



## QUARTERLY ACTIVITIES REPORT

PERIOD ENDING 30 JUNE 2010



ASX CODE: SHE

- 
- **Appointment of former ERA CEO, Bob Cleary, as a non-executive director**
  - **15 new tenement applications secured in South Korean uranium province**
  - **Placement completed to European & Australian funds**
  - **Translation of Korean report reveals encouraging historical metallurgical test work**
  - **Stonehenge moves to 56% ownership of South Korean uranium projects**
  - **Clean TeQ appointed to undertake pre-scoping engineering study**
- 

During the Quarter, Stonehenge Metals Limited (Stonehenge or the Company) made significant progress in developing its recently acquired uranium projects in South Korea.

On 24 April 2010 the Company announced the appointment of experienced exploration specialist Mr Simon Fleming as an Executive Director and Chief Operating Officer (COO) of the Company. Subsequently on 17 May 2010 the Company also advised the appointment of Mr **Bob Cleary**, a highly experienced uranium industry executive and uranium processing specialist, as a non-executive director and consultant to the Company.

Mr Cleary, BSc (tech) Chem. Eng, joined Energy Resources of Australia (ERA) in the mid 1980s as Operations Manager at its Ranger uranium mine in Australia's Northern Territory. He was promoted to General Manager Operations and oversaw the restructure of the mine's operation in order to sustain the asset's profitability during a period of record low uranium prices. Mr Cleary transferred within North Ltd (North) where he spent 4 years evaluating nickel and iron ore investment opportunities in Western Australia. Mr Cleary subsequently rejoined the ERA team as Deputy Chief Executive before being promoted to Chief Executive in mid 1999. He held this position during the takeover of North by Rio Tinto Ltd in 2000 and continued until early 2004.

On 12 May 2010 Stonehenge advised that the Company has applied for **15 new tenement areas** at the Daejon Project, located 25km south of Daejon City in South Korea. The new tenements compliment Stonehenge's existing Daejon Project tenements and once granted will allow the Company to expand its future uranium exploration programmes. The new application areas are strategically positioned in relation to the Daejon Project and were selected for their potential to significantly extend the strike length of the current resources and known mineralisation. The current resources are open along strike and at depth. The Directors are confident that the new tenement areas can add significant value to Stonehenge's already established uranium resources in South Korea. Stonehenge has commenced a reconnaissance sampling program across a number of the Korean project areas to identify future targets for exploration. Results from the initial phase of this sampling program are expected to be available imminently.

On 11 June Stonehenge advised that the Company completed a **placement to European and Australian based institutional investors** of \$2.8m (before costs) for the issue of 50 million shares at \$A0.056 per share with one free attaching SHEOA option for every two placement shares subscribed. Paterson's Securities Limited acted as Lead Manager to the placement. The Directors believe this investment in Stonehenge by institutional funds marks a significant milestone in the Company's history and is a major step toward achieving Stonehenge's objective to develop a world class uranium asset in South Korea. The placement provides Stonehenge with sufficient funds to conduct a first round of exploration plus some preliminary metallurgical test work to create a solid foundation for the Company's future development program.

During the Quarter Stonehenge also **translated and analysed a report on metallurgical testing** conducted by the Korea Research Institute of Energy and Resources (KIER) in 1981. The uranium ores tested in the study were from the same geological formation as those found on Stonehenge's tenement in South Korea and demonstrated **high uranium recoveries** using conventional leach treatment methods. The test results are contained within the 201 page KIER report entitled; "Research on the Extraction of Uranium Ores (Ores of Black Argillite of Okcheon Belt)". This report is one of a number of reports on studies conducted over a period of several years and is the first to be fully translated into English by Stonehenge. The Company is continuing to work on translating and analysing the remaining reports and will update the market in the future as appropriate.

As a result of the depth and quality of the information contained in this KIER report (and the other Korean Government reports translated to date) the Company decided to commence a pre-scoping engineering study on the Daejon Project. Consequently after the Quarter end, on 29 July 2010, Stonehenge advised that that **Clean TeQ Holdings Ltd (ASX: CLQ)** has been appointed to complete a desk top pre-scoping engineering study of its Daejon Uranium Project in South Korea. Clean TeQ is a recognised leader in Ion exchange, Resin-in-Pulp and Resin-in-Leach processing designs and the delivery of turnkey processing facilities.

