PROTO
RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

21 April 2009

Barnes Hill Proto and Metals Finance Joint Venture Progress Update

ASX Release: PRW

Progress Update

The directors of Proto Resources & Investments Ltd are pleased to update the market on the progress made on the Barnes Hill joint venture between Proto and Metals Finance Corp. (ASX:MFC) in northern Tasmania, current resource 12.1 Mt @ 1.05% nickel equivalent including nickel and cobalt.

Proto and Metals Finance are currently working on the feasibility study for Barnes Hill and running different mining and processing models. The project team is making solid progress on issues of acid supply, storage and recovery techniques to limit acid consumption and efficiently and inexpensively supply acid to the project. This is of critical importance as acid as the reagent is the largest input cost of the opex, or operational expenditure, at Barnes Hill. The project team is currently considering sourcing the acid needed locally or overseas and supplying it by tanker to Bell Bay port, approximately 12 km from the project. Proto estimates that it will be able to source acid at approximately A$65 per tonne with delivery costs to the Bell Bay port of approximately A$25 per tonne.

Further drilling is planned for the second half of the year to obtain additional geological data to inform mine design and detailed engineering. Drilling will also be done on the iron ore potential to further evaluate the potential earnings from an iron ore mining operation at Barnes Hill. There has been iron ore production from Barnes Hill historically and there is currently commercial iron ore mining to the south of Barnes Hill. The BHP Temco smelter is approximately 30 km away from the project by road and currently takes ore from our project area.

Proto and Metals Finance look forward to updating the market on their evaluation of the Barnes Hill project by 30 June 2009. Currently the nickel price has rebounded to approximately US$13,000 per tonne from US$9,000 per tonne, adding to the economic strength of the Barnes Hill project.

The next phase of work on Barnes Hill will comprise a study of acid supply storage and recovery techniques, a bulk leach programme on the drill samples collected in the last drill programme from November 2008, and further drilling at 50m centres to define a larger measured resource for compilation into the final feasibility study. Proto is targeting acid recovery that will provide a production cost per nickel pound below US$4. The

Company is also hopeful that other technology will allow the Barnes Hill project to achieve an even lower production cost per nickel pound.

Status of Joint Venture

Proto and Metals Finance are currently in Phase Two or the Final Evaluation Period of the formal joint venture arrangement between the parties, being the full evaluation period that will lead to a decision to enter into an Operational Phase at Barnes Hill. The parties entered into this Final Evaluation Period following Metals Finance's decision to proceed after successfully completing a scoping study at the completion of the Initial Evaluation Period in June 2008.

The purpose of the Final Evaluation Period is to carry out a pilot programme based on the leaching of a bulk sample from the Barnes Hill deposit, to raise the resource definition to a level sufficient to support a detailed feasibility, and to complete the detailed feasibility on the proposed project.

Prior to reaching the stage of decision-making as to whether to enter the Operational Phase, Metals Finance has the responsibility to design a test or pilot plant, to test at the site, to complete a detailed feasibility study on the proposed project, and to carry out any other work Metals Finance considers appropriate or necessary to achieve the purpose of the Final Evaluation Period.

Proto has the responsibility to arrange a suitable site for the pilot test programme, to provide information requested by Metals Finance from time to time, to supply the selected quantity of ore for the required programme, and to complete any necessary mapping and drilling, including the resource drilling to a measured category of which Phase One was completed last year.

Proto is confident of reaching the next decision making point in the course of the second or third calendar quarter 2010, leaving the Barnes Hill project on track for potential development in the third or fourth quarter 2010, with the Operational Phase to then commence.

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The information in this report that relates to Exploration Results 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.

Figure 1: Barnes Hill Ore Body

Figure 2: Bell Bay Port

Figure 3: Barnes Hill Drilling