

1 July 2015

Market Announcements Platform
ASX Limited,
Exchange Centre,
20 Bridge Street,
Sydney NSW 2000



CONVERTIBLE LOAN FACILITY SECURES INTERIM FUNDING

- **Convertible loan facility secured for up to \$300,000**
 - **New Chairman of Stonehenge Metals, Mr Brendan Hammond begins tenure today**
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Stonehenge Metals Limited (ASX:SHE) (**Stonehenge** or the **Company**) is pleased to advise that it has entered into a convertible loan facility for up to \$300,000 (**Loan**) with a small number of sophisticated investors (**Lenders**). The Loan is convertible subject to shareholder approval. The material terms and conditions of the convertible loan facility are set below and in Schedule 1.

Commencement of New Chairman

As of today, Mr Brendan Hammond begins his tenure as the Chairman of Stonehenge Metals bringing with him significant experience from distinguished careers in the resources, utility and infrastructure sectors.

The Stonehenge board believes that Brendan's unique mix of experience and skills, combined with his passion for sustainable development, positions him to be a very effective chairman of the Company's board. We are particularly looking forward to leveraging the experience and networks he has built up through his roles as Chairman of Horizon Power, Chairman of Dampier Port Authority, board member for the Water Corporation (WA), Managing Director of Argyle Diamonds (Rio Tinto) and development approvals consultant to the Premier of Western Australia.

Terms of Convertible Loan Facility

The Loan is convertible into ordinary shares with attaching options. The conversion price for the issue of shares will be 3.5 cents per share which represents a 20% discount to the 10-day VWAP for the 10 traded days prior to this announcement. One free attaching option will be issued, for

every two shares issued on conversion, with a strike price of 5.3 cents, which represents a 50% premium to the Conversion Price.

The Loan will be drawn down as required by the Company and can be converted at any point after the Company completes a capital raising of at least \$2 million and between the granting of shareholder approval and the repayment date of 31 December 2015.

The Facility may, by mutual agreement with the Lenders, be increased by up to an additional \$300,000 on the same terms as the initial Principal Amount.

A notice of meeting to approve the convertibility of the debt will be despatched to shareholders in due course.

For more information see www.stonehengemetals.com.au, www.proteanwaveenergy.com.au or contact:

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Schedule 1 – Convertible Loan Facility

1. **Facility Amount:** \$300,000.
2. **Repayment Date:** 31 December 2015.
3. **Interest Rate:** 9.25% per annum payable in cash quarterly, on the last business day of each quarter. If Interest is not paid on the last business day of each quarter, the interest rate payable for the remainder of the interest period will increase to 12% per annum.
4. **Facility Fee:** 5% payable in cash.
5. **Conversion:** Subject to shareholder and regulatory approval by no later than the Repayment Date, the Lender may at any time during the Draw Down Period, after the Company has completed a capital raising of at least \$2 million, convert the outstanding balance in whole or in part into shares issued at the Conversion Price together with one free Attaching Option for every two shares issued on conversion by delivery to the Borrower of a notice duly executed by the Lender, completed as to the amount outstanding to be converted and the number of Shares (together with Attaching Options) to be issued on Conversion (**Notice**).
6. **Conversion Price:** Means the price that is 3.5 cents per share being a 20% discount to the 10 day volume weighted average price of Shares on the ASX for the 10 traded days prior to the date of this ASX announcement being 01/07/2015.
7. **Attaching Options:** Means an unlisted Option exercisable at 5.3 cents per share, being a 50% premium to the Conversion Price of 3.5 cents per share, on or before 31 December 2018.
8. **Additional Facility Amount:** The Facility may, by mutual agreement, be increased by up to an additional \$300,000 on the same terms as the initial Principal Amount. A Facility Fee or any other fees in respect of any Additional Facility Amount will only become payable from the date that a binding agreement for any Additional Facility Amount is entered into.
9. **Transferable:** The Convertible Loan is transferable either in whole or in part, by mutual agreement at any time, by an instrument in writing signed by both the transferor and the transferee.