

31 January 2013

ASX: PRW

MARKET CAPITALISATION
(as at 30 January 2013)

Shares on issue:	976,144,042
Share Price	A\$0.007
5c Opt exp. 1.9.14	538,474,601
25c Opt exp. 31.12.13	51,727,806
Unlisted Options	11,928,571

“Proto Resources & Investments Ltd (“Proto”), building a substantial resources company with a focus on three key areas”

1. EXPLORE

Northern Territory

- Lindeman’s Bore
- Waterloo

Western Australia

- Yerrida Basin
- Clara Hills
- Mt Vettors

2. DEVELOP

Tasmania

- Barnes Hill

Germany

- Kiefernberg

3. INVEST

New South Wales

- Barrier Bay Pty Ltd

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PROTO RESOURCES & INVESTMENTS LTD

Quarterly Activities Report
for the quarter ended 31 December 2012

Q4 2012 Highlights

Explore

- Approval of WA **Mt Vetter’s Project** program of work for the planned Air Core and Reverse Circulation drilling programs (currently underway)
- Planning of the final drill hole at **Lindeman’s Bore Project** following gold and copper intersections highlighted in the ground geophysics result
- Aerial Magnetic and Radiometric Surveys identified a Uranium target at the **Casey Project**, and the potential for northerly extensions of the Magellan Lead Mine’s host rocks into Proto’s **Magellan North Project**
- Airborne magnetic anomalies over **Mt Killara** has suggested the presence of potential host rocks for Wiluna-style gold mineralisation
- Initial RC drilling program completed at the **Clara Hills Project** including 10 holes for 1,124 metres. Assays were released subsequent to quarter end.

