Stonehenge

METALS LTD

ABN 81 119 267 391

Annual Report 2011

Corporate Directory

Directors

Warren Staude *Non Executive Chairman*
Richard Henning *Managing Director*
Bob Cleary *Non Executive Director*
Bevan Tarratt *Non Executive Director*

Company Secretary

Matthew Foy

Registered Office

Level 8, 225 St Georges Terrace
PERTH WA 6000

Principal Office

Level 8
225 St Georges Terrace
PERTH WA 6000

Telephone: 61 8 9481 2277

Facsimile: 61 8 9481 2355

Email:
admin@stonehengemetals.com.au

Web:
www.stonehengemetals.com.au

Stock Exchange Listing

The Group's shares are listed by ASX Limited

The home exchange is Perth.

Facsimile: 61 8 9221 2020

ASX Code - **SHE**

Share Registry

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
PERTH WA 6000

Telephone: 61 8 9315 2333

Bankers

National Australia Bank Limited
50 St Georges Terrace
PERTH WA 6000

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Contents

Our Projects

Our flagship Daejon uranium Project in South Korea is highly prospective with JORC compliant (inferred) resources of 65Mlbs @ 320ppm eU_3O_8

Korea is the world's 5th largest producer of nuclear power

Stonehenge Metals owns the largest uranium deposit in South Korea

Chairman's Report

Dear Fellow Shareholders

DEVELOPING WORLD CLASS URANIUM ASSETS

The board is pleased to present to you the annual report for 2011 and inform you that your Group is well positioned to deliver on its strategy of developing a world class uranium project.

The year has held many ups and downs for not only your Company but the wider industry and community as a whole. Following the tragic earthquake and tsunami in Japan in March 2011 the uranium industry has once again had the spotlight shined on it. Stonehenge has been no exception and throughout the year has strived to dispel myth from fact.

In November last year your Group entered into a collaborative research programme with Kongju University in Korea for research and review of uranium ore in the Okcheon Belt which runs through the Company's Daejon, Miwon and Gwesan project areas.

In the same month we commenced our maiden drilling program late last year in South Korea which confirmed strong uranium and vanadium results with assay results of 7m @ 337ppm U_3O_8 and 8m @ 10,198ppm V_2O_5.

The Company acquired the remaining 4/9 interest in the Daejon, Miwon and Gwesan uranium projects with Chong Ma Mines Inc., the Group's wholly owned subsidiary now holding 100% of the title.

Notably the Company increased the Uranium resource by 87% to a total of 65 million pounds of contained eU_3O_8, becoming the largest uranium resource in South Korea.

Metallurgical testwork demonstrated a greater than 90% uranium extraction under weak acidic conditions and a leach temperature of 50°C.

Of course, none of the excellent work conducted by the Group would be possible without the contribution of a professional, dedicated and highly-skilled team. During the reporting period the Company appointed Dr Tony Chamberlain, former General Manager of Clean TeQ Holdings Limited as Chief Metallurgist. The Company also had the pleasure of announcing the appointment of Ms Injin Jeong as Project Engineer, a Korean national with a Degree in Chemical Engineering from Chonnam National University and currently studying for a Masters Degree at UWA.

From here, Stonehenge looks forward to continued positive developments in metallurgical testwork and future resource upgrades. We will continue to strengthen our relationship in Korea with the relevant Government Agencies such as KORES and KIGAM, landowners and the wider Korean community to achieve our goal of becoming Korea's first uranium producer.

In conclusion the board would like to acknowledge the outstanding contribution of our dedicated team of employees and contractors and we look forward to continue working with Richard Henning to drive Stonehenge towards its goal of developing world class mineral resource assets.

Warren Staude
Chairman

Stonehenge Metals Limited

Project Overview

Stonehenge Metals Limited (ASX: SHE) is an Australian-based company with a pipeline of uranium prospects in South Korea, including an emerging development project which could become Korea's first uranium mine.

South Korean Project Geology

Stonehenge Metals Limited through its wholly owned subsidiary Chong Ma Mines Inc acquired the Mining Rights to the Daejon, Miwon and Gwesan Uranium Projects in South Korea.

The Korean peninsula is situated at the active margin of a stable craton, known as the North China-Korea Platform. The craton is divided into three Archean blocks, separated by northeast- trending Phanerozoic mobile belts including the Ogchon Belt.

The Daejon, Miwon and Gwesan projects are highlighted in red and situated within the Ogchon Belt, a northeast-south west orientated "rift valley" type basin, flanked by Precambrian massifs. Cambro-Ordovicean deep marine sequences are mapped as dark green, with shallow marine indicated by light blue colour and platform limestone of the "Great Limestone Series" marked dark blue.

Uranium mineralization is strata bound, being contained within multiple-folded uraniferous-bearing graphitic-carbonaceous slate beds of the Guryongsan Slate of the Ogchon Basin sequence.

Figure 1: *South Korean Uranium Projects, Location Map*

65Mlbs
@ 320ppm eU_3O_8

4km
strike

90%
U recovery

Project Overview

Largest uranium deposit in South Korea

2014/15

estimated production

Project Overview

South Korean Acquisition and Operations

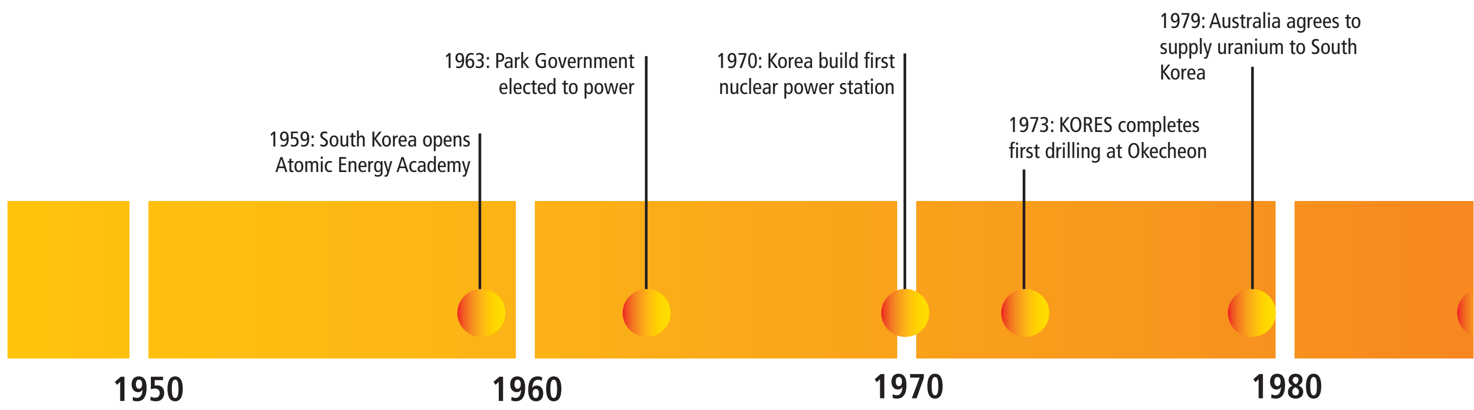
Daejon Project

South Korea Mineral Resources

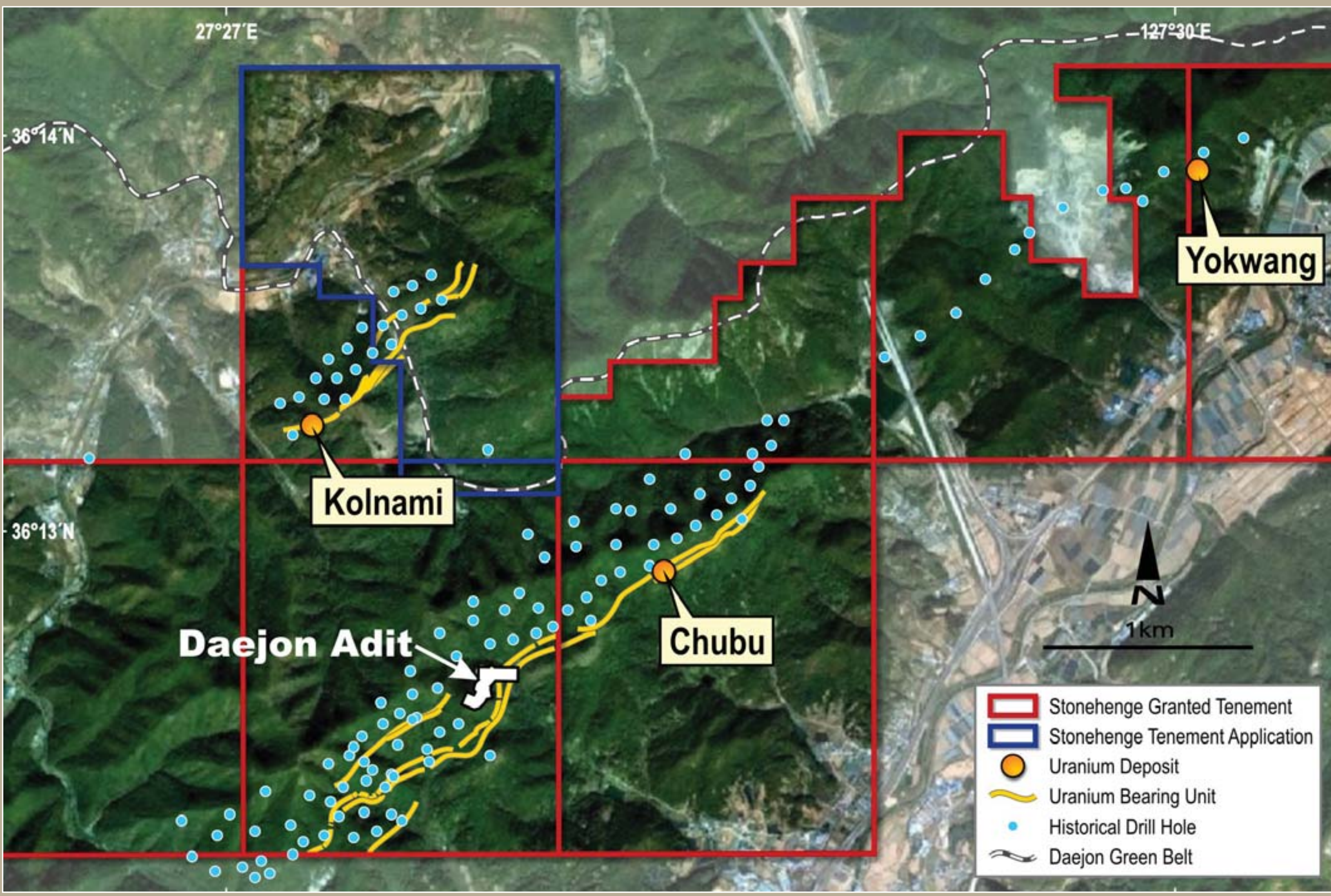
The Daejon Mineral Resource has now been estimated at 92 million tonnes averaging 320 ppm eU_3O_8 for a contained 65 million pounds of eU_3O_8 at a lower cut-off grade of 200 ppm eU_3O_8. (Press Release 22 February 2011). The entire resource is classified into an Inferred Resource category. The Mineral Resource Estimate has been prepared by independent consultants Snowden Mining Industry Consultants Pty Ltd and is reported in accordance with the JORC Code (2004).

Snowden Mining Industry Consultants Pty Ltd has estimated a conceptual exploration target of 30-50Mt of 250-350 ppm eU_3O_8 for an additional 17-39 million lbs of contained eU_3O_8. The exploration potential of the Daejon Project is considered excellent, with two uranium-bearing beds of the Guryongsan Slate traceable over a 25km strike length.

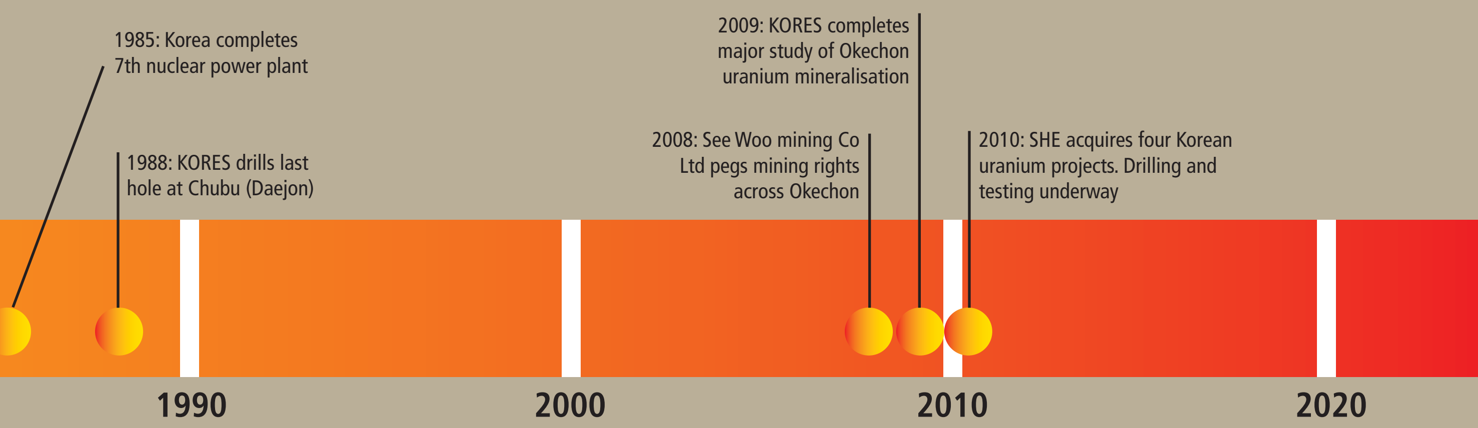
The resource is summarised in the table overleaf and is reported from the three prospects Chubu, Yokwang and Kolnami. Chubu and Yokwang are hosted by graphitic slate units and Kolnami is hosted by calc-silicate hornfels units. A default density of 2.6 t/m3 has been used in the estimate for mineralisation. Ordinary block kriging was used to interpolate grade into the model based on the current drill data-base, with a 700 ppm eU_3O_8 top cut applied to the data. The Inferred Resource classification reflects the lack of industry standard QAQC data, reliance on historic data and the current drill spacing.



