



**16 February 2010**

**ASX Code: SHE**

The Manager  
 Company Announcements Office  
 ASX Limited  
 Exchange Centre  
 20 Bridge Street  
 Sydney NSW 2000

## **Stonehenge Metals - Due Diligence Update Acquisition of South Korean Uranium Projects**

Stonehenge Metals Limited (**Stonehenge** or **the Company**) advised on 6 January 2010 that it had entered into an acquisition agreement with Yellow Sun Mines (Operations) Pty Ltd (**Yellow Sun**) to acquire 100% of Yellow Sun's wholly owned Korean subsidiary, Chong Ma Mines Inc (**Chong Ma**). Chong Ma holds 14 mining right applications, and an option to acquire 42 granted mining rights, comprising 4 uranium projects (**Uranium Projects**) located in South Korea. For further details regarding the acquisition and the Uranium Projects, please refer to the Company's ASX announcement of 6 January 2010.

Stonehenge advises that its due diligence enquiries to date regarding Chong Ma and the Uranium Projects have been satisfactory subject to receiving final financial accounts from Chong Ma prior to completion. In line with its favourable due diligence findings Stonehenge has taken the decision to dispatch the attached Notice of Meeting to Shareholders.

Final conditions precedent to completion of the acquisition, including granting of Shareholder approval, are execution of service agreements with Mr Christopher Sennitt and Mr Kim Wan Joong and the Company being satisfied that there are no changes in circumstances that could have a material adverse effect in respect of Chong Ma or the Uranium Projects. Stonehenge believes that the remaining conditions precedent to completion will be satisfied in due course.

For further information visit [www.stonehengemetals.com.au](http://www.stonehengemetals.com.au) or contact:

### **Stonehenge Metals Limited**

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## About the Projects

- Stonehenge has entered into an agreement to acquire 100% of Chong Ma Mines Inc which holds the rights to 4 South Korean uranium projects (Uranium Projects)
- The Uranium Projects comprise 42 granted mining rights & 14 mining right applications
- Potential exists for a rapid resource upgrade to JORC compliant status through evaluation of an existing 264 drill hole database which contains details from 36,293 meters of core
- A JORC compliant resource estimate and independent geological report has been commissioned from “Hellman & Schofield” and “Watts, Griffis and McQuat”

## Summary of the Transaction

- Consideration is comprised of 10m Stonehenge shares plus 60m Stonehenge performance shares with A\$3m to be spent on work commitments & purchase payments over 24 months including up to A\$150k of expenses reimbursement
- The following milestones apply to the performance shares:

Class of Performance Share	Number of Performance Shares	Milestone
Class A	12,500,000	The announcement of a JORC Code compliant Inferred Resource of not less than 50 million pounds of uranium at a grade of not less than 290ppm across all or any of the Uranium Projects
Class B	5,000,000	The announcement of a JORC Code compliant Inferred Resource of not less than 70 million pounds of uranium at a grade of not less than 290ppm across all or any of the Uranium Projects
Class C	15,000,000	The announcement of a JORC Code compliant Inferred Resource of not less than 250 million pounds of vanadium at a grade of not less than 0.3%V across all or any of the Uranium Projects
Class D	7,500,000	The announcement of a JORC Code compliant Inferred Resource of not less than 400 million pounds of vanadium at a grade of not less than 0.3%V across any or all of the Uranium Projects
Class E	7,500,000	The completion of a pre feasibility study in relation to the Uranium Projects and the decision to mine, including all required mining certificates and licenses, being granted
Class F	5,000,000	The execution of a binding JV agreement on the Uranium Projects
Class G	7,500,000	The execution of a binding off take agreement on the Vanadium produced within the Uranium Projects

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**STONEHENGE METALS LIMITED**

**ACN 119 267 391**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10:00 am (WST)

**DATE:** 19 March 2010

**PLACE:** Barringtons House  
283 Rokeby Road  
SUBIACO WA 6008

*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.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 am (WST) on 19 March 2010 at:

Barringtons House  
283 Rokeby Road  
SUBIACO WA 6008

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

(a) post to Stonehenge Metals Limited, Unit 6, 34 York Street, NORTH PERTH, WA 6006;  
or

