

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

September 16, 2010

Further Barnes Hill Progress Ahead of Imminent New Resource Estimate

ASX Release: PRW

With the imminent completion of the new resource estimate for the Barnes Hill laterite nickel project in Tasmania, Proto Resources & Investments Ltd advises that design elements are being completed for inclusion in the Company's upcoming application to mine at Barnes Hill.

This project development activity has included work on transport access, collecting data on operational impacts, design of the onsite dams and geotechnical work to support the design of buildings and facilities to be erected onsite.

Executive Summary

- The new resource estimate for Barnes Hill is expected to be completed within one week. The new estimate draws on the full database of holes, including the recently completed 625 hole drill-out that aims to achieve confidence consistent with a measured JORC status for the central part of the resource area. The drilled-out centre of the resource will be used to inform the detailed feasibility and engineering study underway.
- The resource information being provided by Snowden Mining Industry Consultants will decide the location of the three 20 tonne bulk samples that the Company will be taking to pilot its processing technology later this year. This innovative processing technology will greatly add to potential saleable product and provide cuts in OPEX and CAPEX through the recycling of key reagents and a vast reduction in tailings.
- Proto has designed its proposed mining and processing to minimise environmental impacts. Environmental assessment will be completed early in October, with a final field assessment beginning late in September to confirm dam locations and double-check the locations of internal access roads to minimise environmental disturbance.
- Proto expects to complete the soil sampling on the Barnes Hill West project by end of October and looks forward to analysing the results for potential gold, nickel and copper anomalism.

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Updated Resource Estimate is Imminent

The Directors of Proto Resources & Investments Ltd ("Proto", "the Company") are pleased to inform the market of the imminent completion of the new resource estimate for the Barnes Hill nickel laterite project near Launceston in Tasmania. The new resource estimate is being prepared by Snowden Mining Industry Consultants ("Snowden") and is now expected to be completed within one week.

The revised resource estimate draws on the full database of holes, including the recently completed 625 hole drill-out that aims to achieve confidence consistent with a measured Joint Ore Reserves Committee ("JORC") status for the central part of the resource area. Significant intercepts from the drill-out that are included in the estimation are mapped in Figure 1 below. The drilled-out centre of the resource will be used to inform the detailed feasibility and engineering study that is already underway.

The updated resource estimate only covers the Barnes Hill deposit which accounts for 8.9 Mt of the previously defined 12.1 Mt JORC Indicated Resource for the full project area at a grade of 0.83% Ni and 0.07% Co. The Mt Vulcan and Scott's Hill deposits located a few kilometres north of the Barnes Hill deposit have a combined resource of 3.6 Mt @ 0.71% Ni and 0.09% Co. These deposits were not part of this stage of resource drilling but are planned to be drilled-out and their resources re-estimated at a later date.

Processing Technology Work Continues

The resource information being provided by Snowden will decide the final location of the three 20 tonne bulk samples that the Company will be taking later this year. These bulk samples will be transported to New South Wales for specific testing using Proto's new technology that it has been working on in conjunction with Barrier Bay Corporation ("Barrier Bay"). The Company is working on this innovative technology as a priority as it will greatly add to potential saleable product and provide cuts in OPEX and CAPEX through the recycling of key reagents and reducing the need for large tailings facilities.

The nickel processing technology will be the most advanced currently operating anywhere in the world and will provide sustainable income and use of resources for and by the Company. Barrier Bay has already completed mid-scale testing of the process in its laboratory and Proto will be basing its Development Proposal and Environmental Management Plan ("DPEMP") on the scientific results achieved.

Environmental Work Approaching Completion

Environmental assessment will be completed in early October, with a final field assessment beginning in late September to confirm the Leach Residue Storage Facility ("LRSF") and water catchment dam locations, and to double-check the locations of internal access roads to minimise environmental disturbance.

Proto's work has produced a rigorous assessment of the field situation and the weathering process of the ultramafic rocks situated at Barnes Hill. This has allowed well grounded evaluation of forest-types and Proto's applications will reflect the findings of these detailed studies. Proto acknowledges the need to manage and assist in the propagation of important plant species for environmental permitting to be obtained, but doesn't foresee environmental constraints as an obstacle to development. Fortunately, the lateritic clays that the Company proposes to mine do not tend to directly host threatened species and the Company has carefully planned roads and processing facilities around these populations. Proto will have fencing and other measures in place to ensure that these populations are not impacted by mining. We have



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physically mapped individual plants on the site and so hope to be able to give the Tasmanian Environmental Protection Authority strong confidence that we will not damage key populations. Proto is also currently investigating steps that can be taken to actively protect populations of high-value plants in and around the proposed mining area. The Company is currently in discussions with government on whether there are actions that can be taken to safe-guard these populations from threats, such as animal grazing after the recent fire in the local area.

Proto is also reaching the end of its year long program of water monitoring. This hydrological program has included assessment of baseline water conditions. The last surface and groundwater monitoring run will be undertaken at the end of September providing a rigorous database to ensure that mining does not undermine existing flows.

Project Design and Engineering Assessments

Proto is also continuing to finalise project design elements for inclusion in a soon to be completed application to mine at Barnes Hill. This development work has included engineering work on transport access, internal road placement, collecting data on operational impacts of mining, and the design of the LRSF. Proto has just recently signed off on the geotechnical work required for the approval of dams, buildings and facilities to be built onsite. The Company is strenuously pursuing the finalisation of the Mining Licence application and DPEMP for Barnes Hill. Proto's joint venture partner Metals Finance Limited (ASX: MFC) is continuing to greatly assist with these two pieces of documentation while finalising development plans for the Lucky Break nickel laterite project it is in joint venture near Yabulu in Queensland. Proto will also be seeking to develop its iron ore resources for potential production in the near future as well. Discussions have commenced with local miners on opportunities to upgrade products using joint facilities.