Project Overview



Location map of Daejon Project.



Project Overview

Prospect	Classification	Tonnes	Grade eU_3O_8 (ppm)	Contained U_3O_8 (lbs)
Chubu	Inferred	46,000,000	330	34,000,000
Yokwang	Inferred	39,000,000	310	26,000,000
Kolnami	Inferred	7,000,000	340	5,000,000
Total	Inferred	**92,000,000**	**320**	**65,000,000**

Adit Sampling

The Company selectively sampled a 350 metre long adit that was developed into the central part of the Daejon ore body. The adit extends both through and along the strike of the uranium ore body. No detailed structural mapping has been completed in the adit, consequently the sampled length should not be construed as true widths. The sampling was designed to reproduce the results of previous historical sampling completed by KORES. The KORES samples were only assayed for uranium and vanadium. The recent SHE samples were assayed for a wide range of elements (35 elements in total) including, uranium, vanadium, molybdenum, nickel, zinc and silver. A complete set of results is included as Appendix 2.

The coherent zones of multi-element mineralisation have been identified by the adit sampling, these include:

Samples CB001-049

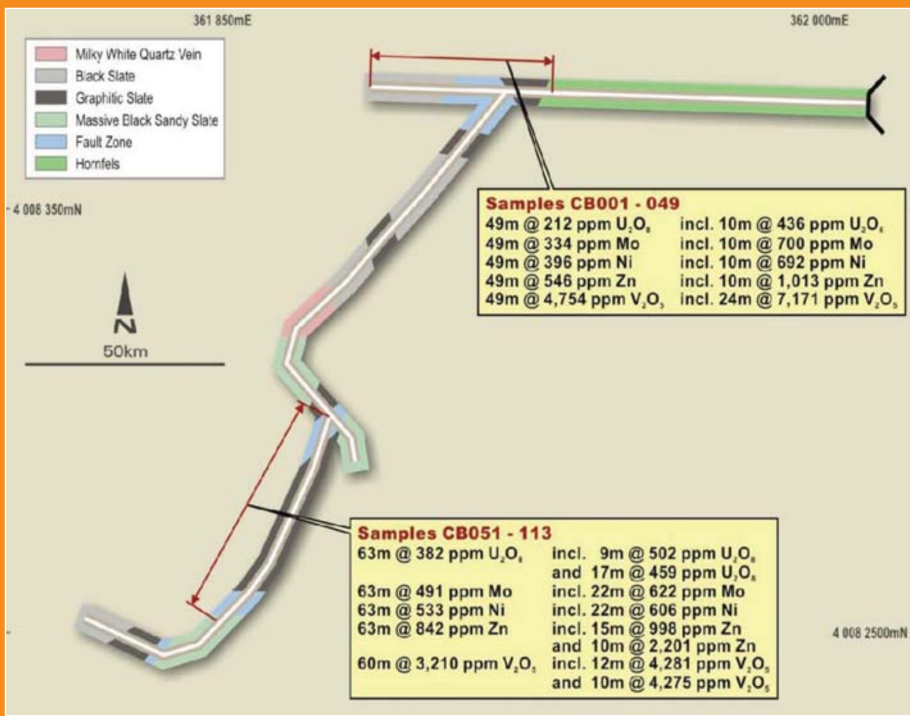
49m @ 212 ppm U_3O_8,
includes 10m @ 436 ppm U_3O_8

49m @ 4,754 ppm V_2O_5,
includes 24m @ 7,171 ppm V_2O_5

Samples CB051-113

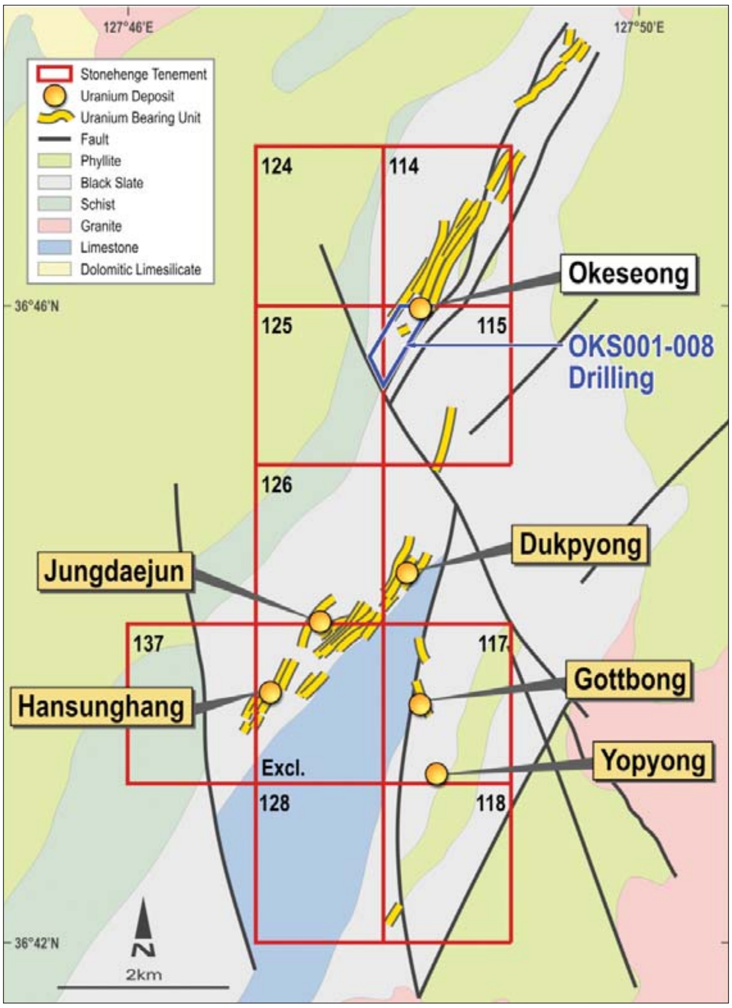
63m @ 382 ppm U_3O_8,
includes 9m @ 502 ppm U_3O_8 and
17m @ 459 ppm U3O8

60m @ 3,210 ppm V_2O_5,
includes 12m @ 4,281 ppm V_2O_5 and
10m @ 4,275 ppm V_2O_5



Map of Adit Sampling

Project Overview



Showing the location of the drilling within the Gwesan Project

Gwesan Project

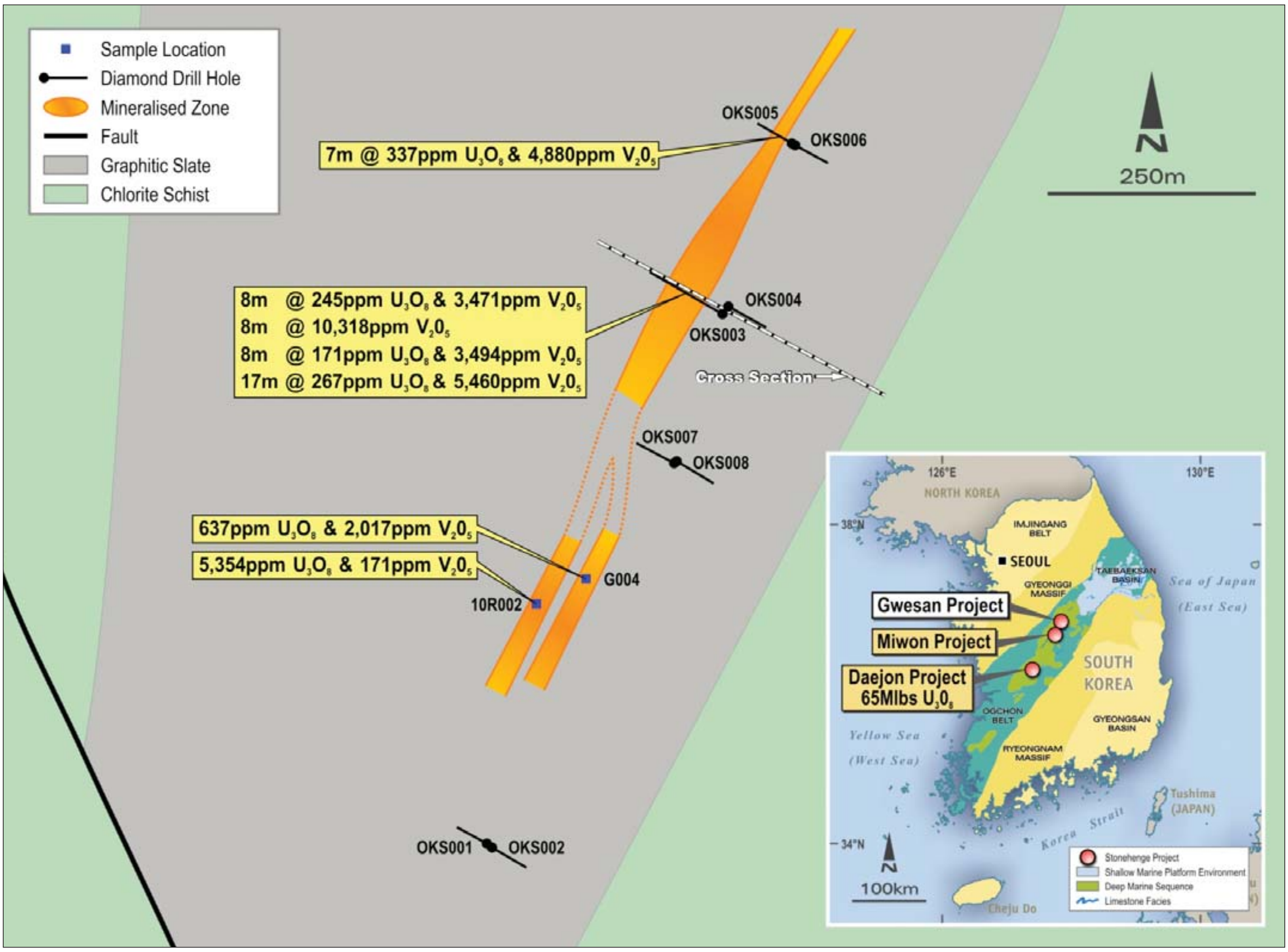
Following strong outcrop sampling results from chemical assays at its Gwesan Project. Stonehenge commenced its maiden diamond drilling program in Korea. The drilling established the down dip and along strike continuity of the outcropping uranium and vanadium mineralisation at Gwesan.

The drilling program included 935m of diamond drilling in 8 drill holes (see Table below) and provided an initial test of approximately 800m of strike continuity of the outcropping uranium and vanadium mineralisation along strike from strong surface results (up to 5,354ppm U_3O_8 refer ASX announcement 28 October 2010).

Hole	Easting	Northing	RL	Total Depth	Azimuth	Dip
OKS-001	393,158	4,068,973	195	126.5	300	-60
OKS-002	393,152	4,068,977	182	100	120	-60
OKS-003	393,437	4,069,616	262	198.5	300	-60
OKS-004	393,443	4,069,624	236	100	120	-60
OKS-005	393,522	4,069,818	251	100	300	-60
OKS-006	393,519	4,069,820	254	100	120	-60
OKS-007	393,381	4,069,437	204	110	300	-60
OKS-008	393,377	4,069,435	206	100	120	-60

Table 1: *Gwesan Diamond Drill Hole Locations*

Project Overview



Showing the Gwesan Project drill hole locations, significant results and mineralised zone.

Hole	From	To	Interval	U_3O_8 ppm	V_2O_5 ppm
OKS-003	73	81	8	245	3,471
OKS-003	87	95	8		10,318
OKS-003	124	132	8	171	3,494
OKS-003	122	184	62		3,291
OKS-003	140	157	17	267	5,460
OKS-006	15	22	7	337	4,880

Table of Significant assay results from the Gwesan drilling

A full listing of assay results is included in Appendix 3.

Project Overview

Research Program with Kongju University on Historical Daejon Drill Core

On 30 November, Stonehenge announced it had signed a contract research agreement with Kongju University for a review of uranium ore in the Ogchon Belt.

The Study of the drill core focused on the holes completed at the Chubu uranium deposit that are stored at KIGAM. The retained drill core represents almost 100% of the uranium "ore zones" identified by KIER. 26 drill holes were selected as part of investigation of the Drill Core Study Project Phase 1 program.

The following work items were completed by Stonehenge as part of the first phase of the study:

- Literature review, including geology, mineralisation and metallurgical studies.
- Geological database compiled.
- Digitising of geological and assay data from historical exploration programs.
- Photographing of drill core.
- Verification of historical geological logging.
- Spectrometer readings of drill core.
- Evaluation of geophysical survey methods.
- Evaluation of stream geochemistry results.
- Evaluation of original downhole probe gamma results and correlation with Assay Results.
- Upgrading of resource estimates completed on the Chubu, Yokwang and Seondang uranium deposits to be in accordance with Australian JORC Guidelines reporting standards.

