

PROTO RESOURCES & INVESTMENTS LTD

ABN 35 108 507 517

INTERIM FINANCIAL REPORT

31 DECEMBER 2012

CORPORATE DIRECTORY

Proto Resources & Investments Ltd

ACN 108 507 517
ABN 35 108 507 517
Incorporated in NSW
Registered Office
Suite 1901 Level 19
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Sydney NSW 2000

Share Register

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ASX Codes: PRW, PRWO, and PRWOA

Auditor

Bentleys
Level 1/12 Kings Park Rd
West Perth WA 6005

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DIRECTORS' REPORT

The Directors submit their report together with the half year financial report of Proto Resources & Investments Ltd ("the Company") and its consolidated entity (referred to hereafter as "the Group") for the period ending 31 December 2012.

Directors

The names of Directors who held office during the period and to the date of this report are:

- Ian Campbell (Non-Executive Chairman)
- Andrew K Mortimer (Managing Director)
- Lia M Darby (Non-Executive Director)
- Aziz G Melick (Executive Director)
- Patricia K Philip (Non-Executive Director)

Review and results of operations

The net loss of the Group after income tax for the half year ended 31 December 2012 amounted to \$1,979,196 (31 December 2011: \$1,991,523).

Review of operations

EXPLORE

- Lindeman's Bore, NT - ground magnetic and gravity surveys were completed to provide targeting for the placement of a fourth diamond drill hole (LBD-4), currently planned for drilling during the first half of 2013
- Mt Vettors, WA - Proto received statutory approval for Air Core (AC) and RC/Diamond drilling at the Mt Vettors Project (tenement E27/0358) in the Yilgarn Craton of Western Australia. Proto planned Air Core drilling to further test an existing palaeochannel regolith gold anomaly, and an RC/Diamond hole to test the interpreted magnetic position of the Black Swan Komatiite Complex ("BSKC") footwall at the Mt Vettors Project, located just 5km south of the Black Swan and Silver Swan nickel sulphide ore bodies that are hosted in the BSKC
- Station Bore Project & Great Doolgunna Project, north-eastern Yerrida Basin, Yilgarn Craton, WA – Proto entered into an agreement with Victory Mines Limited ("Victory Mines") whereby Victory would acquire a 70% interest in the Great Doolgunna tenement (E51/1455) and 50% interest in the Station Bore tenement (E69/2872)
- Clara Hills Project, Kimberley region, WA - The Victory Mines agreement allows them to earn up to a 63.75% interest in the Clara Hills tenements (E04/1533, E04/2026, E04/2142 and ELA04/2060), This facilitated the drilling of Clara Hills in late 2012 and 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.
- Mt Killara, south-eastern Yerrida Basin, Yilgarn Craton, WA - Proto also lodged an exploration licence application (ELA 53/1706) to expand the Mt Killara project tenement (E53/1580) located at the south-east margin of the Yerrida Basin, Australia's Yerrida Basin.
- Magellan North Project & Casey Project, south and south-western Yerrida Basin, Yilgarn Craton, WA – Interpretation results released from analysis of Proto's regional airborne magnetics and radiometric survey, including a potential Uranium anomaly 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.

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Develop

- On 24 October 2012, Proto announced the completion of the Barnes Hill nickel Definitive Feasibility Study (“DFS”) which included the increased mining rate of 500,000 tonnes per annum.
- Long term nickel price projected of US\$10/lb the DFS results project a NPV of \$A152m (at a 12.5% discount rate).

Invest

- Proto is presently engaged in integrating iron operations and the Barrier Bay Process into the Barnes Hill Project’s development
- Iron ore beneficiation results were received from bulk samples taken from Barnes Hill confirming that a good quality magnetite product of average 61% Fe can be produced through Low Intensity Magnetic Separation (“LIMS”) at Barrier Bay.
- The highly successful testing of the commercial viability of the Barrier Bay process

EXPLORE

LINDEMAN’S BORE, NT (NICKEL SULPHIDE, GOLD AND PGEs)

Project Overview

The Lindeman’s Bore project is located 380km south-west of Katherine, near the community of Kalkarindji. Proto holds 80% of EL25307, with 20% held by private prospectors. Proto earned its interest through the completion of two deep diamond drill holes in the vicinity of a bedrock bulls-eye magnetic conductor. Prior to this reporting period, Proto announced that it had entered upon a Joint Venture over its Lindeman’s Bore project (and Waterloo project) with Peak Mining and Exploration Limited under which Peak can earn interest in the projects.

Work at Lindeman’s Bore has focused on positioning LBD-4 following the successful drill hole LBD-3 that was drilled on the western margin of a magnetic bedrock conductor, intersecting chalcopyrite and pyrite mineralisation within mafic metavolcanics and metasedimentary units (ASX Announcement: PRW May 3, 2012). The conductor had been previously identified through sequential application of a Z-Axis Tipper Electromagnetic (“ZTEM”) survey in 2010 and follow-up ground electromagnetic (“EM”) geophysical surveys performed during 2011. The proposed drill hole LBD-4 is designed to test the interpreted central portion of the EM conductor (refer Figure 1).

