PROTO
RESOURCES & INVESTMENTS LTD

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Updated Mineral Resource and longer expected mine life announced for Tasmanian nickel project

ASX Release: PRW

Following the completion of the latest phase of drilling, Proto Resources & Investments Ltd ("Proto", "the Company) is pleased to announce that an independent resource statement has been compiled by Snowden Mining Industry Consultants ("Snowden") on the Barnes Hill deposit.

A total resource for the Barnes Hill portion of the overall deposit (the Barnes Hill project contains the Barnes Hill deposit, Mt Vulcan deposit and Scotts Hill deposit) of 6.6Mt at 0.82% Ni and 0.06% Co at a 0.5% Ni cutoff has been estimated (Table 1), of which more than 5.6Mt now falls within the Indicated category. At a proposed mining rate of 250,000t per annum the currently defined resource represents a potential mine life of 26 years.

The resource includes 2.8Mt at 1.01% Ni and 0.06% Co using a 0.8% nickel cut off (Table 2). This higher grade portion of the resource will be targeted during the first ten years of mining and will be the area in which metallurgical testwork and the feasibility study will be initially focussed.

Executive Summary

- New independent resource statement has been compiled by Snowden on the Barnes Hill deposit - (6.6Mt at 0.82% Ni and 0.06% Co at a 0.5% Ni cutoff)
- Includes 2.8Mt at 1.01% Ni and 0.06% Co at a 0.8% Ni cutoff.
- The updated resource estimate indicates a potential mine life of 26 years at a proposed mining rate of 250,000t pa is possible at the Barnes Hill deposit.
- The updated resource estimate provides a firm basis upon which to move forward on the project and to commit to bulk metallurgical testwork, mine design and complete the currently commissioned feasibility study. Submission of Environmental Management Plan and Barnes Hill Development Proposal is scheduled for 15 December 2010

Proto Resources & Investments Ltd
ACN: 108 507 517

Suite 1901, Level 19, 109 Pitt St,
Sydney 2000 NSW Australia
PO Box R1870
Royal Exchange NSW 1225

p: +61 2 9225 4000
f: +61 2 9235 3889
e: info@protoresources.com.au
w: www.protoresources.com.au

- All landholder agreements have now been finalised in preparation for Mining License approval
- Proto continues to investigate the potential of a separate iron ore resource at the Barnes Hill deposit

Barnes Hill Nickel Resource Upgrade - Snowden

The board and management of Proto Resources & Investments Ltd ("Proto") in conjunction with their 50% joint venture partner Metals Finance Limited (ASX: MFC) are pleased to announce that they have now received an updated Mineral Resource for a portion of the Barnes Hill deposit in Beaconsfield, Tasmania (Figure 1). A total resource of 6.6Mt @ 0.82% Ni and 0.06% Co has been estimated at a 0.5% Ni cutoff by Snowden under JORC guidelines (Table 1). The latest Mineral Resource for the Barnes Hill region of the deposit indicates a potential mine life of 26 years at a proposed mining rate of 250,000t pa. The resource includes an identified >2Mt zone of higher grade saprolite material at a grade of 1.0% Ni and 0.06% Co (Table 2). This higher grade zone will be targeted in the first 10 years of mining and will be the focus of the ongoing feasibility study.

The Barnes Hill resource has been estimated using data from the recently completed 50m by 50m spaced drilling program (641 drillholes), in addition to pre-existing historic drill hole data (73 drillholes). Drilling has been completed predominantly by RC drilling techniques, however 12 diamond drillholes were completed for density testwork. Drilling, sampling, QA/QC procedures, geological modelling and estimation parameters are summarised in Table 3.

Scotts Hill and Mt Vulcan deposits

The Scott's Hill and Mt Vulcan deposits which contain a combined historic reported resource of 3.6Mt were not included in the updated Barnes Hill Mineral Resource. These areas are considered prospective and represent a potential additional production source and as such provide further earnings potential for the project.

