

PROTO

RESOURCES & INVESTMENTS LTD



STOCK EXCHANGE ANNOUNCEMENT

October 29, 2010

Quarterly Activity Report ending 30 September 2010

ASX Release: PRW

Proto has continued to focus primarily on its flagship nickel-cobalt-iron project at Barnes Hill near Beaconsfield in Tasmania. The independent estimation of an updated Mineral Resource was undertaken in the quarter, resulting in the subsequent release on 18 October 2010 of an updated Mineral Resource for the Barnes Hill deposit of 6.6Mt at 0.81% Ni and 0.05% Co at a 0.5% Ni cut-off. The Mineral Resource includes an estimated higher grade portion of 2.8Mt at 1.01% Ni and 0.06% Co using a 0.8% nickel cut-off. This updated Mineral Resource does not include the historic reported resources at Scott's Hill and Mt Vulcan deposits that are on the same exploration licence as Barnes Hill and represent further exploration potential.

Proto also made advances at its other projects during the quarter. In the lead up to geophysical programmes at Waterloo in the Northern Territory, Proto received results of rock chip sampling of visible malachite and azurite that returned copper assays of 8.8%, 1.02% and 1% and is supporting Queensland University of Technology mapping research into regional volcanism around Waterloo. Proto also continued to expand its position in Western Australia, acquiring a historical mine at Clara Hill and making applications for four exploration licences in the Doolgunna Region, northeast of Meekatharra.

Highlights

- Barnes Hill (Tasmania) – Proto has continued to focus primarily on its flagship nickel-cobalt-iron project at Barnes Hill near Beaconsfield in Tasmania. The independent estimation of an updated Mineral Resource for the Barnes Hill deposit was undertaken in the quarter, resulting in the release of an updated Mineral Resource for the Barnes Hill deposit (the Barnes Hill project contains the Barnes Hill deposit, Mt Vulcan deposit and Scott's Hill deposit) of 6.6Mt at 0.82% Ni and 0.06% Co at a 0.5% Ni cut-off (Table 1). The updated Mineral Resource does not include the historic resource of 3.6Mt at 0.71% Ni and 0.09% Co at a 0.6% nickel equivalent cut-off¹ reported by Jervois Mining NL at the Scott's Hill and Mt Vulcan deposits. The updated Mineral Resource for the Barnes Hill deposit represents a potential mine life of 26 years at a proposed mining rate of 250,000t per annum. Work continues on the Development Proposal and Environmental Management Plan ("DPEMP") to be submitted for the development of the Barnes Hill project. Progress was also made in the quarter on design elements for inclusion in the Company's

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upcoming application to mine at Barnes Hill. This project development activity included work on road transport, collecting data on operational impacts including internal haulage, design of the onsite dams and geotechnical work to support the design of the dams and the processing facilities to be erected onsite. Remaining landholder agreements were also finalised in quarter in preparation for Mining Licence approval.

