

For personal use only

---

**PROTO RESOURCES & INVESTMENTS LTD**

**ABN 35 108 507 517**

**NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT**

---

**TIME:** 11.00am EST

**DATE:** Friday 3 June 2011

**PLACE:** Suite 1A, 661 Newcastle Street,  
LEEDERVILLE WA 6007

*This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9388 8041.*

---

## CONTENTS

---

Notice of General Meeting (setting out the proposed resolutions)	2
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	17

---

## TIME AND PLACE OF MEETING AND HOW TO VOTE

---

### VENUE

---

The General Meeting of the Shareholders of Proto Resources & Investments Ltd which this Notice of Meeting relates to will be held at 11.00am EST on Friday, 3 June 2011 at:

<b>Suite 1A, 661 Newcastle Street, LEEDERVILLE WA 6007</b>

### YOUR VOTE IS IMPORTANT

---

The business of the General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

---

To vote in person, attend the General Meeting on the date and at the place set out above.

### VOTING BY PROXY

---

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Proto Resources & Investments Ltd, PO Box 1905, Subiaco WA 6904 Australia; or
- (b) send the proxy form by facsimile to (08) 9388 8042

so that it is received not later than 11.00am EST on Wednesday, 1 June 2011.

**Proxy forms received later than this time will be invalid.**

---

## NOTICE OF GENERAL MEETING

---

Notice is given that the General Meeting of Shareholders of Proto Resources & Investments Ltd will be held at Suite 1A 661 Newcastle Street, Leederville WA 6007 at 11.00am EST on Friday, 3 June 2011.

The Explanatory Statement annexed to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7.00pm EST on Wednesday, 1 June 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

---

#### **Resolution 1 – Issue of Shares to Dr Pierre Richard pursuant to employment contract**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 1,000,000 Shares to Dr Pierre Richard (and/or his nominee(s)), for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by Dr Pierre Richard or his nominees and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 1 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 2 – Issue of Shares to WiseOwl.com**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 33,333 Shares to WiseOwl.com Pty Limited (and/or its nominee(s)), for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by WiseOwl.com Pty Limited or its nominee(s) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 2 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 3 – Issue of Shares to Mr Ashley Hood**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 65,000 Shares to Mr Ashley Hood (and/or his nominee(s)), for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by Mr Ashley Hood or his nominee(s) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 3 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 4 – Issue of Options to Mr Peter Peebles**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 200,000 Options to Mr Peter Peebles (and/or his nominee(s)) for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by Mr Peter Peebles or his nominee(s) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 4 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 5 - Ratification of Issue of Options to Macquarie Bank Limited**

To consider and if thought fit to pass, with or without amendment, the following **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 40,000,000 Options to Macquarie Bank Limited pursuant to the Option Deed, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by Macquarie Bank Limited and any associate of such allottee.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 6 - Approval for the Issue of Options to Macquarie Bank Limited**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary**

**resolution:**

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, this General Meeting approves and authorises the Directors to issue and allot up to 57,235,294 Options pursuant to the Option Deed, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by Macquarie Bank Limited or its nominee(s) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 6 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 7 - Approval for the Future Placement of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution:**

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, this General Meeting approves and authorises the Directors to issue and allot up to 60,000,000 Shares at an issue price that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 7 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 8 – Issue of Options to SA Capital Pty Ltd**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution:**

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 1,500,000 Options to SA Capital Pty Ltd, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by SA Capital Pty Ltd or its nominee(s) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 8 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 9 – Approval of Grant of Options to RESCON Resource Consultants AG**

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution:**

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 3,000,000 Options to RESCON Resource Consultants AG, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

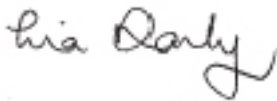
Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by RESCON Resource Consultants AG or its nominee(s) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 9 is passed and any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**DATED: 7 APRIL 2011**

**BY ORDER OF THE BOARD**



**LIA DARBY  
JOINT MANAGING DIRECTOR  
PROTO RESOURCES & INVESTMENTS LTD**

---

## EXPLANATORY STATEMENT

---

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of Proto Resources & Investments Ltd to be held at Suite 1A 661 Newcastle Street, Leederville WA 6007 at 11.00am EST on Friday, 3 June 2011.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting (of which this Explanatory Statement forms a part).