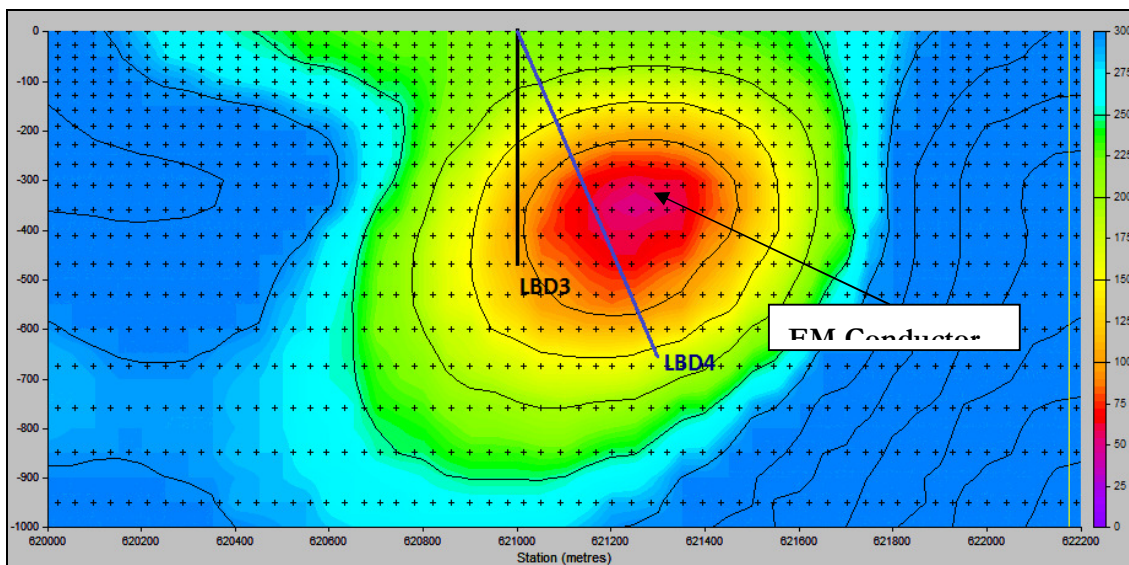


Figure 1. Lindeman’s Bore Currently Proposed Location of LBD-4 Drill Hole

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Activity July 2012 – December 2012

On 26 July 2012, Proto announced that it had completed a detailed ground-based magnetic and gravity survey at the Lindeman's Bore Project in the Northern Territory, located 380km southwest of Katherine. This follows favourable copper-gold assay results from the third drill hole (LBD-3) completed earlier in the year. This geophysical work has provided the final data needed to optimise the placement of LBD-4. On 24 October 2012 Proto announced that final targeting had been completed.

LBD-4 is targeting the centre of an EM conductor that was intersected by 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 341-430m, including a 20m section (385m to 404m) of quartz/carbonate alteration stringers and associated disseminated pyrite mineralisation in foliated and chloritic mafic host rocks, and a 20m section of disseminated and stringer forms of pyrite/chalcopyrite mineralisation with associated chlorite/quartz/carbonate alteration in sedimentary host rocks (404 to 423m). In addition, an intrusive rock intersected at around 370m bore a strong resemblance to an interpreted felsic intrusive that hosted the anomalous gold zone encountered in previous drill hole LBD-1.

Mt VETTERS, WA (NICKEL SULPHIDE AND GOLD)

Project Overview

The Mt Veters 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, psammites, banded iron formations and shale. Granite intrusion and deformation have disrupted the greenstone sequences.

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 2 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.

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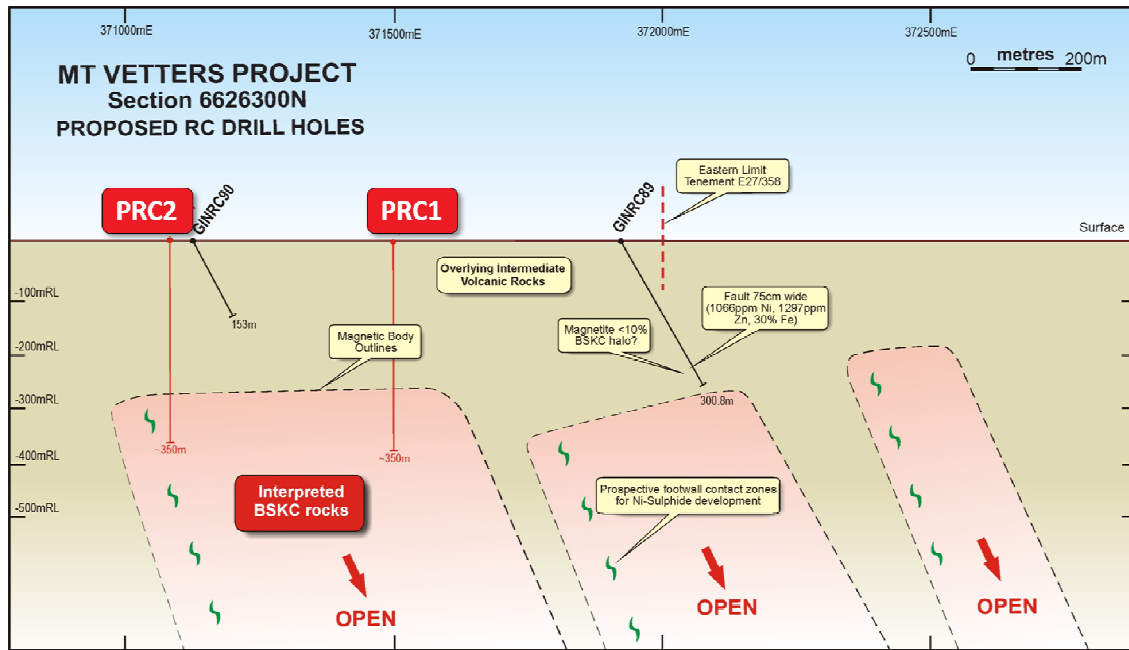


Figure 2. Proposed RC Drill Hole Cross-Section for Interpreted BSKC Bedrock Testing.

Activity July 2012 – December 2012

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. Mt Vettters is located 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 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.

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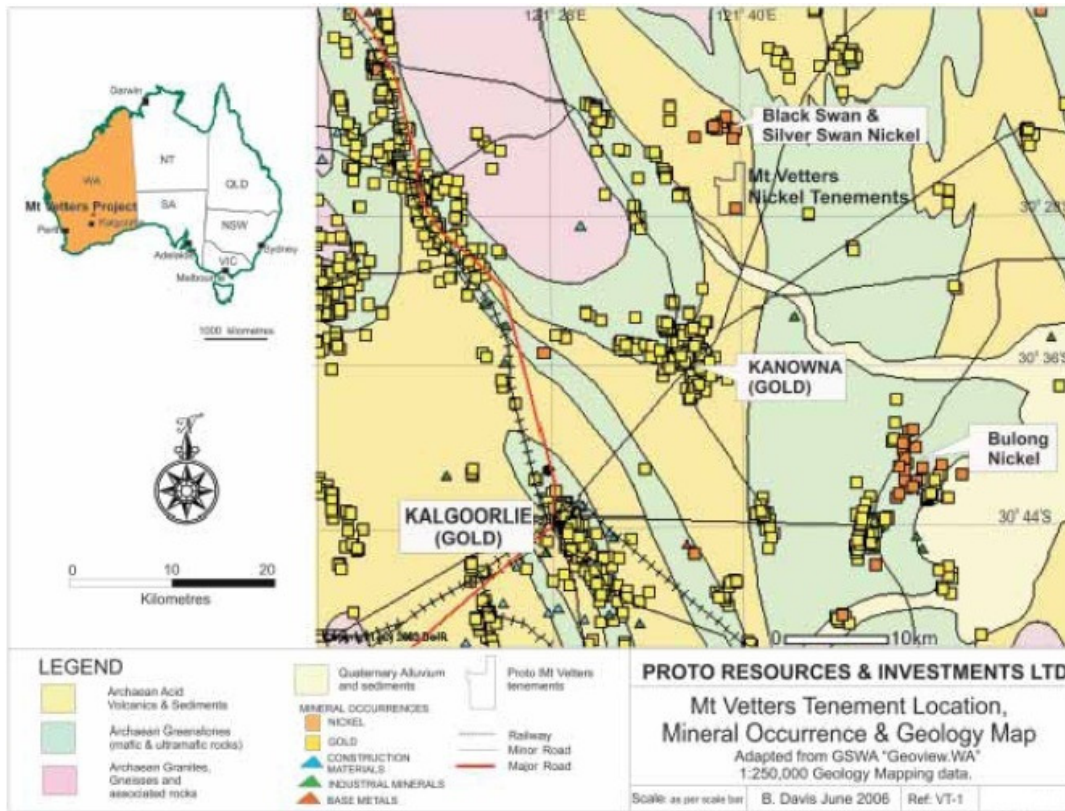