Iron Ore testwork continuing

Proto is continuing testwork on the iron ore cap that lies immediately above parts of the nickel laterite orebody. Ongoing work involves logging, sampling, assaying and mineralogical testwork. If these planned studies indicate a potential iron ore resource is present, then Proto will aim to have an iron ore resource estimated by the end of the year. As previously announced, Proto intends if possible on producing and selling iron ore from the overlying iron ore cap as well as developing separate saleable products of nickel and cobalt from the underlying limonite and saprolite ore bodies. Iron ore operations in the vicinity of Barnes Hill already supply overseas and local buyers.

Progress with processing technology

Proto also continues to investigate improvements in processing technology with the aim of significantly reducing processing costs and maximising revenue for shareholders. Testwork to date, including acid recycling shows potential for significant savings. Ongoing testwork is planned.

Proto will now extract a series of bulk samples of representative limonite and saprolite material for metallurgical and density testwork. The results of this work program will provide additional information on the expected recoveries and density for each material type. It is expected that this testwork in conjunction with a phase of infill drilling will result in the assignment of a Measured classification for an area which

represents at least the first 10 years of mining. The metallurgical testwork will commence in 3-4 months time following the collection of the bulk samples.

Mining Licence

The Barnes Hill Mining Licence (application 1872P/M) is expected to be granted prior to the end of the year. Proto is in the process of finalising the documentation and bond arrangements to allow grant of this Mining Licence. The lodgement of the Development Proposal and Environmental Management Plan is scheduled for mid December 2010.

Conclusion

Proto is pleased with the updated Mineral Resource for the Barnes Hill deposit. A potential 26 year mine life will provide a strong sustainable backbone of earnings for Proto and its joint venture partner MFC to build on. The Barnes Hill deposit is in close proximity to the Bell Bay port (15km) and local infrastructure (train lines / sealed roads / power grid) and is considered by Proto and MFC to be an economically robust project.

Snowden have been retained to complete pit optimisation work on the Barnes Hill deposit to ascertain the economics of the project taking into account proposed mining and processing costs. Results of this work are expected within the next two weeks.

Chairman Andrew Mortimer said today, “This is a substantial milestone for the Company as it shows a long potential mine life for the project moving forward that allows the Company to substantially progress development and final permitting of the project.”

Enquiries:
Mr Andrew Mortimer
Chairman and Joint Managing Director
Proto Resources & Investments Ltd
Office: +61 (2) 9225 4000
Mobile: +61 (0)433 894 923

Competent Persons Statement:

The information in this report that relates to **Exploration Results and Mineral Resources** is based on information compiled by Mr Andrew Jones. Mr Jones is a full time employee of TasEx Geological Services who provide geological consulting services to Proto Resources & Investments Ltd and is a member of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Jones has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The information in this report that relates to the estimation of the **Barnes Hill Mineral Resource** was compiled by Mr Justin Watson. Mr Watson is a full time employee of Snowden Mining Industry Consultants. Mr Watson is a registered chartered professional (CP) and Member of the Australasian Institute of Mining and Metallurgy. Mr Watson has sufficient experience which is 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 Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Watson consents to the inclusion of this information in the form and context in which it appears in this announcement.

