



30 October 2015



DEBT RESTRUCTURE AND RECOMPLIANCE CAPITAL RAISING

Stonehenge Metals Limited (**Stonehenge**, or the **Company**) today advises that it has restructured its existing convertible loan facilities. The restructure comes ahead of despatching a notice of meeting and lodging a Prospectus to effect the acquisition of 100% of the issued capital of Protean Energy Australia Pty Ltd (**PEA**).

Restructure of Existing Convertible Loans

On 1 July 2015 the Company announced that it had entered into a convertible loan facility for up to \$300,000 with a small number of sophisticated investors. Subsequently on 11 August 2015 the Company announced it had secured an additional \$300,000 loan facility (together the “**Original Facility**”). Subject to shareholder approval, the Original Facility was convertible into shares at a price of 3.5¢ per share, representing a 20% discount to the 10-day VWAP calculated prior to announcement of the loan facilities. One free attaching option was also to be issued for every two shares issued on conversion with an exercise price of 5.3¢, representing a 50% premium to the conversion price, on or before 31 December 2018.

The Company has reached agreement with the providers of the Original Facility to amend the terms of the convertible loans in light of the terms of the proposed Prospectus described above and taking into account the level of risk the facility providers have assumed in the lead up to the Company’s recompliance with Chapters 1 and 2 of the ASX Listing Rules. Below is a summary of the material amendments to the Original Facility.

	Original Facility	Amended Facility
Facility Amount	\$600,000	\$600,000 (no change)
Repayment Date	31 December 2015	31 December 2015 or 31 March 2016 by mutual agreement
Interest Rate	9.25% per annum payable in cash quarterly, on the last business day of each quarter. If Interest is not paid on the last business day of each quarter, the interest rate payable for the remainder of the interest period will increase to 12% per annum	Unchanged
Facility Fee	5% payable in cash	Unchanged unless extended by mutual agreement. If extended then an additional 2.5% in cash

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Conversion	Subject to shareholder and regulatory approval by no later than the Repayment Date, the Lender may at any time during the Draw Down Period, after the Company has completed a capital raising of at least \$2 million, convert the outstanding balance in whole or in part into shares issued at the Conversion Price together with one free Attaching Option for every two shares issued on conversion by delivery to the Borrower of a notice duly executed by the Lender, completed as to the amount outstanding to be converted and the number of Shares (together with Attaching Options) to be issued on Conversion.	Subject to shareholder and regulatory approval by no later than the Repayment Date, the Lender may at any time during the Draw Down Period, after the Company has completed a capital raising of at least \$2 million, convert the outstanding balance in whole or in part into shares issued at the Conversion Price together with one free Attaching Option for every one share issued on conversion by delivery to the Borrower of a notice duly executed by the Lender, completed as to the amount outstanding to be converted and the number of Shares (together with Attaching Options) to be issued on Conversion (Notice).
Conversion Price	The price that is 3.5¢ per share being a 20% discount to the 10 day volume weighted average price of Shares on the ASX for the 10 traded days prior to the date the loan terms were advised to ASX.	The lower of 2.5¢ or a 15% discount to the 10-day VWAP prior to a Notice being received. For the avoidance of doubt the Conversion Price cannot be less than 2¢.
Attaching Option	An unlisted Option exercisable at 5.3¢ each, being a 50% premium to the Conversion Price of 3.5¢ per share, on or before 31 December 2018.	An unlisted Option exercisable at 3.75¢ each, being a 50% premium to the Public Offer price of 2.5¢ per share, exercisable on or before 31 December 2018.

August Placement

On 11 August 2015 the Company advised it had raised \$500,000 via the issue of 12,500,000 new shares at 4¢ per share to sophisticated investors under the Company’s existing placement capacity under ASX Listing Rule 7.1 (**Placement**). The Directors have resolved, subject to shareholder approval, to issue the Placement participants with a 3-for-5 bonus share so as to reduce the average price of the Placement participants to be in line with the Public Offer price of 2.5¢. The Company also intends to seek shareholder approval to issue the Placement participants with a 1-for-1 free attaching option exercisable at 3.75¢ exercisable on or before 31 December 2018.

