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

ASX Code: **SHE**

KORID JV FORMAL DOCUMENTS SIGNED

DAEJON (KOREA) VANADIUM AND URANIUM PROJECT

Stonehenge Metals Ltd (**Stonehenge, SHE** or the **Company**) is pleased to advise that KOSDAQ listed Korea Resources Investment & Development Inc. (**KORID**) and the Company have now executed formal joint venture (**JV**) documentation, substantially on the same terms as the previously executed term sheet and otherwise as detailed in Annexure 1. The transaction contemplated by the formal documentation remains subject to a number Pre-Conditions to Completion, as outlined in Annexure 1, which are expected to be satisfied by 30 May 2015.

The JV, created via the sale to KORID of 50% of Stonehenge Korea Ltd, will cement a strong working relationship between KORID and Stonehenge. The JV will initially focus on accelerating development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study (**PFS**).

The JV with KORID will focus on:

- Securing a collaboration agreement to test the relevant sections from within the 36,000 metres of mineralised historical drill core (from Stonehenge's Daejon Project area) stored at the Korean Institute of Geoscience and Mineral Resources (**KIGAM**);
- Significantly upgrading the current Daejon Project resource estimates in size and or confidence;
- Preparing a pre-feasibility study for the Daejon project; and
- Preparing work programs and budgets to support completion of a definitive or bankable feasibility study for the Daejon project.

The Company is working with KORID to refine the proposed core analysis program in anticipation of completing the transaction to create the JV.

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

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ANNEXURE 1

Key Terms of the Transaction

(a) The Term Sheet and Shareholders' Agreement set out the terms for the sale by Stonehenge of 50% of the issued capital in its 100% owned Korean subsidiary, Stonehenge Korea Ltd (**SHK**), to KORID.

(b) KORID will pay Stonehenge $2.5m in consideration for the purchase of 50% of the shares in SHK. The consideration will be satisfied by the issue of KOSDAQ listed KORID shares, with a 12 month escrow. Proceeds from the sale of any of the consideration shares are to be re-invested in the JV projects or any other collaboration project agreed to by the parties.

(c) The parties agree that it is their common intention, through the sale and purchase of shares in SHK and the Formal Documentation, to co-fund and accelerate development of the mineral exploration rights and properties held by SHK with particular focus on the Daejon Project. The relationship between the parties in respect of SHK will be governed by the constitution of SHK and the Shareholders Agreement. The parties agree that development of the Daejon Project, including completion of a Pre-Feasibility Study (PFS), is their primary objective and as such there are expected to be three phases of development and funding, with all funding costs after Stage 1 shared in proportion to the parties' percentage shareholding in SHK, as follows:

(i) Stage 1 – within 12 months from the date of Completion, achieving access to and completing testing of 36,000 metres of historical drill core (held by KIGAM) and upgrading the existing uranium and vanadium resources in accordance with the JORC code (2012). SHE to provide up to $800,000 in cash funding. KORID to provide $300,000 in cash funding (via the Placements) and $200,000 of Korean in country services, assistance or facilities as requested by SHK.

(ii) Stage 2 – within 3 years from the date of Completion, undertaking further field work, drilling and resource definition work as required to more accurately define economic resources and a preliminary mining plan. Estimated total cost is $1 million to be funded by SHE and KORID in proportion to their shareholdings in SHK.

(iii) Stage 3 – within 4 years of the date of Completion, achieving the development of a PFS to a sufficient standard for the purposes of illustrating potential return on investment scenarios which will in turn support efforts to secure a future Korean development partner. This will be funded by SHE and KORID in proportion to their SHK shareholdings.

(d) The parties have agreed that, subject to shareholder and regulatory approvals if required, KORID will subscribe for $300,000 in SHE Shares in three tranches as follows (together the **Placements**):

(i) Placement 1: $100,000 on the date that is 6 months from the date of Completion (**Placement 1 Date**) and at a price equal to the Volume Weighted Average Price (**VWAP**) of SHE shares traded on ASX during the 15 traded days prior to the Placement 1 Date. These shares will be escrowed for a period of 6 months from their date of issue;

(ii) Placement 2: $100,000 on a date that is 9 months from the date of Completion (**Placement 2 Date**) and at a price equal to the VWAP of SHE shares traded on ASX during the 15 traded days prior to the Placement 2 Date. These shares will be escrowed for a period of 3 months from their date of issue; and

(iii) Placement 3: $100,000 on the date that is 12 months from the date of Completion (**Placement 3 Date**) and at a price equal to the VWAP of SHE shares traded on ASX during the 15 traded days prior to the Placement 3 Date.

