PROTO
RESOURCES & INVESTMENTS LTD

STOCK EXCHANGE ANNOUNCEMENT

May 16, 2012

New Licenses Expected in Germany

Stock Codes ASX: PRW, OTCQX: POOOY

The resolution of two license applications over known mineralisation located in Saxony, Germany is expected in the next few weeks. Proto Resources & Investments Ltd ("Proto", "the Company") lodged the applications in late 2011 to cover a tin prospect at Nossen north of Freiberg, and the Kiefernberg nickel-cobalt mineralisation located further to the west.

Executive Summary

- Proto expects resolution of two new license applications lodged in Germany in late 2011 within the next few weeks. These are the Nossen application covering the Großschirma tin prospect and sites of anomalous gold and base metals results, and the Kiefernberg application that covers a previously drilled nickel-cobalt mineralisation.
- One drill hole intersecting the Großschirma tin mineralization that sits in the Nossen application area has been retrieved and verified from the GDR records. This hole, Grsm 2/77, returned assays of 0.55% Sn over 2m (from 706.0 m), 4m @ 0.15% Sn (from 722m) and 4m @ 0.13% Sn (from 772.0 m). The extent of the mineralisation was also noted from rock chip assays taken from a historical lead-silver mine and by surface geochemistry.
- The Kiefernberg application hosts a known nickel-cobalt mineralisation that was the subject of extensive exploration by the GDR with 1270 holes having been completed to varying depths. Proto considers that Kiefernberg represents an excellent opportunity to replicate the plant that has been designed for its flagship project at Barnes Hill in Tasmania.

Expanded Licence Areas in Germany

Proto is pleased to announce that it expects resolution of two new license applications lodged in Germany in late 2011 within the next few weeks. These are the Nossen application covering the Großschirma tin prospect and sites of anomalous gold and base metals results, and the Kiefernberg application that covers a previously drilled nickel-cobalt mineralisation. These applications cover the prospective areas previously the subject of an acquisition agreement with Deutsche Rohstoff AG that sat within the now expired Granulite Mountains licence (No: 32-4741.1/649). Both applications are in Saxony, Germany located approximately 50km west of Dresden and contain known mineralisation.

Nossen Tin, Gold and Base Metal Prospects

The Nossen license has been the subject of small-scale historic silver mining and several prospects were partially explored by the former East German government (the German Democratic Republic or "GDR").

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

STOCK EXCHANGE ANNOUNCEMENT

The distribution, diversity, and presence of "stratiform" mineralisation within the application area suggest strong exploration potential. A summary of the position of the known mineralisation on the Nossen license is shown in Figure 1.

