

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

November 2, 2011

Kiefernberg Acquisition in Germany

ASX Release Stock Code: PRW

Following an earlier option agreement and due diligence period, Proto Resources & Investments Ltd ("Proto", "the Company") has entered into acquisition agreement over a nickel-cobalt development project located in Saxony, Germany.

The Kiefernberg project area is within the Granulite Mountains licence that contains a brownfield former nickel mine as well as several other known nickel-cobalt mineralisations. The Granulite Mountains licence has already been the subject of extensive drilling, with 1270 holes having been completed in the Kiefernberg area.

Executive Summary

- Proto has entered an option to purchase the Granulite Mountains licence in Saxony, Germany from Deutsche Rohstoff AG. The licence covers over 600km² and includes both known mineralised zones and the site of a historical nickel-cobalt mine.
- The Granulite Mountains licence contains an advanced nickel laterite development project at Kiefernberg. The Kiefernberg project is intended to become Proto's second nickel-cobalt development, and will use the same technology as Proto's flagship Barnes Hill project in Northern Tasmania. The processing circuit and engineering already completed are well suited to Kiefernberg, which shares similar characteristics to Barnes Hill in terms of proximity to roads, water and grid electricity.

Acquisition of the Granulite Mountains Licence

Proto Resources & Investments Ltd is pleased to announce that it has executed an agreement with Deutsche Rohstoff AG that will allow it to acquire the Granulite Mountains licence (No: 32-4741.1/649). This licence is in Saxony, Germany located approximately 50km west of Dresden (see Figure 1). The licence is considered prospective for nickel, cobalt, copper, chrome, silver and gold. Proto will have 100% ownership of the project once the license renewal and transfer process is completed by local mining authorities.

The Granulite Mountains licence covers 670.4 km² and contains a brownfield former nickel mine as well as several already identified unexploited mineralised areas. The licence has already been the subject of extensive drilling, with 1270 holes having been completed to varying depths. The first stage of work will be to complete confirmatory exploration required to allow the extensive historical geological work to be used in a JORC-compliant resource estimation in 2012.

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In addition to the area at Kiefenberg, the Granulite Mountains licence hosts several other smaller laterite bodies identified including two at Moosheim and Kuhschnappel. Proto plans to use geophysical techniques and stream sediment sampling to test the wider mineral potential, including exploring for sulphide mineralisations associated with the rocks that were the source of the nickel that has weathered into the laterite profile. The areas of past exploration and mining in the area around Kiefenberg are shown in figure 1 below.

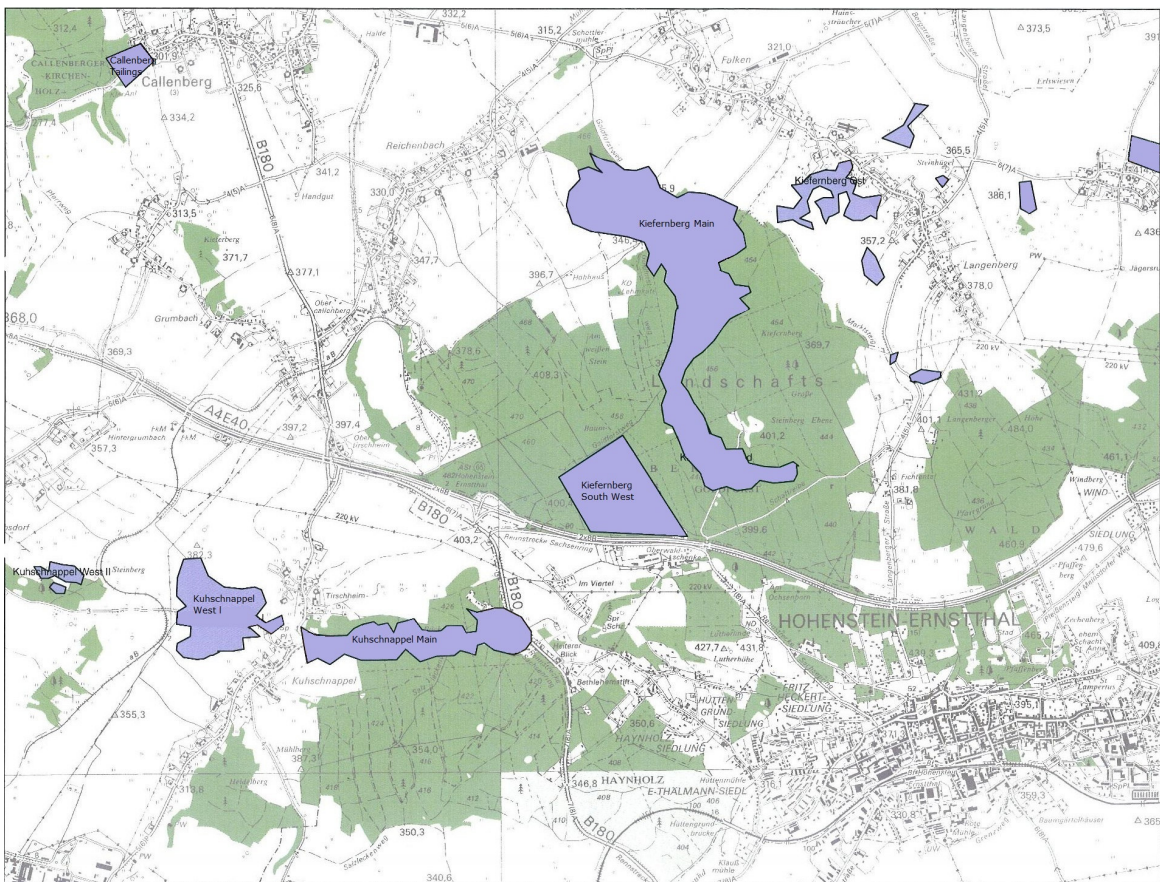


Figure 1 – Sites of Previous Exploration and Mining around Kiefenberg

Initial Assessment of Kiefenberg

Proto considers that Kiefenberg represents an excellent opportunity to replicate the plant that has been designed for its flagship project at Barnes Hill in Tasmania. The economic potential of the project is reinforced by the proximity of infrastructure, with roads and electricity passing over the licence just a few hundred metres from the mineralisation. A high intensity 220kV power line is also just 1.5km from the project area. Beak Consultants GmbH (“Beak Consultants”) are undertaking tenement management and have compiled the historical data. A recent field trip considered plant placement and planned exploration. Beak has also delivered a preliminary report on the environmental features. Proto believes that its clean technology approach to nickel laterite will be well suited to the parameters identified by this analysis.

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Historical drill results at Kiefernberg were assayed at 0.5m intervals, with tight drill spacing of less than 30x30m. This should allow rapid completion of the necessary geological work to estimate a JORC-compliant resource and reserve in order to support mine planning and plant engineering.

The acquisition is part of Proto's strategy of expanding nickel tonnage by rolling out the Barrier Bay process to other nickel laterite projects in Australia and around the world. Europe provides some overlooked laterite opportunities and the combination of excellent first-world infrastructure and highly skilled labour forces makes them compelling propositions for the technology. Proto is in advanced discussions on other European nickel laterite projects, including in the Balkans.

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Competent Persons Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves, together with any related assessments and interpretations, is based on information reviewed by Mr Peter Peebles a full-time employee of Darlington Geological Services Pty Ltd. Mr Peebles is a Member 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 Peebles consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.