PROTO
RESOURCES & INVESTMENTS LTD

.

BARNES HILL WEST PROJECT
TASMANIA
EL 53/2008

ANNUAL REPORT
28TH APRIL 2010 TO 27TH APRIL 2011

Tenement Holder/Manager
Proto Resources & Investments Ltd

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On behalf of Proto Resources & Investments Ltd

Distribution: Mineral Resources Tasmania
Proto Resources & Investments Ltd

Note: All figures and grids are according to the GDA94 datum and MGA94 grid system.

SUMMARY

The Barnes Hill West Project (EL53/2008) is located in northern Tasmania, 10km west of the township of Beaconsfield. The exploration licence covers an area of 44km^2.

The exploration licence was applied for to explore for nickel laterite mineralisation in ultramafic rocks of the Cambrian Andersons Creek Ultramafic Complex and also to explore for copper-gold mineral deposits in Proterozoic rocks of the Oonah formation.

During the previous reporting period geological reconnaissance trips were undertaken to the areas of mapped Anderson Creek Complex ultramafics and also to the historic Pandora Copper Mine. Two rock chip samples were taken at the Pandora Copper Mine and at the time of reporting these assay results were still pending. These assay results were subsequently received returning 0.87% Cu and 1.74% Cu.

Activities during the current reporting period have included soil sampling programs at both the Pandora Prospect and Extension Prospect. An area of coincident moderate intensity Cu-Pb-Zn anomalism was identified at the Extension Prospect although subsequent interpretation and a field visit indicates this anomaly is associated with a previously unknown mafic or ultramafic intrusion and is hence interpreted to be rock type related as opposed to mineralisation related. Three samples have been sent to the University of Tasmania for thin section preparation and petrological description.

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1 INTRODUCTION

The Barnes Hill West Project is located in northern Tasmania approximately 10km west of the township of Beaconsfield. Proto Resources & Investments Ltd holds the adjoining exploration licence EL17/2006 to the east which contains the Barnes Hill Project with known nickel laterite resources of 12.1 Mt @ 0.83% nickel & 0.07% cobalt.

2 TENEMENT DETAILS

The Barnes Hill West Project on Exploration Licence 53/2008 covers an area of 44km^2 and was granted on 28th April 2009 for a period of five years. A mining lease application number 1872P/M by Proto Resources & Investments Ltd overlies a small portion of the Barnes Hill West Project area.

3 LOCATION AND ACCESS

The Barnes Hill West EL53/2008 licence is located approximately 35km north of Launceston and 10km west of Beaconsfield near the Tamar River in northern Tasmania (Figure 1).

The Barnes Hill West tenement can be accessed via a number of gazetted roads on the western side of the Tamar River including Tattersall's Roads and Coppermine Road.

A wide range of infrastructure and heavy industry occurs in the district including the nearby Beaconsfield Gold mining operation, the Bell Bay Power Station, the Temco Magnesium Refinery and the Bell Bay Alumina Refinery. The area also has deep water port facilities at Bell Bay and Beauty Point along with rail facilities. The regional City of Launceston has a population of over 90 thousand people and offers all the services of a major regional city including airport, university and advanced engineering facilities.

4 GEOLOGICAL SETTING

The Barnes Hill West Project occurs in the Badger Head region of northern Tasmania, an important structural location, considered to be the area in which the Tamar Fracture System separates the western and eastern Tasmanian terrains. The area has a complex nature, a result of thrusting during the Devonian and later normal faulting in the Jurassic and Tertiary.

The geology of the Barnes Hill West Project area is dominated by Proterozoic sedimentary rocks of the Oonah Formation (Figure 2). A small portion of the Cambrian Andersons Creek Ultramafic Complex is mapped on the eastern side of the licence area. The Andersons Creek Ultramafic Complex is considered to be a thrust slice. The airborne magnetic data over the area is dominated by the response of the Anderson Creek Ultramafic Complex with much of the surrounding geology having only subtle responses. Sediments of the Permian to Carboniferous Lower Parmeener Super Group along with Jurassic dolerite are mapped in the southwest corner of the licence.

