

28 March 2012

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



**ASX: SHE**

## Dispatch of Non-Renounceable Rights Issue Offer Document

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Stonehenge Metals Limited (**Stonehenge** or the **Company**) is pleased to advise that dispatch of the Offer Document for its non-renounceable rights issue of one (1) new share for every four (4) shares held by shareholders on the record date has taken place today, 28 March 2012.

If you have any questions regarding the Rights Issue please contact the Stonehenge Metals Limited Offer Information Line on 1800 810 869 (within Australia) or +61 2 8280 7179 from outside Australia.

A copy of the updated Offer Document mailed to shareholders is attached to this announcement.

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

### Stonehenge Metals Limited

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## About Stonehenge

Stonehenge Metals Limited (ASX Code: SHE) is developing a multi-mineral project in South Korea. Stonehenge owns 100% of the rights to three projects in South Korea including the Company's flagship Daejon Project which contains the largest uranium resource within South Korea at **65.0Mlbs** (inferred) grading **320ppm eU<sub>3</sub>O<sub>8</sub>** (in accordance with JORC guidelines).

## South Korean Location Map



### Competent Persons Statement

The information contained in this ASX release relating to Mineral Resources has been compiled by Mr. Michael Andrew of Optiro Ltd. Mr. Andrew is a Member of The Australian Institute of Mining and Metallurgy. Mr. Andrew has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Andrew consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## STONEHENGE METALS LIMITED

ACN 119 267 391

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### OFFER DOCUMENT

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For a pro rata non-renounceable rights offer to Eligible Shareholders on the basis 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 \$2,500,739 (**Offer**).

#### Lead Manager



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### IMPORTANT NOTICE

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This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens on 28 March 2012 and closes at 5:00pm (AEDT) on 13 April 2012.**

Valid acceptances must be received before that time.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

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## **IMPORTANT NOTES**

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This Offer Document and enclosed personalised Entitlement and Acceptance Form have been prepared by Stonehenge Metals Limited (ACN 119 267 391) (**Stonehenge** or the **Company**). This Offer Document is dated 14 March 2012.

No party other than Stonehenge has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes, any statements, omissions, representations or undertakings in this Offer Document.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### **Eligibility**

Applications for Securities by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

### **Overseas shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or South Korea.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

The contents of this document have not been reviewed by any South Korean regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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## 1. CHAIRMAN'S LETTER

14 March 2012

Dear Shareholder

On behalf of Stonehenge Metals Limited (**Stonehenge** or the **Company**), I am pleased to invite you to participate in a pro rata non-renounceable rights issue on the basis 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 \$2,500,739 (**Offer**).

The Company intends to apply the funds raised from the Offer as set out in Section 2.4 of this Offer Document.

On 14 March 2012, the Company announced its intention to undertake a placement to raise up to \$1,304,733 (**Placement**). Together with the Offer, the total amount raised will therefore be \$3,805,472.

Firm commitments have been received for the Placement and it is anticipated to settle on or about 19 March 2012.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements and their equity interest in the Company will be diluted.

This Offer Document contains important information about the Offer, including:

- (a) details of the Offer, including key dates;
- (b) actions required by Shareholders; and
- (c) risk factors associated with the Offer.

Should you elect to participate in the Offer, you must complete the personalised Entitlement and Acceptance Form in accordance with the instructions provided.

This Offer Document should be read carefully and in its entirety before deciding whether or not to participate in the Offer. In particular, you should consider the key risk factors included in Section 4 of this Offer Document.

Shareholders who have any queries about the Offer should contact the Company at any time from 8:30am to 5:00pm (WST) during the Offer period.

On behalf of the Board of Stonehenge, I invite you to consider this investment opportunity and thank you for your ongoing support of our company.

Yours faithfully,

**Mr Warren Staude**  
**Non-Executive Chairman**

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## 2. DETAILS OF THE OFFER

### 2.1 The Offer

The Company is making a pro rata non-renounceable 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 \$2,500,739 (**Offer**).

At the date this Offer Document is despatched to Shareholders, the Company will have up to 333,431,969 Shares, 47,500,000 Performance shares and 61,643,099 Options on issue.

On the basis that no further Shares are issued or Options exercised prior to the Record Date, the Offer is for approximately 83,357,992 New Shares.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

### 2.2 Placement

The Company has also announced that up to 43,491,126 Shares at an issue price of \$0.03 per Share are to be issued under a placement (**Placement**).

