

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

3 April 2012

April Company Update

ASX Release Stock Code: PRW

Proto Resources & Investments Ltd (“Proto”, “the Company”) is pleased to provide an update on its activities across its projects in recent months. Diamond drilling is currently underway at Lindeman’s Bore in the Northern Territory. This follows the recent completion of aerial magnetic and radiometric surveys at its Yerrida Basin projects in Western Australia. Barnes Hill is also progressing strongly, with feasibility work and further metallurgical testing current focuses.

Executive Summary

- The diamond drilling has reached the sandstone unit at Lindeman’s Bore. Drilling has reached 387m having started at 109m. Drilling will continue towards an estimated depth of 600m in pursuit of a large tabular EM anomaly.
- The Barnes Hill joint venture with Metals Finance Limited (ASX: MFC, “Metals Finance”) is progressing well, with Metals Finance having recently updated on feasibility study expectations and financing discussions also progressing.
- Copper exploration continuing on Proto’s Northern Territory and Western Australian projects. This has involved desk-top analysis at the Ord Basin in the NT and airborne geophysics in Western Australia. Detailed aerial magnetic and radiometric surveys have been completed at the Company’s tenements on the southern and eastern margins of the Yerrida Basin. The surveys were undertaken at 100m line intervals at a flying height of 25m above ground.

Diamond Drilling Reaches 387m at Lindeman’s Bore

The Board and Management of Proto is pleased to announce the recommencement of drilling of a 600-800m diamond hole at the Company’s 50%-owned Lindeman’s Bore project located 380km southwest of Katherine in the Northern Territory. LBD-3 recommenced from the previously drilled 109m, pursuing a deep geophysical target. On the last update, the hole had reached 387m, and has passed from the fine grained laminated carbonate rich sediments interpreted to be correlated to the Mallabah Dolostone and is now into the sandstone unit (see Figure 2). It was this unit that contained the mineral bearing vugs in LBD1, and Proto’s potential target would lie beyond this unit.

Proto Resources & Investments Ltd

ACN: 108 507 517

Suite 1901, Level 19, 109 Pitt St,
Sydney 2000 NSW Australia

PO Box R1870
Royal Exchange NSW 1225

p: +61 2 9225 4000
f: +61 2 9235 3889

e: info@protoresources.com.au
w: www.protoresources.com.au

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Figure 1 – Drill Rig and Camp during Current Drilling of LBD-3

As previously noted, the exploration model that Proto is testing in relation to this anomaly is potential Mississippi Valley style copper-lead-zinc mineralisation (“MVT”) associated with carbonate –rich platform or reef carbonates. Support for this model comes from the occurrence of localised, low grade MVT style mineralisation intersected in LBD01 from 385-396m in vuggy dolomitic siltstone of the Invermay Metamorphics.



Figure 2 – Tray 36 Intersecting the Sandstone Unit at Lindeman’s Bore

Metals Finance Joint Venture

Proto is continuing to work in close concert with Metals Finance Limited on the Barnes Hill project. Metals Finance can earn a 50% interest in Barnes Hill by completing detailed engineering and feasibility studies, and bringing the project into production and would then be operator of the joint venture. Work is also currently being undertaken on off-take financing for the project, and Proto is very happy with how such discussions are progressing.



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Metals Finance also released a 6 February 2012 announcement that noted the updated estimated capital cost of Barnes Hill on a 500,000 tonnes per annum throughput as being just \$98 million, with projected total revenues of more than \$1.1 billion over its full life. Proto's Managing Director Mr Andrew Mortimer said: "We are very pleased with Metal Finance's progress towards the mid-2012 updated feasibility study that on current calculations will deliver an internal rate of return of 47%. This is an excellent result using Metals Finance's already developed flowsheet, though we expect the Barrier Bay technology to substantially enhance even this excellent outcome."

The Barrier Bay technology is currently undergoing large scale pilot testing on a solution generated by the Barnes Hill leach program. If commercially proven, it has the potential to reduce operating costs to approximately US\$3/lb from significantly reducing the project's acid consumption. Site works at the Barnes Hill project for building the mine and processing plant are targeted to commence by the end of the year subject to the approvals being in place.

