

# PROTO



RESOURCES & INVESTMENTS LTD

## STOCK EXCHANGE ANNOUNCEMENT

August 15, 2012

### **Kukes Nickel Laterite Acquisition in Albania Updated**

#### **ASX Release Stock Code: PRW**

*Proto Resources & Investments Ltd ("Proto", "the Company") has entered into an option agreement to acquire a 50% interest in a previously drilled nickel project located in the Kukes region of Albania. Proto completed initial fieldwork on the project in 2011 and following due diligence and negotiation has entered into an agreement that will allow exploration towards the development of a nickel processing facility.*

#### **Executive Summary**

- Proto has entered an option to purchase a 50% interest in the Kukes project in Albania. The Kukes project is composed of two exploitation permits that cover known previously explored nickel occurrences at the "Trulli" and "Mamez" prospects. These occurrences have been the subject of previous small-scale mining for production of direct shipping material for sale to nearby ferronickel smelters. Following a positive desktop analysis, Proto has commenced an economic assessment into restarting small-scale operations.
- Exploration is to be undertaken to draw historical information into a JORC-compliant database. Records show that 79 drill holes to a depth of up to 200m have been completed at Trulli, with 10 drill holes and 61 trenches also completed at Mamez.

#### **Kukes Nickel Project**

Proto has entered an option to purchase a 50% interest in the Kukes project located in the Kukes region of northern Albania. The Kukes project is composed of two exploitation permits that cover known previously explored nickel mineralisation at the "Trulli" and "Mamez" prospects. The tenement area sits on exploitation permits 689 and 690 for nickel in the region of Kukes and is known to contain several nickel laterite horizons, the main ones being Mamez and Trulli, which have also been the most explored historically. The rights to the tenements are beneficially owned by NI-AL Sh.pk. an artisanal mining company who has granted Proto the acquisition option over a 50% project interest.

Albania is an attractive mining destination, being a full member of NATO and also working towards European Union membership. Albania has been working towards European Union membership since January 2003, and progressed to making a full formal application to join on 28 April 2009. Nickel laterite is

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a substantial industry in the Balkan region, with mining occurring in Albania and Macedonia, and in Greece where the state owned company LARCO mines and operates a large ferronickel smelter at Larymna.<sup>1</sup>

At each of the sites at Kukës, the laterite sits in a strata capped by a limestone hill (see Figure 1 for an example from Trulli). This gives strong accessibility to the mineralisation around the rim of the hill. Historical reports completed under the former Communist Government provide information on past exploration. This has included 79 drill holes at Trulli (to a depth of up to 200m) and 10 drill holes plus 61 trenches at Mamez (see Figure 2 below). Proto is in possession of part of this database and will now duly apply to purchase the full historical records from the Government archive. This expenditure will form part of the €120,000 option period expenditure. This data purchase will be followed by confirmatory field work to allow the historical drilling data to be used in a JORC-compliant manner.



*Figure 1 – Nickel bearing outcrop of laterite at Trulli*

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<sup>1</sup> <http://www.larco.gr/index.php>





