Waterloo area. Initial results have shown significant variations in the thickness of preserved basalts from north to south. Preliminary findings would suggest that such variations require the presence of a large-scale fault, or faults, between the presently recognised Black Fellow Creek Fault and the Baines Fault. Such faults could have acted as the high-level dyke conduits which fed the surface lava flows that, under Proto's Noril'sk Style geological concept, could contain Ni-Cu-PGE deposits. QUT also identified copper mineralisation in the Headley Limestone that can be observed lying directly upon the Antrim Plateau Basalts at Waterloo. This copper mineralisation is hosted in a completely recrystallised carbonate as small agglomerates of an as yet unidentified Cu carbonate mineral.

As announced on 3 November 2010, Proto has entered into a joint venture to fast-track exploration at the Waterloo, Wave Hill and Lindeman's Bore projects in the Northern Territory. These projects are pursuing the Noril'sk style mineralisation concept that Proto has been investigating in the Northern Territory through its already established exploration programmes at Lindeman's Bore and Waterloo, and through the recently granted new tenements at Wave Hill. Peak Mining and Exploration Limited ("Peak") will be taking a 10% stake in the Lindeman's Bore project and under an earn-in arrangement, will acquire a 50% interest in the Waterloo Project by spending \$1,500,000 on exploration targeting the Noril'sk-style of mineral deposits over 5 years. The 10% interest in Lindeman's Bore will be earned by spending \$300,000 on exploration by the end of next year. This joint venture will greatly assist Proto in the testing of Noril'sk style targets. Peak's joint venture with Proto will initially fund the airborne geophysical surveying prior to a drilling campaign targeting anomalies delineated by the Z Axis Tipper Electromagnetic system ("ZTEM") survey. Approximately 918 line kilometres of ZTEM was completed in late December 2010. ZTEM is capable of seeing down to a depth of two kilometres in resistive environments and Proto believes that it is the ideal tool for finding potential deposits of Ni-Cu-PGE as a result of concentrations formed by the Antrim Plateau Volcanics.

Subsequently, the agreed ZTEM programme over the Wave Hill and Lindeman's Bore projects was undertaken during the final quarter of 2010. The programme is seeking to define targets for future drilling. Preliminary results have been received with detailed inversion and analysis now underway with results expected in February 2011.

Clara Hill, Western Australia (Nickel Sulphide, Copper and PGEs)

During 2010, Proto executed a legal agreement to earn an 80% interest in the Clara Hill Project mining tenements E04/1533 (granted) and E04/2026 (under application) in the West Kimberley of Western Australia. In the quarter, Proto also lodged a new exploration licence application, E04/2060, covering an area of 69km² at the Clara Hill Project adjacent to the other tenements (see Figure 3). The new application brought the total size of the project area to 98km². The new application E04/2060 is held 100% by Proto and the Company is of the opinion that the new application contains areas with similar geological



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characteristics to the existing Clara Hill Project area that contains an advanced nickel, copper, platinum and palladium (“Ni-Cu-PGE”) prospect.

