

30th April 2014

ASX: PRW

"Proto Resources & Investments Ltd ("Proto"), building a substantial resources company with a focus on three areas, development, investment and exploration."

CONTACT

Andrew Mortimer
Managing Director
P: +61 (0)2 9225 4000
andrew.mortimer@protoresources.com.au

PROTO RESOURCES & INVESTMENTS LTD

Quarterly Activities Report
for the quarter ended 31st March 2014

Chairman's Summary

"In the March Quarter the nickel metal price per tonne continued its steep upward trend that commenced in October 2013. Since the start of October 2013 the nickel price has appreciated to approximately \$18,500 per tonne from \$13,700 per tonne (a 35% rise). In Proto's assessment, this nickel price appreciation has occurred primarily due to the Republic of Indonesia insisting on nickel laterite ore processing in country before the nickel product is exported to customers in China.

While the iron ore price has fallen somewhat, Proto believes that the iron ore price will rebound when China injects more stimulus into their economy in the middle of Calendar year 2014. As a result, the commodity price outlook is strong and Proto looks forward to pushing the Barnes Hill project in Tasmania closer to development.



While Proto is continuing to look at exploration, the Company is considering Joint Ventures and other financing options to increase exploration expenditure on the projects. This would allow Proto to better focus its efforts as the Company currently has a large diversified sphere of activities.

The Company is currently raising funds in a non-renounceable rights issue that commenced in the March Quarter. It is this funding that will allow the Company to continue working on the iron ore potential of the Barnes Hill project, which the Company aims to bring into production within the next twelve months."

Andrew Mortimer
Chairman

COMPANY OVERVIEW

Proto Resources & Investments Ltd (“Proto”, the “Company”) is pleased to present to Shareholders with an update on the exploration, development and investment progress for Quarter 3 of FY2014.

BARNES HILL (IRON ORE, NICKEL & COBALT), TASMANIA

During the month of February Proto announced that commercial scale iron ore samples were being taken from Proto’s 100% owned Barnes Hill mining license (see Figure 1). These iron ore samples were taken to be provided to domestic Australian and international iron ore off-takers.



Figure 1. Iron ore sampling underway at Barnes Hill

These samples were taken from twelve specially selected sites at the north pit location. The bulked material sampled represents a blend of all near surface forms of iron rich material, chosen from suitable representative intervals identified in past exploration. The twelve bulka bag Fe samples (weighing approximately 500kg to 1,000kg each) have been shifted from the Barnes Hill site for upcoming metallurgical bulk testing by a potential off-taker. In addition, a set of twelve matching samples has also been taken for Davis Tube magnetic separation analysis.

Proto hopes that iron ore production at the Barnes Hill project will also assist in hastening the development of a stand-alone nickel and cobalt operation and the Company continues to have high level discussions with plant and equipment suppliers for the planned nickel processing operation. As of the date of this Quarterly Proto is currently awaiting assays from the iron ore samples which were sent to Robbins Metallurgical in Brisbane. Proto will use this information to inform the final plant design of the planned iron ore processing plant. Proto is planning on making a number of announcements in the months of May and June 2014 to explain the results we receive and our plans for iron ore production in Tasmania.

ENTITLEMENT ISSUE

Proto Resources and Investments announced on the 7th of March 2014 the entitlement issue prospectus. The purpose of the offer was undertaken to recognise Shareholders’ ongoing support of the Company and to raise additional working capital. The funds raised by the Offer will be applied towards working capital and meeting expenses associated with the offer. The Company offered for subscription approximately 741,793,705 New shares and 741,793,705 New Options.

The shares were offered to Shareholders on the basis of one new share for every one share held on the record date with one attaching new option for every new share subscribed for and issued under the offer. The new option is exercisable on or before 5pm (WST) 17th of December 2017 at \$0.0013 (0.13 cents) into one ordinary share.

For the entitlement not chosen to be utilised the remaining shares will form part of the shortfall. In regards to any remaining shortfall the Directors reserve the right pursuant to the Corporations Act and Listing Rules, specifically Listing Rule 7.2 (exception 3), to allot and issue any shortfall with parties selected by them at their discretion. This shortfall will be placed within 3 months of the closing date and issued on the same terms as were offered to shareholders. The directors of Proto Resources and Investments are currently in discussions with several interested parties in regards to the remaining shortfall and look to update the market soon.

The working capital raised by the Company will be utilised to decrease Company liabilities, provide Iron and Nickel testing, further the Company's technological development, finance ongoing exploration works, assessment of new opportunities to add to those existing projects and for meeting the Company's ongoing administrative and management costs.

On the 27th of March the acceptance date for the non-renounceable pro rata offer of new shares and attaching new options was extended until the 17th of April 2014. The dispatch of holding statements and deferred settlement trading ended on the 30th of April 2014. The new shares and new options will commence trading on the ASX on the 1st of May 2014. As mentioned previously any remaining shortfall will be offered to interested parties for up to three months of the closing date of the offer, of which Proto is pleased to announce that discussions with several interested parties are currently underway.

SUMMARY OF TENEMENTS AND CHANGES

In accordance with ASX Listing Rule 5.3, Proto would like to advise the following:

Project	Tenement	Interest held by Proto on 30 September 2013	Interest acquired/ disposed during Quarter	Interest held by Proto on 31 December 2013
Barnes Hill	EL17/2006	100%	Nil	100%
Barnes Hill West	EL53/2008	100%	Nil	100%
Barnes Hill	1872 P/M	100%	Nil	100%
Lindeman's Bore	EL25307	80%	Nil	80%
Waterloo	EL27420	100%	Nil	100%
Great Doolgunna	E51/1455	30%	Nil	30%
Yerrida (Casey, Mt Killara, Magellen North)	E51/1457, E53/1580, E 53/1581	100%	Nil	100%
Station Bore	E 69/2872	50%	Nil	50%
Rosewood	EL27412	0%	Nil, potential 50% earn-in underway.	0%
Clara Hills	E04/2026, E04/1533	0% (36.25% could be earned by Proto in concert with an earn-in by Victory Mines Ltd.)	Nil, Proto has now withdrawn from the earn-in.	0%
Mooloogool	E51/1185, E51/1186, E51/1213, E51/1215, E51/1325, E51/1340, E51/1341, E51/1342	0% (51% can be acquired by share-based payments, plus a further 19% by earn-in).	Nil, cash payments met but acquisition to be completed in shares.	0%

Proto will continue updating the market on our exploration and development progress. In the meantime, please feel free to contact our office for further information.

Mr Andrew Mortimer
 Chairman
 Proto Resources & Investments Ltd
 T: +61 (2) 9225 4000
 M: +61 (0) 433 894 923

More details are available on the company 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 reviewed by Tony Treasure, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Treasure 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 Treasure consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.