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**STONEHENGE METALS LTD**

**ACN 119 267 391**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10.30 am (WST)

**DATE:** 9 May 2012

**PLACE:** Colonial Conference Room  
The Melbourne Hotel  
952 Hay Street  
PERTH WA 6000

***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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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am on Wednesday, 9 May 2012 at:

Colonial Conference Room  
The Melbourne Hotel  
952 Hay Street  
PERTH WA 6000

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**YOUR VOTE IS IMPORTANT**

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

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**VOTING ELIGIBILITY**

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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 at 5pm (WST) on Monday, 7 May 2012.

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**VOTING IN PERSON**

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

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**VOTING BY PROXY**

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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.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. [If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

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##### 1. RESOLUTION 1 – RATIFICATION OF PRIOR 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 purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 43,491,126 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 a person who participated in the issue 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 – OFFER OF SHARES TO INDIAN OCEAN

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 up to 2,000,000 Shares to Indian Ocean 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.

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##### 3. RESOLUTION 3 – ISSUE OF SHARES TO 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 ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 6,666,667 Shares to Mr Richard Henning (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Richard Henning (or his nominee) and any of their 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.

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#### 4. RESOLUTION 4 – ISSUE OF SHARES TO MR ROBERT CLEARY

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 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 100,000 Shares to Mr Robert Cleary (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Robert Cleary (or his nominee) and any of their 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.

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**DATED: 2 APRIL 2012**  
**BY ORDER OF THE BOARD**

**MATTHEW FOY**  
**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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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.

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### 5. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

#### 5.1 Background

On 14 March 2012, the Company announced a placement of 43,491,126 Shares at an issue price of \$0.03 per Share to raise \$1,304,734 (**Placement**).

The Company issued the Shares, the subject of the Placement, without prior Shareholder approval out of its 15% annual placement capacity.

The Placement was made to sophisticated investors (within the meaning of Section 708(8) of the Corporations Act) and, as such, disclosure to investors under Part 6D.2 of the Corporations Act was not required.

#### 5.2 General

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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

#### 5.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 43,491,126 Shares were allotted;
- (b) the issue price was \$0.03 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to clients of Indian Ocean who are sophisticated investors (within the meaning of Section 708(8) of the Corporations Act). None of these subscribers are related parties of the Company; and

- (e) the funds raised from this issue are being used for:
  - (i) Drilling at the Yokwang & Chubu Project locations to define a maiden JORC compliant vanadium resource and increase existing uranium resources;
  - (ii) Developing process flow sheets with the aim of maximising vanadium metal recovery; and
  - (iii) Preparing the Preliminary Environmental Referral document as part of the Korean government's permitting & approval process.

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## **6. RESOLUTION 2 – OFFER OF SHARES TO INDIAN OCEAN**

### **6.1 General**

Resolution 2 seeks Shareholder approval for the allotment and issue of up to 2,000,000 ordinary Shares for nil cash consideration to Indian Ocean (**Share Offer**).

The Company engaged the services of Indian Ocean to manage the Rights Issue as announced on 14 March 2012, the subject of Resolution 1. As part payment of its fees, Indian Ocean will be issued 2,000,000 ordinary Shares.

A summary of ASX Listing Rule 7.1 is set out in Section 1.2 above.

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

### **6.2 Technical information required by ASX Listing Rule 7.1**

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

- (a) the maximum number of Shares to be issued is 2,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the 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 issue price of the Shares will be nil as they will be issued for nil cash consideration in satisfaction of services provided by Indian Ocean;
- (d) the Shares will be allotted and issued to Indian Ocean who is not a related party of the Company; and
- (e) no funds will be raised from issue of the Shares as the Shares are being issued in consideration for services provided by Indian Ocean.

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## 7. RESOLUTION 3 AND 4 – ISSUE OF SHARES TO MR RICHARD HENNING AND MR ROBERT CLEARY

### 7.1 General

On 14 March 2012, the Company announced a pro rata non-renounceable rights issue offer of one (1) New Share for every four (4) Shares held by Shareholders on the Record Date at an issue price of \$0.03 per Share to raise approximately \$2,497,056 (**Offer**).