Iron Samples Shipped from Barnes Hill

As previously announced, the Barnes Hill development contains several distinct classes of iron ore species that are hosted across the domains of the nickel laterite resource and reserve already defined at Barnes Hill. These include (1) an ironstone cap that sits in the uppermost layers, and two forms of limonitic iron ore, being (2) a higher iron grade less friable limonite with a relatively lower clay content and (3) a lower grade more friable limonite with a higher content of orange/yellow ochreous clay that is the main host of nickel at Barnes Hill. This material has already been drilled through the 641 drill holes that Proto has completed at Barnes Hill as well as the 73 historic drill holes.

Following scoping work, Proto is undertaking metallurgical work on the ironstone and limonite that would complement the planned processing of the more nickel rich nickel laterite using leaching and electrowinning. Proto's geological team has collected selective representative samples from previously drilled material from the aircore and diamond programs performed in 2010 and 2011. Tasfreight in Launceston collected a bulka-bag containing Fe-samples (approximately 150kg) from both these layers from Proto's field office in Beauty Point this week. These have now been shipped to Robbins Metallurgical Services in Queensland, who will undertake the work with guidance from specialists at Metals Finance's Queensland headquarters.

Ord Basin Projects

Desk-top work is also underway on the recently optioned ground holding in the Ord Basin of the Northern Territory and Western Australia. Proto has entered into an option agreement to acquire a 70% interest over ELA80/4387 in Western Australia and adjoining ELA24079 and ELA9784 in the Northern Territory. In total the ground holdings cover an area of 1648km². All three tenements have considerable synergies with Proto's existing extensive landholding in the Northern Territory that it is exploring for Norilsk-Talnakh type Ni-Cu deposits, and also have potential for Keeweenawan Cu style mineralisation. Proto is encouraged by historical reports of surface mineralisation intersected in drilling as reported in Proto's initial announcement on the Ord River project on 16 March 2012.

Yerrida Basin Geophysics Completed

Detailed aerial magnetic and radiometric surveys have been completed on the Company's tenements on the southern and eastern margins of the Yerrida Basin. The fifth license at Station Bore (E69/2872) has recently been granted, in time to also be included in this work, along with the previously granted four



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licenses originally applied for in 2010, being Mt Killara (E53/1580), Magellan North (E53/1581), Casey (E51/1457) and Great Doolgunna (E51/1455). These tenements are shown in relation to surrounding ones in Figure 3 below. The Company is looking to commence ground work almost immediately, and hopes to prepare drill targets for the second half of this year.

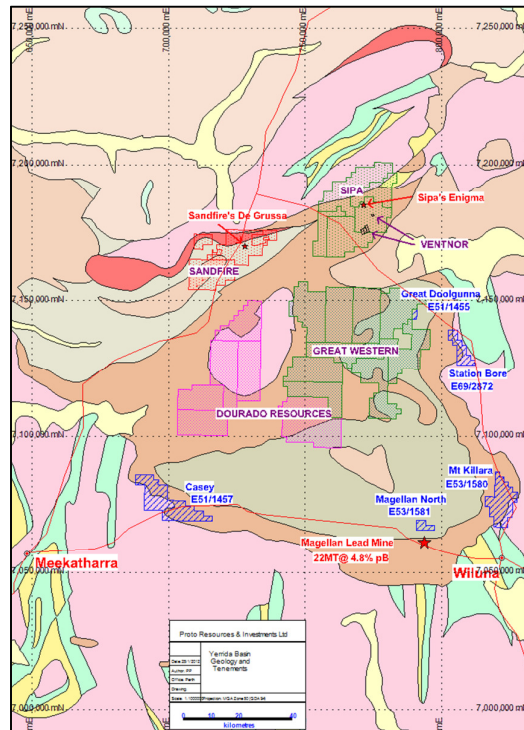


Figure 3 – Yerrida Basin Tenement Locations

Enquiries:

Mr Andrew Mortimer
 Managing Director
 Proto Resources & Investments Ltd
 Office: +61 (2) 9225 4000
 Mobile: +61 (0)433 894 923

Competent Persons Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Carl Swensson, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Swensson is a director of Swensson Integrated Resource Management Services 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 Swensson consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

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