---

### RESOLUTION 1 - ISSUE OF SHARES TO DR PIERRE RICHARD

**Resolution 1 seeks Shareholder approval for the issue of 1,000,000 Shares on the terms set out below.**

#### 1.1 Background to Resolution 1

Resolution 1 seeks Shareholder approval for the issue of 1,000,000 Shares to Dr Pierre Richard (and/or his nominee). The Shares are proposed to be issued to Dr Pierre Richard, Chief Development Officer of the Company, pursuant to the terms of his employment contract with the Company.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to Dr Pierre Richard. These are summarised below.

#### 1.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

The issue of securities to Dr Pierre Richard under Resolution 1 will result in the 15% capacity of the Company being exceeded. Accordingly, Shareholder approval is required to issue 1,000,000 Shares to Dr Pierre Richard (and/or his nominee(s)).

The following information in connection with Resolution 1 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to Dr Pierre Richard (and/or his nominee(s)) is 1,000,000 Shares;
- (b) the issue price of the Shares under Resolution 1 is nil. The Shares will be issued for no cash consideration. The Shares will be issued as part of Dr Pierre Richard's employment contract having achieved the required performance hurdles set out therein;
- (c) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (d) the allottee is Dr Pierre Richard and/or his nominee(s), neither of which will be a Related Party of the Company;
- (e) the Company proposes to issue and allot the Shares as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and

- (f) no funds will be raised from the issue of the Shares as they form part of Dr Richard's remuneration under his employment contract with the Company, as set out above.

### 1.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 1. The Board believes that the proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 1 as the securities represent reasonable remuneration for services provided to the Company, will preserve the cash reserves of the Company and will provide an incentive for Dr Pierre Richard to provide ongoing services to the Company.

---

## RESOLUTION 2 - ISSUE OF SHARES TO WISEOWL.COM

**Resolution 2 seeks Shareholder approval for the issue of 33,333 Shares on the terms set out below.**

### 2.1 Background to Resolution 2

Resolution 2 seeks Shareholder approval for the issue of 33,333 Shares to WiseOwl.com Pty Limited (ACN 097 446 369) ("**WiseOwl**") (and/or its nominee). The Shares are proposed to be issued to WiseOwl in consideration for the provision of research services by WiseOwl to the Company performed during the period 22 March 2010 until the completion of four quarterly research reports.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to WiseOwl. These are summarised below.

### 2.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

The issue of securities to WiseOwl under Resolution 2 will result in the 15% capacity of the Company being exceeded. Accordingly, Shareholder approval is required to issue 33,333 Shares to WiseOwl (and/or its nominee(s)).

The following information in connection with Resolution 2 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to WiseOwl.com (and/ or its nominee(s)) is 33,333 Shares;
- (b) the issue price of the Shares under Resolution 2 is nil. The Shares will be issued in consideration for research services provided by WiseOwl.com to the Company otherwise payable in cash to the value of \$1,100;
- (c) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (d) the allottee of the Shares under Resolution 2 will be WiseOwl (and/or its nominee(s)), neither of which will be a Related Party of the Company;
- (e) the Company proposes to issue and allot the Shares as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and



- (f) no funds will be raised from the issue of the Shares as they are proposed to be issued as consideration for services provided to the Company, as set out above.

### 2.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 2. The Board believes that the proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 as the securities represent reasonable payment for services provided to the Company, will preserve the Company's cash reserves and will provide an incentive for WiseOwl to provide ongoing services to the Company.

