

# PROTO



RESOURCES & INVESTMENTS LTD

## STOCK EXCHANGE ANNOUNCEMENT

February 8, 2010

### **First assay results from nickel resource drilling program at Proto's flagship Barnes Hill Project, Tasmania**

#### **ASX Release: PRW**

*Proto has received the first assay results from the current phase of drilling at the Company's flagship Barnes Hill project near Beaconsfield in Tasmania.*

*This resource drill-out not only targets an upgrade of portions of the current Joint Ore Reserves Committee ("JORC") compliant Indicated Mineral Resource to a Measured category but also tests for possible extensions to the currently defined deposit.*

*Work is also continuing on environmental studies at Barnes Hill.*

#### **Executive Summary**

- Assay results received from first 88 holes of the resource drilling program (drill holes BHA076 – BHA163)
- Resource drilling program now approximately 75% complete with 312 holes for 2,489m drilled with the aim of achieving a level of confidence amounting to a Measured Mineral Resource at Barnes Hill
- Several high grade nickel and cobalt intercepts were returned as detailed below:
  - Drill hole BHA124      10m @ 1.0% Ni & 0.078% Co from 3m
  - Drill hole BHA144      21m @ 0.91% Ni & 0.058% Co from 9m
  - Drill hole BHA146      16m @ 1.4% Ni & 0.048% Co from 9m
  - Drill hole BHA153      13m @ 1.5% Ni & 0.092% Co from 11m

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### ***Assays from Resource Drilling Received***

The Directors of Proto Resources & Investments Ltd ("Proto", "the Company") are pleased to provide the first assay results from recent resource drilling at the Company's flagship Barnes Hill project in Tasmania (Figure 1).

This resource drill-out not only targets an upgrade of portions of the current Joint Ore Reserves Committee ("JORC") compliant Indicated Mineral Resource to a Measured category, but also tests for possible extensions to the currently defined deposit.

Assay results received to date are encouraging and show that nickel intersections of greater than 2m at 0.5% Ni are widespread across the northern resource area as expected and that some areas contain thicker intersections of higher grade nickel (>1% Ni) up to 16m wide as in drill hole BHA146 (16m @ 1.4% Ni & 0.048% Co).

Proto's Chairman and Managing Director, Mr Andrew Mortimer, said the pleasing high grade nickel and cobalt intersections that start between 3 - 11 metres from surface, would provide ample ore for nickel metal production, and with a low strip ratio.

"The high grade intercepts of 1.4% and 1.5% indicate high grade pods that will provide for early capital recovery and income generation," Mr Mortimer said.

The current resource drilling program commenced at the Barnes Hill nickel-cobalt deposit in November 2009. Drilling is being conducted on a nominal 50m x 50m grid pattern across the Barnes Hill deposit. A total of 312 aircore drill holes for 2,489 metres have now been completed as part of this program.

One metre samples were taken from each metre drilled and sent to ALS Laboratory Group for assay by X-Ray fluorescence spectrometry. Assay results have now been received for the first 88 drill holes of the program of which 66 returned significant assay results (>0.5% Ni with a minimum 2m intercept and maximum 3m of internal dilution). The nickel and cobalt drill hole intersections for these 66 holes are given in Table 1 and drill hole locations are shown in Figure 2.

Drill holes BHA076 to BHA163 are from the north and northwestern areas of the Barnes Hill deposit. Figure 3 shows one of the drill rigs at Barnes Hill during this part of the program. The drilling, as anticipated by review of the historic drill hole database and from previous Proto drilling, intersected a lateritised weathering profile above the serpentinised ultramafic rocks of the Andersons Creek Ultramafic Complex. The lateritised weathering profile which hosts the known resource can in general be divided into an iron-rich surficial laterite layer (0 - 7m thick) underlain by a clay-rich saprolite layer (5 - 25m thick) which is then underlain by the weathered ultramafic rocks.

