STONEHENGE METALS LIMITED

ACN 119 267 391

NOTICE OF GENERAL MEETING

TIME: 12.00pm

DATE: 11 November 2014

PLACE: Amberley Business Centre
3/1060 Hay St
WEST PERTH, WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 2277.

CONTENTS PAGE

Business of the Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	9
Glossary	23
Terms and Conditions of Performance Shares	Schedule A
Summary of Stonehenge Performance Rights Plan	Schedule B
Terms and Conditions of Director Performance Rights	Schedule C
Value of Director Performance Rights	Schedule D
Terms and Conditions of Convertible Notes	Schedule E
Summary of Director Share Plan	Schedule F
Proxy Form	Enclosed

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 12.00pm (WST) on 11 November 2014 at the Amberley Business Centre, 3/1060 Hay Street, WEST PERTH, WA 6005.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 12.00pm (WST) on 9 November 2014.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolution.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting

at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO ISSUE, OR RATIFICATION OF THE ISSUE OF, OPTION CONSIDERATION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the issue of 60,000,000 Shares in the Company, to Protean Energy Limited (or its nominee) (**Option Consideration Shares**) or in the event the Option Consideration Shares have been issued prior to the Meeting, Shareholders ratify the issue of the Option Consideration Shares issued as consideration for the grant of an exclusive licence and an option to acquire 100% of PEA (**Option**) and on the terms and conditions set out in the Explanatory Statement.*

***Voting Exclusion**: The Company will disregard any votes cast on this Resolution by Protean Energy Limited and any other person who may participate in the issue of the Option Consideration Shares or who might obtain a benefit from the issue of the Option Consideration Shares, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES – CPS CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 10,000,000 Broker Shares to CPS Capital Group Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

Short Explanation: The Company seeks approval under Listing Rule 7.1 to issue Shares to the CPS Capital Group Pty Ltd as part of the Lead Manager agreement. The Company will thereby retain its 15% placement capacity under Listing Rule 7.1.

Voting exclusion: The Company will disregard any votes cast on this Resolution by CPS Capital Group Pty Ltd and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

(a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt a performance rights plan titled Stonehenge Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory*

Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR BRUCE LANE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 3, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval be given to issue 30,000,000 Performance Rights to Mr Bruce Lane (or his nominee) on the terms and conditions set out in the Explanatory Statement and the issue of fully paid shares in the Company to Mr Bruce Lane on the exercise of some or all of the Performance Rights."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Bruce Lane and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES – MINERVA CORPORATE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 1,200,000 Shares to Minerva Corporate Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The Company seeks approval under Listing Rule 7.1 to issue Shares to the Minerva Corporate Pty Ltd as part of its compliance management agreement. The Company will thereby retain its 15% placement capacity under Listing Rule 7.1.

Voting exclusion: The Company will disregard any votes cast on this Resolution by Minerva Corporate Pty Ltd and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

(a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. RESOLUTION 6 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes Section 246B of the Corporations Act, the Constitution and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by any person

who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – APPROVAL TO ISSUE CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 81,000 Convertible Notes to the Facility Providers on the terms and conditions as set out in the Explanatory Memorandum."*

Voting exclusion: The Company will disregard any votes cast on this Resolution by the Facility Providers and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – APPROVAL TO ISSUE RH CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That, for the purposes of Listing Rule 10.11, section 195 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 10,000 RH Convertible Notes to Mr Richard Henning on the terms and conditions as set out in the Explanatory Memorandum."*

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Richard Henning and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – APPROVAL TO ISSUE BT CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That, for the purposes of Listing Rule 10.11, section 195 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 11,000 BT Convertible Notes to Mr Bevan Tarratt on the terms and conditions as set out in the Explanatory Memorandum."*

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Bevan Tarratt and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – APPROVAL TO ISSUE YY CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That, for the purposes of Listing Rule 10.11, section 195 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 20,000 YY Convertible Notes to Mr Young Yu on the terms and conditions as set out in the Explanatory Memorandum."*

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Young Yu and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 11 – ISSUE OF SHARES TO A DIRECTOR UNDER DIRECTOR SHARE PLAN – MR RICHARD HENNING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That, for the purpose of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to allot and issue Mr Richard Henning (or his nominee) up to that number of Shares to the equivalent of $58,451.92 under the Director Share Plan, on the terms and conditions set out in the Explanatory Statement."*

Voting exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. RESOLUTION 12 – ISSUE OF SHARES TO A DIRECTOR UNDER DIRECTOR SHARE PLAN – MR YOUNG YU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

> *"That, for the purpose of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to allot and issue Mr Young Yu (or his nominee) up to that number of Shares to the equivalent of $37,990.38 under the Director Share Plan, on the terms and conditions set out in the Explanatory Statement."*

Voting exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 8 October 2014

BY ORDER OF THE BOARD

MATTHEW FOY
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1– SHAREHOLDER APPROVAL TO ISSUE OPTION CONSIDERATION SHARES TO PROTEAN ENERGY LIMITED

1.1 Background

Resolution 1 seeks the approval from Shareholders for the issue of 60,000,000 Shares (**Option Consideration Shares**) in the Company to Protean Energy Limited (**PEL**) (or its nominee) or, in the event that the Option Consideration Shares have been issued prior to the Meeting, Resolution 1 seeks the approval of Shareholders to ratify the issue of the Option Consideration Shares. The Option Consideration Shares are being issued in consideration for the Company being granted an option to acquire an exclusive 24 month unrestricted licence with an option to acquire 100% of the equity of Protean Energy Australia Pty Ltd (**PEA**) from PEL (**Acquisition**). If the Option is exercised, Stonehenge would hold, through the PEA acquisition, all rights, title and interests including all licenses relating to the Protean WEC Technology (**WEC Technology**) (**Transaction**).

The WEC Technology is a point-absorber wave energy converter buoy device which floats at the water surface and extracts energy from ocean waves by the extension and retraction of a tether to its anchoring weight on the sea bed. The device is unique in that it optimises the conversion of energy from waves through all six degrees of wave movement or motion. The WEC Technology has been further described in the Company's ASX announcement dated 14 August 2014.

1.2 Key Terms and Conditions Precedent

On 14 August 2014 the Company announced the Transaction. The key terms and conditions precedent to completing the Transaction under the Term Sheet (**Completion**) are as follows:

(a) Stonehenge is required to raise at least $1.2m and so is in the process of conducting a non-renounceable rights issue to raise up to $1,503,643 on the basis of 7 new Stonehenge shares for every 10 existing Stonehenge shares held, at an issue price of $0.005 per share at the record date. A prospectus offer document was despatched to shareholders on 11 September 2014 (**Rights Issue**);

(b) Sean Moore will join Stonehenge in the executive role of Chief Technology Officer for wave energy conversion (CTO);

(c) Stonehenge will invest a minimum of A$500,000 into the Protean WEC Technology, under a fixed price turnkey contract, over an 18 month period post Completion.

(d) Stonehenge will engage Moore Commerce Pty Ltd, a company controlled by Sean Moore, to deliver the pilot project as a turnkey project for a fixed price of A$500,000 within 18 months;

(e) Mutual due diligence by the parties (completed within 120 days of the Term Sheet);

(f) The parties obtaining all necessary shareholder and regulatory approvals and consents to implement the Transaction.

