



30 March 2010

The Manager
Company Announcements Office
Australian Securities Exchange
By e-lodgement (ASX code: MFC)

Dear Sir/Madam

Re : Completion of the Barnes Hill drill-out

The following comprises a joint release by Proto Resources & Investments Ltd ("Proto", ASX: PRW) and Metals Finance Limited ("Metals Finance", ASX: MFC).

Proto has achieved a major development milestone with the receipt of assays to complete the 50m x 50m grid drill-out of the resource area at the Barnes Hill nickel-cobalt deposit near Beaconsfield in Tasmania. Proto has now drilled and assayed a total of 477 aircore holes at Barnes Hill, including 402 since November 2009, to complete this comprehensive nominal grid. A supplementary program of 16 diamond core holes for bulk density confirmation has also been completed. This database will provide the foundation for the re-estimation of the resource.

Proto has now shifted attention to a complementary programme of step-out aircore drilling to further extend the resource area and close spaced grade control drilling. 151 holes are planned in addressing several areas where the current resource is open for potential expansion. Preparations have also begun for the collection of 60 tonnes of ore for a large scale test of the process that would support commercial production at Barnes Hill.

The Barnes Hill project is being developed under a joint venture agreement between Proto and Metals Finance. Under the joint venture, Proto carries the responsibility to fund and complete the definition of the resource and to procure the permitting required to develop the project. Proto has substantially advanced over the past six months with its multiple drill programmes and environmental and heritage survey work. A comprehensive review of all of the data generated from the drilling programme is currently in train, with a view to achieving the level of accuracy required to support the completion of the detailed feasibility and engineering study currently underway. Once the resource is sufficiently defined to Measured status it is Metals Finance's responsibility to commence and complete pilot plant testing, flow sheet design and definitive feasibility studies.

Proto plans to lodge its Development Proposal and Environmental Management Plan ("DPEMP") before the end of June 2010. The DPEMP will propose the mining of Barnes Hill ore and commercial scale application of the process that is currently being validated to produce nickel metal on-site. Proto is pleased to have reached this important project milestone, and to be able to increasingly pass the initiative for the next-stage of development of Barnes Hill over to Metals Finance.

Executive Summary

- Results on the entire drill-out database of 477 holes have now been received with assay results from the final 89 holes (holes BHA389 – BHA477) including strong nickel and cobalt intercepts:
 - Drill hole BHA429 16m @ 0.92% Ni & 0.10% Co from 5m
 - Drill hole BHA447 10m @ 0.86% Ni & 0.043% Co from 2m
 - Drill hole BHA451 5m @ 1.1% Ni & 0.069% Co from 0m
- Diamond core drilling for bulk density testwork purposes and to twin aircore drill holes for quality assurance is also now complete. A total of 16 diamond holes have been drilled.
- A complementary programme of step-out aircore drilling is now being undertaken to address areas where the existing mineralisation is currently open in order to identify potential extensions of the resource area. 151 aircore holes have been planned to test the areas of potential expansion. This drilling programme includes a portion of close spaced grade control drilling for resource definition purposes.
- Metals Finance is currently carrying out mid-scale leach testing of three 300kg bulk samples. Proto has started preparation for the collection of three 20 tonne bulk samples for the large scale metallurgical validation of the commercial process. Proto has received clearance from the New South Wales authorities and is currently gaining permissions from Tasmanian authorities for the collection of this 60 tonnes of material that will be used for large scale validation of the process.

Completion of the 50m x 50m Grid Drill-Out

These most recent assay results are from the final 89 drill holes of this drill-out programme (holes BHA389 to BHA477). The current resource drilling programme commenced at the Barnes Hill nickel-cobalt deposit in November 2009 and aimed to drill-out the main sections of the Joint Ore Reserves Committee (“JORC”) compliant Indicated Resource of 12.1Mt at 0.83% Ni and 0.07% Co previously identified at the Barnes Hill project. Drilling on the nominal 50m x 50m grid pattern across the Barnes Hill deposit area has now been completed. A total of 402 aircore drill holes (holes BHA076 to BHA477) for 2,722 metres have been drilled since November 2009 as part of this programme. These holes supplement the 75 holes (BHA001 to BHA075) that were drilled by the Company at Barnes Hill in late 2008.