Figure 3. Mt Vettors Project Regional Geology and Location Map

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

The Mt Vettors 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 was planned in the period and subsequently drilled in early 2013 to better delineate this regolith gold anomaly.

CLARA HILLS PROJECT, WA (COPPER AND NICKEL SULPHIDE)

Project Overview

Clara Hills project is located approximately 100km north east of Derby, in the Kimberley region. Previous exploration has defined five drill targets comprise four geochemically sampled gossans and the upper and lower zones of an EM anomaly. Proto's joint venture partner, Victory Mines, can earn a 51% interest in the Clara Hill Project by undertaking the first \$1,500,000 of exploration across the tenements.

Activity July 2012 – December 2012

On 10 October 2012 Victory Mines announced the contracting of drillers for the maiden drilling programme at the Project. As announced after the end of the period on 16 January 2013, the results of this 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 high grade extensions 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

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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.

YERRIDA BASIN PROJECTS, WA

Projects Overview

Proto's exploration holdings in the Yerrida Basin region, being Mt Killara Project (E53/1580), Magellan North Project (E53/1581), Casey project (E51/1457), Great Doolgunna Project (E51/1455) and Station Bore Project (E69/2872), are located within the Palaeoproterozoic-aged Yerrida Basin along the northern margin of the Yilgarn Craton, WA. The Company considers that its Yerrida Basin projects may contain rock units analogous to those that host known Cu-Au and Pb mineral deposits within the Yerrida and nearby Bryah Basins. On 5 July 2012, the Company announced an agreement with Victory Mines to joint venture two of the Yerrida Basin projects. Under the agreement Victory Mines can earn a 70% interest in the Great Doolgunna Project tenement (E51/1455) and 50% in the Station Bore Project tenement (E69/2872).

Activity July 2012 – December 2012

On 10 September 2012, Proto announced that it had lodged an exploration license application (ELA 53/1706) to expand on the existing Mt Killara project. The additional area is contiguous with the western boundary of Proto's Mt Killara tenement E53/1580, and covers an additional 38 graticular blocks (approximately 117km²) additional to the 135.4km² (44 graticular blocks) already granted at Mt Killara. The new application followed analysis of the results of airborne magnetic and radiometric surveys over the five Yerrida Basin tenements originally applied for in 2010.

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. These detailed surveys were flown to enhance existing features of mafic volcanics and associated structures that were vaguely evident in historic regional Geological Survey of WA (GSWA) magnetic data. On 12 December 2012, Proto announced further results from interpretation and analysis of the detailed survey results collected earlier in 2012. This interpretation work was aimed at defining exploration targets for potential gold, uranium, and base metal mineralisation around the margins of the Yerrida Basin.

Results of the detailed survey identified a Uranium target at the Casey Project on E51/1457. This interpreted uranium anomaly occurs along an unconformity between Archaean granite rocks of the Yilgarn Craton, and the Proterozoic sedimentary rocks of the Yerrida Basin (see Figure 4). 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 other Proterozoic Basins.

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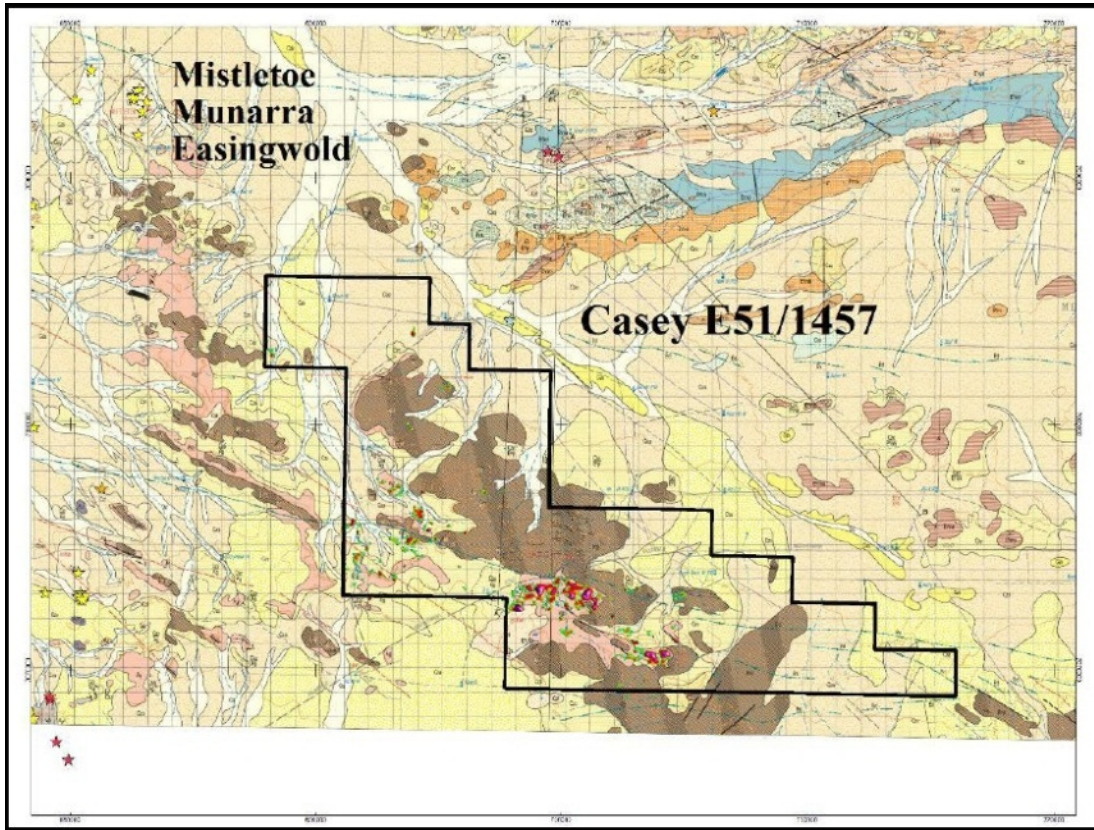


