

PROTO



RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

May 15, 2012

Encouraging LBD-3 Assays as Placement Completed

Stock Codes ASX: PRW, OTCQX: POOOY

Proto will today come out of a trading halt following a small oversubscribed placement to sophisticated investors and institutions. The Company is also pleased to announce very favourable assay results from its third drill hole (LBD-3) at Lindeman's Bore in the Northern Territory. A fourth hole is now planned.

Executive Summary

- Proto has received very favourable assay results from its third drill hole (LBD-3) at Lindeman's Bore in the Northern Territory.
- Proto has completed a successful placement to raise \$540,000 from sophisticated and institutional investors that was oversubscribed. The funds raised will allow Proto to accelerate progress at the Barnes Hill iron ore and nickel project and drill the much anticipated fourth drill hole (LBD-4) at Lindeman's Bore in the Northern Territory.
- Testwork is also continuing on the iron ore bulk sample previously collected from Barnes Hill. Results are expected soon.

Oversubscribed Placement

Proto Resources & Investments Ltd ("Proto", "the Company") is pleased to announce that a successful placement to raise \$540,000 from sophisticated and institutional investors was oversubscribed, with Investorfirst Securities Limited acting as the Lead Manager. The funds raised will allow Proto to accelerate progress at the Barnes Hill iron ore and nickel project and drill the much anticipated fourth drill hole at Lindeman's Bore in the Northern Territory. The placement was priced at 1.8c per share with an attaching option.

Encouraging Assay Results at Lindeman's Bore

Proto is pleased to announce that the assays have been received for the recently completed diamond drill, LBD-3 at the Lindeman's Bore Project in the Northern Territory, on tenement EL25307 (Figure 1). The drill hole targeted a deep 500m x 500m tabular ZTEM electromagnetic ("EM") geophysical target. Initially Proto considered the potential source of the EM target could be related to sulphide mineralisation associated with Mississippi Valley copper-zinc mineralisation, a limited zone of which was intersected in dolomitic sediments of the Inverway Metamorphics in diamond drill hole LBD-1 from 385m to 396m. The position of drill hole LBD-3 is shown relative to the two earlier holes, LBD-1 and LBD-2 in figure 1. The assays have

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led the Company to believe that it has hit the Western Margins of a hydrothermal system prospective for gold and copper and we believe that the high-temperature core of the hydrothermal system may be mineralized at a higher grade, hence we will drill a fourth hole to test this potential.

The drill hole was positioned to intersect the western margin of the EM target as shown in figure 3. The positioning of the hole was constrained by logistical problems in positioning the hole during the wet season. As shown in the summary log (Table 1), the vertical drill hole intersected 341m of Limbunya Group un-mineralised shallow marine fine grained shelf sediments before passing through an unconformity at 341m into a mixed sequence of metamorphosed undifferentiated volcanics and black shales of the Invermay Metamorphics.

Table 1 – Summary Geological Log LBD-3

From(m)	To(m)	Geological Unit	Description
0	341	Limbunya Fm.	Shallow marine, laminated, un-mineralised fine-grained sediments
341	466.6	Invermay Metamorphics	Mixed sequence of metabasalts, black shale and intrusive dolerite.
341	364		Highly weathered metabasalts representing old weathering surface
364	439		Mixed sequence of highly foliated metabasalts and subordinate black shale. Strong chlorite and lesser hematite alteration developed along foliation planes with associated fine and intense quartz carbonate veining. Variable pyrite developed within the stringers and as fine disseminations. Minor pyrrhotite and chalcopyrite. Chalcopyrite associated with quartz-carbonate stringers and as fracture coatings in black shale. Alteration becoming less intense with depth.
439	466.6		Weakly-foliated, chloritised and sericitic (after chlorite?) metadolerite, with a medium-grained relict texture partially preserved. Quartz-carbonate stringers and alteration becoming weaker with depth, no sulphides observed.

The undifferentiated volcanics are most probably metabasalts by analogy with the lithologies of the Invermay Metamorphics intersected in previous drill holes LBD-1 and LBD-2. However the Invermay Volcanics in LBD-1 display strong vertical shearing as evidenced by intense vertical to near vertical foliation. Fine quartz-carbonate veining occupies the foliation planes and occurs as stockworks. The metavolcanics have been strongly chloritised and in places hematized. The sequence below 370m is variably mineralised by pyrite, rare pyrrhotite and trace chalcopyrite. The sulphides occur within the quartz-carbonate foliation veinlets and stringer stockworks, as fine disseminated material through the metavolcanics and black shales and as fracture coatings on slickensides in the sediments. The sequence is interpreted from 364m-439m as a major chlorite-quartz-carbonate-hematite hydrothermal alteration zone within a major shear zone with associated pyrite and minor chalcopyrite mineralisation.

