



2 November 2015



MARKET UPDATE:

**Advancing Towards Completion of Protean™ WEC Acquisition and Commercialisation**

**Milestones Achieved:**

- ✓ Option to acquire Protean™ WEC technology settled November 2014
- ✓ Protean™ WEC pre-commercial model built and functional ocean test completed
- ✓ Advancement in commercialisation strategy with two major milestones achieved:
  - Fabrication of 30 buoy wave farm in progress for planned deployment off WA coast
  - Commercial wave farm approval received for Hanimaadhoo Island, Maldives through option to acquire Clean Energy Maldives, solidifying the Company's strategy to provide energy to Island nations
- ✓ US and Australian strategic partnerships and high calibre team, with extensive experience in renewables in place to execute strategy and drive commercial opportunities
- ✓ \$5 million Public Offer to open in November to complete acquisition and fast track deployment of the 30-bouy wave farm
- ✓ Public Offer manager, CPS, has received strong interest to date with \$1.5 million committed from a US based fund manager and existing shareholder

Stonehenge Metals Limited (**Stonehenge**, or the **Company**) is pleased to provide shareholders with an update on its progress towards commercialisation of the Protean™ wave energy convertor (**WEC**) ahead of a planned recompliance listing and public offer raising of \$2.5m with oversubscriptions up to a total of \$5 million (**Public Offer**).

Since announcing the option to acquire 100% of the Protean™ WEC technology in August 2014, the Company has made significant progress towards solidifying the commercialisation strategy for the technology and advancing with key partnerships in the U.S and Australia.

**MAJOR MILESTONES ACHIEVED**

- Protean™ WEC pre-commercial model functional ocean test completed at Coogee Beach, WA.
- Protean™ WEC design to progress to the next stage of commercialisation: deployment of a 30 buoy demonstration wave farm planned for installation off the Western Australia coast at Bunbury.
- Preparation of tooling equipment to build the 30 buoys is nearing completion and the first buoys are expected to be ready for deployment in early 2016.

For personal use only

- For personal use only
- Good progress within the Island nations market through an option to acquire 99% of Clean Energy Maldives Pvt. Ltd (**CEM**). CEM management has approval to deploy a commercial wave energy converter power generation and seawater desalination facility off the coast of Hanimaadhoo Island, Maldives (**Island**).
  - Planned deployment of a commercial pilot wave farm at Hanimaadhoo Island provides the potential opportunity to provide power to an island, whose power usage is approximately 5,256,000 kWh p.a. with annual spend on electricity estimated at A\$1.58 million (at an assumed tariff of A30¢ per kWh).

### STRATEGIC PARTNERSHIPS

The Company has formed a number of key partnerships in the U.S and Australia to facilitate and accelerate the commercialisation strategy of the Protean™ WEC.

Stonehenge has signed a **Memorandum of Understanding (MOU)** with **California Polytechnic University (Cal Poly)** a leading U.S university with a wealth of experience of developing and commercialising technologies. The parties have progressed to the next stage to receive a US\$1.5 million award from the U.S Department of Energy, following a joint application in May 2015. The grant will fund the next phase of an initiative to foster wave energy technologies and accelerate the development of a national wave energy testing facility (**CalWave<sup>sm</sup>**). The Protean™ WEC has been selected as a technology to be tested within the CalWave project and this is expected to provide the Company with best in class advice and an opportunity to make headway in the U.S ocean renewables market.

Furthermore, Stonehenge has engaged California-based **San Marino Venture Group LLC (SMVG)** to support commercialisation of the Protean™ WEC in the U.S. SMVG has partners and connections in key customer segments including ports, oil companies and power and water utilities in the U.S. SMVG's unique set of skills, contacts and expertise in emerging technologies makes them the ideal partner to accelerate the Company's strategy in the U.S.

Forming part of its Australian based strategy is an MOU with **Yanchep Beach Joint Venture (YBJV)** to collaborate on wave farm development to potentially supply the community at Two Rocks, Western Australia. YBJV is part of SunCity, one of the largest metropolitan urban development projects in Australia. SunCity is to become a sustainable Clean Green Community and through the agreement with YBJV which targets the opportunity for a significant commercial project for the Protean™ WEC.

### ESTABLISHED HIGH CALIBRE TEAM WITH LEADING INDUSTRY EXPERTISE

Three key appointments have been made following the option to acquire the Protean™ wave energy technology, which have strengthened the management and board and added a wealth of expertise in the energy and renewables sector.

**Mr William Toman** was appointed as U.S President of the U.S subsidiary (Protean Wave Energy Inc.) to drive the strategy in the U.S and continue to seek commercialisation opportunities in the region. His efforts are particularly focused on California, which is a hub of opportunity given its aggressive drive towards increased use of renewable energy, its history of drought and the high number of oil rigs based off the coast.

Mr Toman is an energy industry professional with more than 25 years' experience of planning and building energy projects. He is a highly qualified nuclear engineer with a depth of knowledge of large-scale commercialisation of renewable technologies.