(b) facsimile to the Company on facsimile number (+61 8) 9481 2355,

so that it is received not later than 10:00 am (WST) on 17 March 2010.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders will be held at 10:00 am (WST) on 19 March 2010 at Barringtons House, 283 Rokeby Road, Subiaco WA 6008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10:00 am (WST) on 17 March 2010.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### 1. RESOLUTION 1 – ACQUISITION OF CHONG MA MINES INC

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue:*

- (a) *10,000,000 fully paid ordinary shares in the capital of the Company;*  
*and*
- (b) *60,000,000 performance shares in the capital of the Company,*

*to Yellow Sun Mines (Operations) Pty Ltd as consideration for the acquisition of Chong Ma Mines Inc on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Yellow Sun Mines (Operations) Pty Ltd and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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.

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#### 2. RESOLUTION 2 – ISSUE OF SHARES TO KING RESOURCES PTY LTD

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 10,000,000 Shares to King Resources Pty Ltd on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by King Resources Pty Ltd and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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.

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**3. RESOLUTION 3 – FUTURE ISSUE OF 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 all other purposes, approval is given for the Company to allot and issue up to 50,000,000 fully paid ordinary shares in the capital of the Company at an issue price which is at least 80% of the average market price for the Company’s shares on the ASX over the 5 trading days (on which sales were recorded) preceding the date on which the issue is made (or if issued pursuant to a disclosure document, over the last 5 trading days on which sales were recorded before the date of the disclosure document) and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a 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 security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if 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 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.

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**DATED: 15 FEBRUARY 2010**

**BY ORDER OF THE BOARD**

**JAY STEPHENSON  
COMPANY SECRETARY  
STONEHENGE METALS LIMITED**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10:00 am (WST) on 19 March 2010 at Barringtons House, 283 Rokeby Road, Subiaco WA 6008.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – ACQUISITION OF CHONG MA MINES INC

#### 1.1 Background

As announced to ASX on 6 January 2010, the Company has entered into an agreement (**Agreement**) with Yellow Sun Mines (Operations) Pty Ltd (**Yellow Sun**) to acquire 100% of the issued capital of Yellow Sun's South Korean subsidiary, Chong Ma Mines Inc (**Chong Ma**). A summary of the key terms of the Agreement is set out in Section 1.2 below.

Chong Ma holds 14 mining right applications, and an option to acquire 42 granted mining rights, comprising 4 uranium projects (**Uranium Projects**) as set out in the following table:

Project	Granted Mining Rights	Mining Right Applications	Area (ha)
Daejon	11	2	2,282 6 km strike
Gwesan	8	2	2,475
Miwon	6	6	1,656
Pyeonghae Option Property	17	4	4,675
<b>TOTAL</b>	<b>42</b>	<b>14</b>	<b>11,088</b>

For further details regarding the Uranium Projects, please refer to the Company's ASX announcement of 6 January 2010.

In consideration for the acquisition of Chong Ma (**Acquisition**), the Company will issue to Yellow Sun 10,000,000 fully paid ordinary Stonehenge shares and 60,000,000 performance shares (**Performance Shares**) which shall convert into fully paid ordinary shares in the capital of the Company on a one-for-one basis upon achievement of the relevant milestones, as set out in the following table:

Class of Performance Share	Number of Performance Shares	Milestone
Class A	12,500,000	The announcement of a JORC Code compliant Inferred Resource of not less than 50 million pounds of uranium at a grade of not less than 290ppm across all or any of the Uranium Projects

Class B	5,000,000	The announcement of a JORC Code compliant Inferred Resource of not less than 70 million pounds of uranium at a grade of not less than 290ppm across all or any of the Uranium Projects
Class C	15,000,000	The announcement of a JORC Code compliant Inferred Resource of not less than 250 million pounds of vanadium at a grade of not less than 0.3%V across all or any of the Uranium Projects
Class D	7,500,000	The announcement of a JORC Code compliant Inferred Resource of not less than 400 million pounds of vanadium at a grade of not less than 0.3%V across any or all of the Uranium Projects
Class E	7,500,000	The completion of a pre feasibility study in relation to the Uranium Projects and the decision to mine, including all required mining certificates and licenses, being granted
Class F	5,000,000	The execution of a binding JV agreement on the Uranium Projects
Class G	7,500,000	The execution of a binding off take agreement on the Vanadium produced within the Uranium Projects
<b>Total</b>	<b>60,000,000</b>	

Full terms of the Performance Shares are set out in Schedules 1 to 7.

