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**PROTO RESOURCES & INVESTMENTS LTD**

**ABN 35 108 507 517**

**NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY  
STATEMENT**

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**TIME:** 11.00am CST

<b>DATE:</b>	<b>Monday 30 November 2009</b>
<b>PLACE:</b>	<b>Hotel Richmond 128 Rundle Mall ADELAIDE, SOUTH AUSTRALIA, 5000</b>

*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 (02) 9225 4000.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The Annual General Meeting of the Shareholders of Proto Resources & Investments Ltd which this Notice of Meeting relates to will be held at 11.00am CST on Monday 30 November 2009 at:

<p><b>Hotel Richmond</b> <b>128 Rundle Mall</b> <b>ADELAIDE, SA, 5000</b></p>
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### YOUR VOTE IS IMPORTANT

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

### VOTING IN PERSON

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

### VOTING BY PROXY

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

- (a) send the proxy form by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia; or
- (b) send the proxy form by facsimile to 1300 783 447 (within Australia) or +61 3 9473 2555 (outside Australia),

so that it is received not later than 11.00am CST on Saturday, 28 November 2009.

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

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Proto Resources & Investments Ltd will be held at Hotel Richmond, 128 Rundle Mall, ADELAIDE, SOUTH AUSTRALIA, 5000 at 11.00am CST on Monday, 30 November 2009.

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 7pm EST on 27 November 2009.

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

### AGENDA

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#### Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2009, together with the Directors' report and the auditor's report.

A copy of the financial report can be downloaded from the Company's website: <http://www.protoresources.com.au/quarterlies.aspx>

#### 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.”*

**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. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

#### Resolution 2 – Re-election of Ms Lia Darby

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

*“That, Ms Lia Darby, 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 Aziz Melick

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

*“That, Mr Aziz 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.”*

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Resolution 4 - Ratification of Placement**

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 15,000,000 Shares at a price of \$0.10 per Share to subscribers to the 10c 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 Share Issue to STG Asset Management 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 276,000 Shares at a deemed price of \$0.03 per Share to STG Asset Management 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 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.

### **Resolution 6 - Ratification of Share Issue to Esperanza Resources 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 Shares at a deemed price of \$0.03 per Share to Esperanza Resources 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 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.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Resolution 7 - Ratification of Option Issue to Subiaco Capital 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 466,667 Options to Subiaco Capital 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 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 Brazilliant 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 233,333 Options to Brazilliant 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 8 by any person who participated in the issue and any associate of such allottee. However the Company need not disregard a vote if:

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

### **Resolution 9 – Approval of Grant of Options to Subiaco Capital Pty Ltd**

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves and authorises the Directors to issue and allot 1,200,000 Options to Subiaco Capital Pty Ltd, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by 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 9 is passed and any associate of those persons.

However the Company need not disregard a vote if:

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

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Resolution 10 – Approval of Grant of Options to Brazilliant Pty Ltd**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, this meeting approves and authorises the Directors to issue and allot 600,000 Options to Brazilliant Pty Ltd, 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 10 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 10 is passed and any associate of those persons.

However the Company need not disregard a vote if:

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

### **Resolution 11 - Approval of the Employee Incentive Scheme**

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

*“That, for the purposes of Exception 9 of Rule 7.2 of the ASX Listing Rules and for all other purposes, approval is given for the Company to administer and issue securities under its employee incentive scheme as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Memorandum”*

Prior to making a decision with respect to Resolution 11, members should refer to Section 11 of the Explanatory Statement which accompanies this Notice of Meeting.

In accordance with ASX Listing Rule 7.2, the Company will disregard any votes cast on Resolution 11 by any director of the Company (except one who is ineligible to participate in any employee incentive scheme) 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: 22 OCTOBER 2009**

**BY ORDER OF THE BOARD**

**LIA DARBY  
COMPANY SECRETARY  
PROTO RESOURCES & INVESTMENTS LTD**

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## **EXPLANATORY STATEMENT**

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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 Hotel Richmond, 128 Rundle Mall, ADELAIDE, SOUTH AUSTRALIA, 5000 at 11.00am CST on Monday, 30 November 2009.