---

## RESOLUTION 3 - ISSUE OF SHARES TO MR ASHLEY HOOD

**Resolution 3 seeks Shareholder approval for the issue of 65,000 Shares on the terms set out below.**

### 3.1 Background to Resolution 3

Resolution 3 seeks Shareholder approval for the issue of 65,000 Shares to Mr Ashley Hood (and/or his nominee). Mr Ashley Hood is the Company's Chief Operating Officer. The Shares under this Resolution are proposed to be issued to Mr Ashley Hood as part of the consideration payable by the Company for geological consulting services performed by Mr Ashley Hood during 2010.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to Mr Hood. These are summarised below.

### 3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

The issue of securities to Mr Ashley Hood under Resolution 3 will result in the 15% capacity of the Company being exceeded. Accordingly, Shareholder approval is required to issue 65,000 Shares to Mr Hood (and/or his nominee(s)).

The following information in connection with Resolution 3 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to Mr Ashley Hood (and/ or his nominee(s)) is 65,000 Shares;
- (b) the issue price of the Shares is nil. The Shares will be issued as part of the consideration for geological consulting services provided by Mr Ashley Hood to the Company;
- (c) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (d) the allottee is Mr Ashley Hood and/or his nominee(s), neither of which will be a Related Party of the Company;
- (e) the Company proposes to issue and allot the Shares as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and

- (f) no funds will be raised from the issue of the Shares as they are proposed to be issued as consideration for services provided to the Company, as set out above.

### 3.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board believes that the proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as the securities represent reasonable remuneration for services provided to the Company, will preserve the Company's cash reserves and will provide an incentive for Mr Ashley Hood to provide ongoing services to the Company.

---

## RESOLUTION 4 - ISSUE OF OPTIONS TO MR PETER PEEBLES

**Resolution 4 seeks Shareholder approval for the issue of 200,000 Options on the terms set out below.**

### 4.1 Background to Resolution 4

Resolution 4 seeks Shareholder approval for the issue of 200,000 Options to Mr Peter Peebles (and/or his nominee). The Options are proposed to be issued to Mr Peter Peebles pursuant to his consulting contract as Consulting Geologist. The contracted geological services are to be provided in the period 1 November 2010 to 31 October 2011. These services include general geological advice, tenement administration, and geological assessment with a particular focus on the Company's Western Australian projects including the Waite Kauri mining lease and Mt Vettors. This issue of Options is a contractually agreed part of the consideration for these services and supplements a direct cash component.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to Mr Peter Peebles. These are summarised below.

### 4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

The issue of securities to Mr Peter Peebles under Resolution 4 will result in the 15% capacity of the Company being exceeded. Accordingly, Shareholder approval is required to issue 200,000 Options to Mr Peter Peebles (and/or nominee(s)).

The following information in connection with Resolution 4 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to Mr Peter Peebles (and/ or his nominee(s)) is 200,000 Options;
- (b) the issue price of the Options is nil. The Options are not being issued for cash consideration but are being issued in consideration of geological services provided to the Company. The Options will be issued as part of Mr Peter Peebles' consulting contract;
- (c) the Options to be issued pursuant to Resolution 4 will be issued on the terms set out in Annexure "A" of the Explanatory Statement;
- (d) the allottee is Mr Peter Peebles and/or his nominee(s), neither of which will be a Related Party of the \_\_\_\_\_ Company;

- (e) the Company proposes to issue and allot the Options as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and
- (f) no funds will be raised from the issue of the Options as they are proposed to be issued as consideration for services provided to the Company, as set out above. All funds raised upon the exercise of the Options will be applied to working capital requirements of the Company.

#### 4.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 4. The Board believes that the proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 as the securities represent reasonable remuneration for services provided to the Company, will preserve the Company's cash reserves and will provide an incentive for Mr Peter Peebles to provide ongoing services to the Company.