The primary aims of the pre-scoping engineering study are to provide:

- a concise review of available geological and metallurgical information,
- a conceptual metallurgical flow sheet and process description, and
- a metallurgical test work program to compliment and augment the historical metallurgical testing.

During preliminary discussions Clean TeQ has initially outlined a potential process route whereby both the uranium and the vanadium could be effectively extracted from the mineralisation. Stonehenge believes that there is the potential for the black shales of the Ogcheon Belt in South Korea to contain economic concentrations of both uranium and vanadium; consequently the Company is now evaluating the option of extracting both products.

After the end of the Quarter, on 20 July 2010, Stonehenge also advised that the Company's wholly owned subsidiary Chong Ma Mines Inc had, in accordance with the agreement to acquire 3 uranium projects in South Korea, paid US\$400,000 to secure an additional 4/9 of the Daejon, Miwon and Gwesan uranium projects. Stonehenge, via Chong Ma Mines Inc, **now holds 5/9 (56%) of the title to the 3 uranium projects** and can secure the remaining 4/9 (44%) of the title through the payment of another US\$400,000 by July 2011.

## **OPERATIONS AND EXPLORATION**

### **South Korea**

Stonehenge has advanced preparation for an aggressive program of diamond drilling at the Daejon Uranium Project. A substantial body of additional Korean Government information relating to historical exploration on the tenement areas is currently being translated and reviewed. This additional information, once it is translated and evaluated, is expected to materially improve the Company's understanding of the projects and to help inform future exploration work.

An initial exploration program has been designed to verify past drilling results via twinning previously drilled holes. This initial program is expected to commence once translation and analyses of the additional historical Korean reports is completed and ongoing negotiations regarding land access are finalized.

Later exploration programs will be designed to infill and extend the known mineralisation and to convert the Company's substantial Exploration Target into Inferred Resources.

### **Tasmania**

The planned divestment of the Heemskirk Tin Project, as outlined in the September 2009 Quarterly report, remains subject to approval by the Department of Infrastructure, Energy and Resources (Tasmania). An inspection of the site was conducted by the Department during the Quarter in preparation for the finalization of the transfer. This divestment will enable the Company to continue to focus effort on its Tasmanian exploration activities on the Stonehenge (EL17/2003) and Sunshine (20M/2001) tenements and the newly acquired South Korean uranium projects.

An application for an extension of term was lodged over the Stonehenge exploration licence, EL17/2003.

No field work was conducted on the Company's Tasmanian tenements during the quarter.

### **CORPORATE**

On June 8<sup>th</sup> 2010 the Company advised that it had issued 50,000,000 shares at \$A0.056 per share and 25,000,012 "SHEOA" listed options to raise \$2.8m before costs (the Offer). The SHEOA listed options were issued on the basis of one (1) free option for every two (2) shares subscribed under the Offer.

On 24<sup>th</sup> April 2010 the Company announced the appointment of experienced exploration specialist Mr Simon Fleming as Chief Operating Officer (COO) and an Executive Director of the Company. On 17 May 2010 the Company further advised the appointment of Mr Bob Cleary, a highly experienced uranium industry executive and uranium processing specialist, as a non-executive director and consultant to the Company.