### ***Current Activities at Barnes Hill***

Work has recommenced at the Barnes Hill project after a short Christmas break. This aircore drilling will complete a nominal 50m x 50m grid pattern to infill areas of the historic Indicated Mineral Resource. Diamond core drilling has also now commenced at Barnes Hill to twin existing aircore drill holes for quality control purposes and to provide additional material for bulk density testwork currently underway.



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Metal recovery and acid consumption testing on the 300kg sample of ore from the Barnes Hill deposit is continuing at the laboratory in New South Wales. Results will be used to confirm the processing technology that Proto has been developing. This Clean Technology will improve performance and provide world-best environmental outcomes at the Barnes Hill project. Proto is aiming to achieve a virtually closed system at Barnes Hill and aims to have a thoroughly tested flowsheet by the end of March 2010.

Environmental studies are also continuing at Barnes Hill. The Company is continuing its ongoing monitoring of groundwater and surface water. Proto has recently checked the groundwater bores at Barnes Hill and found them to all be in good working order following the recent fire in the area. The program will be adjusted to allow for residue from the fire where needed. Work also continues on the monitoring of invertebrates. Following a recent aquatic fauna habitat survey, consultants will soon be following up with a closer examination of crayfish populations in and around Barnes Hill.

The Company looks forward to providing further updates in due course.

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*The information in this report that relates to Exploration Results is based on information compiled by Andrew Jones, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Jones is a full-time employee of TasEx Geological Services Pty Ltd 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 Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*


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**Table 1 – Significant Nickel and Cobalt Drill Hole Intersections**

Hole ID	Northing	Easting	Dip	Max Depth	Depth From	Depth To	Width (m)	Ni %	Co %
BHA076	5437245	480999	Vertical	10	3	9	6	0.71	0.085
BHA077	5437250	480955	Vertical	11	5	9	4	0.75	0.094
BHA078	5437260	480915	Vertical	18	4	15	11	0.64	0.069
BHA080	5437188	480878	Vertical	4	0	2	2	0.53	0.18
BHA083	5437165	480932	Vertical	19	8	18	10	0.72	0.043
BHA084	5437146	480953	Vertical	13	4	13	9	0.61	0.051
BHA085	5437212	480982	Vertical	15	6	15	9	0.82	0.048
BHA086	5437165	481000	Vertical	14	7	14	7	0.67	0.055
BHA088	5437192	481025	Vertical	15	8	15	7	0.81	0.16
BHA088	5437192	481025	Vertical	15	3	5	2	0.53	0.051
BHA089	5437150	481050	Vertical	14	10	14	4	0.98	0.080
BHA089	5437150	481050	Vertical	14	5	7	2	0.65	0.048
BHA091	5437050	481150	Vertical	12	5	12	7	0.80	0.12
BHA092	5437100	481125	Vertical	8	3	8	5	0.71	0.15
BHA093	5437150	481100	Vertical	13	4	13	9	0.78	0.064
BHA094	5437150	481150	Vertical	7	3	7	4	0.75	0.93
BHA095	5437150	481200	Vertical	13	4	13	9	0.77	0.073
BHA096	5437150	481250	Vertical	13	9	13	4	1.1	0.064
BHA097	5437200	481125	Vertical	4	1	4	3	0.75	0.10
BHA098	5437200	481175	Vertical	8	1	7	6	0.56	0.037
BHA099	5437200	481225	Vertical	7	3	7	4	0.62	0.31
BHA100	5437250	481100	Vertical	9	0	8	8	0.77	0.032
BHA101	5437250	481150	Vertical	10	2	8	6	0.80	0.067
BHA102	5437250	481200	Vertical	10	4	6	2	0.62	0.19
BHA103	5437100	481225	Vertical	20	5	20	15	0.87	0.069
BHA104	5437100	481175	Vertical	13	10	13	3	0.85	0.11
BHA107	5437100	480975	Vertical	7	5	7	2	0.53	0.029
BHA108	5437100	481025	Vertical	9	2	9	7	0.70	0.084
BHA112	5437050	481050	Vertical	3	1	3	2	0.66	0.046
BHA115	5436950	481000	Vertical	9	5	9	4	0.66	0.044
BHA116	5436950	480950	Vertical	7	5	7	2	0.67	0.037
BHA119	5436900	480875	Vertical	11	8	11	3	0.60	0.041
BHA121	5436900	480925	Vertical	9	7	9	2	0.75	0.044
BHA122	5436900	481050	Vertical	8	5	8	3	0.64	0.045

