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PROTO RESOURCES & INVESTMENTS LTD

ABN 35 108 507 517

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 1.00pm WST

DATE: Wednesday 23 November 2011

PLACE: Suite 1A
661 Newcastle Street
LEEDERVILLE, WESTERN AUSTRALIA, 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 Annual General Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	10
Glossary	27
Proxy Form	

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Proto Resources & Investments Ltd which this Notice of Meeting relates to will be held at 1.00pm WST on Wednesday 23 November 2011 at:

<p>Suite 1A 661 Newcastle Street LEEDERVILLE, WESTERN AUSTRALIA, 6007</p>
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YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all 'directed' proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Proto Resources & Investments Ltd will be held at Suite 1A, 661 Newcastle Street, Leederville, WESTERN AUSTRALIA 6007 at 1.00pm WST on Wednesday, 23 November 2011.

The Explanatory Statement annexed to this Notice of Meeting provides additional information on matters to be considered at the Annual 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 Annual General Meeting are those who are registered Shareholders at 5pm WST on 21 November 2011.

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

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2011, together with the Directors' report and the auditor's report.

A copy of the financial report can be downloaded from the Company's website.

Resolution 1 – Adoption of Remuneration Report (Non-binding)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **advisory only resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 2 – Re-election of Ms Kay Philip

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

"That, Ms Kay Philip, being a Director, retires in accordance with clause 6.1 of the Constitution and, being eligible for re-election, is hereby re-elected as a Director."

Resolution 3 – Re-election of Mr Greg Melick

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

"That, Mr Greg Melick, being a Director, retires in accordance with clause 6.1 of the Constitution and, being eligible for re-election, is hereby re-elected as a Director."

Resolution 4 - Ratification of Placement to Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>

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 3,000,000 Shares at a price of \$0.06 per Share to Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C> as per the placement on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue 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 5 - Ratification of Placement to Kingsbrook Opportunities Masterfund LP

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 14,285,714 Shares at a price of \$0.035 per Share and 7,142,857 attaching options to Kingsbrook Opportunities Masterfund LP as per a private placement on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any person who participated in the issue 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.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 6 - Ratification of Share Issue to Mr Ashley Hood

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 199,624 Shares at a deemed price of \$0.043 per Share, to Mr Ashley Hood, in lieu of 20% of his consulting fees for the period 1 August 2011 to 31 January 2012 on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by any person who participated in the issue 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 7 - Ratification of issue of shares and options to Sunrise Securities Corp.

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 1,428,571 Shares at a deemed price of \$0.035 per Share, 2,142,857 options to Sunrise Securities Corp., on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by any person who participated in the issue 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 8 - Ratification of Option Issue to Mr Peter Peebles pursuant to employment contract

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 300,000 Options, to Mr Peter Peebles, pursuant to the employment contract as Exploration Manager on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by any person who participated in the issue 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.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 9 - Ratification of Share Issue to MWPR Proactive Media & Public Relations

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 1,400,000 Shares at a deemed price of \$0.05 per Share, to MWPR Proactive Media & Public Relations, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by any person who participated in the issue 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 10 - Ratification of Option Issue to Belloc Pty Ltd

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 7,000,000 Options, to Belloc Pty Ltd, on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 10 by any person who participated in the issue 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 11 - Ratification of Option Issue to Giles Rodney Dale

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 1,000,000 Options, to Giles Rodney Dale, on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 11 by any person who participated in the issue 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.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 12 - Ratification of issue of options to Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>

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 10,000,000 Options to Merrill Lynch (Australia) Nominees Pty Ltd, on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 12 by any person who participated in the issue 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 13 - Ratification of issue of options to RM Research Pty Ltd

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 500,000 options to RM Research Pty Ltd, on the date and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 13 by any person who participated in the issue 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 14 - 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 70,000,000 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 14 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 14 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: 5 OCTOBER 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 Annual General Meeting of Proto Resources & Investments Ltd to be held at Suite 1A, 661 Newcastle Street, Leederville, WESTERN AUSTRALIA 6007 at 1.00pm WST on Wednesday, 23 November 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).

FINANCIAL STATEMENTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2011 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

1.1 General

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution to Shareholders that the remuneration report be adopted at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 2011.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

1.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

EXPLANATORY STATEMENT

1.3 Definitions

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 2011.

RESOLUTION 2 – RE-ELECTION OF MS KAY PHILIP

In accordance with Listing Rule 14.4 and Clause 6.1 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Ms Kay Philip retires by rotation at this meeting and, being eligible, offers herself for re-election.

