



QUARTERLY ACTIVITIES REPORT



PERIOD ENDING 30 June 2011
ASX CODE: SHE

Stonehenge Metals Ltd

ABN 81 119 267 391

L8, 225 St Georges Terrace

Perth WA 6000

T: +61 8 9481 2277

www.stonehengemetals.com.au

Enquiries regarding this report may be directed to:

Richard Henning

Managing Director

Matthew Foy

Company Secretary

OVERVIEW

- Formal permission received to commence drilling in the Chubu area.
- First phase of Kongju University ore analysis study completed.
- Stonehenge moves to establish Joint Venture Vanadium and Molybdenum trading Company with Yong Jin Speciality Steel Co Ltd.
- Key management appointments strengthen the management capability of Stonehenge.
- Acquisition of Korean Uranium Projects completed.

CORPORATE

Discussions are continuing with a number of prospective partners, pursuant to the Company strategy of growing its footprint in South Korea and seeking strategic partnerships.

The Company has now completed all payments to finalise 100% project ownership.

Cash balance at 30 June 2011 was A\$3.1m.

Detailed Operations and Exploration Review

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



Chubu drilling programme

Formal permission has been received from the Governor of the Geumsan Province 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 approval for 12 months to drill.

Having completed all land surveys, Stonehenge is now in discussion with land owners to tie together other parcels of land that will enable a drilling programme to commence on identified key targets for future resource definition and upgrade. The Company will announce details in due course.

First phase of core analysis study complete

Stonehenge is researching and reviewing existing core material of uranium ore in the Ogchon Belt. The Ogchon 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 geologists selected representative drilling cores to investigate the overall characteristics of the uranium mineralization of the Ogchon system.

Aims of the Drill Core Study Project

1. To collate and review the existing literature, data, and materials of the uranium mineralisation of the Ogchon Belt.
2. To conduct geological research investigations into the characteristics of the uranium mineralisation of the Ogchon Belt.
3. To investigate the drill core from 26 drill holes of the Chubu uranium deposit
4. To maximise the geological, geotechnical, geophysical, geochemical and metallurgical data that can be obtained from the drill core, with due regard to minimising the disturbance to the retained drill core.
5. To confirm and reinterpret the characteristics of the mineralisation zone within the Chubu uranium deposit.

Purpose of the Drill Core Study Project

To use the results of the research to assist with evaluating potential future mining, recovery and processing of uranium ores. This will have great benefit to not only the metallurgical characteristics and understanding of Chubu ore but also the other uranium deposits of the Ogchon Belt.

Further, to increase the understanding of the polymetallic mineralisation of the Ogchon Belt and to enable the retained drill holes to be included within Stonehenge Metals ongoing resource estimation and evaluation programs at Chubu. Incorporating the results of research from the Drill Core Study Project into the own ongoing

exploration program, substantially increases the confidence level of uranium resource estimates and significantly increases the cost-effectiveness of its exploration and development program.

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.

To-date 26 of a total of 335 diamond drill holes have been analysed. Significantly, close to 100% of the mineralised zones from the holes inspected 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

Establishment of Joint Venture trading company with Yong Jin Speciality Steel Co Ltd

Stonehenge and Yong Jin Speciality Steel Co., Ltd (**Yong Jin**) have reached an agreement to proceed to Memorandum of Understanding which will outline terms for the creation of a joint venture trading company, owned and operated equally by Stonehenge and Yong Jin. Yong Jin is one of Korea's largest independent steel companies and the President of Yong Jin, Mr JJ Kang President is a former Director of POSCO and retains many contacts in Korea and elsewhere.

It is intended that the trading company will initially be responsible for 100% of the off-take of Vanadium and Molybdenum from the Stonehenge operations but could potentially include any commodity trading into or out of Korea.

Bi-lingual website, policy manuals and discussion papers.

Stonehenge is developing written material required to address a wide range of issues with the Central Government, Provincial Government and Community Council and provide more material to back up/progress the information

disseminated bi-lingual through Power Point presentations.

The material is in the form of discussion papers, short summary reports/fact sheets, briefing notes or Q & A's. This will encourage active participation and involvement in discussing the real issues and opportunities.

