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Company Announcements Office  
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## BARNES HILL IRON ORE UPDATE

The Board of Proto Resources & Investments Ltd (“**Proto**”, the “**Company**”) is pleased to announce that commercial scale iron ore samples are being taken from Proto’s 100% owned Barnes Hill mining license this week (see **Figure 1**). These iron ore samples will be provided to domestic Australian and international iron ore off-takers.

The Barnes Hill mining licence comprises of Australia’s first iron ore mine as well as the Barnes Hill Nickel-Cobalt deposit on which a definitive feasibility study was completed early last year. Proto is steadily progressing through an established route to market for its planned nickel and cobalt products. However, given current market conditions, it is most likely that iron ore will comprise of the first saleable product from Proto’s Barnes Hill mining concession.



**Figure 1.** *Iron ore sampling underway at Barnes Hill*

The samples are being collected from twelve specially selected sites at the north pit location. This bulked material 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 samples (weighing approximately 500kg to 1,000kg each) are to be 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.

Iron ore remains a commodity in strong demand globally and Proto believes that this will continue for some years. Global economic growth (and particularly Asian economic growth) will be a strong driver of iron ore demand and consumption as a raw material. Proto is currently completing framework agreements with mining and transport companies in order to fast track the desired production of iron ore at the Barnes Hill project, which is just 20kms from the nearest available port. The strong available infrastructure is key in making the iron ore operation a near-term opportunity for cash generation, with no substantial CapEx required.

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. In the past fortnight the nickel price has improved, having been above US\$6.65 per pound for the first time in three months. The economics of Barnes Hill have also been improving substantially with the falling Australian dollar which has finally fallen below US\$0.90 for the first time in three years. This long-term correction pushes and enhances the global competitiveness of Australia-based mining, making the case for financing construction more compelling. Barnes Hill's variable costs are primarily Australian dollar denominated, such that any downwards shift in the exchange rate provides a powerful boost to economic outcomes.

We look forward to moving the iron ore potential at the Barnes Hill project forward as it will provide the company with near term cash flow and the ability to self-sustain its operations.

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