

ASX: PRW

“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
- Rosewood

Western Australia

- Mt Veters
- Yerrida Basin
- Clara Hills

2. DEVELOP

Tasmania

- Barnes Hill

3. INVEST

New South Wales

- Barrier Bay Pty Ltd

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PROTO RESOURCES & INVESTMENTS LTD

Quarterly Activities Report

for the quarter ended 30th September 2013

Managing Director’s Summary:

“Proto Resources & Investments Ltd (“Proto” “the Company”) (ASX:PRW) has continued to make strong progress in the September Quarter. Results of the fourth hole of Lindemans Bore, in the Northern Territory, were a highlight where Proto intersected a large alteration system.

The company also added a new director to the board, Mr Andrew Heap, who has been tasked to forward the Barnes Hill project in terms of the Iron Ore as well as the Nickel-Cobalt.

Importantly, Proto completed a rights issue that was well subscribed despite a very difficult market. Further, Proto received many messages of support and positive feedback from the shareholder base as part of this process as well.

Finally, Proto continued its strategic planning process which is mainly focusing on the company’s desire to bring in a large multibillion dollar partner to assist Proto in its ambitious operational agenda. Proto has received approaches from large mining industry organisations and discussions are at a preliminary stage. The addition of the copper nickel platinum group element project (Rosewood) in the Northern Territory was also worked on during the quarter and announced in October.” – Andrew Mortimer.

Explore, Develop, Invest

As announced previously to market, the fourth hole at Lindeman’s Bore was completed and announced during the September Quarter. Proto is a firm believer in the Copper nickel platinum group element potential of the Northern Territory and until recently Lindeman’s Bore was the sole focus of the Company’s attention and efforts. The fourth hole was drilled 200m north-north-east of the third hole and confirmed the presence of a large alteration system that Proto believes may include mineralisation. While there was not significant mineralisation reported in the fourth hole, the highly altered nature of the rocks strongly suggests a geological event that could have given rise to mineralisation in a different part of the system. The company intends on drilling a fifth hole due east on an angle into the centre of the anomaly in calendar year 2014.

During the September Quarter Proto also revisited geophysical data on the Mt Veters project thirty Kilometres north east of Kalgoorlie in Western Australia. Proto conducted gravity and electromagnetic surveys on the tenement in early 2007 and reinterpretation of these surveys has suggested other targets worthy of drill testing. Proto looks forward to commencing work in the New Year in order to determine whether the Black Swan/Silver Swan nickel sequence continues into the Mt Veters project.

It is expected that three hundred meter deep holes will need to be completed in the next round of drilling.