Details regarding Ms Philip are set out in the 2011 Annual Report.

The Directors, other than Ms Philip, recommend the re-election of Ms Kay Philip.

RESOLUTION 3 – RE-ELECTION OF MR GREG MELICK

In accordance with Listing Rule 14.4 and Clause 6.1 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Mr Greg Melick retires by rotation at this meeting and, being eligible, offers himself for re-election.

Details regarding Mr Melick are set out in the 2011 Annual Report.

The Directors, other than Mr Melick, recommend the re-election of Mr Greg Melick.

EXPLANATORY STATEMENT

RESOLUTION 4 - RATIFICATION OF PLACEMENT TO MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD <BERNDALE A/C>

Resolution 4 seeks Shareholder ratification of the issue of 3,000,000 Shares on the terms set out below.

4.1 Background to Resolution 4

On 28 February 2011 the Company issued a total of 10,000,000 Shares to Merrill Lynch (Australia) Nominees Pty Ltd pursuant to a placement of Shares at an issue price of 6 cents each.

Shareholder approval was received for a placement of 40,000,000 Shares at the annual general meeting held 29 November 2010. Approval is now sought to ratify the issue of an additional 3,000,000 Shares under the Placement not previously approved.

4.2 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 4 to allow the Company to ratify the issue and allotment of the 3,000,000 Shares issued in the Placement 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 reinstate 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 4 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 43,000,000 Shares. Shareholder approval was received for a placement of 40,000,000 Shares at the annual general meeting held 29 November 2010. Approval is now sought to ratify the issue of an additional 3,000,000 Shares under the Placement;
- (b) the Shares were issued and allotted on 28 February 2011;
- (c) the Shares were allotted for consideration of \$0.06 per Share;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the allottees of the Shares were subscribers to the Placement who are exempt from the disclosure requirements of the Corporations Act. None of the allottees is a related party of the Company; and

EXPLANATORY STATEMENT

- (f) the Shares were issued for the purpose of raising additional funds for continued work on the Company's flagship project, Barnes Hill, as well as its nickel exploration in the Northern Territory and Western Australia.

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 ratification of the Share issue the subject of Resolution 4 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 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 5 - RATIFICATION OF PLACEMENT TO KINGSBROOK OPPORTUNITIES MASTERFUND LP

Resolution 5 seeks Shareholder ratification of the issue of 14,285,714 Shares and 7,142,857 attaching Options on the terms set out below.

5.1 Background to Resolution 5

On 26 August 2011 the Company issued 14,285,714 Shares and 7,142,857 attaching options to Kingsbrook Opportunities Masterfund LP pursuant to a private placement. The Shares were issued at an issue price of \$0.035 each to raise \$500,000 and the attaching Options were issued for nil consideration.

Approval is sought to ratify the issue of 14,285,714 Shares and 7,142,857 attaching Options under the Placement.

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 14,285,714 Shares and 7,142,857 attaching Options issued in the private placement 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 reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

EXPLANATORY STATEMENT

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

- (a) the number of securities allotted by the Company was 14,285,714 Shares and 7,142,857 attaching Options;
- (b) the Shares and attaching Options were issued and allotted on 26 August 2011;
- (c) the Shares were allotted for consideration of \$0.06 per Share and the attaching Options were issued for nil cash consideration;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue and the terms and conditions of the attaching Options are set out in Annexure 'A';
- (e) the allottees of the Shares and attaching Options was Kingsbrook Opportunities Masterfund LP which is not a related party of the Company; and

2. the Shares and attaching Options were issued for the purpose of raising additional funds for continued work on the Company's flagship project, Barnes Hill, as well as its nickel exploration in the Northern Territory and Western Australia.

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 Share and attaching Option issue 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 - RATIFICATION OF ISSUE OF SHARES TO MR ASHLEY HOOD IN LIEU OF CASH CONSIDERATION

Resolution 6 seeks Shareholder ratification of the issue of 199,624 Shares on the terms set out below.

6.1 Background to Resolution 6

On 30 August 2011 the Company issued 199,624 Shares to Mr Ashley Hood in lieu of 20% of his consulting services fees provided to the Company for the period from 1 August 2011 to 31 January 2012 to the total value of \$8,584.

Approval is now sought to ratify the issue of 199,624 Shares to Mr Ashley Hood.

6.2 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.

