



**BARNES HILL NICKEL LATERITE PROJECT
PROPOSED 2008 WORK PROGRAM**

**EL17/2006 'Barnes Hill'
TAMAR REGION
TASMANIA**

MARCH 2008

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INTRODUCTION

Proto Resources and Investments Limited (Proto) acquired the Barnes Hill (formally known as Beaconsfield) nickel/cobalt laterite project in northern Tasmania from Discovery Metals Limited in early 2007. Since purchase, Proto has reclassified the previously defined resource to JORC Indicated status and secured historical databases including drilling and geochemistry along with standard GIS layers. Proto has also purchased detailed Satellite imagery including ASTER multi channel and Quick-bird visual band (60cm cell) datasets, undertaken repeat geochemistry testing of historic drill holes and collected bulk samples for column leach metallurgical test work. Proto plans to quickly assess the viability of a heap leach operation at Barnes Hill.

The Barnes Hill deposit currently has a JORC compliant Indicated resource of 12.4Mt @ 0.83% Ni + 0.07% Co. Proto plans to upgrade the Barnes Hill resource to the Measured JORC category through a three phase drilling program. Samples taken from drilling will also provide material for bulk density and metallurgical test work in addition to Ni and Co grade determination. A new resource estimation of the Barnes Hill deposit will be undertaken following the completion of drilling and receipt of assay results.

<i>Phase 1</i>	2 x East-West & 2 x North-South close spaced drill traverses through the high grade northern portion of the Barnes Hill deposit.	May 2008
<i>Phase 2</i>	50m x 50m drillout of the northern Barnes Hill deposit. Evaluate results to see what drill hole spacing is appropriate for resource estimation purposes.	June 2008
<i>Phase 3</i>	Resource stepout drilling of remainder of Barnes Hill deposit at appropriate drill hole spacing (potentially 100m x 100m initially).	July 2008

Proto engaged environmental consultants North Barker Ecosystem Services to carry out a detailed Botanical Survey and Fauna Habitat Assessment of the Barnes Hill and Mt Vulcan resource areas. Drill hole planning has utilized the results of the North Barker Ecosystem Services survey to limit the impact of the proposed exploration program.

BARNES HILL TENEMENT

The Barnes Hill Tenement EL 17/2006 covers 76 km² and has a minimum exploration commitment of \$57,000 over the first two years. The license was granted on 8th August 2006 for a period of five years.

The Barnes Hill tenement EL 17/2006 is located approximately 30km north of Launceston and 5km west of Beaconsfield near the Tamar River in northern Tasmania.

The land status plan shows EL 17/2006 is covered by both Crown and Private land. The Crown land is variously classified. The main areas of private land relevant to the known Ni-Co resource areas are in the east and the north.

Exploration and mining are permitted on private land but must be preceded by negotiation of an access and compensation agreement with the landowner. This agreement must be concluded in writing and lodged with Mineral Resources Tasmania (MRT).

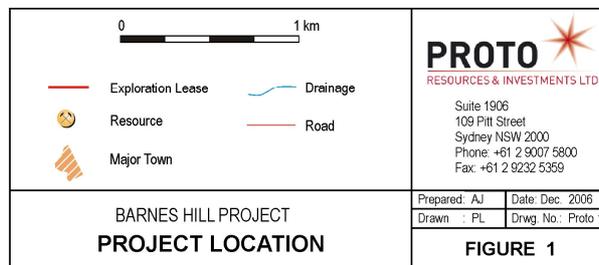
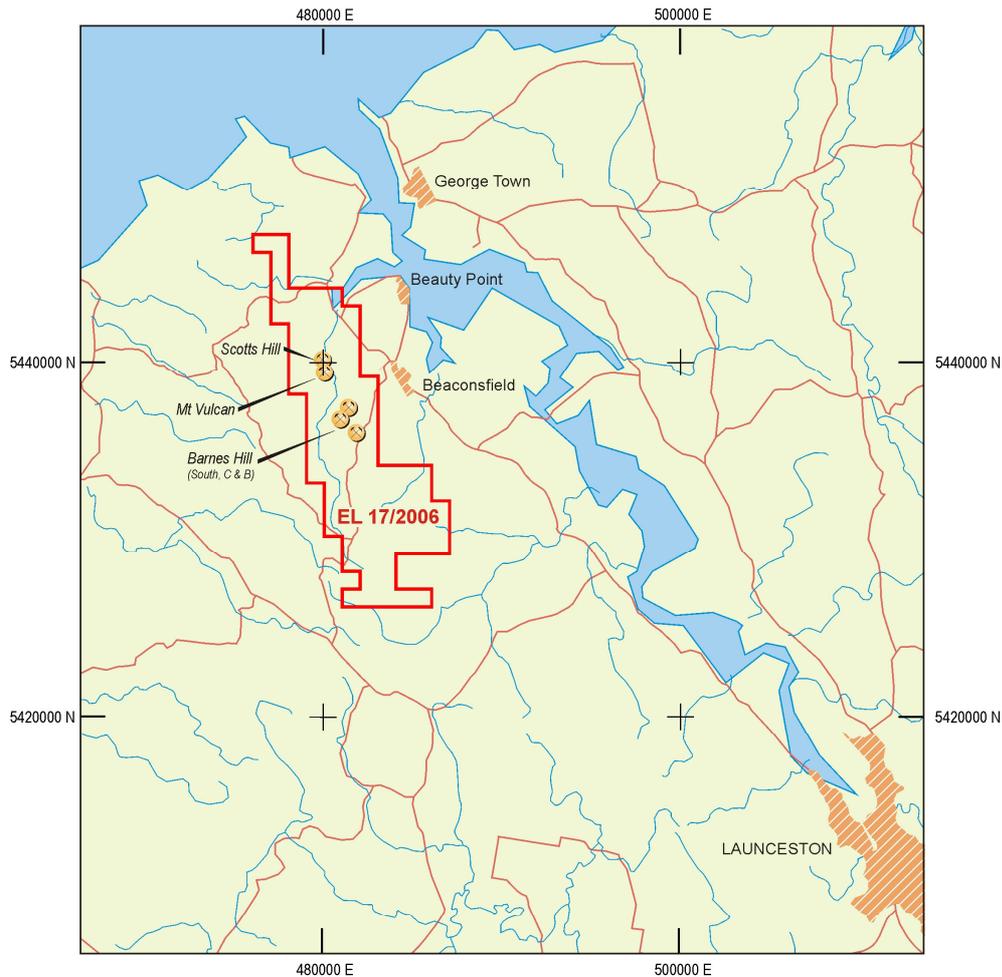
Most of the Crown Land is classified either as Multiple Use Forest (“MUF”) or Recommended Area for Protection (“RAP”), both administered by Forestry Commission. Several reserves and mining tenements also exist.