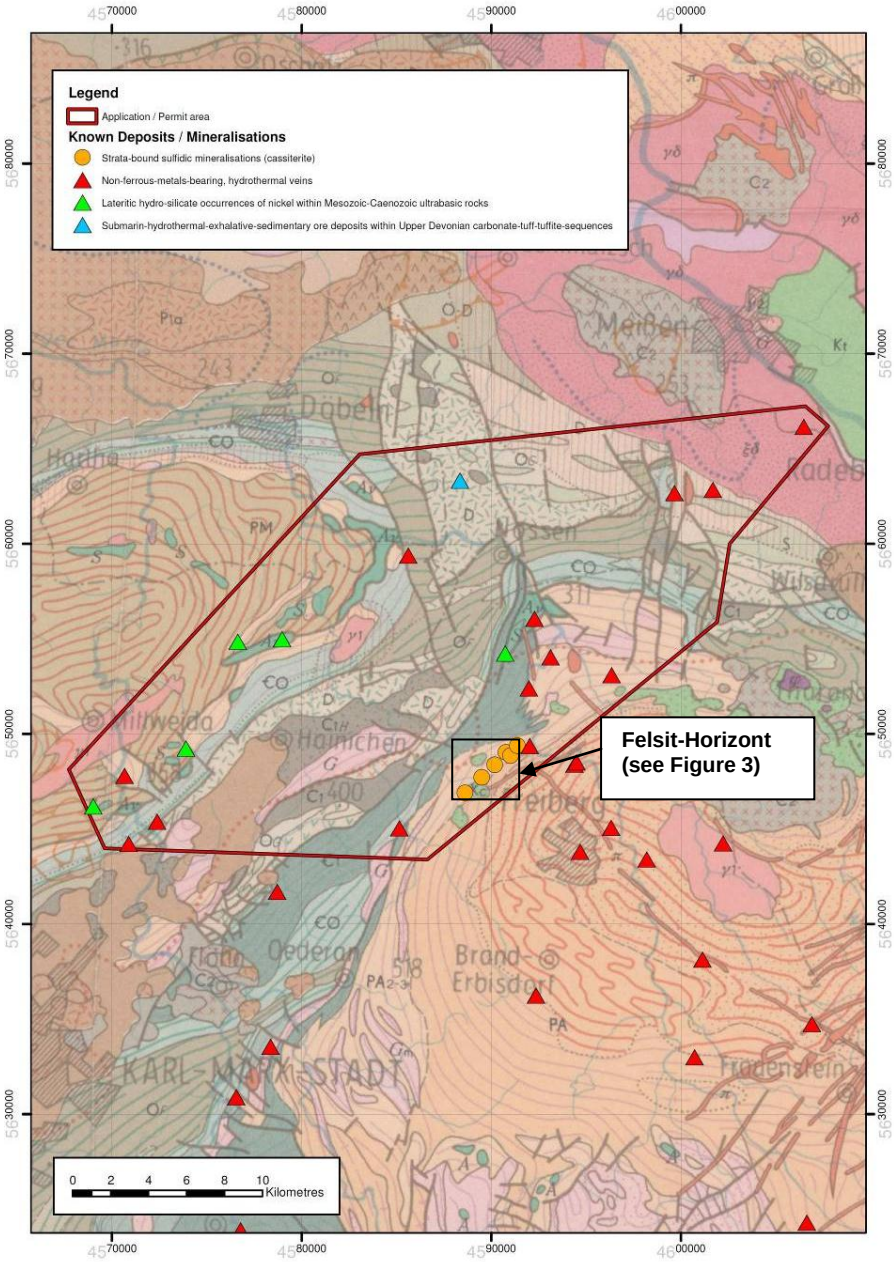

Figure 1 – Previously Identified Mineralisation over Geology at Nossen

STOCK EXCHANGE ANNOUNCEMENT

There have also been several stream sediment anomalies identified by past exploration in the area (see Figure 2). These will also be a target for upcoming exploration in the area. This will focus on geochemical work to identify the potential primary sources of alluvial gold previously identified.