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	
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	**Goesan [Gwesan]**
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	**Miwon**
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	
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	Ogchon	147	277	Uranium	19/06/2008	Sim Jae Youl, Sim Jun Bo	**Daejon**
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	

Appendix 1

Korean Mining Right Applications (held directly by Chong Ma)

Registration Number	Land Register	Number	Area (ha)	Minerals	Registration Date	Registrant	Property
03673	Daejon	58	277	Uranium	Nov 16, 2010	Chong Ma	
03674	Daejon	59	277	Uranium	Nov 16, 2010	Chong Ma	
03675	Daejon	68	277	Uranium	Nov 16, 2010	Chong Ma	**Daejon**
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	Number	Area (ha)	Minerals	Registration Date	Registrant	Property
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.*

Appendix 2

Assay results for the Daejon, Chubu Adit

SAMPLE	U_3O_8 %	V_2O_5 %
CB001	0.007	0.196
CB002	0.006	0.091
CB003	0.004	0.032
CB004	0.011	0.002
CB005	0.009	0.143
CB006	0.034	0.377
CB007	0.019	0.002
CB008	0.036	0.002
CB009	0.033	0.002
CB010	0.037	0.132
CB011	0.031	0.673
CB012	0.041	0.868
CB013	0.028	0.152
CB014	0.050	0.248
CB015	0.042	0.148
CB016	0.034	0.275
CB017	0.050	0.411
CB018	0.043	0.475
CB019	0.038	0.209
CB020	0.009	0.050
CB021	0.008	0.073
CB022	0.015	0.037
CB023	0.009	0.021
CB024	0.008	0.030
CB025	0.018	0.025
CB026	0.042	0.345
CB027	0.042	0.082
CB028	0.028	0.321
CB029	0.019	0.275
CB030	0.015	0.268
CB031	0.018	0.330
CB032	0.026	0.220
CB033	0.020	0.321
CB034	0.021	0.491
CB035	0.010	0.778
CB036	0.011	0.725
CB037	0.014	0.910
CB038	0.013	0.405
CB039	0.011	0.373
CB040	0.012	0.439
CB041	0.013	1.012
CB042	0.015	1.091
CB043	0.016	1.432
CB044	0.014	1.785
CB045	0.012	1.785
CB046	0.008	1.341
CB047	0.007	1.480
CB048	0.008	1.653
CB049	0.006	1.485
CB050	0.004	0.057
CB051	0.035	0.054
CB052	0.025	0.057
CB053	0.006	0.043
CB054	0.022	0.428
CB055	0.053	0.275
CB056	0.043	0.271
CB057	0.033	0.207
CB058	0.047	0.248
CB059	0.031	0.204
CB060	0.035	0.236
CB061	0.046	0.189
CB062	0.060	0.204
CB063	0.044	0.252
CB064	0.035	0.337
CB065	0.035	0.316
CB066	0.035	0.371
CB067	0.029	0.189
CB068	0.037	0.287
CB069	0.035	0.298
CB070	0.035	0.191
CB071	0.065	0.211
CB072	0.058	0.232
CB073	0.040	0.334
CB074	0.047	0.905
CB075	0.041	0.171
CB076	0.037	0.252
CB077	0.035	0.045
CB078	0.051	0.125
CB079	0.044	0.095
CB080	0.035	0.002
CB081	0.021	0.180
CB082	0.029	0.703
CB083	0.029	0.577
CB084	0.022	0.361
CB085	0.033	0.546
CB086	0.028	0.318
CB087	0.038	0.718
CB088	0.038	0.343
CB089	0.066	0.248
CB090	0.041	0.162
CB091	0.050	0.514
CB092	0.039	0.370
CB093	0.027	0.277
CB094	0.031	0.100
CB095	0.061	0.062
CB096	0.030	0.123
CB097	0.032	0.237
CB098	0.051	0.437
CB099	0.025	0.212
CB100	0.039	0.391
CB101	0.040	0.268
CB102	0.059	0.002
CB103	0.060	0.002
CB104	0.026	0.502
CB105	0.017	0.118
CB106	0.017	0.302
CB107	0.019	0.621
CB108	0.030	0.409
CB109	0.025	0.434
CB110	0.022	0.605
CB111	0.020	0.519
CB112	0.028	0.396
CB113	0.027	0.370

Appendix 3

Assay results for Gwesan drill holes OKS-001 to OKS-008

Hole	Easting (WGS84, m)	Northing (WGS84, m)	Depth (m)	Azimuth	Dip	From (m)	To (m)	Interval (m)	U_3O_8 (ppm)	V_2O_5 (ppm)
OKS001	393158	4068973	126.5	300	-60	26	29	3		2642
OKS001						36	41	5		1382
OKS001						44	47	3		1625
OKS001						101	104	3		3071
OKS003	393437	4069616	198.5	300	-60	7	11	4		1401
OKS003						42	50	8		1852
OKS003						73	81	8	245	3471
OKS003						87	95	8		10198
OKS003						112	115	3		2701
OKS003						122	184	62		3291
OKS003						124	132	8	171	3494
OKS003						140	157	17	267	5460
OKS004	393443	4069624	100	120	-60	15	18	3		1845
OKS004						50	53	3		3511
OKS004						56	59	3		1785
OKS006	393519	4069820	100	120	-60	15	22	7	337	4693
OKS006						26	36	10		1803
OKS006						72	83	11		1850
OKS007	393381	4069437	110	300	-60	88	93	5		3678
OKS008	393377	4069435	100	120	-60	18	24	6		2142

Reported intervals calculated using >100 ppm U_3O_8, and/or >1,000ppm V_2O_5. Minimum width = 3m, maximum of one metre of internal dilution. All samples assayed by fusion XRF analysis.

Metallurgical Development Program

During the 1980's the Korean Institute of Energy and Resources (KIER) undertook a significant amount of metallurgical test work on extraction of uranium from shale ores located along the Ogchon Belt. Stonehenge engaged Clean TeQ Limited in July 2010, to undertake a Preliminary Scoping study to review these historical reports and develop a range of flowsheet options. Australian Nuclear Science and Technology Organisation (ANSTO) Minerals were also engaged to perform a literature review of other uranium black shale deposits previously investigated or currently being developed. Clean TeQ used these reviews to develop six potential flowsheet options with the initial focus on uranium recovery only.

Upon completion of this work by Clean TeQ, survey results of the exploration adit located within the Chubu deposit of the Daejon project area confirmed a large potential vanadium resource. A preliminary operating cost study was then undertaken by Clean TeQ to assess the value of extracting both uranium and vanadium.

Based on a conventional uranium atmospheric acid leach process including uranium recovery by ion exchange and peroxide precipitation an estimated operating cost of US$47.06/lb U_3O_8 was determined. Clean TeQ used current Korean power and reagent costs in their estimate with reagent usage based on initial test work results.

Work has now commenced to determine the potential to commercially extract vanadium from the Daejon deposit. No historical test work has been undertaken by KIER or others to commercially extract vanadium from the Ogchon shale ores. Preliminary test work undertaken by Stonehenge using more intensive leach conditions has demonstrated promising results with approximately 50% vanadium extraction at a leach temperature of 95°C after 8 hours.

Metallurgical results have been applied to a conceptual flow sheet developed by Clean TeQ to recover uranium and vanadium. Based on this combined uranium and vanadium flow sheet an operating cash cost of US$24.50 / lb U_3O_8 is achievable. This cash cost is based upon a vanadium by-product credit at a sale price of US$13 / lb V, which generates an equivalent 'operating cost credit' of $33.76 / lb U_3O_8. A breakdown of the operating cash cost is shown in Figure 1.

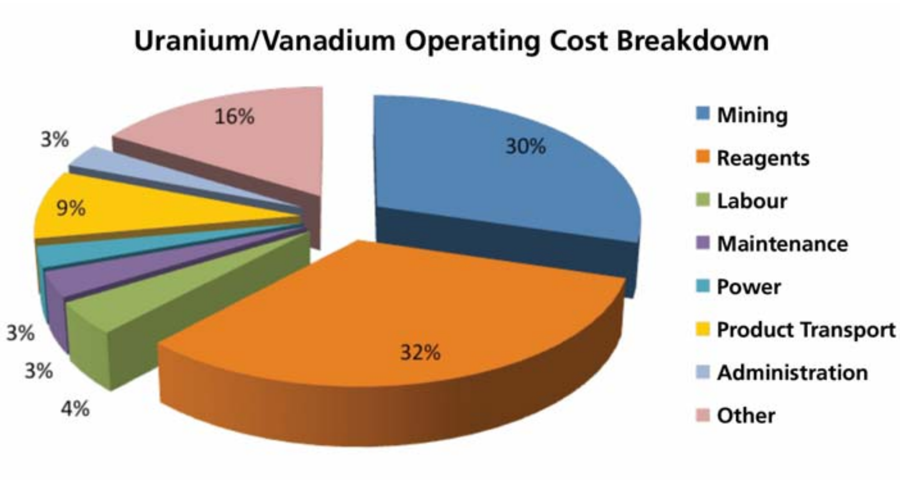


Figure 1. *Distribution of uranium and vanadium production costs.*

Based on these favourable cash costs, two preferred flow sheets are now being evaluated. These flow sheet options consist of the following:

Process Option 1: Direct Pressure Acid Leach

Ore comminution —> Uranium/Vanadium pressure acid leach —> Uranium IX recovery —> Uranyl peroxide precipitation —> Vanadium IX recovery —> Ammonium meta-vanadate precipitation —> vanadium calcination

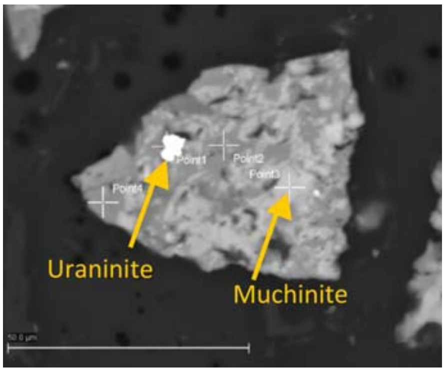
Process Option 2: Uranium Acid Leach / Vanadium Salt Roast

Ore comminution —> Uranium atmospheric leach —> Uranium IX recovery —> Uranyl peroxide precipitation —> Vanadium salt roasting —> Ammonia meta-vanadate precipitation —> Vanadium calcination

Metallurgical Development Program

Mineralogy (QEMSEM) of the metallurgical samples has confirmed uranium is present as uraninite (UO_2) which can be easily liberated via a conventional crush, SAG and ball mill circuit to a grind size of 150 µm. QEMSEM analysis has shown that the vanadium is associated with network silicate minerals, notably calcic feldspars and calcic amphiboles. The most likely mineral is muchinite, Ca2Al2V[SiO4/Si2O7]O(OH), with calcic feldspar typically carry up to 5 - 10% vanadium. Occurrence of vanadium in calcic feldspars is contrary to previous understanding, where the vanadium was thought to be associated with white mica's. This information has aided in the design of a process to liberate the vanadium from the mineralisation.

A range of comminution tests have been performed on the initial bulk samples. Crushing and milling work indices have been determined to allow for preliminary design to be completed. The amenability of the Daejon ore to SAG milling has also been assessed. Fresh bulk samples have been submitted to ALS Ammtec in Perth to assess ore variability and confirm initial comminution results. A specialist consultant will be engaged in FY12 to finalise the design of the comminution circuit once optimum grind size has been ascertained by the leach test program.



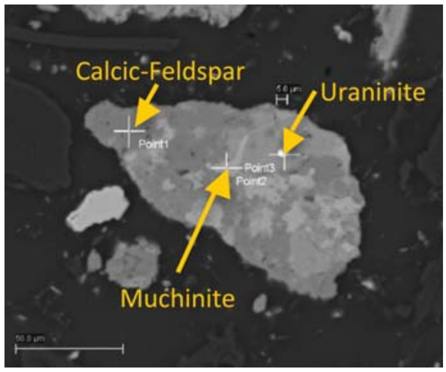


Figure 2. *Electron micrograph of Chubu ore containing uranium mineralisation.*

Preliminary leach tests have been performed on two initial bulk metallurgical samples obtained from Daejon Project area, consisting of black graphitic shale and grey slate, verifying optimum uranium leaching conditions identified by KIER. Uranium extractions of over 90% have been achieved from the samples using weak acidic conditions and leach temperature of 50°C. Both ore types have very low acid consumptions of 10 kg acid / tonne ore. Under more intensive leaching conditions at a temperature of 95°C vanadium starts to leach with 50% extraction obtained.

A comprehensive metallurgical test program has commenced which will investigate higher leaching temperatures and also vanadium salt roasting to assess whether vanadium extractions in excess of 75% can be achieved. Under the current operating cost model if vanadium extraction is increased to 75% then the net cash cost for production of both uranium and vanadium after by-product credits will be US$5.00 – 10.00 / lb U_3O_8.

