



Stonehenge
METALS LTD

15 March 2012

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

Dear Shareholder

SHAREHOLDERS PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE

Overview

The Directors of Stonehenge Metals Limited (**Stonehenge** or **the Company**) are pleased to announce a non-renounceable rights issue of shares to raise \$2,500,739 before costs (**Rights Issue**).

Stonehenge invites Shareholders who are registered at 7.00pm AEDT on Monday, 22 March 2012 (**Registered Shareholders** at the **Record Date**) to participate in a pro-rata non-renounceable rights issue of fully paid ordinary shares in the Company (**Shares**) on the basis of one (1) new Share for every four (4) existing Shares already held, at an issue price of 3 cents per Share (**Rights Issue**). The closing price of Shares on the ASX on 9 March 2012 was 3.9 cents.

The Company has lodged an Offer Document in relation to the Rights Issue with ASX. The Company anticipates that the Offer Document will be dispatched to Shareholders of the Company on or about 28 March 2012. The Offer Document outlines the Rights Issue in detail.

The Rights Issue will enable Shareholders to increase their holding of Shares and presents a good opportunity for Shareholders to participate in the future development of the Company.

The Rights Issue will result in the issue of approximately 83,357,992 new Shares (**Rights Issue Shares**) and if fully subscribed will raise \$2,500,739 before the costs of the offer.

Shareholders may view the Company's ASX releases at www.asx.com.au (ASX code: SHE) and extensive information on the Company and its projects (including ASX releases) at www.stonehengemetals.com.au

Directors have indicated they intend to participate in some or all of their entitlement under the Rights Issue.

Use of Proceeds and Timetable

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) The development of process flow sheets with the aim of maximising vanadium metal recovery; and
- (c) The preparation of the Preliminary Environmental Referral document as part of the Korean government permitting & approval process.

The Rights Issue is proposed to be conducted according to the following indicative timetable:

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|---|---------------|
| Announcement of Offer and lodgement of Appendix 3B | 14 March 2012 |
| Lodgement of Offer Document with ASIC and ASX | 14 March 2012 |
| Notice to Shareholders | 15 March 2012 |
| Ex Date | 16 March 2012 |
| Rights Issue Record Date | 22 March 2012 |
| Dispatch of Offer Document and Entitlement & Acceptance Forms | 28 March 2012 |
| Rights Issue opens | 28 March 2012 |
| Rights Issue closes | 13 April 2012 |
| Shares quoted on a deferred settlement basis | 16 April 2012 |
| Notification of under-subscriptions to the ASX | 18 April 2012 |
| Allotment of Rights Issue Shares & dispatch of holding statements | 23 April 2012 |

All of the abovementioned dates are indicative only and may be subject to change. The Company reserves the right to amend this timetable including, subject to the Corporations Act 2001 and the ASX Listing Rules, to extend the closing date.

As soon as practicable following the Record Date (currently expected to be on or about Thursday, 22 March 2012), Stonehenge will dispatch the Offer Document and also a personalised Entitlement and Acceptance Form to Registered Shareholders.

If you are eligible and wish to participate in the Rights Issue, it will be necessary for you to complete this personalised Entitlement and Acceptance Form and return it, with the appropriate application monies to the Company's Share Registry before 5.00pm AEDT on the anticipated closing date of Friday, **13 April 2012**.

If you have any queries about the Rights Issue, please contact either the Company's Share Registry, Link Market Services, on 1300 554 474 or the Company Secretary, Mr Matthew Foy, on +61 8 9481 2277.

For and on behalf of
Stonehenge Metals Limited

Richard Henning
Managing Director

For more information on the Company visit www.stonehengemetals.com.au



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Dear Option Holder

**NOTICE OF NON-RENOUNCEABLE ENTITLEMENT ISSUE TO OPTION
HOLDERS**

We are writing to you in relation to your option holding in Stonehenge Metals Limited (**Company**).

The Company has announced to the ASX Limited (**ASX**) a pro rata non-renounceable entitlement issue of one (1) share for every four (4) shares held by shareholders at an issue price of \$0.03 per share to raise \$2,500,739 (**Entitlement Issue**).

Pursuant to the terms of the options that were issued to you, the Company is required to notify you of your right to participate in any pro rata issue of securities if you exercise your options prior to the record date for the pro rata issue.

Accordingly, take notice that in order to participate in the Entitlement Issue, you will need to exercise your options prior to the record date for the Entitlement Issue, being **7.00pm EDT on 22 March 2012**. To ensure that your new Shares are allotted before the Record Date your notice of exercise of option together with your cheque for the necessary amount must be received by the Company no later than Monday, 19 March 2012. Any notice of exercise of option received after this date cannot be assured of allotment before the Record Date.

The Company has lodged an offer document in relation to the Entitlement Issue ASX Limited and this document will be despatched to shareholders of the Company on **28 March 2012**. The offer document outlines the Entitlement Issue in detail.

Should you have any queries in relation to this matter, please do not hesitate to contact the Company on (+61 8) 9481 2277.

Yours faithfully
Richard Henning
Managing Director