Figure 1 – Barnes Hill Deposit, Beaconsfield. Tasmania – Location Map

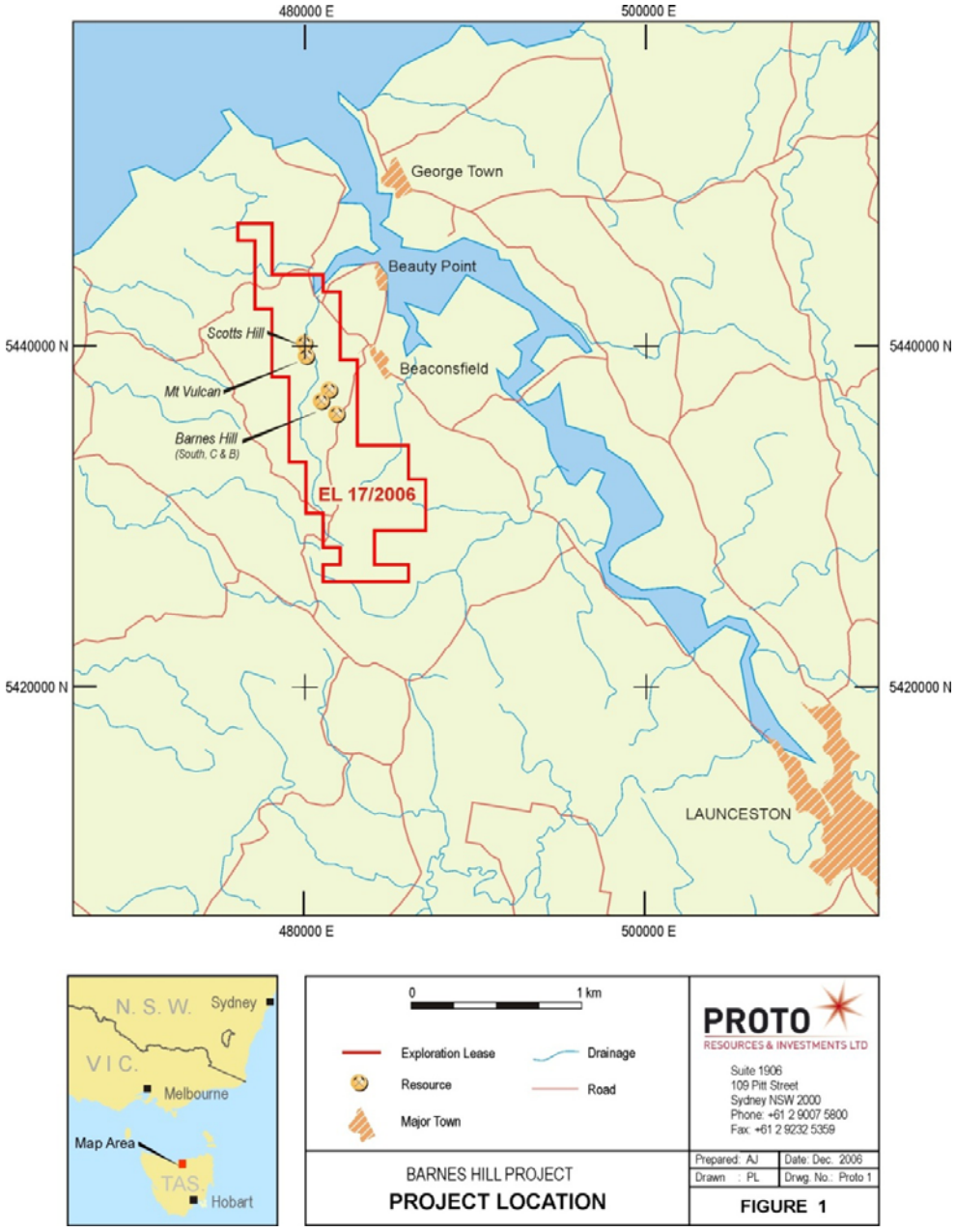

Table 1 – Barnes Hill Deposit - Mineral Resource by Geological Domains at a 0.5% Nickel Cut-off Grade

Resource Classification	Volume ('000 m^3)	Tonnage (kT)	Ni (%)	Co (%)	MgO (%)	Fe_2O_3 (%)	SiO_2 (%)
Cutoff grade of 0.5% Ni - Limonite Domain							
Measured	-	-					
Indicated	70	105	0.56	0.16	1.4	57.4	13.7
Inferred	36	54	0.56	0.11	2.0	57.2	18.7
Total	106	159	0.56	0.14	1.6	56.4	15.4
Cutoff grade of 0.5% Ni - Transitional Domain							
Measured	-	-					
Indicated	177	247	0.65	0.09	3.5	42.8	25.0
Inferred	5	7	0.81	0.15	3.7	49.8	24.5
Total	182	254	0.65	0.09	3.5	42.9	25.0
Cutoff grade of 0.5% Ni - Saprolite Domain							
Measured	-	-					
Indicated	3,042	3,955	0.87	0.06	11.4	28.5	36.8
Inferred	369	480	0.87	0.06	11.4	28.6	36.8
Total	3,411	4,435	0.87	0.06	11.4	28.6	36.8
Cutoff grade of 0.5% Ni - Saprock Domain							
Measured	-	-					
Indicated	621.0	1,366.0	0.73	0.03	25.6	14.4	41.6
Inferred	178.0	392.0	0.68	0.02	25.1	15.0	43.1
Total	799.0	1,758.0	0.72	0.03	25.5	14.5	42.0
Cutoff grade of 0.5% Ni - All Domains							
Measured	-	-					
Indicated	3,910	5,674	0.82	0.06	14.3	26.3	37.0
Inferred	588	933	0.77	0.05	16.5	24.7	38.4
Total	4,498	6,606	0.81	0.05	14.6	26.1	37.2

