
STONEHENGE METALS LIMITED

ACN 119 267 391

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 10:00am (WST)

DATE: 25 November 2009

PLACE: Melbourne Hotel
Heritage Boardroom
Cnr Hay and Milligan Streets
PERTH WA 6000

An electronic copy of the Stonehenge Metals Limited 2009 Annual Report can be found at www.stonehengemetals.com.au

This Notice of Annual General Meeting and Explanatory Statement 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 contained in this Notice of Meeting and Explanatory Statement please do not hesitate to contact the Company Secretary on (08) 6468 0388.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Stonehenge Metals Limited to which this Notice of Meeting and Explanatory Statement relates will be held at 10:00am (WST) on 25 November 2009 at:

Melbourne Hotel
Heritage Boardroom
Cnr Hay and Milligan Streets
PERTH WA 6000

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:

- (a) by post to Stonehenge Metals Limited, Unit 6, 34 York Street, North Perth, Western Australia; or
- (b) by facsimile to the Company on facsimile number (08) 9228 0704,

so that it is received not later than 10:00am (WST) on 23 November 2009.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Stonehenge Metals Limited will be held at 10:00am (WST) on 25 November 2009 at Melbourne Hotel, Heritage Boardroom, Cnr Hay and Milligan Streets, Perth WA 6000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual 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 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at the close of business on 23 November 2009.

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

AGENDA

ORDINARY BUSINESS

Reports and Accounts

To receive and consider the financial statements of the Company for the year ended 30 June 2009 together with the declaration of the directors, the directors' report, the remuneration report and auditor's report.

1. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2009."

Short Explanation: The vote on this resolution is advisory only and does not bind the Directors or the Company.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR BEVAN TARRATT

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

"That, for all purposes, Mr Bevan Tarratt, a director of the Company who retires by rotation in accordance with clause 11.3 of the Constitution and, being eligible, is re-elected as a Director of the Company."

3. RESOLUTION 3 – APPROVAL FOR SHARE ISSUE

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 25,000,000 Shares at an issue price of \$0.015 per Share and otherwise on the terms and conditions set out in the Explanatory Statement."

Note that if this Resolution is passed, the Company will not proceed with any further share issues as approved in Resolution 2 at the General Meeting on 12 October 2009. It is anticipated that 25,000,000 Shares will have been issued under Resolution 2 of that meeting by the date of this Annual General Meeting.

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – FUTURE ISSUE OF SHARES

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the Company to allot and issue up to 50,000,000 fully paid ordinary shares in the capital of the Company at an issue price which is at least 80% of the average market price for the Company's shares on the ASX over the 5 trading days (on which sales were recorded) preceding the date on which the issue is made (or if issued pursuant to a disclosure document, over the last 5 trading days on which sales were recorded before the date of the disclosure document) and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any person associated with these persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

How to Vote

If you wish to vote on the resolutions contained in this notice, you should either attend the meeting in person or appoint a proxy or proxies to attend on your behalf. A body corporate may appoint a representative to attend in accordance with the Corporations Act. An executed notice evidencing the appointment of the person attending is required when registering at the Meeting.

In relation to the appointment of proxies, please refer to the notes on proxies immediately following the proxy form.

Entitlement to Vote

For the purposes of the meeting, and in accordance with Regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001, it has been determined that Shares in the Company will be taken to be held by the persons who are registered holders as at 5pm WST on 23 November 2009. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

DATED: 16 OCTOBER 2009

BY ORDER OF THE BOARD



**STONEHENGE METALS LIMITED
JAY STEPHENSON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Melbourne Hotel, Heritage Boardroom, Heritage Boardroom, Cnr Hay and Milligan Streets, Perth WA 6000 at 10:00am (WST) on 25 November 2009.

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

1. FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

The Corporations Act requires the reports of the Directors and of the auditor and the annual financial report, including the financial statements, to be put before the Meeting. The Corporations Act does not require a vote of Shareholders at the Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements for the year ended 30 June 2009 at the Meeting.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Directors' Report in the Company's 2009 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the Remuneration Report will be put at the Meeting. Section 250R(2) of the Corporations Act requires that a resolution that the Remuneration Report be adopted must be put to the vote. Resolution 3 seeks this approval.

However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 3 is an "advisory only" resolution which does not bind the Directors of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

3. RESOLUTION 2 - RE-ELECTION OF MR BEVAN TARRATT

Clause 11.3 of the Constitution requires that one-third of the Directors must retire at each annual general meeting.

The Company currently has three Directors and accordingly one must retire. A Director who retires under clause 11.3 of the Constitution is eligible for re-election.