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).

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### **RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)**

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

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- (a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

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

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### **RESOLUTION 2 – RE-ELECTION OF MS LIA DARBY**

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 Lia Darby retires by rotation at this meeting and, being eligible, offers herself for re-election.

Details regarding Ms Darby are set out in the 2009 Annual Report.

The Directors, other than Ms Darby, recommend the re-election of Ms Lia Darby.

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## EXPLANATORY STATEMENT

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### RESOLUTION 3 – RE-ELECTION OF MR AZIZ 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 Aziz Melick retires by rotation at this meeting and, being eligible, offers himself for re-election.

Details regarding Mr Melick are set out in the 2009 Annual Report.

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

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### RESOLUTION 4 - RATIFICATION OF PLACEMENT

**Resolution 4 seeks Shareholder ratification of the issue of 15,000,000 Shares on the terms set out below.**

#### 4.1 Background to Resolution 4

On 10 August 2009 the Company issued 30,000,000 Shares to placement subscribers (10c Placement). The Shares were issued at an issue price of 10 cents each to raise \$3,000,000.

Shareholder approval was received for a placement of 15,000,000 Shares at the general meeting held 24 July 2009. Approval is now sought to ratify the issue of an additional 15,000,000 Shares under the 10c Placement.

#### 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 15,000,000 Shares issued in the 10c 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.



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## EXPLANATORY STATEMENT

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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 15,000,000 Shares;
- (b) the Shares were issued and allotted on 10 August 2009;
- (c) the Shares were allotted for consideration of 10 cents per Share;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (f) the allottees of the Shares were subscribers to the 10c Placement who are exempt from the disclosure requirements of the Corporations Act. None of the allottees is a related party of the Company; and
- (g) the Shares were issued for the purpose of raising additional funds for exploration of the Company's portfolio of exploration assets and for analysis of acquisition opportunities, both domestically and overseas. Any additional funds will be used for additional working capital purposes, review and analysis of new projects and for the Company's other existing activities.

### 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.

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## RESOLUTION 5 - RATIFICATION OF ISSUE OF SHARES TO STG ASSET MANAGEMENT PTY LTD

**Resolution 5 seeks Shareholder ratification of the issue of 276,000 Shares on the terms set out below.**

### 5.1 Background to Resolution 5

On 17 September 2009 the Company issued 276,000 Shares to STG Asset Management Pty Ltd as consideration for IT services provided to the Company during the period 1 April to 31 July 2009 to the value of \$8,280.

Approval is now sought to ratify the issue of 276,000 Shares to STG Asset Management Pty Ltd.

### 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.

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## EXPLANATORY STATEMENT

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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 15,000,000 Shares issued in the 10c 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 5 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 276,000 Shares;
- (b) the Shares were issued and allotted on 17 September 2009;
- (c) the Shares were allotted for nil cash consideration. The Shares were allotted in consideration for the consultancy 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 STG Asset Management Pty Ltd, 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 STG Asset Management Pty Ltd to participate in future activities to the Company.

### **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 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.

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## EXPLANATORY STATEMENT

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### RESOLUTION 6 - RATIFICATION OF ISSUE OF SHARES TO ESPERANZA RESOURCES PTY LTD

**Resolution 6 seeks Shareholder ratification of the issue of 500,000 Shares on the terms set out below.**

#### 6.1 Background to Resolution 6

On 19 October 2009 the Company issued 500,000 Shares to Esperanza Resources Pty Ltd as consideration for corporate and investor relations services provided to the Company for the period from 1 January 2009 to to 31 December 2009 the value of \$15,000.

Approval is now sought to ratify the issue of 500,000 Shares to Esperanza Resources Pty Ltd.

#### 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.

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 500,000 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.