Metallurgical Development Program

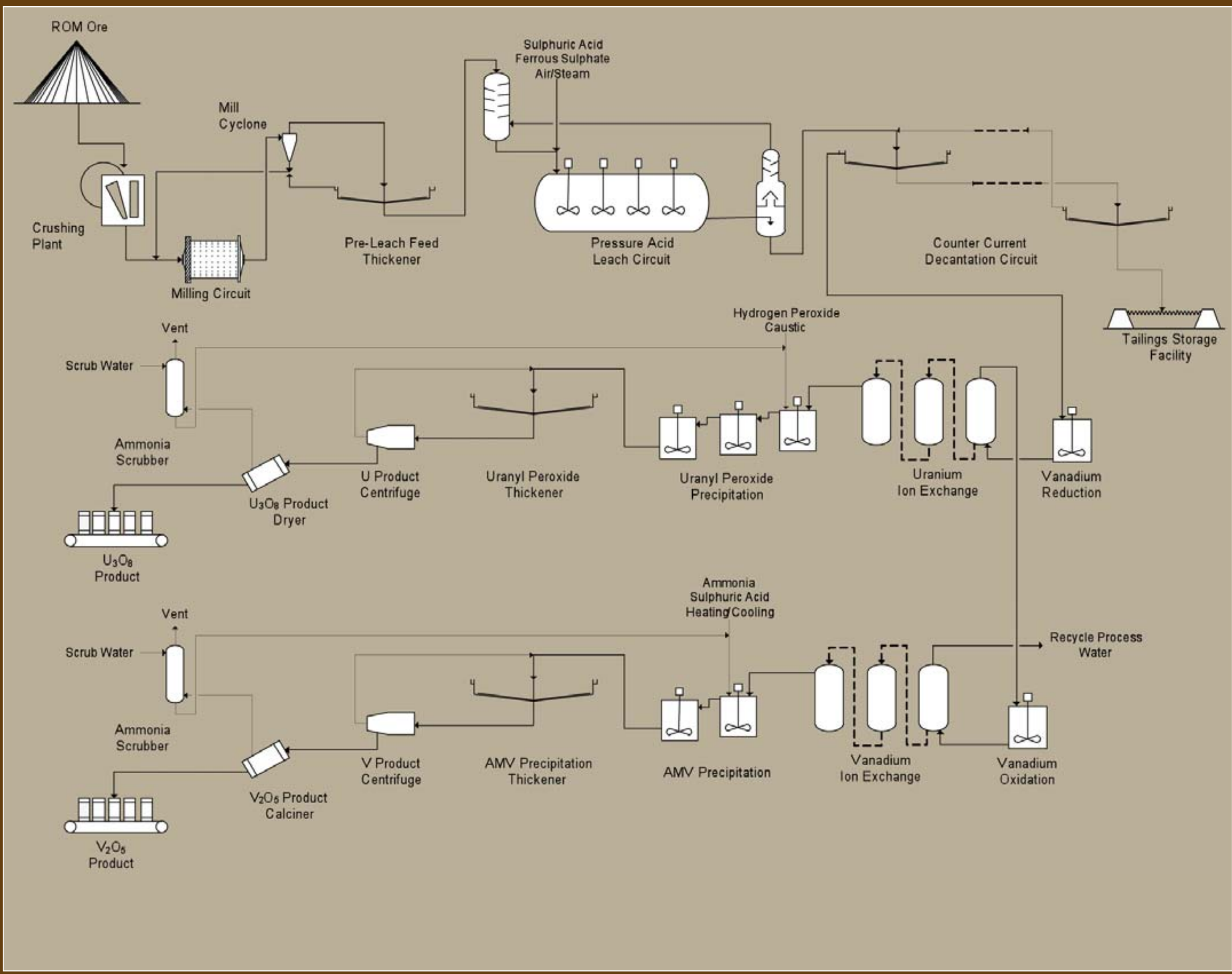


Figure 3. *Option 1 simplified process flowsheet - Direct acid pressure leach flowsheet.*

Metallurgical Development Program

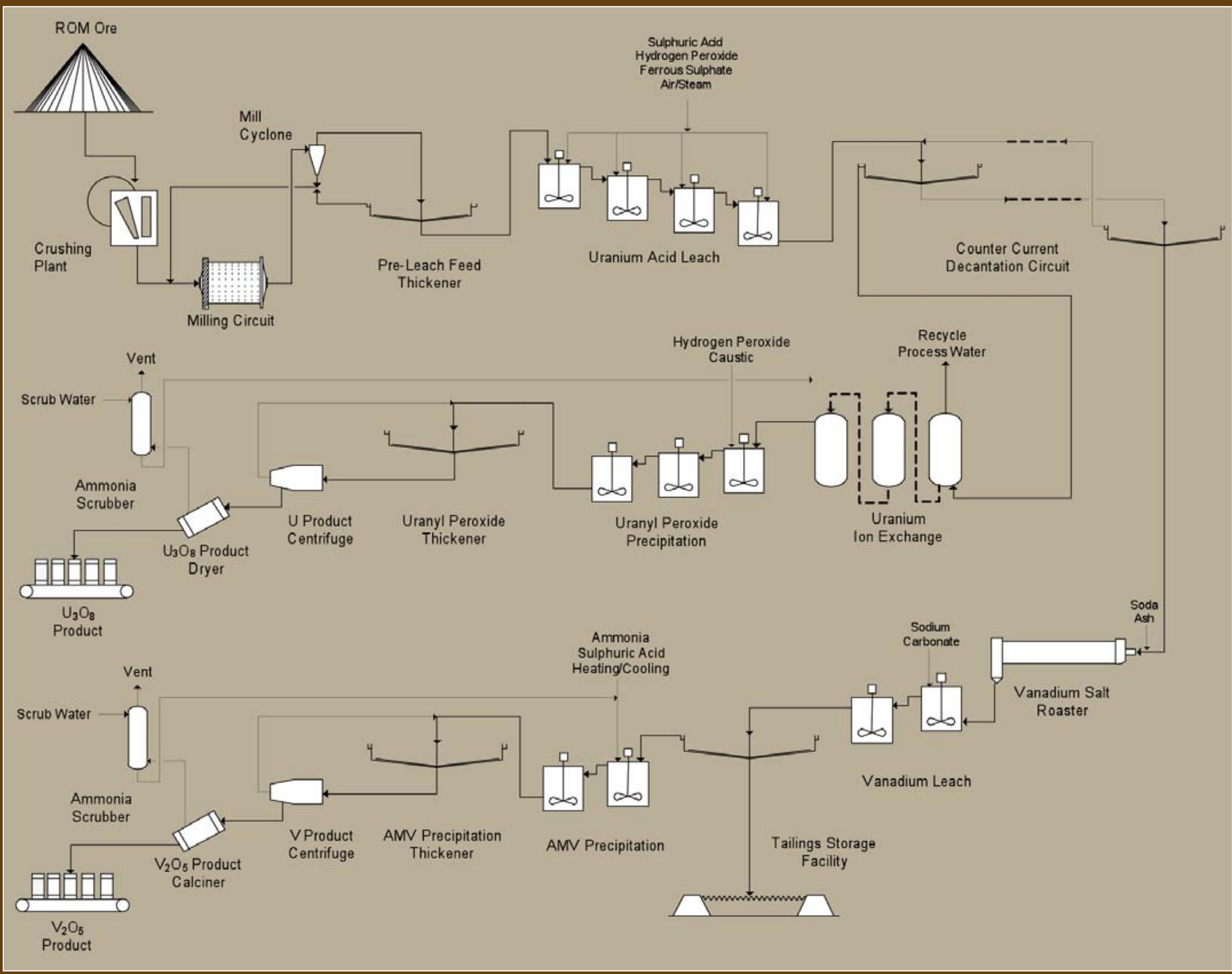


Figure 4. *Option 2 simplified process flowsheet – Uranium atmospheric leach and vanadium salt roasting.*

Community and Best Practice Commitments

Stonehenge has a clear focus on exploring and developing its South Korean uranium projects. The development of a successful mining project will only be achieved through a rigorous evaluation and approval process and with the support of the South Korean governments and the broader community.

An important first step for Stonehenge in achieving this goal was the engagement of a highly experienced uranium team of Board members, employees and specialist consultants to develop a comprehensive approach to the evaluation, scoping and approval of the project. A major part of this work involves extensive consultation with Governments and the community. A detailed Community Engagement Plan (CEP) is now in place to ensure active participation of all of the relevant parties.

Stonehenge recently made some significant advances in its engagement with key sections of the Government and the broader community and is encouraged by the cooperation and growing interest. The company is now well placed to progress the development of strong relationships and to capitalise on the opportunities that are emerging.

Community Engagement Plan

A primary objective of the CEP in working with governments and communities is the identification and adoption of 'best practice' in advancing the uranium industry in South Korea. This includes identifying and exploiting the opportunities created to generate significant value for the company shareholders and the community. The CEP provides a framework for:-

- Cooperating with governments to develop policies, practices and procedures for the management of uranium exploration, mine development and operation in South Korea.
- Working with partners, potential customers and particularly South Korean organizations to advance exploration and development of its projects in South Korea and elsewhere in the world.
- Establishment of effective linkages with the community to ensure that the economic and social benefits identified improve the quality of life and that the projects maintain high standards of environmental performance.

High priorities of the CEP include engagement with the National, provincial and county governments, community leaders and village groups.

While Stonehenge has been focused on developing good relationships with the South Korean Government and semi government organisations the consultation with the local villagers, the community of Chubu and the broader community is now rapidly increasing.

Stonehenge seeks to foster strong support for its projects in all of these groups and this requires the building of trust and cooperative relationships. The company is committed to ongoing and open interaction with all of the key stakeholders and participants in its projects.

The Stonehenge CEP sets out the detailed community consultation process it proposes to implement to establish an agreed framework of objectives, commitments and actions that will provide a clear guide to the Company in developing its projects.

The significant progress Stonehenge has made in its engagement with important members of the Korean Government and Regional Government through this process has involves:

- Confirming important issues and expectations
- Establishing agreed positions, action plans and the roles of key parties
- Developing communication networks, cooperation protocols and structures for working together.

Other priority items included in the CEP consultation processes that will be fundamental in addressing the critical issues of protection of the environment, health, safety and surrounding land use are:

- Gathering of baseline data on environmental, radiological, economic and social issues.
- Engaging the specialist organizations, universities and agencies to assist with the studies and assessments.
- Establishment of baseline monitoring proposals that cover all of the required items.

Adoption of 'Best Practice'

Stonehenge is committed to the development and implementation of 'best practice' in all of its activities. The application of 'best practice' is a dynamic process that involves careful consideration of community expectations, knowledge of the environment and benchmarks in technology.

The company has commenced a program to put in place all of the codes, policies, procedures and management systems appropriate for its activities in South Korea.

There are currently no detailed uranium industry codes, regulations, laws or 'best practice' principles specific to the development of uranium projects in South Korea and consequently Stonehenge has adopted those applicable to the industry in Australia and Internationally.

While Stonehenge has adopted these Australian and International mining industry measures it will be careful to apply them along with the applicable laws, regulations and specific practices that are in place and developing in South Korea.

Community and Best Practice Commitments

Project Evaluation and Environmental Assessment

The Stonehenge South Korean project has four comprehensive study and development phases planned. They are:-

Phase 1 - Project Identification and Confirmation – in this phase sufficient concept work will be completed to permit the company's Board to determine if the project can proceed to subsequent phases that are:-

Phase 2 – Pre-Feasibility Study,

Phase 3 – Definitive Feasibility Study and finally,

Phase 4 – Project Execution.

In Phase 1 work has commenced to generate the information required for a detailed Scoping Study and the decision that follows on the projects potential to be successfully developed and operated. This work is underway in the areas of resource assessment, metallurgy and processing. Other studies that will be completed in this first stage include:-

- Environmental issues – water, air, flora, fauna, soils, land uses, heritage and cultural issues and social factors.
- Safety, health, radiological and community issues.
- Initial mining studies.
- Waste management.
- Decommissioning, rehabilitation and sequential land use.
- Transportation.
- Technical and scientific support, workforce, housing and accommodation.
- Various other technical and non technical items.

As stated previously Stonehenge will cooperate fully with governments and encourage the active participation of the community in evaluating and determining the best practices to adopt for its projects.

Purpose of the Community Engagement Action Plan

To achieve its goals of exploration and development of mining operations in South Korea, Stonehenge must build and maintain the trust and support of the local rural communities, governments and the broader community.

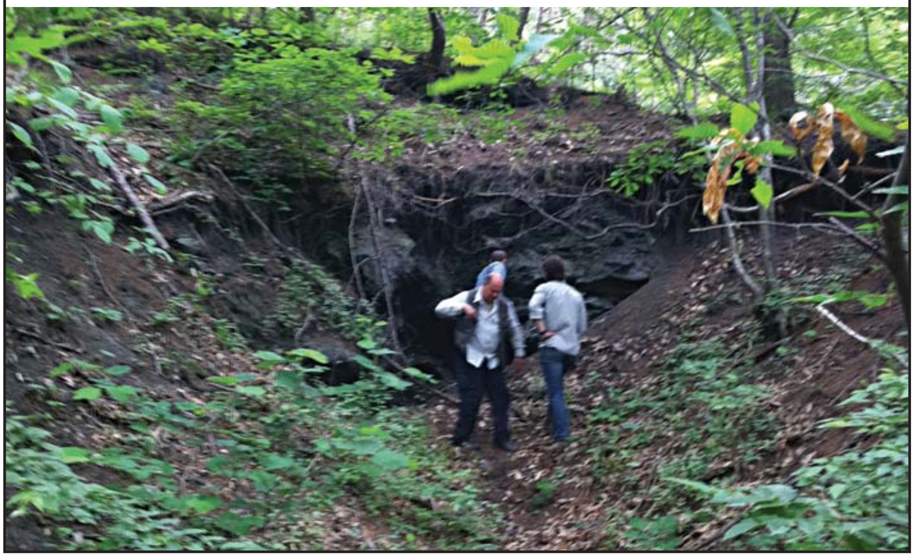
Stonehenge understands that there may be a considerable lack of information about their proposals and about the uranium industry generally. This can result in misunderstandings, false beliefs, irrational fear and an inadequate knowledge of the opportunities offered by the proposed projects. Stonehenge will provide detailed information for the government and community to consider.