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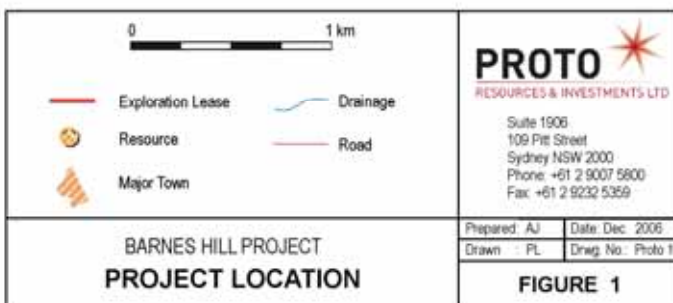
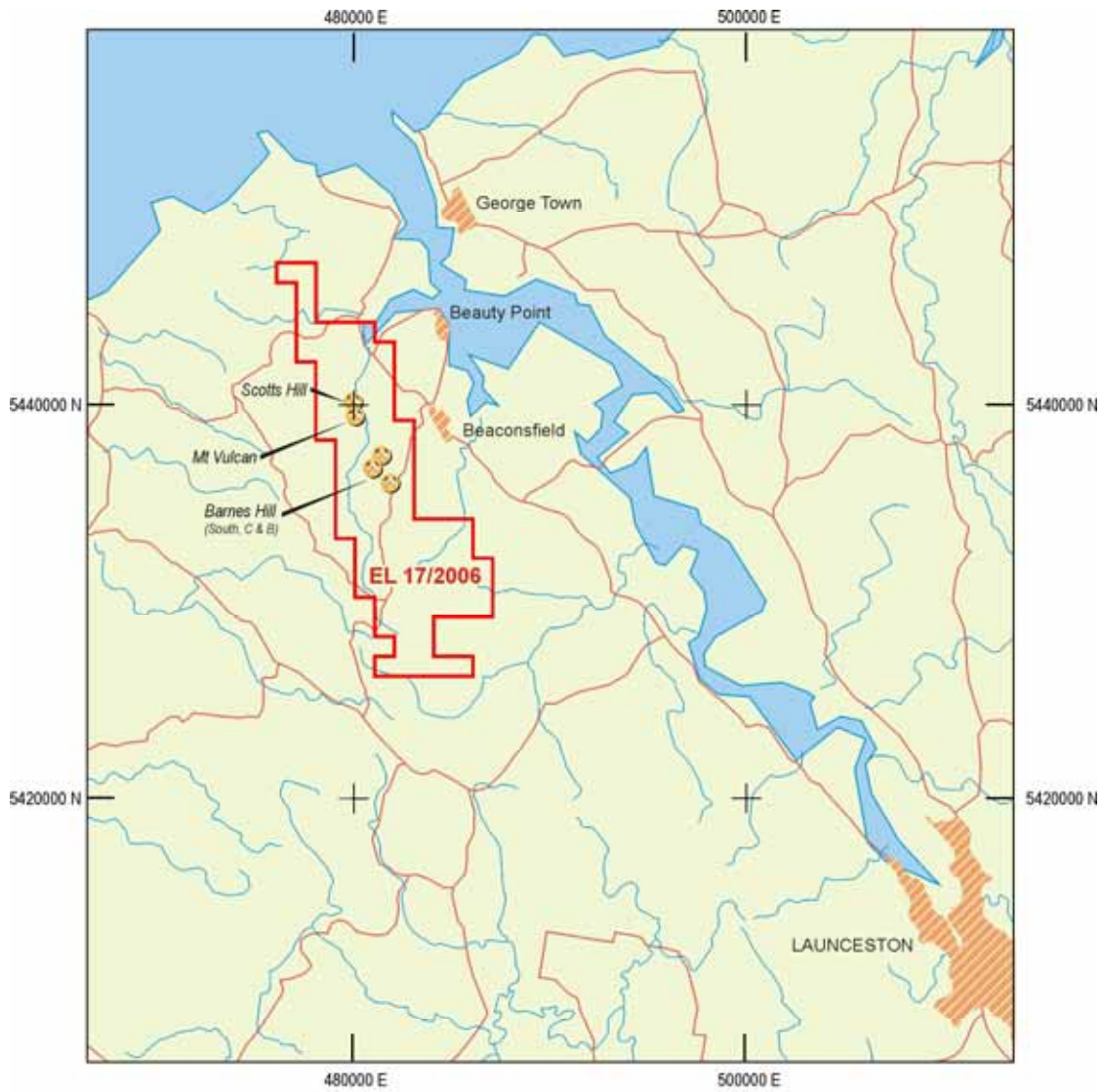
**Table 1 (continued) – Significant Nickel and Cobalt Drill Hole Intersections**