- Barnes Hill West (Tasmania) – following rock chip sampling conducted in the last quarter, Proto completed planning for a soils program at Barnes Hill West. This program was commenced shortly after the end of the quarter on 16 July 2010. Three separate prospect areas are being tested by the soil sampling program which will consist of approximately 375 samples. The prospect areas are: (1) the Barnes Hill Extension prospect located west of the Barnes Hill Nickel Deposit, (2) the Pandora prospect around the historic workings of the Pandora Copper Mine and a northwest striking fault interpreted to be the controlling structure to copper mineralisation at the mine, and (3) the Kelly's Lookout prospect in an area with mapped small scale gold diggings located 12km to the South of the operating Beaconsfield Gold Mine. These include following-up on the earlier rock chip results that returned copper mineralisation up to 1.7% Cu from the historic Pandora copper mine to the west of the Barnes Hill nickel-cobalt deposit.
- Waterloo, Wave Hill & Lindeman's Bore Projects (NT) – On 16 July Proto reported the results of rock chip sampling of visible copper minerals in the form of malachite and azurite that were located on the Waterloo project tenements during field reconnaissance along a limestone ridge which overlies basalt of the Antrim Plateau Volcanics. The rock chips returned copper assays of 8.8%, 1.02% and 1%. The copper also had coincident silver anomalism with it with a peak value of 13g/t coincident with the 8.8% Cu assay. On 30 August Proto also announced that it had completed arrangements to collaborate with the Queensland University of Technology (QUT) on a research project on volcanism in the Northern Territory. This geological mapping project was organised during the quarter following discussions that commenced in early June. This will provide Proto with information on the volcanism in the Northern Territory. The mapping will provide Proto with a stronger insight into the lithology across its Northern Territory tenement portfolio and inform the already planned combined GT1a gravity and Z Axis Tipper Electromagnetic system ("ZTEM") airborne electromagnetic survey for Waterloo.
- Clara Hill (WA) – During the Quarter on 22 September, Proto announced completion of a legal agreement to earn an 80% interest in the Clara Hill Project mining tenements E04/1533 (granted) and E04/2026 (under application) in the West Kimberley region of Western Australia. The Clara Hill Project contains an advanced nickel, copper, platinum and palladium ("Ni-Cu-PGE") prospect. As a first phase of exploration, a fixed wing airborne magnetic and radiometric survey of approximately 1425 line km on 100m spaced lines with a 50m ground clearance was completed over the Clara Hill project tenements. Data from this survey is presently being processed and interpretation is expected to be completed in about four weeks. Results from this survey will be used in conjunction with geological mapping and geochemical surveys to better define and explore for extensions of known nickel-copper mineralisation with historical results from Clara Hill – nickel 0.06% to 2.80%; copper 0.24% to 14.6%; gold 0.02g/t to 0.52g/t; platinum 0.01g/t to 0.54g/t; palladium 0.02g/t to 1.37g/t; and silver up to 54.9g/t.
- Doolgunna (WA) – Proto has applied for four exploration licences in the Doolgunna Region, northeast of Meekatharra and north and northwest of Wiluna, in Western Australia. The new application ground is in a region of Western Australia which hosts known mineralisation at



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Sandfire Resources NL's DeGrussa Deposit (Indicated & Inferred Mineral Resource of 10.67Mt @ 5.6% Cu, 1.9g/t Au and 15g/t Ag) and Ivernia Inc's Magellan Lead Mine (Measured & Indicated Resource of 22.1Mt @ 4.8% Pb).

Barnes Hill, Tasmania (Nickel Laterite, Cobalt and Iron Ore)

During the quarter attention focused on the estimation of the Mineral Resource for the Barnes Hill deposit in Beaconsfield, Tasmania. This involved the provision of detailed geological information to Snowden Mining Industry Consultants ("Snowden") in order for them to complete modelling of an updated independent resource statement. Subsequently on 18 October 2010, Proto announced receipt of an updated Mineral Resource for the Barnes Hill portion of the wider project (the wider project also includes the historically estimated resources of 3.6Mt at Mt Vulcan and Scott's Hill that was completed by Jervois Mining NL and were not re-estimated during this process). A total Mineral Resource of 6.6Mt @ 0.81% Ni and 0.05% Co has been estimated at a 0.5% Ni cut-off by Snowden (Table 1). The updated Mineral Resource for the Barnes Hill 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 updated Barnes Hill Mineral Resource was estimated using data from the recently completed 50m by 50m spaced drilling program (641 drill holes) and in addition to pre-existing historic drill hole data (73 drill holes). The Scott's Hill and Mt Vulcan deposits which contain a combined historic reported resource of 3.6Mt at 0.71% Ni and 0.09% Co at a 0.6% nickel equivalent cut-off¹ were not drilled-out in this drilling programme and are 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.

Following receipt of these positive results, Snowden have been retained to complete pit optimisation work on the Barnes Hill deposit to provide an independent report on the economics of the project taking into account proposed mining and processing costs. Bulk samples of representative limonite and saprolite material for metallurgical and density testwork are now being planned with site selection underway. 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. Proto also continues to investigate improvements in processing technology with the aim of significantly reducing processing costs and maximising revenue for shareholders by turning iron and magnesium contained in the deposit into saleable products. Testwork to date shows potential for significant savings through acid recycling alone. 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.