Note: Significant figures may cause summation differences.

Table 2 – Barnes Hill Deposit - Mineral Resource by Geological Domains at a 0.8% Nickel Cut-off Grade

Resource Classification	Volume ('000 m^3)	Tonnage (kT)	Ni (%)	Co (%)	MgO (%)	Fe_2O_3 (%)	SiO_2 (%)
Cutoff grade of 0.8% Ni - Transitional Domain							
Measured	-	-					
Indicated	12	16	0.88	0.10	3.4	38.0	28.9
Inferred	3	4	0.97	0.12	3.9	50.6	25.6
Total	15	21	0.90	0.11	3.5	40.5	28.2
Cutoff grade of 0.8% Ni - Saprolite Domain							
Measured	-	-					
Indicated	1,620	2,106	1.03	0.07	10.2	30.9	35.4
Inferred	155	201	0.93	0.09	9.4	35.3	34.0
Total	1,775	2,307	1.02	0.07	10.2	31.3	35.3
Cutoff grade of 0.8% Ni - Saprock Domain							
Measured	-	-					
Indicated	188	414	0.92	0.03	24.1	16.0	41.4
Inferred	42	93	0.94	0.03	24.9	16.3	41.9
Total	231	508	0.93	0.03	24.3	16.0	41.5
Cutoff grade of 0.8% Ni - All Domains							
Measured	-	-					
Indicated	1,820	2,537	1.01	0.06	12.5	28.5	36.4
Inferred	200	299	0.93	0.07	14.1	29.6	36.3
Total	2,020	2,836	1.01	0.06	12.6	28.6	36.4

Note: Significant figures may cause summation differences.

Table 3 – Application of JORC Code Table 1 to the Barnes Hill Deposit

Criteria	*Explanation*	*Deposit Specific Information*
	Sampling Techniques and Data	
Drilling techniques.	• *Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka etc.) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	A total of 716 drill holes totalling 7,114m have been drilled at the Barnes Hill deposit. A total of 694 aircore drill holes (50mm Diameter) and 23 PQ triple tube diamond drill holes have been completed. All 716 drill holes were used for geological interpretation and resource estimation.
Drill sample recovery.	• *Whether core and chip sample recoveries have been properly recorded and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Diamond drill holes were completed using triple tube to enhance core recoveries. Core recovery was recorded throughout drill holes. Core recovery typically exceeded 90%. Sample recovery within aircore drill samples was generally good with relatively few damp and wet samples. Any samples with poor recovery were recorded as "No Samples" with no sample taken for assay. A total of 28 samples did not have enough sample for analysis. 85% of all samples have a sample weight which was greater than 0.5kg. The mean dry sample weight for all aircore samples was 0.73kg.
Logging.	• *Whether core and chip samples have been logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel etc.) photography.*	Aircore drill holes were logged on 1m intervals with chip trays of each metre collected as a geological record and photos taken of all chip trays. Diamond drill holes were logged over geological intervals ranging from centimetres to several metres. Core photos were taken of each tray throughout the hole.
Sub-sampling techniques and sample preparation.	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected.* • *Whether sample sizes are appropriate to the grainsize of the material being sampled.*	For diamond drill holes all drill core was cut in half using a diamond core saw and 1m half core samples submitted for assay. PQ diamond drill hole samples weighed more than 5 kg's and up to 10 kg in fresher rock samples. Aircore drill holes were tube sampled with a separate sample taken for each metre. Duplicate samples and standard samples were also submitted as a quality control measure.
Quality of assay data and laboratory tests.	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks)*	All samples were submitted to ALS Laboratory Group in Adelaide for assay by a lithium borate fusion X-Ray Fluorescence technique (ME-XRF12). Samples were logged and tracked via LIMS system.