The Company appointed **Mr Scott Davis** to manage new business development and commercial opportunities in Australia. Mr Davis has over 20 years' experience across the electricity and resource sectors in Australia, Canada and the Solomon Islands. He brings significant experience of electricity pricing and

integration of renewable energy into isolated power systems. He was most recently Project Director Market Reform with Horizon Power, Western Australia's largest power supplier.

**Mr Brendan Hammond** was also appointed to the role of Chairman. Mr Hammond is an industry veteran with over 25 years' experience in the resources sector, energy market and ports business. He also brings with him corporate expertise following his position as Chairman of Horizon Power and Dampier Port Authority. Mr Hammond also held the position of Managing Director of Rio-Tinto owned, Argyle Diamonds and spent his early career as a metallurgist. His background within Dampier Port and working among port authorities is incredibly valuable to the Company as it targets the port and energy sectors for commercial opportunities.

#### NEXT STEPS

On 30 October 2015 the Company dispatched a notice of annual general meeting to shareholders to seek approval to, amongst other matters, raise \$2.5 million, with oversubscriptions up to a total of \$5 million, via a public offer under a prospectus at a subscription price of 2.5¢ per share with a one for one free attaching option with an exercise price of 3.75¢ per share (**Public Offer**). The Public Offer will give preference to existing shareholders who are shareholders on 30 November 2015, being the date of the Company's annual general meeting. Public Offer lead manager CPS Capital Group, has informed the Company that they have received expressions of interest to date of \$1.5m under the Public Offer including from a New York fund manager and an existing substantial shareholder.

The funds raised are to be used to accelerate the commercialisation strategy further and provide the Company with the ability to propel its projects forward.

The Company and CEM are working to secure further expressions of interest from potential power customers, including some of the islands largest power consumers. Following the Public Offer and successful testing of the 30 buoy Protean™ WEC demonstration wave farm, Stonehenge has intentions to, subject to a positive feasibility study, exercise the option to acquire CEM and commence deployment of commercial pilot wave farm at Hanimaadhoo Island, Maldives.

The Company is currently progressing with the development of the 30 buoy wave farm and expects to deploy the array off the coast of Western Australia at Bunbury in early 2016, pending completion of the Public Offer. Bruce Lane, Managing Director, Stonehenge Metals commented:

*"The past year has been a busy one for Stonehenge. We have been working hard to put in place a strong team and platform to accelerate the Protean™ WEC commercialisation. Our plans to deploy a small demonstration wave farm off the coast at Bunbury and pave the way for a commercial pilot at Hanimaadhoo Island in the Maldives signify two major milestones for the Company. We're now entering the next phase of our strategy as we work towards deploying wave farms and progressing quickly towards initial commercialisation."*

#### Indicative Timetable

The indicative timetable to completion of the Public Offer and acquisition of PEA is set out below. The Company reserves the right to vary these dates without prior notice.

Event	Date
Notice of meeting dispatched to Shareholders	30 October 2015
Lodgement of Prospectus for Public Offer	16 November 2015
Suspension of SHE Securities from trading on ASX at opening of trading	30 November 2015
Annual General Meeting to approve change of nature of activities & other matters	30 November 2015
Opening Date of the Offers	23 November 2015
Closing Date for Public & Priority Offer	14 December 2015
Allotment of New Shares	17 December 2015
Anticipated date of re-admission to trading of Shares on ASX	29 December 2015

## Indicative Capital Structure

The indicative capital structure of the Company following completion of the Public Offer and acquisition of PEA is set out below.

<b>Proforma Capital Structure* Ordinary Shares</b>	<b>Maximum Subscription Shares \$5M</b>	<b>Minimum Subscription Shares \$2.5M</b>
Shares Currently on issue <sup>1</sup>	861,353,928	861,353,928
Vendor Shares	60,000,000	60,000,000
Public Offer Shares	200,000,000	100,000,000
Shares on Conversion of Loans	30,761,352	30,761,352
Placement Bonus Shares	7,500,000	7,500,000
<b>Total Number of Shares after Prospectus Raising and completion of Transaction</b>	<b>1,152,115,280</b>	<b>1,052,115,280</b>

*\*Excludes effect of options and performance shares and performance rights as detailed in the notice of meeting dispatched on 30 October 2015*

For further information see [www.stonehengemetals.com.au](http://www.stonehengemetals.com.au), [www.proteanwaveenergy.com.au](http://www.proteanwaveenergy.com.au) or contact:

### Stonehenge:

**Bruce Lane – Managing Director**

T: + 61 8 9481 2276

E: [blane@stonehengemetals.com.au](mailto:blane@stonehengemetals.com.au)

### Media Queries:

**Fran Foo - Media & Capital Partners**

T: +61 416 302 719

E: [fran.foo@mcpartners.com.au](mailto:fran.foo@mcpartners.com.au)