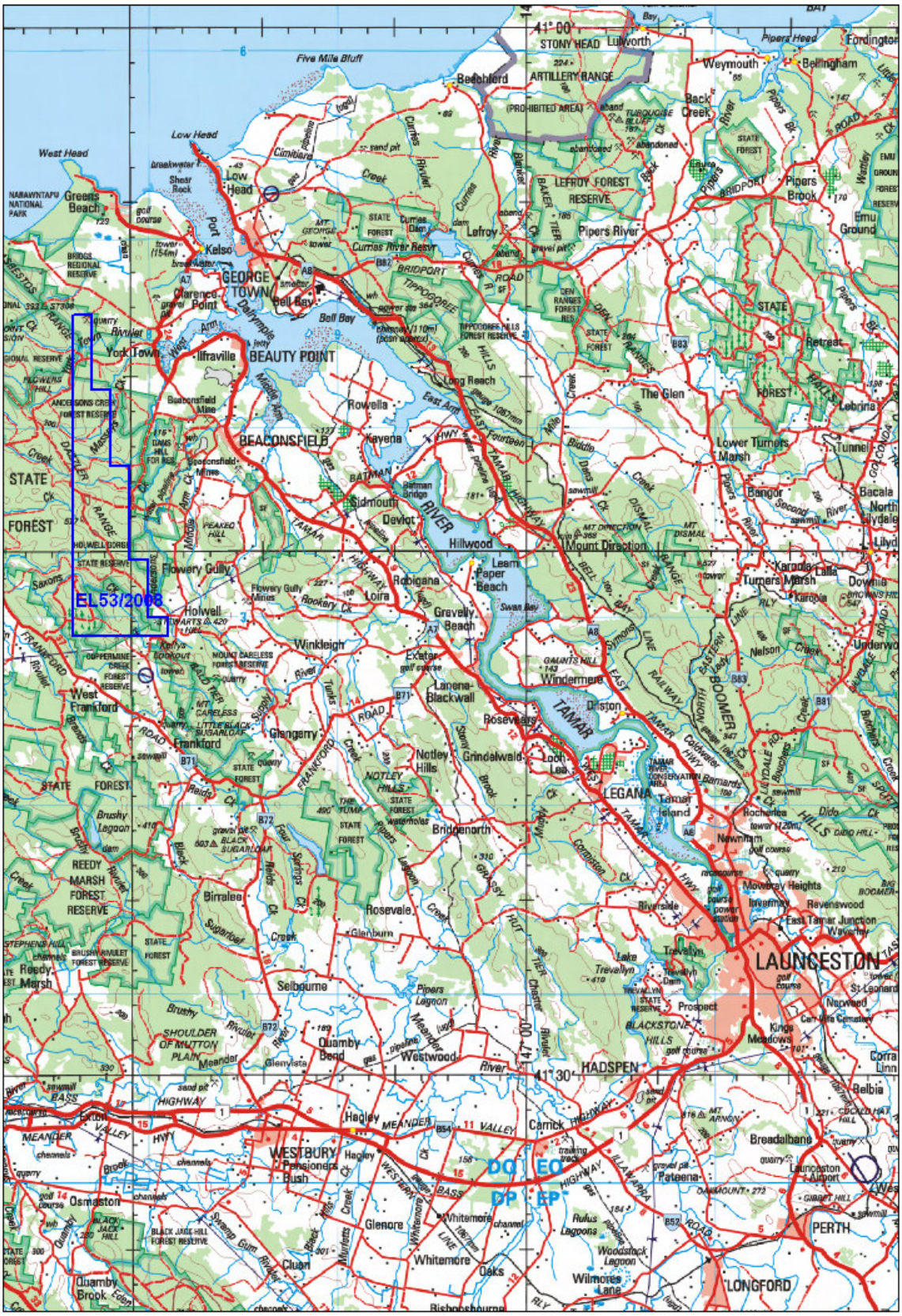

Figure 1 **Location Diagram.**

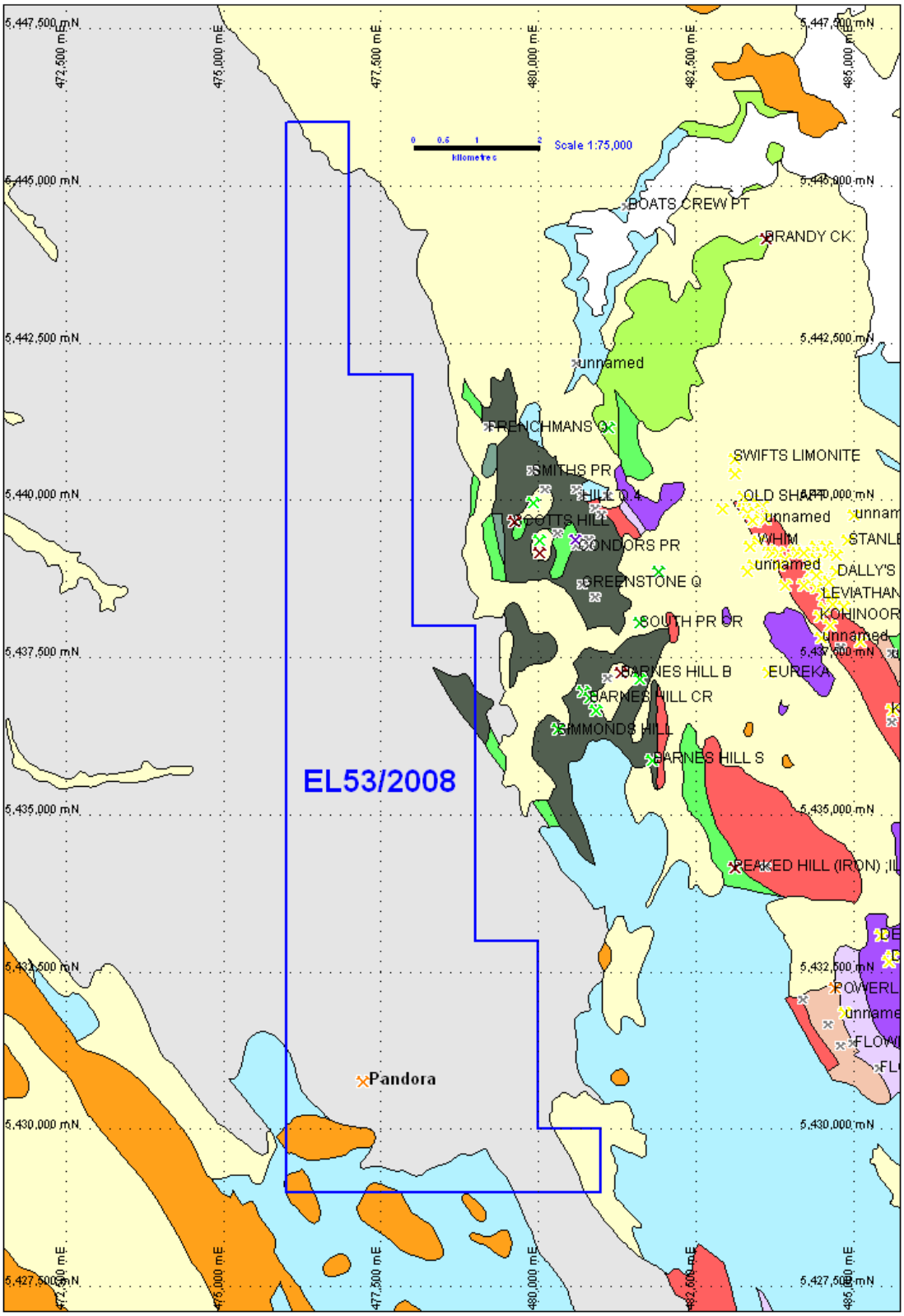

Figure 2 **Geology of the Barnes Hill West EL53/2008 licence area. Oonah Formation in grey. Andersons Creek Ultramafic Complex in green. Lower Parmeener Super Group in blue. Jurassic dolerite in orange.**

5 EXPLORATION HISTORY

A review of previous exploration on the Barnes Hill West licence has been completed. The area has been explored previously by several companies as discussed below. The main known mineral occurrence in the licence area is the Pandora Copper Mine which was mined on a small scale in the 1890's. These workings consist of a short adit and a 3 to 4 metre deep shaft.

Explorers in the area have included:
- BHP Co Ltd who in 1967 undertook a regional drainage stream sediment survey.
- Geopeko Ltd who in 1983 undertook pan concentrate and stream sediment sampling.
- Beaconsfield Gold Mines Ltd between 1987 to 1989 undertook drainage surveys for gold.
- Resolute Ltd between 1996 to 1997 undertook follow-up gold drainage surveys.
- Gujarat NRE Resources NL (formerly Zelos) between 2006 to 2007 undertook literature reviews of previous exploration and geophysical interpretation and stream sediment surveys.

During 2009-2010 Proto Resources & Investments Ltd undertook a field trip to the area of mapped Andersons Creek Ultramafic Complex. No outcropping rocks were found but the soil was dark red to brown and had similarities to the soils further east in the region of the Barnes Hill nickel deposit.