## 1.2 Summary of the Agreement

The key terms and conditions upon which the Company agrees to acquire 100% of Chong Ma from Yellow Sun are as follows:

- (a) **(Conditions Precedent):** the Agreement is conditional upon:
- (i) the Company completing due diligence on Chong Ma's business and operations to its satisfaction;
  - (ii) the Company obtaining all necessary Shareholder approvals to complete the Acquisition;
  - (iii) Yellow Sun amending the terms of its convertible loan agreement with King Resources Pty Ltd to enable the Company to acquire Chong Ma without impediment;
  - (iv) completion of Yellow Sun's acquisition of Chong Ma;
  - (v) each of Mr Christopher Sennitt and Mr Kim Wan Joong entering into a service agreement with the Company; and
  - (vi) the Company being satisfied that there are no changes in circumstances that could have a material adverse effect in respect of Chong Ma.



The Agreement shall be terminated if these conditions are not satisfied, or waived by the Company, by 31 March 2010 or such other later date as determined by Stonehenge;

- (b) (**Consideration**): in consideration for the Acquisition, the Company shall issue to Yellow Sun 10,000,000 Shares and 60,000,000 Performance Shares on the terms set out above (together, the **Consideration Shares**). The Consideration Shares shall be voluntarily escrowed for 12 months from completion of the Agreement, and all ordinary shares issued upon the conversion of the Performance Shares shall be voluntarily escrowed from the issue of those ordinary shares;
- (c) (**Advance of funds**): the Company has agreed to advance Yellow Sun up to a total of \$150,000 to enable Yellow Sun to complete a JORC and NI42-101 compliant report on the Uranium Projects and to reimburse Yellow Sun for its previous exploration and development costs relating to the Uranium Projects. Yellow Sun must repay these funds to the Company if the Agreement is not completed by 31 March 2010 or such other later date as determined by Stonehenge;
- (d) (**Expenditure Commitment**): the Company has agreed to spend, or procure Chong Ma to spend, a minimum of \$3,000,000 on work commitments (exploring and developing the Uranium Projects) and purchase payments within 24 months from the completion of the Agreement (**Minimum Expenditure Obligation**). If the Company fails to provide for this expenditure, the Company's interest in Chong Ma will be proportionately diluted in favour of Yellow Sun. To effect this dilution, the Company must cause the issue of shares in Chong Ma to Yellow Sun according to the following formula:

$$X = \frac{A \times (3,000,000 - B)}{B}$$

Where:

- X = number of shares to be issued to Yellow Sun;
- A = the number of shares on issue in Chong Ma immediately prior to the issue of new shares to Yellow Sun; and
- B = the expenditure actually spent by Chong Ma or the Company under the Minimum Expenditure Obligation during the 2 year period following settlement (**Actual Expenditure**).

If the Company's interest in Chong Ma is diluted, there will be a corresponding reduction in the number of fully paid ordinary shares in the capital of the Company that will be issued upon the conversion of the Performance Shares, such that each Performance Share will convert into that number of ordinary Shares which is equal to the Actual Expenditure divided by 3 million.

To illustrate the above, assuming that the Actual Expenditure after two years is only \$2,000,000, then:

- (i) Stonehenge's interest in Chong Ma would be diluted from 100% to 66.66% (through the issue of new shares in Chong Ma to Yellow Sun); and

- (ii) upon the achievement of the Class A Milestone, the 12,500,000 Class A Performance Shares would convert into 8,333,333 ordinary Shares (rather than 12,500,000 ordinary Shares); and
- (e) **(Warranties):** Yellow Sun, Mr Christopher Sennitt and Mr Kim Wan Joong have provided warranties in respect of Chong Ma and the Uranium Projects that are standard for an agreement of this nature.