## SOUTH KOREAN TENEMENT SCHEDULE AS AT 28 JANUARY 2010

Korean Granted Mining Rights (subject to the Sim Acquisition Agreement)

Registration Number	Land Register	Number	Area (ha)	Minerals	Registration Date	Registrant	Property
76967	Goesan	114	275	Uranium	28/05//2008	Sim Jae Youl	Goesan [Gwesan]
76942	Goesan	115	275	Uranium	14/05/2008	Sim Jae Youl	
76965	Goesan	117	275	Uranium	28/05/2008	Sim Jae Youl	
76966	Goesan	118	275	Uranium	28/05/2008	Sim Jae Youl	
76964	Goesan	124	275	Uranium	28/05/2008	Sim Jae Youl	
76941	Goesan	125	275	Uranium	14/05/2008	Sim Jae Youl	
76968	Goesan	126	275	Uranium	28/05/2008	Sim Jae Youl	
76969	Goesan	128	275	Uranium	28/05/2008	Sim Jae Youl	
77018	Miwon	36	276	Uranium	11/06/2008	Sim Jae Youl	Miwon
77019	Miwon	46	276	Uranium	11/06/2008	Sim Jae Youl	
77020	Miwon	58	276	Uranium	11/06/2008	Sim Jae Youl	
77225	Miwon	37	276	Uranium	21/08/2008	Sim Jae Youl	
77291	Miwon	47	276	Uranium	23/09/2009	Sim Jae Youl	
77292	Miwon	57	276	Uranium	23/09/2009	Sim Jae Youl	
77010	Okcheon	136	138	Uranium	10/06/2008	Sim Jae Youl, Sim Jun Bo	Daejon
77011	Daejon	18	277	Uranium	10/06/2008	Sim Jae Youl, Sim Jun Bo	
77012	Daejon	28	259	Uranium	10/06/2008	Sim Jae Youl, Sim Jun Bo	
77013	Daejon	38	277	Uranium	10/06/2008	Sim Jae Youl, Sim Jun Bo	
77014	Daejon	48	277	Uranium	3/07/2008	Sim Jae Youl, Sim Jun Bo	
77038	Okcheon	147	277	Uranium	19/06/2008	Sim Jae Youl, Sim Jun Bo	
77039	Daejon	17	103	Uranium	19/06/2008	Sim Jae Youl, Sim Jun Bo	
77114	Daejon	7	190	Uranium	3/07/2008	Sim Jae Youl, Sim Jun Bo	
77115	Daejon	27	56	Uranium	3/07/2008	Sim Jae Youl, Sim Jun Bo	
77363	Daejon	47	242	Uranium	16/10/2008	Sim Jae Youl	
77364	Daejon	57	186	Uranium	16/10/2008	Sim Jae Youl	

## Korean Granted Mining Rights (subject to the Sim Acquisition Agreement)

Registration Number	Land Register	Number	Area (ha)	Minerals	Registration Date	Registrant	Property
77293	Pyeonghae	123	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77294	Pyeonghae	124	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77295	Pyeonghae	125	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77296	Pyeonghae	133	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77297	Pyeonghae	138	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77298	Pyeonghae	103	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77299	Pyeonghae	104	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77300	Pyeonghae	113	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77301	Pyeonghae	114	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77302	Pyeonghae	115	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77303	Pyeonghae	117	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77304	Pyeonghae	118	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77305	Pyeonghae	126	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77306	Pyeonghae	127	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77307	Pyeonghae	128	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77308	Pyeonghae	136	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae
77309	Pyeonghae	137	275	Uranium	23/09/2008	Se Woo Mining Co Ltd.	Pyeonghae

## Korean Mining Right Applications (held directly by Chong Ma)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
01424	Okcheon	136	277	U	May 10, 2010	Chong Ma <sup>1</sup>	Daejon
01400	Daejon	14	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01399	Daejon	15	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01398	Daejon	16	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01391	Daejon	17	277	Cu, Pb, Zn, Mo, V	May 7, 2010	Chong Ma	
01397	Daejon	25	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01396	Daejon	26	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01323	Daejon	27	277	Cu, Pb, Zn, Mo, V	April 30, 2010	Chong Ma	
01422	Daejon	28	277	U	May 10, 2010	Chong Ma	
01395	Daejon	35	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01394	Daejon	36	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01393	Daejon	46	277	Cu, Pb, U, Zn, Mo, V	May 7, 2010	Chong Ma	
01423	Daejon	47	277	U	May 10, 2010	Chong Ma	
01392	Daejon	50	277	U	May 7, 2010	Chong Ma	
01450	Daejon	69	277	Cu, Pb, U, Zn, Mo, V	May 11, 2010	Chong Ma	
01462	Daejon	135	277	Cu, Pb, U, Zn, Mo, V	May 11, 2010	Chong Ma	
01390	Daejon	145	277	Cu, Pb, Zn, Mo, V	May 7, 2010	Chong Ma	
01971	Geumsan	71	277	U, V	Jan 24, 2010	Chong Ma	