Hole ID	Northing	Easting	Dip	Max Depth	Depth From	Depth To	Width (m)	Ni %	Co %
BHA123	5436900	481020	Vertical	5	1	5	4	0.69	0.041
BHA124	5436900	481075	Vertical	13	3	13	10	1.0	0.078
BHA132	5437500	481225	Vertical	7	5	7	2	0.75	0.061
BHA133	5437450	481250	Vertical	8	6	8	2	0.94	0.072
BHA134	5437450	481200	Vertical	10	6	10	4	0.82	0.063
BHA135	5437450	481375	Vertical	10	6	10	4	0.97	0.055
BHA136	5437450	481300	Vertical	9	5	9	4	0.67	0.039
BHA137	5437400	481325	Vertical	16	10	16	6	0.98	0.081
BHA138	5437400	481225	Vertical	7	3	7	4	0.82	0.059
BHA139	5437400	481275	Vertical	10	6	10	4	1.14	0.052
BHA140	5437150	481450	Vertical	25	14	24	10	0.86	0.083
BHA141	5437150	481400	Vertical	19	14	19	5	1.0	0.13
BHA142	5437150	481350	Vertical	16	14	16	2	1.1	0.11
BHA144	5437100	481275	Vertical	30	9	30	21	0.91	0.058
BHA145	5437000	481275	Vertical	12	5	12	7	0.66	0.16
BHA146	5437000	481325	Vertical	22	6	22	16	1.4	0.048
BHA147	5437000	481375	Vertical	8	1	3	2	0.80	0.10
BHA148	5437050	481400	Vertical	15	8	15	7	1.0	0.07
BHA148	5437050	481400	Vertical	15	2	4	2	0.57	0.043
BHA149	5437050	481350	Vertical	10	4	9	5	0.82	0.073
BHA150	5437050	481300	Vertical	16	6	16	10	0.95	0.063
BHA151	5437100	481425	Vertical	11	4	11	7	1.2	0.099
BHA152	5437100	481375	Vertical	14	5	14	9	0.90	0.093
BHA153	5437100	481325	Vertical	24	11	24	13	1.5	0.092
BHA154	5437000	481225	Vertical	9	5	9	4	0.68	0.21
BHA157	5437050	481250	Vertical	11	7	11	4	0.85	0.074
BHA158	5436950	481400	Vertical	11	1	11	10	0.62	0.012
BHA159	5436950	481350	Vertical	9	4	9	5	0.59	0.022
BHA160	5436950	481300	Vertical	17	2	17	15	0.96	0.044
BHA161	5436950	481250	Vertical	10	3	8	5	0.60	0.11
BHA162	5436950	481200	Vertical	11	9	11	2	0.81	0.061
BHA163	5436900	481175	Vertical	10	4	7	3	0.82	0.13

- Intercepts are from aircore drilling and based on assay data from 1m grab samples. Analysis is by X-Ray fluorescence spectrometry and hole collars were located by GPS (MGA94). Intersections calculated using 0.5% Ni lower cut-off with a minimum 2m intercept and maximum 3m of internal dilution.