(g) Stonehenge will issue the following securities, subject to shareholder approval as required, to PEL and its advisors and nominees:

(i) Consideration Shares: 120,000,000 ordinary shares to be issued to PEL in two tranches as follows:

i. Tranche 1: 60,000,000 ordinary shares at a deemed issue price of $0.005, to be issued to PEL upon settlement of the Transaction and voluntarily escrowed for 12 months from their date of issue (**Option Consideration Shares**); and

ii. Tranche 2: 60,000,000 ordinary shares at a deemed issue price of $0.005, to be issued to PEL upon completion of exercise of the Option. These shares will be voluntarily escrowed for 12 months from their date of issue.

(ii) Broker Shares: Stonehenge will issue 10,000,000 ordinary shares to CPS Capital Group Pty Ltd for services relating to the fund raising. Approval for these shares is sought under Resolution 3.

(iii) Performance Shares: 120,000,000 performance shares, will be issued to PEL's nominees upon exercise of the Option and will each convert into 1 ordinary share in the capital of Stonehenge upon achievement of any one of the performance milestones within 3 years following the issue of the Performance Shares. The terms of the Performance Shares are set out in Schedule A.

The date the Option Consideration Shares will be issued is dependent on the Company raising $1.2 million through the Rights Issue. On 25 September 2014 the Company advised that at the closing date of the Rights Issue, valid applications totalling $649,426 had been received. Should the Company issue sufficient Shortfall Shares prior to the Meeting to meet the condition precedent in 1.2(a) above, the Option Consideration Shares will be issued in reliance on the Company's capacity pursuant to Listing Rule 7.1. In general terms, Listing Rule 7.1 restricts the Company to issuing securities representing a maximum of 15% of the number of securities on issue in the Company in any 12 month period unless it obtains the prior approval of its members.

Further information regarding the Transaction and the WEC Technology is disclosed in the Company's Entitlement Issue Prospectus released on ASX on 1 September 2014.

1.3 Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and provides that where a company at a general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rules 7.1 (and provided that the previous issue did not breach ASX Listing Rules 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

In accordance with Listing Rule 7.1, shareholder approval is sought to issue the Option Consideration Shares or ratify the issue of the Option Consideration Shares, subject to the completion of a $1.2 million capital raising. The effect of Resolution 1 will be to:

a) Allow the Company to issue the Option Consideration Shares during the 3 month period after the Meeting, without using the Company's 15% annual placement capacity, pursuant to Listing Rule 7.1; or

b) Should the Option Consideration Shares have been issued under Listing Rule 7.1 prior to the Meeting, refresh the Company's ability, to the extent of the Option Consideration Shares, to issue further Shares during the next 12 months pursuant to Listing Rule 7.1 without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act). If Resolution 1 is not passed, the Option Consideration Shares will

be counted toward the 15% limit pursuant to Listing Rule 7.1 for a period of 12 months from the date of issue.

1.4 Technical information required

For the purposes of Listing Rules 7.3 and 7.5 the Company provides the following information:

(a) **Number of Securities to be issued**
60,000,000 Shares expected to be issued within 3 months after the date of the Meeting or prior to the Meeting. The Option Consideration Shares will be issued in one tranche.

(b) **Issue Price of the Securities to be issued**
The Shares will be issued for nil cash consideration but rather as consideration for entering into the Option. No funds were raised by the issue of the Shares.

(c) **Terms of the issued Securities**
The Option Consideration Shares are or will be fully paid ordinary shares and rank equally with other Shares on issue. The Option Consideration Shares will be subject to a voluntary escrow period of twelve months from the date of issue.

(d) **Recipients of the issued Securities**
The Shares were or will be issued to the vendors of PEA none of whom are considered a related party of the Company.

The Directors recommend you vote in favour of Resolution 1.

1.5 Recommendations of Directors

The Directors do not have any material personal interests in the outcome of Resolution 1 other than as a result of their interest arising solely in their capacity as Shareholders and recommend that, based on the information available, including the information contained in this Explanatory Memorandum, Shareholders vote in favour of the Resolution as they consider the Transaction to be in the best interests of Shareholders.

2. RESOLUTION 2 – APPROVAL TO ISSUE SHARES – CPS CAPITAL GROUP PTY LTD

2.1 Issue of Shares to CPS Capital

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of ordinary Shares to CPS Capital Group Pty Ltd pursuant to the terms of the Term Sheet set out in section 1.2.

If Shareholder approval is given under Listing Rule 7.1 for the issue of the Broker Shares the Company's 15% annual placement capacity will not be utilised for the issue of Shares to CPS Capital Group Pty Ltd.

Resolution 2 is an ordinary resolution.

2.2 Listing Rule 7.3 Disclosure

For the purposes of Listing Rule 7.3, information regarding the Shares is provided as follows:

(a) The Shares will be issued to the CPS Capital Group Pty Ltd, an unrelated entity to the Company.

(b) 10,000,000 Shares will be issued.

(c) The Shares will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(d) No funds will be raised from the issue of Shares as the Shares are being issued to CPS Capital in consideration for services related to completion of the Transaction and fund raising.

(e) The Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.

(f) It is intended the Shares will be issued on one date.

2.3 Recommendations of Directors

The Directors do not have any material personal interests in the outcome of Resolution 2 other than as a result of their interest arising solely in the capacity as Shareholders and recommend that Shareholders vote in favour of the Resolution as they consider the Transaction to be in the best interests of Shareholders.

3. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

Resolution 3 seeks shareholder approval for the introduction of a new Performance Rights Plan (**Stonehenge PRP**) the terms and conditions of which are set out in Schedule B.

The purpose of the new Stonehenge PRP is to align the interests of participants in the performance rights plan with the interests of the Company's shareholders by rewarding participants for creating shareholder value.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Performance Rights (convertible into Shares) under the Stonehenge PRP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Performance Rights have previously been issued under the Stonehenge PRP as at the date of this Notice.

The objective of the Stonehenge PRP is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Stonehenge PRP and the future issue of Performance Rights under the Stonehenge PRP will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Stonehenge PRP to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolution 4 for the issue of Performance Rights to Director Bruce Lane pursuant to the Stonehenge PRP.

A summary of the key terms and conditions of the Stonehenge PRP is set out in Schedule B. In addition, a copy of the Stonehenge PRP is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Stonehenge

PRP can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – MR BRUCE LANE

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 30,000,000 Performance Rights on the terms and conditions set out in Schedule C (**Director Performance Rights**) to Mr Bruce Lane (**Eligible Participant**) on the terms and conditions set out below.

4.2 Corporation Act Requirements

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Performance Rights to the Eligible Participant requires the Company to obtain Shareholder approval because the grant of Director Performance Rights constitutes giving a financial benefit and as a Director, Mr Bruce Lane is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Performance Rights to the Eligible Participants.

4.3 ASX Listing Rule Requirements

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As Bruce Lane is a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Shares to be issued under this Resolution as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Bruce Lane will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Performance Rights:

(a) the related party is Mr Bruce Lane and he is a related party by virtue of being a Director;

(b) the maximum number of Director Performance Rights (being the nature of the financial benefit being provided) to be granted to the Eligible Participant is 30,000,000 Director Performance Rights.

