

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Proto Resources & Investments Ltd

ABN

35 108 507 517

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | |
|--|---|
| <p>1 +Class of +securities issued or to be issued</p> | <p>(i) Ordinary shares
 (ii) Ordinary shares
 (iii) options exercisable at \$0.08 on or before 28 February 2013
 (iv) options exercisable at \$0.10 on or before 28 February 2013
 (v) Options exercisable at \$0.125 on or before 28 February 2013
 (vi) Moving Strike Price Options exercisable at 85% of the last Closing Price of Proto Shares immediately prior to the time of exercise of a Moving Strike Option, rounded down to the nearest value at which a Proto Share is permitted to be traded at the time of exercise. Exercisable on or before 28 February 2013</p> |
| <p>2 Number of +securities issued or to be issued (if known) or maximum number which may be issued</p> | <p>(i) 10,000,000
 (ii) 1,000,000
 (iii) 5,000,000
 (iv) 3,500,000
 (v) 2,000,000
 (vi) 29,500,000</p> |

+ See chapter 19 for defined terms.

3 Principal terms of the ⁺securities (eg, if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)

- (i) N/A
- (ii) N/A
- (iii) Options exercisable at \$0.08 on or before 28 February 2013
- (iv) Options exercisable at \$0.10 on or before 28 February 2013
- (v) options exercisable at \$0.125 on or before 28 February 2013
- (vi) Moving Strike Price Options exercisable at 85% of the last Closing Price of Proto Shares immediately prior to the time of exercise of a Moving Strike Option, rounded down to the nearest value at which a Proto Share is permitted to be traded at the time of exercise. Exercisable on or before 28 February 2013

4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- (i) Yes
- (ii) Yes
- (iii) No - Upon exercise of the options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with an existing class of quoted securities. The option does not entitle the holder to participate in the next interest or dividend payment.
- (iv) No - Upon exercise of the options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with an existing class of quoted securities. The option does not entitle the holder to participate in the next interest or dividend payment.
- (v) No - Upon exercise of the options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with an existing class of quoted securities. The option does not entitle the holder to participate in the next interest or dividend payment.
- (vi) No - Upon exercise of the options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with an existing class of quoted securities. The option does not entitle the holder to participate in the next interest or dividend payment.

5 Issue price or consideration	(i)\$0.06 per share (ii)\$0.053 per share (iii)(iv)(v)(vi) \$15,000 in total as per the Option deed dated 28 February 2011
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	(i)Placement to private investors as approved by shareholders at the annual general meeting held 29 November 2010 (ii) Exercise of 1,000,000 moving strike price options. (iii)In accordance with Option Deed dated 28 February 2011 (iv) In accordance with Option Deed dated 28 February 2011 (v) In accordance with Option Deed dated 28 February 2011 (vi) In accordance with Option Deed dated 28 February 2011
7 Dates of entering +securities into uncertificated holdings or despatch of certificates	(i)28 February 2011 (ii) 3 March 2011 (iii) 3 March 2011 (iv) 3 March 2011 (v) 3 March 2011 (vi) 3 March 2011

+ See chapter 19 for defined terms.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	393,068,824	Ordinary shares
	23,650,555	Options (20c exercise expire 31 st August 2011)
	51,727,809	Options (25c exercise expire 31 st Dec 2013)
	136,750,520	Options (5c exercise expire 31 st Dec 2011)
	5,000,000	Options (8c exercise expire 28 February 2013)
	3,500,000	Options (10c exercise expire 28 February 2013)
	2,000,000	Options (12.5c exercise expire 28 February 2013)
	28,500,000	Moving Strike Options exercisable at 85% of the last Closing Price of Proto Shares immediately prior to the time of exercise of a Moving Strike Option, rounded down to the nearest value at which a Proto Share is permitted to be traded at the time of exercise. Exercisable on or before 28 February 2013

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)		

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
 Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting

+ See chapter 19 for defined terms.

- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do ⁺security holders sell their entitlements *in full* through a broker?
- 31 How do ⁺security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Number	+Class
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+ See chapter 19 for defined terms.

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

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Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Print name: Lia Darby – Director – 1 March 2011
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