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 (ACN 119 267 391) (**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 Share**) 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.

Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

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