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 500,000 Shares;
- (b) the Shares were issued and allotted on 19 October 2009;
- (c) the Shares were allotted for nil cash consideration. The Shares 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;
- (e) the allottee of the Shares was Esperanza Resources Pty Ltd, who is not a related party of the Company; and

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## EXPLANATORY STATEMENT

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- (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 Esperanza Resources Pty Ltd 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.

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## RESOLUTION 7 - RATIFICATION OF ISSUE OF OPTIONS TO SUBIACO CAPITAL PTY LTD

**Resolution 7 seeks Shareholder ratification of the issue of 466,667 Options on the terms set out below.**

### 7.1 Background to Resolution 7

On 19 October 2009 the Company issued 466,667 Options to Subiaco Capital Pty Ltd as consideration for their facilitation services provided to the Company in relation to the acquisition of the Waite Kauri North project to the value of \$9333.34, pursuant to an agreement between the Company and IBA Business Consultants. The total number of Options due to IBA Business Consultants (of their nominee) is 2,500,000 Options, being the total of Options the subject of Resolutions 7 to 10.

Approval is now sought to ratify the issue of 466,667 Options to Subiaco Capital Pty Ltd.

### 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 466,667 Options issued, 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.

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## EXPLANATORY STATEMENT

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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 466,667 Options;
- (b) the Options were issued and allotted on 19 October 2009;
- (c) the Options were allotted for nil cash consideration. The Options were issued in consideration for the services referred to above;
- (d) the terms and conditions of the Options are set out in Annexure 'A';
- (e) the allottee of the Options was Subiaco Capital Pty Ltd, who is not a related party of the Company; and
- (f) the Options were issued for the purpose of facilitating the purchase of the Waite Kauri North project on behalf of the Company, pursuant to an agreement between the Company and IBA Business Consultants, as detailed above.

### 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 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.

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## RESOLUTION 8 - RATIFICATION OF ISSUE OF OPTIONS TO BRAZILLIANT PTY LTD

**Resolution 8 seeks Shareholder ratification of the issue of 233,333 Options on the terms set out below.**

### 8.1 Background to Resolution 8

On 19 October 2009 the Company issued 233,333 Options to Brazilliant Pty Ltd as consideration for their facilitation services provided to the Company in relation to the acquisition of the Waite Kauri North project to the value of \$4666.66, pursuant to an agreement between the Company and IBA Business Consultants. The total number of Options due to IBA Business Consultants (of their nominee) is 2,500,000 Options, being the total of Options the subject of Resolutions 7 to 10.

Approval is now sought to ratify the issue of 233,333 Options to Brazilliant Pty Ltd.

### 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.

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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 233,333 Options issued, 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 8 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 233,333 Options;
- (b) the Options were issued and allotted on 19 October 2009;
- (c) the Options were allotted for nil cash consideration. The Options were issued in consideration for the services referred to above;
- (d) the terms and conditions of the Options are set out in Annexure 'A';
- (e) the allottee of the Options was Brazilliant Pty Ltd, who is not a related party of the Company; and
- (f) the Options were issued for the purpose of facilitating the purchase of the Waite Kauri North project on behalf of the Company, pursuant to an agreement between the Company and IBA Business Consultants, as set out above.

### 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 Share 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.

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## RESOLUTION 9 - APPROVAL OF GRANT OF OPTIONS TO SUBIACO CAPITAL PTY LTD

**Resolution 9 seeks Shareholder approval for the issue of 1,200,000 Options to Subiaco Capital Pty Ltd on the terms set out below.**

### 9.1 Background to Resolution 9

Resolution 9 seeks Shareholder approval for the issue of 1,200,000 Options to Subiaco Capital Pty Ltd (and/or Nominee(s)). The securities are proposed to be issued to Subiaco Capital Pty Ltd their facilitation services provided to the Company in relation to the acquisition of the Waite Kauri North project to the value of \$24,000 pursuant to an agreement between the Company and IBA Business Consultants. The total number of Options due to IBA Business Consultants (of their nominee) is 2,500,000 Options, being the total of Options the subject of Resolutions 7 to 10.