EXPLANATORY STATEMENT

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 6 to allow the Company to ratify the issue and allotment of the 199,624 Shares 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 reinstate 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 6 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 199,624 Shares;
- (b) the Shares were issued and allotted on 30 August 2011;
- (c) the Shares were allotted for nil cash consideration. The Shares were issued in lieu of cash consideration for the services referred to above;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the allottee of the Shares was Mr Ashley Hood, who is not a related party of the Company; and
- (f) the Shares were issued in lieu of cash consideration otherwise payable by the Company for the purpose of preserving cash reserves and to provide an incentive to Mr Ashley Hood to participate in future activities to the Company.

6.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 6. The Board believes that the ratification of the Share issue the subject of Resolution 6 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 6 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 7 - RATIFICATION OF ISSUE OF SHARES AND OPTIONS TO SUNRISE SECURITIES CORP.

Resolution 7 seeks Shareholder ratification of the issue of 1,428,571 Shares, 2,142,857 Options on the terms set out below.

7.1 Background to Resolution 7

On 13 September 2011 the Company issued 1,428,571 Shares, with 714,286 attaching Options and 1,428,571 Options to Sunrise Securities Corp. as consideration for financial services provided to the Company to the value of \$50,000.

Approval is now sought to ratify the issue of 1,428,571 Shares and 2,142,857 Options to Sunrise Securities Corp.

7.2 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 7 to allow the Company to ratify the issue and allotment of the 1,428,571 Shares, 2,142,857 Options 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 reinstate 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 7 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was
 - (i) 1,428,571 Shares;
 - (ii) 714,286 attaching Options exercisable at \$0.05;
 - (iii) 1,428,571 Options exercisable at \$0.035;
- (b) the Shares and Options were issued and allotted on 13 September 2011;
- (c) the Shares were allotted for a deemed price of \$0.035 per share. The Options were issued for nil consideration. The Shares and Options were issued in consideration for the services referred to above;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue and the terms and conditions of the 714,286 attaching Options and 1,428,571 Options are set out in Annexure 'A' and 'B' respectively;
- (e) the allottee of the Shares was Sunrise Securities Corp., who is not a related party of the Company; and
- (f) the Shares were issued in lieu of cash consideration otherwise payable by the Company for the purpose of preserving cash reserves and to provide an incentive to Sunrise Securities Corp. to participate in future activities to the Company.

EXPLANATORY STATEMENT

7.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 7. The Board believes that the ratification of the Share and option issue the subject of Resolution 7 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 7 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 8 - RATIFICATION OF ISSUE OF OPTIONS TO MR PETER PEEBLES

Resolution 8 seeks Shareholder ratification of the issue of 300,000 Options on the terms set out below.

8.1 Background to Resolution 8

On 23 September 2011 the Company issued 300,000 Options to Mr Peter Peebles as per his employment contract as Explorations Manager to the Company.

Approval is now sought to ratify the issue of 300,000 Options to Mr Peter Peebles.

8.2 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 8 to allow the Company to ratify the issue and allotment of the 300,000 Options 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 reinstate 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 Option issue the subject of Resolution 8 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 300,000 Options exercisable at \$0.05;
- (b) the Options were issued and allotted on 23 September 2011;
- (c) the Options were allotted for nil cash consideration. The Options were issued for services as Exploration Manager as referred to above;
- (d) the issued Options were issued on the terms set out in Annexure "C" of the explanatory statement;

EXPLANATORY STATEMENT

- (e) the allottee of the Options was Mr Peter Peebles, who is not a related party of the Company; and
- (f) the Options were issued pursuant to Mr Peter Peebles' employment contract and to provide an incentive to Mr Peter Peebles to participate in future activities to 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 ratification of the Option issue the subject of Resolution 8 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 8 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 9 - RATIFICATION OF ISSUE OF SHARES TO MWPR PROACTIVE MEDIA & PUBLIC RELATIONS

Resolution 9 seeks Shareholder ratification of the issue of 1,400,000 Shares on the terms set out below.

9.1 Background to Resolution 9

On 23 September 2011 the Company issued 1,400,000 Shares to MWPR Proactive Media & Public Relations as consideration for public relations and media liaison services provided to the Company for the period 1 July 2010 to 1 December, 2010 to the total value of \$70,000.

Approval is now sought to ratify the issue of 1,400,000 Shares to MWPR Proactive Media & Public Relations.