(c) the Director Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised;

(d) the Company is adopting its first performance rights plan since incorporation pursuant to Resolution 4 of this Notice and has therefore not issued any performance rights previously;

(e) any employee of the Company, or a subsidiary (if any), who is declared by the Board to be eligible is entitled to participate in the PRP. As at the date of this Notice of General Meeting and subject to completion of the Term Sheet, Mr Bruce Lane and Mr Sean Moore are eligible to participate in the PRP;

(f) the Director Performance Rights will be issued no later than 1 month following the date of this Meeting;

(g) the terms and conditions of the Director Performance Rights are set out in Schedule C;

(h) the value of the Director Performance Rights and the pricing methodology is set out in Schedule D;

(i) the relevant interests of the Eligible Participant in securities of the Company is set out below:

Related Party	Shares	Options
Mr Bruce Lane	2,172,630	Nil

(j) the remuneration and emoluments from the Company to the Eligible Participants for the previous financial year and the proposed remuneration and emoluments for the current financial year is set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Bruce Lane	$20,000	$20,000

On completion of the Transaction with PEL and raising of $1.2 million pursuant to the Rights Issue, Mr Lane will become Managing Director of Stonehenge on a total cost of employment basis of $150,000 per annum for an initial one year term.

(k) if the Director Performance Rights granted to the Eligible Participant vest and become Shares, a total of 30,000,000 Shares would be allotted and issued. The issue of the Director Performance Rights is conditional upon the Company raising at least $1.2 million under the Rights Issue by way of issuing 240,000,000 Shares at $0.005 per share. This will increase the number of Shares on issue from 669,612,389 (inclusive of the Rights Issue Shares) to 699,612,389 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.48%; and

(l) the primary purpose of the grant of Director Performance Rights to the Eligible Participant is to provide a performance linked incentive component in the remuneration package for the Eligible Participants to motivate and reward the performance of the Eligible Participants in their respective roles as Directors in achieving specified vesting conditions within a specified period.

4.5 Directors' Recommendation

(a) Mr Bruce Lane declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution.

However, in respect of Resolution 4, Mr Bevan Tarratt recommends that Shareholders vote in favour of Resolution 4 for the following reasons:

(i) the purpose set out in Section 4.4(l) above;

(ii) the issue of the Director Performance Rights to Mr Bruce Lane is an appropriate form of incentive to maximise returns to Shareholders; and

(iii) the terms of the proposed issue of Director Performance Rights to Mr Bruce Lane are reasonable to the Company.

(b) In forming their recommendations, each Director considered the experience of the Eligible Participants and current market practices when determining the number of Director Performance Rights to be granted.

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES – MINERVA CORPORATE

5.1 Issue of Shares to Minerva Corporate Pty Ltd

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of ordinary Shares to Minerva Corporate pursuant to a compliance management mandate to provide support for the acquisition of PEA and preparation of this Notice. Pursuant to the terms of the compliance management mandate, a fee of $6,000 will be paid to Minerva in the form of shares to be issued at a price of $0.005 per share.

If Shareholder approval is given under Listing Rule 7.1 for the issue of the Consideration Shares the Company's 15% annual placement capacity will not be utilised for the issue of Shares to Minerva Corporate Pty Ltd.

Resolution 5 is an ordinary resolution.

5.2 Listing Rule 7.3 Disclosure

For the purposes of Listing Rule 7.3, information regarding the Shares is provided as follows:

(a) The Shares will be issued to Minerva Corporate Pty Ltd, an unrelated entity to the Company.

(b) 1,200,000 Shares will be issued.

(c) The Shares will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(d) The Shares are being issued to Minerva Corporate in consideration for services relating to the completion of the Acquisition. Accordingly, no funds will be raised from the issue of Shares.

(e) The Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.

(f) The Shares are being issued to Minerva Corporate for services relating to the completion of the Acquisition.

(g) It is intended the Shares will be issued on one date.

5.3 Recommendations of Directors

The Directors do not have any material personal interests in the outcome of Resolution 6 other than as a result of their interest arising solely in the capacity as Shareholders and recommend that Shareholders vote in favour of the Resolution as they consider the Transaction to be in the best interests of Shareholders.

6. RESOLUTION 6 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

6.1 General

A company with a single class of shares on issue that proposes to issue new shares not having the same rights as its existing Shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act provides that for a company that has a constitution that does not set out the procedure for varying or cancelling the rights attached to shares in a class of shares then those rights may be varied or cancelled only by special resolution of the company.

Subject to Stonehenge exercising the Option, Stonehenge will issue a total of 120,000,000 Performance Shares to PEL (or its nominees) that will convert into 1 ordinary share in the capital of the Company upon achievement of any one of the following milestones within 3 years following the issue of the Performance Shares (**Milestones**):

1. Other than through an ASX re-compliance prospectus raising: Completion of financing of not less than $5,000,000 to fund further development of the WEC Technology, in aggregate, via equity, debt, government grant, joint venture or partnership (or any combination thereof): or

2. Commissioning of a WEC Technology facility of 45 Kilowatts or greater in a jurisdiction outside Australia; or

3. Commissioning of a WEC Technology facility of cumulative 500 Kilowatts or greater; or

4. Execution of a fully funded agreement to install a WEC Technology facility or facilities of cumulative 1 Megawatt or greater on commercial terms; or

5. Execution of a bona fide arm's length third party licensing, co-operation or collaboration agreement or agreements valued cumulatively at not less than A$5,000,000 at the time of signing, for the whole or part of the Protean WEC Technology for assessment, development or commercialisation. Value to be determined by an independent valuer using generally accepted valuation methodologies.

The Performance Shares represent a new class of securities in the Company and accordingly, the terms of the Performance Shares are not the same as for the ordinary Shares currently on issue. For details of the terms and conditions of the Performance Shares, see Schedule A below. The Company requested the ASX to consider whether the terms are appropriate and equitable for the purposes of Listing Rule 6.1, and to approve the issue of the Performance Shares pursuant to Listing Rule 6.1. The ASX has approved the terms of the Performance Shares for the purposes of Listing Rules 6.1, provided that, amongst other conditions, the Company obtains Shareholder approval for the issue of the Performance Shares.

The full terms and conditions of the Performance Shares are set out in Schedule A.

The Company currently has one class of ordinary Shares on issue and two classes of performance shares on issue. The Performance Shares constitute a new class of Shares in addition to the Company's existing classes of Shares. Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares.

Resolution 6 is a special resolution.

7. RESOLUTIONS 7 - 10 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES, RH CONVERTIBLE NOTES, BT CONVERTIBLE NOTES AND YY CONVERTIBLE NOTES

7.1 Background

The Facility Providers, Mr Richard Henning, Mr Bevan Tarratt and Mr Young Yu have, in aggregate provided $120,000 to the Company through a convertible debt facility (**Debt Facility**), as was announced to ASX on 28 July 2014. This short term funding will be used to ensure that the Company has sufficient working capital to finalise the completion of the Acquisition.

Under the terms of the Debt Facility, it is proposed that the funds advanced by the Facility Providers, Mr Henning, Mr Tarratt and Mr Yu are substituted with convertible notes with a face value of $1.00 each, subject to Shareholder approval being obtained in accordance with the Listing Rules.

If approved by Shareholders, the principal amount advanced to the Company under the Debt Facility will be substituted with the Convertible Notes (79,000), the RH Convertible Notes (10,000), the BT Convertible Notes (11,000) and the YY Convertible Notes (20,000). The Convertible Notes, the RH Convertible Notes, the BT Convertible Notes and the YY Convertible Notes together with any accrued interest (if applicable) will be convertible into Shares subject to the Company raising a minimum of $1,200,000 via a capital raising at a price that is equal to 80% of the capital raising price.

