

Proto Resources & Investments Ltd

ABN 35 108 507 517

Entitlement Issue Prospectus

For a pro rata non-renounceable entitlement issue of 1 New Option for every 2 Shares held by Shareholders at 5.00pm (WST) on 1 February 2012 at an issue price of \$0.004 (0.4 cents) per New Option to raise approximately \$941,141 (before expenses).

Each New Option is exercisable at \$0.05 (5 cents) for one (1) Share in the Company on or before 5.00 pm (WST) on 1 September 2014.

The Offer is not underwritten

Important Notice

This is an important document which should be read in its entirety. This Prospectus is a transaction specific prospectus issued in accordance with Section 713 of the Corporations Act 2001. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stock broker, accountant or other professional adviser.

The securities offered under this Prospectus should be considered as speculative. Investors may lose some or all of their investment.

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IMPORTANT INFORMATION

Shareholders should read this document in its entirety and, if in doubt, should consult their professional adviser.

This Prospectus is dated Tuesday, 17 January 2012 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus. The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with ASIC (Expiry Date). No securities may be issued on the basis of this Prospectus after the Expiry Date

The Offer contained in this Prospectus is only available for acceptance by Shareholders with a registered address as at the Record Date in Australia or New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe the requirements of these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia and New Zealand should consult their professional advisers on requisite formalities. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Investors can only apply for New Options on an original Acceptance Form accompanying this Prospectus and on the terms and conditions referred to in this Prospectus. Please read carefully the instructions on the reverse of the Acceptance Form regarding an application for the New Options pursuant to this Prospectus.

In preparing this Prospectus, regard has been had to the fact that as the Company is a disclosing entity for the purposes of the Corporations Act, it is subject to regular reporting and disclosure obligations. Accordingly, certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This document is important and it should be read in its entirety. The New Options to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the Risk Factors affecting the Company set out in Section 3. Accordingly, before deciding to apply for New Options, potential investors should consider whether or not such New Options are a suitable investment having regard to their personal circumstances. If in doubt, potential investors should consult their stockbroker, solicitor, accountant or other professional adviser prior to completing and lodging an Acceptance Form.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at www.protoresources.com.au. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. There is no facility for Applications to be accepted electronically or by applying online. The Corporations Act prohibits any person from passing on to another person the Acceptance Form unless it is attached to or accompanied by a complete and unaltered version of the Prospectus. The Company will not accept a completed Acceptance Form if it has reason to believe that the Applicant has not received a complete and unaltered copy of the Prospectus. Any person may obtain a hard copy of this Prospectus by contacting the Company prior to the Closing Date.

A number of terms and abbreviations used in this Prospectus have defined meanings set out in Section 8.

Proto Resources & Investments Ltd

CORPORATE DIRECTORY

Directors

Ian Campbell
Non-Executive Chairman

Andrew Mortimer
Managing Director

(Aziz) Greg Melick
Executive Director

Lia Darby
Non-Executive Director

(Patricia) Kay Philip
Non-Executive Director

Company Secretary

Kent Hunter

Registered Office

Suite 1901, Level 19
109 Pitt Street
SYDNEY NSW 2000

Telephone: +61 2 9225 4000

Facsimile: +61 2 9232 5359

Email: info@protoresources.com.au

Website: www.protoresources.com.au

Stock Exchange Listing

Australian Securities Exchange
Codes: PRW and PRWOA

Share Registry

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Telephone: +61 8 9389 8033

Facsimile: +61 8 9389 7871

Solicitors

Price Sierakowski Corporate
Level 24, St Martin's Tower
44 St George's Terrace
PERTH WA 6000

Compliance Managers

Mining Corporate Pty Ltd
Level 45, 108 St Georges Terrace
PERTH WA 6000

Auditors

Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

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CHAIRMAN'S LETTER

17 January 2012

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a 1 for 2 pro-rata non-renounceable entitlement issue of New Options.

Each New Option will be issued at a total issue price of \$0.004 (0.4 cent) per New Option paid on acceptance of the Offer.

Each New Option is exercisable at \$0.05 (5 cents) on or before 5.00pm (WST) on 1 September 2014 and will convert into 1 Share. Please refer to Sections 2.1 and 2.2 of this Prospectus for full terms of the New Options and the underlying Shares.

