
STONEHENGE METALS LIMITED

ACN 119 267 391

NOTICE OF GENERAL MEETING

TIME: 1:00 pm (WST)

DATE: 24 September 2010

PLACE: QV1 Conference Centre
Level 2
250 St Georges Terrace
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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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 1:00 pm (WST) on 24 September 2010 at:

QV1 Conference Centre
Level 2
250 St Georges Terrace
PERTH WA 6000

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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; or
- (c) email to the Company at info@stonehengemetals.com.au,

so that it is received not later than 1:00 pm (WST) on 22 September 2010.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the general meeting of Shareholders will be held at 1:00 pm (WST) on 24 September 2010 at QV1 Conference Centre, Level 2, 250 St Georges Terrace PERTH WA 6000

The Explanatory Statement 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 5.00pm (Perth time) on 21 September 2010.

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

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – CAPITAL RAISING

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 50,000,000 Shares and 25,000,000 Options 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 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.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – OPTIONS

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 5,000,000 Options 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 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.

3. RESOLUTION 3 – SHARE PLACEMENT

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 75,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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.

4. RESOLUTION 4 – PARTICIPATION BY DIRECTORS IN CAPITAL RAISING

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 3, and for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue to the Directors of the Company (or their nominees) up to a total of 12,500,000 of the Shares to be approved for allotment and issue under Resolution 3 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Directors or 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.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO ADVISORS

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 12,500,000 Options 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, 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.

DATED: 20 AUGUST 2010

BY ORDER OF THE BOARD

**JAY STEPHENSON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

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 1:00 pm (WST) on 24 September 2010 at QV1 Conference Centre, Level 2, 250 St Georges Terrace PERTH WA 6000.

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.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – CAPITAL RAISING

1.1 General

As announced on 11 June 2010, the Company has completed a placement of 50,000,000 Shares, as previously approved under ASX Listing rule 7.1 by shareholders on 19 March 2010. 25,000,000 free attaching options were issued to the subscribers of the placement Shares under the Company's annual 15% placement capacity (**Options**).

The subscribers pursuant to this placement were European and Australian based institutional funds who were not related parties of the Company.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Options to the subscribers under the placement.

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.

1.2 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 of the issue of the Options:

- (a) 25,000,000 Options were allotted;
- (b) the Options were issued free on the basis of one Option for every two Shares subscribed for;
- (c) the Options were issued on the terms set out in Schedule 1;
- (d) the Options were allotted and issued to European and Australian based institutional investors who subscribed for Shares under the placement; and

- (e) no funds were raised from the issue of the Options as they were issued free to the subscribers for Shares under the placement.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – OPTIONS

2.1 General

On 29 April 2010, the Company issued 5,000,000 Options to Advides Global Invest Ltd, an investor relations consultant, in consideration for ongoing consultation services provided by Advides Global Invest Ltd.

Advides Global Invest Ltd was not a related party of the Company.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Option Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 1.1 above.

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.

2.2 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 Option Ratification:

- (a) 5,000,000 Options were allotted;
- (b) the Options were issued for nil cash consideration;
- (c) the Options were issued on the terms and conditions set out in Schedule 2;
- (d) the Options were allotted and issued to Advides Global Invest Ltd; and
- (e) no funds were raised from this issue as the Options were issued in consideration for ongoing investor consultation services provided by Advides Global Invest Ltd to the Company.

3. RESOLUTION 3 – SHARE PLACEMENT

3.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of up to 75,000,000 Shares at a minimum issue price of 90% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed (**Share Placement**).

The Company is seeking Shareholder approval pursuant to Resolution 4 to allow the Directors of the Company to subscribe for up to 12,500,000 of the Shares to be issued pursuant to the Share Placement. Other than the Directors, none of the subscribers under to the Share Placement will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 3 will be to allow the Directors to issue the Shares pursuant to the Share Placement 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.

3.2 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 Share Placement:

- (a) the maximum number of Shares to be issued is 75,000,000;
- (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 will be not less than 90% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued. Other than the issue of up to 12,500,000 of the Shares to Directors of the Company, for which approval is being sought pursuant to Resolution 4, none of the subscribers under the Share Placement will be related parties of the Company;
- (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; and
- (f) the Company intends to use the funds raised from the Share Placement towards exploration and development of the Company's Projects in South Korea, the evaluation of new opportunities and general working capital.

4. RESOLUTION 4 – PARTICIPATION BY DIRECTORS IN CAPITAL RAISING

4.1 General

Resolution 4 seeks Shareholder approval for the Directors of the Company to participate in the Capital Raising contemplated by Resolution 3.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity 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.