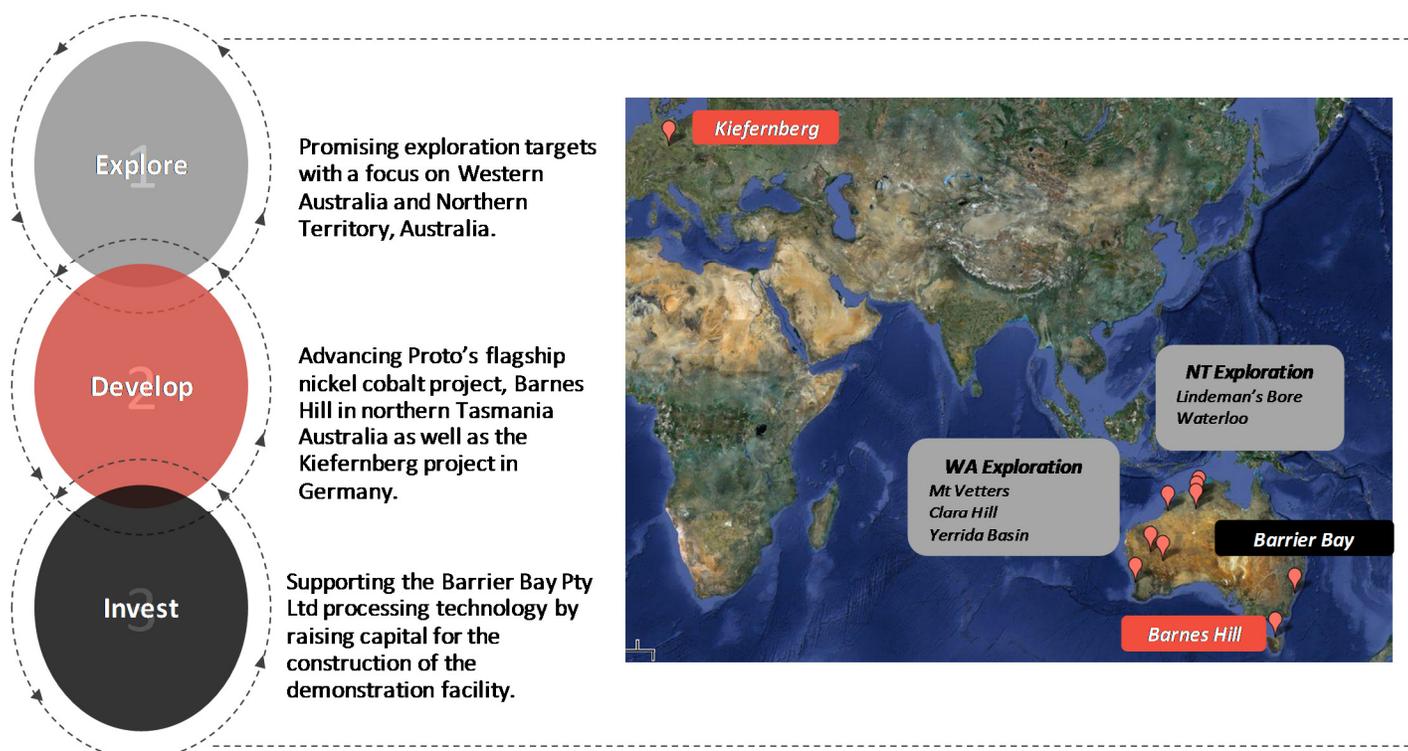
Proto announced the acquisition of the copper-gold joint venture with Dourado Resources (ASX:DUO) in June of 2013. Proto's joint venture with Dourado is over the Mooloogool project in Western Australia which is in close proximity to Sandfire's (ASX:SFR) DeGrussa copper-gold operation. Proto believes that there is a great deal of copper-gold potential in this region and that the area is underexplored despite the fact that there has been a great deal of excitement and publicity surrounding Sandfire's exploration success since the middle of 2009. During the September Quarter Proto conducted a brief site visit during which rock samples were taken for evaluation and preparation for a much larger ground survey to commence in the December Quarter 2013. Proto's Mooloogool joint venture with Dourado will become the key focus of the company while Proto waits for the nickel price to improve which will help to finance the Barnes Hill nickel development in Tasmania.

Mr Andrew Heap was appointed to the board of Proto in the September Quarter. Mr Heap will also be Proto's state manager in Tasmania. Proto believes that Mr Heap will be able to steer the Barnes Hill Iron ore, Cobalt and Nickel project from his base in Launceston where he runs a successful property practice. Mr Heap is also chairman of the Tasmanian Chamber and Commerce of Industry and as such is a leader of the business community in Tasmania.

During the months of August and September Proto conducted a rights issue to all shareholders in the company. Funds have continued to flow in and to date approximately \$500,000 has been raised. During this time Proto management took the opportunity to be in telephone contact with many Proto shareholders and in all cases, Proto shareholders expressed continued support and a long term view and appreciation for the company's strategy. The company was very pleased to receive this positive feedback and was very impressed with the level of awareness and understanding that Proto shareholders have for the macro market challenges that the Company has faced and still faces. Proto has used the funds from the rights issue to continue maintaining and working on its projects.

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 1 of FY2014.



MT VETTERS PROJECT, WESTERN AUSTRALIA

On the 26th of July 2013 the Board of Proto was pleased to announce that it plans to take advantage of cheaper drilling rates as a result of the current exploration market, by continuing with the exploration of its copper and gold tenements in Western Australia and the Northern Territory. The Company is planning further drilling campaigns at Mt Vettors in WA, 30kms north east of Kalgoorlie and also aims to joint venture its non-core project tenements. Recently, Proto has received international interest in some of its projects and will continue to advance these discussions and opportunities.