All Shareholders registered at 5.00pm (WST) on 1 February 2012, being the Record Date, will be entitled to participate in the pro-rata non-renounceable entitlement issue offered under this Prospectus.

The Closing Date for acceptances is 5.00pm (WST) on 21 February 2012.

The Company will seek quotation of the New Options on ASX within seven (7) days of the date of this Prospectus.

The Board encourages all Shareholders take up their entitlements and advises that each of the Directors will fully take up their respective entitlements. Funds raised from the Offer will be used to advance the Company's exploration areas, working capital, and expenses of the offer.

The Board takes this opportunity to thank all Shareholders for their support and looks forward to your continued support in the future.

Yours faithfully



Ian Campbell
Chairman

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TIMETABLE AND IMPORTANT DATES

EVENT	DATE
Announcement of the Offer	17 January 2012
Prospectus lodged with ASIC and ASX	17 January 2012
Notice of Offer sent to Shareholders	19 January 2012
'Ex' Date*	25 January 2012
Record Date for determining entitlements*	1 February 2012
Despatch of Prospectus to Shareholders	7 February 2012
Closing Date**	21 February 2012
Notification of under-subscriptions to ASX	24 February 2012
Despatch of Holding Statements	29 February 2012

These dates are indicative only and may, subject to the requirements of the Listing Rules and the Corporations Act, be changed without notice.

** Shareholders should consult their brokers or professional advisors in regards to the definition of 'Ex' Date and Record Date to ensure that their entitlement to participate in the Offer is assured.*

*** The Directors reserve the right to vary the Closing Date, which may have a consequential effect on other dates. The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the New Options are expected to commence trading on ASX may vary.*

SECTION 1 DETAILS OF THE OFFER

1.1 Purpose of the Offer

The Offer is being undertaken to reward Shareholders for their ongoing support of the Company. The funds raised by the Offer of approximately \$941,141 will be applied towards the iron and magnesium sulphate technology system, ground sampling at the Keifenburg project in Germany, Barnes Hill nickel project final engineering and consultancy, ground sampling for copper at the Casey and Mt. Kilara projects in Western Australia, the surface sampling program at Barnes Hill, and for working capital and meeting the expenses associated with the Offer.

1.2 Details of the Offer

The Company offers for subscription approximately 235,285,351 New Options. The New Options are being offered to Shareholders on the basis of one (1) New Option for every two (2) Shares held on the Record Date. In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.

All holders of Shares in the Company on the Record Date are entitled to participate in the Offer. Optionholders who exercise their Options after the date of this Prospectus but prior to the Record Date are entitled to participate in the Offer.

Each New Option is offered for subscription at an issue price of \$0.004 (0.4 cents) payable in full on application. Each New Option is exercisable on or before 5:00pm (WST) 1 September 2014 at \$0.05 (5 cents) into one (1) Share.

1.3 Entitlement

The number of New Options to which each Shareholder is entitled is shown on the enclosed personalised Acceptance Form. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be the maximum Entitlement.

Shareholders may accept their Entitlement in full or part by returning a completed Acceptance Form to the Company's share registry by 5.00 pm (WST) on 21 February 2012 accompanied by the appropriate Application Money.

1.4 Non-Renounceable Issue

The offer of New Options pursuant to this Prospectus is non-renounceable. This means Shareholders cannot sell or otherwise transfer their Entitlement. Shareholders who do not accept their Entitlement will receive no benefit.

1.5 Terms and Conditions of New Options

Each New Option issued will give the holder the right to subscribe for one (1) Share in the Company at an exercise price of \$0.05 (5 cents) per New Option at any time up to 5:00pm (WST) on 1 September 2014. The exercise price of the New Options and the number of Shares issued on exercise of the New Options may be adjusted in accordance with the terms and conditions of the New Options.

The terms and conditions on which the New Options are issued are set out in Section 2.1 of this Prospectus.

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1.6 No Minimum Subscription

There is no minimum subscription for the Offer.

1.7 Oversubscriptions

Oversubscriptions will not be accepted.

1.8 Underwriting

The Offer is not underwritten.

1.9 Shortfall

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will be dealt with in accordance with this Section 1.9. In these circumstances you will receive no benefit.