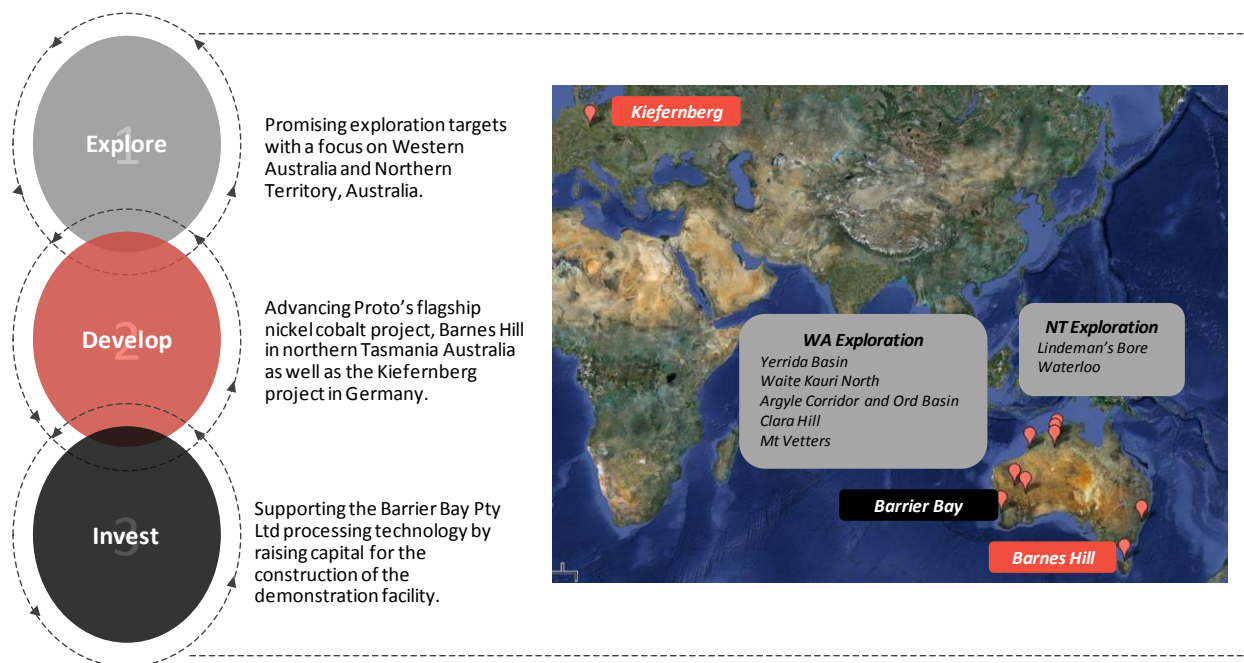
Develop

- Appointment of Caterpillar Inc. (NYSE: CAT) as the equipment supplier and debt financier for the project
- This appointment was extended to allow for an increased mining rate of 500,000 tonnes per annum into the Bankable Feasibility Study
- Bankable Feasibility Study completed with positive improvements continuing to be made with 500,000 t/pa throughput resulting in ~47% IRR with;
 - Projected NPV: \$100m - \$200m (depending on nickel price)
 - Targeting nickel-cobalt production in 2013

Invest

- Completed the first commercial pilot programme, which consisted of 6 x 200 litre tests which all performed to spec of 2.2kWh per kilogram of sulphuric acid being processed.
- The company has just commenced capital raising to fund the engineering plans to cost / plan and construct the Barrier Bay demonstration facility.