One metre samples were taken from each metre drilled as part of this programme and sent to ALS Laboratory Group for assay by X-Ray fluorescence spectrometry. The significant nickel and cobalt drill hole intersections (based on a cut-off of >0.5% Ni with a minimum 2m intercept and maximum 3m of internal dilution) from the 89 additional drill holes BHA389 through to BHA477 are given in Table 1. Figure 1 shows the distribution of low grade and high grade holes across the Barnes Hill deposit area from the 477 aircore holes completed by Proto so far.



Completion of Diamond Drilling for Bulk Density and Quality Assurance

In addition to the resource drilling that has been continuing at Barnes Hill diamond core drilling has also been underway with the dual purpose of providing drill core material for bulk density confirmation purposes and to twin existing aircore drill holes as a check for quality assurance/quality control ("QA/QC") purposes. QA/QC will ensure the results are able to provide the rigour needed to support the definitive feasibility study currently underway into the proposed mining operation at Barnes Hill.

This diamond core drilling program has now been completed with 16 holes (BHA001 – BHA016) drilled for a total of 461.3m (see Table 2 and Figure 1). Bulk density measurements have now been completed on all 16 of these diamond core drill holes with five remaining holes to be cut and sampled for check assaying. Half core samples from the first eleven holes are currently at the laboratory being analysed.

Step-Out Drilling of Open Extensions Underway

Having completed the drill-out, Proto has now shifted attention to a complementary programme of step-out aircore drilling to further extend the resource area. This represents the final stages of aircore resource drilling at the Barnes Hill deposit and will be completed prior to the drilling database being validated and the mineral resource being re-estimated. This step-out programme has now commenced with several lines underway in addition to a supplementary programme of close spaced grade control drilling to confirm grade and width distributions.

151 holes are planned in addressing several areas where the current resource is open for potential expansion. It is anticipated that this drilling will be completed in early April 2010.

The Next Stage at Barnes Hill

A comprehensive review of all of the data generated from the drilling programme is currently being completed, with a view to establishing the level of accuracy required to support the completion of the detailed feasibility study. Upon completion of this drill data review Proto will have fulfilled a major proportion of its obligation under its 50:50 joint venture with Metals Finance. Under the joint venture terms, Proto has responsibility for the drill-out of the current JORC-compliant Indicated Mineral Resource and for government permitting. Metals Finance has responsibility for the pilot plant programme and completion of the definitive feasibility study once this drill definition stage has been completed.

Proto has started preparation for the collection of three 20 tonne bulk samples for the large scale metallurgical validation of the commercial process. Metals Finance is currently carrying out mid-scale leach testing of three 300kg bulk samples collected from previous drilling and testing is showing good recoveries from 72% to 98%. The 60 tonnes of material that will be collected at the end of the resource definition programme will be used for large scale validation of the processing flowsheet and to provide rigorous data for feasibility modelling. The leach programme will be conducted at a laboratory in New South Wales. Proto has



already confirmed clearance for the material to be transported with the Australian Quarantine and Inspection Service and the New South Wales Department of Primary Industries and is currently obtaining clearances from the Tasmanian authorities.

Subject to the results of the feasibility study, Metals Finance will arrange and/or provide funding for the project in addition to co-managing the development process and ongoing operations. All cash flows from the project will be initially applied to repayment of capital expenditure expended by Proto and Metals Finance, after which it will be distributed equally between the joint venture partners. If Metals Finance does not participate in the funding of the project and the project is subsequently developed by Proto utilising Metals Finance's process flowsheet, Metals Finance will receive a royalty of 3% of the value of nickel and cobalt produced for a period of 10 years.

The nickel price continues to appreciate with the current price of US\$10.70/lb providing a substantial lift to the economics of the project. Proto and Metals Finance continue to look at process optimisation strategies to limit water and acid consumption and produce further saleable product as well as reducing capital expenditure ("CAPEX").

Proto and Metals Finance are very pleased with the progress of the project. The current drill data, leaching testwork, and government permitting processes are all moving well and showing good results. Proto and Metals Finance are confident of Barnes Hill's potential to provide significant earnings for shareholders in the future.