If any Shortfall remains after Shareholders have taken up their Entitlements, the Directors reserve the right pursuant to the Corporations Act and the Listing Rules, specifically Listing Rule 7.2 (exception 3), to allot and issue any Shortfall with parties selected by them at their discretion.

All Shortfall will be placed within 3 months of the Closing Date and will be issued on the same terms as are being offered to Shareholders pursuant to this Prospectus. New Options not taken up by Shareholders will not be placed to the Directors or any related parties of the Company, without Shareholder approval.

1.10 Effect on Capital Structure after Completion of the Offer

Pursuant to the Offer, the Company is intending to issue approximately 235,285,351 New Options.

The following is a summary of the Company's capital structure and the effect of the Offer (assuming full subscription).

Prior to the Offer	
Ordinary Shares	470,570,701
Options with an exercise price of \$0.25 and an expiry date of 31 December 2013	51,727,808
Options with an exercise price of \$0.05 and an expiry date of 1 September 2014	26,303,137
Options with an exercise price of \$0.035 and an expiry date of 12 September 2018	1,428,571
Options with an exercise price of \$0.08 and an expiry date of 28 February 2013	5,000,000
Options with an exercise price of \$0.10 and an expiry date of 28 February 2013	3,500,000
Options with an exercise price of \$0.125 and an expiry date of 28 February 2013	2,000,000

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On completion of the Offer *	
Ordinary Shares	470,570,701
Options with an exercise price of \$0.25 and an expiry date of 31 December 2013	51,727,808
Options with an exercise price of \$0.05 and an expiry date of 1 September 2014	261,588,488
Options with an exercise price of \$0.035 and an expiry date of 12 September 2018	1,428,571
Options with an exercise price of \$0.08 and an expiry date of 28 February 2013	5,000,000
Options with an exercise price of \$0.10 and an expiry date of 28 February 2013	3,500,000
Options with an exercise price of \$0.125 and an expiry date of 28 February 2013	2,000,000

* assuming the Offer is fully subscribed and none of the existing Options on issue are exercised.

Optionholders who exercise their Options after the date of this Prospectus but prior to the Record Date are entitled to participate in the Offer.

1.11 Allocation and Allotment of New Options

The Offer pursuant to this Prospectus may be accepted in whole or in part.

Subject to ASX granting approval for quotation of the New Options, the allotment of the New Options will occur as soon as practicable after the Offer closes and otherwise in accordance with the Listing Rules.

Statements of New Option holdings will be dispatched as required by ASX.

1.12 Application Monies to be Held in Trust

The Application Monies for the New Options to be issued pursuant to the Offer will be held on trust in a separate bank account on behalf of Applicants until the New Options are allotted. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

1.13 Expenses of the Offer

The expenses which are payable by the Company for advisory fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus in respect of the Offer are estimated to be approximately \$32,000 and are outlined further in Section 5.6.

1.14 Quotation of New Options

The Company will apply to ASX for quotation of the New Options within seven days after the date of this Prospectus. If an application for quotation of the New Options is not made within seven days after the date of this Prospectus, or ASX does not grant permission for official quotation of the New Options within three months after the date of this Prospectus, applications will be dealt with in accordance with section 724 of the Corporations Act. No interest will be paid on any returned Application Money.

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The fact that ASX may grant official quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options now offered for subscription.

The Company will also apply to ASX for quotation of Options already on issue at the date of this Prospectus that are in the same class as the New Options.

1.15 How to Apply for New Options

An Application for New Options in response to this Offer may only be made on the personalised Acceptance Form that accompanies this Prospectus.

Instructions as to how to complete the Acceptance Form are included on the reverse of the Acceptance Form. Applications that are not made on an Acceptance Form will not be accepted by the Company.

Applications for New Options must be accompanied by the appropriate Application Money for the number of New Options applied for in the Acceptance Form. Cheques should be drawn on an Australian bank in Australian dollars and should be made payable to **Proto Resources & Investments Ltd – Option Account** and be crossed “Not Negotiable”.

Completed Acceptance Forms and accompanying cheques should be delivered before the Closing Date to:

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Or posted to:

Advanced Share Registry Services
PO Box 1156
NEDLANDS WA 6909

Please ensure that the completed Acceptance Form, together with your Application Money is received by the Share Registry by no later than 5.00 pm (WST) on 21 February 2012.