COMPANY OVERVIEW

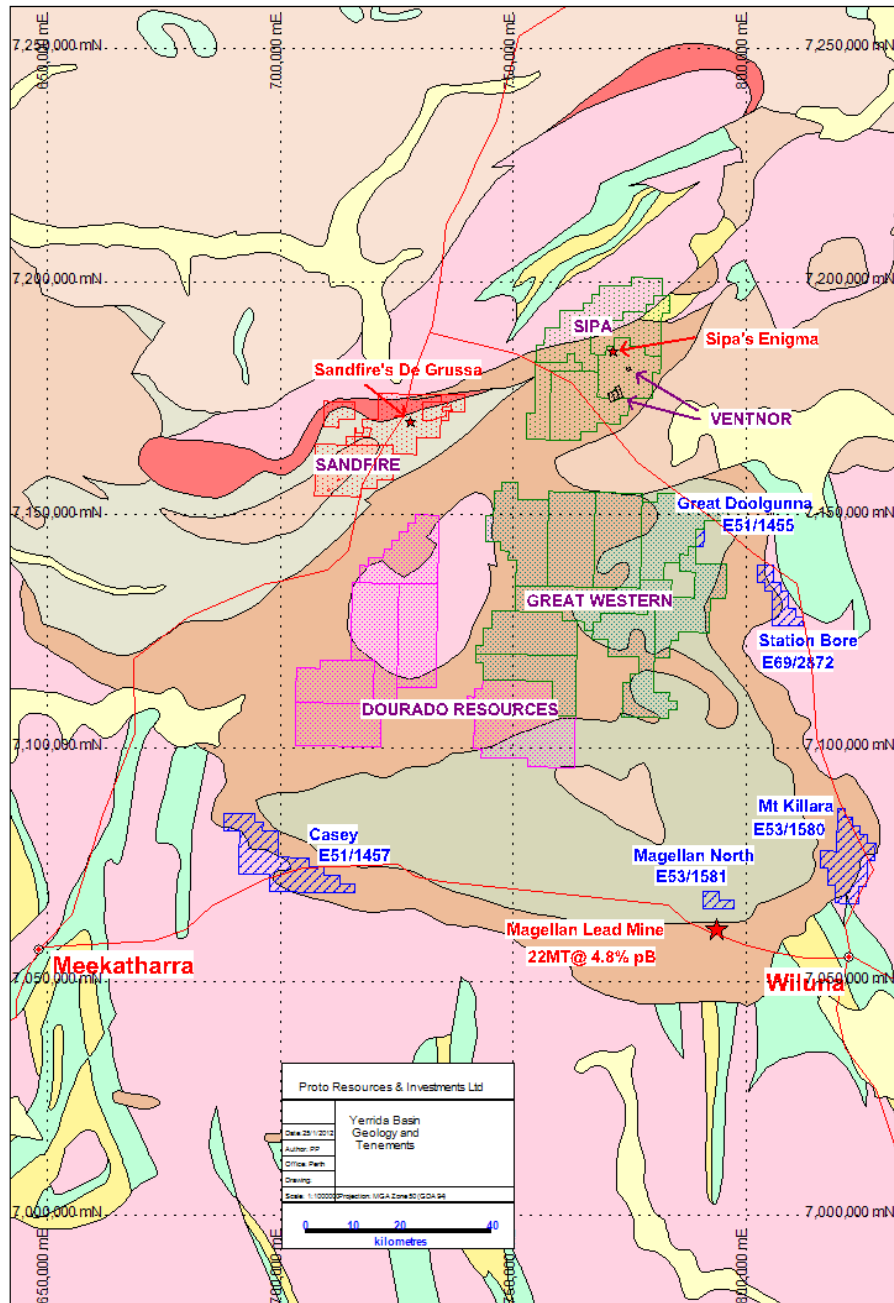


LINDEMAN'S BORE, NT (NICKEL SULPHIDE, COPPER AND PGES)

On 24 October 2012 Proto announced that final targeting had been completed at the Lindeman's Bore Project in the Northern Territory for a fourth drill hole (LBD-4). LBD-4 is targeting the centre of an EM conductor and will aim to pierce the centre of the gold and copper mineralisation that was intersected by the earlier third drill hole (LBD-3). LBD-3 targeted a 500m by 500m bedrock conductor and was completed to a depth of 466.6m. It intersected three mineralised zones of geological interest between 385-430m, including a 20m section of quartz/carbonate stringers in foliated and chloritic mafic rock that contained pyrite and chalcopyrite from 385m. In addition, an intrusive intersected at around 370m bore a strong resemblance to an interpreted felsic intrusive that hosted the anomalous gold zone of LBD-1.

YERRIDA BASIN PROJECTS, WA (BASE METALS, GOLD AND URANIUM)

“The Company believes that the Yerrida Basin is a highly prospective emerging mineral province. Proto’s tenement areas may contain rock units analogous to those that host known Cu-Au and Pb mineral deposits within the Yerrida Basin and nearby Bryah Basins.”



- Casey E51/1457
- Magellan North E53/1581
- Mt Killara (E53/1580)
- Great Doolgunna (E51/1455)
- Station Bore (E69/2872)

On 12 December 2012, Proto announced further results from interpretation and analysis of regional radiometric and magnetics results collected earlier in 2012. In March 2012, Aeroquest Australia Pty Ltd in Perth was commissioned by Proto to conduct a detailed high resolution airborne magnetic and radiometric survey over Proto's Yerrida Basin tenements. The survey was flown at a height of 25 metres with line spacings of 100 metres. The Company believes that the Yerrida Basin is a highly prospective emerging mineral province. Proto's tenement areas may contain rock units analogous to those that host known Cu-Au and Pb mineral deposits within the Yerrida Basin and nearby Bryah Basins.

The survey coverage comprised Magellan North (E53/1581), Casey (E51/1457), Great Doolgunna (E51/1455), Mt Killara (E53/1580) and Station Bore (E69/2872). These detailed surveys were flown to enhance existing features of mafic volcanics and associated structures that were evident in regional Geological Survey of WA (GSWA) magnetic data. This interpretation work was aimed at defining exploration targets for potential gold, uranium, and base metal mineralisation around the margins of the Yerrida Basin.

CASEY PROJECT

Results of the Aerial Magnetic and Radiometric Surveys identified a Uranium target at the Casey Project E51/1457. The regional Airborne magnetic and radiometric survey data suggests that the Casey Project is host to a uranium anomaly occurring along an unconformity between Archaean granite rocks of the Yilgarn Craton, and Proterozoic sedimentary rocks of the Yerrida Basin (see Figure 2). The potential source of the uranium anomalies is currently interpreted to be the Archaean granite rocks and the host rock is currently interpreted to be the unconformity sandstone and carbonate sediments of the Yerrida Basin. Potential for late-stage structural developments along the unconformity zone may provide for hydrothermal style, quartz-vein hosted Au-Ag-Cu-Pb-Zn mineralisation, a feature known to occur in the Yilgarn Craton at the margins of Proterozoic Basins.