---

### RESOLUTION 5 - RATIFICATION OF ISSUE OF OPTIONS TO MACQUARIE BANK LIMITED

**Resolution 5 seeks Shareholder ratification of the issue of 40,000,000 Options on the terms set out below.**

#### 5.1 Background to Resolution 5

On 28 February 2011 the Company entered into the Option Deed with Macquarie Bank Limited ("**Macquarie Bank**"). Under the terms of the Option Deed, the Company is required to issue the following Options ("**Macquarie Options**") to Macquarie Bank:

- 5,000,000 Call Options exercisable at \$0.08 per Call Option;
- 3,500,000 Call Options exercisable at \$0.10 per Call Option;
- 2,000,000 Call Options exercisable at \$0.125 per Call Option; and
- 88,235,294 Moving Strike Options exercisable at 85% of the last closing price of the Company's Shares immediately prior to the time of exercise of a Moving Strike Option. The minimum exercise price is \$0.0324.

All of the above Macquarie Options expire 2 years from the date of the Option Deed. However, should the aggregate exercise price of all exercised Moving Strike Options reach \$3 million, all outstanding Moving Strike Options will lapse immediately.

The purpose of Resolution 5 is to seek Shareholder approval and ratification of the issue and allotment of a total of 40,000,000 Macquarie Options to Macquarie Bank.

As at the date of this Notice, the following Macquarie Options have been issued (which comprise the total of 40,000,000 Options):

- 5,000,000 Call Options exercisable at \$0.08 per Call Option;
- 3,500,000 Call Options exercisable at \$0.10 per Call Option;
- 2,000,000 Call Options exercisable at \$0.125 per Call Option; and
- 29,500,000 Moving Strike Options exercisable at 85% of the last closing price of the Company's Shares immediately prior to the time of exercise of a Moving Strike Option.

As at the date of this notice, a total of 2,250,000 Moving Strike Options have been exercised and proceeds received from the Company total \$138,000.

Resolution 6 set out below seeks approval to issue and allot the balance of 58,735,294 Moving Strike Options pursuant to the Option Deed.

## 5.2 ASX Listing Rule 7.4

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1

Approval is sought under Resolution 5 to allow the Company to ratify the issue and allotment of the 40,000,000 Macquarie Options issued to Macquarie Bank not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to replenish the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue the subject of Resolution 5 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 40,000,000 Macquarie Options as follows:
  - (i) 5,000,000 Call Options exercisable at \$0.08 per Call Option;
  - (ii) 3,500,000 Call Options exercisable at \$0.10 per Call Option;
  - (iii) 2,000,000 Call Options exercisable at \$0.125 per Call Option; and
  - (iv) 29,500,000 Moving Strike Options exercisable at 85% of the last closing price of the Company's Shares immediately prior to the time of exercise of a Moving Strike Option;
- (b) the Macquarie Options were issued and allotted on 3 March 2011;
- (c) The Moving Strike Options were allotted for an issue price of a total of \$15,000 and the Call Options issued for a nil issue price;
- (d) the Call Options were issued on the terms set out in Annexure "B" of the Explanatory Statement;
- (e) the Moving Strike Options were issued on the terms set out in Annexure "C" of the Explanatory Statement;
- (f) the allottee of the Options was Macquarie Bank pursuant to the Option Deed, and Macquarie Bank is not a Related Party of the Company; and
- (g) The Macquarie Options were issued for the purpose of raising additional working capital requirements to support the development of the Barnes Hill nickel-cobalt project including the completion of commercial scale pilot plant production.

### 5.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 5. The Board believes that the ratification of the issue of 40,000,000 Macquarie Options the subject of Resolution 5 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 5 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without Shareholder approval.

---

#### RESOLUTION 6 - APPROVAL OF THE ISSUE OF OPTIONS TO MACQUARIE BANK LIMITED

**Resolution 6 seeks Shareholder approval for the issue of up to 58,735,294 Moving Strike Options on the terms set out below.**

##### 6.1 Background to Resolution 6

Pursuant to the Option Deed specified in paragraph 5.1 above, Resolution 6 seeks Shareholder approval for the issue of up to 58,735,294 Moving Strike Options to Macquarie Bank which represent the balance of the Moving Strike Options under the Option Deed.