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1.16 CHESS And Issuer Sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of securities. The Company will not issue certificates to New Optionholders. Rather, holding statements (similar to bank statements) will be dispatched to New Optionholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for New Optionholders who elect to hold New Options on the CHESS sub-register) or by the Company's Share Registry (for New Optionholders who elect to hold their New Options on the Issuer sponsored sub-register). The statements will set out the number of New Options allotted under the Prospectus and provide details of a Shareholder's Holder Identification Number (for New Optionholders who elect to hold New Options on the CHESS sub register) or Reference Number (for New Optionholders who elect to hold their New Options on the issuer sponsored sub-register). Updated holding statements will also be sent to each New Optionholder following the month in which the balance of their holding of New Options changes, and also as required by the ASX Listing Rules or the Corporations Act.

1.17 Risks

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 3 of this Prospectus. The New Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, Applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

Factors affecting an investment in the Company include stock market fluctuations, competition risks, exploration and development risks, foreign currency exchange rate fluctuations, economic risks and external market factors, additional requirements for capital, regulatory issues and governmental policy regarding environmental protection.

Investors are directed to Section 3 of this Prospectus which sets out certain key risks associated with making an investment in the Company.

1.18 Overseas Investors

The Offer contained in this Prospectus is only available for acceptance by Shareholders with a registered address as at the Record Date in Australia or New Zealand. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of New Options in any jurisdiction outside Australia or New Zealand.

The New Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Options is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

In accordance with the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), a person who, on the Record Date was registered as a holder of Shares with a New Zealand address but who, as at the time of this Offer no longer holds Shares is not eligible to participate in this Offer.

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1.19 Privacy Disclosure

Persons who apply for New Options pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for New Options, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for New Options will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

1.20 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Options in the Company or dealing with an Entitlement under this Offer.

1.21 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Questions relating to the Offer can be directed to the Company on +61 2 9225 4000.

Questions relating to the completion of the Acceptance Forms can be directed to the Company's Share Registry, Advanced Share Registry Services on +61 8 9389 8033.

SECTION 2 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

2.1 Terms and Conditions of New Options

The New Options are granted on the following terms and conditions:

- (a) Each New Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The New Options may be exercised at any time on or before 5.00pm (WST) on 1 September 2014. 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 \$0.05 (5 cents) per New Option exercised. The New Options will lapse at 5.00pm (WST) on 1 September 2014.
- (c) The Company will apply to ASX for quotation of the New Options within seven days after the date of this Prospectus. If an application for quotation of the New Options is not made within seven days after the date of this Prospectus, or ASX does not grant permission for official quotation of the New Options within three months after the date of this Prospectus, applications will be dealt with in accordance with section 724 of the Corporations Act. No interest will be paid on any returned Application Money.
- (d) 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 (WST) on 1 September 2014, 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.
- (e) 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.
- (f) 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 a 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 a 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.
- (g) 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.
- (h) 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.

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- (i) 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.

2.2 Terms and Conditions of Shares

The rights attaching to the Shares underlying the New Options are derived through a combination of statute, the Company's constitution, common law, the Listing Rules and other applicable legislation. The following is a broad summary (though not an exhaustive or definitive statement) of the current rights that attach to Shares in the Company.

(a) Voting Rights

Subject to any rights or restrictions attached to any class of shares, whether by their issue, the Constitution, the Listing Rules or the Corporations Act, at a general meeting each Shareholder present in person or by proxy, company representative or attorney, is entitled to one vote on a show of hands. Upon a poll, every Shareholder present in person or by proxy, company representative or attorney, is entitled to one vote for each fully paid share that the Shareholder holds.

(b) General Meetings

Each Shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of the Company. Further, each Shareholder is entitled to receive all notices, accounts and other documents required to be furnished to Shareholders under the constitution of the Company, the Listing Rules or the Corporations Act.

(c) Dividend Rights

The Company may in general meeting declare a dividend which shall not exceed the amount recommended by Directors. The Company does not expect to pay dividends in the short to medium term. No dividend shall be payable except out of profits.