ASX Listing Rule 10.11 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.

Mr Richard Henning and Mr Robert Cleary are considered to be related parties of the Company as they are directors of the Company. Accordingly, Resolutions 3 and 4 seek Shareholder approval pursuant to ASX Listing Rule 10.11 to enable each of the Directors to subscribe for new shares.

Pursuant to Resolutions 3 and 4, the Company is seeking Shareholder approval for Mr Richard Henning to subscribe for up to 6,666,667 Shares in addition to his entitlement under the Offer and for Mr Robert Cleary to subscribe for 100,000 new Shares (**Additional Shares**).

### 7.2 Interests

The interests of Mr Richard Henning and Mr Robert Cleary in the securities of the Company as well as their Entitlement under the Offer is set out in the table below.

Director	Shares	Options	Entitlement
Richard Henning	2,750,000	Nil	687,500
Robert Cleary	Nil	Nil	Nil

### 7.3 Chapter 2E of the Corporations Act

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 proposed issue of the Additional Shares constitutes giving a financial benefit and Mr Richard Henning and Mr Robert Cleary are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Richard Henning and Mr Robert Cleary who have a material personal interest in Resolution 3 and 4) consider that Shareholder



approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed issue of the Additional Shares because the Shares will be issued to Mr Henning and Mr Cleary on the same terms as Shares issued to non-related party participants in the Placement/Offer and, as such, the giving of the financial benefit falls within the arm's length exemption in the Corporations Act.

#### **7.4 ASX Listing Rule 10.11**

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 the Placement involves the issue of Shares to 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.

#### **7.5 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) Mr Richard Henning and Mr Robert Cleary are proposing to participate in the Offer and are both considered to be related parties of the Company by virtue of being Directors;
- (b) the Shares will be allotted and issued to Mr Richard Henning and Mr Robert Cleary (or their nominees);
- (c) the maximum number of Shares to be issued to Mr Richard Henning is 6,666,667;
- (d) the maximum number of Shares to be issued to Mr Robert Cleary is 100,000;
- (e) the Shares will be issued no later than 1 month after the date of the 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;
- (f) the issue price will be \$0.03 per Share, being the same as all other Shares issued under the Rights Issue;
- (g) 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; and
- (h) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out in Section 5.3 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Richard Henning (or his nominee) will not be included in the use

of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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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.

**Company** means Stonehenge Metals Ltd (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.

**Entitlement** means the entitlement to subscribe for one (1) New Share for every four (4) Shares held by an eligible shareholder pursuant to the Offer.

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

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

**Indian Ocean** means Indian Ocean Capital Pty Ltd (AFSL No 246558).

**New Share** means a new share proposed to be issued pursuant to the Offer.

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

**Offer** means the proposed pro rata non-renounceable offer of New Shares at an issue price of \$0.03 each on the basis of one (1) New Share for every four (4) Shares.

**Proxy Form** means the proxy form accompanying the Notice.

**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.

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**PROXY FORM**

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**APPOINTMENT OF PROXY  
STONEHENGE METALS LTD  
ACN 119 267 391****GENERAL MEETING**I/We of 

being a member of Stonehenge Metals Ltd 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, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 10.30am WST, on Wednesday, 9 May 2012 at the Colonial Conference Room, The Melbourne Hotel, 952 Hay Street, Perth WA 6000, and at any adjournment thereof.

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 to 4 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 to 4 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 4 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 to 4 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 4.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

**OR**

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**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 - Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Placement of Shares to Indian Ocean	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Issue of Shares to Mr Richard Henning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Issue of Shares to Mr Robert Cleary	<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 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 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 LTD**  
**ACN 119 267 391**

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

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member 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 member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member'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 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:
  - (a) post to Stonehenge Metals Ltd, Level 8, 225 St Georges Terrace, Perth WA 6000; or
  - (b) facsimile to the Company on facsimile number +61 8 9481 2355; or
  - (c) email to the Company at [admin@stonehengemetals.com.au](mailto:admin@stonehengemetals.com.au)

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.**