Superimposed over much of the license area is the Mt Vulcan - Simmonds Hill Australian Heritage Act (“AHA”) Registered Entry. This AHA area covers both private and Crown land, whilst AHA areas do affect some conditions of exploration access, this classification does not represent significant impediment to access.

The prime reason for the AHA and Dans Hill RAP areas is to protect two plant species: *Tetratheca gunnii* and *Epacris virgata*. *Tetratheca* is present near and over some portions of the Ni-Co laterite resource areas. The Botanical Survey and Fauna Habitat Assessment report will accompany this work program proposal.

Exploration on a RAP is possible, and has occurred during past exploration, but is subject to program approval and conditions. With good planning and supervision, a RAP should not be an impediment to exploration activities.

There are gravel reserves on EL 17/2006. Gravel Reserves may or may not be subject to the Mining Act. They are usually held by government authorities for road works and can generally be accessed for exploration by negotiation.



Summary of land tenure covered by the Barnes Hill tenement:

- Anderson's Creek Forest Reserve
- Peaked Hill Forest Reserve
- Dans Hill Forest Reserve
- Proposed Barnes Hill Conservation Area
- Private Property
- State/Multiple Use Forest
- MDC Informal Reserve

BARNES HILL RESOURCE

Previous explorers of the laterite deposits have drilled 161 holes. King Island Scheelite (1947) Ltd. put down 37 diamond drill holes for approximately 580 metres in the late 1960's

and Allegiance Mining N.L. drilled 1178.4 metres in 116 aircore holes and eight diamond drill holes in 1997. Consequently, the main laterites have been drilled at a density of 100 to 150 metre centres.

Resources have been estimated using the Allegiance assay data (since not all the King Island Scheelite drilling data was available at the time). The lithologies are based on Jervois Minings re-logging of the Allegiance chip trays and the resources have been drawn up using those lithological categories. A summary of the resources is:

Lithology	Ni	Co	Tonnes	%Ni	Percentage		
	%	%		Equivalent	Tonnes	Ni	Co
Hematite	0.63	0.12	167,657	1.05	1.3%	1.0%	2.3%
Limonite	0.39	0.12	794,699	0.81	6.4%	3.0%	11.3%
Saprolite	0.88	0.07	9,213,728	1.13	73.8%	77.7%	75.9%
W. Serpentinite	0.82	0.04	2,301,870	0.96	18.5%	18.3%	10.5%
Totals	0.83	0.07	12,477,955	1.07			

The individual calculation sheets follow. The parameters used in the calculations were:

Area	Plan Polygonal Blocks
Volume	Area x drill thickness
Density	1.8
Minimum Thickness	2m
Cut-off Grade	0.6%Ni Equivalent ($=\%Ni + 3.5 \times \%Co$)
Assay Grade	Averaged per drill hole
Minimum Overburden	1m
Overburden Ratio	0.9:1

From the calculations above it can be extrapolated that 96% of the nickel and 86.4% of the cobalt occur in the saprolite and weathered serpentinite lithologies. Furthermore the Barnes Hill saprolite and weathered serpentinite holds 8.3 million tonnes (66.8% of total tonnage) containing 72.5% of the nickel and 57.4% of the cobalt.

PROPOSED 2008 WORK PLAN

The Barnes Hill Ni-Co deposit has been drill tested to date on 100 to 150m drill hole spacings. In order to provide greater confidence in the Barnes Hill resource and allow re-classification into the Measured JORC category Proto is proposing to undertake a program of four close spaced (10m drill hole spacings) drill traverses followed by a resource drilling program on 50m x 50m centres. Completion of these programs will then indicate if the drill hole spacing needs to be reduced further for geological interpretation and resource estimation purposes.

