

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

12 April 2012

Barnes Hill Ironstone Update

ASX Release Stock Code: PRW

Beneficiation studies on the ironstone hardcap that sits above the Barnes Hill nickel-cobalt resource will be completed by the end of April. Anticipated results would allow rapid development of this iron oxide cap. This previously drilled material can be rapidly developed due to its proximity to surface and the presence of excellent local infrastructure, including the deep-water port at Bell Bay. Less than a year of development would be required once approvals are in hand.

Executive Summary

- Subject to beneficiation testing that will be completed this month, upgraded ironstone caprock is planned to constitute the first production from the Barnes Hill Project. The ironstone caprock material is of a laterite duricrust origin, consisting principally of maghaemite, hematite, goethite and limonite components.
- Work is continuing on the process testwork for the upgrading and sale of this ferruginous hardcap and is running alongside testwork on the limonitic iron species also found at Barnes Hill. The stratigraphic position of this material above the Barnes Hill nickel-cobalt resource would allow production to start in under a year from approvals being received.

Barnes Hill Iron Cap Production

The Board and Management of Proto Resources & Investments ("Proto", "the Company") are very pleased to announce that after meetings in Tasmania attended by Proto and Metals Finance Limited ("Metals Finance", ASX: MFC) its joint venture partner on the Barnes Hill project, first mining of the iron oxide caprock is now targeted to commence within less than a year of the successful completion of the beneficiation work and grant of final approvals. The Barnes Hill project contains a granted mining lease that hosts a mixture of weathered nickel, cobalt, iron and magnesium sitting under an iron-rich cap. Under this initiative, that is to be managed by the team at Metals Finance, the joint venture would mine and sell ironstone caprock (see examples in Figure 1) that would have otherwise been stockpiled as waste rock.

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Figure 1 – Barnes Hill Area Ironstone

Proto and Metals Finance are currently testing to see whether this iron-rich material can be upgraded to a 58%+ Fe product which can be sold direct to steel mills in China. Proto has met with several firms specialising in iron ore beneficiation and is expecting the test results by the end of April. If results meet currently held expectations, proposed aspects of iron ore mining and processing production will be submitted for mining authority approval. The mining and sale of this material will complement the already prepared mine plan covering mining of this hardcap that had previously been addressed by the Development Proposal and Environmental Management Plan already submitted in late 2011 to the Tasmanian authorities. Subject to approvals, production of iron oxide caprock material would then commence later in the year with minimal mine development being needed and specialist engineering contractors having confirmed the ability to deliver turn-key processing solutions. This is also facilitated by the presence of excellent local infrastructure, with roads already accessing the site, a state highway just 3km away and being just 20km from the deep-water port of Bell Bay (see Figure 2).



Figure 2 – Deep-water Port at Bell Bay



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Tony Treasure, Managing Director of Metals Finance, commented: "We believe that the iron oxide at Barnes Hill can be quickly developed into production within as little as 6-12 months. Metals Finance not only has the experience and resources needed to manage these operations, but we've already held preliminary off-take discussions with parties in China".

Any ironstone production will increase the earnings currently being targeted from the planned nickel production that has been the focus of the Company for the past five years. The final feasibility study for the nickel-cobalt project is due in approximately 10 weeks. Proto is also continuing discussions with Caterpillar Finance SARL ("Caterpillar Finance") in Zurich, Switzerland to update the current agreement around debt finance and equipment supply to reflect advances in treating the iron mineralisation found at Barnes Hill. Caterpillar Finance's team in Melbourne, Australia was recently briefed on the iron oxide progress and expressed its support for the iron pathways being pursued. Proto is incredibly pleased with the progress being made on the Barnes Hill project and looks forward to developing a solid and sustainable multi-mineral production facility at Barnes Hill to derive Proto's first earnings.

Proto Managing Director, Mr Andrew Mortimer, commented: "I am very pleased with the progress that the company has made in Tasmania and with the help and assistance provided by the State and local community. Proto looks forward to joining the ranks of Australian mineral producers in the near term, having dedicated significant resources to the initiative."

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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.