(e) This Shareholders Agreement stipulates the development objectives for the Daejon Project and the Collaboration Agreement provides terms of reference for future collaboration on New Projects introduced by KORID or Stonehenge.

(f) The Shareholders Agreement remains subject to detailed tax and regulatory reviews and as such the terms of this agreement may need to be changed.

(g) Completion is conditional upon and subject to the following conditions being satisfied or waived no later than 30 May 2015 or such other date as the parties agree (**Pre-Condition End Date**):

(i) all loans from SHE to SHK being converted into equity in SHK;

(ii) KORID conducting due diligence enquiries with respect to SHK and, being satisfied with the results of those enquiries at its absolute discretion, notifying SHE of the successful completion of due diligence;

(iii) if required, the shareholders of KORID or any relevant governmental or regulatory body of the Republic of Korea approving the transactions contemplated by the Term Sheet and Shareholders Agreement;

(iv) if required under the Corporations Act, the Constitution of SHE or the ASX Listing Rules, the shareholders of SHE approving the transactions contemplated by the Term Sheet; and

(v) KORID providing the nominations and consents of two directors to the board of SHK.

(together the **Pre-Conditions to Completion**). The Pre-Conditions to Completion must be satisfied or waived no later than 30 May 2015 or such other date as the Parties agree in writing (**Pre-Condition End Date**).

(h) **Shareholders Agreement** - the key terms of the Shareholders Agreement are;

(i) The board of SHK shall be composed of two representatives each from KORID and SHE;

(ii) The board of SHK will appoint a manager or management committee to prepare a business plan including budgets and work programs. This business plan will be agreed annually by the board and updated quarterly. The manager or management committee will be responsible for carrying out and regularly reporting on approved work programs;

(iii) Funding drawdowns will be agreed by the board of SHK and Drawdown Notices will be issued to the parties by the board of SHK in a timely fashion;

(iv) The parties will agree to restrictions on the transfer of their shares, pre-emptive rights and drag along/come along provisions.

(v) The parties will provide warranties normally found in an agreement of this type.

(vi) The parties agree to be bound by the constitution of SHK and the Shareholders Agreement and where there is inconsistency the Shareholders Agreement will take precedence.

(i) Within 14 days of the day that is 12 month from Completion, KORID can elect to terminate the Term Sheet and Shareholders Agreement in writing with 1 months' notice to Stonehenge. This will result in the reversal of the transfer of SHK shares to KORID and the return of KORID shares issued to Stonehenge.

(j) If, at any stage after the objectives set out in (c) (i) (Stage 1) are achieved, and either of the parties subsequently is unable to, or elects not to, provide funding to advance Stage 2 or Stage 3 of the Daejon Project development program a specified Dilution Formula will apply. In addition the party that withdraws from funding must use reasonable endeavours to find an alternative funding partner that meets the approval of the other party.

(k) In addition, the parties wish to contemporaneously work collaboratively to advance the evaluation and development of other potential minerals projects (**New Projects**) introduced by KORID or Stonehenge. The collaboration activities of the parties have been defined by a separate Collaboration Agreement (**Collaboration Agreement**) which the parties have now executed.

ABOUT STONEHENGE METALS

Stonehenge Metals Limited (ASX Code: SHE) is developing a multi-mineral project in South Korea. Stonehenge currently owns 100% (Subject to finalisation of a JV with KORID) of the rights to three projects in South Korea, including the Company's flagship Daejon Project, which contains the largest uranium resource within South Korea at **66.7Mlbs** grading **329ppm U_3O_8** at a cut-off of **200ppm U_3O_8** (JORC 2004 compliant). Recently, the Company established a maiden vanadium resource of **17.3Mlbs** (largely indicated) grading **3,186ppm V_2O_5** at a cut-off of **2,000ppm V_2O_5**.