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## EXPLANATORY STATEMENT

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

### 9.2 ASX Listing Rule 7.1

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

The number of securities to be issued to Subiaco Capital Pty Ltd exceeds 15% of the total ordinary securities on issue. Accordingly, Shareholder approval is required to issue 1,200,000 Options to Subiaco Capital Pty Ltd (and/or nominee(s)).

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

- (a) the maximum number of securities to be issued to Subiaco Capital Pty Ltd (and/ or its nominee(s)) is 1,200,000 Options;
- (b) the Options will be issued for no cash consideration. The Options will be issued in consideration for Subiaco Capital Pty Ltd's assistance with facilitating the purchase of the Waite Kauri North project on behalf of the Company;
- (c) the Options to be issued pursuant to Resolution 9 will be issued on the terms set out in Annexure "B" of the Explanatory Memorandum;
- (d) the allottees will not be related parties of the Company;
- (e) the Company proposes to issue and allot the Options on the same date and as soon as possible after the date of the meeting however will not be issued later than 3 months after the date of the Meeting or such later date to the extent permitted by any ASX waiver; and
- (f) no funds will be raised from the issue of the Options as they are proposed to be issued as consideration for services provided to the Company, as set out above.

### 9.3 Directors' Recommendation

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

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## EXPLANATORY STATEMENT

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### RESOLUTION 10 - APPROVAL OF GRANT OF OPTIONS TO BRAZILLIANT PTY LTD

**Resolution 10 seeks Shareholder approval for the issue of 600,000 Options to Brazilliant Pty Ltd on the terms set out below.**

#### 10.1 Background to Resolution 10

Resolution 10 seeks Shareholder approval for the issue of 600,000 Options to Brazilliant Pty Ltd (and/or Nominee(s)). The securities are proposed to be issued to Brazilliant Pty Ltd in consideration for their facilitation services provided to the Company in relation to the acquisition of the Waite Kauri North project to the value of \$12,000 pursuant to an agreement between the Company and IBA Business Consultants. The total number of Options due to IBA Business Consultants (of their nominee) is 2,500,000 Options, being the total of Options the subject of Resolutions 7 to 10.

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

#### 10.2 ASX Listing Rule 7.1

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

The number of securities to be issued to Brazilliant Pty Ltd exceeds 15% of the total ordinary securities on issue. Accordingly, Shareholder approval is required to issue 600,000 Options to Brazilliant Pty Ltd (and/or nominee(s)).

The following information in connection with Resolution 10 is provided to Shareholders in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued to Brazilliant Pty Ltd (and/ or its nominee(s)) is 600,000 Options;
- (b) the Options will be issued for no cash consideration. The Options will be issued in consideration for Brazilliant Pty Ltd's assistance with facilitating the purchase of the Waite Kauri North project on behalf of the Company;
- (c) the Options to be issued pursuant to Resolution 10 will be issued on the terms set out in Annexure "B" of the Explanatory Memorandum;
- (d) the allottees will not be related parties of the Company;
- (e) the Company proposes to issue and allot the Options on the same date and as soon as possible after the date of the meeting however will not be issued later than 3 months after the date of the Meeting or such later date to the extent permitted by any ASX waiver; and
- (f) no funds will be raised from the issue of the Options as they are proposed to be issued as consideration for services provided to the Company, as set out above.



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## EXPLANATORY STATEMENT

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### 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 proposed Resolution is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 10 as the securities represent reasonable remuneration for services provided to the Company, will preserve the Company's cash reserves and will provide an incentive for Brazilliant Pty Ltd to provide ongoing services to the Company.

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### RESOLUTION 11 – APPROVAL OF THE EMPLOYEE INCENTIVE SCHEME

#### **Resolution 11 seeks Shareholder approval for the Employee Incentive Scheme.**

The Company has established an Employee Incentive Scheme, the terms of which were set out in the Prospectus dated 22 September 2006 ("**Scheme**"). Resolution 11 is a resolution which seeks shareholder approval in accordance with Exception 9 of Rule 7.2 of the ASX Listing Rules for the Company to issue securities under the Scheme without prior shareholder approval and in reliance on the exception to Listing Rule 7.1

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of Listing Rule 7.2).