##### 6.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6 to allow Shareholders to assess the proposed issue of up to 58,735,294 Moving Strike Options:

- (a) the maximum number of securities to be issued pursuant to Resolution 6 is 58,735,294 Moving Strike Options;
- (b) the Moving Strike Options the subject of Resolution 6 will be issued and allotted no later than three (3) months after the date of this General Meeting or such later date as approved by ASX;
- (c) the Moving Strike Options proposed to be issued will be issued for no further cash consideration. Under the terms of the Option Deed, the total issue price for all Moving Strike Options the subject of the Option Deed was \$15,000. The total consideration was paid on 1 March 2011.
- (d) the allottee in respect of Resolution 6 will be Macquarie Bank which is not a Related Party of the Company;
- (e) the proposed Moving Strike Options will be issued on the terms set out in Annexure "C" of the Explanatory Statement;
- (f) the Company proposes to issue and allot the Moving Strike Options as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and
- (g) the Company intends to use the funds raised by the exercise of these Moving Strike Options for the development of the Barnes Hill nickel-cobalt project including the completion of commercial scale pilot plant production.

---

## RESOLUTION 7 - APPROVAL FOR THE FUTURE PLACEMENT OF UP TO 60,000,000 SHARES

Resolution 7 seeks Shareholder approval for the issue of up to 60,000,000 Shares on the terms set out below ("Placement").

### 7.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7 to allow Shareholders to assess the proposed facility for the future issue of up to 60,000,000 Shares:

- (a) the maximum number of securities to be issued pursuant to the Placement is 60,000,000 Shares;
- (b) the Shares the subject of Resolution 7 will be issued and allotted no later than three (3) months after the date of this General Meeting or such later date as approved by ASX;
- (c) the issue price of the Shares proposed to be allotted and issued will be at a price that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made;
- (d) the allottees in respect of the Placement are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the Placement. The allottees will not be a Related Party of the Company and will fall within one of the exceptions contained in Section 708 of the Corporations Act. Under no circumstances will the Company issue and allot shares such that any person would hold a relevant interest of more than 19.9% in the share capital of the Company;
- (e) the Shares to be issued will rank pari-passu on allotment and issue with the existing Shares of the Company;
- (f) the Shares to be issued will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is three (3) months after the date of the General Meeting or such later date as approved by ASX.
- (g) the Company intends to use the funds raised by the Placement for continued work on application of the nickel laterite technology to further projects through both licensing, joint venturing and direct acquisition and development.

---

## RESOLUTION 8 - ISSUE OF OPTIONS TO SA CAPITAL PTY LTD

Resolution 8 seeks Shareholder approval for the issue of 1,500,000 Options on the terms set out below.

### 8.1 Background to Resolution 8

Resolution 8 seeks Shareholder approval for the issue of 1,500,000 Options to SA Capital Pty Ltd (and/or its nominee(s)) ("**SA Capital**").

The Options are proposed to be issued to SA Capital in consideration for marketing and facilitation services performed by SA Capital to assist the Company in listing

on the Frankfurt Stock Exchange, as well as general marketing services in Australia, for the twelve months commencing 1 October 2010.

The issue of 1,500,000 Options pursuant to Resolution 8 forms the second and final instalment of the total 3,000,000 Options due to SA Capital for the above services.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to SA Capital. These are summarised below.

## 8.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

The issue of securities to SA Capital under Resolution 8 will result in the 15% capacity of the Company being exceeded. Accordingly, Shareholder approval is required to issue 1,500,000 Options to SA Capital (and/or its nominee(s)).

The following information in connection with Resolution 8 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to SA Capital Pty Ltd (and/ or his nominee(s)) is 1,500,000 Options;
- (b) the issue price of the Options under Resolution 8 is nil. The Options are issued in consideration of the services provided by SA Capital to the Company as outlined in paragraph 8.1 above;
- (c) the Options to be issued pursuant to Resolution 8 will be issued on the terms set out in Annexure "A" of the Explanatory Statement;
- (d) the allottee is SA Capital and/or its nominee(s), neither of which will be a Related Party of the Company;
- (e) the Company proposes to issue and allot the Options as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and
- (f) no funds will be raised from the issue of the Options as they are proposed to be issued as consideration for services provided to the Company, as set out above. All funds raised upon the exercise of the Options will be applied to working capital requirements of the Company.