### 1.3 ASX Listing Rule 7.1

Resolution 1 seeks Shareholder approval for the allotment and issue of the Consideration Shares to Yellow Sun upon completion of the Agreement. Yellow Sun is not a related party of the Company.

ASX 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, 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 securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Directors to issue the Consideration Shares to Yellow Sun during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 1.4 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) the maximum number of Consideration Shares to be issued is:
  - (i) 10,000,000 Shares; and
  - (ii) 60,000,000 Performance Shares;
- (b) the Consideration Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Consideration Shares will be issued for a nil issue price as consideration for the acquisition of Chong Ma and accordingly no funds will be raised from the issue of the Consideration Shares;
- (d) the Consideration Shares will be allotted and issued to Yellow Sun;
- (e) the 10,000,000 Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the 60,000,000 Performance Shares will be issued as follows:
  - (i) 12,500,000 Class A Performance Shares will be issued on the terms set out in Schedule 1;
  - (ii) 5,000,000 Class B Performance Shares will be issued on the terms set out in Schedule 2;

- (iii) 15,000,000 Class C Performance Shares will be issued on the terms set out in Schedule 3;
- (iv) 7,500,000 Class D Performance Shares will be issued on the terms set out in Schedule 4;
- (v) 7,500,000 Class E Performance Shares will be issued on the terms set out in Schedule 5;
- (vi) 5,000,000 Class F Performance Shares will be issued on the terms set out in Schedule 6; and
- (vii) 7,500,000 Class G Performance Shares will be issued on the terms set out in Schedule 7.

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## 2. RESOLUTION 2 – ISSUE OF SHARES TO KING RESOURCES PTY LTD

### 2.1 General

Resolution 2 seeks Shareholder approval for the allotment and issue of 10,000,000 Shares to King Resources Pty Ltd (**King Resources**) as consideration for the services provided by King Resources to the Company in introducing and facilitating the Company's acquisition of Chong Ma (as contemplated by Resolution 1).

The issue of these Shares is conditional upon the Company completing the acquisition of Chong Ma.

A summary of ASX Listing Rule 7.1 is set out in Section 1.3 above.

The effect of Resolution 2 will be to allow the Directors to issue the Shares to King Resources during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 2.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is 10,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued for a nil issue price as consideration for King Resources introducing and facilitating the Company's acquisition of Chong Ma, and accordingly no funds will be received from the issue of the Shares;
- (d) the Shares will be allotted and issued to King Resources Pty Ltd, which is not a related party of the Company; and
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

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### 3. RESOLUTION 3 – FUTURE ISSUE OF SHARES

#### 3.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of up to a further 50,000,000 Shares at an issue price which is at least 80% of the average market price for the Company's shares on the ASX over the 5 trading days (on which sales of Shares were recorded) preceding the date on which the issue is made (or where issued pursuant to a disclosure document, over the last 5 trading days on which sales of Shares are recorded before the date of the disclosure document) (**Future Share Issue**).

A summary of ASX Listing Rule 7.1 is set out in Section 1.3 above.

The effect of Resolution 3 will be to allow the Directors to issue the Shares pursuant to the Future Share Issue during the period of 3 months after the General Meeting (or a longer period, if allowed by the ASX), without using the Company's 15% annual placement capacity.

#### 3.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Future Share Issue:

- (a) the maximum number of Shares to be allotted and issued is 50,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment of all Shares will occur on the same date;
- (c) the issue price of the Shares proposed to be allotted and issued will be a price which is at least 80% of the weighted average market price of the Company's Shares on ASX over the last 5 trading days (in which sales of Shares are recorded) preceding the day on which the issue is made (or where issued pursuant to a disclosure document, over the last 5 trading days on which sales of Shares are recorded before the date of the disclosure document);
- (d) the allottees will be subscribers to either a disclosure document to be issued by the Company or pursuant to an excluded offer under Section 708 of the Corporations Act. The offer will be made to parties not yet known to the Company, being sophisticated or professional investors, none of whom will be related parties of the Company. These parties will be identified by the Company as being parties with whom the Company seeks to develop a strategic relationship;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised by the issue of the Shares for the purpose of providing capital for the continued development and ongoing exploration of the Company's projects and other working capital purposes.

### 3.3 Other

The Directors recommend that shareholders vote in favour of Resolution 3.