Indicative Timetable

An updated indicative timetable for the Acquisition is set out below. The Company notes that the timetable may be subject to change.

Event	Date
Despatch Notice of Meeting	30 October 2015
Lodgement of Prospectus	16 November 2015
Prospectus Offer Open	23 November 2015
Record date for Priority Offer under Prospectus	30 November 2015
Shareholder meeting to approve Acquisition	30 November 2015
Suspension from trading on ASX at opening of trading	30 November 2015
Offer Close	14 December 2015
Allotment of New Shares	17 December 2015

Notice of Meeting

Further details of the matters described above will be set out in the Company's notice of annual general meeting dispatched to shareholders today.

For further information see www.stonehengemetals.com.au, www.proteanwaveenergy.com.au or contact:

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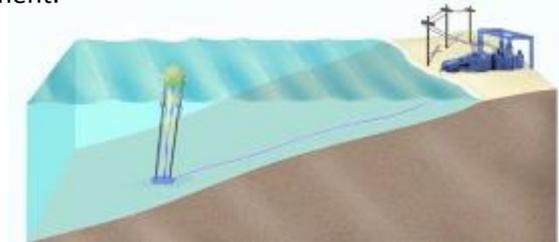
MORE ON: THE PROTEAN™ WAVE ENERGY CONVERTER (WEC) TECHNOLOGY



Stonehenge has exercised its option to acquire the Protean™ WEC technology and completion of the acquisition is now subject to Stonehenge successfully re-complying with ASX Listing Rules.

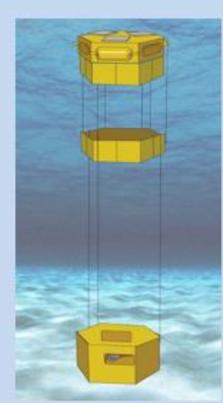
The Protean™ WEC system is based upon a point-absorber wave energy converter buoy device, which floats at the water surface and extracts energy from the waves by the extension and retraction of a tether to its anchoring weight on the seabed. The device is unique in that it optimises the conversion of energy from waves at the surface through all six degrees of wave movement.

Figure 1:
Protean™ WEC
technology



The Protean™ WEC has been developed to use compact architecture to produce power from a small, low cost, scalable design targeted at keeping the projected cost of energy down. The Protean™ WEC has been designed to be cost competitive to manufacture, deploy and maintain. The future plans for the Protean™ WEC include the deployment of a pre-commercial demonstration of a scalable power array (wave farm) prior to moving the technology into early commercialisation. The Stonehenge assessment program aims to:

1. **Refine** the scale device to produce a suitable pre-commercial model;
2. **Create** a scalable power array so as to provide the power requirements of a prospective customer;
3. **Test** the demonstration wave farm for its potential to deliver cost effective power;
4. **Verify** the results, including commissioning of an independent expert to qualify the testing results; and
5. **Commence** commercialisation of the scalable array (wave farm) for small to medium customers.

ACHIEVEMENTS TO DATE Successfully Tested Prototype	PRESENT AND FUTURE OBJECTIVES Deploy Demonstration Wave Farm
 <ul style="list-style-type: none"> ➤ 1.5m wide proof-of-concept device successfully tested. ➤ Device operation validated in varied depths and sea states. ➤ Design principles verified from test results. ➤ Simple patented deployment system demonstrated. ➤ 1m wide "proof of commercial applicability" unit with key design improvements successfully demonstrated. 	 <ul style="list-style-type: none"> ➤ Identify and secure deployment sites and customers. ➤ Deploy 30 buoy demonstration Protean™ wave farm. ➤ Verify Protean as scalable power/water supply solution. ➤ Commence commercial pilot project. ➤ Target remote island, port and coastal industry users

For further information visit: www.proteanwaveenergy.com or www.stonehengemetals.com.au