A final set of Environmental field assessment was undertaken 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 forest-types and Proto's applications will reflect the findings of these detailed studies. The Company has carefully planned roads and processing facilities around plant populations to minimise impact



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and preserve high value ecologies. This involved mapping individual plants to give the strongest confidence that key populations will be preserved. Proto also recently completed its year long program of water monitoring. This included assessment of baseline surface and groundwater conditions. The database of results have informed LRSF planning and 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.

In the quarter, Proto addressed a number of design elements for inclusion in the DPEMP that will be the 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. Drilling of geotechnical bores has now commenced in early October. The Company is strenuously pursuing the finalisation of the Mining Licence application and DPEMP for Barnes Hill. The Barnes Hill Mining Licence (application 1872P/M) is expected to be granted around the end of the year. Proto is in the process of submitting detailed documentation to allow finalisation of bond arrangements needed prior to this grant.

Proto is very pleased to have achieved the updated Mineral Resource for the Barnes Hill deposit and will continue to hit material development milestones over the next few quarters. A potential 26 year mine life will provide a strong sustainable backbone of earnings for Proto. The updated resource estimate provides a firm basis upon which to move forward on the project and to commit to bulk metallurgical testwork and mine design.

Barnes Hill West, Tasmania (Copper, Gold and Nickel Sulphide)

During the quarter, Proto commenced its planned soils program at Barnes Hill West (EL53/2008). As previously announced on 16 July 2010, three separate prospect areas are being tested. The prospect areas are: (1) the Barnes Hill Extension prospect located west of the Barnes Hill Nickel Deposit, (2) the Pandora prospect around the historic workings of the Pandora Copper Mine and a northwest striking fault structure interpreted to be related to the copper mineralisation at the mine, and (3) the Kelly's Lookout prospect in an area with mapped small scale historical gold diggings. It is still expected that the total program will consist of 375 samples, although a closer spaced program is now being considered to provide closer insight into the nature of assayed results. Results from the Barnes Hill Extension prospect are currently at the laboratory with assays expected in the coming weeks.

Waterloo, Wave Hill & Lindeman's Bore, NT (Nickel Sulphide, Copper and PGEs)

The Waterloo project consists of two exploration licenses, being EL27416 and EL27420, that were both granted to the Company in the last quarter of FY2010. The Waterloo project tenements are located adjacent to the Northern Territory's border with Western Australia approximately 350km southwest of Katherine, NT and 75km southeast of Kununurra, WA. The two exploration licenses provide coverage of the Blackfellow Creek Fault at Waterloo and cover a total area of 2,369 km². The Blackfellow Creek Fault runs northeast through the area as it is believed to be a long lived structure that may possibly have acted as a vent for Cambrian aged basalt magmatism or may have intrusions along it. Historical data shows copper mineral occurrences along or close to this structure and these copper occurrences may be due to structural remobilisation of copper from within the Antrim Plateau Basalts.

On 6 July 2010 the Company announced receipt of the rock chips from a preliminary field visit to assess the presence of copper mineralisation at Waterloo. Samples were taken along a limestone ridge which



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overlies basalt of the Antrim Plateau Volcanics. Geochemical analysis returned copper assays of 8.8%, 1.02% and 1%. The copper in one sample also had coincident silver anomalism returning a value of 13g/t coincident with the 8.8% Cu assay. It is interpreted that these copper occurrences may be due to structural remobilisation of copper from within the Antrim Plateau Volcanics. Proto is now investigating the possibility of the copper occurrence sampled in the rock chips being associated with cave style deposits of copper that occur as a result of remobilised Antrim Plateau Volcanics mineralisation.

These results lend support to Proto's previously planned combined GT1a gravity and ZTEM airborne electromagnetic survey for Waterloo. This would provide deep demarcation of the prospective Blackfellow Creek Fault structure. However, in order to confirm the appropriateness of this broad and advanced geophysical survey, Proto is awaiting the results of an additional mapping phase. Proto commenced discussions with the Queensland University of Technology (QUT) in June in relation to a research project on volcanism in the Northern Territory. The research work will include a mapping phase that will assist Proto in pursuing its Ni-Cu-PGE Norilsk style mineralisation concept. This mapping will complement the already completed two deep diamond drill holes at Lindeman's Bore (LBD-1 and LBD-2) that provided important information on the geology in this part of the Northern Territory.

