

**STONEHENGE METALS LTD (ACN 119 267 391)
(TO BE RENAMED PROTEAN WAVE ENERGY LIMITED)**

SUPPLEMENTARY PROSPECTUS

1. Important Information

This Supplementary Prospectus is dated 27 November 2015 and is supplementary to the prospectus dated 25 November 2015 (**Prospectus**) issued by Stonehenge Metals Ltd (to be renamed Protean Wave Energy Limited) (ACN 119 267 391) (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 27 November 2015. The ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning as in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the internet at www.stonehengemetals.com.au/prospectus.aspx. This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged. The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor.

Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus. A copy of this Supplementary Prospectus will be available on the Company's website and the Company will communicate by email with all Applicants who have subscribed for Shares under the Prospectus to the date of this Supplementary Prospectus advising them of the Supplementary Prospectus.

2. Amendment to the Prospectus

2.1 Purpose of this document

The purpose of this Supplementary Prospectus is to supplement the disclosure provided in Sections 3.3 and 11.20 of the Prospectus as a result of the Company entering into an addendum to the existing MOU with Cal Poly, as set out the Company's ASX announcement of 27 November 2015.

2.2 Supplementary Disclosure in Section 3.3 of the Prospectus

To provide additional disclosure, Section 3.3, page 41 of the Prospectus is amended by the addition of the following:

On 27 November 2015 the Company announced it had entered into an addendum to the existing MOU with Cal Poly whereby the Company has agreed to co-operate with Cal Poly to plan the deployment of a staged ocean wave energy and energy storage micro-grid project at Cal Poly Research Pier (**Pier**) (the **Project**).

The Cal Poly Pier is located at Avila Beach and is 3000ft (~1km) long and operates as a leading marine research facility providing students, faculty and researchers with unrivalled access to the marine environment.

The Project is expected to be a staged deployment program, which is to commence during 2016, with the temporary deployment of the first Protean™ WEC in the ocean. This first buoy deployment is the initial stage of the program to test seaworthiness and assess the environmental impact of the WEC.

The initial phase of the Project is expected to be funded by Stonehenge within the existing budgeted use of funds as set out in Section 1.7. Cal Poly and the Company will co-operate to seek additional sources of funds in the form of grants or direct funding by Stonehenge for later stages, as and when they are defined, in addition to potential cost sharing by Cal Poly where appropriate.

The Company believes this additional agreement represents another step towards deployment of the first Protean™ WEC in the US, which is in addition to the Company's plans to deploy projects in Australia and the Maldives. Each of these projects helps demonstrate the Company's ability to form partnerships and each project moves the Company further down the path to commercialisation.

The Project is in addition and complimentary to the agreement already in place with Cal Poly for a joint application for US\$1.5m funding from the US Department of Energy (DOE) to fund Cal Poly's CalWave project, in which Stonehenge acts as a team member and technology contributor.

2.3 Supplementary Disclosure in Section 11.20 of the Prospectus

To provide additional disclosure, Section 11.20 of the Prospectus is deleted and replaced with the following:

MOU with California Polytechnic State University

On or about 30 June 2015, the Company entered into a memorandum of understanding (**MOU**) with Cal Poly Corporation and California Polytechnic State University at San Luis Obispo (together, **Cal Poly**) to facilitate joint applications for two major funding opportunities offered by the US Department of Energy (**DOE**). If granted, the applications have a combined potential grant value of US\$3,750,000 comprised of the CalWave grant for up to US\$1,500,000 and the Wave Energy Prize competition for a grant of up to US\$2,750,000. The Company and Cal Poly have subsequently jointly agreed to withdraw from the Wave Energy Prize, as announced by the Company to ASX on 16 July 2015.

Pursuant to the terms of the MOU, the Company and Cal Poly will collaborate, exchange information, and work together to submit applications to DOE for the funding grants for the period of the earlier of 18 months from the date of the MOU, or in the event funding is granted, 12 months following the date of any grant (or such other period of cooperation mutually agreed by the Parties).

The CalWave grant of US\$1,500,000 is expected to occur shortly after the date of the Prospectus and will result in no additional cost or revenue for the Company. The only practical implication of the grant is that Bill Toman will be providing a portion of his time to the CalWave project as project manager.

On 27 November 2015 the Company entered into a variation to the MOU to include the intention of the Company and Cal Poly to plan and deploy a Protean™ WEC ocean energy generation and energy storage micro-grid off the Cal Poly Research Pier at the California Polytechnic State University at San Luis Obispo.

The MOU otherwise contains terms considered standard for agreements of this nature.

3. Directors' Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Bruce Lane
Managing Director
For and on behalf of
Stonehenge Metals Ltd (to be renamed Protean Wave Energy Limited)