Proto and Metals Finance look forward to providing further updates on Barnes Hill in due course.



P.A. Treasure
Chief Executive Officer

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.



Table 1 – Significant Nickel and Cobalt Intersections from Latest 89 Aircore Drill Holes

Hole ID	Northing	Easting	Dip	Max Depth	Depth From	Depth To	Width (m)	Ni %	Co %
BHA394	5436754	481841	Vertical	10	1	10	9	0.71	0.057
BHA398	5436744	481557	Vertical	4	2	4	2	0.89	0.03
BHA400	5436780	481454	Vertical	3	1	3	2	1.0	0.027
BHA403	5436714	481278	Vertical	5	1	5	4	1.1	0.037
BHA404	5436707	481232	Vertical	5	2	5	3	1.0	0.069
BHA407	5436697	481782	Vertical	6	1	3	2	0.74	0.019
BHA409	5436640	481825	Vertical	9	4	8	4	0.65	0.030
BHA414	5436614	481776	Vertical	3	1	3	2	0.86	0.02
BHA417	5436540	481708	Vertical	3	0	2	2	0.90	0.026
BHA420	5436550	481808	Vertical	9	4	9	5	0.63	0.022
BHA421	5436500	481827	Vertical	14	7	14	7	0.81	0.042
BHA422	5436503	481791	Vertical	8	5	8	3	0.84	0.094
BHA424	5436501	481736	Vertical	6	0	6	6	0.96	0.030
BHA428	5436450	481802	Vertical	13	4	13	9	0.83	0.036
BHA429	5436466	481838	Vertical	21	5	21	16	0.92	0.10
BHA430	5436415	481809	Vertical	18	6	18	12	0.62	0.044
BHA441	5436241	481751	Vertical	4	1	4	3	1.1	0.059
BHA447	5435938	481331	Vertical	13	2	12	10	0.86	0.043
BHA450	5435913	481510	Vertical	3	0	3	3	0.99	0.032
BHA451	5435895	481625	Vertical	5	0	5	5	1.1	0.069
BHA454	5435850	481749	Vertical	4	0	4	4	1.2	0.020
BHA456	5435797	481565	Vertical	2	0	2	2	0.77	0.022
BHA459	5435747	481704	Vertical	2	0	2	2	0.90	0.036
BHA460	5435707	481729	Vertical	2	0	2	2	1.2	0.054
BHA462	5435645	481751	Vertical	6	3	6	3	1.8	0.17
BHA466	5435746	481603	Vertical	3	0	3	3	0.73	0.034
BHA469	5435890	481364	Vertical	3	1	3	2	0.7	0.033
BHA472	5435842	481444	Vertical	5	0	5	5	0.67	0.021
BHA473	5435808	481519	Vertical	5	0	4	4	0.63	0.022

- 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.



Table 2 – Diamond Drill Hole Collar Coordinates

Hole ID	Northing	Easting	Grid	Azi	Dip	Depth	Aircore Hole Twinning
BHD001	5437460	481546	MGA94	0	-90	55.6	Twinning BHA012
BHD002	5437313	481521	MGA94	0	-90	24.6	Twinning BHA029
BHD003	5437355	481394	MGA94	0	-90	33.1	Twinning BHA039
BHD004	5437221	481460	MGA94	0	-90	51.1	Twinning BHA047
BHD005	5437054	481497	MGA94	0	-90	28.6	Twinning BHA179
BHD006	5437057	481303	MGA94	0	-90	40.2	Twinning BHA179
BHD007	5436909	481364	MGA94	0	-90	22.6	Twinning BHA170
BHD008	5436791	481241	MGA94	0	-90	31.6	Twinning BHA239
BHD009	5437056	481150	MGA94	0	-90	24.2	Twinning BHA091
BHD010	5437169	480932	MGA94	0	-90	24.1	Twinning BHA083
BHD011	5436741	481121	MGA94	0	-90	21.1	Twinning BHA292
BHD012	5436600	481174	MGA94	0	-90	13.6	Twinning BHA318
BHD013	5436006	481305	MGA94	0	-90	25.6	Twinning BHA377
BHD014	5436042	481764	MGA94	0	-90	16.6	Twinning BHA341
BHD015	5435952	481701	MGA94	0	-90	30.1	Twinning BHA373
BHD016	5436002	481568	MGA94	0	-90	18.6	Twinning BHA350

- Collars located by hand held GPS. All holes vertical.