	and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Any samples that didn't air dry overnight were oven dried at a maximum of 120 degrees celsius. Entire samples initially crushed to 90% passing 2mm. Sample split using riffle splitter. A sample split of up to 1000g was pulverized to better than 95% of the sample passing 106 microns. A 0.66g sample is fused with flux to generate a disk which is used for XRF analyses. Lower detection limit for Ni% and Co% is 0.001%. QA/QC procedures implemented by Proto Resources included the submission of certified standards, submission of sample duplicates and submission of pulp duplicates. Laboratory implements own internal standards and is involved in round robin testing with other laboratories. Internal laboratory standards were also analysed within all submitted batches.
Verification of sampling and assaying.	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	A total of 16 diamond drill holes (BHD001 – BHD016) twinned existing aircore drill holes to confirm grade and provide mineralised material for bulk density testwork.
Location of data points.	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Quality and adequacy of topographic control.*	Drill hole collars were surveyed by handheld GPS. All drill holes were vertical holes. Collar RLs and topographic surface level was determined by an Airborne Laser Scanning (LiDAR) survey completed by Photomapping Services of Melbourne, Victoria. LIDAR survey has a quoted accuracy of 0.15m. Supplied contours were on a 1.0m elevation spacing.
Data spacing and distribution.	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Aircore drill hole spacing across the Barnes Hill resource area has been completed predominantly on a 50mN x 50mE staggered grid pattern. A 50mN by 50mE drilling pattern has been shown to give a robust grade estimate into 25mN by 25mE by 1.0m blocks and is considered adequate to support a Measured Resource for mineralised material greater than 2.0m thick. A 50mN x 50mE staggered drilling pattern however does not accurately define the true variability of thickness accurately and consequently tonnage estimates are subject to error and an Indicated classification has been applied. Diamond drill holes were completed at various locations across the deposit to gain material for bulk density and to twin existing aircore drill holes from representative areas of the deposit. In addition, two traverses consisting of 151 holes of 10m closely spaced aircore drill holes were completed in the northern resource area to test grade and width variations. Sampling was completed consistently to a 1.0m length. Compositing was not required to obtain an

		equal sample support.
Orientation of data in relation to geological structures and the extent to which this is known, considering the deposit type structure.	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Drill holes were drilled vertically - perpendicular to the interpreted ore body orientation. Tight spaced (10m) drilling program completed along a north-south and east-west line traversing the main portion of the deposit was completed to ascertain thickness and grade variation on a local scale.
Audits or reviews.	• *The results of any audits or reviews of sampling techniques and data.*	No external review of sampling and drilling procedures.
Estimation and Reporting of Mineral Resources		
Database integrity.	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	Selected checks on drill hole data against original assay certificates were completed. No errors noted. Geological logging completed on paper, transferred to Excel spreadsheets and geological logging codes validated. Drill hole database backed up on a regular basis. Statistical checks completed to ensure all assays fall within acceptable limits. Checks on overlapping or duplicate intervals completed. Checks were completed on all samples which fell below analytical detection limits to ensure samples were assigned zero grades in resource estimation.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	The Barnes Hill nickel laterite deposit has developed from the weathering of an ultramafic host rock sequence. The boundaries of the deposit have been interpreted from drilling which has intersected unmineralised sandstone and siltstones to the east, west and south of the deposit. The northern boundary to the deposit has yet been defined from drilling. Geological interpretation in this region has been limited to the extent of current drilling.
Dimensions.	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth*	The deposit has an extent of approximately 2km's north-south by 1 km east-west.