Figure 4. GSWA 1: 250 000 geology map with High Clip Uranium Anomalies.

The detailed survey also identified potential for northerly extensions of the Magellan Lead Mine's host rocks into Proto's Magellan North project on E53/1581. 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 Yerrida Basin sediments.

Interpretation of airborne magnetic anomalies over Mt Killara Project also suggested the presence of potential host rocks for Wiluna-style gold mineralization. Figure 5 shows the location of the Mt Killara Project relative to the Wiluna gold deposits and associated mining operations currently owned by Apex Minerals NL 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 mineralisation.

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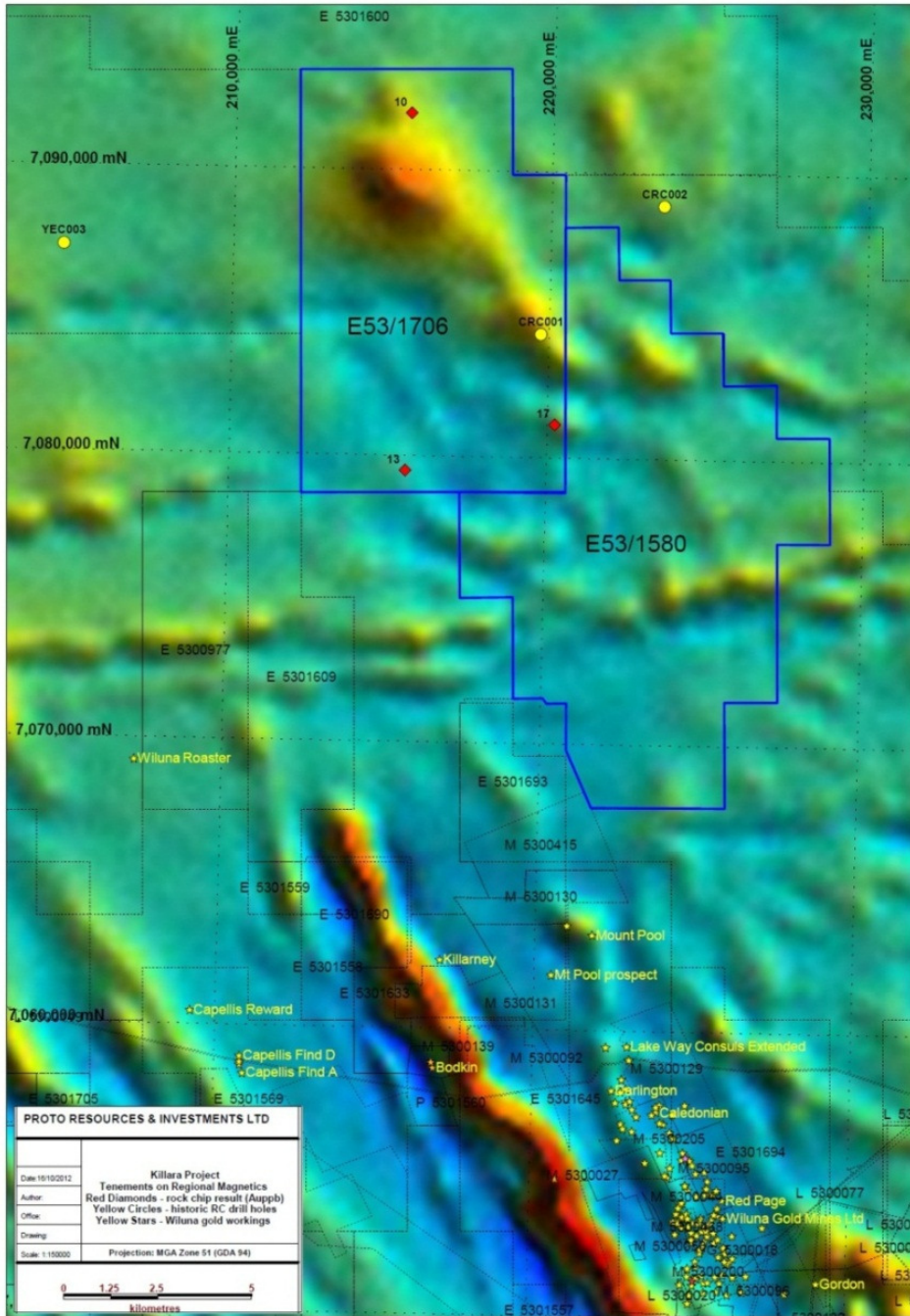


Figure 5. Regional GSWA Magnetics displaying EW Proterozoic dykes and NW Archaean units hosting the Wiluna-style of gold deposits (yellow stars), historic exploration drill holes (yellow circles), and significant rock chip gold assays in ppb (red diamonds)

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On 21 November 2012, Proto's joint venture partner at Station Bore (E69/2872) and Great Doolgunna (E51/1455), Victory Mines, announced the completion of further analysis of the data for the two Yerrida Basin Projects that it has joint ventured into. The main finding of Victory Mines' work 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.

DEVELOP

BARNES HILL PROJECT, TASMANIA (NICKEL LATERITE AND IRON ORE)

Project Overview

Located in northern Tasmania, the Barnes Hill project contains three related laterite deposits known as Barnes Hill, Mt Vulcan and Scott's Hill. Barnes Hill is being developed under a 50% joint venture agreement with Metals Finance Limited ("Metals Finance"). Barnes Hill sits on granted mining lease 1872P/M which is over EL172006 that is also held by Proto.