A field trip was also undertaken to try to locate the Pandora Copper Mine workings. The workings at Pandora, in the form of an adit and a shaft, were found in the base of a creek named Copper Mine Creek. The adit went in approximately 4m and was linked to a 4m deep shaft. The area was heavily vegetated.

Two rock chip samples numbered BHWR01 and BHWR02 were taken at the Pandora Copper Mine workings. Both samples were of mudstone with pyritic quartz vein material.

The samples were submitted to ALS Laboratories in Adelaide for multi-element analysis. At the time of reporting assay results had not been received. The assay results are discussed in Section 6.1 below and data given as Appendix A.

6 EXPLORATION COMPLETED

The Barnes Hill West Project was acquired for two main reasons which were the occurrence of mapped ultramafic rocks in the area and thus perceived potential for nickel laterite style mineralisation and secondly because of the presence of the historic Pandora Copper Mine in the area (Figure 2).

Exploration completed during the reporting period included a review of historic exploration activity. This review is continuing. Exploration also included field trips and rock chip sampling.

6.1 Rock Chip Sampling

Assay results from two rock chip samples, samples BHWR01 & BHWR02, taken at the Pandora Copper Mine during the previous reporting period were received. These samples were of mudstone containing pyritic quartz vein material. The assay results contained 0.87% Cu and 1.74% Cu respectively.

Further information and the full tabulated rock chip assay data is provided in Appendix A.

6.2 Soil Sampling

A soil sampling program of 356 samples was completed during the reporting period. Samples were taken at both the Pandora Prospect and Extension Prospect along east-west oriented lines (Figure 3).

Samples were taken along uncleared east-west traverse lines with co-ordinates obtained from a handheld GPS unit. A pit between 10-30cm deep was dug and a sample, sieved using a 1mm sieve, was taken. All samples were dispatched to ALS Chemex for analysis of a multi-element suite of elements including Au, Cu, Pb, Zn, Ni & Co. Assay data is given in Appendix B.

At the Pandora Prospect 9 lines were sampled in the vicinity of the historic Pandora Copper Mine. Access was gained to the area along Coppermine Road and a total of 153 samples were taken.

Results from the Pandora Prospect were disappointing returning a peak value of 24ppm Cu.

At the Extension Prospect the program was designed to cover the full area of known outcrop of the Cambrian Andersons Creek Ultramafic Complex which is host to the Barnes Hill, Scott's Hill & Mt Vulcan laterite nickel deposits. An initial program was completed followed by an infill program after some coincident elevated Cu-Pb-Zn values were returned. A total of 216 samples along 20 lines were taken. Some sample lines extended over the border of EL53/2008 into the adjoining Proto licence EL17/2006.

The peak base metal results returned from the Extension Prospect were 143ppm Cu, 198ppm Pb and 415ppm Zn. Elevated base metals were concentrated in an area of 500m x 200m. Infill sampling confirmed the presence of a coincident area of anomalism. Further review of data, including by consultant Neil Rutherford (Appendix C), and a field visit indicated the presence of a small mafic/ultramafic intrusion underlying the area of elevated base metals. The area with elevated base metals also had elevated Ni, Cr, Fe, V and Co and the interpretation was that the anomalism was rock type related and not mineralisation related.

A copy of consultant Neil Rutherford's report on analysis of the soil results at the Extension Prospect is included as Appendix C.

6.3 Petrology Work

Three samples, sample numbers BHW1 to BHW3, were collected from an interpreted mafic/ultramafic intrusion at the Extension Prospect and sent to Prof Tony Crawford at the University of Tasmania in Hobart for petrological description. The area in question returned a moderate intensity Cu-Pb-Zn soil anomaly as discussed in Section 6.2 and is coincident with a low intensity magnetic bulls eye feature on airborne magnetic images of the area.

The petrological descriptions were unavailable at the end of the reporting period and will be included in next years Annual Report for the Barnes Hill West Project.