If the principal amount advanced to the Company under the Debt Facility is not converted into Shares by 1 November 2014 the principal amount will commence accruing interest at a rate of 15% per annum. If the principal amount is converted into Shares prior to 1 November 2014 then no interest will be payable.

The key terms of the Convertible Notes, the RH Convertible Notes, the BT Convertible Notes and the YY Convertible Notes are set out in Schedule E. The Convertible Notes, the RH Convertible Notes, the BT Convertible Notes and the YY Convertible Notes have equivalent terms.

Mr Henning, Mr Tarratt and Mr Yu are related parties of the Company by virtue of their position as Directors of the Company.

If Shareholder approval is not obtained the principal amount will commence accruing interest at a rate of 15% per annum and be repayable on 21 July 2015.

7.2 Issue of Convertible Notes to Facility Providers

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Convertible Notes. If Shareholder approval is not obtained, the principal amount will commence accruing interest at a rate of 15% per annum and be repayable on 21 July 2015.

If Shareholder approval is given under Listing Rule 7.1 for the issue of the Convertible Notes, approval is not required under Listing Rule 7.1 for the issue of the Shares to the Facility Providers on conversion of the Convertible Notes pursuant to exception 4 of Listing Rule 7.2.

Resolution 7 is an ordinary resolution.

7.3 Listing Rule 7.3 Disclosure

For the purposes of Listing Rule 7.3, information regarding the Convertible Notes is provided as follows:

(a) The Convertible Notes will be issued to the Facility Providers (or their nominees).

(b) Up to 79,000 Convertible Notes will be issued to the Facility Providers. The Convertible Notes will be convertible into a maximum of 19,750,000 Shares (excluding any interest converted into Shares (if applicable)).

(c) The Company will issue the Convertible Notes as soon as practicable after, and in any event by no later than 3 months after the Meeting. The Convertible Notes will be convertible at any time before the Convertibility Date at the election of the Facility Providers at the Conversion Price.

(d) The funds raised by the issue of the Convertible Notes will be used for working capital to finalise the completion of the Acquisition. No funds will be raised from the issue of Shares on conversion of the Convertible Notes.

(e) The Convertible Notes will be issued at a face value of $1.00 per Convertible Note and will be convertible into Shares at the Conversion Price. The Shares will be issued on the same terms as the Company's existing Shares. Further terms and conditions of the Convertible Notes are set out in Schedule E.

7.4 Issue of RH Convertible Notes, BT Convertible Notes and YY Convertible Notes to Messrs Henning, Tarratt and Yu.

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Messrs Henning, Tarratt and Yu are related parties of the Company by virtue of being Directors of the Company.

Resolutions 8 to 10 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes into Shares.

If Shareholder approval is not obtained the principal amount will commence accruing interest at a rate of 15% per annum and be repayable on 21 July 2015.

If Shareholder approval is given under Listing Rule 10.11 for the issue of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes, approval is not required under Listing Rule 10.11 for the issue of the Shares to Messrs Henning, Tarratt and Yu on conversion of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes pursuant to exception 7 of Listing Rule 10.12. If approval for the issue of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Resolutions 8, 9 and 10 are ordinary resolutions.

The issue of Convertible Notes to Directors as described above constitutes giving a financial benefit and Mr Henning, Mr Tarratt and Mr Yu are related parties of the Company by virtue of their position as Directors of the Company.

The Directors (other than Mr Henning in respect of Resolution 8 only, Mr Tarratt in respect of Resolution 9 only and Mr Yu in respect of Resolution 10 only, who each have a material personal interest in their respective Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Shares to be issued because the agreements to issue the Convertible Notes have been negotiated on an arm's length basis and would be reasonable in the circumstances if the entity and related parties

were dealing at arm's length.

As a majority of the Directors have a material personal interest in the issue of the Convertible Notes that are the subject of Resolutions 8, 9 and 10, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

7.5 Listing Rule 10.13 Disclosure

For the purposes of Listing Rule 10.13 information regarding the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes is provided as follows:

(a) The RH Convertible Notes, BT Convertible Notes and YY Convertible Notes will be issued to Mr Richard Henning, Mr Bevan Tarratt and Mr Young Yu (or their nominees) respectively.

(b) Up to 10,000 RH Convertible Notes will be issued to Mr Richard Henning (or his nominee). The RH Convertible Notes will be convertible into a maximum of 2,500,000 Shares.

(c) Up to 11,000 BT Convertible Notes will be issued to Mr Bevan Tarratt (or his nominee). The BT Convertible Notes will be convertible into a maximum of 2,750,000 Shares.

(d) Up to 20,000 YY Convertible Notes will be issued to Mr Young Yu (or his nominee). The YY Convertible Notes will be convertible into a maximum of 5,000,000 Shares.

(e) The Company will issue the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes as soon as practicable after, and in any event by no later than 1 month after the Meeting. The RH Convertible Notes, BT Convertible Notes and YY Convertible Notes will convert following the Company raising a minimum $1,200,000.

(f) Messrs Henning, Tarratt and Yu are related parties of the Company by virtue of being Directors of the Company.

(g) The funds raised by the issue of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes will be used for working capital to finalise the Acquisition of PEA. No funds will be raised from the issue of Shares on conversion of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes.

(h) The RH Convertible Notes, BT Convertible Notes and YY Convertible Notes will be issued at a face value of $1.00 per Convertible Note and will be convertible into Shares at the Conversion Price. The Shares will be issued on the same terms as the Company's existing Shares. Further terms and conditions of the RH Convertible Notes, BT Convertible Notes and YY Convertible Notes is set out in Schedule E.

8. RESOLUTIONS 11 AND 12 – ISSUE OF SHARES TO DIRECTORS UNDER DIRECTOR SHARE PLAN – MESSRS RICHARD HENNING AND YOUNG YU

8.1 Background

Resolutions 11 and 12 seek Shareholder approval for the Company to be able to issue Shares in accordance with the Director Share Plan to Mr Richard Henning, the Company's Chairman and Mr Young Yu, the Company's Non-Executive Director (**Related Parties**).

On 18 March 2013 shareholders approved the Director Share Plan. The purpose of the plan was to grant the Directors flexibility to issue shares in lieu of fees to enable the Company to implement cost saving measures and provide flexibility with respect of the future capital requirements of the Company.

Terms and conditions of the Director Share Plan are set out in Schedule F.

8.2 Chapter 2E and ASX Listing Rule 10.14

The requirements of Chapter 2E of the Corporations Act are set out in section 8.3 below.

The issue of Shares pursuant to the Plan constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Furthermore, the proposed issue of Shares to the Related Parties requires the Company to obtain Shareholder approval pursuant to ASX Listing Rule 10.14 because it will result in the Company issuing securities to a related party of the Company under an employee incentive scheme. Accordingly, Shareholder approval is sought under both Chapter 2E of the Corporations Act and under ASX Listing Rule 10.14 (in accordance with the provisions of Listing Rule 10.15A).

8.3 Technical information required by Chapter 2E and ASX Listing Rule 10.15A

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15A, the following information is provided in relation to the proposed issue of Shares to the Related Parties:

(a) the Related Parties are Mr Richard Henning and Mr Young Yu and they are related parties by virtue of being Directors;

(b) the maximum number of Shares to be issued to each of the Related Parties (or their nominees) is to the equivalent of $58,451.92 for Mr Henning and $37,490.38 for Mr Yu of deferred employee entitlements each and will be based on the 20 day volume weighted average price of the Company's shares traded on the ASX prior the date of issue. However, the maximum number of Shares to be issued to each of the Related Parties (or their nominees) must not in any case exceed 6,000,000 Shares for Mr Henning and 4,000,000 Shares for Mr Yu;

(c) 2,869,444 Shares have been issued under the Plan since its approval on 18 March 2013 to the following Plan participants:

  (i) 1,434,722 Shares issued to Mr Henning in lieu of $22,708.35 in Director Fees forgone.