During the half year, Proto was pleased to announce the completion of the revised DFS. This drew upon detailed information already contained within the Development Application and Development Proposal and Environmental Management Plan that were lodged in 2011. On 28 November 2012, Proto released updated modelling of the optimised base case parameters at Barnes Hill. With a long term nickel price projected of US\$10/lb the results project a NPV of \$A152m (at a 12.5% discount rate). These results are associated with a reduction in capital intensity equivalent to \$8/lb¹ and operating costs of \$5.05/lb¹ in the first 5 years and less than \$6/lb¹ over the total mine life which is estimated to be 10 years at 500,000 tpa. The DFS includes the increased mining rate of 500,000 tonnes per annum. The release of the DFS followed bulk sample leaching tests of Barnes Hill ore, which confirmed both the rate of nickel recovery and acid consumption parameters.

Under the DFS, 250 tonnes of cobalt are to be produced per year as well as 4,000 tonnes of nickel and the viability of a nickel recovery rate of 90%, which enhances financial outcomes substantially.

Activity July 2012 – December 2012

Progressing the Barnes Hill nickel-cobalt-iron project towards production remained Proto's key focus during the period with assessment of the potential for early cash flows at the Barnes Hill Project via iron ore production being advanced. In this regard, Proto recently received a summary note on the iron ore potential from Metals Finance which concentrated on the confirmed discrete zone of near surface iron-enriched material related to the Barnes Hill north ore body. Further work, aimed at providing an assessment of potential for classification of this material under the JORC code (inferred resource) is now being incorporated into the final feasibility report. This report also reviewed the previously announced results of the metallurgical testing undertaken by Robbins Metallurgical Pty Ltd. This work has identified a discrete near surface zone on the top of the Barnes Hill nickel laterite ore body, which has shown itself in preliminary testing to be upgradable using low-intensity magnetic separation to a 62+% Fe with 2.7% SiO₂ and 4.6% Al₂O₃. Given this potential, discussions continued during the period with potential off-takers who specialise in a segment of the iron ore market where such silica and alumina levels are acceptable.

The testwork was undertaken by Robbins Metallurgical Pty Ltd, an iron beneficiation specialist firm based in Queensland. The test work also established that a further stage of WHIMS can yield a bulk iron concentrate product of 51.92% Fe, 3.54% SiO₂, 6.94% Al₂O₃ and 0.13% Ni as shown in the table below. The WHIMS simulation was operated at maximum 17,500 gauss to maximise recovery of iron and found that that 1 tonne of this iron-rich overburden would produce approximately 300kg of concentrate.

¹ Based on nickel equivalent production that is inclusive of nickel and cobalt.

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Potential Product	Wt %	Fe%	SiO2%	Al2O3%	Ni%
Magnetite	8.62	60.96	2.72	4.60	0.12
Goethite	23.33	48.57	4.36	9.28	0.13
Bulk Iron Concentrate	31.95	51.92	3.54	6.94	0.13

Table 1. Iron Beneficiation Results

INVEST

Technology Commercialisation

Work continued on the Barrier Bay technology during the second half of 2012. On 3 December 2012, Proto announced the highly successful testing of the commercial prototype. The prototype consisted of 6 x 200 litre tests, all of which performed to the specification of achieving approximately 2.2kwh per kg of acid being processed. The pilot program results have moved Barrier Bay significantly closer to the construction of the demonstration facility and commercialisation of this revolutionary technology.

The pilot programme consisted of 6 x 200 litre tests. The target of the test work was to produce acid for a cumulative power consumption of less than 2.2 kWh/kg of acid being processed. In line with this the final cumulative power cost achieved was just above 2kWh/kg of acid produced. This target was set to ensure that the technology would be economically viable in real-world processing. Figure 7 below indicates that these parameters for energy consumption were met. Impressive while the results were, as expected the pilot design led to an increase in usage compared to bench scale.

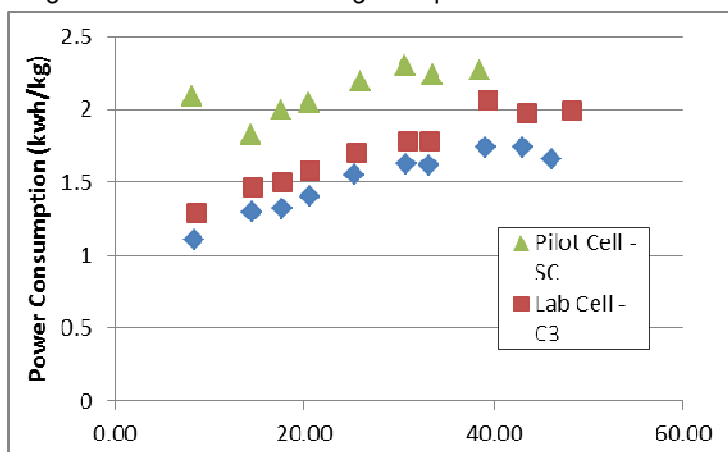


Figure 6. Fourth Iteration Lab and Pilot Comparison of Cumulative Power Consumption

As announced on 18 October 2013, Proto and Caterpillar Financial extended the debt arranging mandate agreement for the Barnes Hill Project into the first half of 2013. Proto Resources signed the mandate agreement with Caterpillar Financial in August 2011 to arrange the debt finance for the Barnes Hill Project.

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 Carl Swensson a full-time employee of Integrated Resource Management Services. Mr Swensson 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 Swensson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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Subsequent events

On 10 January 2013 the Company issued 116,360,294 ordinary shares at an issue price of \$0.005 as collateral shares for investment financing.

On 19 February 2013 and 27 February 2013 the Company issued a total of 50,000,000 ordinary shares at an issue price of \$0.006 to raise \$300,000 through a private placement.

On 27 February 2012 the Company issued 1,667,667 ordinary shares with at an issue price of \$0.0048 as consideration for corporate advisory services.

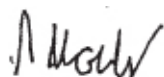
On 28 February 2013 a total of 10,500,000 options exercisable at either \$0.08, \$0.10 or \$0.125 lapsed unexercised.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14 for the half year ended 31 December 2012.