LINDEMAN'S BORE PROJECT, NORTHERN TERRITORY

On the 13th of August Proto Resources announced the completion of the fourth deep diamond hole (LBD04) at the Lindeman's Bore project 380km south west of Katherine, Northern Territory. LBD04 was drilled approximately 200m to the NNE of the previous LBD03 hole targeting the northern central axis limit to the ZTEM anomaly (**Figure 1**).

The basal sandstone conglomerate unconformity of the overlying Limbunya sedimentary formation was intersected at a vertical depth below surface of 326m, compared to former drill hole LBD03 at 341m, indicating an undulating palaeo-land surface morphological control to the unconformity surface (Figure 2).

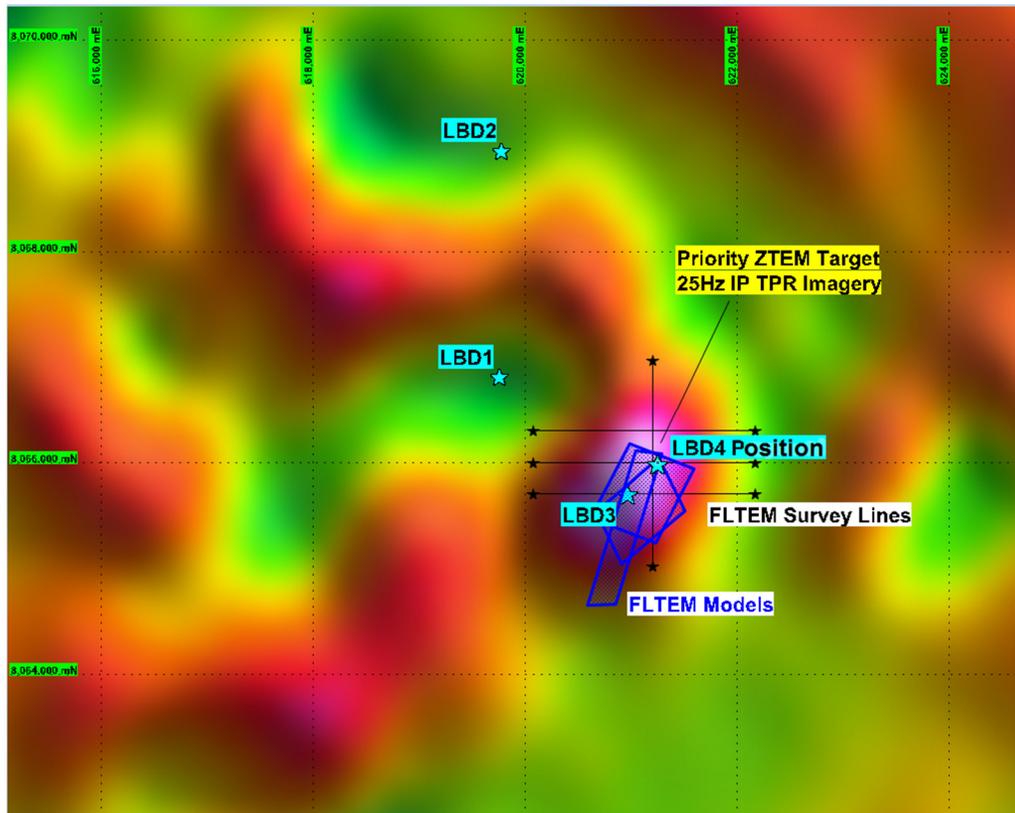


Figure 1. Geophysics ZTEM anomaly image and FLTEM models with current drill hole locations.



Figure 2. Limbunya Formation basal unconformity, sandstone-conglomerate rock to 326m depth.

No significant mineralisation was encountered in LBD04. However, the alteration assemblages occurring throughout the Inverway Metamorphics are very similar to the occurrences in LBD03, suggesting that LBD04 has been drilled towards the outer northern limit of a hydrothermal alteration halo. The northern part of the ZTEM anomaly targeted could be a response to the amount of hematite alteration within the mafic units of the Inverway Metamorphics, particularly with a significant increase in magnetic susceptibility readings encountered towards the bottom of the hole with magnetometer S.I. units up to 10×10^{-3} present (**Figure 5**).

