

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

30 October 2012

Clara Hill Drilling, Mt Veters and Placement

Stock Codes: ASX: PRW, OTCQX: P000Y

Proto Resources & Investments Ltd (“Proto”, “the Company”) is pleased to announce that drilling has commenced at the Clara Hills project in the Kimberley region of Western Australia. The program is being funded by Proto’s joint venture partner Victory Mines Limited (“Victory Mines”). Proto has also completed a placement of approximately \$900,000 for ongoing exploration. Proto is planning to commence drilling at both Lindeman’s Bore in the Northern Territory and Mt Veters in Western Australia in the next few months.

Executive Summary

- Proto’s joint venture partner has commenced drilling at the Clara Hill Project. The Clara Hills project has been subject to only limited historical exploration, and 5 drill targets have been identified through geochemical sampling and electromagnetic (“EM”) surveys. The drilling is targeting copper mineralisation and will cover both the main gossan at Jack’s Hill along with a geophysical EM target 150m to the west.
- Under the agreement with Victory Mines, Proto can still earn-in up to a 36.25% stake in the Clara Hills project. Under the option and earn-in agreements, the first \$1,500,000 of expenditure is to be covered by Victory Mines.
- Proto has completed a placement to raise approximately \$900,000 from sophisticated and institutional investors. These funds will support metallurgical testing on iron ore found at Barnes Hill as well as work towards drilling at Lindeman’s Bore, NT and into the komatiite footwall at the Mt Veters project in WA.

Clara Hill Drilling has Commenced

Proto is pleased to announce that on 25 October 2012, its joint venture partner on the Clara Hills project, Perth-based mineral exploration company Victory Mines (ASX: VIC) announced the commencement of the maiden drilling programme at the project. The Clara Hills Project is composed of licenses E04/2026 and E04/1533, and license applications ELA04/2060 and ELA04/2142 in Western Australia. Clara Hills is located approximately 100km north east of Derby, in the Kimberley region. Previous exploration and follow up geological interpretation has defined five drill targets across four geochemically sampled gossans and the upper and lower zones of an EM anomaly. The drilling follows the completion of follow up and infill geochemical sampling over areas defined from previous sampling. The program will consist of reverse circulation (“RC”) drill holes of 80-200 metres depth.

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The main target of the drilling is the Jack's Hill gossan. Jack's Hill was previously subject to small-scale industrial mining and rock chip sampling from within historic costeans returned results of up to 22.7% Cu, 2.05% Ni and 82.9 g/t Ag. Three other gossans identified at Clara Hills will also be drilled as part of this program. As noted by Victory Mines, the other three gossans have returned anomalous values from rock chip sampling including 6.61% Cu and 0.3% Ni. The final target is an EM anomaly 150m west of Jack's Hill. This was identified and defined by earlier airborne and ground EM surveys undertaken by Proto.

Clara Hill Joint Venture Terms

Victory Mines is undertaking exploration at Clara Hill under a joint venture agreement with Proto and two private prospectors who originally held the project. These private prospectors granted Proto an option over tenements E04/2026 and E04/1533. Proto subsequently lodged adjacent applications ELA04/2060 and ELA04/2142 to comprehensively cover the areas of interest at Clara Hills. Proto has agreed to pass to Victory Mines part of its option rights and to allow it to earn-in to Proto's 100%-owned license applications.

Victory Mines can earn a 51% interest in the Clara Hill Project by undertaking the first \$1,500,000 of exploration across the tenements. Victory Mines has also agreed that should the project be fast-tracked and that amount passed before 1 November 2013, Proto would not be required to contribute until after that date. The overall agreement now allows Proto to earn up to 36.25% interest in the tenements. Proto would then contribute \$1 for every \$2 of expenditure spent by Victory Mines in relation to the Clara Hills Project.

Proto Placement for Metallurgical Work and Upcoming Drilling

Proto has completed a placement to raise approximately \$900,000 from sophisticated and institutional investors. The placement was made following approval at the recent general meeting and was undertaken at an issue price of \$0.007 with one attaching option (5c exercise expire 1 September 2014) for every share subscribed. Funds will be applied to iron ore metallurgical test work at the Company's flagship iron-nickel-cobalt project at Barnes Hill, northern Tasmania. In addition, Proto is moving toward drilling the fourth deep diamond hole at Lindeman's Bore in the Northern Territory and a further round of drilling at the Mt Vettors project in Western Australia. Mt Vettors is located just 5km south of the Black Swan and Silver Swan nickel sulphide mines. Proto is planning to drill 350m holes that will aim to intersect the komatiite footwall of the Black Swan Komatiite Complex.

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Competent Persons Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Carl Swensson, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Swensson is a director of Swensson Integrated Resource Management Services 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 Swensson consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.