The main purposes of the Scheme is to give an additional incentive to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts.

If Scheme Options are exercised, it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of options exercised. It will also increase the number of Shares that are on issue by the number of options exercised.

Shares issued pursuant to the exercise of Scheme Options will rank *pari passu* in all respects with the Company's existing Shares.

Application will not be made for official quotation on the ASX of the Scheme Options.

In accordance with Exception 9 of Listing Rule 7.2, Shareholders are provided with the following information.

A summary of the significant terms of the Employee Incentive Scheme follows:

- (a) The maximum number of Plan Options that can be issued under the Plan is that number which equals 5% of the then current number of Shares on issue.

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## EXPLANATORY STATEMENT

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- (b) Directors, employee and consultants of the Company will be eligible to participate in the Scheme. Subject to the Listing Rules, the Board of Directors shall determine the number of Scheme Options (if any) to be allocated to the various Directors, employees and consultants of the Company.
- (c) Directors of the Company will be entitled to participate in the Scheme subject to all necessary approvals pursuant to the Corporations Act and the Listing Rules being obtained.
- (d) The issue price of each Scheme Option will be nil.
- (e) The exercise price of each Scheme Option to be:
  - a. 125% of the market value (as defined in "Annexure B") of the Company's Shares on the date on which the options are issued
  - b. 5 cents (the price of the PRWOB options on issue); or
  - c. any greater price determined by the board.Whichever is the greatest.
- (f) Each Scheme Option entitles the Option holder to subscribe for and be allotted one Share.
- (g) All Plan Options have an expiry date determined by the board and at any time between 2 and 5 years after the date of grant of the options.

Full terms and conditions of the Scheme are outlined in Annexure B.

There has been no change to the number or terms of securities to be issued, the mechanism for pricing or payment, or any other material terms of the Scheme since its disclosure in the Company's Prospectus dated 22 September 2006.

Since the Company's listing on ASX 500,000 Options have been issued under the Employee Incentive Scheme. These Options were subsequently exercised at 20 cents per Option.

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## GLOSSARY

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**2009 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 2009, which can be downloaded from the Company's website at [www.protoresources.com.au](http://www.protoresources.com.au)

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

**Annual General Meeting** means the Annual General Meeting of the Company to be held on Monday 30 November 2009.

**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 2009 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.

**10c Placement** means the issue of 30,000,000 Shares at an issue price of \$0.10 each on 10 August 2009 to sophisticated and professional investors.

**Terms and Condition of \$0.05 Options (PRWOB)**

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

**Employee Incentive Scheme Terms and Conditions****1. DEFINITIONS AND INTERPRETATIONS**

1.1 In these Terms and Conditions, the following words and expressions have the meanings indicated unless the contrary intention appears:

**“Associate”** of an Employee means:

- a) a spouse, parent, brother, sister or child of the Employee (“Relative”);
- b) a body corporate that is effectively controlled by one or more of the Employee and the Relatives of the Employee; or
- c) the trustee of a trust that is effectively controlled by one or more of the Employee and the Relatives of the Employee.

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

**“Board”** means all or some of the Directors acting as a board.

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

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

**“Employee”** means:

- a) a full-time or part-time employee of a company in the Group;
- b) a director of the company in the Group; or
- c) a consultant of the company and a person, by whatever name called and whether or not a director, whom the Board determines is concerned, or takes part, in the management of a company in the Group.

**“Group”** means the Company and its subsidiaries (as defined in the Corporations Act 2001).

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

**“Market Value”** of a Share means:

- a) unless (b) applies – the market value determined under the Income Tax Act; or
- b) if the Board adopts another method for determining the market value – the value determined under that method.

