Stonehenge
METALS LTD

2 September 2014

Dear Shareholder,

Stonehenge Metals Limited - pro-rata non-renounceable rights issue

As announced on 2 September 2014 Stonehenge Metals Limited (ACN119 267 391) (**Company**) is undertaking a seven (7) for ten (10) pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 300,728,672 fully paid ordinary shares (New Shares) to raise approximately $1,503,643 (before expenses). The price of New Shares under the Offer is $0.005 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 1 September 2014.

For the purposes of detailing the use of funds raised under the Prospectus, it is assumed no Options are exercised between the date of the Prospectus and the Record Date.

Proceeds of Offer	**25% Subscription ($)**	**50% Subscription ($)**	**80% Subscription ($)**	**Full Subscription ($)**
Exploration expenditure on existing South Korean projects	$250,000	$400,000	$500,000	$550,000
Expenditure on the development & pilot of the Protean WEC Technology[1]	0	0	$500,000	$550,000
Expenses of the Offer	$52,721	$76,521	$104,800	$123,653
Working Capital and Administration	$73,190	$275,300	$98,115	$279,991
Total	$375,911	$751,821	$1,202,915	$1,503,644

Notes: The above table is a statement of current intentions as at the date of the Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Directors reserve the right to alter the way funds are applied on this basis.

[1] This expenditure is expected to take place over a period of up to 18 months

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5.00pm WST on 8 September 2014, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 300,728,672 New Shares resulting in total Shares on issue of approximately 730,341,061.

A copy of the Prospectus is available on ASX and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 11 September 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded down to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- Accept your Entitlement in full or part; or
- accept your Entitlement in full and apply for additional shares pursuant to the Shortfall Offer; or
- Allow the whole of the Entitlement to lapse.

If you wish to take up part or all of your Entitlement and apply for additional New Shares under the Shortfall Offer, please ensure you follow the instructions set out on the Entitlement and Acceptance Form.

If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Prospectus and Appendix 3B lodged with ASX Notification sent to option holders	1 September 2014
Notice of Rights Issue sent to security holders	3 September 2014
Existing shares quoted on an 'ex' basis	4 September 2014
Record date	8 September 2014
Despatch of Rights Issue Documents to Eligible Shareholders Offer Period Opens	11 September 2014
Offer Period Closes	22 September 2014
Notification of under-subscriptions to ASX (if any)	25 September 2014
Shares Issued Holding statements despatched	29 September 2014

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or the Company, on +61 9481 2355.

Yours sincerely

Matthew Foy
Company Secretary