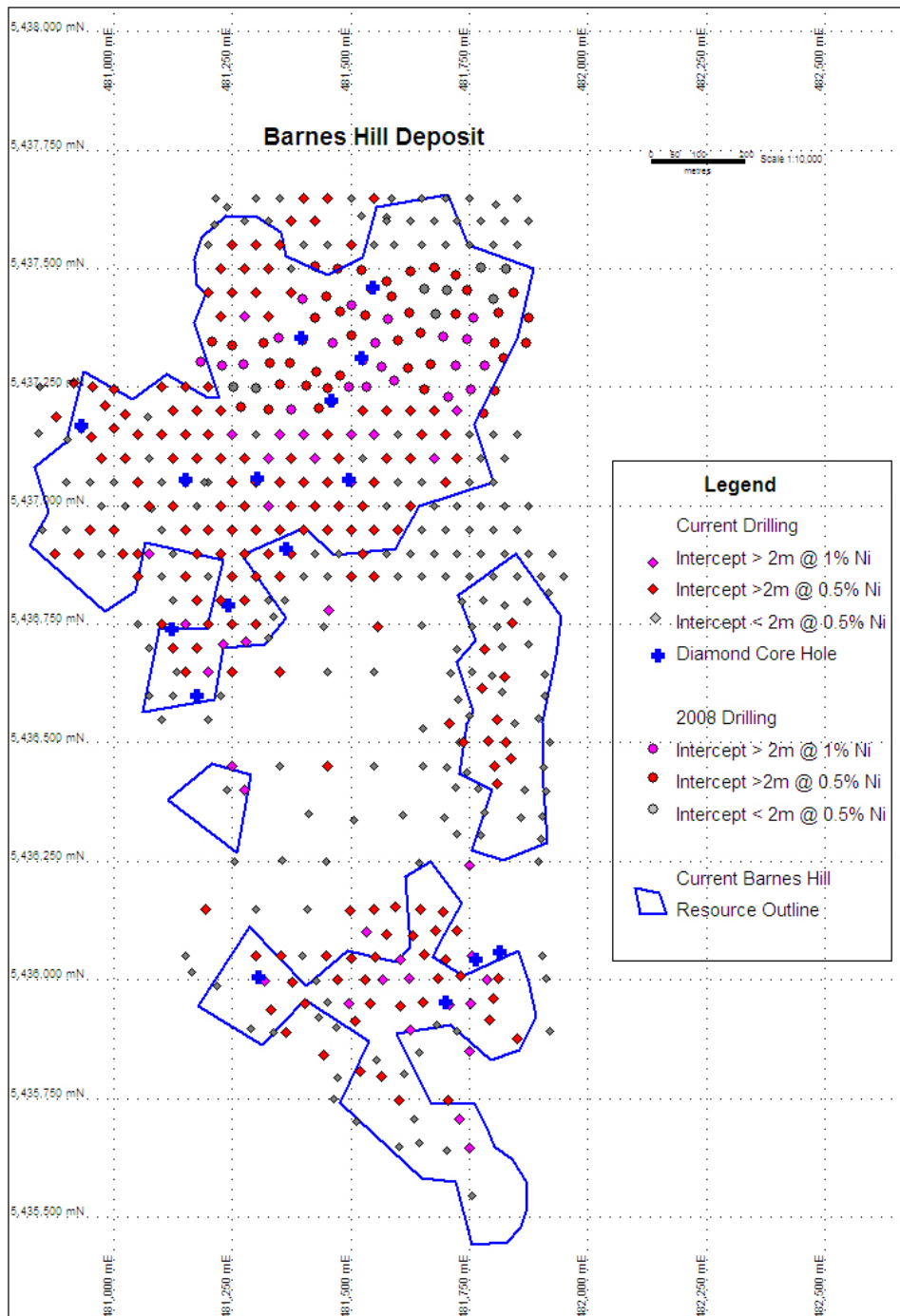


Figure 1 – Aircore and Diamond Drill Hole Positions and Assay Results

