



## ASX/Media release

26 May 2011

ASX: SHE

### OPERATIONS UPDATE

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**First phase of ore analysis study to research and review uranium ore in the Ogcheon Belt complete**

**Formal permission received from the Governor of the Guemsan County to commence drilling in the Chubu area**

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#### OPERATIONAL UPDATE

The board of Stonehenge Metals Limited ("Stonehenge" or the "Company") is pleased to provide shareholders with the following operations update in relation to the Company's activities in South Korea.

##### **First phase of ore analysis study**

Stonehenge has an agreement with Kongju University in Korea and KIGAM for research and review of uranium ore in the Ogcheon Belt. The Ogcheon Belt runs through the Company's Daejon, Miwon and Gwesan project areas (see map below). The study reviewed historical drill core from the 1970s and 1980's and new data collected to assess the technical and economic feasibility of resources in the related areas. The researchers selected representative drilling cores to investigate the overall characteristics of the uranium mineralization of the Ogcheon system.

Core analysis from the study's first phase has been completed and the Company has prepared a report for review with its research partners. The final report will be released following approval by all research partners.

Significantly, close to 100% of the mineralised zones from the holes analysed (26 of a total of 335) has been retained in the historical core, some of which have been chemically assayed, the majority of which has not. Stonehenge will hold discussions with its collaborative research partners to extend the programme and seek permission to further test the core.

In parallel, an agreement has also been reached with the Chonnam National University to test the core non-destructively through XRF techniques to determine presence, quantity and grade of Uranium, Vanadium, Molybdenum, and Rhenium.

### Daejon drilling approval

As previously advised to the ASX, Stonehenge has received formal permission from the Governor of the Guemsan County in Korea to commence a drilling programme in the Chubu area. This approval follows a land access agreement with local land owners. Stonehenge has received a 12 month approval covering an area totaling 2,350m<sup>2</sup>.

Having completed all land surveys, Stonehenge is now clearing land to enable rig access to areas (previously drilled by KORES) that have been identified as key targets for future resource definition and upgrade. The Company will announce details on the final drilling program, including location plans, shortly.

### Government engagement

In May, Stonehenge met with representatives of Korean Government agencies MKE (Mine Security) and MIRECO (mine environmental planning and rehabilitation) to ensure a good working relationship as the Company progresses to activities for an Environmental Impact Statement and Pre-Feasibility Study.

### Additional mineral rights opportunity

Discussions in relation to the potential opportunity to acquire further mineral rights, as announced recently, remain on-going. The Company will immediately inform the market of any material developments in these discussions.

### Marketing activity

Stonehenge will present and exhibit at the forthcoming Uranium Conference in Fremantle, Western Australia in July. Korean utility, KEPCO, has accepted an invitation to present at the conference and shareholders are encouraged to attend and hear the Korean Government's future nuclear power generation plans and commitments.

For further information visit [www.stonehengemetals.com.au](http://www.stonehengemetals.com.au) or contact;

Figure 1: Ogcheon Belt



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## About Stonehenge

Stonehenge Metals Limited (ASX Code: SHE) is developing a uranium project in South Korea. Stonehenge owns 100% of the rights to four uranium projects in South Korea, including the Company's flagship Daejon Project which contains the largest uranium resource within South Korea at **65.0Mlbs<sup>1</sup>** grading **320ppm eU<sub>3</sub>O<sub>8</sub>** (in accordance with JORC guidelines).

Recent metallurgical testwork has shown that the uranium mineralisation is uraninite (UO<sub>2</sub>) and is associated with feldspars; uranium extraction of over 90% can be achieved using a grind size of 150 µm, weak acidic conditions, (low acid consumption, 10 kg acid / tonne ore) and a leach temperature of 50°C.

Metallurgical consultants Clean TeQ have used current Korean power and chemical costing and, based on conservative assumptions from the test program, a C1 cash cost of **US\$24.50/lb U<sub>3</sub>O<sub>8</sub>** can be achieved. This cash cost is based upon a Vanadium by-product credit - a sale price of US\$13 / lb V.

### Competent Persons Statement

The information contained in this ASX release relating to Mineral Resources has been compiled by Mr. Michael Andrew of Snowden Mining Industry Consultants Pty Ltd. Mr. Andrew is a Member of The Australian Institute of Mining and Metallurgy. Mr. Andrew has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Andrew consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.