Subsequently, this field work has now commenced with Proto's field team having spent late October at site. The QUT field work will provide geological mapping over the Waterloo project and linked examination of the Lindeman's Bore and Wave Hill project areas. This mapping will provide Proto with further understanding of the geology that would be then followed-up by the already designed geophysical surveys that Proto developed for Waterloo. Waterloo is being given short-term priority among Proto's Northern Territory projects due to the strong results returned from the rock chip samples. These rock chip assays confirmed historical data that showed copper mineral occurrences along or close to the Blackfellow Creek Fault structure. Proto is continuing to monitor availability to implement its previously planned two-stage airborne ZTEM and gravity geophysical survey that will target potentially mineralised sulphide bodies at depth. The survey was designed to apply a combined GT1a gravity and ZTEM electromagnetic survey at a line spacing of 500m on Line Direction of 000-180 for a total Line-kms of 1,544kms (approx 792km²) across the fault structures associated with the Blackfellow Creek Fault over EL27416 and EL27420.

The outcomes of the QUT mapping project will also inform ongoing work at Lindeman's Bore and Wave Hill, which are located further south, 380km southwest of Katherine, near the community of Kalkarindji. The Company believes that a third drill hole at Lindeman's Bore into an off-hole EM conductor 500m northwest of LBD-2 may help to explain this copper mineralisation identified in already reported earlier drilling. This second drill hole (LBD-2) was itself drilled in December 2009 to test a magnetic anomaly located 1.9km to the north of previously drilled hole LBD-1 and returned assays showing the presence of gold and palladium including 7m @ 1.1g/t Au and palladium grading between 0.009 to 0.453g/t from a down hole depth of 424m to 431m. Proto has been working on integrating the planned ZTEM for Waterloo into a broader suite of geophysics that would provide coverage of Lindeman's Bore (including the original bulls-eye magnetic target on EL25307 and EL27413 the newly granted area located south of the initial Lindeman's Bore Project area) and the most prospective parts of the Wave Hill tenements (EL27617 and EL27618), and particularly a structural vent located on EL27618 (see Figure 1 for the location of the Northern Territory projects and this vent). Such structures are particularly attractive targets under Proto's geological model that seeks potential mineralisation related to vents and feeders of the Antrim Plateau Volcanics. Integrating these programmes will minimise costs given the large tenement area involved (EL25307 covers 367 km² and is supplemented by the additional 3,551 km² area of the newly granted licences) and to ensure that geological information is used to maximal advantage across Proto's portfolio of Northern Territory tenements.



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Clara Hill, Western Australia (Nickel Sulphide, Copper and PGEs)

Proto has executed a legal agreement to earn an 80% interest in the Clara Hill Project mining tenements E04/1533 (granted) and E04/2026 (under application) in the West Kimberley of Western Australia. Proto also has an option to purchase the remaining 20% interest of the project. The Clara Hill Project contains an advanced nickel, copper, platinum and palladium ("Ni-Cu-PGE") prospect. Proto considers that the prospect warrants further exploration to uncover the potential source of the Ni-Cu-PGE identified in assay results.

The primary gossan is located at or about the hanging wall contact between mafic intrusive rocks and a footwall of mica schist at Jack's Hill. Field inspection identified that the rocks carrying the gossan are highly weathered and mineralised. In addition, partially oxidised remnants of pyrite, chalcopyrite and chalcocite were identified within the main gossan. Field work also located two other gossan locations that lie nearby to the northwest of the principal gossan. The gossan at Jack's Hill is primarily a copper prospect having been discovered in 1902 and subsequently mined as the Maura Reward Copper Mine. According to local information, Jack's Hill was subject to small-scale exploitation in the post-war period when gossan material with high grades of copper carbonate and oxide were mined from this prospect for sale for use in fertilizers. This is consistent with petrographic analysis of gossan samples taken from Jack's Hill that identify it as a limonite/goethite boxwork gossan after chalcopyrite with secondary pyrite after pyrrhotite.