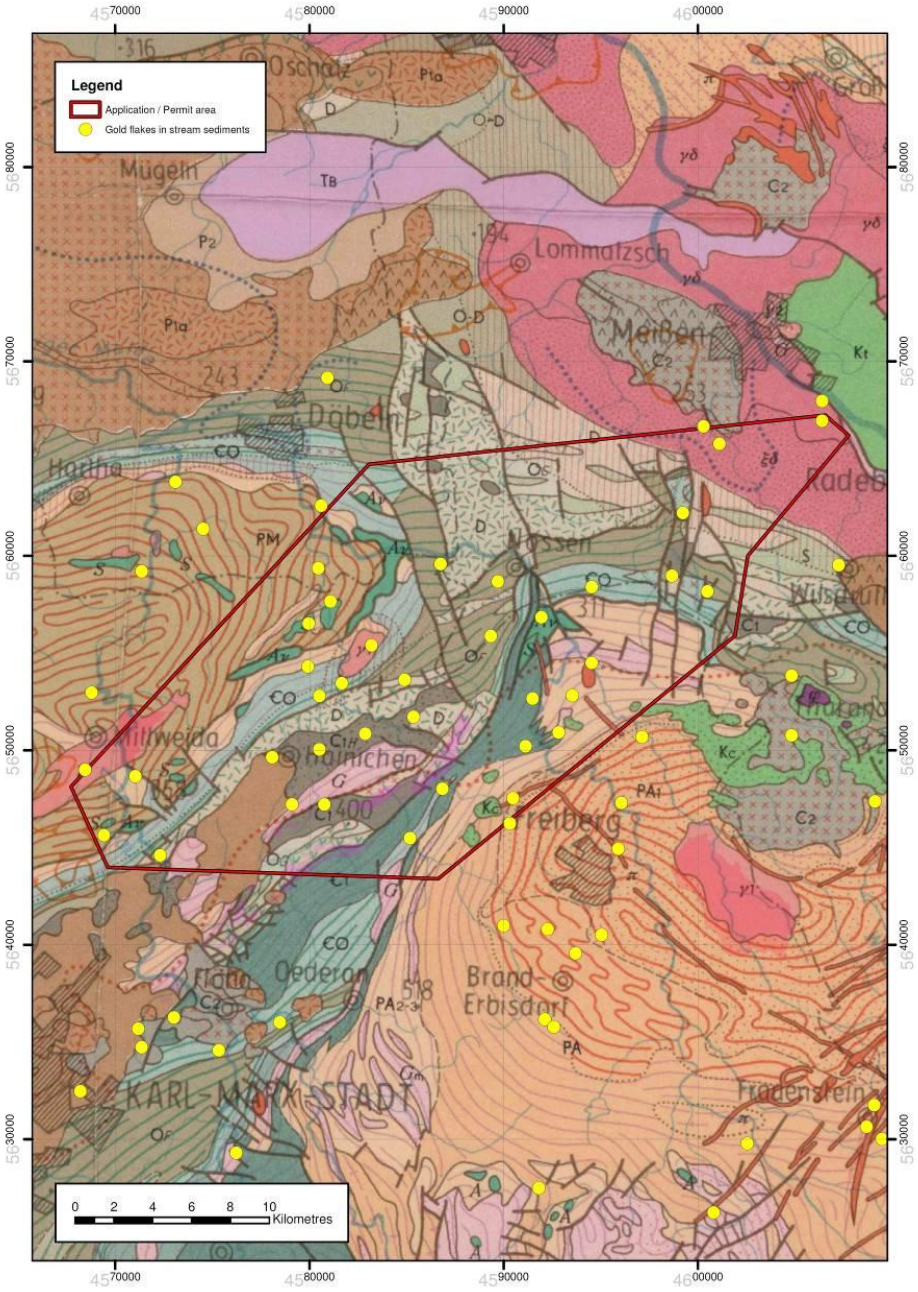

Figure 2 – Sites of Reported Anomalous Gold at Nossen

STOCK EXCHANGE ANNOUNCEMENT

The main target at Nossen is a previously drilled tin occurrence called Großschirma that locates in a major schistosity-conformable shear zone (called the "Felsit Horizont") in a sequence of metamorphics. The mineralisation is hosted in marbles, black schists, metabasalts, phyllonites and breccia zones. The mineralised sequence consists of chloritic schists, altered marbles and pyritic rocks dipping 70 degrees NNW, having a thickness of up to 300m. In this sequence, single layers have a known Sn grade of up to 0.5 %, and past drilling and underground intersections have confirmed ore thicknesses of 1–4m. The strike of the prospective sequence has been traced on the surface by soil and rock geochemistry and shallow drilling over a distance of about 5 km (see Figure 3 below). The vertical extension was proved to be at least 800m, the thickness of the prospective sequence to be at least 300m (see figure 4 below).

To date only one drill hole intersecting the mineralization has been retrieved and verified from the GDR records. This hole, Grsm 2/77, returned assays of 0.55% Sn over 2 m (from 706.0 m), 4m @ 0.15% Sn (from 722m) and 4m @ 0.13% Sn (from 772.0 m). The extent of the mineralisation was also noted in rock chip assays taken from a historical lead-silver mine that has also been plotted in the modelling undertaken so far, as shown in Figure 3 below.