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### GEOLOGICAL MAP OF MAMEZ

SCALE 1 : 10 000

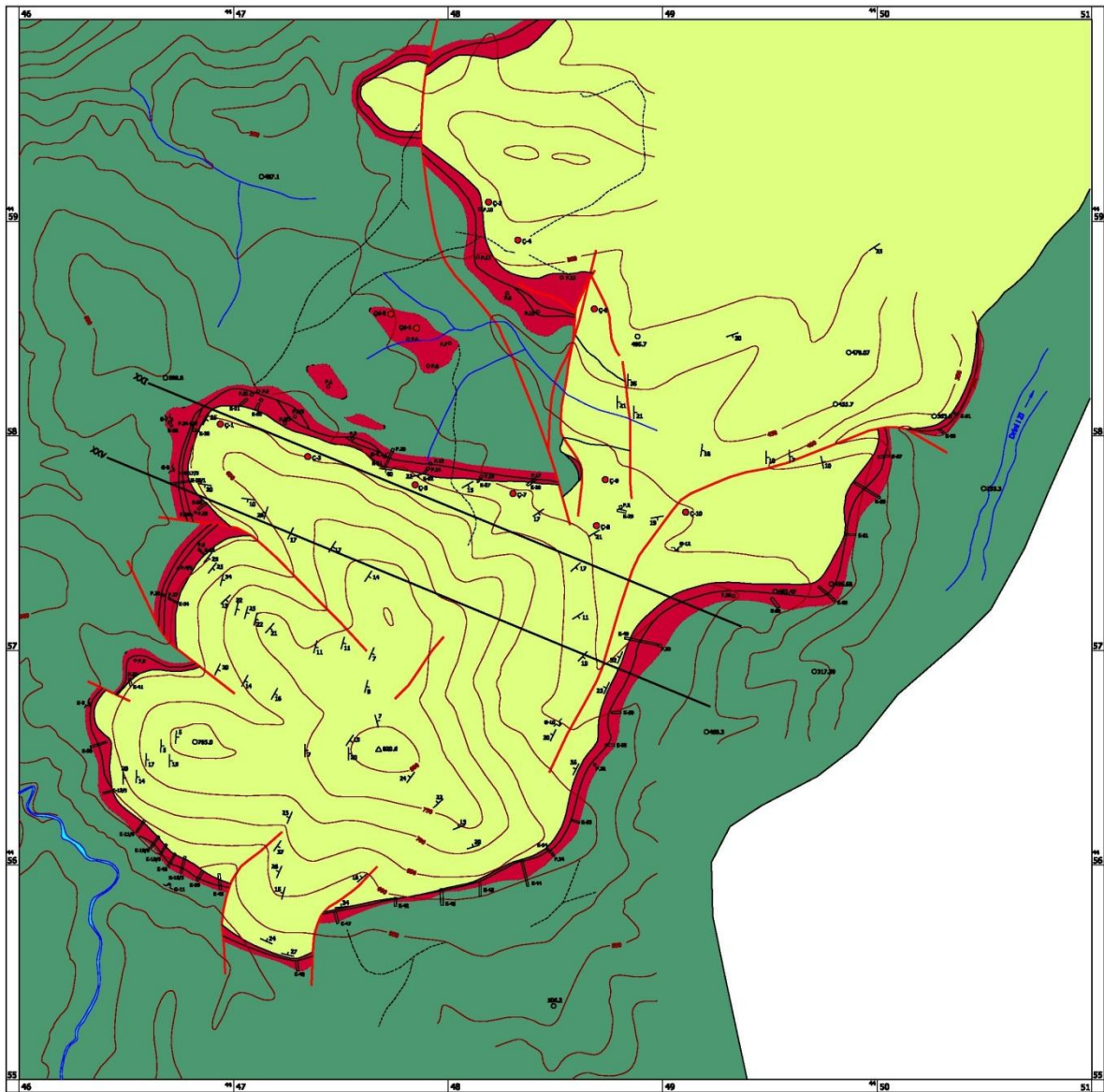


Figure 2 – Geological map of Mamez project with outcropping lateritic nickel (red) marked

### ***Kukes Project Option Agreement***

Under the terms negotiated, Proto will receive a 12-month option for issuing 3,000,000 shares to the original vendors and 1,000,000 to a consulting company that will provide management services. This



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consulting firm is staffed by locals and Australians who will provide high-touch and ongoing management support for the project. To successfully gain its acquisition rights, Proto will need to spend €120,000 on the Kukes project over the 12 month option period.

To finalise the acquisition, Proto can make an acquisition payment of €250,000 and €350,000 in shares to acquire 50% of the project. Proto would then have the responsibility to complete a feasibility study for a 4,000t leaching-electrowinning plant. On decision-to-mine, it will be necessary to make available additional capital to settle some past obligations in relation to the tenements, and to compensate for the rights of local farmers who have agricultural usage of the area at present. The eventual mining joint venture would make available a loan of €4,000,000 on decision to mine for this purpose.

Proto has also simultaneously signed an agreement with NI-AL Sh.pk. that allows a small-scale operation to be investigated and instituted. The Trulli and Mamez prospects have been the subject of previous small-scale mining for sale to nearby ferronickel smelters. Proto has already completed a positive desktop analysis on this production opportunity. In particular, quotes have been received for the transport and sale of material to a ferronickel smelter just 100km away in Kosovo, and a more detailed economic assessment into restarting operations is now currently underway. An assessment of the economics around an alternative model of shipping material to a second smelter in Macedonia is also under investigation. However, there is no guarantee of production until the Company has proved up mineral resources or ore reserves.

The acquisition is part of Proto's strategy of expanding to other nickel laterite projects in Australia and around the world. Europe provides some overlooked laterite opportunities and the combination of rapidly improving institutions, the proximity to good infrastructure and specialised European technical capabilities makes Albania a compelling proposition for the company.

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### **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.*