Proto Resources strikes significant nickel, cobalt and iron mineralisation

Proto Resources & Investments (ASX:PRW) has received the first batches of assay results from Stage One resource drilling at the Barnes Hill nickel deposit in northern Tasmania. A total of 75 aircore drill holes were drilled in late 2008 for 1,080 metres.

Assay results have now been received from the first 54 drill holes, which were largely from the northern and eastern sides of the Barnes Hill deposit. Assays from the remaining 21 drill holes are expected within the coming weeks.

Assay results received are highly encouraging as they not only indicate high nickel and cobalt grades, but also show the continuation of the nickel-cobalt mineralised zones between areas of broader spaced historic drilling. Iron assay results from the surficial laterite layer at Barnes Hill are also highly encouraging, identifying broad intercepts of iron-rich material from shallow depths.

The completed Stage One drilling forms part of a larger planned drilling program, which is anticipated to be completed in several stages throughout 2009. The program will involve drilling out the Barnes Hill deposit on a nominal 50m x 50m grid pattern with some closer spaced traverse lines to validate the resource model and provide a detailed assessment of grade and thickness variations within the deposit. This drill-out will seek not only to upgrade portions of the current mineral resource to a JORC compliant measured category, but to assess possible extensions to the currently defined deposit.

The current JORC indicated resource of 12.1 Mt at 0.83% Ni and 0.07% Co is open in several directions where higher grade ore has also been identified.

The resource drill-out is Proto’s largest remaining commitment under the joint venture agreement with Metals Finance Corporation (“MFC”). This agreement sees MFC take responsibility for technological aspects of the proposed mining and processing, and for sourcing finance to support the project as outlined in the detailed feasibility study that is currently underway.

Proto will continue to assess the potential to develop a small-scale iron ore project to complement the Barnes Hill nickel-cobalt project. A number of synergies may exist between the projects. The company looks forward to updating the market as further assay results from the recently completed drilling become available and on further developments at the Barnes Hill Project, which the Company is working towards making Tasmania’s second modern era nickel mine.

The Barnes Hill Project is located 10km northwest of Launceston in northern Tasmania, close to port and other infrastructure in the established Tamar Development Corridor. The TEMCO ferroalloy smelter at the deepwater port of Bell Bay is just 30km by road from the project.
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