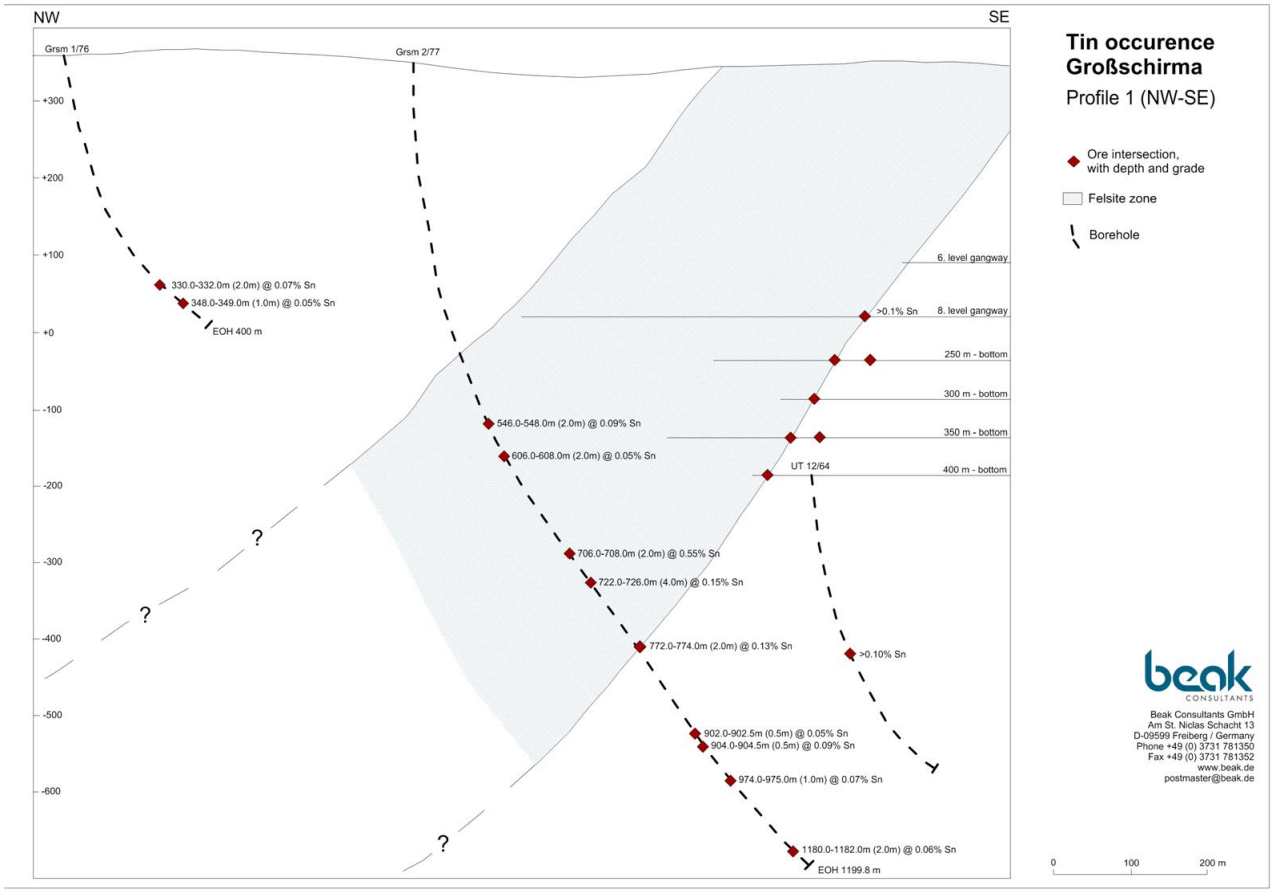

Figure 3 – NW-SE schematic cross-section of the Großschirma Sn Prospect

Proto plans to use geophysical techniques, stream sediment sampling, drilling and trenching to test the wider mineral potential, including exploring for base metal, tin and gold mineralisations. Digitisation of the

substantial archived records of GDR exploration will also be an important initial step in guiding systematic modern exploration of the Nossen area and Großschirma in particular.

Kiefernberg Nickel-Cobalt Mineralisation

Kiefernberg hosts a known nickel-cobalt mineralisation that was the subject of extensive exploration by the GDR. The Kiefernberg application area was the subject of very substantial drilling, with 1270 holes having been completed to varying depths.

The previous exploration of the lateritic nickel mineralisations located at Kiefernberg took place in two major stages: the first during 1947-1953 and the second stage from 1961-1965. These results were analysed in the period up to 1971, when metal inventory calculations were completed under GDR reporting rules. Figure 4 shows areas that were drilled during the exploration phases. The first stage of work for Proto at Kiefernberg will be to complete confirmatory exploration required to allow the extensive historical geological work for use in a JORC-compliant resource estimation.