9.2 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 9 to allow the Company to ratify the issue and allotment of the 1,400,000 Shares 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 reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

EXPLANATORY STATEMENT

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue the subject of Resolution 9 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 1,400,000 Shares;
- (b) the Shares were issued and allotted on 23 September 2011;
- (c) the Shares were allotted for nil cash consideration. The Shares were issued for consideration for the services referred to above;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the allottee of the Shares was MWPR Proactive Media & Public Relations, who is not a related party of the Company; and
- (f) the Shares were issued in lieu of cash consideration otherwise payable by the Company for the purpose of preserving cash reserves and to provide an incentive to MWPR Proactive Media & Public Relations to participate in future activities to 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 ratification of the Share issue the subject of Resolution 9 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 9 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 10 - RATIFICATION OF ISSUE OF OPTIONS TO BELLOC PTY LTD

Resolution 10 seeks Shareholder ratification of the issue of 7,000,000 Options on the terms set out below.

10.1 Background to Resolution 10

On 23 September 2011 the Company issued 7,000,000 Options to Belloc Pty Ltd as consideration for international relations and consulting services to the Company during the period of July 2011 to the value of \$14,000.

Approval is now sought to ratify the issue of 7,000,000 Options to Belloc Pty Ltd.

10.2 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.

EXPLANATORY STATEMENT

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 10 to allow the Company to ratify the issue and allotment of the 7,000,000 Options 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 reinstate 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 Option issue the subject of Resolution 10 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 7,000,000 Options exercisable at \$0.05;
- (b) the Options were issued and allotted on 23 September 2011;
- (c) the Options were allotted for nil cash consideration. The Options were issued for consideration for services as referred to above;
- (d) the issued Options were issued on the terms set out in Annexure "C" of the explanatory statement;
- (e) the allottee of the Options was Belloc Pty Ltd, who is not a related party of the Company; and
- (f) the Options were issued in lieu of cash consideration otherwise payable by the Company for the purpose of preserving cash reserves and to provide an incentive to Belloc Pty Ltd to participate in future activities to the Company.

10.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 10. The Board believes that the ratification of the Option issue the subject of Resolution 10 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 10 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 11 - RATIFICATION OF ISSUE OF OPTIONS TO GILES RODNEY DALE

Resolution 11 seeks Shareholder ratification of the issue of 1,000,000 Options on the terms set out below.

11.1 Background to Resolution 11

On 23 September 2011 the Company issued 1,000,000 Options to Giles Rodney Dale as consideration for corporate and geological services relating to the Clara Hills Project to the Company during the period of August 2011 to the value of \$2,000.

Approval is now sought to ratify the issue of 1,000,000 Options to Giles Rodney Dale.

11.2 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 11 to allow the Company to ratify the issue and allotment of the 1,000,000 Options 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 reinstate 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 Option issue the subject of Resolution 11 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 1,000,000 Options exercisable at \$0.05;
- (b) the Options were issued and allotted on 23 September 2011;
- (c) the Options were allotted for nil cash consideration. The Options were issued for consideration for consulting services as referred to above;
- (d) the issued Options were issued on the terms set out in Annexure "C" of the explanatory statement;
- (e) the allottee of the Options was Giles Rodney Dale, who is not a related party of the Company; and
- (f) the Options were issued in lieu of cash consideration otherwise payable by the Company for the purpose of preserving cash reserves and to provide an incentive to Giles Rodney Dale to participate in future activities to the Company.

11.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 11. The Board believes that the ratification of the Option issue the subject of Resolution 11 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 11 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.

EXPLANATORY STATEMENT

RESOLUTION 12 - RATIFICATION OF ISSUE OF OPTIONS TO MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD <BERNDALE A/C>

Resolution 12 seeks Shareholder ratification of the issue of 10,000,000 Options on the terms set out below.

12.1 Background to Resolution 12

On 21 September 2011 the Company issued 10,000,000 Options to Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C> attaching to a Placement Subscription. The Placement of shares was approved by shareholders on 8 September 2011. The Directors elected to issue attaching options to placement subscribers as an incentive on the basis of the Option for every two shares subscribed for.

Approval is now sought to ratify the issue of 10,000,000 Options to Merrill Lynch.

12.2 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 12 to allow the Company to ratify the issue and allotment of the 10,000,000 Options 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 reinstate 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 12 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 20,000,000 shares and 10,000,000 attaching Options. Shareholder approval was received for a placement of 60,000,000 Shares at the general meeting held 8 September 2011. Approval is now sought to ratify the issue of an additional 10,000,000 Options attaching to the Placement;
- (b) the Options were issued and allotted on 21 September 2011;
- (c) the Options were issued for nil consideration. The Options were issued pursuant to a private placement, referred to above;
- (d) the terms and conditions of the attaching Options are set out in Annexure 'A';
- (e) the allottee of the Options was Merrill Lynch, who is not a related party of the Company; and

EXPLANATORY STATEMENT

(f) the Options were issued as an incentive for Merrill Lynch's participation in the Placement.