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Significant assays are provided in Table 2. In summary, anomalous levels of Au and Cu have been intersected with elevated intervals of 0.16ppm Au, from 341-347m and 0.012ppm Au and 432.4ppm Cu over 19m from 404-423m. Higher zones of copper from this zone include 0.13% Cu and 0.18% Cu from 416m-417m and 420m-421m respectively. Of interest are elevated levels of phosphorous (e.g. 5,715ppm P from 341-372m) and Ba (e.g. 8,680ppm Ba from 343-344m) associated with the quartz carbonate veining.

Table 2 – Summary of Significant Intersections LBD-3

From (m)	To (m)	Interval (m)	Au (ppm)	Cu (ppm)	Ag (ppm)	Zn (ppm)	Pb (ppm)	P (ppm)	Ba (ppm)
341	347	16	0.16	5.2	0.23	15.5	16.9	6,962	3,105
341	342	1	0.90	10.6	0.16	24	22.6	720	2,590
343	344	1	0.05	8.6	0.45	20	17.3	7,290	8,680
341	372	31	0.037	13.6	0.41	40.5	13.9	5,715	933
380	381	1	0.11	31.6	0.01	62	12.5	2,500	960
386	404	18	0.004	243	0.25	65.2	10.3	4,239	91.7
404	423	19	0.012	432.4	1.16	63.2	23	2,805	348
415	417	2	0.16	814	1.36	121	22.8	2,780	310
416	417	1	0.024	0.13%	1.98	104	30.9	5,040	70
416	433	17	0.009	410.8	0.91	98	22.6	4,756	113
420	421	1	0.01	0.18%	5.05	73	67.5	6,680	180

While the assays from LBD-3 have returned relatively low anomalous levels of Au and Cu, the Company is highly encouraged by these results as:

- Drilling has identified a major hydrothermal system with strong chlorite-hematite alteration and associated quartz-carbonate sulphide mineralisation.
- Gold and copper mineralisation has been demonstrated in the drilling.
- The alteration and attendant mineralisation is associated with a major shear system as evidenced by most of the alteration and quartz-carbonate veining being developed along the foliation planes.
- The observations support the conclusions that LBD-3 has intersected the edge of a mineralised hydrothermal alteration system as indicated by the geophysics (Figure 2).
- There is potential for enhanced grades in the associated with the higher temperature parts of the system near the inferred centre of the system as defined by the EM signature (Figure 3).
- Proto is sufficiently encouraged by these results to plan a further diamond drill hole to test the centre of the geophysical target.