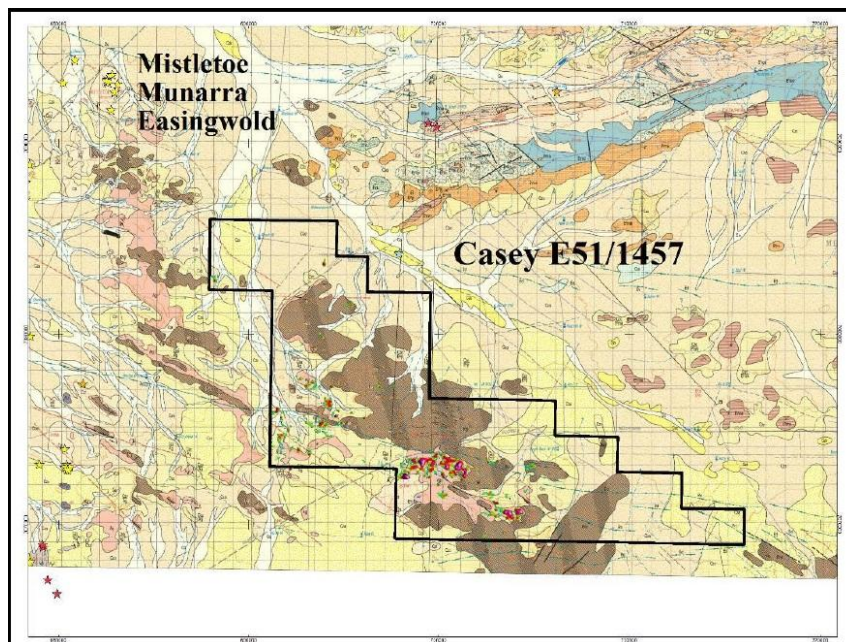


Figure 2 –GSWA 1: 250 000 geology map with High Clip Uranium Anomalies.

MAGELLAN NORTH PROJECT

The surveys also identified potential for northerly extensions of the Magellan Lead Mine's host rocks into Proto's Magellan North E53/1581 Project. The regional magnetics map displays deep seated magnetic anomalies in Archaean basement sequences of the Yilgarn Craton, beneath northerly extensions to the Magellan mine host rocks of the Proterozoic Yerrida Basin sediments. Proto are currently considering a geological hypothesis for the introduction of base metal sulphide mineralisation into Yerrida Basin host rock stratigraphy, as a direct result of late Proterozoic-age hydrothermal activity resulting from re-activation of precursor Archaean basement structures.

MT. KILLARA PROJECT

Interpretation of airborne magnetic anomalies over Mt Killara has suggested the presence of potential host rocks for Wiluna-style gold mineralization. Figure 3 shows the location of the Mt Killara Project relative to the Wiluna gold deposits and associated mining operations and 1Mtpa processing facility and bacterial oxidation plant owned by Apex Minerals NL that are situated approximately 10kms to the south, and the positions of magnetic anomalies (currently interpreted to be of Archaean age) occurring beneath the Yerrida Basin sediments. This supports the interpretation of magnetic anomalies occurring on the Mt Killara Project as potential host rocks for Wiluna gold-deposit styles of mineralization. In addition, the detailed radiometric survey data also shows anomalous uranium to occur in the vicinity of the Archaean and Proterozoic unconformity.