The Placement will raise up to \$1,304,733 and is being made to sophisticated and professional investors.

### 2.3 Pro Forma Capital Structure of the Company

The following tables show the number of Shares and Options on issue at the date of this notice and the total number of Shares on issue as at the close of the Offer based on the maximum total Shares to be issued under the Offer (assuming no existing options are exercised).

| <b>Shares</b>   | <b>Number</b>           |
|---|-------------------------|
| Shares on issue as at the date of this Offer Document                                     | 289,940,843             |
| Maximum number of Shares to be issued under the Placement                                 | 43,491,126              |
| Maximum number of Shares to be issued under the Offer                                     | 83,357,992              |
| <b>Total Shares on issue after completion of the Offer and the Placement<sup>1</sup></b>  | <b>416,789,961</b>      |
| <b>Options</b>  | <b>Number</b>           |
| Options on issue as at the date of this Offer Document                                    | 61,643,099 <sup>2</sup> |
| Maximum number of Options to be issued under the Offer                                    | Nil                     |
| Maximum number of Options to be issued under the Placement                                | Nil                     |
| <b>Total Options on issue after completion of the Offer and the Placement<sup>1</sup></b> | <b>61,643,099</b>       |

Note 1: Assumes the Offer and Placement are fully subscribed.

Note 2: This figure comprises of:

39,889,336 Options exercisable at \$0.10 to acquire one (1) share in the Company exercisable on or before 21 December 2012.

6,003,763 Options exercisable at \$0.084 to acquire one (1) share in the Company exercisable on or before 23 November 2013.

6,250,000 Options exercisable at \$0.112 to acquire one (1) share in the Company exercisable on or before 23 November 2013.

4,500,000 Options exercisable at \$0.075 to acquire one (1) share in the Company exercisable on or before 12 October 2012.

5,000,000 Options exercisable at \$0.12 to acquire one (1) share in the Company exercisable on or before 19 April 2013.

Holders of existing options will not be entitled to participate in the Offer. The Company currently has 61,643,099 Options on issue as at the date of this Offer Document, which may be exercised by the option holder prior to the Record Date in order to participate in the Offer.

## 2.4 Use of Funds

Completion of the Offer and Placement will result in an increase in cash in hand of up to approximately \$3,805,472 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised from the Offer to:

- (a) drilling at the Yokwang & Chubu Project locations to define a maiden JORC compliant vanadium resource and increase existing uranium resources;
- (b) development of process flow sheets with the aim of maximising vanadium metal recovery; and
- (c) preparation of the Preliminary Environmental Referral document as part of the Korean government permitting & approval process.

## 2.5 Indicative Timetable

| Event  | Date          |
|--|---------------|
| <b>Release of Offer Document, Cleansing Notice and Appendix 3B lodged with ASX</b>   | 14 March 2012 |
| <b>Notice sent to Security Holders</b>   | 15 March 2012 |
| <b>Ex Date</b><br>(date from which securities commence trading without the Entitlement to participate in the Rights Issue)       | 16 March 2012 |
| <b>Record Date 7pm (EDST)</b><br>(date for determining Entitlements of eligible Shareholders to participate in the Rights Issue) | 22 March 2012 |

|   |                            |
|---|----------------------------|
| <b>Offer Document Dispatched to Shareholders</b><br>(expected date of dispatch of Offer Document, Entitlement and Acceptance Forms) | 28 March 2012              |
| <b>Offer Opening Date</b>   | 28 March 2012              |
| <b>Offer Closing Date* 5pm (EDST)</b>   | 13 April 2012              |
| <b>Securities quoted on a deferred settlement basis**</b>   | 16 April 2012              |
| <b>ASX notified of under subscriptions**</b>  | On or before 18 April 2012 |
| <b>Despatch date**</b>  | On or before 23 April 2012 |
| <b>Trading of New Shares expected to commence **</b>  | 24 April 2012              |

\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only.

## 2.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you.

## 2.7 No Rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

## 2.8 Overseas Eligible Shareholders

No Offer will be made to Eligible Shareholders who have a registered address outside Australia, New Zealand or South Korea.

New Shares to which any Eligible Shareholders who do not have a registered address in Australia, New Zealand or South Korea would otherwise be entitled will form part of the Shortfall and will be placed at the discretion of the Directors.