(d) Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, the ASTC Settlement Rules and the Listing Rules, Shares are freely transferable. Shares may only be transferred by a proper instrument in writing delivered to the Company, and the transferor is deemed to remain the holder of the Shares until the name of the transferee is entered into the Company's register of members. The Company may decline to register a transfer where permitted by law, the Listing Rules or the ASTC Settlement Rules.

(e) Changes in Capital

Subject to the Corporations Act, the Constitution of the Company and the Listing Rules, the Directors may consolidate, or divide the Shares, allot, issue or otherwise dispose of new Shares on such terms and conditions as they determine.

(f) Variation of Rights

The Company may only modify or vary the rights attaching to any class of Shares by a special resolution of the Company and a special resolution passed at a meeting of the holders of the issued Shares of that class.

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(g) **Rights on Winding Up**

Subject to the rights of holders of Shares with special rights in a winding up (at present there are none), on a winding up of the Company, all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them, irrespective of the amount paid up.

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SECTION 3 RISK FACTORS

3.1 Risks Associated with Investment

Prospective investors should be aware that the market price of the New Options following official quotation may be influenced by many unpredictable factors and that subscribing for New Options involves various risks. The value of the Company's securities on the ASX may rise and fall depending on a range of factors, some of which are beyond the control of the Company.

The Company is in its early development stage. Any profitability in the future from the Company's business will be dependent upon the successful development, production and marketing of nickel and other minerals from the Company's projects.

The New Options being offered under this Prospectus are considered speculative due to the present stage of development of the Company. This Prospectus carries no guarantee with respect to the return of capital or price at which the New Options or Shares resulting from the exercise of the New Options will trade.

The factors detailed below should be considered by any potential investors; however, this is by no means an exhaustive list of the risks that may affect the Company. Potential investors should examine the contents of this Prospectus in its entirety and the specific matters referred to in the Company's announcements and consult their professional advisors before deciding whether to apply for New Options.

3.2 Specific Risks

3.2.1 Future Capital Needs and Inherent Uncertainty Regarding Concern

Further funding of projects may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance. A failure to meet cash calls would result in default in joint venture obligations which, if not remedied, could result in forfeiture of licences.

3.2.2 Exploration Risk

The successful exploration and development of mineral properties is speculative. Most exploration projects do not result in the discovery of commercially viable deposits. The mineral tenements of the Company are at various stages of exploration. There can be no assurance that exploration of tenements held or acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited into a producing mine.

The exploration costs of the Company are based on certain estimates and assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

3.2.3 Compliance Risk

The Company has acquired an interest in various mining tenements including tenements in Tasmania, Western Australia, and the Northern Territory. Title to these tenements is subject to the Company, as tenement holder, complying with the terms and conditions of each tenement, including the minimum annual expenditure commitments. There is a risk that if the Company does not comply with the terms and conditions of each tenement, it may lose its interest in the relevant tenement.

The Company has implemented appropriate policies and practices to mitigate the risk that the terms and conditions attaching to each of the tenements it has acquired an interest in are not complied with.

3.3 General Risks

3.3.1 Share Market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance.

Share market conditions are affected by many factors including but not limited to the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- mineral price fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- other factors beyond the control of the Company.

3.3.2 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

3.3.3 Commercialisation Risks

Even if the Company discovers commercial quantities of minerals, there is a risk the Company will not achieve a commercial return. The Company may not be able to transport the minerals at a reasonable cost or may not be able to sell the minerals to customers at a rate which would cover its operating and capital costs. The Company has to receive regulatory and environmental approval to convert its exploration permits into production concessions. There is a risk that these approvals may not be obtained.

3.3.4 Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in Government policies, taxation and other laws;
- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- movement in, or outlook on, interest rates and inflation rates; and
- natural disasters, social upheaval or war in Australia or overseas.

3.3.5 Commodity Price and Exchange Rate Risk

As the Company's potential earnings will be largely derived from the sale of mineral commodities, either in processed or concentrate forms, the Company's future revenues and cash flows will be impacted by changes in the prices of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates.