Stonehenge accepts that there may be opposition to its proposals and that there are a wide range of perspectives and values regarding the development of uranium projects. The company expects that there will be difficult challenges along the way and that a failure to understand the issues and expectations of the key participants could lead to failure of the project. Stonehenge will address all of the issues raised.

Stonehenge clearly recognises that all of the relevant parties need to be involved early in open and consultative discussion to establish a full understanding of all of the critical issues and concerns.

An agreed Community Engagement Plan (CEP) is essential to achieve active participation and to develop common understandings and shared goals.

Stonehenge intends to build and maintain a reputation for high performance. This will require the positive and ongoing involvement of key participants in all of its activities.



Project Overview

Disclaimer

Certain statements contained in this report constitute forward looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of Stonehenge Metals Limited (the Company) to be materially different from actual future results and achievements expressed or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements.

This report may describe Measured, Indicated and/or Inferred Resources. Inferred Resources have a greater amount of uncertainty as to their existence and greater uncertainty as to their economic feasibility. It cannot be assumed that all or any part of any Inferred Resource will ever be upgraded to a higher category. The potential quantity and grade of the Daejon Uranium Project Conceptual Exploration Targets is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource Exploration is an inherently risky proposition and investors are advised that most exploration projects fail to identify economic resources. The Company has at present not confirmed the economic viability of any resources at the project. The Company plans further drilling programs and studies with the objective of confirmation of any deposits and ultimately completing a feasibility study to demonstrate the economics of the resources.

Competent Person Statement

The information contained in this report that relates to Mineral Resources and exploration results is based on information compiled by Mr. Michael Andrew of Optiro Pty Ltd (ABN 63 131 922 739), which provides geological consulting services to Stonehenge Metals Limited. Mr. Andrew is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person 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 this report of the matters based on his information in the form and context in which it appears.

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 km2	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.

Corporate

Board and Management Changes

On 3 August 2010 the Group advised that highly experienced uranium industry executive Mr Richard Henning had been appointed as Managing Director. Mr Henning was responsible for business and corporate relations of ASX & TSX listed Extract Resources Limited (Extract) during the past 4 years. Within the period of Mr Henning's tenure Extract's share price increased from below 60 cents to a market high of $11.20; achieving a market capitalisation of >$2bn and entry into the ASX S&P 200 index.

Mr Henning holds a Bachelor of Science with Honours from Queens University, Belfast. He worked as a geologist in oil & gas exploration in Australia, the UK North Sea and Canada and has worked extensively in the Australian venture capital industry. He is a member of the Australian Institute of Company Directors.

As a result of Mr Henning's appointment Mr Bruce Lane stepped down as a director of Stonehenge. In addition Miss Rosemary Wilson resigned from the position of Company Secretary and Mr Bevan Tarratt has transitioned from his role as Executive director to Non-Executive director.

On 8 June 2011 the Company announced key appointments in line with its corporate objective to develop Korea's first uranium mining project. The appointments included Dr Tony Chamberlain, Chief Metallurgist responsible for maximising the extraction of multi metals from the Black Shales, Dr Chamberlain has extensive experience in this area and will provide considerable confidence to the project. Dr Chamberlain 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.

Mr Steven Michael was appointed Chief Financial Officer of the Company. 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 has worked with Macquarie and Rothschild and will join the Company as CFO with additional responsibility to assist in Investor Relations and Business Development.

The Company also announced the appointment of Ms Injin Jeong as 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.

Subsequently on 24 June 2011 the Company announced the appointment of Mr Matthew Foy as Company Secretary of the Company. Mr Foy was previously a Senior Adviser at the Australian Securities Exchange and has 4 years' experience in facilitating the compliance of listed companies. Mr Foy is a qualified Chartered Secretary and has reviewed and approved the listing of over 40 companies during his tenure at the ASX. The Company further advised that Mr Simon Fleming and Mr Jay Stephenson had resigned as Executive Director and Company Secretary respectively.

Corporate

On 24 September 2010, the Company announced that it had obtained approval from its shareholders to allot and issue up to 75,000,000 shares to Directors and unrelated parties, at a minimum issue price of 90% of the average market price for shares calculated over the 5 days on which sales in the Company's shares were recorded before the day on which the issue was made. At the same meeting the Company also obtained shareholder approval for the issue of up to 12,500,000 options to advisors in connection with the Company's capital raising activities.

On 12 October 2010 the Company announced the successful completion of a placement to raise $3,000,000 by way of issuing 39,999,999 ordinary shares at an issue price of 7.5 cents per share. On 28 October 2010 the Company confirmed it had completed a further placement of 1,016,000 shares to Directors to raise $76,200.

On 15 November 2010 the Company subsequently issued a further to 1,333,333 shares and an issue price of 7.5 cents per share together with 1,000,000 options, exercisable at 10 cents on or before 21 December 2012 to those parties who facilitated the Company's capital raising of 12 October 2010.

Pursuant to shareholder approval obtained on 24 September 2010 the Company issued two tranches of options to advisors on 26 November 2010 consisting of 6,250,000 unquoted options exercisable at 8.4 cents on or before 23 November 2013 and 6,250,000 unquoted options exercisable at 11.2 cents on or before 23 November 2013.

At the Company's Annual General Meeting held on 30 November 2010 shareholders approved the adoption of the "Stonehenge Metals Employee Share Plan" together with a total of 5,500,000 ordinary shares to Mr Warren Staude, Mr Simon Fleming and Mr Robert Cleary pursuant to the plan.

On 31 March 2011 the Company obtained shareholder approval to issue a total of 3,750,000 ordinary shares to the Directors pursuant to the Company's Employee Share Plan approved by shareholders on 30 November 2010.

Subsequent to the end of financial year end on 11 July 2011 the Company issued 4,250,000 ordinary shares pursuant to Stonehenge Metals Employee Share Plan.

Directors' Report

Your Directors present their report on Stonehenge Metals Limited for the financial year ended 30 June 2011.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr Warren Staude

Mr Bevan Tarratt

Mr Bob Cleary

Mr Richard Henning (appointed 3 August 2010)

Mr Bruce Lane (resigned 3 August 2010)

Mr Simon Fleming (resigned 24 June 2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Matthew Foy – Chartered Secretary (ACIS), Diploma of Applied Finance and Investment (SA FIN), Bachelor of Commerce (BCom) was appointed as Company Secretary for Stonehenge Metals Limited on 24 June 2011.

Mr Jay Richard Stephenson — Chartered Secretary (FCIS) Master of Business Administration (MBA), Certified Practicing Accountant (FCPA), Certified Management Accountant (CMA), Member of the Australian Institute of Company Directors (MAICD). Mr Stephenson resigned as Company Secretary of Stonehenge Metals Limited on 24 June 2011.

Ms Rosemary Wilson — Ms Wilson was previously joint Company Secretary of Stonehenge Metals Limited and previously joint Company Secretary of Excelsior Gold Limited. Ms Wilson has a Bachelor of Economics from Macquarie University majoring in accounting. Ms Wilson resigned as Company Secretary of Stonehenge Metals Limited on 3 August 2010. Ms Wilson resigned as Company Secretary of Excelsior Gold Limited on 23 September 2010.

Chief Financial Officer

The following person held the position of Chief Financial Officer at the end of the financial year:

Steven Michael - Mr Michael holds a degree in Commerce and has been a member of the Institute of Chartered Accountants for 15 years.

Principal Activities

Stonehenge Metals Limited ("Stonehenge" or "the Group") was incorporated on 13 April 2006 and listed on the Australian Securities Exchange on 21 December 2006.

The Principal activities of the Group during the financial year were:

Exploration of its uranium projects in South Korea detailed in the "Review of Operations" section of this annual report.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Operating Results

The loss of the Group after providing for income tax amounted to $2,244,247 (2010 loss of $1,820,735).

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2011.

Review of Operations

A detailed review of the Group's exploration activities is set out in the section titled "Review of Operations" in this annual report.

Directors' Report

Financial Position

The net assets of the Group 30 June 2011 are $8,371,085 (2010 $7,004,679).

Significant Changes in State of Affairs

Mr Richard Henning was appointed Managing Director on 3 August 2010, Mr Bruce Lane resigned as Executive on 3 August 2010 and Mr Simon Fleming resigned as Executive Director on 24 June 2011.

There have been no other significant changes in the state of affairs of the Group during the financial year.

Matters Subsequent to the end of the financial year

As a result of making a final payment of US$400,000 after the year end in July 2011, Stonehenge has secured the remaining 4/9 interest in the Daejon, Miwon and Gwesan uranium project. Stonehenge, through its wholly owned subsidiary Chong Ma Mines Inc. now holds 100% of the title to the 3 South Korean uranium projects.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Information on Directors

Mr Warren Staude	—	**Chairman (Non-Executive)**
Qualifications	—	BSc, MSc, MAusIMM, F Fin, MAICD
Experience	—	Geologist with over 40 years of professional experience in the mining industry. Board member since 7 September 2006.
Interest in Shares and Options	—	1,400,000 ordinary shares in Stonehenge Metals Limited and Options to acquire a further 1,837,500 ordinary shares.
Directorships held in other listed entities	—	Current non-executive Director of Frontier Resources Limited, Aphrodite Gold Ltd and Eagle Eye Metals Ltd. In the last three years Mr Staude was a non-executive for Central West Gold NL, Malachite Resources NL and Excelsior Gold Limited and has no other directorships of ASX listed companies in the past three years.
Mr Richard Henning	—	**Managing Director – Appointed 3 August 2010**
Qualifications	—	B.Sc with Honors from Queens University, Belfast
Experience	—	Mr Henning was responsible for business and corporate relations of ASX and TSX listed Extract Resources Limited. He previously worked as a geologist in oil and gas exploration in Australia, the UK North Sea and Canada and has worked extensively in the Australian venture capital industry. He is a member of the Australian Institute of Company Directors.
Interest in Shares and Options	—	1,250,000 ordinary shares in Stonehenge Metals Limited.
Directorships held in other listed entities	—	Nil and has held no other directorships of ASX listed companies in the last 3 years.
Mr Bevan Tarratt	—	**Director (Non-Executive)**
Qualifications	—	BA (Bus), SDIA
Experience	—	Mr Tarratt has an extensive background in the accounting industry primarily focused on small cap resource companies. This experience has allowed Mr Tarratt to develop an in-depth understanding of the resource sector within Western Australia and globally, allowing Mr Tarratt to systematically evaluate project and corporate opportunities. Mr Tarratt has extensive equity capital markets experience with Patersons Securities Ltd and is currently a director of a number of Australian public companies
Interest in Shares and Options	—	9,610,000 ordinary shares in Stonehenge Metals Limited and Options to acquire a further 1,500,000 ordinary shares

Directors' Report

Information on Directors (continued)

Mr Bevan Tarratt (continued)

Directorships held in other listed entities	—	Mr Tarratt is currently a Director of ZYL Limited and Minerals Corporation Limited. In the previous three years, Mr Tarratt was non-executive Director of Excelsior Gold Limited (formerly Atom Energy Limited), Agri Energy Limited and has held no other directorships of ASX listed companies in the last 3 years.
Mr Bob Cleary	**—**	**Director (Non-Executive) – Appointed 17 May 2010**
Qualifications	—	B.Sc (tech) Chem. Eng.
Experience	—	Previously General Manager Operations at Energy Resources of Australia (ERA) 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. He then transferred within North Ltd where he spent 4 years evaluating nickel and iron ore investment opportunities in WA. Mr Cleary subsequently re-joined 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 Ltd by Rio Tinto in 2000 and continued until early 2004 when he decided to cease full time employment.
Interest in Shares and Options	—	Nil
Directorships held in other listed entities	—	Mr Cleary is a Non-Executive Chairman of Crossland Uranium Ltd and a Non-Executive Director of Clean TeQ Limited. Previously he was a non-executive director of Toledo Mining Corporation and Natasa Mining Ltd, and has held no other directorships in the last three years.
Mr Simon Fleming	**—**	**Director (Executive)** **Chief Operating Officer – Resigned 24 June 2011**
Qualifications	—	B.Sc (Geology), Fellow of the AusIMM
Experience	—	Mr Fleming has spent more than 30 years' experience in gold, base metals and uranium exploration and development, in both Australia and a number of overseas locations. Mr Fleming previously held senior technical and management positions with Reynolds Australia Ltd, Sons of Gwalia Ltd, China Metals Ltd, Summing Resources Ltd, Paladin Energy Ltd and Energy and Minerals Australia.
Interest in Shares and Options	—	Not applicable as Director was not a KMP as at 30 June 2011.
Directorships held in other listed entities	—	Mr Fleming is an Executive Director of Segue Resources Ltd and has no other directorships of ASX listed companies in the last three years.
Mr Bruce Lane	**—**	**Director (Executive) – Resigned 3 August 2010**
Qualifications	—	B.Com, MSc GAICD
Experience	—	Bruce Lane has been a Director of a number of unlisted exploration companies and has managed the ASX IPO process for a number of exploration companies. Mr Lane has a wealth of corporate advisory, management and marketing experience.
Interest in Shares and Options	—	Not applicable as Director was not a KMP as at 30 June 2011.
Directorships held in other listed entities	—	Mr. Lane was an executive Director of Excelsior Gold Limited (formerly Atom Energy Limited). No other directorships of ASX listed companies in the past three years.

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

A Remuneration policy
B Details of remuneration
C Service agreements
D Share-based compensation

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001*.

This report details the nature and amount of remuneration for each Director of Stonehenge Metals Limited and key management personnel receiving the highest remuneration.