## 8.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 8. The Board believes that the proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 8 as the securities represent reasonable remuneration for services provided to the Company, will preserve the Company's cash reserves and will provide an incentive for SA Capital to provide ongoing services to the Company.

---

## RESOLUTION 9 - APPROVAL OF GRANT OF OPTIONS TO RESCON RESOURCE CONSULTANTS AG

Resolution 9 seeks Shareholder approval for the issue of 3,000,000 Options to RESCON Resource Consultants AG on the terms set out below.

### 9.1 Background to Resolution 9

Resolution 9 seeks Shareholder approval for the issue of 3,000,000 Options to RESCON Resource Consultants AG (and/or its Nominee(s)) ("**RESCON**"). The securities are proposed to be issued to RESCON as part of the consideration for RESCON's marketing services in Switzerland for the twelve months commencing 1 October 2010.

The issue of 3,000,000 Options under Resolution 9 forms the second and final instalment of the total 6,000,000 Options due to RESCON for the above services.

The ASX Listing Rules set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to RESCON. These are summarised below.

## 9.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period.

The issue of securities to RESCON under Resolution 9 will result in the 15% capacity of the Company being exceeded. Accordingly, Shareholder approval is required to issue 3,000,000 Options to RESCON (and/or its nominee(s)).

The following information in connection with Resolution 9 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to RESCON Resource Consultants AG (and/ or its nominee(s)) is 3,000,000 Options;
- (b) the issue price of the Options is nil. The Options will be issued as part consideration for marketing services provided by RESCON to the Company;
- (c) the Options to be issued pursuant to Resolution 9 will be issued on the terms set out in Annexure "A" of the Explanatory Statement;
- (d) the allottee is RESCON and/or its nominee(s), neither of which will not be a Related Party of the Company;
- (e) the Company proposes to issue and allot the Options on the same date and as soon as possible after the date of the General Meeting however will not be issued later than 3 months after the date of the General Meeting or such later date to the extent permitted by any ASX waiver; and
- (f) no funds will be raised from the issue of the Options as they are proposed to be issued as consideration for services provided to the Company, as set out above. All funds raised upon the exercise of the Options will be applied to working capital requirements of the Company.

## 9.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 9. The Board believes that the proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 9 as the securities represent reasonable remuneration for services provided to the Company, will preserve the Company's cash reserves and will provide an incentive for RESCON to provide ongoing services to the Company.



---

## GLOSSARY

---

**ASX** means ASX Limited (ACN 008 724 791).

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of the ASX and any other rules of the ASX which are applicable while the entity is admitted to the Official List of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**Board** means the board of Directors.

**Call Option** means an Option exercisable on or before 28 February 2013, the terms of which are set out in Annexure "B" of this Explanatory Statement.

**Company** or **Proto Resources** means Proto Resources & Investments Ltd (ABN 35 108 507 517).

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**EST** means Eastern Standard Time.

**General Meeting** means the General Meeting of the Company to be held on Friday 3 June 2011.

**Moving Strike Option** means an Option exercisable on or before 28 February 2013 with an exercise price of 85% of the last Closing Price of Shares immediately prior to the time of exercise, rounded down to the nearest value at which a Share is permitted to be traded at the time of exercise, and otherwise on the terms set out in Annexure "C" of this Explanatory Statement.

