



19 January 2012

Dear Shareholder

Non Renounceable Pro Rata Offer of New Options

On 17 January 2012, the Directors of Proto Resources & Investments Ltd ("Proto Resources") lodged a prospectus for a one (1) for two (2) non-renounceable entitlements issue ("Entitlements Issue") to its shareholders to raise approximately \$941,141 through the issue of up to 235,285,351 options ("New Options") to subscribe for fully paid ordinary shares in Proto Resources ("New Options"). The New Options are exercisable at 5 cents (\$0.05) each on or before 1 September 2014.

All Shareholders whose registered address is in Australia or New Zealand and are registered at **close of business on 1 February 2012** will be entitled to participate in the non-renounceable entitlements issue of New Options on the basis of one (1) New Shares for every two (2) shares then held. Shareholders whose registered address is outside of Australia or New Zealand are not entitled to participate in the offer.

Generally, shares purchased on market in the period from 25 January 2012 to 1 February 2012 are NOT entitled to participate in the entitlement issue. If you have any doubt, please consult your sponsoring broker.

The New Options will be issued at a price of \$0.004 (0.4 cents) per New Option. The latest trading price on ASX of the ordinary fully paid shares prior to the date of this letter was \$0.025 cents on 18 January 2012.

Full details of the issue are contained in **the Prospectus dated 17 January 2012, which was lodged with the Australian Securities & Investments Commission and the Australian Stock Exchange Limited on Tuesday, 17 January 2012.** The Prospectus is available on ASX's website and the Company's website at www.protoresources.com.au.

The Prospectus together with an Entitlement and Acceptance Form will be mailed to all eligible shareholders on or about 7 February 2012. Other key dates which shareholders should note are as follows:

25 January 2012	Ordinary Shares trade ex-Entitlements on ASX
1 February 2012.....	Record date for determining Entitlements
21 February 2012	Closing date for acceptances
29 February 2012.....	Expected date for allotment of New Options

Application for New Options under the Entitlements Issue may only be made by completing the Entitlement and Acceptance Form which accompanies the Prospectus. Shareholders eligible to participate in the Entitlements issue should read the Prospectus carefully. For further information on the Proto Resources Entitlements Issue you should contact your professional adviser.

Yours faithfully

PROTO RESOURCES & INVESTMENTS LTD

Andrew Mortimer
Managing Director