  (ii) 1,434,722 Shares issued to Mr Yu in lieu of $22,708.35 in Director Fees forgone.

(d) details of the Director Share Plan are set out in the Schedule F;

(e) the Shares will be issued for nil cash consideration and as such no funds will be raised from the issue;

(f) details of any Shares issued under the Plan will be published in each annual report of the Company relating to the period in which the Shares are issued and the Company will ensure that Shareholder approval has first been obtained under Listing Rule 10.14 (including obtaining separate approval for those additional persons who may become entitled to participate under the Plan after the resolution was approved and who were not named in the notice of meeting);

(g) all of the Company's directors are entitled to participate under the Plan, however at the current time the Company does not intend to make an offer to Mr Bruce Lane or Mr Bevan Tarratt. Accordingly, approval is only being sought for Messrs Yu and Henning;

(h) No loans will be issued in relation to the acquisition.

(i) the Company will not issue these Shares to the Related Parties later than that date which is three (3) years following the Meeting;

(j) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	**Shares**	**Options**
Mr Richard Henning	17,788,889	Nil
Mr Young Yu	38,101,389	Nil

(k) the amounts paid from the Company to the Related Parties and their associates for the previous two financial years are set out below:

Related Party	2014	2013
Mr Richard Henning	206,281	310,000
Mr Young Yu	199,486	237,764

(l) if the maximum number of Shares are issued to the Related Parties, a total of 10,000,000 Shares would be allotted and issued (on the basis that no more than 10,000,000 Shares may be issued to the Related Parties in total). This will increase the number of Shares on issue from 429,612,389 to 439,612,389 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.32% comprising 1.16% for each of the Related Parties;

(m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price ($)	**Date**
Highest	0.018	24 September 2014
Lowest	0.005	9 July 2014
Last	0.005	30 September 2014

(n) the primary purpose of the grant of the Shares is to implement cost saving measures and provide flexibility with respect of the future capital requirements of the Company;

(o) Mr Henning declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that Mr Henning is to be granted Shares in the Company should Resolution 12 be passed. However, in respect of Resolution 12, Mr Henning recommends that Shareholders vote in favour of that Resolution for the following reasons:

(i) The grant of Shares to Related Parties will align the Directors interests with those of Shareholders;

(ii) the grant of Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and

(iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Shares upon the terms proposed;

(p) Mr Yu declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution on the basis that Mr Yu is to be granted Shares in the Company should Resolution 12 be passed.

However, in respect of Resolution 11, Mr Yu recommends that Shareholders vote in favour of that Resolution for the reasons set out in paragraph (n)(i), (n)(ii) and (n)(iii) above;

(q) with the exception of Messrs Henning and Yu, no other Director has a personal interest in the outcome of Resolution 11 or 12;

(r) Mr Bevan Tarratt and Mr Bruce Lane recommend that Shareholders vote in favour of Resolutions 11 and 12 for the reasons set out in paragraph (n)(i), (n)(ii) and (n)(iii) above;

(s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Shares to be granted as well as the exercise price of the Shares; and

(t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 11 and 12.

As a majority of the Directors have a material personal interest in the issue of the Shares that are the subject of Resolutions 11 and 12, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

$ means Australian dollars.

Acquisition means the proposed acquisition of PEA by the Company pursuant to the terms of the Term Sheet.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

BT Convertible Notes means the convertible notes having a face value of $1.00 each to be issued to Mr Bevan Tarratt with the key terms set out in Section 7.1 and Schedule E.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company or **Stonehenge** means Stonehenge Metals Ltd (ACN 119 267 391).

Consideration Shares means the Shares and Performance Shares to be issued under the Term Sheet as described in section 1.1.

Constitution means the Company's constitution.

Conversion Price means 80% of the price of the non-renounceable entitlements issue announced to ASX on 2 September 2014, being $0.005.

Convertibility Date means 1 November 2014.

Convertible Notes means the convertible notes having a face value of $1.00 each to be issued to the Facility Providers with the key terms set out in Section 7.1 and Schedule E.

Corporations Act means the Corporations Act 2001 (Cth).

CPS Capital means CPS Capital Group Pty Ltd (ACN 088 055 636)

Debt Facility has the meaning given in Section 7.1.

Director Share Plan means the employee incentive scheme titled Director Share Plan adopted by shareholders on 18 March 2013.

Director Performance Rights has the meaning set out in Section 4.1.

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible

security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Facility Providers means certain investors arranged by CPS Capital Group Pty Ltd and the Company.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means the option to acquire 100% of PEA.

Option Consideration Shares has the meaning set out in Section 1.2(g)(i)i.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

PEA means Protean Energy Australia Pty Ltd (ACN 143 809 803)

PEL means Protean Energy Limited (ACN 142 254 466)

Performance Share means a Share issued on the terms set out in Schedule A.

Performance Right means a Share issued on the terms set out in Schedule C.

Proxy Form means the proxy form accompanying the Notice.

PRP means the performance rights plan the subject of Resolution 3 and as summarised in Schedule B.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

RH Convertible Notes means the convertible notes having a face value of $1.00 each to be issued to Mr Richard Henning with the key terms set out in Section 7.1 and Schedule E.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Term Sheet means the agreement to acquire an exclusive 24 month unrestricted licence with an option to acquire 100% of the equity of Protean Energy Australia Pty Ltd from Protean Energy Limited dated 14 August 2014.

Transaction means the transaction under the Term Sheet, as described in Section 1.2

WEC Technology has the meaning set out in Section 1.2.

WST means Western Standard Time as observed in Perth, Western Australia.

YY Convertible Notes means the convertible notes having a face value of $1.00 each to be issued to Mr Young Yu with the key terms set out in Section 7.1 and Schedule E.

SCHEDULE A – TERMS AND CONDITIONS OF PERFORMANCE SHARES

The terms of the Class A Performance Shares (the **Performance Shares**) are subject to ASX approval and the holders agree and acknowledge that these terms may change to ensure compliance with the ASX Listing Rules.

(a) (**Performance Shares**) Subject to clause (l), each Class A Performance Share will convert into one fully paid ordinary share in the capital of Stonehenge upon achievement of any one of the following performance milestones within 3 years following the issue of the Performance Shares:

i. Other than through an ASX re-compliance prospectus raising: Completion of financing of not less than $5,000,000 to fund further development of the WEC Technology, in aggregate, via equity, debt, government grant, joint venture or partnership (or any combination thereof); or

ii. Commissioning of a WEC Technology facility of 45 Kilowatts or greater in a jurisdiction outside Australia; or

iii. Commissioning of a WEC Technology facility or facilities of cumulative 500 Kilowatts or greater; or

iv. Execution of a fully funded agreement to install a WEC Technology facility or facilities of cumulative 1 Megawatt or greater on commercial terms; or

v. Execution of a bona fide arm's length third party licensing, co-operation or collaboration agreement or agreements valued cumulatively at not less than A$5,000,000, at the time of signing, for the whole or part of the Protean WEC Technology for assessment, development or commercialisation. Value to be determined by an independent valuer using generally accepted valuation methodologies.