Previous drill hole LBD03 was completed in 2012, targeting a tabular 500m by 500m electromagnetic ("EM") anomaly identified through sequential application of a Z-Axis Tipper Electromagnetic ("ZTEM") survey in 2010, and follow-up ground EM and Gravity surveys performed during 2011-2012. The ZTEM geophysical data returned potentially sulphide-bearing geophysical signatures that encouraged further exploration under the Mississippi Valley style copper-lead-zinc mineralisation ("MVT") model that Proto is continuing to test at Lindeman's Bore. The ZTEM anomaly is also supported by a coincident gravity low response (**Figure 3**) which Proto is interpreting as representing a geophysical signature for the hydrothermal alteration activity event, resulting in the altered host rocks inheriting lower density properties compared to surrounding country rock.

Although no significant mineralisation was intersected in LBD04, the strong alteration within the Inverway Metamorphics is intriguing (**Figures 4, 5**). The style of alteration suggests a significant hydrothermal system has pervasively and aggressively invaded and altered the surrounding country rock. The intersection of an intrusive rock unit in previous drill hole LBD02 with high gold and palladium signatures, approximately 2km north of LBD04, could be of significance spatially to a similar rock type seen in LBD04 from 384m to 392m depth (**Figure 6**), assuming that connecting conduits are present. However, no such equivalent Au-Pt-Pd geochemical signature is present with this unit in LBD04. It is worth noting that the Coronation Hill deposit near Pine Creek in the Northern Territory (4.5Mt @ 4.5g/t Au, 0.19 g/t Pt and 0.65 g/t Pd) exhibits quite a wide spread alteration signature and is located in mafic intrusive plugs between 200m-400m below unconformable Meso-proterozoic sediments of the Kombolgie Formation.