All drilling will be undertaken using a small truck mounted aircore drill rig. Drilling will wherever possible utilize the existing network of cleared tracks which exist in the Barnes Hill area. Where clearing of light scrubby bush is required to allow drill rig access it will be done to produce minimal environmental impact utilizing raised blade machinery and avoiding established trees. After completion, drill hole collars will be plugged/capped and drill spoil material will be removed for sampling. Drill hole planning has been completed through reference to the Botanical Survey and Fauna Habitat Assessment of the Barnes Hill and Mt Vulcan areas completed by North Barker Ecosystem Services in January 2008. Special attention will be given to the order of drilling and wash down procedures recommended by North Barker , to ensure we meet all requirements for Phytophthora mitigation.



Drilling at Barnes Hill late 2007, Same rig will be utilized for 2008 program.

Phase 1 Close Spaced East-West & North-South Drill Traverses

Proto initially proposes to complete two East-West orientated and two North-South orientated drill traverses with 10m drill hole spacings along traverse lines over the main portion of the

Barnes Hill deposit. These four traverses will allow the geology to be interpreted and the true grade and thickness variation of the deposit to be investigated in detail.

One of the North-South traverses (Traverse 3) and one of the East-West traverses (Traverse 2) will be drilled along pre-existing cleared dirt tracks.

This phase will consist of a total of 312 holes. Traverses are shown on Figure 2.

- a. Traverse 1_ East-West _5437300mN__481150mE to 481850mE_71 holes
- b. Traverse 2_ East-West
- **along existing tracks**_5437000mN__481070mE to 481850mE_82 holes
- c. Traverse 3_ North-South
- **along existing tracks**_481250mE__5436920mN to 5437590mN_85 holes
- d. Traverse 4_ North-South _481550mE__5436900mN to 5437630mN_74 holes

Nb. All co-ordinates in MGA94_zone55

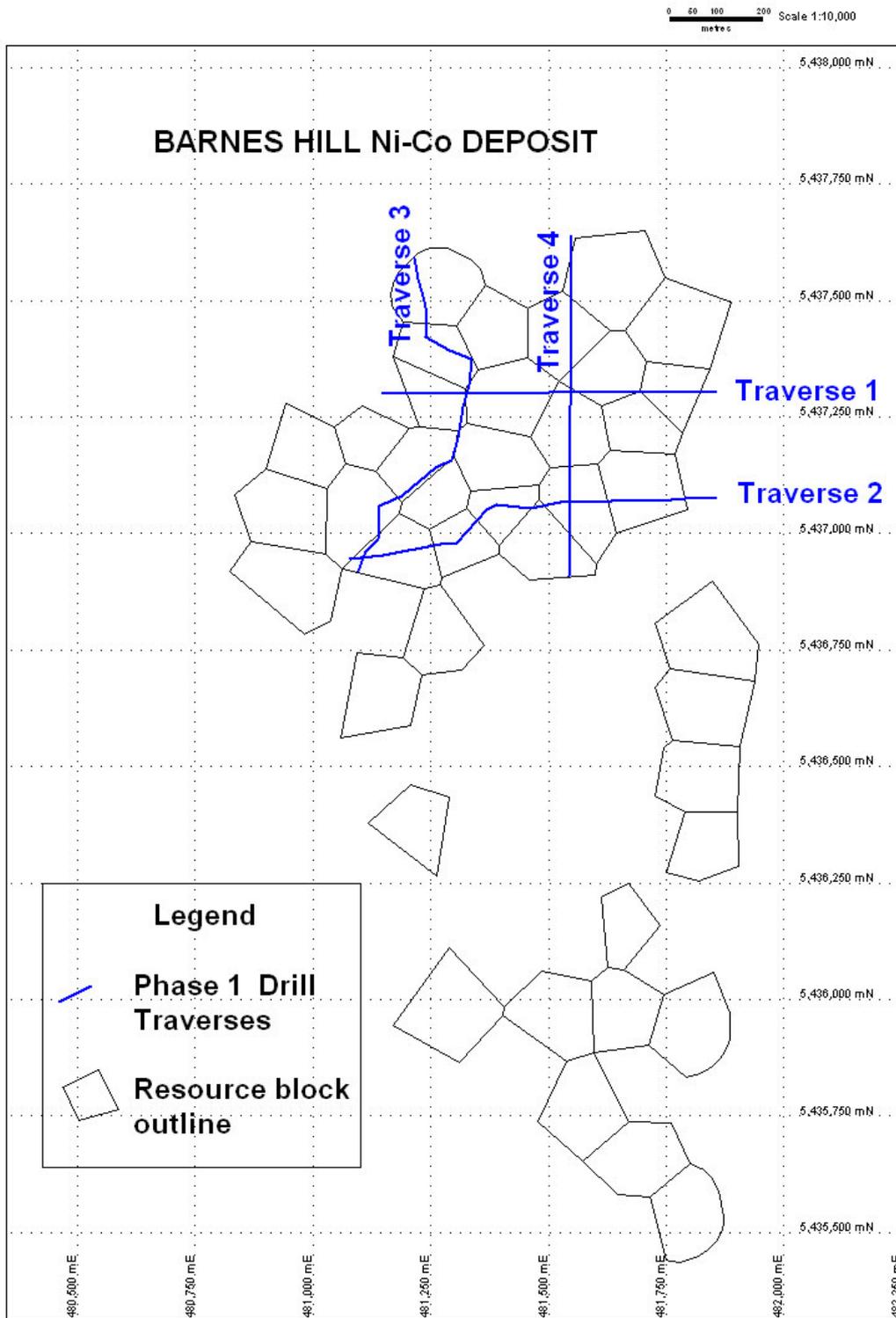


Figure 2 Phase 1 proposed drill traverses at Barnes Hill are shown as blue lines. Drilling will be at 10m spacings along traverses. Existing tracks will be utilized wherever possible.