(b) (**General Meetings**) The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders of the Company (**Shareholders**). The Holder has the right to attend general meetings of Shareholders.

(c) (**No Voting Rights**) The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.

(d) (**No Dividend Rights**) The Performance Shares do not entitle the Holder to any dividends.

(e) (**Rights on Winding Up**) The Performance Shares participate in the surplus profits or assets of the Company upon winding up of the Company only to the extent of $0.000001 per Performance Share.

(f) (**Not Transferable**) The Performance Shares are not transferable.

(g) (**Reorganisation of Capital**) If at any time the issued capital of the Company is reconstructed, all rights of the Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

(h) (**Application to ASX**) The Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into fully paid ordinary shares (Ordinary Shares) the Company must within 7 days after the conversion, apply for the official quotation of the Ordinary Shares arising from the conversion on ASX.

(i) (**No Other Rights**) The Performance Shares give the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(j) (**Participation in Entitlements and Bonus Issues**) Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Ordinary Shares such as bonus issues and entitlement issues.

(k) (**Reconstruction**)

i. If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for adjustment of the conversion of Performance Shares into Ordinary Shares will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Holder which are not conferred on the Shareholders, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Performance Shares will remain unchanged.

ii. The adjustments of this term will, subject to the ASX Listing Rules, be determined by the Company.

(l) (**Redemption if Milestones not Achieved**) If the Milestones in relation to Class A Performance Shares, as set out in clause (a), are not achieved within a 36 month period commencing on the date of issue of the Class A Performance Shares (**Class A Milestone Determination Date**), then the 120 million Class A Performance Shares held by the Holders will automatically consolidate into one Performance Share and will then convert into one Share;

(m) (**Conversion Procedure**) the Company will issue new holding statements for Ordinary Shares as soon as practicable following the conversion of the Performance Shares into Ordinary Shares in accordance with clause (a).

(n) (**Ranking of Shares**) The Ordinary Shares into which the Performance Shares will convert will rank pari passu in all respects with existing Ordinary Shares.

(o) (**Conversion on Change in Control**) Subject to clause (p) below, if prior to the Milestone A Determination Date a Change in Control Event occurs, then each Class A Performance Share will convert into 1 Ordinary Share.

For the purpose of this clause (o), Change of Control means:

i. a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares; or

ii. a court approves under Section 411(4)(b) of the Corporations Act 2001 (Cth) (Act) a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.

(p) (**Takeover Provisions**)

i. If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of Section 606(1) of the Act then the conversion

of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of Section 606(1) of the Act.

ii. The Holders shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) of the Act failing which the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of Section 606(1) of the Act.

iii. The Company shall (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within 7 days if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) of the Act. If the Holders do not give notification to the Company within 7 days that they consider the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) of the Act then the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of Section 606(1) of the Act.

SCHEDULE B – SUMMARY OF STONEHENGE PERFORMANCE RIGHTS PLAN

(a) Under the Performance Rights Plan, the Board may grant Performance Rights to eligible employees (including Executive Directors) of Stonehenge (or any of its subsidiaries) determined by the Board.

(b) The Board may determine the number and value of any Performance Rights to be granted under the Plan. Without limiting its discretion, the Board may also determine the exercise price, vesting conditions, exercise conditions, exercise period and any other terms applicable to a particular grant of Performance Rights in an invitation to an eligible employee.

(c) Each Performance Right which has vested and not lapsed or expired entitles the participating employee to one fully paid ordinary share in the Company on exercise. Subject to the terms of grant, the Company issue new shares or arrange a transfer or purchase of existing shares.

(d) The Company may determine to issue shares to the participant or a trustee (to be held for and then transferred to the participant) or alternatively, it may acquire, or procure the trustee to acquire shares to be held for the participant's benefit before it is transferred to the participant.

(e) Without the prior to approval of the Board, Performance Rights cannot be transferred, disposed of or be dealt with by a participant.

(f) Shares to be delivered upon exercise of a Performance Right may be subject to disposal restrictions or forfeiture conditions determined by the Board at the time of grant.

(g) Unless the exercise period set by the Board expires at an earlier date or the Board determines otherwise in an invitation, Performance Rights will lapse on the latest of:

i. Expiry of 12 months after the participant's death, if death occurs before the Performance Rights would otherwise lapse;
ii. Expiry of 6 months after the date the participant ceases to be employed due to total and permanent disablement or redundancy;
iii. Expiry of 3 months after the date the participant's employer ceases to be a subsidiary of the Company;
iv. The date the participant ceases to be employed for any other reason; or
v. If the Board extends the time during which the Performance Right may be exercised (which cannot be later than the expiry of the exercise period), the expiry of that time.

(h) Unexercised Performance Rights will also lapse if in the opinion of the Company, the participant has acted fraudulently or dishonestly.

(i) Performance Rights do not carry entitlements to participate in new issues of securities made by Stonehenge, until the participant has validly exercised the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which Performance Rights relate or the exercise price, to take into account changes to the capital structure of Stonehenge that occur by way of pro rata issue or bonus issue respectively.

(j) In any reorganisation of Stonehenge's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganization of capital.

(k) The Board may determine that any Performance Rights will become vested and may be exercised in any period, whether or not any or all applicable exercise conditions have been satisfied, including if there is a change of control of or takeover of Stonehenge.

(l) Subject to paragraph (k), a Performance Right may only be exercised if:
   i. Where the participant is an employee at the time of exercise, the Performance Right has vested at the time of exercise;
   ii. Where:
      A. The Participant's employment with a Stonehenge Group company ceases due to death, total and permanent disablement, redundancy or retirement; or
      B. The Participant's employer (being a company other than the Company) ceases to be a Stonehenge Group company, whether or not after the cessation the Participant remains and employee of that company;
      C. the Performance Right has vested on the employee's last employment date;
   iii. At the time of exercise:
      A. The exercise period has commenced;
      B. The Performance Right has not lapsed;
      C. The exercise price (if any) has been paid; and
      D. Each exercise condition (if any) has been satisfied or waived; and
   iv. Where the Participant is an individual, the Participant is not bankrupt and has not committed an act of bankruptcy and where the Participant is deceased, the Participant's estate is not bankrupt.

(m) A copy of the Stonehenge Performance Rights Plan rules will be available on the Company's website: www.stonehengemetals.com.au, if and when it is approved under this Notice.

SCHEDULE C – TERMS AND CONDITIONS OF DIRECTOR PERFORMANCE RIGHTS

(a) Under the Performance Rights Plan, the Board may grant Performance Rights to eligible employees (including Executive Directors) of Stonehenge (or any of its subsidiaries) determined by the Board.

(b) The Board may determine the number and value of any Performance Rights to be granted under the Plan. Without limiting its discretion, the Board may also determine the exercise price, vesting conditions, exercise conditions, exercise period and any other terms applicable to a particular grant of Performance Rights in an invitation to an eligible employee.

