

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

June 29, 2011

Government grants Mining Lease for new Tasmanian project

ASX Release: PRW

The Directors of Proto Resources & Investments Ltd ("Proto", "the Company") are pleased to announce that the Tasmanian Government has granted Mining Lease ("ML") 1872P/M over the area of the Company's Barnes Hill project near Beaconsfield.

The ML gives Proto the right to mine and sell the minerals located on 1872P/M. The Company has completed a Development Proposal and Environmental Management Plan ("DPEMP") that would include the mining of nickel, cobalt, iron and magnesium from the Barnes Hill project to provide polymetallic revenue streams.

The grant of the ML will now allow Proto to lodge the completed DPEMP in order to apply for permitting to undertake construction and subsequent mining at Barnes Hill.

Executive Summary

- *Mining Lease 1872P/M over the Barnes Hill project area has been granted by the Tasmanian Government.*
- *The ML covers the area of the Barnes Hill project where Proto has designed a mining operation and processing facility that would enable the production of nickel, cobalt, iron and magnesium products.*
- *The initial term of the ML will allow for mining over 15 years.*

Mining Lease Granted

The Tasmanian Government has granted Proto Mining Lease 1872P/M over the Barnes Hill project located a few kilometres outside of Beaconsfield, Tasmania. Late Friday afternoon Proto was informed by the Deputy Premier's office that the Hon Bryan Green, Deputy Premier and Minister of Mines for Tasmania, had affixed his signature to the mining license. Proto was informed that Mineral Resources Tasmania had also signed the mining license and that a public presentation would be made in Hobart towards the end of July.

The 92ha ML area includes the drilled-out area of the Barnes Hill nickel deposit as well as the planned processing area and haulage routes. This will now allow Proto to submit its application for land and

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environmental authorities. The grant of the ML by the Minister for Energy and Resources follows lodgement of the A\$250,000 security deposit required to allow the execution of work necessary for delivery of the detailed feasibility and engineering study at the end of July this year. The ML area is shown in Figure 1.

The initial term of the ML will allow for mining over 15 years. This term is well suited to the longer mine life established under the Barnes Hill Reserve Statement released by Snowden Mining Industry Consultants on 23 November 2010. The 15 year period would also easily accommodate the payback period for the mine, which has been estimated to be just three years on updated analysis from the previously completed scoping study (subject to the Definitive Feasibility Study (“DFS”) currently underway).