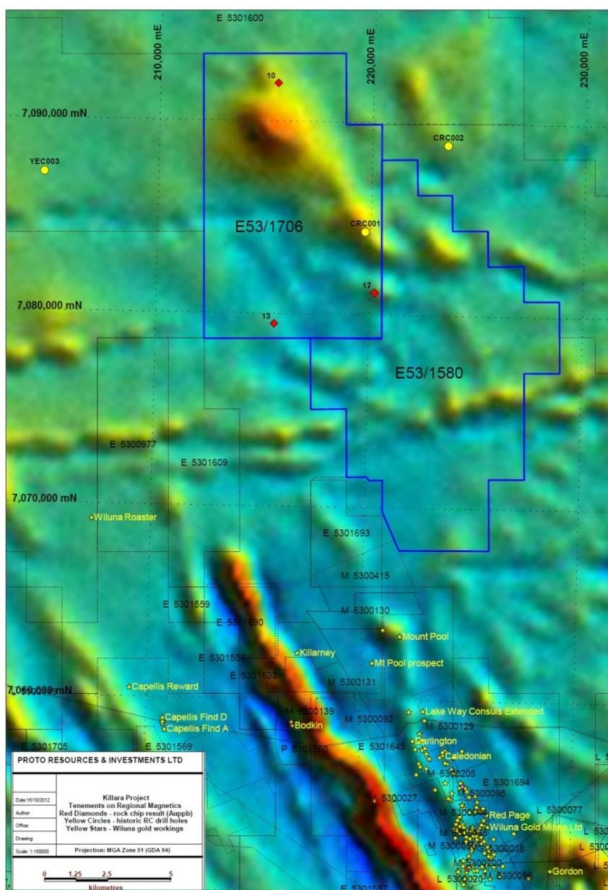


Figure 3 – Regional GSWA Magnetics displaying EW Proterozoic dykes and NW Archaean units hosting the Wiluna-style of gold deposits (yellow stars), historic exploration drill holes (yellow circles), and significant rock chip gold assays in ppb (red diamonds)

STATION BORE AND GREAT DOOLGUNNA PROJECTS

On 21 November 2012, Proto's joint venture partner at Station Bore (E69/2872) and Great Doolgunna (E51/1455), Victory, announced the completion of further analysis of the data for the two Doolgunna Projects that it has joint ventured into. Victory's work suggests that there is a major NNW-SSE striking feature on the eastern side of the Station Bore tenement which may represent an unconformity or a structural boundary. There is a pronounced magnetic "high" in the northern part of the tenement, while Proterozoic dolerite dykes cut across regional structures. Radiometrics also showed two areas of very strong response for uranium, with the more southerly one associated with mapped calcrete and palaeodrainage presenting a high priority target. At Great Doolgunna, the magnetic data suggests linear structures which strike NE-SW as well as a major feature in the north east of the tenement.

CLARA HILL PROJECT, WA (COPPER AND NICKEL)

On 10 October 2012 Victory, Proto's joint venture partner on the Clara Hills Project, announced the contracting of drillers for the maiden drilling programme at the Project. Clara Hills is located approximately 100km north east of Derby, in the Kimberley region where previous exploration and follow up geological interpretation has defined five drill targets at the Project. These targets comprise four geochemically sampled gossans and the upper and lower zones of an EM anomaly.

As announced after the end of the period on 16 January 2013, the results of the RC drilling delivered broad zones of nickel mineralisation with secondary copper in five of the ten holes drilled. Mineralisation was encountered near surface and extended down dip within fresh rock suggesting that extensions to the mineralisation may exist. The host rock Ni-Cu mineralisation is interpreted to be dolerite dyke which is bounded on both sides by a muscovite mica schist with the target zone being open down dip and along strike of existing drill hole intercepts. Peak results include 47m @ 0.15% Ni from 36m, including 11m @ 0.30% Ni from 52m in CHRC002, and 42m @ 0.22% Ni from 14m, including 5m @ 0.39% Ni from 38m in CHRC003.

Victory can earn a 51% interest in the Clara Hill Project by undertaking the first \$1,500,000 of exploration across the tenements. Victory 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 in relation to the Clara Hills Project.

MT VETTERS PROJECT, WA (NICKEL AND GOLD)

On 20 November Proto announced receipt of statutory approval dated on the 12th of November 2012 for drilling at the Mt Vettters Project (tenement E27/0358) situated in the Yilgarn Craton of Western Australia some 39 kms north-east of Kalgoorlie-Boulder City (see Figure 4). In particular, Proto was interested in drill-testing the interpreted position of the BSKC footwall at the Mt Vettters Project, located just 5km south of the Black Swan and Silver Swan nickel sulphide ore bodies that are hosted in the BSKC. Proto proposed RC drilling of two 350m holes in order to intersect the komatiite footwall of the BSKC. Previous drilling at Mt Vettters has been too shallow to intersect the komatiite basement that is to be tested by this program. Any drill holes intercepting the interpreted BSKC horizon will be down-hole surveyed with down hole transient electromagnetics ("DHTEM") for detection of proximal sulphide bedrock conductors.