(c) Subject to paragraph (m) below, the Director Performance Rights shall vest and convert to Shares as follows:

(i) 5,000,000 Performance Rights shall convert to Shares upon successfully securing a wave resource site and customer connection agreement such that a pilot array of the Protean WEC Technology can be deployed;

(ii) 5,000,000 Performance Rights shall convert to Shares upon the successful completion of a pilot demonstration plant for the Protean WEC Technology with a peak output capacity of at least 45kW;

(iii) 5,000,000 Performance Rights shall convert to Shares upon the Company's market capitalisation (fully diluted) exceeding $20,000,000 for a period of 5 consecutive trading days based on the closing price of the shares on ASX;

(iv) 5,000,000 Performance Rights shall convert to Shares upon Stonehenge successfully securing access to ~ 36,000 metres of historical drill core stored at KIGAM in South Korea and the successful conclusion of a core analysis programme designed to delineate an upgraded mineral resource;

(v) 5,000,000 Performance Rights shall convert to Shares upon the successful delineation of a vanadium mineral resource in accordance with the JORC Code (2012) of at least 200Mlbs of vanadium at a grade of not less than 0.2% vanadium across any of the South Korean project areas; and

(vi) 5,000,000 Rights shall convert to Shares either:

i. upon the Company completing a positive pre-feasibility study for uranium and vanadium mining and processing on any of the South Korean project areas; or

ii. in the event that all or part of one or all of the South Korean project areas is sold or joint ventured to the value of not less than A$3m in aggregate including the value of any consideration and or committed project expenditure.

(d) Each Performance Right which has vested and not lapsed or expired entitles the participating employee to one fully paid ordinary share in the Company on exercise. Subject to the terms of grant, the Company may issue new shares or arrange a transfer or purchase of existing shares.

(e) The Company may determine to issue shares to the participant or a trustee (to be held for and then transferred to the participant) or alternatively, it may acquire, or procure the trustee acquire shares to be held for the participant's benefit before it is transferred

to the participant.

(f) Without the prior approval of the Board, Performance Rights cannot be transferred, disposed of or be dealt with by a participant.

(g) Shares to be delivered upon exercise of a Performance Right may be subject to disposal restrictions or forfeiture conditions determined by the Board at the time of grant.

(h) Unless the exercise period set by the board expires at an earlier date or the Board determines otherwise in an invitation, Performance Rights will lapse on the latest of:

i. expiry of 12 months after the participant's death, if death occurs before the Performance Rights would otherwise lapse;
ii. expiry of 6 months after the date the participant ceases to be employed due to total and permanent disablement or redundancy;
iii. expiry of 3 months after the date the participant's employer ceases to be a subsidiary of the Company;
iv. the date the participant ceases to be employed for any other reason; or
v. if the Board extends the time during which the Performance Right may be exercised (which cannot be later than the expiry of the exercise period), the expiry of that time.

(i) Unexercised Performance Rights will also lapse if in the opinion of the Company, the participant has acted fraudulently or dishonestly.

(j) Performance Rights do not carry entitlements to participate in new issues of securities made by Stonehenge, until the participant has validly exercised the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which Performance Rights relate or the exercise price, to take into account changes to the capital structure of Stonehenge that occur by way of a pro rata issue or bonus issue respectively.

(k) In any reorganisation of Stonehenge's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.

(l) The Board may determine that any Performance Rights will become vested and may be exercised in any period, whether or not any or all applicable exercise conditions have been satisfied, including if there is a change of control of or takeover of Stonehenge.

(m) Subject to paragraph (l), a Performance Right may only be exercised if:

i. where the participant is an employee at the time of exercise, the Performance Right has vested at the time of exercise;

ii. where:
   A. the Participant's employment with a Stonehenge Group company ceases due to death, total and permanent disablement, redundancy or retirement; or
   B. the Participant's employer (being a company other than the Company) ceases to be a Stonehenge Group company, whether or not after the cessation the Participant remains an employee of that company,

   the Performance Right has vested on the employee's last employment date;

iii. at the time of exercise:

A. the exercise period has commenced;
B. the Performance Right has not lapsed;
C. the exercise price (if any) has been paid; and
D. each exercise condition (if any) has been satisfied or waived; and

iv. where the Participant is an individual, the Participant is not bankrupt and has not committed an act of bankruptcy and where the Participant is deceased, the Participant's estate is not bankrupt.

(n) A copy of the Stonehenge Performance Rights Plan Rules will be available on the Company's website: www.stonehengemetals.com.au, if and when it is approved under this Notice.

SCHEDULE D – VALUE OF DIRECTOR PERFORMANCE RIGHTS

The Director Performance Rights to be issued to the Related Party pursuant to Resolution 4 have been independently valued by BDO Corporate Finance (WA) Pty Ltd (**BDO**).

Valuation Methodology
According to AASB 2 paragraph 19, "Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods and services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest".

Non-market Based Vesting Conditions
Performance rights without market based vesting conditions may be exercised at any time following vesting up to the expiry date and as such are more suitably valued using a binominal option pricing model. Option pricing models assume that the exercise of an option or right does not affect the value of the underlying asset.

Trance 1, Tranche 2, Tranche 4, Tranche 5 and Tranche 6 have non-market based vesting conditions. Management have provided BDO with an assessment of the probability of each of the non-market conditions being met. BDO have adjusted the value of the Performance Rights to be issued based on these probabilities. In the event that management consider there to be a greater than 50% probability that the Performance Rights will vest, BDO have recognised the full value of those Performance Rights. However, if management have assessed the Performance Rights to have a less than 50% probability of vesting, BDO have recognised a nil value for the Performance Rights.

Market Based Vesting Conditions
Performance Rights with market based vesting conditions can only be exercised following the satisfaction of those exercise conditions. The value of the Performance Rights is adjusted for the probability of those market conditions being met. The valuation of rights assumes that the exercise of a right does not affect the value of the underlying asset.

Tranche 1
Vesting Condition Satisfied – Schedule C, Paragraph (c)(i) – 5,000,000 Performance Rights shall convert to Shares upon successfully securing a wave resource site and customer connection agreement such that a pilot array of the Protean WEC Technology can be deployed.

Assumptions:	
Number	5,000,000
Valuation date	12 September 2014
Market price of Shares	$0.009
Exercise price	Nil
Dividends	Nil
Expiry date	12 September 2019
Risk Free Rate	3.11%
Vesting Conditions	Non-market
Valuation per Director Performance Right	$0.009
Valuation per Tranche	$45,000

Tranche 2
Vesting Condition Satisfied – Schedule C, Paragraph (c)(ii) – 5,000,000 Performance Rights shall convert to Shares upon the successful completion of a pilot demonstration plant for the Protean WEC Technology with a peak output capacity of at least 45kW.

Assumptions:	
Number	5,000,000
Valuation date	12 September 2014
Market price of Shares	$0.009
Exercise price	Nil
Dividends	Nil
Expiry date	12 September 2019
Risk Free Rate	3.11%
Vesting Conditions	Non-market
Valuation per Director Performance Right	$0.009
Valuation per Tranche	$0

Tranche 3
Vesting Condition Satisfied – Schedule C, Paragraph (c)(iii) – 5,000,000 Performance Rights shall convert to Shares upon the Company's market capitalisation (fully diluted) exceeding $20,000,000 for a period of 5 consecutive trading days based on the closing price of the shares on ASX.

Assumptions:	
Number	5,000,000
Valuation date	12 September 2014
Market price of Shares	$0.009
Exercise price	Nil
Dividends	Nil
Expiry date	12 September 2019
Risk Free Rate	3.11%
Vesting Conditions	Market related
Valuation per Director Performance Right	$0.009
Valuation per Tranche	$45,000

Tranche 4
Vesting Condition Satisfied – Schedule C, Paragraph (c)(iv) – 5,000,000 Performance Rights shall convert to Shares upon Stonehenge successfully securing access to ~ 36,000 metres of historical drill core stored at KIGAM in South Korea and the successful conclusion of a core analysis programme designed to delineate an upgraded mineral resource.