	below surface to the upper and lower limits of the Mineral Resource.	The main and thickest region of the deposit however is centred around Barnes Hill and is approximately 400m north-south by 800 m east-west. This area is characterised by a distinct limonite zone (average thickness ~3.5m) underlain by a saprolite zone (~4.0m). The area to the south of Barnes Hill is much thinner and consists primarily of saprolite material (~2.0m to 3.0m). Ni mineralisation within the limonite zone is overlain in most part by ferruginised lateritic waste material (~2.0m to 5.0m).
Estimation and modelling techniques.	*• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points.* *• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *• The assumptions made regarding recovery of by-products.* *• Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *• Any assumptions behind modelling of selective mining units.* *• Any assumptions about correlation between variables.* *• The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Ordinary kriging estimation technique for Ni, Co, MgO, Fe_2O_3 and SiO_2. Sample selection honoured geological domains which had been developed taking into account the chemical and geological variation noted vertically through the profile. Seven (7) domains developed: Pisolite / Hardcap domain, Laterite domain, Limonite domain, Transitional Domain, Saprolite Domain, Saprock Domain and Bedrock Domain. Statistical analysis by domain completed. No outliers / extreme values identified and no upper or lower cut applied to the datasets. Variography for Ni and Co completed for the Limonite and Saprolite domains. Isotropic variogram model developed was then applied to the estimation of all elements for all domains. Visual and statistical checks completed on block model. Checks were completed against original and declustered drill hole / composite dataset.
Moisture.	*• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	The mineral resource estimate is based upon dry tonnages. Moisture content has not been included. Limited testwork indicates the moisture content to be approximately 8% calculated using core samples weight when drilled versus weight when dried.
Cut-off parameters.	*• The basis of the adopted cut-off grade(s) or quality parameters applied.*	Limonite domain has been developed based on a 0.2% Ni cut-off. Overlying lower grade lateritic material has been considered waste. Grade / tonnage curves support the selection of this cut-off as a natural threshold between waste and mineralised material. Resources have been reported within domain boundaries and at a 0.0% Ni, 0.2% Ni and 0.5% Ni cut-off. Domain percentages within each block have been recorded and block grades have been

		weighted by block tonnes.
Mining factors or assumptions.	*• Assumptions made regarding possible mining methods, minimum mining dimensions and. internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.*	Resource is sensitive to mining dilution and cut-off grade.
Metallurgical factors or assumptions.	*• The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.*	No metallurgical testwork completed at this stage. No recovery assumptions made. Resource is potentially sensitive to results of metallurgical testwork.
Bulk density.	*• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density was determined by the water immersion technique on 20cm to 30cm samples of PQ diamond core. A total of 244 density samples taken. Default density values were assigned to each domain: Pisolite / Hardcap Domain (1.75g/cm^3), Laterite domain (1.70g/cm^3), Limonite domain (1.5g/cm^3), Transitional domain (1.40g/cm^3), Saprolite domain (1.3g/cm^3), Saprock domain (2.2g/cm^3) and Bedrock domain (2.4g/cm^3).
Classification.	*• The basis for the classification of the Mineral Resources into varying confidence categories.* *• Whether appropriate account has been taken of all relevant factors (i.e., relative confidence in tonnage/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *• Whether the result appropriately reflects the Competent Person(s)' view of the deposit.*	Classification was based on a number of measures: • Geostatistical measures associated with estimated block grades (Regression slope, kriging variance). • Number of composites used in estimation. • Number of drill holes used in estimation • Domain thickness and variability Results indicate grade estimates into 25mN by 25mE by 1.0mRL blocks are robust and justify a Measured classification. Tonnage estimates however are subject to the accuracy of interpreted geological / domain surfaces based on 50m by 50m drilling and the accuracy of applied default density values. Both are considered subject to error and material differences (>15%) in tonnage are possible at the planned quarterly production volume of 62,500 tonnes. Consequently an Indicated classification has been applied. Additional drilling at 25mN by 25mE and density testwork is expected to result in a Measured classification. Areas that are not supported by a 50mN by 50mE drill spacing or are <1.0m in thickness have been assigned an Inferred classification.
Audits or reviews.	*• The results of any audits or reviews of Mineral Resource estimates.*	Snowden Mining Industry Consultants have an independent internal technical review process which ensures all work meets quality control standards.