The subjects will include, but not be limited to:-

- Exploration work done
- Background & History of project; Work completed; Current status
- Test work previously completed
- Korean Domestic uranium production issues
- Korean role in the nuclear industry both in Korea and abroad – and the need for security of uranium supply
- Details of work underway – ie re-evaluating previous work – which involves less impact/risk than previous work
- Baseline Studies
- Community Engagement proposals – Advisory Groups; Community Leaders Group
- Government Scientific and Technical Committee – modelled on successful organisations in other countries; establishing strong ties with other countries particularly those where business is undertaken and developing

Key Management appointments

During the Quarter the Company announced key appointments that have strengthened its management capabilities in line with its corporate objective to develop Korea's first uranium mining project.

Tony Chamberlain - Chief Metallurgist

Responsible for providing full and professional input to the key requirement of maximising the extraction of multi metals from the Black Shales. Mr Chamberlain has extensive experience and will provide considerable confidence to the project. He was formerly General Manager – Projects

Mining Division with ASX-listed Clean TeQ Holdings Limited, he holds degrees in Applied Science and Mineral Science, and has a PhD in Metallurgy.

Steven Michael - Chief Financial Officer

Recently with the Royal Bank of Canada as Director of research sales – Global Equities, Mr Michael holds a degree in Commerce and has been a member of the Institute of Chartered Accountants for 15 years; he will join the Company as CFO with additional responsibility to assist in Investor Relations and Business Development.

Injin Jeong – Project Engineer

Responsible for coordinating all geological, metallurgical and environmental matters for the Company. Ms Jeong holds a Degree in Chemical Engineering from Chonnam National University and is studying for a Masters Degree at UWA. She is also responsible for creating and maintaining all bi-lingual documentation (including the corporate website and all technical/environmental/health & safety manuals) as part of the effort of maintaining good working practice and community consultation.

EVENTS SUBSEQUENT TO THE QUARTER

Acquisition of Korean Uranium Projects complete

On 19 July 2011 the Company advised that its wholly owned subsidiary Chong Ma Mines Inc. (**Chong Ma**) had, pursuant to the Acquisition Agreement announced on 6 January 2010, made the final payment of US\$400,000 to secure the remaining 4/9 interest in the Daejon, Miwon and Gwesan Uranium projects.

The Company has resolved not to exercise its option to acquire the Pyeonghae Option Property after investigations did not yield any prospect of any economic mineralisation being discovered.

Stonehenge, via Chong Ma, now holds 100% of the title to the three (3) uranium projects which comprise of 25 granted mining rights and 10 mining right applications covering an approximate area of 15,847 hectares.

Marketing

Subsequent to the end of the Quarter the Company presented at the Uranium Australia conference held in Fremantle, Western Australia.

The Company was also invited to attend and present to the inaugural Austock Uranium Conference in Sydney.

The Company also joined the inaugural Australia-Korea Business Council – WA

For further information visit

www.stonehengemetals.com.au

Competent Persons Statement

The information contained in this ASX release relating to Mineral Resources has been compiled by Mr. Michael Andrew of Optiro 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.

Appendix 1

Stonehenge Tenement Details:

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	
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 Mining Right Applications (held directly by Chong Ma)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
03673	Daejon	58	277	Uranium	Nov 16, 2010	Chong Ma	Daejon
03674	Daejon	59	277	Uranium	Nov 16, 2010	Chong Ma	
03675	Daejon	68	277	Uranium	Nov 16, 2010	Chong Ma	
03676	Daejon	69	277	Uranium	Nov 16, 2010	Chong Ma	
03677	Daejon	70	277	Uranium	Nov 16, 2010	Chong Ma	

Korean Mining Rights (held directly by Chong Ma)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
79161	Goisan	137	275	U, V	Dec 30, 2010	Chong Ma	Gwesan

Note: All Mining Rights & Applications (above) have been pegged as standard 1 minute latitude X 1 minute longitude graticules and are approximately 277- 275 ha in size.

TASMANIAN TENEMENT SCHEDULE AS AT 30 JUNE 2011

Project Name	Tenement	Area	Expiry Date	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 Ltd	100% - Now subject to 100% transfer to McDermott Mining*
Granville East Extended Lease	9M/2006	10 ha	09-Oct-11	Stonehenge Metals Ltd	100%
Sunshine/ McLean Creek Lease	20M/2001	21 ha	10-Mar-09 (extension application)	Stonehenge Metals Ltd	100% - Now subject to 100% transfer to McDermott Mining
Stonehenge Creek	EL17/2003	7 km ²	09-Jul-10 (pending renewal)	Stonehenge Metals Ltd	100%

* 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 June 30 2010 Quarter in preparation for the finalisation of the transfer.