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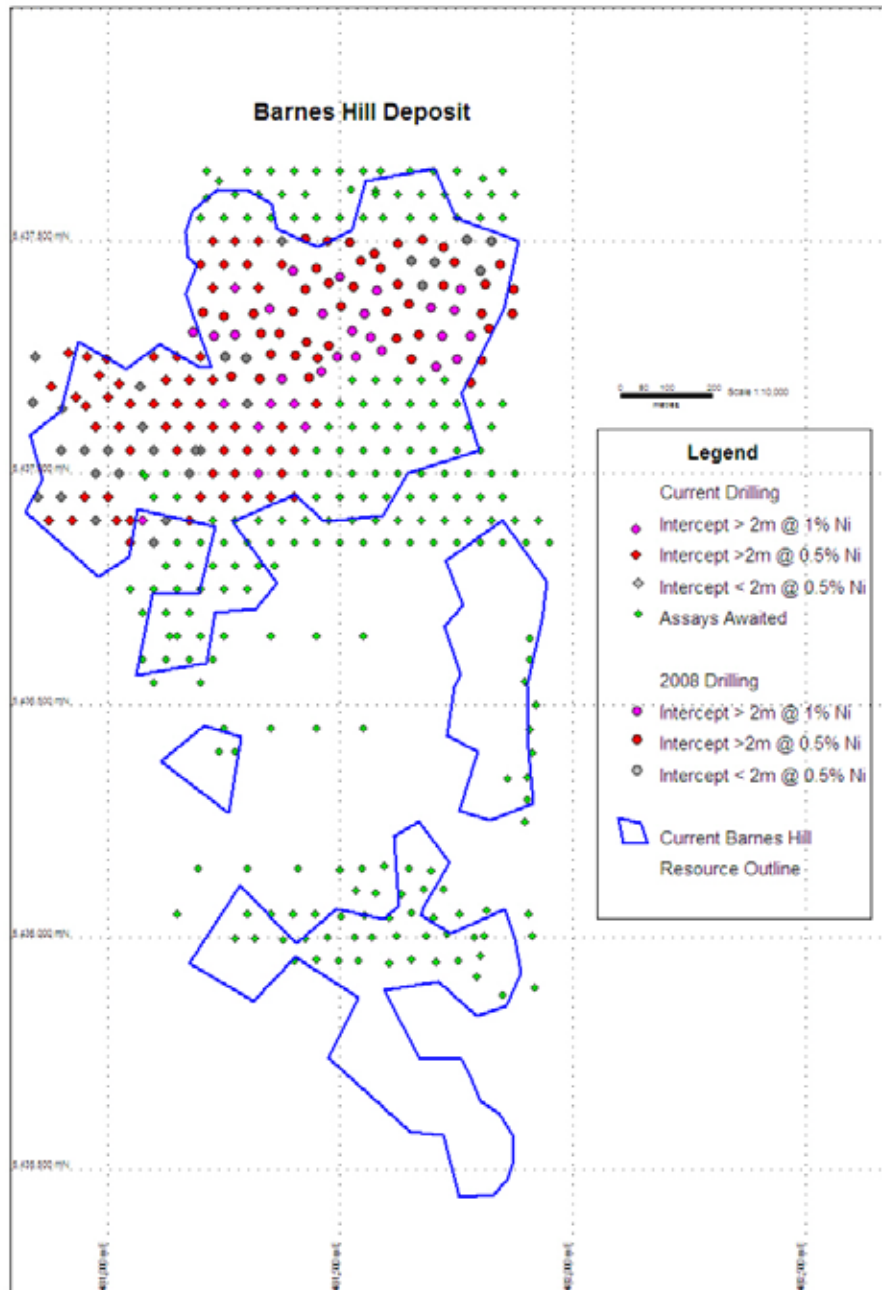


Figure 2 – Aircore Drill Holes and Assay Results Received to Date

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*Figure 3 – Aircore Drilling at Barnes Hill*