Signed in accordance with a resolution of the Board of Directors



Mr Andrew Mortimer, Managing Director

Dated at Perth this 15th day of March 2013

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Proto Resources & Investments Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 15th day of March 2013

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2012

	31 Dec 2012	31 Dec 2011
	\$	\$
Revenues from continuing activities	345,724	458,162
Consideration received on farm in	1,900,000	-
Interest received	3,680	15,431
	<hr/>	<hr/>
	2,249,404	473,593
Expenses from ordinary activities		
Travel and accommodation	(94,329)	(199,080)
Director and employee benefits expenses	(364,589)	(227,702)
Brokers and consulting fees	(1,064,970)	(486,145)
Finance costs	(349,045)	(1,770)
Exploration expenditure written off	(65,886)	(30,725)
Occupancy expense	(51,817)	(52,545)
Compliance and regulatory expenses	(131,039)	(80,649)
Administration expenses	(460,554)	(418,628)
Share based payments	-	(175,689)
Unrealised loss on financial assets	(1,390,739)	(606,002)
Realised loss on sale of financial assets	(122,585)	(26,103)
Impairment of financial asset	(85,000)	-
Other write off	(48,047)	-
	<hr/>	<hr/>
Net loss before income tax expense	(1,979,196)	(1,991,523)
Income tax expense	-	-
	<hr/>	<hr/>
Net loss from continuing operations	(1,979,196)	(1,991,523)
Other comprehensive income/(loss)		
Revaluation of available for sale financial assets	22,556	(82,028)
	<hr/>	<hr/>
Total comprehensive income /(loss)	(1,956,640)	(2,073,551)
<i>Loss for the period attributable to:</i>		
Members of the parent entity	(1,893,504)	(1,987,688)
Non-controlling interest	(85,692)	(3,835)
	<hr/>	<hr/>
	(1,979,196)	(1,991,523)
<i>Comprehensive income/(loss) for the period attributable to:</i>		
Members of the parent entity	(1,870,948)	(2,069,716)
Non-controlling interest	(85,692)	(3,835)
	<hr/>	<hr/>
	(1,956,640)	(2,073,551)
Loss Per Share (cents per share)	(0.30)	(0.46)

The accompanying notes form part of this financial report.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	31 Dec 2012	30 June 2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		366,186	175,916
Trade and other receivables		347,674	356,924
Held for trading financial assets		727,183	1,084,465
Available for sale financial assets		177,715	212,390
Other assets		95,856	14,902
TOTAL CURRENT ASSETS		1,714,614	1,844,597
NON-CURRENT ASSETS			
Trade and other receivables		24,949	2,949
Available for sale financial assets		855,000	144,889
Exploration assets		8,457,556	7,887,554
Plant and equipment		37,157	44,014
Other assets		1,629	89,632
TOTAL NON-CURRENT ASSETS		9,376,291	8,169,038
TOTAL ASSETS		11,090,904	10,013,635
CURRENT LIABILITIES			
Trade and other payables		1,190,988	839,796
Deferred revenue		29,227	76,663
Provisions		8,627	8,626
Borrowings	8	434,724	-
TOTAL CURRENT LIABILITIES		1,663,566	925,085
TOTAL LIABILITIES		1,663,566	925,085
NET ASSETS		9,427,338	9,088,550
EQUITY			
Issued capital	2	30,520,653	28,270,440
Reserves		5,738,309	5,715,753
Accumulated losses		(26,792,293)	(24,898,788)
Equity attributable to member		9,466,669	9,087,405
Non-controlling interest	10	(39,331)	1,145
TOTAL EQUITY		9,427,338	9,088,550

The accompanying notes form part of this financial report.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2012

	Issued Capital	Option Reserve	Share Based Payment Reserve	Financial Asset Reserve	Accumulated Losses	Non- Controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	24,761,148	15,000	4,827,069	(16,034)	(20,447,797)	-	9,139,386
Loss for the period	-	-	-	-	(1,987,688)	(3,835)	(1,991,523)
Other comprehensive income/(loss) for the period	-	-	-	(82,028)	-	-	(82,028)
Total comprehensive income/(loss) for the period	-	-	-	(82,028)	(1,987,688)	(3,835)	(2,073,551)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the half year	2,052,167	-	-	-	-	-	2,052,167
Less transaction costs arising from issue of shares, net of tax	(61,000)	-	-	-	-	-	(61,000)
Options issued during the half year	-	-	16,000	-	-	-	16,000
Non-controlling interest on acquisition of Barrier Bay Pty Ltd	-	-	-	-	-	8,044	8,044
Balance at 31 December 2011	26,752,315	15,000	4,843,069	(98,062)	(22,435,485)	4,209	9,081,046
Balance at 1 July 2012	28,270,440	970,745	4,843,069	(98,061)	(24,898,789)	1,146	9,088,550
Loss for the period	-	-	-	-	(1,893,504)	(85,692)	(1,979,196)
Other comprehensive income/(loss) for the period	-	-	-	22,556	-	-	22,556
Total comprehensive income/(loss) for the period	-	-	-	22,556	(1,893,504)	(85,692)	(1,956,640)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the half year	2,529,895	-	-	-	-	-	2,529,895
Less transaction costs arising from issue of shares, net of tax	(322,232)	-	-	-	-	-	(322,232)
Options issued during the half year	42,550	-	-	-	-	-	42,550
Non-controlling interest on acquisition of Barrier Bay Pty Ltd	-	-	-	-	-	45,213	45,213
Balance at 31 December 2012	30,520,653	970,745	4,843,069	(75,505)	(26,792,293)	(39,331)	9,427,338

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2012

	NOTE	31 DEC 2012	31 DEC 2011
		\$	\$
Research and development tax rebate		174,518	259,190
Dividends received		4,141	24,829
Other income from operating activities		41,731	152,040
Payments for exploration expenditure		(575,888)	(881,586)
Payments to suppliers and employees		(614,087)	(1,322,435)
NET CASH USED IN OPERATING ACTIVITIES		(965,905)	(1,752,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of tenements		-	100,000
Payments for purchase of shares held for investment		(484,558)	(390,265)
Proceeds from sale of investments		473,033	140,249
Purchase of plant and equipment		-	(8,542)
Payment for subsidiary, net of cash acquired		-	(826)
Loans advanced to other entities		(34,105)	(3,567)
Loan repaid by other entities		-	54,700
NET CASH USED IN INVESTING ACTIVITIES		(45,630)	(108,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of ordinary shares		1,259,000	1,901,381
Payments for transaction costs associated with capital raisings		(322,195)	(61,000)
Proceeds from borrowings		265,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,201,805	1,840,381
Net increase in cash held		190,270	(20,401)
Cash at 1 July		175,916	688,537
Cash at 31 December		366,186	668,136

The accompanying notes form part of this financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The half-year financial report of Proto Resources and Investments Limited (“Proto”) and its controlled entity (“the Group”) for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 15 March 2013. Proto Resources and Investments Limited is a company incorporated in Australia and limited by shares.