This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## **2.9 New Zealand Shareholders**

### ***New Zealand***

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

In accordance with the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), a person who, on the Record Date was registered as a holder of Shares with a New Zealand address but who, as at the time of this Offer no longer holds Shares is not eligible to participate in this Offer.

### **Notice to nominees and custodians**

Nominees and custodians may not distribute any part of this Offer Document in any other country outside Australia, except to beneficial shareholders in New Zealand and any other country where the Company may determine it is lawful and practical to make the Rights Issue. Any person in New Zealand with a holding through a nominee may not participate in the Rights Issue.

## **2.10 South Korean Shareholders**

### ***South Korea***

**WARNING:** The contents of this document have not been reviewed by any South Korean regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

An offer of ordinary shares may be made to (i) an unlimited number of "accredited investors" and (ii) less than 50 non-accredited investors in Korea without having to file a securities registration statement in Korea. The term "accredited investors" includes various types of financial institutions, collective investment vehicles and fund managers.

In addition, in order for the offer not to be deemed a public offering, (a) the issuer must not have previously offered the same class of shares publicly in South Korea and (b) the shares may not be listed on the Korea Exchange.

### ***Korea***

The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the New Shares under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The New Shares have not been, and will not be, registered under the Financial Investment Services and Capital Market Act of Korea (**FSCMA**) and thus the New Shares may not be offered or sold, directly or indirectly, in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the New Shares have not been and will not be offered or sold in Korea by means of any document, other than (i) to "accredited investors" (as defined in the FSCMA) or (ii) in other circumstances that do not constitute an offer to the public within the meaning of the FSCMA.

If you (or any person for whom you are acquiring the New Shares) are in Korea, you (and any such person) are an "accredited investor" as defined under the Financial Investment Services and Capital Markets Act of Korea.

## **2.11 Lead Manager**

On 9 March 2012, the Company entered into a lead manager agreement with Indian Ocean Capital (**Lead Manager Agreement**). Pursuant to the Lead Manager Agreement, Indian Ocean Capital will act as Lead Manager to the Offer and provide with Company with assistance in undertaking the Offer.

A managing fee is payable to Indian Ocean Capital by the Company, representing 1% of the gross amount raised by the Offer. A placement fee is also payable by the Company being 4% of the placement of any Shortfall Shares. The Company will also issue Indian Ocean Capital 2,000,000 ordinary shares at deemed issue price of \$0.03 per share, subject to shareholder approval.

The Lead Manager Agreement otherwise contains terms and conditions which are considered standard in an agreement of this type.

Indian Ocean Capital has given, and at the time of lodgement of this Offer Document, has not withdrawn its consent to be named as Lead Manager to the offer of securities under this Offer Document.

## **2.12 Directors Interests and Participation**

Each Director's interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

| <b>Director</b> | <b>Shares</b> | <b>Options</b> | <b>Entitlement</b> |
|-----------------|---------------|----------------|--------------------|
| Warren Staude   | 1,400,000     | 1,837,500      | 350,000            |
| Bevan Tarratt   | 9,610,000     | 1,500,000      | 2,402,500          |
| Robert Cleary   | Nil           | Nil            | Nil                |
| Richard Henning | 2,750,000     | Nil            | 687,500            |

Each of the Directors has indicated that it is his intention to subscribe for some or all of their full Entitlement under the Offer.

## **2.13 Effect of the Rights Issue on Voting Power in the Company**

The issue of New Shares under the Offer will not have an effect on the control of the Company.

## **2.14 Market Price of Shares**

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

Highest: \$0.175 on 12 April 2011

Lowest: \$0.025 on 30 November 2011

The latest available closing sale price of the Company's Shares on ASX prior to the printing of this Offer Document was \$0.039 on 13 March 2012.

## **2.15 Opening and Closing Dates**

The Offer opens on the Opening Date, being 28 March 2012, and closes on the Closing Date, being 13 April 2012. The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

## **2.16 Issue and despatch**

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 2.5.

It is the responsibility of applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## **2.17 ASX listing**

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

## **2.18 CHESS**

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **2.19 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

## **2.20 Risk factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 4.

## **2.21 Enquiries concerning Offer Document**

Enquiries relating to this Offer Document should be directed to Stonehenge Metals Limited Offer Information Line, by telephone on 1800 810 869 (within Australia) or +61 2 8280 7179 from outside Australia or by email to [admin@stonehengemetals.com.au](mailto:admin@stonehengemetals.com.au).

