FOR IMMEDIATE RELEASE

13 May 2010

**PROTONEX TECHNOLOGY CORPORATION**

**("Protonex" or the "Company")**

**Proposed cancellation of admission to trading on AIM,
proposed authorization of the Preferred Shares
and
Notice of Special Meeting**

Protonex today announces that it is proposing to cancel the admission to trading on AIM of its shares of common stock of par value 0.5 cents each in the capital of the Company (the "**Common Shares**"), (the "**Cancellation**"). The Company has today published and sent to all holders of Common Shares (the "**Shareholders**") a circular setting out further details of the Cancellation and the implications of the Cancellation for Shareholders (the "**Circular**"). The Circular also contains a notice for convening a special meeting which is to be held at 153 Northboro Road, Southborough, Massachusetts, 01772-1034, United States at 10 a.m. (E.D.T.) on 11 June 2010 (the "**Special Meeting**"), at which the approval of Shareholders of the Cancellation will be sought. In addition, the Shareholders will be asked to approve an amendment to the Amended and Restated Certificate of Incorporation of the Company to authorize a new class of preferred stock of the Company. In the event that Shareholders approve the Cancellation, it is anticipated that trading in the Common Shares on AIM will cease at close of business on 18 June 2010 and cancellation of admission to trading on AIM of the Common Shares will become effective at 7:00 a.m. (London Time) on 21 June 2010.

Set out below are extracts from the Chairman's letter contained in the Circular. Capitalised terms used in this announcement and not otherwise defined have the meanings given to them in the Circular.

For further information, please visit the Company's website, www.protonex.com, or contact:


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## Background to and reasons for the Cancellation

The principal reasons for the admission of the Company's Common Shares to trading on AIM have been (amongst others) (i) to provide the Company with the ability to access capital in order to fund its strategy, (ii) to properly reflect the value and potential of the Company and (iii) to provide liquidity for its Shareholders. The Company has reviewed the advantages and disadvantages of maintaining its AIM listing and the Directors believe that an AIM listing is unable to sufficiently address any of these three principal reasons.

Therefore, the Directors are recommending that the Company cancels the admission of its Common Shares to trading on AIM. In reaching this conclusion, the Directors have taken the following factors into account:

(a) Given the overall market conditions for small listed companies, the Directors are of the opinion that it is (and will continue to be) unlikely that the Company will be able to attract meaningful equity investment through its listing on AIM. An additional financing will be required by the Company in the next 12 to 18 months.

(b) The Directors estimate that the annual costs of the Company's AIM listing are at least $375,000 per annum. This estimate includes listing expenses and advisory, legal and accounting fees. The Board considers these costs to be too high in relation to the benefits of trading on AIM and the Directors believe that these funds could be better utilized in growing the business.

(c) The amount of senior executive time which is spent on dealing with the regulatory burdens associated with maintaining and managing issues relating to the AIM listing is disproportionate to the benefit to the Company.

(d) In the Directors opinion, the AIM trading prices of the Common Shares in PTX and PTXU do not reflect the true value of the Company.

(e) The AIM listing of the Common Shares does not, in itself, offer investors the opportunity to trade in meaningful volumes or with frequency within an active market. With little trading volume, the Company's share price can move up or down significantly following trades of small numbers of shares. The many efforts made by the Company and its advisors to improve this liquidity situation have proven unsuccessful and the Directors do not anticipate this changing.

## Financial strategy following the Cancellation and business update

The Directors believe that, in the current economic environment, the Company is best-suited to function and develop as a private company for at least the next 12 to 24 months. Upon the Cancellation becoming effective, the Company expects to begin the process of raising additional capital from private investment sources. At a future date, when the capital markets may have improved and when the Company's business is further developed, it is possible that the Directors may choose to pursue a public offering and listing in the United States.

Based on preliminary figures, the Company expects that the results for the half year period to 31 March 2010, as compared with the first half of 2009, will show a significant increase in total revenues, a reduction in net loss and a significant reduction in cash burn. The Company's core business strategy remains focused and on track. The Company has launched two products in 2009 and expects additional product introductions during 2010 and 2011. The Directors of the Company continue to be pleased with the Company's performance and remain confident in the Company's growth prospects in 2010 and beyond.

**Background to and reasons for the authorization of Preferred Shares**

The Company currently is authorized to issue 120,000,000 Common Shares, of which 64,489,488 are issued and outstanding, and no shares of preferred stock. The Company is proposing that the shareholders approve an amendment to the Company's Amended and Restated Certificate of Incorporation that would authorize a class of blank check preferred stock, consisting of 50,000,000 shares of preferred stock of par value 0.5 cents each. The proposed amendment regarding the preferred stock authorizes and empowers the Board to determine the relative rights and preferences of the preferred stock and to provide for the issuance of the preferred stock in one or more series with such relative rights and preferences as the Board shall determine.

The term “blank check” preferred stock refers to stock which gives the board of directors of a corporation the flexibility to create one or more series of preferred stock, from time to time, and to determine the relative rights, preferences, powers and limitations of each series, including, without limitation: (i) the number of shares in each series, (ii) whether a series will bear dividends and whether dividends will be cumulative, (iii) the dividend rate and the dates of dividend payments, (iv) liquidation preferences and prices, (v) terms of redemption, including timing, rates and prices, (vi) conversion rights, (vii) any sinking fund requirements, (viii) any restrictions on the issuance of additional shares of any class or series, (ix) any voting rights and (x) any other relative, participating, optional or other special rights, preferences, powers, qualifications, limitations or restrictions.

While the Company has no definitive plans to issue shares of preferred stock, the Company is evaluating options available to it to raise capital, including the possibility of a capital raise through the sale of shares of preferred stock.

**Effecting transactions in Common Shares following the Cancellation**

Following the Cancellation, although the Common Shares will remain transferable, they will no longer be tradable on AIM and no other trading facility will be available to enable the trading of the Common Shares. Consequently, there can be no guarantee that a Shareholder will be able to purchase or sell any Common Shares. Further details regarding off-market transfer of Common Shares in certificated form are provided in the Circular.