<sup>1</sup> Chong Ma Mines Inc is a wholly owned subsidiary of Stonehenge Metals Limited

## Korean Mining Right Applications (held directly by Chong Ma)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
00223	Daejon	58	277	Uranium	Jan 22, 2010	Chong Ma <sup>2</sup>	Daejon
00234	Daejon	59	277	Uranium	Jan 22, 2010	Chong Ma	
00896	Daejon	37	277	Uranium	Mar 29, 2010	Chong Ma	
00902	Daejon	60	277	Uranium	Mar 29, 2010	Chong Ma	
00901	Daejon	70	277	Uranium	Mar 29, 2101	Chong Ma	
00900	Daejon	90	277	Uranium	Mar 29, 2010	Chong Ma	
00898	Okcheon	125	277	Uranium	Mar 29, 2010	Chong Ma	
00897	Okcheon	126	277	Uranium	Mar 29, 2010	Chong Ma	
00899	Geumsan	61	277	Uranium	Mar 29, 2010	Chong Ma	
00235	Young U Ri	145	277	Uranium	Jan 22, 2010	Chong Ma	
00228	Goisan	113	277	Uranium	Jan 22, 2010	Chong Ma	
00229	Goisan	137	277	Uranium	Jan 22, 2010	Chong Ma	
00236	Miwon	3	277	Uranium	Jan 22, 2010	Chong Ma	Miwon
00230	Miwon	6	277	Uranium	Jan 22, 2010	Chong Ma	
00231	Miwon	14	277	Uranium	Jan 22, 2010	Chong Ma	
00232	Miwon	16	277	Uranium	Jan 22, 2010	Chong Ma	
00233	Miwon	26	277	Uranium	Jan 22, 2010	Chong Ma	
00224	Pyeonghae	94	277	Uranium	Jan 22, 2010	Chong Ma	Pyeong Hae
00225	Pyeonghae	95	277	Uranium	Jan 22, 2010	Chong Ma	
00226	Pyeonghae	105	277	Uranium	Jan 22, 2010	Chong Ma	
00227	Pyeonghae	116	277	Uranium	Jan 22, 2010	Chong Ma	

**Note:** All Mining Rights & Applications (above) have been pegged as standard 1 minute latitude X 1 minute longitude graticules and are approximately 277 ha in size.

<sup>2</sup> Chong Ma Mines Inc is a wholly owned subsidiary of Stonehenge Metals Limited

## TASMANIAN TENEMENT SCHEDULE AS AT 28 JULY 2010

Project Name	Tenement Number	Area	Expiry Date	Registered Holder	Stonehenge Interest
Granville Leases/ Twelve Mile Creek - Granville East, Central Big H, North Heemskirk Alluvial, Heemskirk Tin Mill	21M/2003	68 ha	05-Mar-09	Stonehenge Metals Limited	100% - Now subject to 100% transfer to McDermott Mining
Granville East Extended Lease	9M/2006	10 ha	09-Oct-11	Stonehenge Metals Limited	100% - Now subject to 100% transfer to McDermott Mining
Sunshine/ McLean Creek Lease	20M/2001	21 ha	10-Mar-09 (extension application submitted)	Stonehenge Metals Limited	100%
Stonehenge Creek	EL17/2003	7 km <sup>2</sup>	09-Jul-10	Stonehenge Metals Limited	100%

The Heemskirk Extended mining lease application (1M/2009), which was subject to transfer to McDermott Mining upon grant under the terms of the Heemskirk Project divestment, also lapsed during the quarter. McDermott Mining will be responsible for a new application, if required, post finalisation of the Heemskirk divestment. An application for an extension of term was lodged over the Stonehenge exploration licence, EL17/2003.