12.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 12. The Board believes that the ratification of the Option issue the subject of Resolution 12 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 12 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 13 - RATIFICATION OF ISSUE OF OPTIONS TO RM RESEARCH PTY LTD

Resolution 13 seeks Shareholder ratification of the issue of 500,000 Options on the terms set out below.

13.1 Background to Resolution 13

On 21 September 2011 the Company issued 1,000,000 Shares and 500,000 attaching Options to RM Research Pty Ltd. RM Research Pty Ltd elected to subscribe to the Placement approved by shareholders on 8 September 2011 in lieu of cash payment for services to the value of \$35,000. As part of the Placement Offer, Directors elected to issue attaching Options to Placement Subscribers as an incentive on the basis of one Option for every two Shares subscribed for.

Approval is now sought to ratify the issue of 1,000,000 Shares and 500,000 attaching Options to RM Research Pty Ltd.

13.2 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 13 to allow the Company to ratify the issue and allotment of 500,000 Options 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 reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

EXPLANATORY STATEMENT

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue the subject of Resolution 13 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 1,000,000 shares and 500,000 attaching Options. Shareholder approval was received for a placement of 60,000,000 Shares at the general meeting held 8 September 2011. Approval is now sought to ratify the issue of an additional 500,000 Options attaching to the Placement;
- (b) the Shares and Options were issued and allotted on 21 September 2011;
- (c) the Options were issued for nil consideration as referred to above;
- (d) the terms and conditions of the attaching Options are set out in Annexure 'A';
- (e) the allottee of the Options was RM Research Pty Ltd, who is not a related party of the Company; and
- (f) the Options were issued to provide an incentive to RM Research Pty Ltd to participate in future activities to the Company.

13.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 13. The Board believes that the ratification of the Share and Option issue the subject of Resolution 13 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 13 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 14 - APPROVAL FOR THE FUTURE PLACEMENT OF UP TO 70,000,000 SHARES

Resolution 14 seeks Shareholder approval for the issue of up to 70,000,000 Shares on the terms set out below ("Placement").

14.1 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 14 to allow Shareholders to assess the proposed facility for the future issue of up to 70,000,000 Shares:

- (a) the maximum number of securities to be issued pursuant to the Placement is 70,000,000 Shares;
- (b) the Shares the subject of Resolution 14 will be issued and allotted no later than three (3) months after the date of this Annual 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;

EXPLANATORY STATEMENT

- (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.

For personal use only

GLOSSARY

2011 Annual Report means the Company's annual report including the reports of the Directors and auditor and the financial statements of the Company for the year ended 30 June 2011, which can be downloaded from the Company's website at www.protoresources.com.au

AEDT means Australia Eastern Daylight Time.

ASX means ASX Limited (ACN 008 724 791).

Annual General Meeting means the Annual General Meeting of the Company to be held on Wednesday 23 November 2011.

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.

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.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

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

Option means an option to acquire 1 Share.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2011 Annual Report.

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

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

Terms & Conditions of Options

\$0.05 1 September 2014 Options

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 1 September 2014. 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 1 September 2014.
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 1 September 2014. 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 & Conditions of Options

\$0.035 12 September 2018 Options

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 12 September 2018. 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 three and a half cents (3.5 cents) per Option exercised. The Options will lapse at 5.00pm EST on 12 September 2018.
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 12 September 2018. 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 & Conditions of Options

\$0.05 31 December 2011 Options

1. Each New Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The New Options may be exercised at any time on or before 5.00pm (EST) on 31 December 2011. Each New 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 (\$0.05) per New Option exercised. The New Options will lapse at 5.00pm (EST) on 31 December 2011.
3. The New Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of New Options at any time until 5.00pm (EST) on 31 December 2011, being the date the New Options expire. This right is subject to any restrictions on the transfer of a New Option that may be imposed by ASX.
4. New Optionholders can only participate in new issues of securities provided they have first exercised their New Options in which case the New 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 New Options.
5. Shares issued on the exercise of New 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 New 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 New 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 New Optionholder 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 New Option is exercisable may be increased by the number of Shares which the holder of the New Option would have received if the New 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 New Options may be reduced in accordance with Listing Rule 6.22.