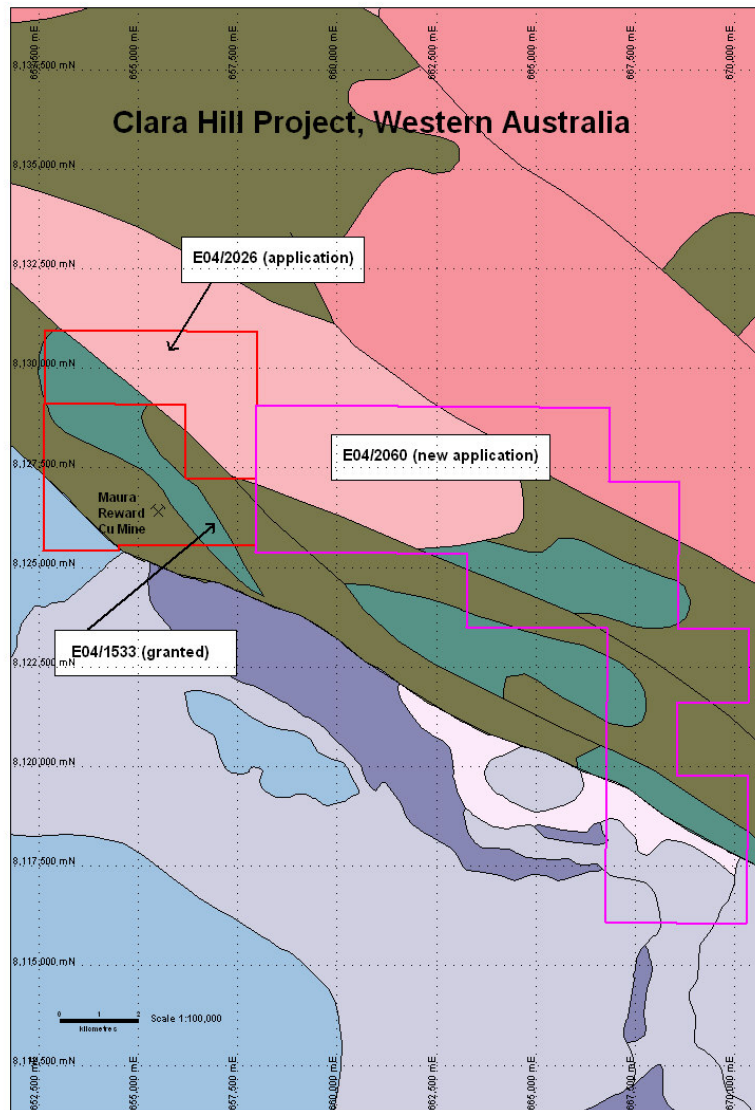


Figure 3 – Tenement location map showing new exploration licence application (pink) and existing tenements of the Clara Hill Project (red) with geology as background

Just after the beginning of the quarter on 12 October 2010, Proto announced that it had completed an aerial magnetometer and radiometric survey of the advanced Ni-Cu-PGE prospect at its Clara Hill project.

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This survey was flown at a 100m line spacing with a sensor at 50m ground clearance. The results from interpretation of data from the magnetometer and radiometric survey indicated significant structural features in proximity to the known Clara Hill copper/nickel mineralisation.

On 25 November 2010, Proto announced results from initial exploration at the Clara Hill Project. A field visit during November 2010 located two further copper bearing gossan formations and samples identified copper mineralisation in related rocks.

Samples containing oxidised and remnant sulphide copper and nickel mineralisation were collected from all gossan locations for chemical analysis. Related rock formations were also sampled for petrological study. This will allow a more in-depth understanding of the project to be developed. As noted in the announcement, one sample of gabbro/dolerite was noted to contain traces of pyrrhotite, a sulphide mineral commonly associated with nickel mineralisation. Analyses of samples were as follows:

Assay Element	Maximum	Minimum
Copper	22.7%	0.052%
Nickel	2.05%	0.014%
Palladium	0.79ppm	0.02ppm
Platinum	1.16ppm	0.006ppm
Gold	0.27ppm	0.007ppm
Silver	82.9ppm	<0.05

Following these results, a comprehensive exploration programme, including detailed geological mapping, geochemical and further geophysical surveys and drilling will commence in 2011. Proto is planning a follow-up field trip to the gossan at Jack's Hill, that was subsequently mined as the Maura Reward Copper Mine, and two other gossan locations that lie to the northwest of Jack's Hill.

Doolgunna Projects, Western Australia (Gold, Copper and Lead)

The Doolgunna Projects consist of four earlier exploration licence applications, E51/1455, E51/1457, E53/1580, E53/1581 announced on 11 October 2010 and the new exploration licence application, E69/2872, that was lodged later in the quarter following a detailed review of historical regional exploration. As announced on 22 November 2010, this new application over 52km² increased Proto's exploration holdings in the region to a combined area of 409km². The Doolgunna Region, situated northeast of Meekatharra and north and northwest of Wiluna in Western Australia, (see Figure 4 for the location of the Doolgunna Projects) and is known to host mineralisation including Sandfire Resources NL's DeGrussa Deposit (Indicated & Inferred Mineral Resource of 10.67Mt @ 5.6% Cu, 1.9g/t Au and 15g/t Ag) and Ivernia Inc's Magellan Lead Mine (Measured & Indicated Resource of 22.1Mt @ 4.8% Pb).

The Company considers that the new application areas may contain rock units analogous to those that host known Cu-Au and Pb mineral deposits within the Palaeoproterozoic-aged Yerrida Basin. During the quarter, Proto completed its review of historic exploration work undertaken in the application areas. On grant, Proto will commence exploration on its most attractive Great Doolgunna Project [E51/1455] that lies 60km southeast of Sandfire's DeGrussa Cu-Au Deposit and adjoins Great Western Exploration Limited's Doolgunna Project. The Casey Project [E51/1457] that lies 55km northeast of Meekatharra on the southwest margin of the Yerrida Basin will also be pursued immediately.