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## 4. ENQUIRIES

Shareholders may contact the Company Secretary on (+ 61 8) 9481 2277 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**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.

**Chong Ma** means Chong Ma Mines Inc, a company incorporated in South Korea.

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

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

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

**King Resources** means King Resources Pty Ltd (ACN 119 766 335).

**Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

**Performance Share** means a performance share in the capital of the Company, the terms of which are set out in Schedules 1 to 7 to the Explanatory Statement.

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

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

**Shareholder** means a holder of a Share.

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

**Yellow Sun** means Yellow Sun Mines (Operations) Pty Ltd (ACN 137 917 821)

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## SCHEDULE 1 - TERMS AND CONDITIONS OF CLASS A PERFORMANCE SHARES

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### Terms of Class A Performance Shares:

- (a) **(Class A Performance Shares):** A "Class A Performance Share" is a share in the capital of the Company.
- (b) **(General Meetings):** A Class A Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class A Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class A Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class A Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class A Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class A Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class A Performance Share will not be quoted on ASX. However, upon conversion of a Class A Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (i) **(No Other Rights):** A Class A Performance Share gives 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.

## Conversion of the Class A Performance Shares:

- (j) **(Conversion)**: Subject to clause (k) and (l) below, a Class A Performance Share will convert into one Share upon the announcement of a JORC Code compliant Inferred Resource of not less than 50 million pounds of uranium at a grade of not less than 290ppm across all or any of the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**) (**Milestone**).
- (k) **(Deficiency in expenditure)** If:
- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
  - (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,
- then, upon the achievement of the Milestone, each Class A Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.
- (l) **(Compliance with law)**: The conversion of the Class A Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within three (3) years of issue of the Class A Performance Shares, all Class A Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class A Performance Share into Shares in accordance with clause (i).
- (o) **(Ranking of Shares)** The Shares into which the Class A Performance Shares will convert will rank pari passu in all respects with existing Shares.



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## SCHEDULE 2 – TERMS AND CONDITIONS OF CLASS B PERFORMANCE SHARES

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### Terms of Class B Performance Shares:

- (a) **(Class B Performance Shares):** A “Class B Performance Share” is a share in the capital of the Company.
- (b) **(General Meetings):** A Class B Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class B Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class B Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class B Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class B Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class B Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class B Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class B Performance Share will not be quoted on ASX. However, upon conversion of a Class B Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.
- (i) **(No Other Rights):** A Class B Performance Share gives 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.

## Conversion of the Class B Performance Shares:

- (j) **(Conversion):** Subject to clauses (k) and (l) below, a Class B Performance Share will convert into one Share upon the announcement of a JORC Code compliant Inferred Resource of not less than 70 million pounds of uranium at a grade of not less than 290ppm across all or any of the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**) (**Milestone**).
- (k) **(Deficiency in expenditure)** If:
- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
  - (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,
- then, upon the achievement of the Milestone, each Class B Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.
- (l) **(Compliance with law):** The conversion of the Class B Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within three (3) years of issue of the Class B Performance Shares, all Class B Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class B Performance Share into Shares in accordance with clause (i).
- (o) **(Ranking of Shares)** The Shares into which the Class B Performance Shares will convert will rank pari passu in all respects with existing Shares.

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## SCHEDULE 3 – TERMS AND CONDITIONS OF CLASS C PERFORMANCE SHARES

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### Terms of Class C Performance Shares:

- (a) **(Class C Performance Shares):** A “Class C Performance Share” is a share in the capital of the Company.
- (b) **(General Meetings):** A Class C Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class C Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class C Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class C Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class C Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class A Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class C Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class C Performance Share will not be quoted on ASX. However, upon conversion of a Class C Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

- (i) **(No Other Rights)**: A Class C Performance Share gives 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.

**Conversion of the Class C Performance Shares:**

- (j) **(Conversion)**: Subject to clauses (k) and (l) below, a Class C Performance Share will convert into one Share upon the announcement of a JORC Code compliant Inferred Resource of not less than 250 million pounds of vanadium at a grade of not less than 0.3%V across all or any of the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**) (**Milestone**).

- (k) **(Deficiency in expenditure)** If:

- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
- (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,

then, upon the achievement of the Milestone, each Class C Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.