The following table shows the gross revenue, profits/losses and share price of the Group at the end of the current and previous financial years.

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
	$	$	$	$	$
Revenue from continuing operations	184,785	26,921	75,479	193,259	124,014
Net profit/(loss)	(2,575,576)	(1,820,735)	(2,852,658)	(2,670,765)	(586,826)
Share price	$0.09	$0.068	$0.03	$0.11	$0.38

A. Remuneration Policy

The remuneration policy of Stonehenge Metals Limited has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. Key performance areas of the Group include cash flow, share price, exploration results and development of cash-generating business activities. The Board of Stonehenge Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives. The remuneration committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

The employees of the Group receive a superannuation guarantee contribution required by the government, which is currently ***9%***, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options given to Directors and employees are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The non-executive Directors have been provided with options that are meant to incentivise the non-executive Directors. The remuneration committee determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General

Meeting which occurred on 20 of October 2006. The maximum amount of fees payable to non-executive directors is $150,000 per annum. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

B. Details of Remuneration

Details of the remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Stonehenge Metals Limited are set out in the following tables:

The key management personnel of Stonehenge Metals Limited include the directors (as per Corporate Directory), geological consultants and company secretaries being:

Company secretaries:

- Matthew Foy – appointed 24 June 2011
- Jay Stephenson - resigned 24 June 2011
- Rosemary Wilson – resigned 3 August 2010

Geological consultants:

- Kim Wong Joong
- Chris Sennitt

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The directors and key management personnel are among the 5 highest paid executives as required to be disclosed under the Corporations Act 2001.

Key Management Personnel of the Entity

2011	Short-term benefits	Post-employment benefits		Share-based Payment				
Name	Cash Salary and Fees	Super-annuation	Total KMP compensation	Equity	Options	Total	Options as a % of remuneration	% perform-ance based
Non-Executive Directors								
Warren Staude	47,257	743	48,000	-	-	48,000	-	
Bevan Tarratt	64,220	5,780	70,000	-	-	70,000	-	
Bob Cleary	35,257	743	36,000	-	-	36,000	-	
Executive Directors								
Simon Fleming (resigned 24 June 2011)	221,162	19,905	241,067	420,000	-	661,067	-	63.5%
Richard Henning (appointed 3 August 2011)	221,162	19,257	240,419	90,000	-	330,419	-	27.2%
Steven Michael	-	-	-	-	-	-	-	
Bruce Lane (resigned 3 August 2010)	53,500	-	53,500	-	-	53,500	-	

Key Management Personnel of the Entity (continued)

Other Specified Executives								
Jay Stephenson (resigned 24 June 2011)	14,981	-	14,981	-	-	14,981	-	
Rosemary Wilson (resigned 3 August 2010)	8,300	-	8,300	-	-	8,300	-	
Chris Sennitt	120,000	-	120,000	-	-	120,000	-	
Kim Wong Joong	142,844	-	142,844	-	-	142,844	-	
Matthew Foy (appointed 24 June 2011)	300	-	300	-	-	300	-	
Total	928,983	46,428	975,411	510,000	-	1,485,411		

2010	Short-term benefits	Post-employment benefits		Share-based Payment				
Name	Cash Salary and Fees	Super-annuation	Total KMP compensation	Equity	Options	Total	Options as a % of remuneration	% perform-ance based
Non-Executive Directors								
Warren Staude	36,000	-	72,825	-	36,825	72,825	50%	
Bevan Tarratt	82,000	-	118,825	-	36,825	118,825	31%	
Bob Cleary	3,000	-	3,000	-	-	3,000	-	
Executive Directors								
Richard Henning	-	-	-	-	-	-	-	
Simon Fleming (resigned 24 June 2011)	50,000	4,500	54,500	-	-	54,500	-	
Bruce Lane (resigned 3 August 2010)	71,500	-	163,825	55,500	36,825	163,825	27%	
Other Specified Executives								
Jay Stephenson (resigned 24 June 2011)	12,337	-	12,337	-	-	12,337	-	
Rosemary Wilson (resigned 3 August 2010)	28,854	-	28,854	-	-	28,854	-	
Chris Sennitt	60,000	-	60,000	-	-	60,000	-	
Kim Wong Joong	36,375	-	36,375	-	-	36,375	-	
Total	380,066	4,500	550,541	55,500	110,475	550,541		

Directors' Report

Key Management Personnel of the Entity (continued)

C. Service Agreements

Mr Warren Staude (Non-Executive Chairman)

Term of Agreement – commencing 1 April 2010

Agreement – provision of board services between the Group and Mr Warren Staude for a standard board remuneration fee of $3,000 plus GST per calendar month. Additional intermittent consulting fees may be charged at a rate of $1,000 per day as required. The additional consulting fee service agreement stipulates a one month notice period. Either party may terminate the additional consulting services agreement without cause by providing one month's written notice.

Mr Bevan Tarratt (Non-Executive Director)

Term of Agreement – commencing 1 March 2010

Agreement – provision of board and consulting services between the Group and Mr Bevan Tarratt for a standard board remuneration fee of $3,000 per calendar month inclusive of superannuation plus a variable consulting fee of $1,000 per day inclusive of superannuation. The service agreement stipulates a one month notice period for the additional consulting fees. Either party may terminate the consulting services agreement without cause by providing one month's written notice.

Mr Bob Cleary (Non-Executive Director)

Term of Agreement – commencing 14 May 2010

Agreement – provision of board services between the Group and Mr Bob Cleary for a standard board remuneration fee of $3,000 inclusive of superannuation per calendar month. Additional intermittent specialist consulting fees may be charged at a rate of $2,000 per day as required. The additional consulting fee service agreement stipulates a one month notice period. Either party may terminate the additional consulting services agreement without cause by providing one month's written notice.

Mr Richard Henning (Managing Director)

Term of Agreement – commencing 15 April 2011 for 2 years

Agreement – provision of contract services between the Group and Mr Richard Henry Henning for a fee of $275,000 per year (exclusive of superannuation) on a total employment cost basis and is to be reviewed after 2 years. The service agreement stipulates a three months' notice period. Either party may terminate the employment contract without cause by providing one month's written notice.

Mr Henning is also entitled to share and option incentives, subject to shareholder and regulatory approvals, as detailed below:

Vest Immediately:

i. 750,000 fully paid ordinary shares.

Vest 12 months from commencement of employment:

ii. 1,5000,000 fully paid ordinary shares.

Vest 24 months from commencement of employment:

iii. 1,250,000 fully paid ordinary shares.

Performance based bonuses

In addition to the Review, the Company may at any time during the Term pay to the Executive a performance-based bonus over and above the total employment cost (**Performance Based Bonus**). In determining the extent of any Performance Based Bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

Performance based bonuses (continued)

It is agreed that a Performance Based Bonus will be payable to the Executive or his nominee, in the following circumstances outlined below:

i. 3,000,000 shares will be issued to the Executive upon the Company successfully completing one or a number of capital raisings, either via the debt or equity capital markets, of not less than $10 million in total over the term of the contract, at a price which is not less than a 20% discount to the 10-day Volume Weighted Average Price (VWAP) of the Company on the days on which the Company's shares are traded on the ASX;
ii. 1,500,000 shares will be issued to the Executive upon the Company achieving a market capital of $45m for two consecutive months; and
iii. 1,500,000 shares will be issued to the Executive upon the achievement of a satisfactory performance review after twenty-four months employment with the company.

Additional appropriate performance based milestones will be discussed between the Executive and the Company at the time that the Executive is due to have this Agreement reviewed. Any tax liability resulting from the performance shares is the responsibility of the employee and no superannuation will be paid in relation to the issue of these shares.

D. Share-based compensation

The Stonehenge Metals Ltd Share Option Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Shares

The Shareholders of Stonehenge Metals Limited approved the issue of 1,500,000 shares to Mr Warren Staude, 3,500,000 shares to Mr Simon Fleming, and 500,000 shares to Mr Robert Cleary at the Annual General Meeting held 30 November 2010. At General Meeting of Shareholders held on 31 March 2011 the Shareholders of Stonehenge Metals Limited also approved the issue of 500,000 shares to Mr Robert Cleary, 1,000,000 shares to Mr Bevan Tarratt, 1,750,000 shares to Mr Simon Fleming and 1,750,000 shares to Mr Richard Henning.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
b) give the benefit within 15 months following such approval;

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the Director Shares to the Related Party requires the Group to obtain Shareholder approval because the issue of Shares constitutes giving a financial benefit and as a Director.

Details of ordinary shares in the Group provided as remuneration to each director of Stonehenge Metals Limited are set out below:

D. Share-based compensation (continued)

Shares (continued)

Name	No. of shares which shareholder was granted during the year		No. of shares issued during the year		%
	2011	**2010**	**2011**	**2010**	
Directors of Stonehenge Metals Limited					
Warren Staude	1,500,000	-	-	-	0%
Bevan Tarratt	1,000,000	-	-	-	0%
Richard Henning	1,750,000	-	750,000	-	42.8%
Simon Fleming – resigned 24 June 2011	4,000,000	-	3,500,000	-	87.5%
Bob Cleary	1,000,000	-	-	-	0%
Bruce Lane – resigned 3 August 2010	-	-	-	-	0%

Options

Some of the Options were granted to the non-executive Directors prior to the listing of the Group.

The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Group's performance.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date	% Vested
12/10/2009	06/11/2009	12/10/2012	$0.075	$0.0025	100%

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected divided yield and the risk free interest rate for the term of the option.

Details of options over ordinary shares in the Group provided as remuneration to each director of Stonehenge Metals Limited are set out below:

Name	No. of options granted during the year		No. of options vested during the year		%
	2011	**2010**	**2011**	**2010**	**Vested**
Directors of Stonehenge Metals Limited					
Warren Staude	-	1,500,000	-	1,500,000	100%
Bevan Tarratt	-	1,500,000	-	1,500,000	100%
Richard Henning	-	-	-	-	
Simon Fleming	-	-	-	-	
Bob Cleary	-	-	-	-	
Bruce Lane – resigned 3 August 2010	-	1,500,000	-	1,500,000	100%

D. Share-based compensation (continued)

The model inputs for options granted during the year ended 30 June 2010 included:

(a) options are granted for no consideration.
(b) exercise price: $0.075.
(c) grant date: 6 November 2009.
(d) expiry date: 12 October 2012.
(e) share price at grant date: $0.025.
(f) expected price volatility of the company's shares: 130%
(g) expected dividend yield: 0.0%
(h) risk free interest rate 3.0%

On 6 November 2009, 4,500,000 options exercisable at $0.075 on or before 12 October 2012 were issued. Mr Warren Staude, Mr Bevan Tarratt and Mr Bruce Lane were each issued 1,500,000 options, totalling 4,500,000 options. The options were issued to provide incentive to liaise with other non-executive directors of the Group.

On 31 December 2009 30,153,643 listed options expired (ASX Code: SHEO). On the same date 1,100,000 unlisted options also expired.

END OF REMUNERATION REPORT

MEETINGS OF DIRECTORS

During the financial year, 6 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	DIRECTORS' MEETINGS	
	Number eligible to attend	**Number Attended**
Warren Staude	6	6
Bevan Tarratt	6	6
Richard Henning (appointed 3 August 2010)	6	5
Simon Fleming (appointed 21 April 2010)	6	4
Bob Cleary (appointed 17 May 2010)	6	5
Bruce Lane (resigned 3 August 2010)	0	N/A

Options

At the date of this report, the un-issued ordinary shares of ***Stonehenge Metals Limited*** under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
29 April 2009	29 April 2013	$0.12	5,000,000
6 November 2009	12 October 2010	$0.075	4,500,000
23 November 2010	23 November 2013	$0.112	6,250,000
23 November 2010	23 November 2013	$0.084	6,003,763
21 December 2009	21 December 2012	$0.10	39,889,336
		Total	**61,643,099**

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

No options were exercised during the 2011 year (2010 nil).

Directors' Report

Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Group is subject to.

Greenhouse gas and energy data reporting requirements

The Group has not yet fully reviewed the reporting requirements under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse and Energy Efficient Reporting Act 2007, but believes it has adequate processes in place to ensure compliance with these Acts.

Indemnifying Officers or Auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Group paid $18,870 in premiums for Directors and Officer Insurance.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out following this report.

Auditor's Remuneration

During the financial period the following fees were paid or payable for services provided by the auditor:

	2011 **$**	**2010** **$**
Audit services		
BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001	37,547	36,405
Non-audit fees	1,500	-
	39,047	36,405

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

This report is signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

30th day of September 2011, at Perth, Western Australia

Warren Staude
CHAIRMAN

Corporate Governance Statement

For the year ended 30 June 2011

The Board of Stonehenge Metals Limited and the entities it controls, (the Group) is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that where adopted or in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: *Companies should establish the functions reserved to the board and management.*

The Board's primary responsibility is to oversee the Group's business activities and management for the benefit of shareholders.

Its functions and responsibilities include:

- Determining strategic and policy direction and monitoring performance against strategy;
- Establishing goals and monitoring performance;
- Identifying risk and opportunities for ensuring risk management systems are established and reviewed;
- Approving and monitoring financial reports, capital management, and compliance; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Group and its officers act legally, ethically and responsibly.

The Board is also governed by the Group's constitution. The day to day management of the Group's affairs and implementation of corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

Recommendation 1.2 *Companies should disclose the process for evaluating the performance of senior executives.*

There are no formal processes for monitoring senior executive performance as the size of the Group permits ongoing monitoring by the board of senior executive performance.