**Notice of Meeting** means the Notice of Meeting attached to this Explanatory Statement.

**Option** means an option to acquire a Share.

**Option Deed** means the option deed entered into by the Company and Macquarie Bank Limited dated 28 February 2011.

**Related Party** has the meaning given in section 228 of the Corporations Act.

**Resolution** means a resolution to be considered by the Shareholders at the General Meeting as contained in the Notice.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Terms and Conditions of Options (PRWOB) – Resolutions 4, 8 and 9**

1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 31 December 2011. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of five cents (5 cents) per Option exercised. The Options will lapse at 5.00pm EST on 31 December 2011.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 31 December 2011. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. Optionholders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Optionholders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

**Terms and Conditions of Call Options – Resolution 5**

1. Each Call Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Call Option may be exercised at any time during the period commencing on 28 February 2011 and expiring 2 years from that commencement date.
3. The exercise price of the Call Options is:
  - 3.1 in respect of Series 1 Call Options: \$0.08 per Call Option;
  - 3.2 In respect of Series 2 Call Options: \$0.10 per Call Option; and
  - 3.2 In respect of Series 3 Call Options: \$0.125 per Call Option.
4. The Call Options cannot be cancelled.
5. The Call Options cannot be transferred unless the Company provides its consent.
6. In the event of any re-organisation of the issued capital of the Company (including any consolidation or sub-division of capital or any return, reduction or cancellation of capital), the Call Options are to be treated in the manner set out in the ASX Listing Rules.
7. Macquarie Bank Limited ("**Macquarie**") may only participate in new issues of securities via the Call Options provided it has first exercised its Call Options in which case it will be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise any of its Call Options.
8. If there is a bonus issue to the holders of Shares, the number of Shares over which the Call Options are exercisable will be increased by the number of Shares which Macquarie would have received if the Call Options had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of Shares, the exercise price of the Call Options will be reduced in accordance with the formula in ASX Listing Rule 6.22.
10. In this Annexure "B" a "business day" has the same meaning as a "trading day" as defined in the ASX Listing Rules.

**Terms and Conditions of Moving Strike Options – Resolutions 5 and 6**

1. Each Moving Strike Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Moving Strike Option may be exercised at any time during the period commencing on 28 February 2011 and expiring 2 years from that commencement date ("**Exercise Period**").
3. The exercise price of each Moving Strike Option is 85% of the last closing price of the Shares immediately prior to the time of exercise of a Moving Strike Option, rounded down to the nearest value at which a Share is permitted to be traded at the time of exercise. For the avoidance of doubt, the minimum exercise price is \$0.034, being 85% of the floor price (\$0.04).
4. The Company may at any time declare a non-exercise period of up to 10 consecutive business days during which no Moving Strike Options may be exercised by the Company or Macquarie Bank Limited ("**Macquarie**"). A non-exercise period must not commence earlier than the business day after the day on which it was declared.
5. A non-exercise period cannot be declared earlier than 10 business days after the end of a preceding non-exercise period.
6. The Company may not declare more than two non-exercise periods during the Exercise Period.
7. If the aggregate exercise price of all exercised Moving Strike Options reaches \$3,000,000, all outstanding Moving Strike Options lapse immediately.
8. The Company may cancel any unexercised Moving Strike Options by giving Macquarie 20 business days' notice. The Moving Strike Options remain exercisable during the notice period.
9. Moving Strike Options cannot be transferred without the consent of the Company.
10. In the event of any re-organisation of the issued capital of the Company (including any consolidation or sub-division of capital or any return, reduction or cancellation of capital), the Moving Strike Options are to be treated in the manner set out in the ASX Listing Rules.
11. Macquarie may only participate in new issues of securities via the Moving Strike Options provided it has first exercised its Moving Strike Options in which case it will be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise any of its Moving Strike Options.
12. If there is a bonus issue to the holders of Shares, the number of Shares over which the Moving Strike Options are exercisable will be increased by the number of Shares which Macquarie would have received if the Moving Strike Options had been exercised before the record date for the bonus issue.
13. In the event that a pro rata issue (except a bonus issue) is made to the holders of Shares, the exercise price of the Moving Strike Options will be reduced in accordance with the formula in ASX Listing Rule 6.22.
14. In this Annexure "C" a "business day" has the same meaning as a "trading day" as defined in the ASX Listing Rules.