Black Swan and Silver Swan nickel sulphide mineralisation are valid target types for the BSKC extensions on the Mt Vettters ground. Importantly, the footwall zone correlates with the western edges of the magnetic anomaly beneath the Mt Vettters tenement.

The Mt Vettters Project also contains a regolith gold anomaly (up to 4m @ 1.0g/t Au) occurring over a separate greenstone horizon, west of the interpreted BSKC. This gold anomaly was discovered by Cazaly during shallow AC drilling in 2003 and 2004. This anomaly remains open to the north-west, west and south. Further infill and extensional AC drilling is now being planned to complete delineation of this regolith gold anomaly and to provide RC drill targets in the underlying interpreted mafic bedrock.

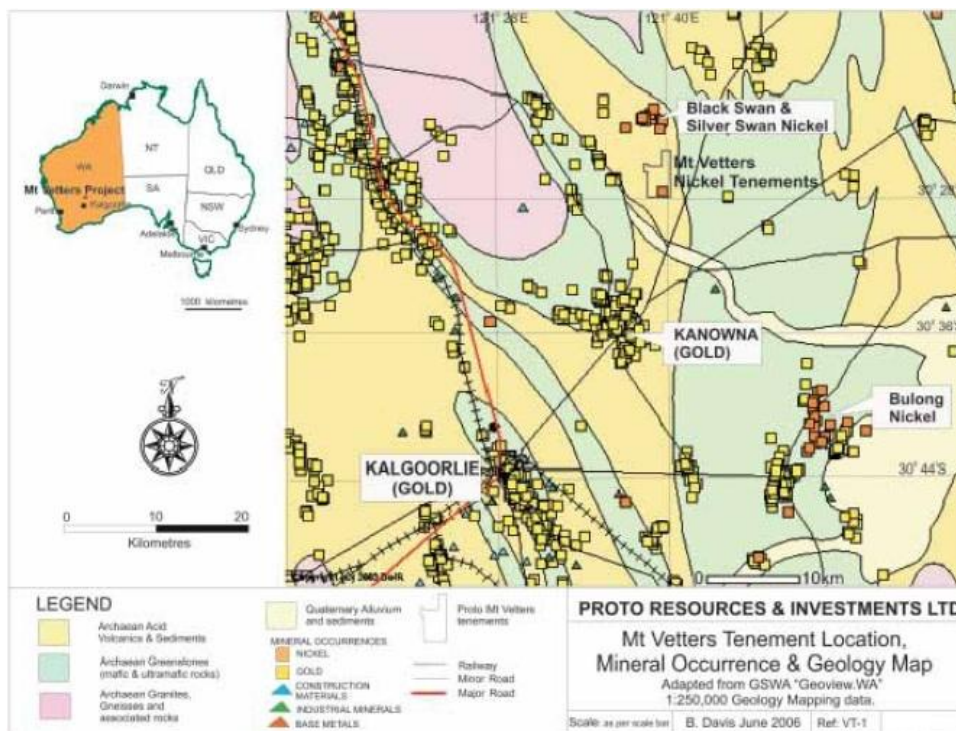


Figure 4 – Mt Vettters Project Regional Geology and Location Map

The Mt Vettters Project area is located in the eastern part of the Norseman–Wiluna greenstone belt in the Eastern Goldfields Province of the Archaean Yilgarn Craton. The geology is typically Archaean granite-greenstone terrane, characterised by large areas of granitoid and narrow linear belts of greenstone. The greenstones comprise thick mafic to ultramafic volcanic sequences, felsic to intermediate volcanics and sedimentary sequences comprising pelites, psammities, banded iron formations and shale. Granite intrusion and deformation have disrupted the greenstone sequence.

Regionally the Mt Vettters Project is bound to the east by the Mt Monger Fault, which represents the southern extension of the Moriaty shear and marks the boundary between the Kalgoorlie Terrane to the west, and the Kurnalpi Terrane to the east. This structure divides the Kanowna greenstones into NNW trending belts. The stratigraphic sequence within the Project area is part of the Boorara Domain comprising the Gindalbie Formation, a sequence of felsic volcanics and sediments with minor felsic porphyry intrusives, and the overlying Highway Ultramafic assemblage.

