



17 November 2011

Dear Option Holder

OPTION EXPIRY

Notice is hereby given that the final date for exercising the Company's \$0.05, 31 December 2011 options is 5.00pm EST on 31 December 2011. The exercise price is \$0.05 per option. Option Holders will be issued with one new fully paid ordinary share in Proto Resources & Investments Ltd for each option exercised.

Trading of the Company's \$0.05, 31 December 2011 options will cease at close of trading on 21 December 2011.

Options not exercised by 5.00pm EST on 31 December 2011 will expire. Failure to exercise the Option will result in the forfeiture of any rights that the Option Holder may have in relation to the Ordinary shares.

To convert your Options to Ordinary Shares (Exercise of Options) please complete the option exercise form and forward with your payment to:

Advanced Share Registry Services or deliver to: **Advanced Share Registry Services**
PO Box 1156 **150 Stirling Highway**
NEDLANDS WA 6909 **NEDLANDS WA 6009**

Cheques should be made payable to **Proto Resources & Investments Ltd**. Receipt for payment will not be forwarded.

During the three months preceding the date of this notice the highest sale price of Ordinary Shares in Proto Resources & Investments Ltd was \$0.045 on 16 August 2011 and 6 September 2011 and the lowest sale price of Ordinary Shares in Proto Resources & Investments Ltd was \$0.029 on 26 September 2011. The latest available market sale price on the Australian Securities Exchange Ltd before the date of this notice was \$0.03 on 16 November 2011.

If you wish to clarify any taxation consequences relating to the Exercise of Options, please consult your solicitor, accountant or professional adviser.

Brief Update of Operations

Proto has made considerable progress across all of the Company's operations over the past few months.

Exploration

Proto is planning a third drill hole on the Company's Lindeman's Bore tenement in the Northern Territory as a result of the recent geophysical anomalies discovered from the ZTEM and FLTEM surveys completed through September and October this year. The third hole, LBD-03, is to be drilled 1.5km south east of LBD-01 (drilled in 2010) to a depth of approximately 500m and is to be funded by the Company's joint venture partner on the tenement, Peak Mining and Exploration. Proto looks forward to updating shareholders on this exciting drill campaign.

Barrier Bay

The technology continues to create interest as the 10-tonne trials recommence in the independent laboratory in northern New South Wales. The fully patented and potentially game-changing process uses membranes to extract saleable iron and magnesium products from solution whilst recycling large amounts of the acid used to leach the ore. This process could drastically reduce the environmental footprint of mining operations around the globe which use sulphuric acid as a reagent by reducing the size of tailings. This also could have extremely beneficial flow-on effects on the economics of such projects. Proto looks

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forward to further optimisation of this back-end waste stream management process and looks forward to demonstrating its full potential on Barnes Hill.

Barnes Hill

The Company's flagship nickel-cobalt-iron-magnesium project, Barnes Hill, is in its final stages of development. After receiving its Mining Lease from the Tasmanian Government in June, Proto announced an exciting partnership with Caterpillar to provide the \$36m of debt and equipment for the mine. This comes as Proto's joint venture partner, Metals Finance, recently signed a letter of intent with Dow Chemical to provide technical and process engineering support for its innovative front-end processing technology which will be used on Barnes Hill. On the approvals front, the Development Application has been lodged with the local West Tamar Council which will assess the mine's planning impacts, while the Development Proposal and Environmental Management Plan will be assessed by the Tasmania's Environment Protection Authority. Approvals are expected by the middle of 2012 with construction to begin immediately thereafter.



*Left: The Caterpillar Finance, Proto and Metals Finance team in Beauty Point near Barnes Hill, Tasmania
Right: A piece of iron ore picked up off the ground using a magnet at Barnes Hill, Tasmania*

In conclusion, Proto is now extremely well positioned to become a significant player in the global nickel industry. In the short term, exploration efforts in the Northern Territory are set to provide upside whilst longer-term, bringing Barnes Hill into production and developing the exciting technology could change the company and industry altogether.

Yours sincerely

Lia Darby
Joint Managing Director

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