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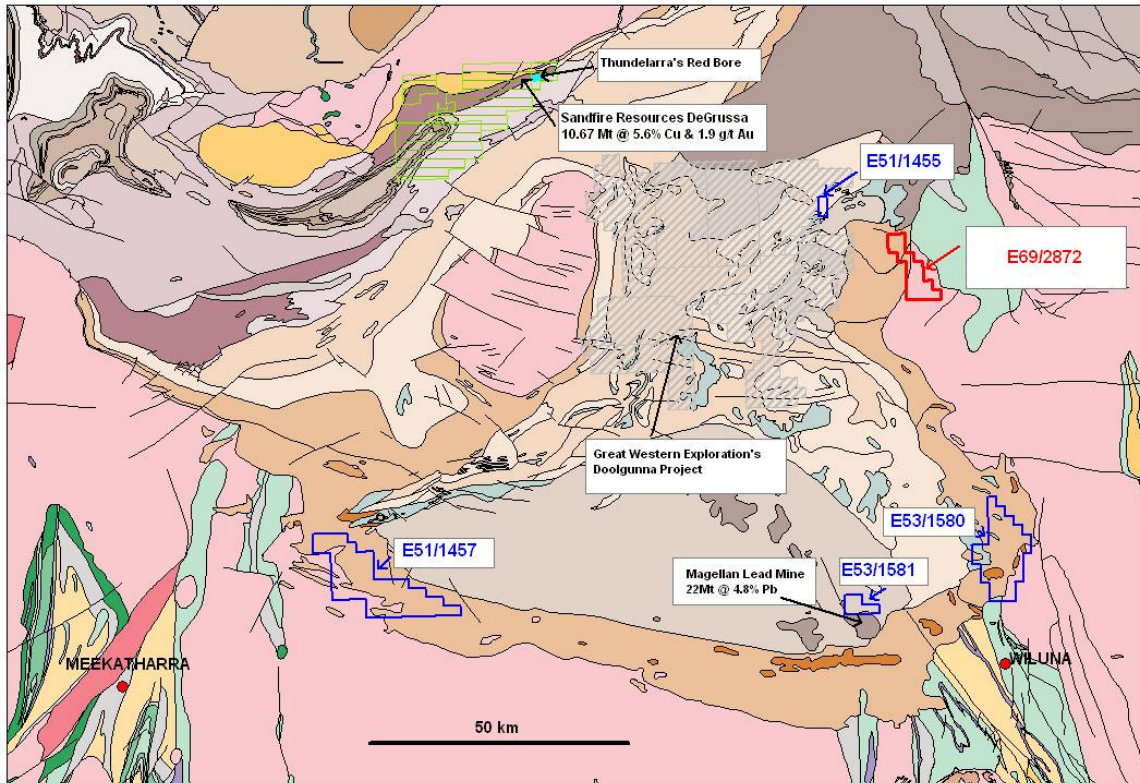


Figure 4–Proto’s most recent exploration licence application E69/2872 (shown in red) and earlier new licence applications (shown in blue) in the Doolgunna Region of Western Australia with geology as background.

Appendix 5B

The attached Appendix 5B is Proto’s quarterly statement of cashflows for the three months ended 30 September 2010. As noted above, this does not include the proceeds of the recent placement announced in the Appendix 3B of 27 January 2011 that raised \$1,980,000 and was targeted at overseas demand for stock. This materially adds to the cash available at the end of December 2010, putting Proto in a strong capital position given its lower predicted spending (Q1 2011 is budgeted to be less than half the spending required in Q4 2010) now that major work at Barnes Hill has been completed and with over \$2m of cash in the bank plus a number of other investment assets. The statement of cashflows reflects exploration and feasibility study work undertaken. There was no mining or development activity in the period.