Furthermore, the international prices of most commodities are denominated in United States dollars while the Company's cost base will be in Australian dollars. Consequently changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

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SECTION 4 PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer and Use of Funds

The purpose of the Offer is to raise \$941,141 (before expenses). Under the Offer, approximately 235,285,351 New Options are available for issue

After expenses of the Offer, the proceeds from the Offer will be approximately \$909,141 (assuming none of the existing Options on issue are exercised before the Record Date).

Assuming full subscription of the Offer, the proceeds of the Offer will be used as follows:

	Use of Funds	Full Subscription (\$)
1.	Iron and magnesium sulphate technology system	250,000
2.	Ground sampling at the Keifenburg project in Germany	150,000
3.	Barnes Hill nickel project final engineering and consultancy	100,000
4.	Ground sampling for copper at the Casey and Mt. Kilara projects in Western Australia	100,000
5.	Surface sampling at Barnes Hill	40,000
6.	Working capital	269,141
7.	Expenses of the Offer	32,000
	Total Proceeds	941,141

4.2 Effect of the Offer

Assuming full subscription and that none of the existing Options on issue are exercised, the principal effect of the Offer will be to:

- (a) increase cash reserves by approximately \$909,141 after deducting estimated expenses of the Offer; and
- (b) increase the number of Options on issue by 235,285,351 following completion of the Offer.

Please see Section 1.10 of this Prospectus for further details regarding the effect of the Offer on the Company's capital structure.

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4.3 Pro Forma Statement of financial position

Set out below is:

- An audited consolidated statement of financial position of the Company as at 30 June 2011; and
- an unaudited consolidated pro-forma statement of financial position of the Company as at 30 June 2011 incorporating the effect of the Offer.

	Audited Statement of financial position as at 30 June 2011	Unaudited Proforma Statement of financial position as at 30 June 2011
	(\$)	(\$)
Current Assets		
Cash and cash equivalents	688,537	1,597,678
Trade and other receivables	314,357	314,357
Financial assets – at fair value through profit or loss	1,754,519	1,754,519
Available for sale financial assets	57,331	57,331
Other current assets	202,513	202,513
Total Current Assets	3,017,257	3,926,398
Non-Current Assets		
Trade and other receivables	45,000	45,000
Available for sale financial assets	447,667	447,667
Investments accounted for using the equity method	8,044	8,044
Exploration Assets	6,149,847	6,149,847
Plant and equipment	62,759	62,759
Other non-current assets	89,632	89,632
Total Non-Current Assets	6,802,949	6,802,949
Total Assets	9,820,206	10,729,347
Current Liabilities		
Trade and other payables	677,531	677,531
Provision	3,289	3,289
Financial liabilities	-	-
Total Current Liabilities	680,820	680,820
Total Liabilities	680,820	680,820
Net assets	9,139,386	10,048,527
Equity		
Issued Capital	24,761,149	25,670,290
Reserves	4,826,035	4,826,035
Accumulated losses	(20,447,798)	(20,447,798)
Total Equity	9,139,386	10,048,527

The audited Consolidated Statement of Financial Position as at 30 June 2011 and the unaudited Consolidated Pro Forma Statement of Financial Position as at 30 June 2011 shown above have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all New Options pursuant to the Offer in this Prospectus are issued.

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The Consolidated Statement of Financial Position has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

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SECTION 5 ADDITIONAL INFORMATION

5.1 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- the effect of the Offer on the Company; and
- the rights and liabilities attaching to the New Options offered by this Prospectus.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

5.2 Continuous Reporting and Disclosure Obligations

The Company is listed on ASX and its Shares and Options are quoted on ASX under the codes "PRW" and "PRWOA" and respectively.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the Listing Rules since the lodgement of the Company's Annual Report on 28 September 2011 free of charge to any Shareholder who so requests prior to the Closing Date. A list of those documents for the period ended 28 September 2011 to the time of lodging this Prospectus is set out in Section 6.

5.3 Market Prices of Shares

The highest and lowest recorded closing market sale prices of the Shares quoted on ASX during the three (3) month period immediately prior the date of this Prospectus were \$0.040 on the 18th of October 2011 and \$0.024 on 6th through the 16th of January 2012, respectively.

The last closing market sale price of the Shares on ASX on the last day that trading took place in the Shares prior to the date of this Prospectus was \$0.024 on 16 January 2012.