Mr Bevan Tarratt will retire by rotation and seeks re-election.

4. RESOLUTION 3 – APPROVAL FOR SHARE ISSUE

4.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of up to 25,000,000 Shares at an issue price of 1.5 cents per Share (**Share Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as options), if the number of those securities exceeds 15% of the number of 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 a previous issue of securities made without approval under 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 purposes of ASX Listing Rule 7.1.

The effect of Resolution 3 will be to allow the Directors to issue up to 25,000,000 Shares pursuant to the Share Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by the ASX), without using up the Company's 15% annual placement capacity.

A similar Resolution was approved by Shareholders at the 12 October 2009 General Meeting. Shareholders approved the issue of up to 50,000,000 Shares, however, it is anticipated that 25,000,000 of the shares will have been issued prior to this Meeting. If this Resolution 3 is passed, the Company will not issue any further Shares pursuant to Resolution 3 from the General Meeting of 12 October 2009.

4.2 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 25,000,000;
- b) the Shares will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- c) the issue price will be \$0.015 per Share;
- d) the Shares will be allotted and issued to sophisticated and/or professional investors, who have not yet been identified by the Company, none of whom will be related parties of the Company. These parties will be identified by the Company as being parties with whom the Company seeks to develop a strategic relationship;
- e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- f) the Company intends to use the funds raised from the Share Placement towards working capital purposes and to pursue further development and exploration of the Company's exploration projects in Tasmania.

2.3 Other

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

5. RESOLUTION 4 – FUTURE ISSUE OF SHARES

5.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of up to a further 50,000,000 Shares at an issue price which is at least 80% of the average market price for the Company's shares on the ASX over the 5 trading days (on which sales of Shares were recorded) preceding the date on which the issue is made (or where issued pursuant to a disclosure document, over the last 5 trading days on which sales of Shares are recorded before the date of the disclosure document) (**Future Share Issue**).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

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

A similar Resolution was approved by Shareholders at the 12 October 2009 General Meeting. Shareholders approved the future issue of up to 50,000,000 Shares in Resolution 3 of that meeting. If this Resolution 4 is passed, the Company will not issue any Shares pursuant to Resolution 3 from the General Meeting of 12 October 2009.

5.2 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 Future Share Issue:

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

5.3 Other

The Directors recommend that shareholders vote in favour of Resolution 4.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

| | |
|------------------------------|--|
| Annexure | annexure to this Explanatory Statement. |
| ASIC | Australian Securities and Investments Commission. |
| Associate | has the meaning ascribed to it in Part 1.2 Division 2 of the Corporations Act. |
| ASX | ASX Limited (ACN 008 624 691). |
| ASX Listing Rules | the listing rules of the ASX as amended from time to time. |
| Board | board of Directors. |
| Chairman | Mr Warren Staude. |
| Constitution | constitution of the Company. |
| Company | Stonehenge Metals Limited (ACN 119 267 391). |
| Corporations Act | Corporations Act 2001 (Cth). |
| Director | director of the Company. |
| Explanatory Statement | the explanatory statement accompanying the Notice of Meeting. |
| Listing Rules | means the Listing Rules of the ASX. |
| Meeting | means the annual general meeting of the Company's Shareholders to be held on 25 November 2009. |
| Member | a member of the Company. |
| Notice of Meeting | the notice of annual general meeting accompanying the Explanatory Statement. |
| Remuneration Report | the section of the Director's report entitled "remuneration report". |
| Shares | fully paid ordinary shares in the capital of the Company. |
| Shareholder | shareholder of the Company. |
| WST | Western Standard Time in Australia. |

PROXY FORM

APPOINTMENT OF PROXY
STONEHENGE METALS LIMITED
ACN 119 267 391

ANNUAL GENERAL MEETING

I/We

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

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Meeting to be held at 10:00am (WST), on 25 November 2009 at Melbourne Hotel, Heritage Boardroom, Cnr Hay and Milligan Streets, Perth WA 6000 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all the resolutions.

Voting on Business of the Annual General Meeting

| | FOR | AGAINST | ABSTAIN |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of the Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Re-election of Mr Bevan Tarratt | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Approval for Share Issue | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Issue of Future Securities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OR

In relation to these Resolutions, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these Resolutions, please place a mark in this box ☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him 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 Chairman of the meeting will not cast your votes on these Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman intends to vote in favour of these Resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO RESOLUTIONS 1 TO 4 YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO RESOLUTIONS 1 TO 4 WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to 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

Signed this _____ day of _____ 2009 _____ %

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

STONEHENGE METALS LIMITED
ACN 119 267 391

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.