The Mt Veters Project is located to the south of the Silver Swan mine (prior to mining in 1997 a probable reserve of 655,000t @ 9.5% Ni, and one of the highest grade nickel sulphide mines in the world),¹ Black Swan mine (prior to mining in 2004, a probable reserve of 3.7Mt @ 0.8% Ni plus an indicated resource of 3.3Mt @ 1.18% Ni)² and adjacent Cygnet deposit (prior to mining in 1996, an indicated resource of 3.4Mt @ 1.42% Ni)⁴ all hosted by the BSKC which consists of a thick sequence of olivine cumulates and spinifex textured ultramafic flows.

Re-interpretation of aeromagnetic data in early 2005 showed the possibility of a second mafic/ultramafic trend extending south of the Silver/Black Swan area, missed by the 2004 ground electromagnetic (“EM”) survey. In 2005, additional moving-loop EM was collected over this trend. Gravity and SQUID fixed loop surveys were collected over possible extensions of the BSKC stratigraphy and was followed by a MLTEM survey over potential bedrock conductors in 2009. Four angled RC drill holes were drilled to test conductor targets in the bedrock, but drilling to the target depths was unsuccessful due to difficult ground conditions.

An estimation of the depth-to-top of the Mt Veters magnetic bodies by Southern Geoscience Consultants has found that they are likely to be at least 300m below surface. This suggests that the diamond tail on RC drill hole GINRC89 drilled by Outokumpu in 2000 missed drilling through the Squid EM anomaly by approximately 200m (to the north-east). It also suggests that GINRC90 to the west was not deep enough. Proto’s MVPRC002 hole drilled in 2010 would also fall short of the southern target as it was only drilled to 148m as would MVPRC004 with EOH at 155m due to difficult ground conditions. Figure 5 presents a schematic representation of the magnetic targets, previous holes targeting them and the two planned RC holes (PRC1 and PRC2) that were included in the approved POW.

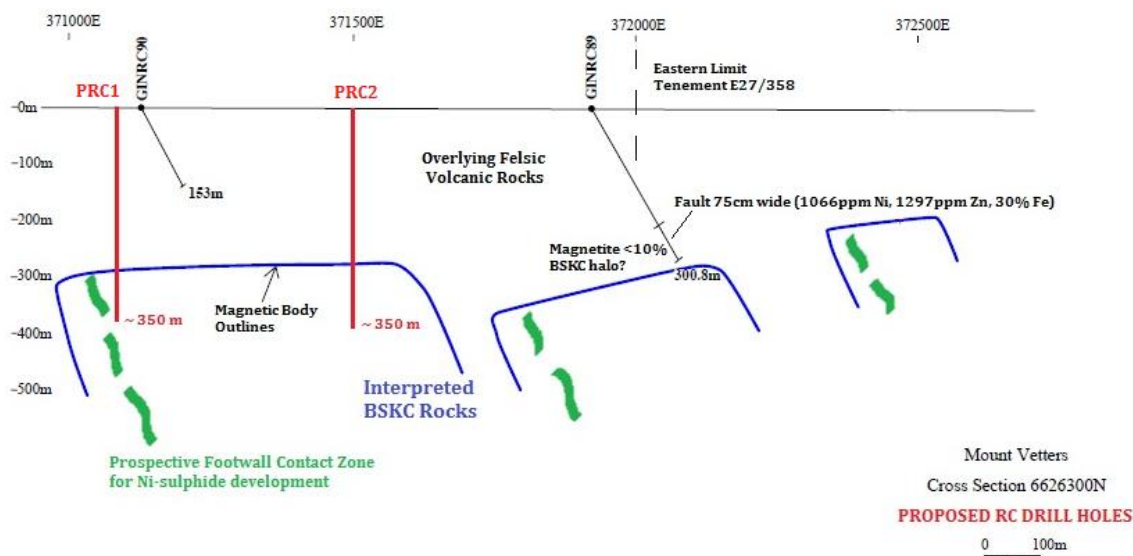


Figure 5 – Proposed RC Drill Hole Cross-Section for Interpreted BSKC Bedrock Testing.