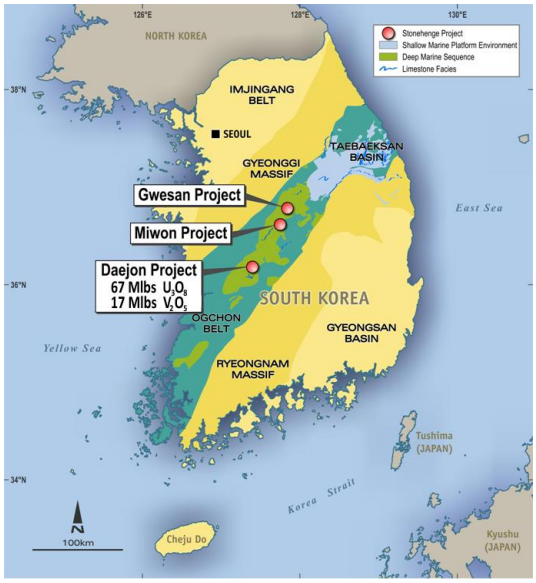
U_3O_8 Mineral Resource Estimate at a 200 ppm U_3O_8 cut-off			
Classification	Tonnes	Grade	Metal
	Mt	ppm	Mlbs
Indicated - Chubu	3.3	247	1.8
Inferred - Chubu	45.9	335	33.9
Sub-Total Chubu	**49.2**	**329**	**35.7**
Inferred - Yokwang	39	310	26
Inferred - Kolnami	7	340	5
Total	**95.2**	**329**	**66.7**

V_2O_5 Mineral Resource Estimate at a 2,000 ppm V_2O_5 cut-off			
Classification	Tonnage	Grade	Metal
	Mt	ppm	Mlbs
Indicated	2.3	3,208	16.5
Inferred	0.1	2,788	0.8
Total	**2.5**	**3,186**	**17.3**

Vanadium Exploration Target[1]		
Tonnes (Mt)	Grade V_2O_5 (ppm)	Contained V_2O_5 (Mlbs)
70 - 90	**2,500 - 3,500**	**385 - 695**

Uranium Exploration Target[1]		
Tonnes (Mt)	Grade U_3O_8 (ppm)	Contained U_3O_8 (Mlbs)
15 - 59	**300 - 500**	**17-39**

South Korean Project Locations



[1] The potential quantity & grade of the exploration target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource & it is uncertain if further exploration will result in the definition of a Mineral Resource.

The vanadium and uranium exploration targets are based on exploration results from the 2013 drilling at Chubu & Gwesan (refer announcements 15 July & 13 November 2013) that demonstrated vanadium and uranium mineralisation through the black shales.

The geology in the Okcheon belt consists of a meta-sedimentary sequence that comprises three formations, Wunkyori, Hwajeonri & Guryongsan. The stratigraphic sequence within the belt at the Gwesan project comprises dark grey phyllite, overlain by the black shale (ore zone) & a fine grained sandstone. The historical drilling at the Gwesan project has demonstrated black shale deposits along 10km of strike. KORES completed three drill holes targeting the mineralised black shale at Gwesan in order to verify the mineralisation zone throughout the area. All three holes were drilled to a total depth of 100m and several ore zones between 3m and 11m have been intercepted in each drill hole.

The best intercept of 3500 ppm V_2O_5 & <10 ppm U_3O_8 in the first hole provides encouraging results (refer ASX announcement 13 Nov 2013). More drilling will be required to define the high grade mineralisation zone in the area. The mineralisation remains open at depth & along the 10km strike. The project is in its exploration stage and the additional drilling is expected to increase the potential to discover high class uranium and vanadium Mineral Resources at Gwesan. Stonehenge expects to test the validity of the exploration target once access to historical drill core is obtained and the Company is able to assay the core for vanadium mineralisation.