This anecdotal evidence has been confirmed by a past programme of reverse circulation ("RC") drilling and grab samples from across the gossan. The randomly spaced programme of RC drilling was successful in locating sub-surface mineralisation with sample assays returning results up to 3.7% Cu, 0.8% Ni, 29ppm Ag and 1.14ppm Au. In addition, 13 samples from the gossan have also separately confirmed the presence of mineralisation returning results varying from nickel 0.06% to 2.80%; copper 0.24% to 14.6%; gold 0.02g/t to 0.52g/t; platinum 0.01g/t to 0.54g/t; palladium 0.02g/t to 1.37g/t; and silver up to 54.9g/t. The geological setting, with outcropping mineralisation, together with results from a previously completed electromagnetic survey, strongly indicate that the project area is prospective for massive sulphide nickel, copper and precious metals.

Just after the end of the quarter on 12 October 2010, Proto announced that it had completed an aerial magnetometer and radiometric survey of the advanced Ni-Cu-PGE prospect at its Clara Hill project. This survey was designed, quoted and booked during the September quarter and was flown at a 100m line spacing with a sensor at nominal 40m ground clearance. The magnetometer and radiometric survey is the first stage in a comprehensive exploration programme which will in due course include such ground surveys based on geological mapping and geochemical assessment, and drilling. Data from the survey has been received and is presently being processed and interpreted by the Company's consultants.

Doolgunna Projects, Western Australia (Gold, Copper and Lead)

The Doolgunna Projects consist of four new exploration licence applications, E51/1455, E51/1457, E53/1580 and E53/1581, which have been lodged in the Doolgunna Region of Western Australia. The Doolgunna Region is situated northeast of Meekatharra and north and northwest of Wiluna in Western Australia (see Figure 2 for the location of the Doolgunna Projects). The four exploration licence applications cover a combined area of 357km² and have been pegged to explore principally for base metals and gold. The Company considers that the new application areas may contain rock units analogous to those that host known Cu-Au and Pb mineral deposits in the region. All four applications are within the Palaeoproterozoic-aged Yerrida Basin.



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During the quarter, Proto commenced compilation of historic exploration work undertaken in the new application areas. Of the four application areas that form Proto's Doolgunna Projects, work is focusing on the Great Doolgunna Project [E51/1455] that lies 60km southeast of Sandfire's DeGrussa Cu-Au Deposit and adjoins Great Western Exploration Limited's Doolgunna Project. Exploration immediately east of the application area by the Geological Survey of Western Australia and Great Western Exploration has defined a very broad polymetallic geochemical soil anomaly along with several VTEM conductors. The other priority project is the Casey Project [E51/1457] that lies 55km northeast of Meekatharra and covers a portion of the southwest margin of the Yerrida Basin. Proto is also gathering background information on the Killara Project [E53/1580] and the Magellan North Project (E53/1581) that is situated immediately to the north of the Magellan Lead Mine. Proto considers this area prospective for further base metal discoveries.

Corporate Development

The placement of shortfall on the Company's non-renounceable entitlements issue on a two (2) for five (5) basis was finalised during the quarter on 13 July 2010. This successfully completed the placement of stock and attaching options associated with the non-renounceable issue that had been announced earlier on the year on 16 April 2010 and had closed on 25 May 2010. A total of \$1,886,528 was raised through the issue of up to 75,461,121 shares with attaching options. The attaching new options were duly quoted on the ASX. The funding was used to continue work on the DPMP for Barnes Hill.

Given the scope of costs associated with the extensive engineering and metallurgical testing work being completed for Barnes Hill, the Company elected to take advantage of an expressed desire of overseas investors in Europe to be able to invest in Proto and support its exploration and development activities. Particular interest had been received in Germany following dissemination of information around the innovative nickel processing technology that Proto is supporting the development of through its investment as majority shareholder in Barrier Bay Pty Ltd and that it is planning to apply at Barnes Hill. In order to ensure financial strength during this phase, just after the end of the quarter, the Company undertook a placement to a pool of Swiss, German and Austrian investors. This placement is intended to form part of a dual listing on the Frankfurt Stock Exchange that has been applied for by a Swiss-German investment group, AXINO Capital AG. Under the application, Proto's securities will be listed and traded on the Frankfurt Stock Exchange in Germany. The placement was of 80 million shares at 2.3 cents to raise approximately \$1,840,000. Although not reflected in the September 30 cashflow statement, this additional raising of has provided the company with a strong capital position leading into the submission of the DPMP for Barnes Hill.