The footprints for the LRSF and water catchment dams have been designed to allow secure storage of processed material and careful ongoing monitoring of water quality. This will cover the project life as established under the soon to be completed DPEMP. The geotechnical work that is now underway will include desktop investigation work (geology, morphology and hydrogeology), the collection of field samples through geotechnical bores at each of the proposed operating plant areas and at the proposed dam sites (for the LRSF and also the freshwater catchment dam). Geotechnical work will utilise ground level contours and surveying already completed.

Proto has continued to update the size and shape of the project to neatly fit in with the local community's unique character. Noise monitoring work is also currently underway to ensure that external access routes minimise noise impact and are well within best-practice guidelines established by local, state and federal government regulations. Noise monitoring stations are being rolled out across a number of sites to provide a comprehensive assessment of existing noise patterns and to allow direct assessment of incremental impacts. Access routes are being carefully considered in order to be well matched to the mine plan which is to be prepared by Snowden and also in establishing the footprint for the processing facilities and in planning the transport routes to and across the site. The placement of internal roads is being carefully planned in order to minimise the impact on threatened plant species.

Proto Resources is pleased to be located so close to Beaconsfield which enjoys a rich mining history. The Company is continuing to consult with stakeholders to further finetune the project proposal to engage with and include as much community input as possible. Proto believes that these useful discussions will lead to both a longer mine life and also a more discrete presence in the local area.

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Exploration at Barnes Hill West

The Company is also pleased to confirm that the Barnes Hill West soil sampling is continuing as planned. Proto expects to complete the soil sampling on the Barnes Hill West project by end of October and looks forward to analysing the results for potential gold, nickel and copper anomalism.

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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.



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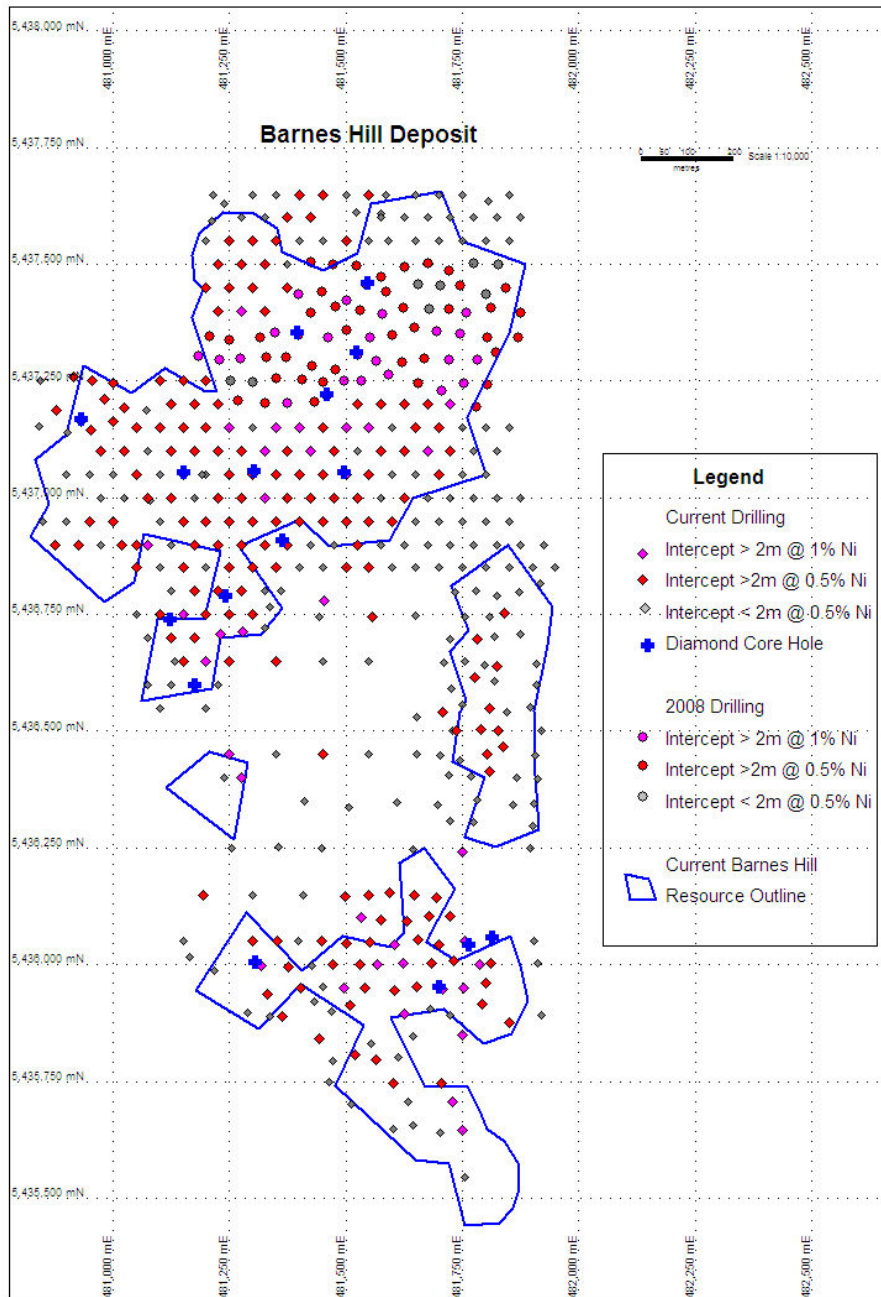


Figure 1 – Aircore and Diamond Drill Hole Positions and Assay Results