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The half-year financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a loss from ordinary activities of \$1,979,196 for the half year ended 31 December 2012 (half year ended 31 December 2011: \$1,991,523). The net increase in cash held during the half year was \$190,270 (half year to 31 December 2011: a decrease of \$20,401). The net working capital position of the Group at 31 December 2012 was \$51,048 (30 June 2012: \$919,512). The net cash outflow from operating activities during the half year was \$965,905 (2011: outflow of \$1,752,531).

The ability of the Group to pay its debts as and when they fall due is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets, obtaining external sources of funding, managing cashflow in line with available funds and ultimately developing one of its mineral properties. The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds given the Group's history of raising capital to date, the Directors are confident of the Group's ability to raise additional funds as and when they are required. The Company has raised \$300,000 through private placements subsequent to reporting date, as disclosed in note 6;
- in light of the Group's current exploration projects, the Directors believe that additional capital required can be raised in the market;
- included in the Statement of Financial Position at 31 December 2012 were financial assets of \$727,183 being the fair value of shares and options held in ASX listed entities. The Directors are of the opinion that these investments can be liquidated as required to fund ongoing operations;
- the Group has a Continuous Investment Agreement with Baycrest Capital LLC which allows the Company to drawdown up to \$7,500,000 in \$100,000 increments; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the Group not be successful in its planned capital raisings and other activities indicated above, it may be necessary to sell some of its assets, farm out exploration projects, reduce exploration expenditure by various methods, including surrendering less prospective tenements. Although the Directors believe that they will be successful in these measures, if they are not, the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Changes in Accounting Policies and Disclosures

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively and the application of the amendments to AASB 101 do not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

	31 December 2012	30 June 2012
	\$	\$
NOTE 2 – SHARE CAPITAL		
(a) Issued and paid up capital		
Fully paid ordinary shares	30,478,103	28,270,440
Listed options	42,550	-
	<hr/> 30,520,653	<hr/> 28,270,440
	2012	2012
	Number	\$
(b) Movement in fully paid ordinary shares on issue		
Balance at 1 July 2012	554,832,696	28,270,440
Issued for cash 9 July 2012	5,555,556	100,000
Issued for consulting services 11 July 2012	1,000,000	18,000
Issued for consulting services 3 August 2012	9,696,154	123,200
Issued for consulting services 7 August 2012	25,100,000	301,200
Issued for cash 28 August 2012	2,631,579	25,000
Issued for cash 9 November 2012	142,642,858	998,500
Issued for consulting services 9 November 2012	48,914,286	342,400
Issued for cash 21 November 2012	1,500,000	10,500
Issued for consulting services 10 December 2012	20,053,477	135,470
Issued for consulting services 13 December 2012	30,000,000	210,000
Issued for cash 13 December 2012	17,857,142	125,000
Issued for cash 21 December 2012	28,125,000	140,625
Transaction costs relating to share issues	-	(322,232)
Balance at 31 December 2012	<hr/> 887,908,748	<hr/> 30,478,103

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 2 – SHARE CAPITAL

(c) Share options

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 51,727,806 listed options expiring 31 December 2013 and exercisable at \$0.25 each.
- 591,087,600 listed options expiring 1 September 2014 and exercisable at \$0.05.
- 1,428,571 unlisted options expiring 12 September 2018 and exercisable at \$0.035.

NOTE 3 – SHARE BASED PAYMENTS

(a) The following share-based payments arrangements were issued during the period:

Share series	Number	Grant Date	Fair value at grant date \$
Issued 11 July 2012	1,000,000	11/7/12	18,000
Issued 3 August 2012	25,100,000	3/8/12	301,200
Issued 3 August 2012	5,000,000	3/8/12	65,000
Issued 3 August 2012	2,850,000	3/8/12	34,200
Issued 7 August 2012	1,846,154	7/8/12	24,000
Issued 9 November 2012	1,914,286	9/11/12	13,400
Issued 9 November 2012	2,000,000	9/11/12	14,000
Issued 9 November 2012	5,000,000	9/11/12	35,000
Issued 9 November 2012	40,000,000	9/11/12	280,000
Issued 10 December 2012	4,053,477	10/12/12	23,470
Issued 10 December 2012	16,000,000	10/12/12	112,000
Issued 13 December 2012	15,000,000	13/12/12	105,000
Issued 13 December 2012	15,000,000	13/12/12	105,000

The fair value of all shares issued during the period as share based payments was determined by reference to the value of services received.

Listed options totaling 42,550,000 were also issued as consideration for services totalling \$42,550.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 3 – SHARE BASED PAYMENTS

The aggregate value of share based payments for the financial period was \$1,270,895. They are recorded in the Statement of Profit and Loss and Other Comprehensive Income within the following expenses;

	\$
Brokers and consulting fees	990,270
Finance costs	140,625
Administration expenses (Marketing and public relations)	140,000
Total	1,270,895

NOTE 4 – OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operation segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- (i) Geographic area of exploration
 - a. Barnes Hill
 - b. Lindeman's Bore
 - c. Other
- (ii) Investing activities

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 5 – OPERATING SEGMENTS

(a) Segment performance

Half Year Ended 31 December 2012	Exploration – Barnes Hill	Exploration – Lindeman's Bore	Exploration - Other	Treasury	Total Operations
	\$	\$	\$	\$	\$
Revenue					
Interest revenue	-	-	-	3,680	3,680
Research & development rebate	174,518	-	-	-	174,518
Dividend income	-	-	-	4,141	4,141
Net gain on tenement disposal	-	-	1,900,000	-	1,900,000
Total segment revenue	174,518	-	1,900,000	7,821	2,082,339
<i>Reconciliation of segment result to net profit before tax</i>					
Office reimbursement					75,000
Unallocated revenue					92,065
Total group revenue					2,249,404
Segment net profit before tax	174,518	-	1,900,000	7,821	2,082,339
<i>Reconciliation of segment result to net loss before tax</i>					
Amounts not included in segment result but reviewed by the board:					
- unrealised loss on financial assets	-	-	-	(1,390,739)	(1,390,739)
- realized loss on share trading	-	-	-	(122,585)	(122,585)
- exploration expenditure written off	-	-	(65,886)	-	(65,886)
Unallocated items:					
- compliance and regulatory expense					(131,039)
- consultancy and brokers fees					(1,064,970)
- director and employee benefits expense					(364,589)
- occupancy expense					(51,817)
- travel and accommodation					(94,329)
- administration and other					(775,581)
Net loss before tax from continuing operations					(1,979,196)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 5 – OPERATING SEGMENTS

