

**18 February 2014**

ASX Compliance Pty Ltd  
Level 8 Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Jeremy Newman,

On behalf of Proto Resources and Investments (ASX:PRW) I would like to make the following points regarding the company's capital position and intentions.

1. As of Monday 17 February, Proto has completed a modest placement of approximately \$75,000;
2. Proto does have a cash amount of \$20,000 due to it from the National Australia Bank which is expected in by 24 February;
3. Proto is currently selling \$100,000 of shares which is expected to be completed by the end of February;
4. Proto is currently finalising a transaction to sell its Gold plant with an immediate option fee of \$20,000; and
5. Proto is about to commence a rights issue for shareholders that has already been approved by the ASX to raise approximately a further \$500,000.

In conclusion, while markets remain difficult for small companies Proto is still able to continue into its 8<sup>th</sup> year of official quotation, to continue work on its core projects without the need to change direction or engage in any other extreme business activity.

Kindest regards,

Andrew Mortimer



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13 February 2014

Mr Kent Hunter  
Company Secretary  
Proto Resources & Investments Limited  
C/- Mining Corporate, GPO Box 2517  
PERTH, WA 6831

*By email: kent@miningcorporate.com.au*

Dear Kent

**Proto Resources and Investments Limited (“Company”)**

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 December 2013, released to ASX Limited (“ASX”) on 31 January 2014, (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$298,000.
3. Cash at end of the quarter of \$4,000.
4. Estimated cash outflow for the next quarter of \$200,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company’s compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number +61 8 9221 2020 or email [jeremy.newman@asx.com.au](mailto:jeremy.newman@asx.com.au). It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Tuesday, 18 February 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Jeremy Newman

**Adviser, Listings Compliance (Perth)**