Recommendation 1.3 *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives has taken place throughout the year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: *A majority of the Board should be Independent Directors.*

Given the Group's background, nature and size of its business and the current stage of its development, the Board is comprised of four directors, Messrs Tarratt, Cleary and Staude are non-executive and independent and Mr Richard Henning is the managing director. The Board believes that this is both appropriate and acceptable.

Recommendation 2.2: *The Chairperson should be an Independent Director.*

The Chairperson, Mr Staude is independent, the Board considers he is suitably skilled to perform the role.

Recommendation 2.3: *The roles of the chairperson and chief executive officer should not be exercised by the same individual.*

The positions of Chairman and Executive Director are held by separate persons.

Recommendation 2.4: *The Board should establish a nomination committee.*

The Group has established a nomination committee charter; however it has not established a nomination committee at this time due to the Group's background, nature and size of its business and the current stage of its development. The Board undertakes the process of determining the need for, screening and appointing new directors.

Recommendation 2.5: *Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.*

The Group has adopted self evaluation processes to manage Board performance. An annual review is undertaken in relation to the composition and skills mix of the Directors of the Group.

Recommendation 2.6: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

Corporate Governance Statement

For the year ended 30 June 2011

The skills and experience for the directors are set out in the Group's Annual Report and on its website.

The Group has not included on its website, information on procedures for the selection and appointment of new Directors as these procedures are not formalised.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING.

Recommendation 3.1: *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

3.1.1 The practices necessary to maintain confidence in the Group's integrity

3.1.2 The practices necessary to take into account the legal obligations and the reasonable expectations of stakeholders

3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Group has adopted a Code of Conduct setting standards expected of directors, officers, employees and contractors and demonstrate the Group's commitment to conducting business in an ethical and accountable manner. Directors, officers, employees and contractors are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Adherence to the code of conduct is expected at all times and the Board actively promotes a culture of quality and integrity.

The Board monitors the implementation of the Code. Breaches are reported by employees or contractors to the Executive Director or Company Secretary.

Recommendation 3.2: *Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.*

The Board has developed and adopted a diversity policy that ensures all personnel within the organisation will be treated with respect and no person will be discriminated against either during their employment or through the recruitment process, no matter their gender, ages, race, religion, cultural background, marital status, sexual orientation or disability. Stonehenge recognises there is difficulty achieving diversity across all areas of the company due to its relatively small size, but considers increased representation by women to be a desirable outcome.

Recommendation 3.3: *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them*

In respect of gender diversity the Company's goal is to maintain the current level of diversity across the Company and increase this level over time as the business expands.

Recommendation 3.4: *Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.*

Position	**Male**	**Female**
Board of Directors	100%	0%
Senior Management	75%	25%
Non-senior management	100%	0

Recommendation 3.5: *Companies should provide the information indicated in the Guide to reporting on Principle 3.*

Please refer to Recommendation 3.1.

Corporate Governance Statement

For the year ended 30 June 2011

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: *The Board should establish an audit committee.*

The Group has a formal charter for an Audit Committee, however, no Committee has been appointed to date. All members of the Board currently provide an active role in the following activities:

- Review the Group's accounting policies;
- Review the content of financial statements;
- Review the scope of the external audit, its effectiveness, and independence of the external audit;
- Ensure accounting records are maintained in accordance with statutory and accounting standard requirements;
- Monitor systems used to ensure financial and other information provided is reliable, accurate, and timely;
- Review the audit process with the external auditors to ensure full and frank discussion of audit issues; and
- Present half and full year financial statements to the Board.

Recommendation 4.2: *Structure the Audit Committee so that it consists of:*

- *Only non-executive directors;*
- *A majority of independent directors;*
- *An independent chairperson, who is not chairperson of the Board; and*
- *At least 3 members.*

Refer to Recommendation 4.1.

Recommendation 4.3: *The Audit Committee should have a formal charter.*

Refer to Recommendation 4.1.

Recommendation 4.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 4.*

Refer to Recommendation 4.1.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: *Establish written policies and procedure designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.*

The Group has a formal continuous disclosure policy. The policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practical after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on the ASX in deciding whether to buy, sell or hold the Group's securities.

Information need not be disclosed only if the ASX listing rules provide for non-disclosure.

The Managing Director is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

Recommendation 5.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

Corporate Governance Statement

For the year ended 30 June 2011

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

The Group is committed to dealing fairly, transparently and promptly with shareholders. The Board aims to ensure that the shareholders are informed of all major developments.

The annual report is distributed to all shareholders who have specifically requested the document. In addition, the Group makes all ASX announcements, details of shareholder meetings and financial reports available of the Group's website.

Half-year financial reports prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange. The financial reports are sent to any shareholder who requests them and quarterly reports are submitted to the ASX under the requirements of the Exchange relating to mining companies. Copies of the quarterly reports are sent to shareholders whenever sufficient new information in the report warrants distribution.

Recommendation 6.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 6.*

The Group effectively communicates with shareholders via ASX announcements and newsletters.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: *The Board or appropriate committee should establish policies on risk oversight and management of material business risks and disclose a summary of those policies.*

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level. The Risk Management Policy is reviewed annually. A copy of the Risk management policy is available on the Group's website.

Recommendation 7.2: *The board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.*

The Group is not of size to allow this recommendation to be followed. The Board is responsible for the design and implementation of risk management and internal control systems.

Recommendation 7.3: *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

The Group's Executive Director and Chief Financial Officer provide this statement.

Recommendation 7.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

A description of the Group's risk oversight and management policy and internal compliance and control system is included on the Group's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: *The Board should establish a remuneration committee.*

The Group has a charter for a remuneration committee however; a committee has not been established at this time. Given the small size of the board, the entire board performs the functions of the remuneration committee.

Corporate Governance Statement

For the year ended 30 June 2011

Recommendation 8.2: *The remuneration committee should be structured so that it:*

- *Consists of a majority of independent directors;*
- *Is chaired by an independent chair; and*
- *Has at least three members.*

Please refer to 8.1 in relation to the remuneration committee.

Recommendation 8.3: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

The Group outlines the structure of remuneration of non-executive Directors and executives of the Group in the Remuneration report in the annual report.

Recommendation 8.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8*

Refer to Recommendation 8.1 in relation to the remuneration committee.

Refer to the Remuneration report in this Annual Report in relation to the superannuation payments to directors. The Group does not have a superannuation scheme for its employees.

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2011

The Directors
Stonehenge Metals Limited
Level 8, 225 St Georges Tce
P E R T H WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF STONEHENGE METALS LIMITED

As lead auditor of Stonehenge Metals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pegasus Metals Limited and the entity it controlled during the period.

Phillip Murdoch
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 $	2010 $
Revenue from continuing operations – interest received		184,911	26,921
Other revenue		596	-
Loss on sale of non current asset		(2,107)	(14,893)
Depreciation expenses		(25,678)	(18,647)
Employee benefits expenses		(403,877)	(85,672)
Advertising and marketing expenses		(155,524)	(59,172)
Audit expenses		(37,547)	(36,405)
Accounting expenses		(66,255)	(62,585)
Directors expenses		(175,000)	(116,800)
Share based payments	21(b)	(510,000)	(527,475)
Exploration costs expensed		(390,079)	-
Corporate and regulatory expenses		(168,755)	(133,401)
Rent expenses		(133,773)	(27,497)
Impairment loss	3	-	(35,118)
Travel expenses	3	(133,294)	(131,686)
Other administrative expenses		(425,295)	(588,509)
Unrealised foreign exchange loss		(133,899)	-
Loss before income tax		(2,575,576)	(1,810,939)
Income tax expense	4	(331,329)	(9,796)
Loss from continuing operations		(2,244,247)	(1,820,735)
Loss for the year attributable to the members of Stonehenge Metals		(2,244,947)	(1,820,735)
Exchange difference on translation of foreign operations		(26,921)	(6,917)
Other comprehensive income for the year		(26,921)	(6,917)
Total comprehensive income for the year attributable to the year attributable to the members of Stonehenge Metals		(2,217,326)	(1,827,652)
Basic loss per share from continuing operations (cents per share)	5	(0.0087)	(0.0126)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	6	3,126,219	3,563,109
Trade and other receivables	7	181,227	135,104
Total Current Assets		3,307,446	3,698,213
NON-CURRENT ASSETS			
Mineral exploration and evaluation expenditure	8	6,089,664	4,344,231
Property, plant and equipment	9	101,554	108,125
Total Non-Current Assets		6,191,218	4,452,356
TOTAL ASSETS		9,498,664	8,150,569
CURRENT LIABILITIES			
Trade and other payables	10	652,618	356,616
Provisions		17,015	-
Total Current Liabilities		669,633	356,616
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	457,946	789,275
Total Non-Current Liabilities		457,946	789,275
TOTAL LIABILITIES		1,127,579	1,145,891
NET ASSETS		8,371,085	7,004,678
EQUITY			
Contributed equity	12	17,937,307	15,121,522
Reserves	13	2,598,476	1,803,607
Accumulated losses	14	(12,164,698)	(9,920,451)
TOTAL EQUITY		8,371,085	7,004,678

The above consolidated statement of financial position sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

	Issued Capital	Accumulated Losses	Option Premium Reserve	Share Based Payments Reserve	Foreign Translation Reserve	Total Equity
	$	$	$	$		$
Balance at 1 July 2009	**9,090,582**	**(8,099,716)**	**240,388**	**140,725**	**-**	**1,371,979**
Loss for the year	-	(1,820,735)	-	-	-	(1,820,735)
Exchange difference on foreign operations	-	-	-	-	(6,917)	(6,917)
Other comprehensive income for the year	-	-	-	-	(6,917)	(6,917)
Total comprehensive income for the year	-	(1,820,735)	-	-	(6,917)	(1,827,652)
Transactions with owners in their capacity as owners						
Shares/options issued during the year	6,187,464	-	34,723	1,394,688	-	7,616,875
Share issue expenses	(156,524)	-	-	-	-	(156,524)
Balance at 30 June 2010	**15,121,522**	**(9,920,451)**	**275,111**	**1,535,413**	**(6,917)**	**7,004,678**
Balance at 1 July 2010	**15,121,522**	**(9,920,451)**	**275,111**	**1,535,413**	**(6,917)**	**7,004,678**
Loss for the year	-	(2,244,247)	-	-	-	(2,244,247)
Exchange difference on foreign operations	-	-	-	-	26,921	26,921
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	(2,244,247)	-	-	26,921	(2,217,326)
Transactions with owners in their capacity as owners						
Shares/options issued during the year	3,686,200	-	-	767,948	-	4,454,148
Share issue expenses	(870,415)	-	-	-	-	(870,415)
Balance at 30 June 2011	17,937,307	(12,164,698)	275,111	2,303,361	(20,004)	8,371,083

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Payments to suppliers and consultants		(1,643,518)	(1,211,082)
Interest Received		184,903	26,911
Other payments - GST		22,074	(34,926)
Net cash outflow from operating activities	15	(1,436,541)	(1,219,097)
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure			
Net cash proceeds on acquisition of subsidiary		(1,858,683)	(664,759)
Proceeds from sale of property, plant and equipment	24(d)	-	(63,030)
Payments for property, plant and equipment		12,727	40,000
		(36,501)	(54,851)
Net cash outflow from investing activities		(1,882,457)	(742,640)
Cash flows from financing activities			
Proceeds from issue of shares and options net of transaction costs		2,919,322	4,204,678
Net cash inflow from financing activities		2,919,322	4,204,678
Net increase in cash and cash equivalents		(399,676)	2,242,940
Cash and cash equivalents at the beginning of the financial year		3,563,109	1,329,728
Foreign exchange movement on foreign operations		(37,214)	(9,560)
Cash and cash equivalents at the end of the financial year	6	3,126,219	3,563,109

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Consolidated Financial Statements

for the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

Removal of parent

Separate financial statements for Stonehenge Metals Limited as an individual entity are no longer presented as a consequence of a change to the Corporation Act 2001. Financial information for Stonehenge Metals Limited as an individual entity is included in note 28.

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Stonehenge Metals Limited as at 30 June 2011 and the results of all subsidiaries for the year then ended. Stonehenge Metals Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(r)).
Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(d) Share Based Payment Transactions

Under AASB 2 Share Based Payments, the Group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

(e) Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Managing Director and other members of the Board of directors.

(f) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 66.6%.

(h) Income Tax and Other Taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(h) Income Tax and Other Taxes (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Stonehenge Metals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Exploration and Evaluation Expenditure

The Group’s policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs; and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Exploration and Evaluation Expenditure

ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:

- such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or

- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(j) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(k) Investments and other financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivable are included in trade and other receivables in the statement of financial position.

Recognition and derecognition

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or company of financial assets is impaired.

(l) Employee Entitlements

The Group's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

(m) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

(n) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(o) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

(p) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(q) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurements of all amounts has been reviewed, the difference is recognised directly in statement of comprehensive income as a bargain purchase.

(r) Business Combinations (continued)

Where any settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and condition. Contingent consideration is classified either as equity or a financial liability. Amount classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

s) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency). The consolidated financial statements are presented in Australian dollars, which is Stonehenge's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the year.