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5.4 Litigation

The Directors are not aware of any litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

5.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- to induce him to become, or to qualify him as, a Director; or
- for services rendered by him in connection with the formation or promotion of the Company or the Offer.

All Directors have stated that they intend to take up their full Entitlement under the Offer. The direct and indirect interests of the Directors in the securities of the Company as at the date of this Prospectus are as follows:

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Andrew Mortimer	24,402,619	200,000	2,765,002	-
Lia Darby	4,688,828	200,000	3,541,667	-
Ian Campbell	-	-	1,000,000	-
Greg Melick	462,500	1,548,130	1,000,000	-
Kay Philip	2,842,919	-	1,625,000	-

Notes:

- 1) The Company incurred remuneration costs relating to its current and previous Directors of \$916,913 for the year ended 30 June 2011 and \$1,409,623 for the year ended 30 June 2010 (includes salary, fees, superannuation, and shares and/or options received as compensation).
- 2) Each Director is a party to a Deed of Access and Indemnity with the Company.
- 3) The Company has effected Directors' and Officers' Liability and Corporate Reimbursement insurance on behalf of the Directors. The Company intends to maintain this insurance.

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5.6 Costs of the Offer

The costs of the Offer are estimated as follows:

ASIC Fees	2,168
Preparation of the Prospectus	5,000
Legal expenses	4,000
Printing, postage, ASX and other expenses	20,832
Total	\$32,000

5.7 Disclosure of Interests of Non-Directors

Other than as set out below or elsewhere in the Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus holds, or has held within two years before lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer.

And no amount has been paid or agreed to be paid to any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Price Sierakowski will be paid approximately \$4,000 (excluding GST and disbursements) for services in relation to the Prospectus. Work in relation to the Offer after the date of this Prospectus will be charged at usual rates. Price Sierakowski are legal advisors to the Company and have been paid fees totalling approximately \$68,750 (exclusive of GST) for legal services over the past two years.

Mining Corporate has acted as corporate advisors to the Offer. The Company estimates as at the date of this Prospectus that it will pay amounts totalling approximately \$5,000 (excluding GST and disbursements) to Mining Corporate for this work. Work in relation to the Offer after the date of this Prospectus will be charged at usual rates. Mining Corporate are corporate advisors to the Company and have been paid fees totalling approximately \$261,055 (exclusive of GST) for services over the past two years.

5.8 Consents

Price Sierakowski has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in the Prospectus as solicitors to the Company in the form and context in which it is named.

Mining Corporate Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in the Prospectus as the Company's compliance manager in the form and context in which it is named.

Bentleys has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in the Prospectus as the Company's auditors in the form and context in which it is named.

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Advanced Share Registry Services has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in the Prospectus as the Company's share registrar in the form and context in which it is named.

None of Price Sierakowski, Mining Corporate, Bentleys nor Advanced Share Registry Services have caused or authorised the issue of this Prospectus, do not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in its consent and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Prospectus other than reference to its name and a statement included in respect to the Party's consent.

5.9 Electronic Prospectus

Pursuant to Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Acceptance Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic version of the form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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SECTION 6 INFORMATION AVAILABLE TO SHAREHOLDERS

The Company will provide a copy of each of the following documents, free of charge, to any Shareholder who so requests:

- (a) the Annual Financial Report for the Company for the period ended 30 June 2011; and
- (b) the documents set out below used to notify ASX of information relating to the Company during the period after lodgement of the Annual Financial Report of the Company for the period ended 30 June 2011 and prior to the date of this Prospectus.

