

PROTO

RESOURCES & INVESTMENTS LTD



May 2, 2012



SUB REGISTER	CHESS
HIN / SRN	

Dear Sir/Madam,

RE: MAY UPDATE

Proto Resources & Investments Ltd ("Proto", "the Company") is pleased to provide a brief update on recent progress with the Company's flagship Barnes Hill Project and exploration campaigns in the Northern Territory and Western Australia.

BARNES HILL

Proto's flagship Barnes Hill Project in northern Tasmania continues to go from strength to strength with the Company's joint venture partner, Metals Finance Ltd ("MFC"), recently highlighting the asset's potential to earn over \$1.1 billion in revenue providing a 47 per cent internal rate of return over the life of the mine. These figures, to be further clarified in the July Definitive Feasibility Study, are based off the use of MFC's innovative Ion Exchange flow sheet alone and do not factor in the Barrier Bay technology planned for later flow sheet inclusion or the iron ore operation targeted for commencement by the end of 2012.

Barnes Hill's primary high-value commodity is nickel; however, the deposit also contains cobalt, magnesium and iron ore. Proto is aiming to exploit Barnes Hill's iron ore resource by the end this year which would provide the Company with early cash-flow, further de-risking the project. Proto and MFC are currently running bulk tests on iron ore from Barnes Hill to assess processability using magnetic separation and crushing. Proto and MFC are hoping to produce a high-grade iron ore concentrate for direct sale to steel mills in China. Proto and MFC are preparing to move swiftly to an off-take agreement and standby letter of credit as soon as favourable iron ore test results are received.

EXPLORATION

Proto has been very active across all its key copper-gold exploration tenements in both the Northern Territory and Western Australia over recent months. The Lindeman's Bore tenement in the Northern Territory has recently been drilled to a depth of 466m intersecting prospective geology between 385-430m and the Company eagerly awaits the impending assay results. Proto and its joint venture partners are very confident in the mineral potential of the Lindeman's Bore project and are exceedingly pleased with the geology intersected in LBD03, the results of which have been released to market.

In the Doolgunna region of Western Australia, Proto has been quick to begin preliminary exploration on all five of its recently granted exploration leases with the Mt. Killara tenement showing positive signs from the aeromagnetic survey.

On the border between the NT and WA, the Company has recently added to its formidable suite of prospective nickel and copper assets with the Argyle Corridor and Ord Basin East acquisitions. Proto is strongly committed to its frontier multi-commodity exploration campaign and looks forward to updating the market with further progress over the remainder of 2012.

CONCLUSION

Proto is very pleased with the level of progress that it has made to date on all of its projects and is especially pleased with MFC's recent transaction completion with the Dow Chemical Company (NYSE: DOW) relating to Dow's low-pH nickel resin, which Proto is planning to use at Barnes Hill. The Lindeman's Bore assays will provide further interesting news flow for Proto in the month of May and the Company looks forward to updating all shareholders on further progress.

Yours sincerely,

Andrew Mortimer
Managing Director

**Proto Resources &
Investments Ltd**
ACN: 108 507 517

Suite 1901, Level 19, 109 Pitt St,
Sydney 2000 NSW Australia
PO Box R1870
Royal Exchange NSW 1225

p: +61 2 9225 4000
f: +61 2 9235 3889
e: info@protoresources.com.au
w: www.protoresources.com.au