Phase 2 Barnes Hill Resource Drill Out at 50m x 50m spacings

The second phase of drilling that Proto proposes is to drill out the northern higher grade portion of the Barnes Hill deposit on 50m x 50m drill hole spacings. Completion of this program will allow detailed interpretation of the geology and distribution of the nickel-cobalt mineralization at Barnes Hill to be undertaken. Results of Phase 1 and Phase 2 in combination will indicate if the drill hole spacing of 50m x 50m is appropriate for resource estimation purposes or if a different drill hole spacing is appropriate.

This Phase will consist of 284 drill holes along 16 East-West drill lines. This phase will drillout the northern portion of the Barnes Hill deposit on 50m x 50m drillhole spacings. Some of these proposed drill holes may not be drilled due to the close proximity to existing drill holes although some may be drilled for QA/QC and data validation purposes. Proposed drill holes are shown on Figure 3. Existing tracks will be used wherever possible.

1.	East-West Line 5437650mN	481150mE to 481850mE	15 holes
2.	East-West Line 5437600mN	481175mE to 481875mE	15 holes
3.	East-West Line 5437550mN	481150mE to 481850mE	15 holes
4.	East-West Line 5437500mN	481175mE to 481875mE	15 holes
5.	East-West Line 5437450mN	481150mE to 481850mE	15 holes
6.	East-West Line 5437400mN	481175mE to 481875mE	15 holes
7.	East-West Line 5437350mN	481150mE to 481850mE	15 holes
8.	East-West Line 5437250mN	480850mE to 481850mE	21 holes
9.	East-West Line 5437200mN	480875mE to 481875mE	21 holes
10.	East-West Line 5437150mN	480850mE to 481850mE	21 holes
11.	East-West Line 5437100mN	480875mE to 481875mE	21 holes
12.	East-West Line 5437050mN	480850mE to 481350mE	11 holes
13.	East-West Line 5437000mN	480875mE to 481875mE	20 holes
14.	East-West Line 5436950mN	480850mE to 481850mE	21 holes
15.	East-West Line 5436900mN	480875mE to 481925mE	22 holes
16.	East-West Line 5436850mN	480950mE to 481950mE	21 holes