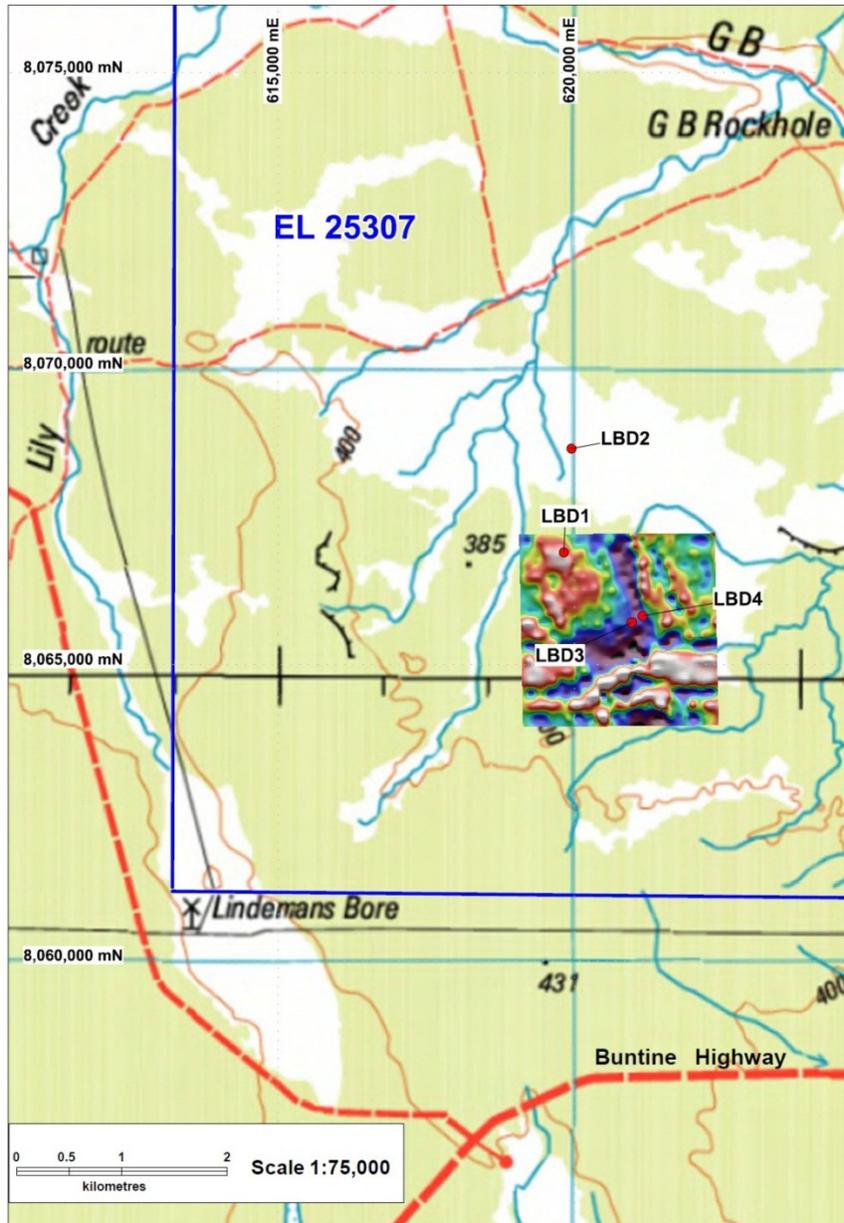


Figure 3. Gravity survey image showing low response signature (purple colours) for LBD03 and LBD04 locations.

The Company remains encouraged by the extent of hydrothermal alteration in the vicinity of the ZTEM anomaly encountered in drill holes LBD03 and LBD04. With the current indications for a hydrothermal alteration halo width of at least 200m for the ZTEM anomaly, an additional LBD05 angled drill hole is planned to further test the central portion of the ZTEM anomaly, east of LBD03 (**Figure 7**) .

A down-hole electromagnetic survey will also be planned for the LBD05 hole as a geophysical test for any off-hole conductivity anomalies occurring at depth (i.e. sulphide mineralisation in the Inverway Metamorphic stratigraphy), to provide perhaps further targeting for a follow-up LBD06 drill hole.



Figure 4. Strong quartz-carbonate-haematite development (hydrothermal-alteration of mafic rock).



Figure 5. Strong magnetometer readings towards base of hole in foliated quartz-carbonated mafic rock.



Figure 6. “Leopard spot” textured intrusive rock unit

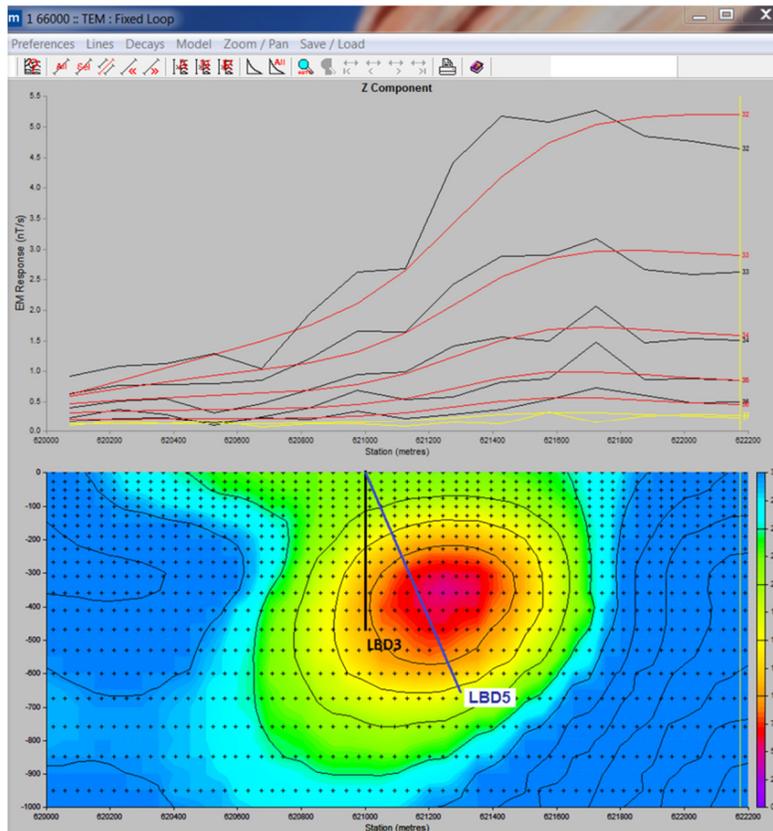


Figure 7. Proposed drill hole LBD05 position in relation to LBD03 drill hole and ZTEM anomaly.