Assumptions:	
Number	5,000,000
Valuation date	12 September 2014
Market price of Shares	$0.009
Exercise price	Nil
Dividends	Nil
Expiry date	12 September 2019

Risk Free Rate	3.11%
Vesting Conditions	Non-market
Valuation per Director Performance Right	$0.009
Valuation per Tranche	$0

Tranche 5
Vesting Condition Satisfied – Schedule C, Paragraph (c)(v) – 5,000,000 Performance Rights shall convert to Shares upon the successful delineation of a vanadium mineral resource in accordance with the JORC Code (2012) of at least 200Mlbs of vanadium at a grade of not less than 0.2% vanadium across any of the South Korean project areas.

Assumptions:	
Number	5,000,000
Valuation date	12 September 2014
Market price of Shares	$0.009
Exercise price	Nil
Dividends	Nil
Expiry date	12 September 2019
Risk Free Rate	3.11%
Vesting Conditions	Non-market
Valuation per Director Performance Right	$0.009
Valuation per Tranche	$0

Tranche 6
Vesting Condition Satisfied – Schedule C, Paragraph (c)(vi) – 5,000,000 Rights shall convert to Shares either upon the Company completing a positive pre-feasibility study for uranium and vanadium mining and processing on any of the South Korean project areas OR in the event that all or part of one or all of the South Korean project areas is sold or joint ventured to the value of not less than A$3m in aggregate including the value of any consideration and or committed project expenditure.

Assumptions:	
Number	5,000,000
Valuation date	12 September 2014
Market price of Shares	$0.009
Exercise price	Nil
Dividends	Nil
Expiry date	12 September 2019
Risk Free Rate	3.11%
Vesting Conditions	Non-market
Valuation per Director Performance Right	$0.009
Valuation per Tranche	$0

SCHEDULE E – TERMS AND CONDITIONS OF CONVERTIBLE NOTES, RH, BT & YY CONVERTIBLE NOTES

1.	**Face Value and Principal Amount**	$1 per Note.
2.	**Term**	Until 21 July 2015.
3.	**Repayment Date**	At any time prior to the end of the Term.
4.	**Interest**	If not converted to shares by 1 November 2014, 15% per annum, repayable on the Repayment Date.
5.	**Conversion Price**	Subject to Shareholder approval, each Note shall be convertible at any time prior to 1 November 2014, at the price which is a 20% discount to rights issue price ($0.005).
6.	**Facility Fee**	Nil
7.	**Security**	The Notes will not be secured.
8.	**Negative Pledge**	The Company nor any of its subsidiaries shall, without the prior consent in writing of the Noteholders, create or purport or attempt to create any encumbrance of any nature whatsoever over any assets of the Company or any of its subsidiaries whilst any of the Principal Amount or Interest remain outstanding, other than certain permitted encumbrances arising in the ordinary course of business.
9.	**Events of Default**	The face value of the Notes and outstanding Interest (calculated on the date of the relevant default) will immediately become due and payable if any of the following events shall occur and written notice of the occurrence of such event is given to the Company: (a) an order is made for or an effective resolution is passed for the winding up of the Company (unless for the purpose of amalgamation or reconstruction whilst solvent, the terms of which shall previously have been approved by the Noteholders in writing); (b) a receiver (which shall include a receiver and manager) or an official manager or administrator is appointed to the undertaking, property or assets of any part of the Company; (c) any action is taken with respect to or for the bankruptcy or insolvency of the Company; (d) the Company stops payment generally or ceases or threatens to cease to carry on business or the major part thereof; (e) execution or distress is issued against the Company in excess of $50,000 which is not withdrawn or satisfied within 14 days from the issue thereof; or (f) if the Company or any of its subsidiaries contravene Note term 8 (negative pledge).

SCHEDULE F – SUMMARY OF DIRECTOR SHARE PLAN

The key terms of the Director Share Plan are as follows:

(a) **Eligibility**: Participants in the Scheme must be a Director of the Company or any of its subsidiaries (**Participants**).

(b) **Administration of Plan**: The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Plan.

(c) **Offer:** The Company shall, in respect of each calendar month of service provided by the Participant in which Director's fees have accrued to the Participant but have not been paid by the Company, make an offer to each Participant. The offer will:

(i) invite application for the number of Shares specified in the offer;

(ii) specify the issue price for the Shares or the manner in which the issue price is to be calculated;

(iii) specify any restriction conditions applying to the Shares;

(iv) specify an acceptance period; and

(v) specify any other terms and conditions attaching to the Shares.

(d) **Issue price:** the issue price of each Share will be based on the 20 day volume weighted average price of the Company's shares traded on the ASX prior the date of issue, unless otherwise determined by the Board of the Company from time to time.

(e) **Rights and Restrictions Attaching to Plan Shares:** Each Share shall be issued on the terms and conditions that it will rank pari passu with all issued fully paid ordinary shares in the capital of the Company.

(f) **Plan limit:** If the Company makes an offer where:

(i) the total number of Shares the subject of that offer exceeds the limit set out in ASIC Class Order 03/184 (**Class Order**); or

(ii) the Offer does not otherwise comply with the terms and conditions set out in the Class Order,

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(g) **Quotation on ASX:** The Company will apply for each Share to be admitted to trading on ASX as soon as practicable after the Shares are allotted, subject to and in accordance with arrangements for the time being subsisting with ASX.

PROXY FORM

APPOINTMENT OF PROXY
STONEHENGE METALS LIMITED
ACN 119 267 391

GENERAL MEETING

I/We _____

of _____

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint

_____
Name of proxy

OR ☐ the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 12.00pm on 11 November 2014 at the Amberley Business Centre, 3/1060 Hay Street, WEST PERTH, WA 6005 and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. The Chair has an interest in Resolutions 8 and 11.

Voting on business of the Meeting	**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1 – Approval to Issue, or Ratification of Prior Issue – Option Consideration Shares	☐	☐	☐
Resolution 2 – Approval to Issue Shares – CPS Capital	☐	☐	☐
Resolution 3 – Adoption of Performance Rights Plan	☐	☐	☐
Resolution 4 – Issue of Performance Rights to Director – Bruce Lane	☐	☐	☐
Resolution 5 – Approval to Issue Shares – Minerva Corporate	☐	☐	☐
Resolution 6 – Creation of a New Class of Securities – Performance Shares	☐	☐	☐
Resolution 7 – Approval to Issue Convertible Notes	☐	☐	☐
Resolution 8 - Approval to Issue RH Convertible Notes	☐	☐	☐
Resolution 9 - Approval to Issue BT Convertible Notes	☐	☐	☐
Resolution 10 - Approval to Issue YY Convertible Notes	☐	☐	☐
Resolution 11 – Issue of Shares to Mr Richard Henning	☐	☐	☐
Resolution 12 – Issue of Shares to Mr Young Yu	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Shareholder(s): **Date:** _____

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing 'Appointment of Proxy Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

   - (**Individual**): Where the holding is in one name, the Shareholder must sign.
   - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
   - (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Stonehenge Metals Limited, PO Box 7653 Cloisters Square, Perth WA 6850; or

   (b) facsimile to the Company on facsimile number +61 8 9486 4799.

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.