Date	ASX Announcement
13 January 2012	Barnes Hill Electricity Connection Update
4 January 2012	Notice Under Section 708A
4 January 2012	Appendix 3B
3 January 2012	Change of Director's Interest Notices x 4
3 January 2012	Expiry of Options
30 December 2011	End of 2011 Update
20 December 2011	Technology and Leach Work Update
19 December 2011	Appendix 3B
19 December 2011	Notice under Section 708A
13 December 2011	Drilling Commencement at Lindeman's Bore NT
7 December 2011	Change of Director's Interest Notice
1 December 2011	Becoming a Substantial Holder
1 December 2011	Change of Director's Interest Notice
28 November 2011	Boardroom Radio November Investor Update
23 November 2011	Results of Annual General Meeting
18 November 2011	Change of Director's Interest Notice
17 November 2011	Letter to Option Holders for Option Expiry
4 November 2011	Lindeman's Bore FLTEM and Drilling Target
2 November 2011	Kiefernberg Acquisition in Germany
31 October 2011	Quarterly Cashflow Report
31 October 2011	Quarterly Activities Report
31 October 2011	Technology Progress as Saprolite Samples Shipped
25 October 2011	Change in Substantial Holding for MFC
25 October 2011	Increased Throughput at Barnes Hill
21 October 2011	Notice of Annual General Meeting
18 October 2011	Meteoric Resources Releases Results at Tibooburra
18 October 2011	Secondment as Proto Works Towards NT Drilling
6 October 2011	MFC: Update Barnes Hill Project
4 October 2011	Waterloo Research Expedition Completed
3 October 2011	Ceasing to be a Substantial Holder
30 September 2011	Annual Report to Shareholders - Amended
29 September 2011	Appendix 3B

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29 September 2011	Notice Under Section 708A
29 September 2011	Australian Nickel Conference Presentation
29 September 2011	Grant of First Doolgunna Tenements

Please note that all of the above documents are available from the ASX webpage at www.asx.com.au

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SECTION 7 AUTHORITY OF DIRECTORS

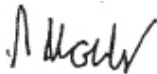
This Prospectus is dated 17 January 2012 and is issued by Proto Resources & Investments Ltd.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquires and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors knowledge, before any issue of New Options pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of Proto Resources & Investments Ltd has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of Proto Resources & Investments Ltd.



Andrew Mortimer
Managing Director
17 January 2012

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SECTION 8 DEFINITIONS

“**Acceptance Form**” means the acceptance form accompanying this Prospectus.

“**Applicant**” means an applicant for New Options who duly completes an Acceptance Form and pays the applicable Application Money.

“**Application**” means a valid application for New Options under this Prospectus.

“**Application Money**” means the aggregate amount of money payable for New Options applied for in the Acceptance Form.

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASX**” means ASX Limited (ABN 98 008 624 691).

“**Business Day**” means any day which is defined to be a Business Day pursuant to Listing Rule 19.12 of the Listing Rules.

“**CHESS**” means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

“**Closing Date**” means 5:00 pm (WST) on 21 February 2012 or such other date as may be determined by the Directors consistent with this Prospectus.

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

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

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

“**Cth**” means the Commonwealth of Australia.

“**Directors**” means the directors of the Company.

“**Dollars**” or “**\$**” means dollars in Australian currency.

“**Entitlement**” means the entitlement of a Shareholder who is eligible to participate in the Offer.

“**EST**” means Eastern Standard Time in Sydney, New South Wales.

“**Exercise Price**” means the exercise price of the New Options being \$0.05 (5.0 cents)

“**GST**” means goods and service tax levied in Australia pursuant to A New Tax System (Goods and Services Tax) Act 1999 (Cth).

“**Issue Price**” means \$0.004 (0.4 cents).

“**Listing Rules**” means the Listing Rules of the ASX.

“**New Option**” means an option to acquire one fully paid ordinary share in the Company issued pursuant to this Prospectus which entitles the New Optionholder to subscribe for one Share at an exercise price of \$0.05 per New Option at any time up to 5.00pm (WST) 1 September 2014.

“**New Optionholders**” means any holders of New Options in the Company.

Proto Resources & Investments Ltd

“**Offer**” means the offer of approximately 235,285,351 New Options under this Prospectus.

“**Option**” means an option to acquire a Share in the capital of the Company.

“**Optionholder**” means the holder of an Option as recorded in the register of the Company.

“**Prospectus**” means this prospectus dated 17 January 2012.

“**Record Date**” means the date to determine who is eligible to be offered New Options in accordance with this Prospectus which is 5:00pm (WST) on 1 February 2012.

“**Share**” means a fully paid ordinary share in the Company.

“**Shareholder**” means the holder of a Share as recorded in the register of the Company.

“**Shortfall**” means the number of New Options comprising the difference between the New Options the subject of the Offer and the number of New Options for which valid applications have been received and accepted by the Company by the Closing Date.

“**WST**” means Western Standard Time in Perth, Western Australia.

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