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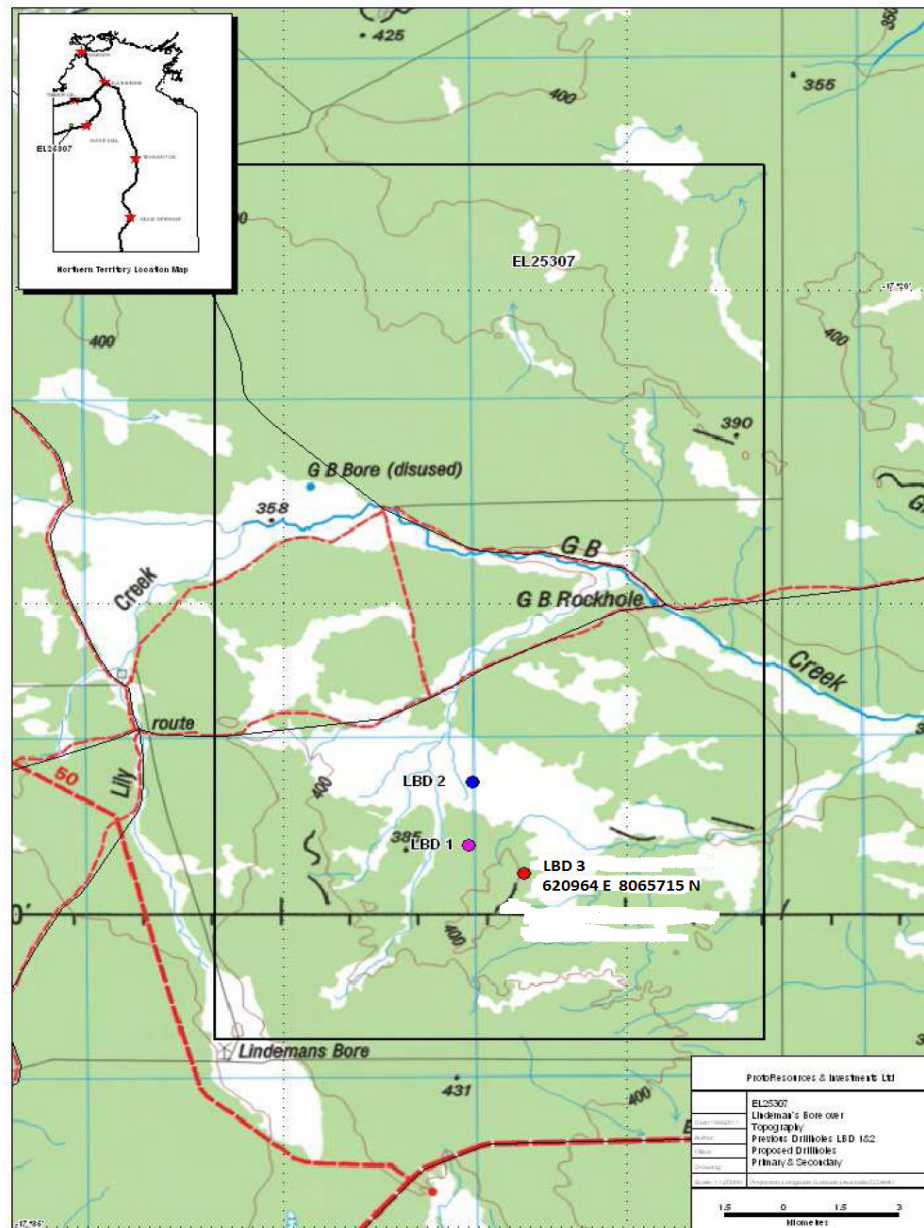


Figure 1 – Lindeman's Bore Project location map, showing tenement boundary and locations of current diamond drill holes LBD-1, 2 and 3.



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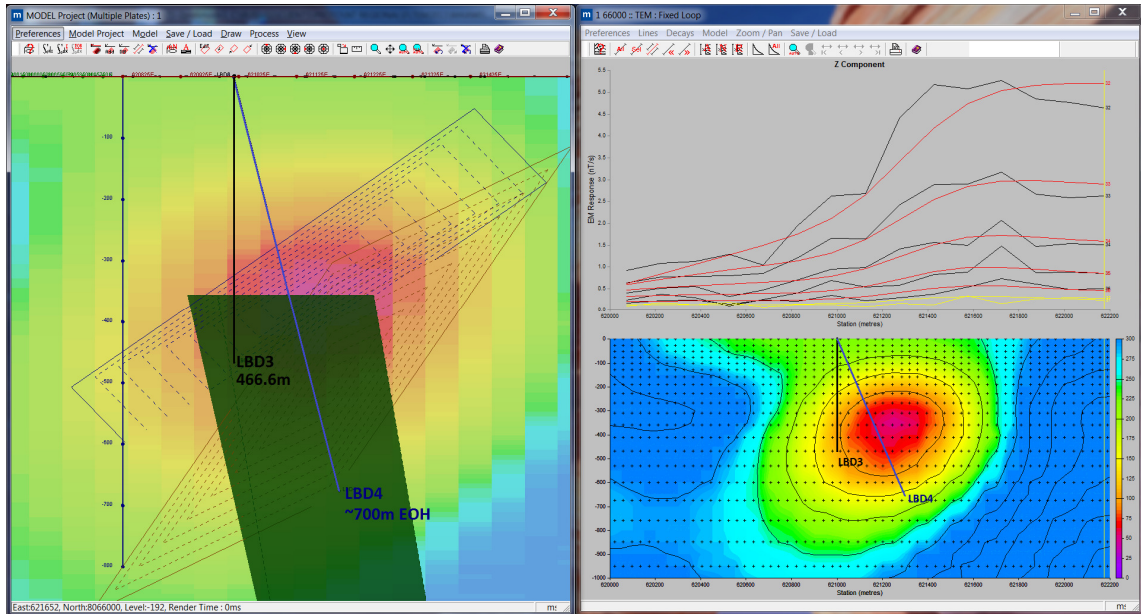


Figure 2 – Geophysics anomaly cross sections with superimposed position of drilled LBD-3 and a proposed position for a more effective follow up diamond hole LBD-4.