Appendix 5B

The attached Appendix 5B is Proto's quarterly statement of cashflows for the three months ended 30 September 2010. As noted above, this does not include the proceeds of the placement to German investors announced on 6 October 2010. The statement of cashflows reflects exploration and feasibility study work undertaken. There was no mining or development activity in the period.

On 2 September 2010, the Directors of Proto Resources & Investments Ltd announced a General Meeting of Shareholders to be held Tuesday, 5 October 2010. All resolutions put to the meeting were duly passed by a show of hands. The resolutions approved a future placement of shares as well as ratifying grants of shares as part of the remuneration packages of important consultants. These included equity packages agreed with three of the key consultants working on the Barnes Hill DPMP, who have generously accepted remuneration terms that include an equity component rather than full cash-based remuneration.



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Note 1: The nickel equivalent cut-off grade for historic resource estimates at Scott's Hill and Mt Vulcan was calculated using Nickel equivalent = Ni% + 3.5xCo%.

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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 the information relating to the Barnes Hill Mineral Resource in the form and context in which it appears in this announcement.

The information in this report that relates to historic Mineral Resources at Scott's Hill and Mt Vulcan is based on information supplied by Mr Anthony Jannink who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Jannink is not an employee or associated with the Company. Mr Jannink has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Mr Jannink consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

The information in this report that relates to Exploration Results for projects other than Clara Hill 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.

The information in this report that relates to exploration results, together with any related assessments and interpretations, for the Clara Hill project is based on information approved for release by Mr Giles Rodney Dale of G R Dale & Associates,. Mr Dale is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation 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 Mineral Resources and Ore Reserves". Mr Dale consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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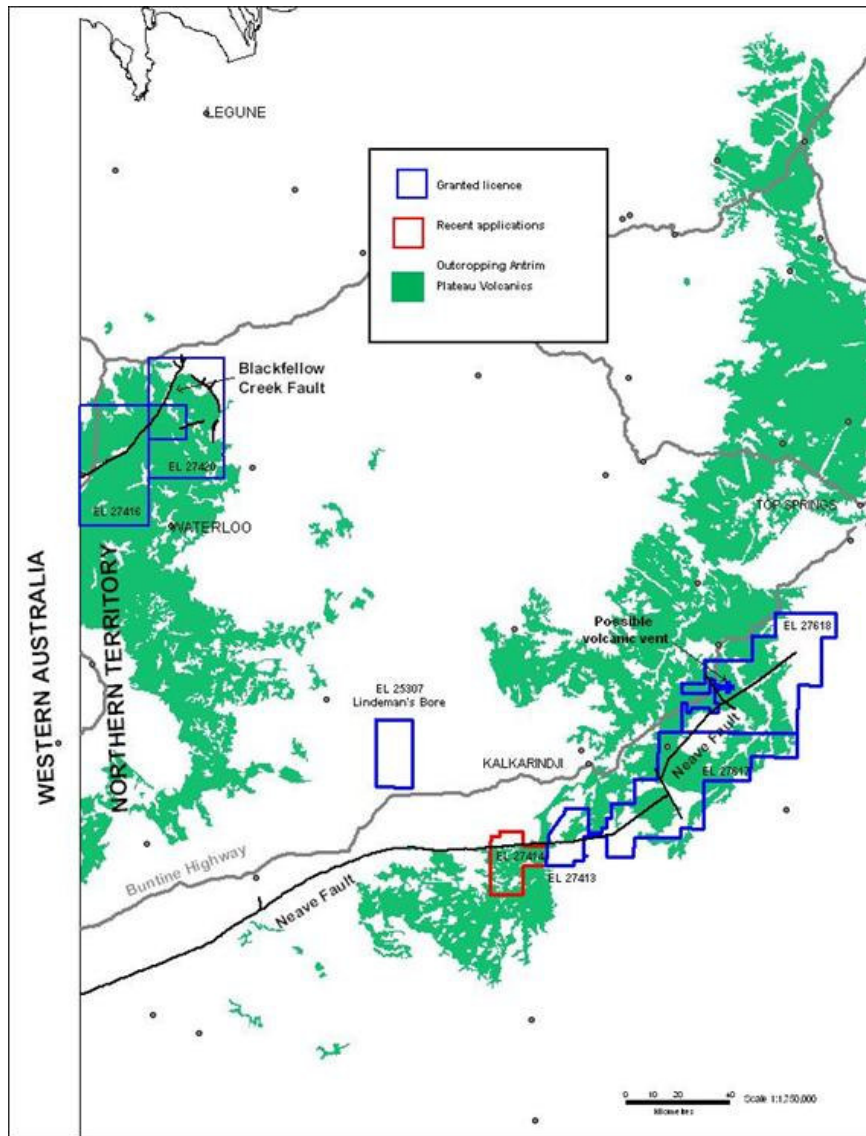