¹ Hicks J D, Balfe G D 1998. Silver Swan, Cygnet and Black Swan Nickel Deposit: in Berkman D A, Mackenzie D H (Eds), Geology of Australian and Papua New Guinean Mineral Deposits *The AusIMM, Melbourne* pp 339-346. Also see Porter GeoConsultancy, 2012. Silver Swan, available at: portergeo.com.au/database/mineinfo.asp?mineid=mn157.

² Barnes SJ, 2004. Introduction to nickel sulfide orebodies and komatiites of the Black Swan area, Yilgarn Craton, Western Australia. *Mineralium Deposita* v39 pp 679-683; Dowling SE, Barnes SJ, Hill RET and Hicks JD, 2004. Komatiites and nickel sulfide ores of the Black Swan area, Yilgarn Craton, Western Australia. 2: Geology and genesis of the orebodies. *Mineralium Deposita* v39 pp 707-728.

⁴ Hicks J D, Balfe G D 1998. Silver Swan, Cygnet and Black Swan Nickel Deposit. Berkman D A, Mackenzie D H (Eds), Geology of Australian and Papua New Guinean Mineral Deposits *The AusIMM, Melbourne* pp 339-346

Shareholders and interested parties should direct their enquiries to;

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And consult the company's updated website. www.protoresources.com.au

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Proto Resources and Investments Ltd

ABN

35 108 507 517

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(239)	(506)
(b) development	-	-
(c) production	-	-
(d) administration	(672)	(1,259)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other		
-Office reimbursement	27	92
- Tax refunds	80	80
- R&D rebate	-	175
Net Operating Cash Flows	(803)	(1,416)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	(340)	(487)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	727
(c)other fixed assets	-	-
1.10 Loans to other entities	(50)	(50)
1.11 Loans repaid by other entities	-	101
1.12 Other – payments for investment in associate	-	-
Net investing cash flows	(390)	291
1.13 Total operating and investing cash flows (carried forward)	(1,193)	(1,125)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,193)	(1,125)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	580	911
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	345	345
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other		
	- costs of share issues	-	(286)
	- proceeds received for shares not issued at balance date	-	347
	Net financing cash flows	925	1,317
	Net increase (decrease) in cash held	(268)	192
1.20	Cash at beginning of quarter/year to date	635	175
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter *	367	367

* In addition to the total cash above, the Company has approximately \$89,000 held in term deposits as security bonds.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	95
1.24	Aggregate amount of loans to the parties included in item 1.10	50

1.25 Explanation necessary for an understanding of the transactions

1.2 includes payments for directors fees and salaries

1.10 Revolving loan

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Victory Mines Limited issued a total of 6,000,000 shares pursuant to tenement sale agreement.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	100	100
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	450

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	367	635
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (bank security deposits) *		
Total: cash at end of quarter (item 1.22)	367	635

* In addition to the total cash above, the Company has approximately \$89,000 held in term deposits as security bonds.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	51/1455 & 69/2872	100%	30%
6.2	Interests in mining tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	976,144,042	976,144,042	
7.4	Changes during quarter; (a) Increase through issues (b) Decreases through returns of capital, buy-backs (c) Escrow release	379,959,636	379,959,636	
7.5	*Convertible debt securities			
	<i>(description)</i>			

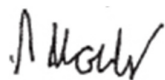
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
	(a) 51,727,806	51,727,806	\$0.25	31 st December 2013	
	(b) 5,000,000	-	\$0.08	28 th February 2013	
	(c) 3,500,000	-	\$0.10	28 th February 2013	
	(d) 2,000,000	-	\$0.125	28 th February 2013	
	(e) 591,087,600	591,087,600	\$0.05	1 st September 2014	
	(f) 1,428,571	-	\$0.035	12 th September 2018	
		-			
7.8	Issued during quarter	(e) 221,670,143	221,670,143	\$0.05	1 st September 2014
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Managing Director

Date: 31 January 2012

Print name: Andrew Mortimer

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
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