Nb. All co-ordinates in MGA94_zone55

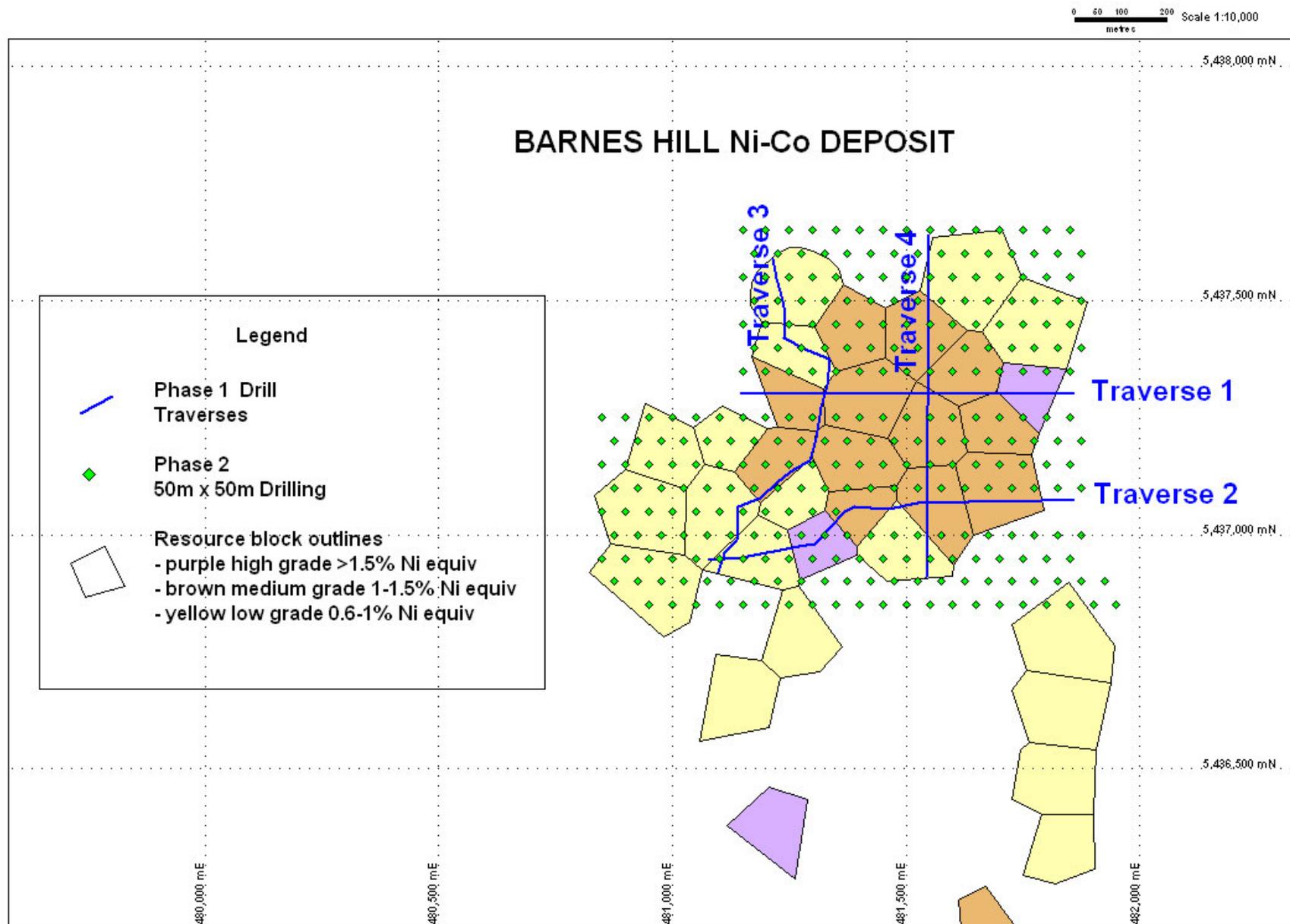


Figure 3 Phase 2 proposed drilling at Barnes Hill are shown as green points. Drilling will be at 50m spacings along 50m spaced drill lines. Existing tracks will be utilized wherever possible.

Phase 3 Resource Stepout Drilling of Remainder of Barnes Hill Resource

Following the completion of drilling of Phases 1 & 2 and receipt of assay results, a re-interpretation of the geology and distribution of mineralization will be completed for the northern portion of the Barnes Hill deposit. The results of this re-interpretation will indicate if the 50m x 50m drillhole spacing is appropriate for the Barnes Hill deposit. It may be possible to drill the remainder of the Barnes Hill deposit on 100m x 100m drillhole spacings. Once again, existing tracks will be utilized wherever possible to minimize disturbance and drill sites will be fully rehabilitated upon completion.

The Phase 3 resource drillout of the remainder of the Barnes Hill deposit will consist of 139 drill holes along 14 East-West 100m spaced traverses. Proposed drill holes are shown on Figure 4. Areas of threatened flora will be avoided during drilling. Existing tracks will be used wherever possible. Drilling will commence from the southern resource area moving north.

a.	East-West Line 5435450mN	481150mE to 482050mE	10 holes
b.	East-West Line 5435550mN	481200mE to 482100mE	8 holes
c.	East-West Line 5435650mN	481150mE to 482050mE	10 holes
d.	East-West Line 5435750mN	481200mE to 482100mE	10 holes
e.	East-West Line 5435850mN	481150mE to 482050mE	10 holes
f.	East-West Line 5435950mN	481200mE to 482100mE	10 holes
g.	East-West Line 5436050mN	481150mE to 482050mE	10 holes
h.	East-West Line 5436150mN	481200mE to 482100mE	10 holes
i.	East-West Line 5436250mN	481150mE to 482050mE	10 holes
j.	East-West Line 5436350mN	481200mE to 482100mE	10 holes
k.	East-West Line 5436450mN	481150mE to 482050mE	10 holes
l.	East-West Line 5436550mN	481200mE to 482100mE	10 holes
m.	East-West Line 5436650mN	481150mE to 482050mE	10 holes
n.	East-West Line 5436750mN	481100mE to 482100mE	11 holes