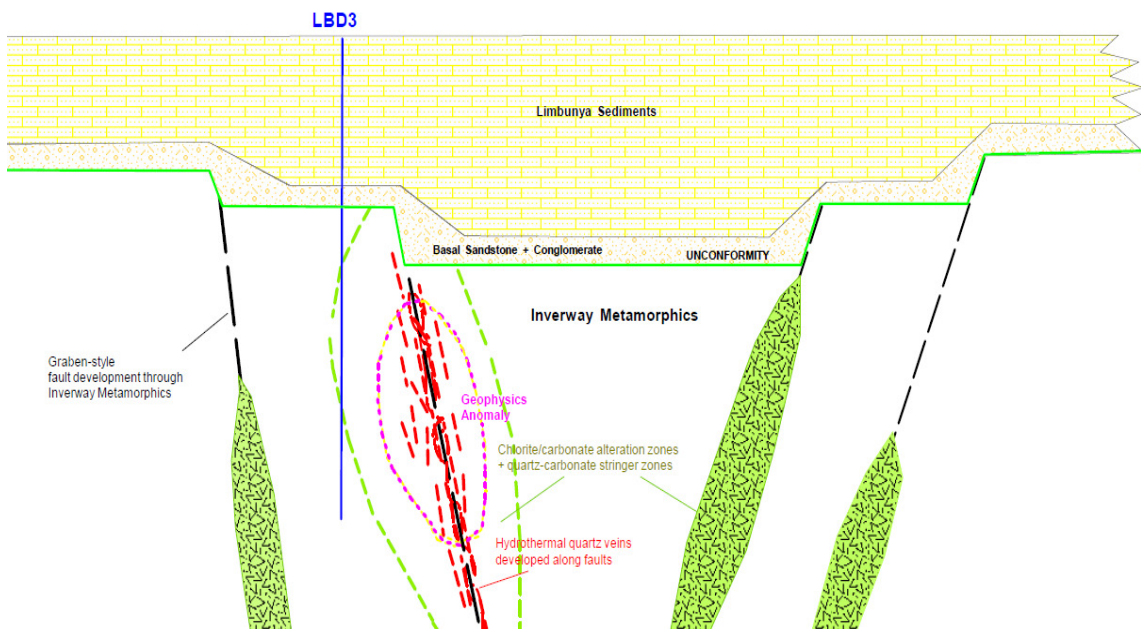


Figure 3 – Current conceptual geological model, showing the proposed interpretation positioning of LBD-3 and geophysics anomaly, with respect to each other.

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Progress Continuing at Barnes Hill

Proto's Barnes Hill joint venture partner, Metals Finance Limited (ASX: MFC), is making significant progress with the final definitive feasibility study as it focuses in low acid consuming ore ("LACO") which Proto first highlighted in ASX market releases in 2008. This low-acid consumption ore will allow Proto and MFC to process ore at a much lower nickel grade, thus increasing the commercial size of the deposit. Although, acid reagent prices remain favourable to Barnes Hill's project economics, Proto is still keeping a close eye on the project's cost structure. The final definitive feasibility study is on schedule for completion at the end of June, in six weeks' time.

Results Pending on Iron Ore Testwork

As previously announced, Proto is looking to produce a saleable iron product from the ironstone cap which sits above the nickel deposit at the Barnes Hill project in Tasmania. In collaboration with Proto's joint venture partner on the Barnes Hill Project, Metals Finance, the Company is continuing to test the bulk iron ore samples at a facility in Queensland. Proto is confident that it will be able to produce a form of 58%+ Fe which can be sold to significantly reduce capital expenditure costs at the project prior to the commencement of nickel mining and production.

The Company is now well placed, given that the placement has boosted cash resources, and is extremely happy with how the exploration is progressing. The Company is also expecting announcements from Metals Finance in the near future regarding the Barnes Hill project and its progress.

Proto's Managing Director Mr Andrew Mortimer commented; "The Company is very pleased with the Lindeman's Bore 3rd drill hole results, now more than ever we can see Lindeman's Bore becoming a focus for the Company as we have identified what we believe is a major hydrothermal system with strong chlorite-hematite alteration that is associated with a major sheer system. The Company is now very keen to test for further gold copper mineralization with a fourth drill hole. The gold and copper discovered to date in the assays is encouraging, and we are further encouraged by the positive commentary from our geological team."

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Competent Persons Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Carl Swensson, who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Swensson is a director of Swensson Integrated Resource Management Services 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 Swensson consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.