

# PROTO



RESOURCES & INVESTMENTS LTD

## STOCK EXCHANGE ANNOUNCEMENT

January 27, 2010

### Project Updates – Barnes Hill & Lindeman's Bore

ASX Release: PRW

*Proto to accelerate exploration at flagship projects in Tasmania and NT*

#### **Barnes Hill Executive Summary**

- Aircore drilling resumes today at Barnes Hill, with final 200-hole program to provide data for resource re-estimation
- 312 aircore holes completed to date, with initial assays currently being interpreted prior to release. Simultaneous diamond core drilling underway for bulk density testing
- Flora and fauna surveys to continue as part of the DPEMP submission
- 300kg ore leach sample to commence metallurgical testing.

#### **Lindeman's Drilling Executive Summary**

- First round assays from second drill hole expected shortly (200m of the 751.6m hole sampled prior to Christmas break)
- Core cutting sampling and logging to recommence with external consultants in early February.

#### **Barnes Hill Update**

The Directors of Proto Resources & Investments Ltd (Proto, the Company) are pleased to announce that a total of 312 aircore drill holes for 2,489m have been completed on the Barnes Hill Project near Beaconsfield, and that assay data is now being collated. The Company looks forward to releasing these

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results to the market once they have been tabulated. Aircore drilling will shortly recommence at Barnes Hill to complete the final 200 holes for the resource definition, re-estimation and mine plan.

The Company is also conducting diamond core drilling at the Barnes Hill deposit to provide density data for the upcoming resource estimation. This diamond drilling commenced at the start of this week and will continue until the end of February.

Metallurgical testing on a 300kg sample from the Barnes Hill deposit has commenced to test acid consumption and the metal recovery rate for nickel and cobalt. This data will provide more information for the detailed feasibility and engineering study currently underway in joint venture with Metals Finance Corporation (MFC). The feasibility study is planned to be completed in July of this year. The Company and MFC have commenced work on sourcing project finance for Barnes Hill, subject to the completion of the feasibility study, and look forward to updating the market on progress. The nickel price has firmed above US\$18,000 per tonne and Proto believes that this, along with other favourable economic conditions, provides a positive outlook for the Barnes Hill project. MFC is looking to develop the Lucky Break nickel project in Queensland this year, which will further contribute to an ideal development environment for the Barnes Hill project to commence after the commissioning of Lucky Break.

Further exploration work is scheduled at Barnes Hill West during this quarter to assess the prospectivity of the historic Pandora Copper Mine and to test extensions of the Andersons Creek Ultramafic Complex. The historic Pandora Mine is located 2km to the west of the Barnes Hill nickel resource.

Proto Chairman Andrew Mortimer said today, "We have two rigs going at Barnes Hill at present and are very pleased to be doing this work, which will furnish us with the resource data needed for the feasibility study."

### ***Lindeman's Bore Update***

Proto is pleased to announce that it expects preliminary assay data on the second Lindeman's Bore diamond drill hole, LBD 2, in the coming weeks. LBD 2 was completed late last year to a depth of 751.6m. Approximately 200m of core was cut and sampled prior to the Christmas break with assays pending.

Proto's geological team will return to the Northern Territory in early February to log, cut and sample the remaining core from this hole. The LBD 2 hole intersected mafic intrusive rocks beneath sediments of the Proterozoic aged Limbunya Group.

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