**“Option”** means an option to subscribe for Shares issued under the Scheme.

**“Participant”** means:

- a) an Employee who personally holds an Option issued under the Scheme; or
- b) an Employee whose nominated Associate holds an Option issued under the Scheme.

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## **ANNEXURE B**

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“**Redundancy**” means any situation where the requirements of the relevant company in the Group for an Employee to carry out a particular kind of work (given his or her particular skills) or to carry out certain work in a particular place, have ceased or diminished (or are likely to do so), but does not extend to the dismissal of an Employee for personal or disciplinary reasons, including for reasons of misconduct or unsatisfactory performance, or where an Employee leaves of his or her own accord.

“**Retirement**” means retirement by the Participant from employment with the Group at age 55 or over.

“**Scheme**” means the Proto Resources & Investments Ltd Employee Incentive Scheme constituted by these Terms and Conditions.

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

“**Total and Permanent Disablement**” means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

1.2 Words imparting the singular include the plural and vice versa and words denoting a gender include all other genders.

## **2. ISSUE OF OPTIONS**

### **Eligibility**

2.1 The Board may offer Options to an Employee having regard to:

- a) the potential contribution of the Employee to the Group; and
- b) any other matters the Board considers relevant.

## **NOMINATION OF ASSOCIATE**

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2.2 Upon receipt of an offer of Options an Employee may nominate an Associate to be the person issued with those Options. The Board may, in its absolute discretion, resolve not to issue Options to a nominated Associate without giving any reason.

## **ACCEPTANCE OF OFFERS**

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2.3 An Employee or nominated Associate may accept an offer of Options within the time specified in the offer document. No payment is required to accept the offer.

## **ISSUE OF OPTIONS**

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2.4 Options must be issued in accordance with these Terms and Conditions and each Participant and, where relevant, Associate will be taken to have agreed to be bound by these Terms and Conditions on the issue of any Options.

2.5 The Company must issue each Participant or nominated Associate with an Option certificate indicating the number of Options issued and the exercise price of the Options.

2.6 The Board retains the right to withdraw an offer of Options at any time prior to issuing the Options.

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## **ANNEXURE B**

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### **3. MAXIMUM NUMBER OF OPTIONS**

The Board may not offer Options under this Scheme if the total number of Shares the subject of the Options, when aggregated with:

- a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and
- b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employer or executive share scheme,

(disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act 2001), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

### **4. ENTITLEMENT**

4.1 Subject to clauses 8 and 9, each Option entitles the holder to subscribe for and be allotted, credited as fully paid, one Share at the exercise price per Share.

4.2 The exercise price per Share is:

- a) 125% of the Market Value of Shares on the day the Option is issued;
- b) 5 cents (the price of the PRWOB options currently on issue); or
- c) any greater exercise price determined by the Board and advised to the Employee when Options are offered to the Employee,

whichever is the greatest.

4.3 Subject to these Terms and Conditions, the Company must allot shares on exercise of an Option in accordance with the Listing Rules.

4.4 Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue.

### **5. EXERCISE OF OPTIONS**

5.1 An Option is exercisable by the holder lodging a notice of exercise of Option and application for Shares in a form approved by the Company, together with the exercise price of each Share to be issued on exercise and the relevant Option certificate, with the Company Secretary.

5.2 Options must be exercised in multiples of 100, unless the holder exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.

5.3 Subject to clauses 5.4-5.7, an Option that has not lapsed may be exercised at any time between 2 and 5 years after the date the Option is issued.

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## **ANNEXURE B**

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5.4 If a Participant ceases to be an Employee;

- a) 2 years or more after Options are issued in relation to the Participant; or
- b) because of Retirement, Total and Permanent Disablement, Redundancy, death or any other circumstances approved by the Board,

the options may be exercised within 30 days (or 3 months, in the case of death) after ceasing to be an Employee or any longer period permitted by the Board. If not exercised within that period, the Options lapse.