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### 3. ACTION REQUIRED BY SHAREHOLDERS

#### 3.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form or pay via BPAY® by following the instructions set out in the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application monies (at \$0.03 per Share) or pay via BPAY® by following the instructions set out in the Entitlement and Acceptance Form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **“Stonehenge Metals Limited – Share Account”** and crossed **“Not Negotiable”**.

If paying via BPAY®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form. It is your responsibility to ensure that funds submitted through BPAY® are received by **5.00pm (AEDT) on the Closing Date**.

The Company shall not be held responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

Your completed Entitlement and Acceptance Form and cheque must reach the Company no later than 5:00pm (AEDT) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

### **3.2 Entitlements not taken up**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

### **3.3 Shortfall**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

The Directors reserve the right, in consultation with Indian Ocean Capital as Lead Manager to the Offer, to allocate any New Shares that may be comprised in the Shortfall at their absolute discretion. The offer of the Shortfall (**Shortfall Offer**) is a separate offer pursuant to this Offer Document. The issue price of any Shares offered pursuant to the Shortfall Offer shall be \$0.03 being the price at which the Entitlement has been offered to Shareholders pursuant to this Offer Document. The Company reserves the right to allot to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

### **3.4 Queries concerning your Entitlement**

If you have any queries concerning your Entitlement please contact the Company's Share Registry, Link Market Services Limited, by telephone on 1800 810 869 (within Australia) or +61 2 8280 7179 from outside Australia.

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## **4. RISK FACTORS**

### **4.1 General**

The Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

Based on the information available, a non-exhaustive list of risk factors which may affect the Company's financial position, prospects and the price of its listed securities include the following.

### **4.2 Specific Risks**

#### ***Uranium and Vanadium***

Changes in the market price of uranium or vanadium will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depend on the market prices of uranium and vanadium produced from the Company's mines. The market prices of uranium and vanadium is set in the world market and is affected by numerous industry factors beyond the Company's control including its demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates and global and regional political and economic factors.

A decline in the market price of uranium or vanadium below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects. A decline in the market price of uranium or vanadium may also require the Company to write-down its material reserves which would have a material adverse effect on the value of the Company's securities.

#### ***Exploration and Development Success***

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. There can be no guarantee that planned exploration and evaluation programs will lead to positive exploration and evaluation results and the delineation of a commercial deposit or further, a commercial uranium mining operation.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial

and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mining tenements, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of its mining tenements, a reduction in the potential size of the uranium deposits of the Company and possible relinquishment of its mining tenements.

### ***Operations***

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

## **4.3 General Risks**

### ***Future financing***

It is likely that the Company will be required to raise additional equity and/or debt capital to finance its activities in the future. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner.

Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its activities.

### ***Reliance on key personnel***

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

### ***Unforeseen expenditure risk***

Expenditure may need to be incurred that has not been taken into account in the preparation of this Offer Document. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

**Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's proposed activities, as well as on its ability to fund those activities.

**Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

**4.4 Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

## 5. CAPITAL STRUCTURE AND FINANCIAL INFORMATION

### 5.1 Capital structure on completion of the Offer

|   | Number of Shares   | Number of Options         |
|---|--------------------|---------------------------|
| Balance at the date of this Offer Document  | 333,431,969        | 61,643,099 <sup>(2)</sup> |
| To be issued under the Offer <sup>(1)</sup> | 83,357,992         | -                         |
| <b>Balance after the Offer</b>              | <b>416,789,961</b> | <b>61,643,099</b>         |

(1) The number of Shares to be issued under the Offer assumes that no Options are exercised before the Record Date.

(2) This figure comprises of:

39,889,336 Options exercisable at \$0.10 to acquire one (1) share in the Company exercisable on or before 21 December 2012.

6,003,763 Options exercisable at \$0.084 to acquire one (1) share in the Company exercisable on or before 23 November 2013.

6,250,000 Options exercisable at \$0.112 to acquire one (1) share in the Company exercisable on or before 23 November 2013.

4,500,000 Options exercisable at \$0.075 to acquire one (1) share in the Company exercisable on or before 12 October 2012.

5,000,000 Options exercisable at \$0.12 to acquire one (1) share in the Company exercisable on or before 19 April 2013.