Proto was very pleased to have intersected the high level of alteration that appeared to have been caused by a large hydrothermal system. The next drill hole (LBD05) is designed to test the very centre of the anomaly now that LBD04 has closed off the anomaly’s potential for mineralisation to the north.

ACQUISITION OF GOODIN DOME-YERRIDA BASIN TENEMENTS

On the 7th of August Proto announce that subject to ASX and appropriate shareholder approval it has entered into a Binding Term Sheet with Dourado Resources Limited to acquire an initial 51% interest with a right to earn up to 70% in the Mooloogool Exploration Licenses in the Goodin-Dome Yerrida Basin area of Western Australia. The Binding Term Sheet is subject to Shareholder Approval.

The northern part of the Mooloogool Licenses are located approximately 40 kilometres south of the DeGrussa Copper Gold Mine operated by Sandfire Resources Limited. Please see Sandfire's website for their JORC compliant statement relating to this Operation. The tenements are prospective for Proterozoic gold and copper-gold deposits. Only limited reconnaissance geochemical sampling has been undertaken to date and the Mooloogool Licenses remain largely unexplored. Eight Exploration Licenses, (1,461 square kilometres), cover deformed Proterozoic metasediments around the Goodin Dome, a large ellipsoidal granite that may have acted as a fluid source for mineralising solutions in the region. Combined with its existing portfolio of Magellan North, Mt Killara, Great Doolgunna, Casey and Station Bore, Proto's tenement position in the region now totals approximately 1,967 square kilometres.

Consideration for the acquisition (which is subject to Due Diligence, Shareholder Approval and Proto board approval) is A\$50,000 in cash and A\$600,000 worth of Proto Shares for an initial 51% interest in the tenements. The issue of the securities will be subject to Shareholder Approval at a General Meeting. Initial exploration will aim to complete the reconnaissance work that was commenced by Dourado and will include surface mapping, infill and extension geochemical sampling and subject to results, follow up Aircore +/- RC drilling. Exploration success in the vicinity of the Mooloogool Tenements has continued with Enterprise Metals continuing to return encouraging gold results from its Vulcan and Scotty prospects on the adjoining tenements to the North-West of Mooloogool. RM Corporate Finance (subject to certain Terms and Conditions) has agreed to provide up to A\$2.5 million in funding over three years that will allow Proto to undertake broad exploration at Mooloogool.