Nb. All co-ordinates in MGA94_zone55

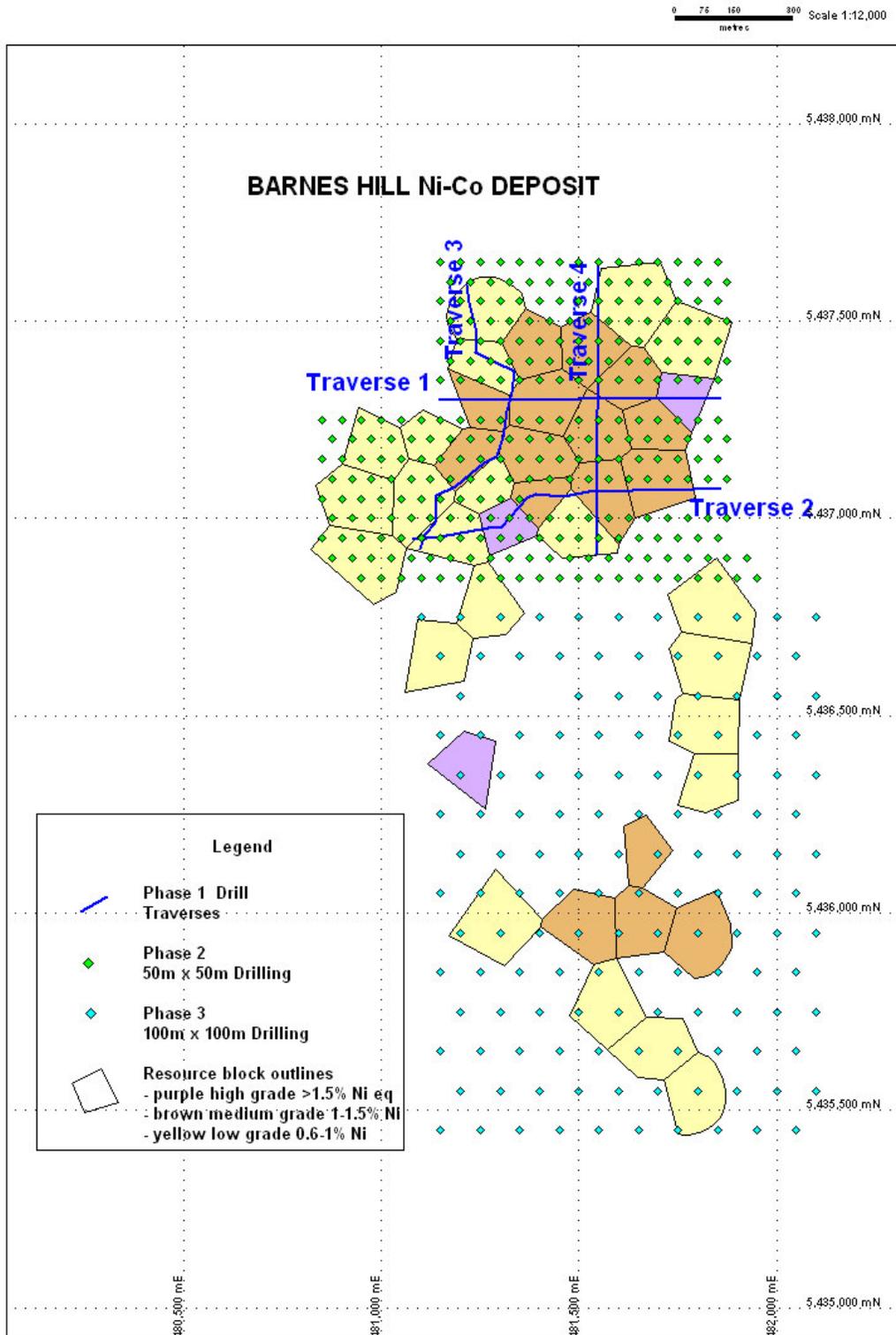


Figure 4 Phase 3 proposed drill traverses at Barnes Hill are shown as blue points. Drilling will be at 100m x 100m spacings along. Existing tracks will be utilized wherever possible.

ENVIRONMENTAL CONSIDERATIONS

Proto is committed to exploring in an environmentally responsible manner and engaged environmental consultants North Barker Ecosystem Services to undertake a Botanical Survey and Fauna Habitat Assessment of the Barnes Hill and Mt Vulcan laterite resource areas in 2007. At the present time Proto only intends to undertake resource drilling at the Barnes Hill area.

The three phase drilling program proposed by Proto will be undertaken in an environmentally responsible manner with disturbance to flora and fauna habitats limited or avoided. In particular, the habitats of the three threatened flora species *Tetratheca gunnii*, *Epacris virgata* and *Spyridium obcordatum* will be avoided. The Tasmanian Devil den noted during the botanical and fauna habitat survey will also be avoided.

To minimize environmental disturbance Proto will:

- drill wherever possible on the existing network of dirt tracks.
-
- minimize line clearing activities and use raised blade machinery to minimize ground disturbance whilst avoiding established trees wherever possible
- utilize a small 4WD truck mounted drill rig which will minimize the need for large drill pad site preparation
- plug/cap all drill hole collars upon completion
- remove all drill spoil material from drill sites
- will not enter within 10m of class 4 streams and within 20m of Andersons Creek
- implement a *Phytophthora cinnamomi* risk management strategy

Figures 5, 6 and 7 below show the proposed drilling program locations with respect to environmental exclusion zones, the pre-existing track network and on an air photo.