The General Meeting of Shareholders held on Tuesday, 5 October 2010 duly passed all resolutions put to the meeting by a show of hands. The resolutions approved the placement of shares in advance and ratified grants of shares as part of the remuneration packages of important consultants. These included equity packages agreed with three of the key consultants working on the Barnes Hill DPMP, who accepted remuneration terms that include an equity component rather than full cash-based remuneration. The Annual General Meeting of the Company was held on 29 November 2010 in Beaconsfield, Tasmania at a

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local hotel near the Barnes Hill Project and Proto's field office. All resolutions put to the meeting were passed unanimously by a show of hands. This included the re-election of Ms Kay Philip and Mr Ian Campbell as directors of the Company, the ratification of the AXINO Capital placement and approval for a future placement, which in due course was recently completed. The management and directors in attendance were pleased to meet with several local shareholders who were in attendance. The meeting was followed by a meeting at the local cricket club, who Proto has agreed to sponsor.

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The information in this report that relates to Exploration Results for projects other than Clara Hill is based on information compiled by Andrew Jones, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Jones is a full-time employee of TasEx Geological Services Pty Ltd and has sufficient 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". Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration results, together with any related assessments and interpretations, for the Clara Hill project is based on information approved for release by Mr Giles Rodney Dale of G R Dale & Associates,. Mr Dale is a Fellow 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 Dale consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



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Table 1 – Barnes Hill Mineral Resource by Geological Domains at a 0.5% Nickel Cut-off Grade

Resource Classification	Volume ('000 m ³)	Tonnage (kT)	Ni (%)	Co (%)	MgO (%)	Fe ₂ O ₃ (%)	SiO ₂ (%)
Cutoff grade of 0.5% Ni - Limonite Domain							
Measured	-	-					
Indicated	70	105	0.56	0.16	1.4	57.4	13.7
Inferred	36	54	0.56	0.11	2.0	57.2	18.7
Total	106	159	0.56	0.14	1.6	56.4	15.4
Cutoff grade of 0.5% Ni - Transitional Domain							
Measured	-	-					
Indicated	177	247	0.65	0.09	3.5	42.8	25.0
Inferred	5	7	0.81	0.15	3.7	49.8	24.5
Total	182	254	0.65	0.09	3.5	42.9	25.0
Cutoff grade of 0.5% Ni - Saprolite Domain							
Measured	-	-					
Indicated	3,042	3,955	0.87	0.06	11.4	28.5	36.8
Inferred	369	480	0.87	0.06	11.4	28.6	36.8
Total	3,411	4,435	0.87	0.06	11.4	28.6	36.8
Cutoff grade of 0.5% Ni - Saprock Domain							
Measured	-	-					
Indicated	621.0	1,366.0	0.73	0.03	25.6	14.4	41.6
Inferred	178.0	392.0	0.68	0.02	25.1	15.0	43.1
Total	799.0	1,758.0	0.72	0.03	25.5	14.5	42.0
Cutoff grade of 0.5% Ni - All Domains							
Measured	-	-					
Indicated	3,910	5,674	0.82	0.06	14.3	26.3	37.0
Inferred	588	933	0.77	0.05	16.5	24.7	38.4
Total	4,498	6,606	0.81	0.05	14.6	26.1	37.2

Note: Significant figures may cause summation differences.

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Table 2 – Barnes Hill Mineral Resource by Geological Domains at a 0.8% Nickel Cut-off Grade

Resource Classification	Volume ('000 m ³)	Tonnage (kT)	Ni (%)	Co (%)	MgO (%)	Fe ₂ O ₃ (%)	SiO ₂ (%)
Cutoff grade of 0.8% Ni - Transitional Domain							
Measured	-	-					
Indicated	12	16	0.88	0.10	3.4	38.0	28.9
Inferred	3	4	0.97	0.12	3.9	50.6	25.6
Total	15	21	0.90	0.11	3.5	40.5	28.2
Cutoff grade of 0.8% Ni - Saprolite Domain							
Measured	-	-					
Indicated	1,620	2,106	1.03	0.07	10.2	30.9	35.4
Inferred	155	201	0.93	0.09	9.4	35.3	34.0
Total	1,775	2,307	1.02	0.07	10.2	31.3	35.3
Cutoff grade of 0.8% Ni - Saprock Domain							
Measured	-	-					
Indicated	188	414	0.92	0.03	24.1	16.0	41.4
Inferred	42	93	0.94	0.03	24.9	16.3	41.9
Total	231	508	0.93	0.03	24.3	16.0	41.5
Cutoff grade of 0.8% Ni - All Domains							
Measured	-	-					
Indicated	1,820	2,537	1.01	0.06	12.5	28.5	36.4
Inferred	200	299	0.93	0.07	14.1	29.6	36.3
Total	2,020	2,836	1.01	0.06	12.6	28.6	36.4

Note: Significant figures may cause summation differences.