Half Year Ended 31 December 2011	Exploration – Barnes Hill	Exploration – Lindeman's Bore	Exploration - Other	Treasury	Total Operations
	\$	\$	\$	\$	\$
Revenue					
Interest revenue	-	-	-	15,431	15,431
Research & development rebate	259,190	-	-	-	259,190
Dividend income	-	-	-	2,551	2,551
Net gain on tenement disposal	-	-	100,000	-	100,000
Total segment revenue	259,190	-	100,000	17,982	377,172
<i>Reconciliation of segment result to net profit before tax</i>					
Office reimbursement					72,500
Unallocated revenue					23,921
Total group revenue					473,593
Segment net profit before tax	259,190	-	100,000	17,982	377,172
<i>Reconciliation of segment result to net loss before tax</i>					
Amounts not included in segment result but reviewed by the board:					
- unrealised loss on financial assets	-	-	-	(606,002)	(606,002)
- realized loss on share trading	-	-	-	(26,103)	(26,103)
- exploration expenditure written off	-	-	(30,725)	-	(30,725)
Unallocated items:					
- compliance and regulatory expense					(80,649)
- consultancy and brokers fees					(486,145)
- director and employee benefits expense					(387,780)
- occupancy expense					(52,545)
- share based payments					(175,689)
- travel and accommodation					(199,080)
- administration and other					(323,977)
Net loss before tax from continuing operations					(1,991,523)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 5 – OPERATING SEGMENTS

(b) Segment assets

	Exploration – Barnes Hill	Exploration – Lindeman's Bore	Exploration - Other	Treasury	Total Operations
As at 31 December 2012	\$	\$	\$	\$	\$
Segment assets	4,893,806	1,588,382	1,953,203	2,126,084	10,561,475
Segment asset increases/(decreases) for the half year:					
- capital expenditure	66,409	134,456	346,972	-	547,836
- held for trading	-	-	-	(357,282)	(357,282)
- available for sale financial assets	-	-	-	675,436	675,436
	66,409	134,456	346,972	318,154	865,990

*Reconciliation of segment
assets to total assets*

Other assets

529,429

**Total asset from
continuing operations**

11,090,904

	Exploration – Barnes Hill	Exploration – Lindeman's Bore	Exploration - Other	Treasury	Total Operations
As at 30 June 2012	\$	\$	\$	\$	\$
Segment assets	4,827,397	1,453,926	1,606,231	1,617,660	9,505,214
Segment asset increases/(decreases) for the year:					
- capital expenditure	525,484	535,928	676,241	-	1,737,707
- cash	-	-	-	(512,621)	(512,621)
- held for trading	-	-	-	(670,054)	(670,054)
- investment account for using equity method	-	-	-	(8,044)	(8,044)
- available for sale financial assets	-	-	-	(147,719)	(147,719)
	525,484	535,928	676,241	(1,338,438)	399,269

*Reconciliation of segment
assets to total assets*

Other assets

508,421

**Total asset from
continuing operations**

10,013,635

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 5 – OPERATING SEGMENTS

(c) Segment liabilities

	Exploration – Barnes Hill	Exploration – Lindeman's Bore	Exploration - Other	Treasury	Total Operations
As at 31 December 2012	\$	\$	\$	\$	\$
Segment liabilities	25,918	14,058	207,143	-	247,119
<i>Reconciliation of segment liabilities to total liabilities</i>					
Other liabilities					1,416,447
Total liabilities from continuing operations					1,663,566

	Exploration – Barnes Hill	Exploration – Lindeman's Bore	Exploration - Other	Treasury	Total Operations
As at 30 June 2012	\$	\$	\$	\$	\$
Segment liabilities	59,925	-	132,220	140,554	325,699
<i>Reconciliation of segment liabilities to total liabilities</i>					
Other liabilities					599,387
Total liabilities from continuing operations					925,086

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 6 – SUBSEQUENT EVENTS

On 10 January 2013 the Company issued 116,360,294 ordinary shares at an issue price of \$0.005 as collateral shares for investment financing.

On 19 February 2013 and 27 February 2013 the Company issued a total of 50,000,000 ordinary shares at an issue price of \$0.006 to raise \$300,000 through a private placement.

On 27 February 2012 the Company issued 1,667,667 ordinary shares with at an issue price of \$0.0048 as consideration for corporate advisory services.

On 28 February 2013 a total of 10,500,000 options exercisable at either \$0.08, \$0.10 or \$0.125 lapsed unexercised.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the period the Company had transactions with related parties of a similar size and nature as disclosed in the 30 June 2012 annual report.

NOTE 8 – BORROWINGS

During the period the Company entered into a loan agreement with Baycrest Capital LLC. The amount repayable is \$345,000 in equal installments of \$86,250 over 4 months which is to be fully repaid by 17 April 2013. The cash amount received was \$265,000.

NOTE 9 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There has been no significant changes in the Group's contingent assets and liabilities since 30 June 2012.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

NOTE 10 – SUBSIDIARIES

Controlled Entities	Country of Incorporation	2012 Percentage Owned	2011
Barrier Bay Pty Ltd*	Australia	51%	51%

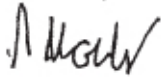
* The proportion of ownership interest is equal to the proportion of voting power held.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The Financial Statements and Notes as set out from pages 18 to 36:
 - a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001; and
 - b) give a true and fair view of the Consolidated entities' financial position as at 31 December 2011 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr Andrew Mortimer
Managing Director

Perth

Dated this 15th day of March 2013

Independent Auditor's Review Report

To the Members of Proto Resources & Investments Limited

We have reviewed the accompanying half-year financial report of Proto Resources & Investments Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Proto Resources & Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Proto Resources & Investments Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Proto Resources & Investments Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Consolidated Entity incurred a loss for the period ended 31 December 2012 of \$1,979,196. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 15th day of March 2013