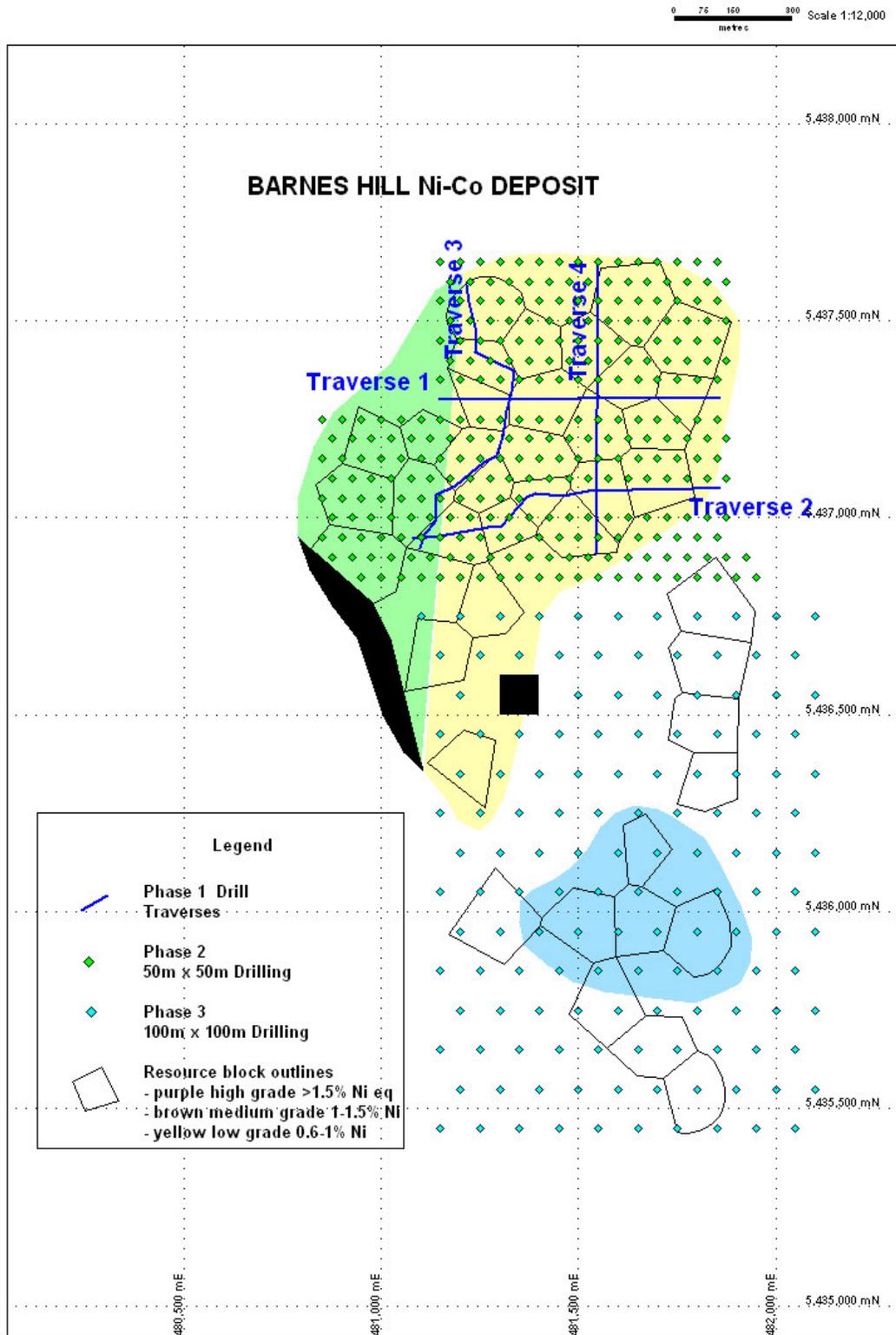


Figure 5 Proposed drilling programs in relation to the environmental exclusion zones (black). No drilling will be undertaken in these exclusion zones.