5.5 If a Participant ceases to be an Employee and clause 5.4 does not apply, Options issued in relation to the Participant lapse.

5.6 If the Board determines that:

- a) a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to any company in the Group; and
- b) Options issued in relation to the Participant are to be forfeited,

the Options will immediately lapse.

5.7 Notwithstanding any other clause, any Option not exercised will lapse on the expiry of five years after the date the Option was issued.

### **6. TRANSFER**

Options may only be transferred with the approval of the Board. Options will not be quoted on ASX.

### **7. QUOTATION OF SHARES**

The Company will make application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

### **8. PARTICIPATION IN FUTURE ISSUES**

8.1 If the Options are exercised before the record date of an entitlement, the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option Holder of the proposed issue at least nine (9) business days before the record date. Option Holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

8.2 In the event of any reconstruction (including consolidation, subdivision, 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.

8.3 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.



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## ANNEXURE B

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8.4 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 according to the following formula:

$$O' = \frac{O - \frac{E[P - (S + D)]}{N + 1}}$$

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.

S = the Subscription price for a security under the pro rata issue.

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

8.5 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.

8.6 The Company shall notify each Option Holder and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.

### 9. ADVICE

The Company must give notice to each Participant or his nominated Associate of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the exercise price per Share, in accordance with the Listing Rules.

### 10. NOTICES

Notices may be given by the Company to the holder or the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to holders or Participants.

### 11. RIGHT TO ACCOUNTS

Holders will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

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## **ANNEXURE B**

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### **12. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

Notwithstanding any Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

### **13. ADMINISTRATION OF THE SCHEME**

13.1 The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.

13.2 Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

13.3 Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.

13.4 The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

### **14. AMENDMENTS**

These Terms and Conditions may only be amended, subject to the Listing Rules, by special resolution of the Company in general meeting.

### **15. RIGHTS OF PARTICIPANTS**

Nothing in these Terms and Conditions:

- a) confers on any Employee or Associate the right to receive any Options;
- b) confers on any Participant the right to continue as an Employee;
- c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Employee; or
- d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

### **16. QUOTATION OF OPTIONS**

The Company will not seek quotation on ASX of Options issued pursuant to the Scheme.

## PROXY FORM

### APPOINTMENT OF PROXY PROTO RESOURCES & INVESTMENTS LTD ABN 35 108 507 517

I/We

being a shareholder of Proto Resources & Investments Ltd entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting or the Chair's nominee, as my/our proxy to act generally for me/us and to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at Hotel Richmond, 128 Rundle Mall, Adelaide, South Australia 5000 at 11.00am CST on Monday, 30 November 2009 and at any adjournment thereof.

Resolution 11: If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of a Resolution, please place a mark in the box below. By marking this box, you acknowledge that the Chair may exercise your proxy even if he/she has an interest in the outcome of the Resolutions and that votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. The Chairman has an interest in Resolution 11. Proxies appointing the Chair which do not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolution. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

### Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Ms Lia Darby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Aziz Melick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of Share Issue to STG Asset Management Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Ratification of Share Issue to Esperanza Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Ratification of Option Issue to Subiaco Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Ratification of Option Issue to Brazilliant Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Approval of Grant of Options to Subiaco Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Approval of Grant of Options to Brazilliant Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Approval of Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.



**PROTO RESOURCES & INVESTMENTS LTD**  
**ABN 35 108 507 517**  
**Instructions for Completing "Appointment of Proxy" Form**

1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. Where more than one proxy is to be appointed or voting intentions cannot be adequately expressed using this form an additional form of proxy is available from the Company or you may copy this form.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For a company to rely on the assumptions set out in Section 129(5) and (7) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
7. To vote by proxy, please complete and sign the proxy form enclosed and either:
  - (a) send the proxy form by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia; or
  - (b) send the proxy form by facsimile to 1300 783 447 (within Australia) or +61 3 9473 2555 (outside Australia),

so that it is received not later than 11.00am CST on Saturday, 28 November 2009.

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

8. **Custodian Voting:** For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.