PROTO
RESOURCES & INVESTMENTS LTD

June 12, 2008

Successful Scoping Study on Barnes Hill Completed and Feasibility Underway

ASX Release Stock Code: PRW

Executive Summary

- Completed scoping study supports decision to progress the Barnes Hill project to completion of detailed drilling and feasibility study stage
- Close spaced drill-out program followed by resource re-estimation to start at Barnes Hill in the coming weeks
- Mining Lease Application and Notice of Intent to be submitted to Tasmanian Government by June 30
- Preliminary laboratory test work returning positive results with low acid consumption and sound leach characteristics
- Site visit completed by Proto, MFC and environmental consultants
- Appointment of Ken Hellsten as Consulting Project Advisor
- Appointment of Toby Caddick as new Head of Corporate

Scoping Study Completed

Proto Resources & Investments Ltd ("Proto") is pleased to announce that its Joint Venture partner, Metals Finance Corporation Ltd ("Metals Finance"), has completed a preliminary scoping study on its flagship Barnes Hill nickel laterite project, incorporating analysis of all fieldwork to date. Barnes Hill is located in northern Tasmania and contains a 12.1 Mt Australasian Joint Ore Reserves Committee ("JORC") indicated resource at 0.83% nickel and 0.07% cobalt. Barnes Hill has additional exploration potential for nickel laterites as well as nickel sulphides, with signature minerals on the surface suggesting the presence of nickel sulphide in the Andersons Creek ultramafic.

The scoping study has examined potential project economics over a range of factors, with the base case assuming:

- Metal recovery of 75%

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- Long term sulphuric acid price of $150/t
- A conceptual resource of 8.5Mt at 1.1% Ni with no credits for contained cobalt
- Initial mining rate of 500,000 tonnes per annum with expansion in year three of operations
- Initial nickel production rate of approximately 4,000 tonnes per annum
- Preliminary capital costing between $60 and $90 million
- Long term nickel price of US$9-10/lb

In reporting to Proto, Metals Finance have noted that the study is of a preliminary nature and is not intended to be a detailed or definitive financial analysis of the project for investment purposes. The result of the study is indicative and subject to significant work that has yet to be completed. The analysis has indicated that, even under more adverse cost factors than assumed in the base case scenario (higher capital and operating costs), the project has potential to yield significant positive net present value to the joint venture partners.

Proto and Metals Finance believe that the results of the study provide a sound basis to continue the development of the project.

Decision to Develop Project

In the light of the results of the preliminary scoping study a decision has been made to proceed with the pre-development and other work that will be required to produce a detailed feasibility study on the Barnes Hill project. This study is targeted for completion in early 2009. Under the agreement with Metals Finance, Proto is responsible for completion of the drilling required to take the Barnes Hill indicated resource to measured status. Proto is also responsible for the lodgement and obtaining of a mining lease and for all permits that may be required to allow future development of the project. Metals Finance is responsible for completion of pilot leach test work and flow sheet development along with completion of the project feasibility study and financing of its development if supported by the detailed study. Metals Finance has advised Proto in writing of its decision to move the development of the project forward.

Ore Leach Characteristics

Proto and Metals Finance are conducting laboratory test-work on the leach characteristics of the Barnes Hill ore. Preliminary results are showing modest acid consumption and good leach characteristics.

Mining Lease Application and Notice of Intent

A Mining Lease Application is underway and will be submitted to Mineral Resources Tasmania before the end of June 2008. A Notice of Intent is also being prepared for Submission to the Tasmanian Department of the Environment, Heritage and the Arts. Further, Proto has appointed a number of specialist consultants to assist with the preparation of the Development Plan and Environmental Management Plan for submission to the Tasmanian Environment Division. This next step will ensure that all stakeholder concerns are addressed.

Resource drill-out at Barnes Hill

Proto intends to commence a program of over 700 air core holes for approximately 15,000 metres in the next few weeks. This program of drilling aims to provide greater geological and grade confidence in the Barnes Hill Deposit. It should also allow the current indicated resource to be re-estimated. The program will involve drilling on 50m x 50m centres and the completion of several close spaced traverse lines through higher grade areas of the deposit to confirm grade distribution and the geological controls to mineralisation. The drilling program has been designed following a review of historic drilling at the project by Snowden Mining Industry Consultants which was commissioned by Proto in 2007.

Analysis

The results of the broad based analysis contained in the scoping study are presented in the tables below. The estimated cash cost per pound of nickel is between US$5-6.

Model No	
1	Base model, in accordance with the assumptions provided above
2	50% increase in capital (to $90 million)
3	Increase in acid to $200/tonne
4	50% increase in capital and increase in acid cost
5	50% increase in capital, increase in acid cost, Ni at US9/lb
6	Increase Ni recovery (80%), decrease in acid price ($120/t)

A$000's

Model number	**1**	**2**	**3**	**4**	**5**	**6**
Initial capital cost	-60,000	-90,000	-60,000	-90,000	-90,000	-90,000
Incremental capital cost	-30,000	-30,000	-30,000	-30,000	-30,000	-30,000
NPV 10%	**285,107**	**248,198**	**182,629**	**145,720**	**62,859**	**362,903**
Project IRR%	67	44	46	29	14	60

It must be noted that the model is of a preliminary nature and is subject to change through the drilling, site work, engineering and other studies yet to be completed.

Appointments

Proto is pleased to announce the appointment of Mr Ken Hellsten as Consulting Project Advisor on the Barnes Hill project. Mr Hellsten brings outstanding experience in developing nickel laterite projects to the group. With a background in geology, Mr Hellsten has worked in senior executive roles, having been responsible for the completion of feasibility studies and project development of world-class nickel laterite projects. In particular, Mr Hellsten was President of BHP Billiton's Ravensthorpe project, which has been recently commissioned. Mr Hellsten has a strong record in the successful delivery of mining projects and a particularly deep knowledge of the nickel industry.

Proto would also like to announce the appointment of Mr Toby Caddick as its new Head of Corporate and Marketing. Mr Caddick will be assisting the company with its financing and shareholder relations as it develops its business model. Mr Caddick brings a wealth of experience to this role, having worked in financial markets for over fifteen years.

Nickel Metal Strategy – Growth Potential

Barnes Hill, whilst currently Proto's flagship asset, fits into Proto's strategy of acquiring other and larger nickel assets, both domestically and overseas. Proto's recent acquisition of the Menzies project in Western Australia, now in joint venture with Poseidon Nickel Ltd ("Poseidon Nickel"), shows the growth potential of the company as it is working carefully on its project pipeline. Proto and Poseidon have just completed a drilling program at Menzies and look forward to announcing a preliminary inferred JORC resource over the nickel laterites at Menzies, with the project also holding significant potential for sulphide nickel mineralisation. Proto is also working on some international opportunities for project acquisition to provide the potential for multi-project earnings for shareholders.

Conclusion

In conclusion, Proto is very pleased with the results of the scoping study as we believe that Barnes Hill is capable of producing significant profits for the joint venture under a number of potential but reasonable scenarios. While there is significant work yet to be done, the current study shows this work is warranted and capable of yielding positive results. The company looks forward to updating the market on the progress of its measured drill out at Barnes Hill and further development of what we hope will be Tasmania's second modern era nickel mine.

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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.