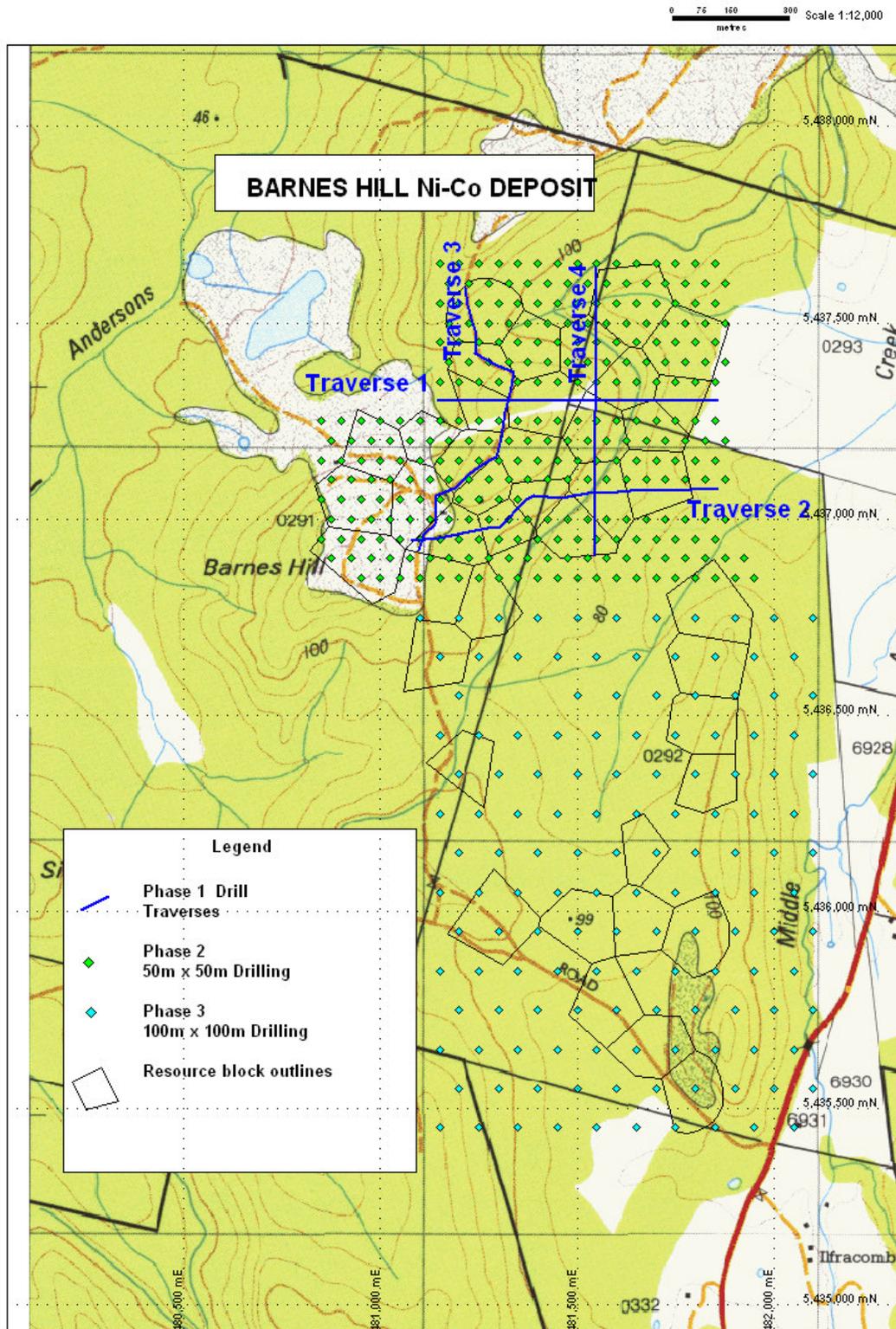


Figure 6 Proposed drilling programs in relation to existing tracks as shown on the topographic map. Existing tracks will be utilized wherever possible.

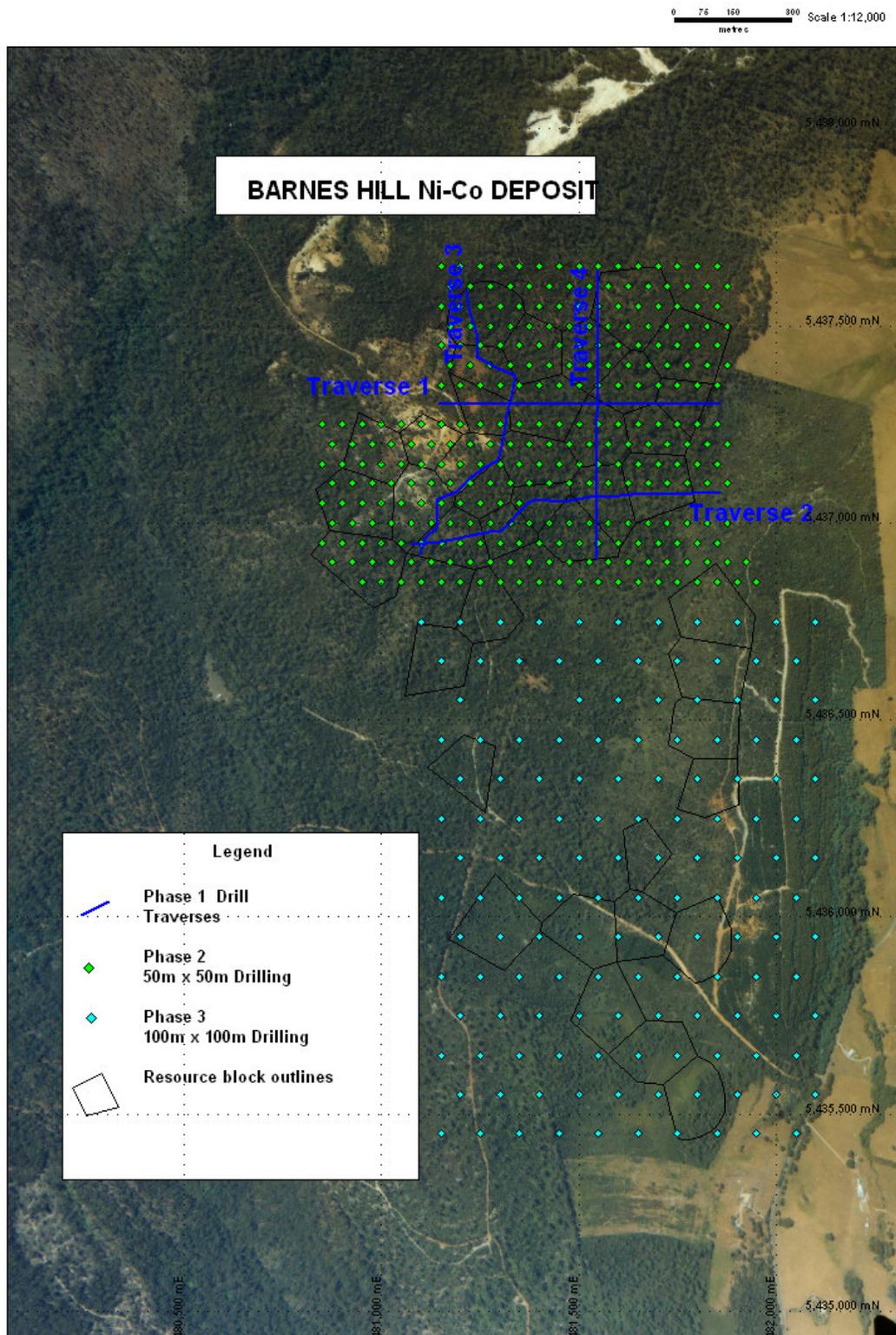


Figure 7 Proposed drilling programs shown on air photo. Drill holes will be moved onto existing tracks wherever possible.