### 5.2 Consolidated balance sheet

The Balance Sheet as at 31 January 2012 (unaudited and unreviewed) and the Pro Forma Balance Sheet as at 31 January 2012 (unaudited) shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. The Pro Forma Balance Sheet has been prepared on the assumption that all Shares pursuant to the Offer and the Placement are issued. The balance sheet as at (31 December 2011) is currently being reviewed by the Company's auditors and is subject to change as a result of a material adjustment resulting from a valuation of the shares issued under the employee share scheme, this will not affect the net asset position of the Company.

The Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

|  | Unaudited<br>31 January 2012<br>Actual<br>\$ | 31 January 2012<br>Pro Forma<br>\$ |
|--|--|------------------------------------|
| <b>Current Assets</b>                          |  |                                    |
| Cash and cash equivalents                      | 1,200,102                                    | 4,980,567                          |
| Other  | 434,358                                      | 434,358                            |
| <b>Total Current Assets</b>                    | <b>1,634,460</b>                             | <b>5,414,925</b>                   |
| <b>Non-Current Assets</b>                      |  |                                    |
| Mineral exploration and evaluation expenditure | 7,162,560                                    | 7,162,560                          |
| Property, plant and equipment                  | 51,384                                       | 51,384                             |
| <b>Total Non- Current Liabilities</b>          | <b>7,213,944</b>                             | <b>7,213,944</b>                   |
| <b>Total Assets</b>                            | <b>8,848,404</b>                             | <b>12,628,869</b>                  |
| <b>Current Liabilities</b>                     |  |                                    |
| Trade and other payables                       | 152,721                                      | 152,721                            |
| <b>Total Current Liabilities</b>               | <b>152,721</b>                               | <b>152,721</b>                     |
| <b>Non-Current Liabilities</b>                 |  |                                    |
| Deferred tax liabilities                       | 999,412                                      | 999,412                            |
| <b>Total Non-Current Liabilities</b>           | <b>999,412</b>                               | <b>999,412</b>                     |
| <b>Total Liabilities</b>                       | <b>1,152,133</b>                             | <b>1,152,133</b>                   |
| <b>Net Assets</b>                              | <b>7,696,217</b>                             | <b>11,476,736</b>                  |
| <b>Equity</b>                                  |  |                                    |
| Issued Capital                                 | 20,304,700                                   | 24,085,165                         |
| Options Reserve                                | 275,111                                      | 275,111                            |
| Accumulated losses                             | (12,883,540)                                 | (12,883,540)                       |
| <b>Total Equity</b>                            | <b>7,696,271</b>                             | <b>11,476,736</b>                  |

### **5.3 Pro Forma Assumptions**

The Pro Forma Statement of Financial Position has been prepared on the following assumptions:

- (a) a pro rata non-renounceable rights offer on the basis 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 \$2,500,739 (Offer);
- (b) a placement issue of 43,491,126 Shares at an issue price of \$0.03 per Share to raise approximately \$1,304,733 (Placement).
- (c) all New Shares issued pursuant to the Offer are issued; and
- (d) the total number of New Shares issued under the Offer is 83,357,992.

### **5.4 Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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## DEFINED TERMS

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**\$ or A\$** means an Australian dollar.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form.

**Application** refers to the submission of an Entitlement and Acceptance Form.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Closing Date** means the closing date set out in Section 2.5 or such other date as may be determined by the Directors.

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

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

**EDST** means Australia Eastern Daylight Saving Time.

**Eligible Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia, New Zealand or South Korea.

**Entitlement** means the entitlement to subscribe for one (1) New Share for every four (4) Shares held by an Eligible Shareholder on the Record Date and **Entitlements** has a corresponding meaning.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

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

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

**Offer or Rights Issue** means the 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 held on the Record Date subscribed for pursuant to this Offer Document.

**Offer Document** means this Offer Document dated 14 March 2012.

**Opening Date** means the opening date set out in Section 2.5.

**Option** means an option to acquire a Share.

**Record Date** means the record date set out in Section 2.5.

**Section** means a section of this Offer Document.

**Securities** means Shares and Options.

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

**Share Registry** means Link Market Services Pty Limited.

**Shortfall** means those New Shares under the Offer not applied for by the Closing Date.

**Shareholder** means a holder of Shares.

**WST** means Australian Western Standard Time.