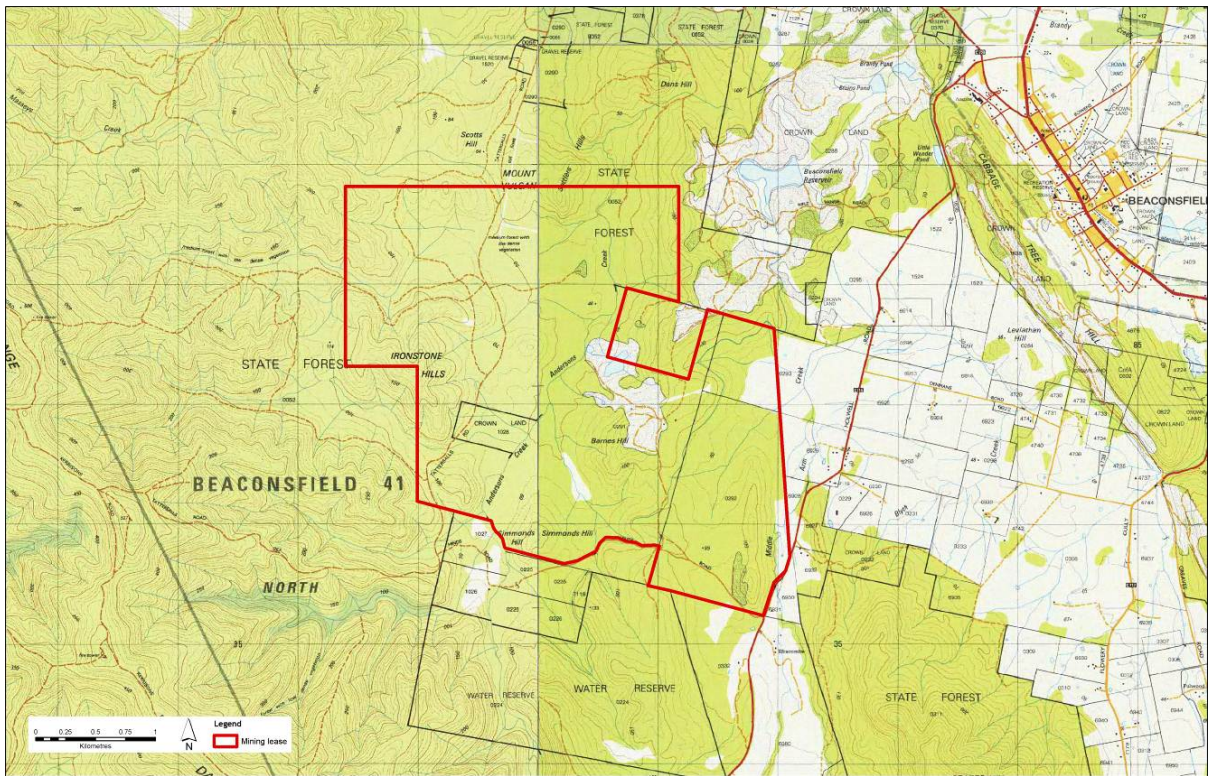


Figure 1 – The Barnes Hill Mining Lease.

The ML gives Proto authority to carry out mining operations on the area of land covered for the minerals, subject to receipt of environmental and planning clearances for the mine plan and processing facility that has been designed. The specified coverage of the ML approved by the Minister for Energy and Resources includes all “Metallic Minerals” and “Construction Materials”. This will allow Proto to pursue its high value-add polymetallic processing route, where nickel, cobalt, iron and magnesium products are to be produced. Proto is also undertaking analytical work on the beneficiation of ironstone material which overlies the lateritic nickel bearing zones and expects these to provide an additional revenue stream.

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Planned Work Following Grant

The ML will now allow submission of further detail work programs to enable close definition drilling of the mine area for production planning. Proto is planning to undertake this further drilling in the next two months. The data generated will also be used to support a final re-estimation of a mineral resource that will aim to deliver a sufficient portion to JORC "measured" status to support rigorous completion of the definitive feasibility study and final financing. The current timeline would see the first vat leach leaching commence in the second half of next year with first nickel metal on ship by June 30, 2013.

Under the granted ML, the security deposit will increase to \$1.5m prior to commencement of fencing, roads and associated drainage and be followed by a higher full coverage security deposit prior to major construction or mining commencing.

If permitting is approved, the Barnes Hill project would become an important value adding industry in the region and complement existing mining operations in northern Tasmania. Proto is strongly committed to the region and as stated above, has been invited to attend a formal presentation of the mining lease by the Minister for Energy and Resources in late July.

Corporate Project Update

The Company is pleased to announce that it has now received the first draft of the technical report on the Barrier Bay iron, magnesium and acid recovery system and once again the technology is proving up well and as expected. The Barnes Hill leach is also progressing well with the data from this leach to inform the DFS due from Proto's joint venture partner Metals Finance Corporation Ltd ("Metals Finance") in approximately four weeks time, at the end of July.

Proto is continuing to work with Metals Finance on the Barnes Hill project financing. The Company is exchanging term sheets with a large multinational equipment supplier and financier as previously announced. Proto hopes to conclude an arrangement over the next four-six weeks.

Chairman and Managing Director Andrew Mortimer said today, "It's absolutely fantastic to have the Minister's signature on our mining license as it is a key milestone for us to get into production and derive the earnings we believe that project is more than capable of producing. The team has worked so hard and now they have the benefit of achieving an important stage in the project's life."

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