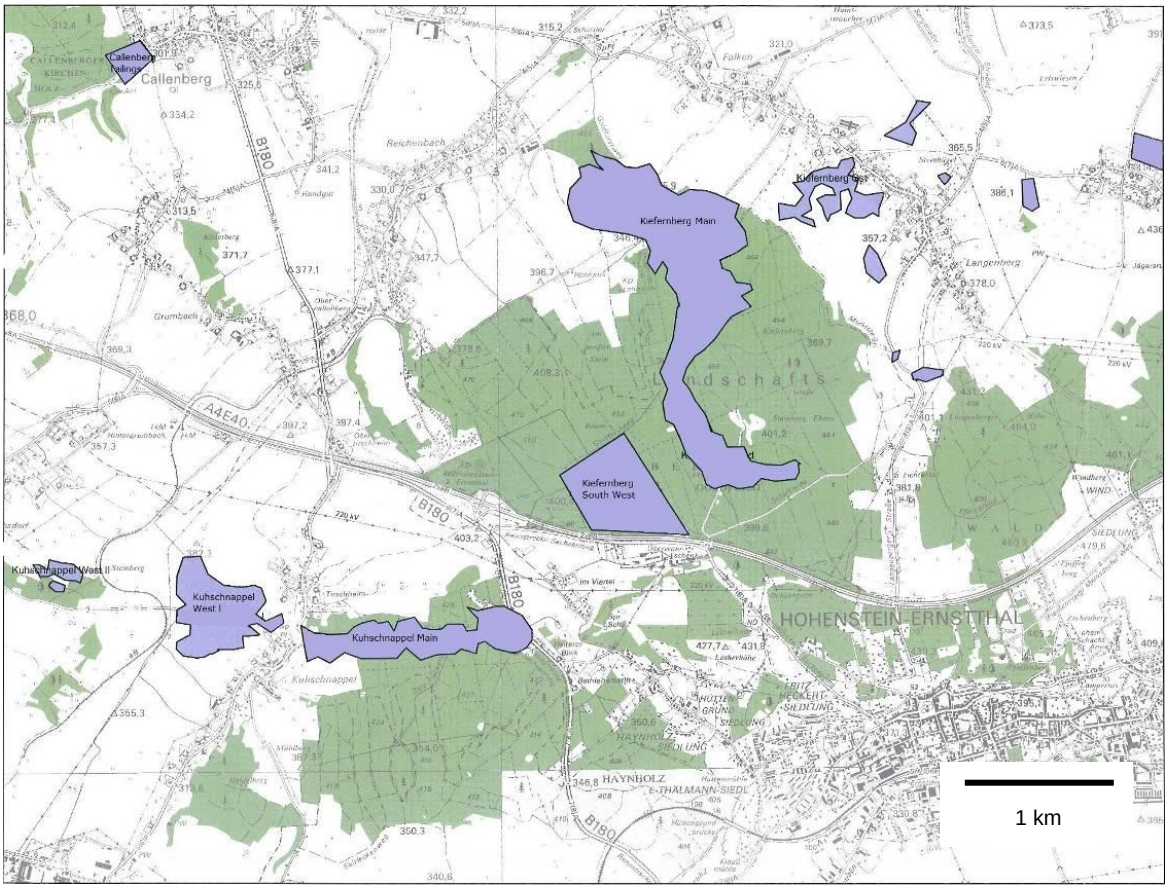

Figure 4 – Sites of Previous Exploration and Mining around the Kiefernberg Mineralisation

Proto considers that Kiefernberg represents an excellent opportunity to replicate the plant that has been designed for its flagship project at Barnes Hill in Tasmania. The economic potential of the project is reinforced by the proximity of infrastructure, with roads accessing the mineralisation and electricity passing

just a few hundred metres away. Proto believes that the Barrier Bay nickel processing technology will be well suited to the parameters identified by this analysis. The acquisition is part of Proto's strategy of expanding nickel tonnage by rolling out the Barrier Bay process to other nickel laterite projects in Australia and around the world.

Enquiries:

Mr Andrew Mortimer
Managing Director
Proto Resources & Investments Ltd
Office: +61 (2) 9225 4000
Mobile: +61 (0)433 894 923

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.