- (l) **(Compliance with law)**: The conversion of the Class C Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within three (3) years of issue of the Class C Performance Shares, all Class C Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class C Performance Share into Shares in accordance with clause (i).
- (o) **(Ranking of Shares)** The Shares into which the Class C Performance Shares will convert will rank pari passu in all respects with existing Shares.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF CLASS D PERFORMANCE SHARES

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### Terms of Class D Performance Shares:

- (a) **(Class D Performance Shares):** A “Class D Performance Share” is a share in the capital of the Company.
- (b) **(General Meetings):** A Class D Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class D Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class D Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class D Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class D Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class D Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class D Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class D Performance Share will not be quoted on ASX. However, upon conversion of a Class D Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

- (i) **(No Other Rights)**: A Class D Performance Share gives 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.

**Conversion of the Class D Performance Shares:**

- (j) **(Conversion)**: Subject to clauses (k) and (l) below, a Class D Performance Share will convert into one Share upon the announcement of a JORC Code compliant Inferred Resource of not less than 400 million pounds of vanadium at a grade of not less than 0.3%V across any or all of the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**) (**Milestone**).

- (k) **(Deficiency in expenditure)** If:

- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
- (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,

then, upon the achievement of the Milestone, each Class D Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.

- (l) **(Compliance with law)**: The conversion of the Class D Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within three (3) years of issue of the Class D Performance Shares, all Class D Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class D Performance Share into Shares in accordance with clause (i).
- (o) **(Ranking of Shares)** The Shares into which the Class D Performance Shares will convert will rank pari passu in all respects with existing Shares.

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## SCHEDULE 5 – TERMS AND CONDITIONS OF CLASS E PERFORMANCE SHARES

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### Terms of Class E Performance Shares:

- (a) **(Class E Performance Shares):** A “Class E Performance Share” is a share in the capital of the Company.
- (b) **(General Meetings):** A Class E Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class E Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class E Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class E Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class E Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class E Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class E Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class E Performance Share will not be quoted on ASX. However, upon conversion of a Class E Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

- (i) **(No Other Rights)**: A Class E Performance Share gives 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.

**Conversion of the Class E Performance Shares:**

- (j) **(Conversion)**: Subject to clauses (k) and (l) below, a Class E Performance Share will convert into one Share upon the completion of a pre feasibility study on the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**)), and the decision to mine, including all required mining certificates and licenses being granted as a result of that study (**Milestone**).

- (k) **(Deficiency in expenditure)** If:

- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
- (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,

then, upon the achievement of the Milestone, each Class E Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.

- (l) **(Compliance with law)**: The conversion of the Class E Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within three (3) years of issue of the Class E Performance Shares, all Class E Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class E Performance Share into Shares in accordance with clause (i).
- (o) **(Ranking of Shares)** The Shares into which the Class E Performance Shares will convert will rank pari passu in all respects with existing Shares.



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## SCHEDULE 6 – TERMS AND CONDITIONS OF CLASS F PERFORMANCE SHARES

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### Terms of Class F Performance Shares:

- (a) **(Class F Performance Shares):** A “Class F Performance Share” is a share in the capital of the Company.
- (b) **(General Meetings):** A Class F Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class F Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class F Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class F Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class F Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class F Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class F Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class F Performance Share will not be quoted on ASX. However, upon conversion of a Class F Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

- (i) **(No Other Rights)**: A Class F Performance Share gives 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.

**Conversion of the Class F Performance Shares:**

- (j) **(Conversion)**: Subject to clauses (k) and (l) below, a Class F Performance Share will convert into one Share upon the execution of a binding JV agreement on the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**)) (**Milestone**).

- (k) **(Deficiency in expenditure)** If:

- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
- (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,

then, upon the achievement of the Milestone, each Class F Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.

- (l) **(Compliance with law)**: The conversion of the Class F Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within five (5) years of issue of the Class F Performance Shares, all Class F Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class F Performance Share into Shares in accordance with clause (i).
- (o) **(Ranking of Shares)** The Shares into which the Class F Performance Shares will convert will rank pari passu in all respects with existing Shares.