Accordingly, the proposed issue of Shares to the Directors under the Capital Raising requires the Company to obtain Shareholder approval because Messrs Staude, Henning, Fleming, Cleary and Tarratt are related parties of the Company.

4.2 Technical information required by Listing Rule 10.13

Pursuant to ASX Listing Rule 10.13, the following information is provided in relation to the proposed participation by the Directors or their associates in the Capital Raising:

- (a) the related parties are the Directors of the Company, being:
 - (i) Mr Warren Staude;
 - (ii) Mr Richard Henning;
 - (iii) Mr Simon Fleming;
 - (iv) Mr Bob Cleary; and
 - (v) Mr Bevan Tarratt;
- (b) the maximum number of securities to be issued and allotted to the Directors is 2,500,000 Shares each, being a total of 12,500,000 Shares;
- (c) the securities will be issued to the Directors no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the securities will be issued on one date;
- (d) the issue price of the Shares will be the same as the Shares issued to other investors pursuant to the Share Placement the subject of Resolution 3. The minimum issue price of these Shares will be 90% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (e) the funds raised from the issue of the Shares will be used for exploration and development program of the Company's Projects in South Korea, the evaluation of new opportunities and general working capital; and
- (f) 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.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO ADVISORS

5.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 12,500,000 Options to advisors in for services provided in connection with the Capital Raising the subject to Resolution 1. None of the advisors are related parties of the Company.

The Company proposes to issue 6,250,000 of these Options immediately upon the receipt of Shareholder approval, and to issue the remaining 6,250,000 Options upon the completion of the Share Placement the subject of Resolution 3. All of the Options will be escrowed for a period of four months from the date of issue.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 5 will be to allow the Directors to issue the 12,500,000 Options to its advisors 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.

5.2 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 issue of Options pursuant to Resolution 5:

- (a) the maximum number of Options to be granted is 12,500,000;
- (b) the Options 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. It is proposed that:
 - (i) 6,250,000 of the Options will be issued immediately upon receipt of Shareholder approval in consideration for advisory services in connection with the Capital Raising the subject of Resolution 1; and
 - (ii) 6,250,000 of the Options will be issued upon the completion of the Share Placement the subject to Resolution 3, in consideration for advisory services in connection with the Share Placement.
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be allotted and issued to Cygnet Capital Pty Ltd who assisted with the Capital Raising the subject of Resolution 1, and will assist with the Share Placement the subject of Resolution 3;
- (e) the Options will be issued on the terms and conditions set out in Schedule 3; and
- (f) no funds will be raised from the issue of these Options as the Options are being issued in consideration for capital raising advisory services.

6. ENQUIRIES

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

GLOSSARY

\$ 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 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 or **Meeting** means the meeting convened by the Notice.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option as the context requires.

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.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 1)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the Company.
- (b) The Options are exercisable at 10 cents each.
- (c) The Options will expire 21 December 2012 (the “**Expiry Date**”).
- (d) The Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the secretary of the Company accompanied by payment of the exercise price.
- (e) An Option that has not lapsed may be exercised at any time.
- (f) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company’s then existing ordinary fully paid shares. The company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of ordinary fully paid shares, the Company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If from time to time on or prior to the Expiry Date the company makes an issue of shares to the holders of ordinary fully paid shares in the company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their Options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would have been registered as holder if, immediately prior to that date, they had duly exercised their Options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options.
- (i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of a Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.
- (k) Application will be made to ASX for quotation of Options.
- (l) The Options are transferable.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 2)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 29 April 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 3 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 5)

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on the date which is three years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option (**Exercise Price**) and the timing of the issue of the Options will be as follows:

Number of Options	Exercise Price	Timing of Issue
6,250,000	\$0.084	Immediately upon receipt of Shareholder approval
6,250,000	\$0.112	Upon the completion of the Share Placement the subject to Resolution 3

- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

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 1:00 pm (WST), on 24 September 2010 at QV1 Conference Centre, Level 2, 250 St Georges Terrace PERTH WA 6000, 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 to 5** 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 5 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 5 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 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 5.

OR

Voting on Business of the General Meeting

Resolution 1 – Ratification of Prior Issue – Capital Raising
Resolution 2 – Ratification of Prior Issue – Options
Resolution 3 – Share Placement
Resolution 4 – Participation by Directors in Share Placement
Resolution 5 – Issue of Options to Advisors

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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

Sole Director/Company Secretary

Member 2

Director

Member 3

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 the 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:
 - (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; or
 - (c) email to the Company at info@stonehengemetals.com.au,

so that it is received not later than 1:00pm (WST) on 22 September 2010.

Proxy forms received later than this time will be invalid.