Figure 1 – Location of Northern Territory Projects and Antrim Plateau Volcanics (green)

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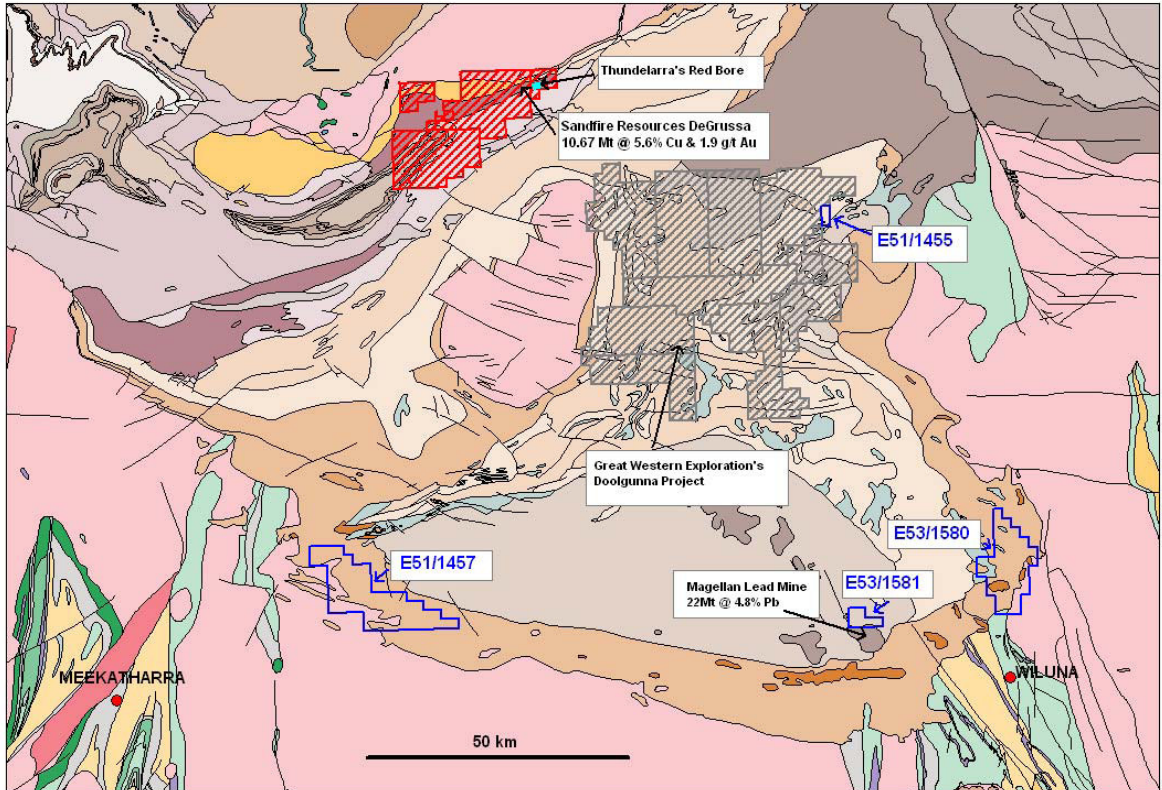


Figure 2 – Location of the Applications for the Doolgunna Projects in Western Australia



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Table 1 – Barnes Hill 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 ₂ O 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.



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Table 2 – Barnes Hill 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 ₂ O 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.