



August 15, 2012

Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

RETRACTION OF CERTAIN STATEMENTS CONTAINED IN THE COMPANY'S 14 AUGUST 2012 ANNOUNCEMENT

Following lodgement of the announcement titled "Kukes Nickel Laterite Acquisition in Albania" dated yesterday, 14 August 2012 ("the Announcement"), the Company's attention has been drawn to a need to retract several statements contained in the Announcement due to the requirements of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* ("the JORC Code"). These retractions are outlined below.

The Announcement also contained other statements in relation to Exploration Results, Mineral Resources and/or Ore Reserves. As stated in ASX Companies Update 03/08, public reports that contain such information are required to include the sign-off of a Competent Person in accordance with clause 8 of the JORC Code. This was not initially included, but is presented here in relation to the unretracted parts of the Announcement.

Competent Persons Statement

The information in this release that relates to Exploration Results, Mineral Resources and/or Ore Reserves is based on information compiled by Bill Robertson, who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Robertson is a director of Value Adding Resources Pty Ltd and has sufficient experience relevant 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 Robertson consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Retraction 1

As stated in ASX Companies Update 05/04, references to non-compliant resources and reserves are prohibited unless a company is granted as ASX waiver of Listing Rule 5.6 to announce this information. Consequently, the Company retracts the statement on page 1 that refers to estimates currently not reported in accordance with the JORC Code in relation to the Kukes project:

A second agreement has also been completed that allows near-term direct shipping material ("DSO") production to a ferronickel smelter just 100km away. Quotes have already been received for the transport of material and smelter payments and an economic assessment is underway.

Retraction 2

The JORC Code requires Exploration Results, Mineral Resources and/or Ore Reserves to be presented in JORC-compliant terminology. The Company retracts the statement below from page 3



of the Announcement on exploration results relating to the Kukes Project, as “potential inventory” is not JORC-compliant terminology:

Proto considers Kukes to offer a substantial opportunity to increase the potential inventory of the firm. The project continues Proto’s aim of building a position in nickel laterite in Europe.

Retraction 3

As the production is not ongoing at the Kukes project, all references to “DSO” are to be retracted from the Announcement. There can be no guarantee of production until the Company has proved up mineral resources or ore reserves.

Investors are not to rely on the information contained in the statements that are being retracted for their investment decisions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Mortimer'.

Andrew Mortimer
Managing Director