



17 January 2012

Dear Optionholder

Non Renounceable Pro Rata Offer of New Options

The Directors of Proto Resources & Investments Ltd have resolved that the Company will make a pro rata non-renounceable offer of up to 235,285,351 New Options at an issue price of \$0.004 (0.4 cents) per New Option. The New Options offered will be listed Options, have an exercise price of \$0.05 (5 cents) and an expiry date of 1 September 2014.

The Offer will be made to Proto Resources shareholders on a basis of one (1) Option for every two (2) Shares held at 5.00pm WST on 1 February 2012 (Record Date).

All holders of ordinary shares in the Company 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.

As an optionholder in the Company, you are not entitled to participate in the Offer. However, should you exercise your options prior to the Record Date, the shares issued as a result of the exercise will be eligible to participate in the Offer.

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 letter was \$0.024.

The ASX has previously approved the timetable for the non-renounceable pro-rata offer of options by the Company. The Company is pleased to announce the important dates for the offer are as follows:

Lodgement of Prospectus	17 January 2012
'Ex' Date	25 January 2012
Record Date	1 February 2012
Acceptance closes at 5pm EST	21 February 2012

Applicants 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 Company intends to lodge a Prospectus for the Offer at the Australian Securities & Investment Commission on or before 17 January 2012. The Prospectus will be mailed to each shareholder registered in the share register on the Record Date. Each shareholder's entitlement under the Offer will be set out in the Entitlement and Acceptance Form that will accompany the Prospectus.

The Company will apply for official quotation of the Options issued under this Prospectus on or before 17 January 2012.

Yours sincerely

Andrew Mortimer
Managing Director

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