The Company is continuing its efforts to access the core and further updates on this progress will be advised as soon as it becomes available. This information was prepared and first disclosed under the JORC Code 2004 (refer ASX announcement 29 Aug 2013). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Competent Person's statement

The information contained in this ASX release relating to exploration results and Mineral Resources has been compiled by Mr. Ian Glacken of Optiro Ltd. Mr. Glacken is a Fellow of The Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Glacken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ABOUT THE PROTEAN WAVE ENERGY CONVERTER (WEC) TECHNOLOGY

Stonehenge has entered into an option agreement to purchase the Protean WEC technology. The Protean WEC system is based upon a point-absorber wave energy converter buoy device which floats at the water surface and extracts energy from the waves by the extension and retraction of a tether to its anchoring weight on the seabed. The device is unique in that it optimises the conversion of energy from waves at the surface through **all six degrees of wave movement**.

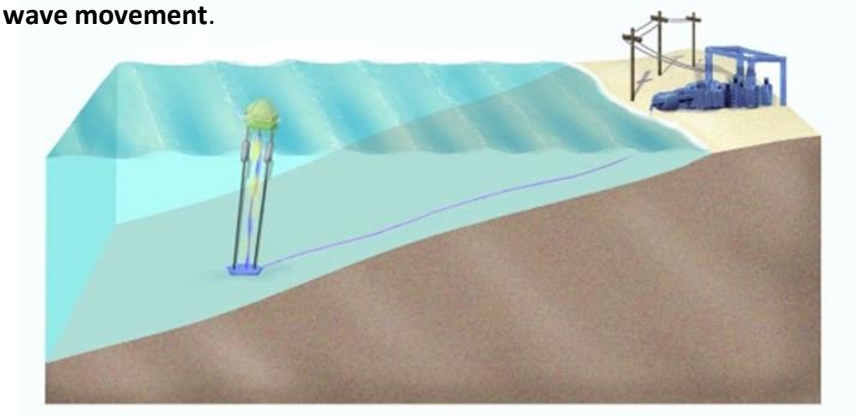


Figure 1: Protean WEC technology

The Protean WEC has been developed to use compact architecture to produce power from a small, low cost, scalable design targeted at keeping the projected levelised cost of energy (**LCOE**)[1] down. The Protean WEC has been designed to be cost competitive to manufacture, deploy, maintain and retrieve.

The future plans for the Protean WEC include the deployment of a pre-commercial demonstration of a dynamic, configurable and scalable power array prior to moving the technology into early commercialisation.

During the Option period the Stonehenge assessment program aims to:

1. **Refine** the tried and proven scale device to produce a suitable pre-commercial model;
2. **Create** a scalable power array so as to provide the power requirements of a prospective customer;
3. **Test** the scalable power array for its potential to deliver cost effective power,
4. **Verify** the results, including commissioning of an independent expert to qualify the testing results; and
5. **Commence** commercialisation of the scalable array for small to medium customers.

[1] Levelised cost of energy is one of the industry's main metrics for the cost of electricity produced. It accounts for all of a system's expected lifetime costs (incl. construction, finance, fuel, maintenance, tax, insurance & incentives), which are then divided by the system's lifetime expected power output (kWh) & discounted for inflation & time cost of money.

Protean Wave Energy Converter (WEC) Design, Fabrication and Deployment

PROTEAN WEC – PAST ACTIVITY Successfully Tested 1st Generation Prototype	PROTEAN WEC – PRESENT/FUTURE ACTIVITY Next Generation Pre Commercial Device
  	 http://proteanwaveenergy.com.au/technical/
• 1.5m wide proof-of-concept device successfully tested as a stand-alone unit; • Device operation validated over several deployments in varying depths and sea states; • Design principles verified by independent analysis of test results; and • The quick and easy Protean™ deployment and retrieval system was successfully demonstrated.	• Identify and secure deployment sites and customers; • Deploy a 1m wide "proof of commercial applicability" standalone demonstration unit; • Demonstrate key design improvements; • Deploy an array of Protean WEC devices; and • Confirm the Protean WEC as a viable modular, scalable, distributed power/water supply solution.

For further information visit: www.proteanwaveenergy.com.au or www.stonehengemetals.com.au