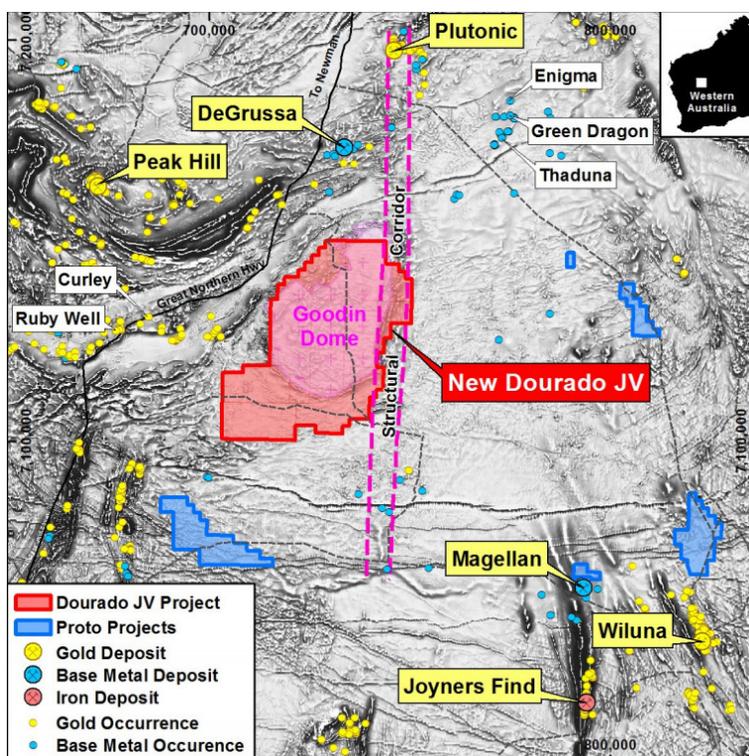


Figure 8. Plan showing new Dourado Joint Venture licenses (Mooloogool Licenses) and existing Proto Resources Limited licenses in the Yerrida Basin-Goodin Dome region.

Tenements	Blocks	Area km ²
E51/1185	47	141
E51/1186	69	207
E51/1213	55	165
E51/1215	60	180
E51/1325	54	162
E51/1340	70	210
E51/1341	70	210
E51/1342	62	186

Table 1. Table showing Dourado Joint Venture licenses (Mooloogool Licenses).

Strategic Value

The Mooloogool Licenses (**Figure 8, Table 1**) represent a strategic portfolio in an emerging Copper-Gold Province located just 40 kilometres south of DeGrussa Copper Gold Mine operated by Sandfire Resources Limited. Please see Sandfire's website for their JORC compliant statement relating to this Operation and their Copper Gold production to date.

Mineralisation Potential

There is potential for stratiform copper, volcanogenic massive sulphide and mesothermal/hydrothermal gold mineralisation. There also exists the possibility of greenstone hosted Archaean gold mineralisation at depth. The Plutonic Gold Mine (Barrick Gold Corporation) is situated approximately 90 kilometres north of the Mooloogool Licenses on the southern end of the Plutonic Well Greenstone belt. Examination of regional magnetics suggests the possibility that this greenstone belt may extend under cover on the eastern side of the Goodin Dome. Please refer to the Barrick Gold Corporation website for any JORC compliant information.

Recent Exploration

The Mooloogool tenements have seen very little exploration in recent years with the exception of a regional geochemical program by Dourado. Approximately 10 lines of RC drilling were undertaken over 2011 on the Diamond Well tenements by Dourado immediately to the south of the Mooloogool Licenses. The lithologies encountered included intercalated siltstones, sandstones, shales and some mafic intrusives and elevated copper up to approximately 200ppm. Analysis of historical data has confirmed the presence of elevated copper associated with broadly east-west striking structures which are likely to be the controlling structures of the mineralisation identified in this drill program. Copper assays up to 709 ppm were returned from the Diamond Well tenements immediately to the south of the Mooloogool tenements.

Mooloogool

There has been comparatively limited exploration on the Mooloogool Licenses with the north-western, northern and north eastern margins of the Goodin Dome representing an attractive near term target for exploration for the following reasons.

- (i) **Iron Enriched/Deformed Sediments**- It appears that the Goodin Dome may have acted as heat source and shearing along the margins associated with possibly regional NNW striking structures may have provided the loci for copper-gold deposition.
- (ii) **Outcrop**-The abundance of outcrop in the Mooloogool package of tenements is likely to make the targeting/identification of prospects/drill targets somewhat easier.

Strengthened Yerrida Basin Portfolio

The Acquisition and Joint venture of the Mooloogool Licenses further strengthens Proto's presence in the region which also includes:

- The Magellan North Project (E53/1581) is situated immediately to the north of the Magellan Lead Mine and is considered prospective for further base metal discoveries. Airborne magnetics reveal

deep seated magnetic anomalies in the basement Archaean sequence, situated immediately north of the Magellan lead deposits.

