

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

7 June 2012

Caterpillar Financial SARL Mandate Extended

Stock Codes ASX: PRW, OTCQX: POOOY

Proto Resources and Caterpillar Financial SARL have extended their arrangement to allow for the completion of an updated Definitive Feasibility Study which takes into account the increased throughput at the Barnes Hill project which will greatly increase the project's positive cash flow.

Caterpillar and Proto Extend Agreement

Proto Resources & Investments Ltd ("Proto", "the Company") is pleased to announce the extension of the finance mandate with Caterpillar Financial SARL ("Cat Financial"), for the Barnes Hill Project in Tasmania until September 30th, 2012 to allow for the completion of the updated Definitive Feasibility Study ("DFS").

Since the original arrangement was signed in August last year (see Proto announcement dated 16th August 2011), Proto and its joint venture partner Metals Finance Limited ("Metals Finance", ASX: MFC) have doubled the planned throughput of the mine from 250,000tpa to 500,000tpa. This has greatly increased the attractiveness of the project's economics and its positive cash flow. These changes to the DFS released in December 2011 required an extension of the arrangement, which has now been agreed. Once the new DFS is completed next month in early July, Caterpillar can determine financing arrangements for the project, which includes the supply of mining equipment from Caterpillar Inc. ("Caterpillar", NYSE: CAT)

Proto's arrangement with Cat Financial covers the Barnes Hill project.. Aside from the debt finance, Caterpillar will also provide earthmoving and transport equipment for the project. Caterpillar is a global giant in the mining equipment industry and Proto believes that its superior products and ongoing maintenance is an important part of Proto's bid to become globally significant in the nickel industry.

The Barnes Hill project encompasses the granted mining licence at Barnes Hill, and the development proposal which is currently under consideration by the Tasmanian Environmental Protection Authority. As recently announced, Proto is also looking at different ways to exploit the surface iron mineralisation at Barnes Hill for extra and earlier cash flow from the project. Testwork has already shown the ability to produce a magnetic product at Barnes Hill and Proto is further investigating the iron ore project economics with Metals Finance. Testwork aimed at allowing the definition of a JORC-compliant iron ore resource based on already completed close-spaced drilling is currently underway.

Proto's Managing Director Mr Andrew Mortimer commented; "Proto Resources is working well with its joint venture partner and associated financiers, and is looking forward to reviewing the final Definitive Feasibility Study, due in the next three to four weeks. The Barnes Hill project is making significant advances towards development, and we look forward to progressing towards completion of financing and permitting in the

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near term. The Barnes Hill project is the core of Proto's strategy to generate earnings in the near term for the Company."

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