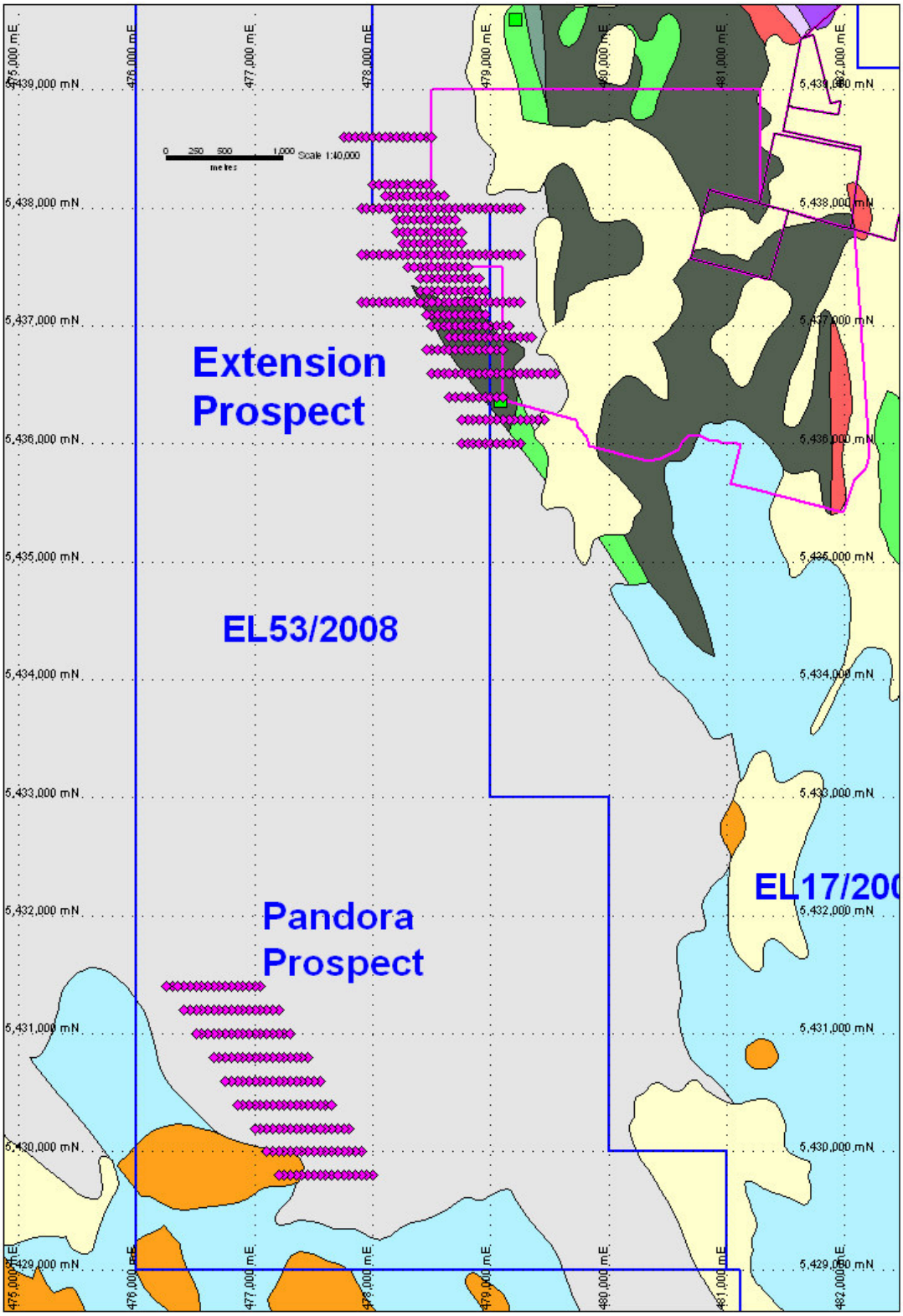

Figure 3 **Soil Sampling Locations on the Barnes Hill West EL53/2008 licence area.**

7 EXPENDITURE

Expenditure from 28th April 2010 to 27th April 2011 is tabulated below for the Barnes Hill West EL53/2008 exploration licence.

Table 1 Expenditure 28 April 2010 to 27 April 2011.

	Apr-10 to Apr-11
Administration	$2,588
Geology – Data Compilation/Reporting/Field time	$19,858
Geochemistry – Soil Sampling Programs	$36,248
Other Costs	$8,088
TOTAL - ELIGIBLE	**$66,782**

8 PROPOSED EXPLORATION

A variety of activities are proposed to be undertaken at the Barnes Hill West Project in the coming term including:

- Analysis of petrological descriptions
- Geological mapping and initial soil sampling at BHP defined stream sediment zinc anomalies that have not yet been visited
- Possible ground EM survey at the Pandora Copper Mine

APPENDIX A

ROCK CHIP SAMPLING DATA

APPENDIX B

SOIL SAMPLING DATA

APPENDIX C

GEOCHEMICAL CONSULTANTS REPORT – EXTENSION PROSPECT