- The Mt Killara Project (E53/1580) is located 10km north of the township of Wiluna Gold deposits and contains Killara Formation volcanics. Radiometric data delineates anomalous uranium in the vicinity of an Archaean /Proterozoic unconformity.
- The Great Doolgunna Project (E51/1455) (Victory Mines Limited (“Victory”) 70% (ASX: VIC): Proto Resources & Investments 30%) lies 60km southeast of the DeGrussa Cu-Au Deposit and adjoins Great Western Exploration Limited’s (ASX: GTE) Doolgunna Project. Previous exploration has defined a broad polymetallic geochemical soil anomaly to the east of the tenement.
- The Casey Project (E51/1457) lies 55km northeast of Meekatharra and covers a portion of the southwest margin of the Yerrida Basin comprised of intercalated Proterozoic and Archaean units.
- The Station Bore Project (E69/2872) (Victory Mines Limited 70% (ASX: VIC): Proto Resources & Investments 30%) lies 13km southeast of the Great Doolgunna project and covers part of the Mibbeyan drainage system. The magnetics show Proterozoic dyke units striking ~NE-SW. There is a NNW-SSE striking feature on the eastern margin of the tenement which could represent a potential unconformity/structural boundary.

Proposed Exploration

Subject to the settlement of this acquisition, Proto is planning to infill and extend the geochemical sampling program that was commenced by Dourado on the Mooloogool Licenses in addition to undertaking detailed geological mapping and sampling with a focus on the deformed ironstone sequences that bound the Goodin Dome (see Figure 9). Geochemical sampling of the magnetic high’s and/or radiometric anomalies will also be a priority for this first phase of exploration. Remote sensing has picked up areas of clay alteration overlying interpreted intrusive lithologies. This will also be a target for geochemical sampling.

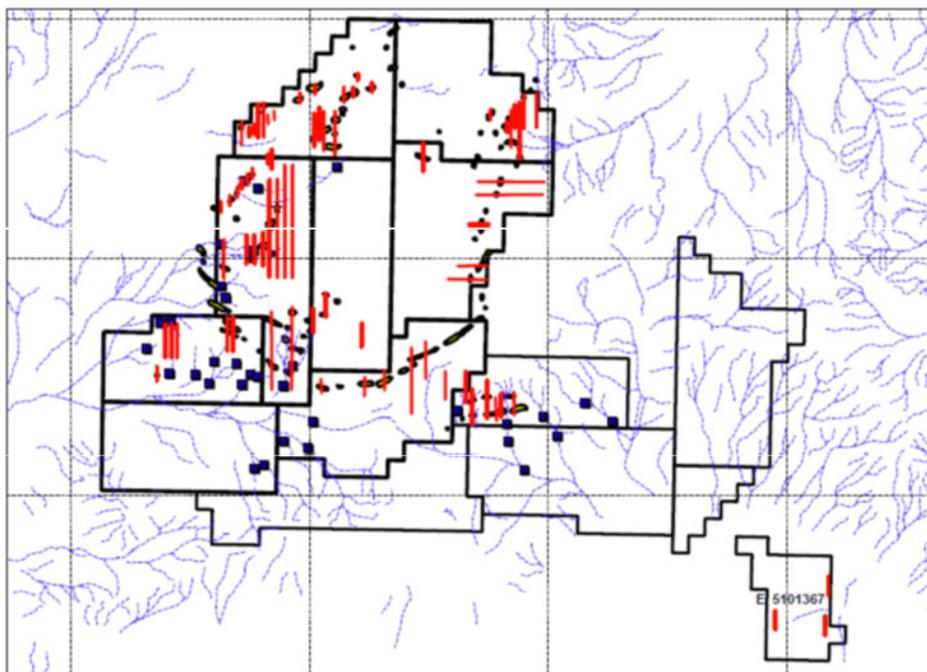


Figure 9. Plan showing planned geochemical sampling lines on the Mooloogool License.

CAPITAL RAISING

Having had limited initial acceptances, on the 3rd of September 2013, the Directors of Proto Resources & Investments Ltd were pleased to announce that 210,000,000 shares with attaching options had been issued from the shortfall of this entitlement issue. This shortfall was issued in accordance with Section 1.9 of the Prospectus dated 24 July 2013. Taking heart from this success, the Company has continued to work on placing shortfall to interested investors.

To date Funds have continued to flow in and to approximately \$500,000 has been raised. The Company is pleased with the response to the entitlement issue and in particular the interest in shortfall. The Directors look forward to issuing the final 640,543,753 shortfall shares with attaching options.

Proto is looking forward to updating the market on our progress in the coming weeks. In the meantime, please feel free to contact our office for further information.

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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.