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## SCHEDULE 7 - TERMS AND CONDITIONS OF CLASS G PERFORMANCE SHARES

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### Terms of Class G Performance Shares:

- (a) **(Class G Performance Shares):** A "Class G Performance Share" is a share in the capital of the Company.
- (b) **(General Meetings):** A Class G Performance Share 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. Holders have the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting Rights):** A Class G Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No Dividend Rights):** A Class G Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Holder is not entitled to participate in the surplus assets or profits of the Company in a winding up.
- (f) **(Not Transferable):** A Class G Performance Share is not transferable except where:
  - (i) the Holder is a company; and
  - (ii) the members of the Holder:
    - (A) pass a special resolution to wind up the Holder in accordance with Section 491 of the Corporations Act; or
    - (B) unanimously consent to the voluntary deregistration of the Holder for the purpose of Section 601AA of the Corporations Act,and provided that:
    - (iii) upon the special resolution or unanimous consent being obtained, the Holder may only transfer the Class G Performance Shares to the persons that are registered as members of the Holder on the date of issue of the Class G Performance Shares (**Record Date**) in proportion to their interests in the Holder on the Record Date; and
    - (iv) this exception only permits the distribution of the Class G Performance Shares by the initial Holder of those shares.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a 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):** A Class G Performance Share will not be quoted on ASX. However, upon conversion of a Class G Performance Share into fully paid ordinary shares (Shares) in accordance with clause (j), the Company must within seven (7) days after the conversion, apply for the official quotation of the Shares arising from the conversion on ASX.

- (i) **(No Other Rights):** A Class G Performance Share gives 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.

**Conversion of the Class G Performance Shares:**

- (j) **(Conversion):** Subject to clauses (k) and (l) below, a Class G Performance Share will convert into one Share upon the execution of a binding off take agreement on the Vanadium produced within the Uranium Projects (as that term is defined in the share sale agreement between the Company, Yellow Sun Mines (Operations) Pty Ltd and Chong Ma Mines Inc (**Chong Ma**) dated on or about 3 January 2010 (**Share Sale Agreement**)) (**Milestone**).

- (k) **(Deficiency in expenditure)** If:

- (i) Chong Ma or the Company does not incur expenditure on the Mining Rights (as defined in the Share Sale Agreement) of at least A\$3 million within two (2) years of settlement of the Share Sale Agreement (Minimum Expenditure Obligation); and
- (ii) the Company does not rectify the deficiency including by depositing funds into Chong Ma equal to the difference between the amount actually spent by Chong Ma and/or the Company on the Mining Rights in the two (2) years from settlement of the Share Sale Agreement (**Expenditure Incurred**) and A\$3 million,

then, upon the achievement of the Milestone, each Class G Performance Share shall convert into that number of Shares which is equal to the Expenditure Incurred divided by 3 million.

- (l) **(Compliance with law):** The conversion of the Class G Performance Shares is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX.
- (m) **(Lapse)** If the Milestone is not achieved within five (5) years of issue of the Class G Performance Shares, all Class G Performance Shares will lapse.
- (n) **(Conversion Procedure)** the Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class G Performance Share into Shares in accordance with clause (i).

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

**PROXY FORM**

**APPOINTMENT OF PROXY  
STONEHENGE METALS LIMITED  
ACN 119 267 391**

**GENERAL MEETING**

I/We   
of

being a member of Stonehenge Metals Limited entitled to attend and vote at the General Meeting, hereby

Appoint   
Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10:00 am (WST), on 19 March 2010 at Barringtons House, 283 Rokeby Road, Subiaco WA 6008, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1, 2 and 3** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1, 2 and 3 and that votes cast by the Chair of the General Meeting for Resolutions 1, 2 and 3 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1, 2 and 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1, 2 and 3.

*OR*

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**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Acquisition of Chong Ma Mines Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Shares to King Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Future Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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 to be counted in computing the required majority on a poll.

**Signature of Member(s):** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**STONEHENGE METALS LIMITED**  
**ACN 119 267 391**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. 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 member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members 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 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.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (o) post to Stonehenge Metals Limited, Unit 6, 34 York Street, NORTH PERTH, WA 6006; or
  - (p) facsimile to the Company on facsimile number +61 8 9481 2355,

so that it is received not later than 10:00 am (WST) on 17 March 2010.

**Proxy forms received later than this time will be invalid.**