(t) New accounting standards and interpretations

Certain new accounting standards have been published that are not mandatory for 30 June 2011 reporting periods. The Group has not applied any of the following in preparing this financial report:

Standard or Interpretation	Nature of Change
Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations.
Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project specify amendments resulting from the IASB's annual improvement project to various Australian accounting standards and interpretations. As permitted, the group has early adopted most of the amendments in AASB 2009-5. However, the amendments to AASB 117 Leases have not been early adopted. Adoption of these amendments will potentially result in the reclassification of several leases over land as finance leases. The amendments, which apply retrospectively to unexpired leases from 1 July 2010, remove the guidance from AASB 117 which effectively prohibited the classification of leases over land as finance leases. It is not practical to provide a reasonable estimate of the impact of this amendment until a detailed review of existing leases has been completed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Standard or Interpretation	Nature of Change
AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions AASB 2.	The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues	The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.
AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 'Share-based Payment' at the acquisition date ('market-based measure').
AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments.	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Financial Statements the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Company has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Deferred tax assets

The Group expects to have carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model. Should the assumptions used in these calculations differ, the amounts recognised could significantly change. Details of estimates used can be found in Note 21.

3. EXPENSES

	CONSOLIDATED	
	2011 **$**	**2010** **$**
Profit (Loss) includes the following specific expenses:		
Software and support expenses	9,896	17,303
Insurance	61,547	29,805
Corporate secretarial fees	17,014	12,917
Travel and accommodation	133,294	131,686
Impairment loss – Exploration and evaluation expenditure	-	35,118

Impairment of exploration and evaluation expenditure

No impairment charge has been recognised in 2011. In 2010 an impairment charge has been recognised in relation to capitalised exploration and evaluation expenditure. The board of directors have determined that the expenditure of EL 21M/2003 & El 31/2002 should be fully impaired on the basis that the Group no longer has right to tenure over these tenements.

4. TAXATION

(i) Reconciliation

The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

Loss before income tax at 30% tax rate (2010: 30%)	(772,673)	(543,282)
Tax effect of amounts which are not deductible in calculating taxable income:		
Share based payments	153,000	158,242
Other	33,757	-
Deferred tax assets relating to tax losses not recognised	354,758	394,836
Timing differences previously unrecognised now recognised to reduce deferred tax liabilities	(100,171)	-
Total income tax expense	(331,329)	9,796

The franking account balance at year end was $nil (2010: $nil).

4. TAXATION (continued)

Deferred tax assets and liabilities not recognised relate to the following:	2011 $	2010 $
Deferred tax assets		
Tax losses	**3,707,361**	**3,336,172**
Other temporary differences	**78,772**	**36,461**
Net deferred tax assets	**3,786,133**	**3,372,633**

5. LOSS PER SHARE

	CONSOLIDATED	
	2011 $	**2010 $**
(a) Loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Group	(2,244,247)	(1,820,735)
Loss attributable to the ordinary equity holders of the Group	(2,244,247)	(1,820,735)
(b) Reconciliations of loss used in calculated loss per share		
Basic and diluted loss per share	(0.0087)	(0.0126)
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss:		
Loss from continuing operations	(2,244,247)	(1,820,735)
	(2,244,247)	(1,820,735)
(c) Weighted average number of shares used as a denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	258,993,684	144,350,208
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	258,993,684	144,350,208

Options have not been included in the calculation of diluted loss per share as they are not considered dilutive because they decrease the loss per share.

6. CASH AND CASH EQUIVALENTS

Deposits at call	2,067,492	2,574,613
Cash at bank	509,727	639,496
Term deposits	549,000	349,000
	3,126,219	3,563,109

(a) Reconciliation to cash at end of year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances above	3,126,219	3,563,109
Balance per statement of cash flows	3,126,219	3,563,109

(b) Cash at bank

These are not interest bearing.

6. CASH AND CASH EQUIVALENTS (continued)

(c) Deposits at call

The deposits are at call and are bearing floating interest rates between 4.0% and 5.5%.

(d) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 19.

(e) Financial Guarantees

The Group has provided financial guarantees in respect of bonds amounting to $0 (2010 - $0), secured by the term deposits.

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2011 **$**	**2010** **$**
Other receivables	181,227	135,104

(a) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

(b) Ageing of receivables past due not impaired

As at 30 June 2010 and 30 June 2011 there were no receivables past due not impaired.

8. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

Balance at beginning of the year	4,344,231	24,086
Tenement acquisition costs	-	3,557,387
Exploration expenditure incurred	1,745,433	797,876
Exploration expenditure written off (Note 3(a))	-	(35,118)
Balance at the end of the year	6,089,664	4,344,231

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2011 $	2010 $
Office equipment- at cost	108,604	101,176
Accumulated depreciation	(59,083)	(46,794)
Net book value	49,521	54,382
Mining Equipment- at cost	69,128	45,897
Accumulated depreciation	(19,633)	(7,630)
Net book value	49,495	38,267
Motor vehicles - at cost	2,928	31,241
Accumulated depreciation	(390)	(15,765)
Net book value	2,538	15,476
Reconciliation of the carrying amount of office equipment:		
Carrying amount at 1 July	54,382	32,100
Additions	7,428	34,013
Depreciation expense for the period	(12,289)	(11,731)
Carrying amount at 30 June	49,521	54,382
Reconciliation of the total carrying amount of mining equipment:		
Carrying amount at 1 July	38,267	67,168
Additions	23,231	30,743
Disposals	-	(54,893)
Depreciation expense for the period	(12,003)	(4,751)
Carrying amount at 30 June	49,495	38,267
Reconciliation of the carrying amount of motor vehicles:		
Carrying amount at 1 July	15,476	19,036
Additions	2,928	-
Disposals	(12,727)	-
Loss on disposal	(2,107)	-
Total Depreciation expense for the period	(1,032)	(3,560)
Total Carrying amount at 30 June	2,538	15,476
Reconciliation of the total carrying amount of property, plant & equipment:		
Carrying amount at 1 July	108,125	118,304
Additions	33,587	54,851
Acquired through business combination	-	8,510
Disposals	(14,834)	(54,893)
Impairment – available for sale financial asset	-	-
Depreciation expense for the period	(25,324)	(18,647)
Carrying amount at 30 June	101,554	108,125

10. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2011 $	2010 $
Trade payables	529,765	302,352
Other payables	122,853	54,264
	652,618	356,616

All current liabilities are expected to be settled within 12 months.

11. DEFERRED TAX LIABILITIES

	2011 $	2010 $
Arising from temporary differences attributable to fair value adjustments to exploration and evaluation expenditure acquired in a business combination	789,275	789,275
Offset against deferred tax assets arising from timing differences	(331,329)	-
	457,946	789,275

12. CONTRIBUTED EQUITY

(a) Share Capital

	2011 Shares	2010 Shares	2011 $	2010 $
Fully paid	**275,694,606**	**229,095,234**	**17,937,307**	**15,121,522**

(b) Movements in ordinary share capital:

2011

Date	Details	Number of shares	Issue price	$
01/07/10	Balance at beginning of year	229,095,234		15,121,522
15/10/10	Fully paid ordinary shares issued pursuant to share placement	39,999,999	$0.0075	3,000,000
29/10/10	Fully paid ordinary shares issued pursuant to share placement	1,016,000	$0.0075	76,200
09/11/10	Fully paid ordinary shares issued for payment of marketing fees	1,333,333	$0.0075	100,000
	Shares based payments not issued at 30 June 2011*	4,250,000	$0.012	510,000
	Less: Cash transaction costs			(13,377)
	Less: Non cash transaction costs			(857,038)
30/06/11	Balance at end of year	275,694,566		17,937,307

* In March 2011 numerous share based payments to directors were resolved by shareholders at a general meeting. By 30 June 2011 4,250,000 shares valued at $0.12 had met the requirements of the conditions set at the date of the general meeting but had not yet been issued.

12. CONTRIBUTED EQUITY (continued)

Movements in ordinary share capital: (cont)

2010

Date	Details	Number of shares	Issue price	$
01/07/09	Balance at beginning of year	64,797,617		9,090,582
16/07/09	Fully paid ordinary shares for exploration costs, costs of the rights offer and working capital	39,238,015	$0.015	588,570
30/09/09	Fully paid ordinary shares for shortfall of Entitlement Issue for exploration costs and working capital	25,559,642	$0.015	383,394
09/11/09	Fully paid ordinary shares pursuant to General Meeting held 12 October 2009	1,500,000	$0.037	55,500
12/11/09	Fully paid ordinary shares for placement to Directors pursuant to General Meeting held 12 October 2009	3,000,000	$0.015	45,000
08/01/10	Fully paid ordinary shares pursuant to share placement	25,000,000	$0.015	375,000
31/03/10	Fully paid ordinary shares issued for acquisition to acquire 100% of Chong Ma Mines Inc Uranium Projects	20,000,000	$0.09	1,800,000
23/06/10	Fully paid ordinary shares issued pursuant to share placement	50,000,000	$0.056	2,940,000
	Less: transaction costs			(156,524)
30/06/10	Balance at end of year	229,095,274		15,121,522

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as cash and cash equivalents plus equity.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from their mineral exploration and currently has no debt facilities in place.

13. RESERVES

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
(a) Reserves		
Share-based payments reserve	2,303,361	1,535,413
Options reserve	275,111	275,111
Foreign translation reserve	20,004	(6,917)
	2,598,476	1,803,607
Movements:		
Share-based payments reserve		
Balance 1 July	1,535,413	140,725
Shares issued to vendors	-	922,713
Shares issued to directors	-	
Options issued to directors	-	110,475
Options issued to consultants	767,948	361,500
Balance 30 June	2,303,361	1,535,413
Options reserve		
Balance 1 July	275,111	240,388
Options capital raised	-	34,723
Balance 30 June	275,111	275,111
Foreign translation reserve		
Balance 1 July	(6,917)	-
Foreign translation difference on consolidation	26,921	(6,917)
Balance 30 June	20,004	(6,917)

Nature and purpose of reserves

(i) Share-based payments reserve

The share based payments reserve is used to recognise:

- The fair value of options issued to employees and consultants but not exercised
- The fair value of shares issues to employees
- In the Group – the issue of shares held by the Stonehenge Metals Limited Employee Share Trust to employees

In March 2011 numerous share based payments to directors were resolved by shareholders at a general meeting. By 30 June 2011 2,250,000 shares valued at $0.12 had met the requirements of the conditions set at the date of the general meeting but had not yet been issued.

(ii) Option reserve

The options reserve is used to recognised funds received for options issued to shareholders. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital.

(iii) Foreign translation reserve

The foreign translation reserve is used to recognise foreign exchange rate differences between intercompany loans.

14. ACCUMULATED LOSSES

	2011 $	2010 $
Accumulated losses at the beginning of the financial year	(9,920,451)	(8,099,716)
Net loss attributable to members of the Group	(2,244,247)	(1,820,735)
Accumulated losses at the end of the financial year	(12,164,698)	(9,920,451)

15. RECONCILATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
Loss for the year	(2,244,247)	(1,820,735)
Depreciation and amortisation	25,678	18,647
Impairment loss	-	35,118
Loss on disposal of assets	2,107	-
Chong Ma exploration expenses capitalised	485,277	-
Non-cash employee benefits expense – share-based payments	510,000	527,475
Decrease / (increase) in trade debtors and other receivables	(19,408)	(25,693)
(Decrease) / increase in deferred tax liability	(331,329)	9,796
(Decrease) /increase in trade creditors and other payables	90,066	24,214
(Decrease)/increase in provisions and accruals	45,315	12,000
Net cash outflow from operating activities	(1,436,541)	(1,219,178)

Non-cash investing and financing activities		
The following non-cash expenses were recognised directly in equity		
Shares issued to RBC Capital Markets for capital raising costs	93,182	-
Options issued to Cygnet Capital for capital raising costs	707,947	-
Options issued to Pattersons for capital raising costs	55,909	-
Acquisition of exploration assets by means of share issue	-	2,862,713

On 30 March 2010 the Group finalised an agreement to acquire South Korean Uranium Projects. The commercial terms of the acquisition, approved by shareholders at a general meeting held on 19 March 2010, include the issue of 10 million SHE ordinary shares and 60 million SHE performance shares to the vendors. 10 million shares were also issued to King Resources (WA) Pty Ltd for introducing and facilitating the transaction.

16. COMMITMENTS

Tenement Expenditure Commitments

Tenement expenditure contracted for at the reporting date but not recognised as liabilities are as follows:

	2011 $	2010 $
Within one year		10,000
Later than one year but no later than five years		3,040,000
Later than five years		-
		3,050,000

16. COMMITMENTS

Capital Commitments

There are no capital expenditure commitments as at 30 June 2011.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Compensation

	2011 $	2010 $
Short-term employee benefits	905,402	338,875
Post-employment benefits	46,428	4,500
Share-based payments	510,000	165,975
	1,461,830	509,350

Detailed remuneration disclosures are provided in the remuneration report on pages 29 to 35.

(b) Equity Instrument Disclosures Relating to Key Management Personnel

(i) *Options provided as remuneration and shares issued on any exercise of such options*

Details of options provided as remuneration and shares issued on any exercise of such options, together with terms and conditions can be found within the Directors' Report.

(ii) *Option holdings*

The number of options over ordinary shares in the Group held during the financial year by each Director of Stonehenge Metals Limited and any other key management personnel of the Group, including their personally related parties are set out below:

2011

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Stonehenge Metals Limited							
Warren Staude	1,500,000	-	-	337,500	1,837,500	1,837,500	-
Bevan Tarratt	1,500,000	-	-	-	1,500,000	1,500,000	-
Richard Henning	-	-	-	-	-	-	-
Simon Fleming	-	-	-	-	-	-	-
Bob Cleary	-	-	-	-	-	-	-
Bruce Lane	1,500,000	-	-	(1,500,000)	-	-	-
Chris Sennitt	-	-	-	-	-	-	-
Kim Wong Joong	-	-	-	-	-	-	-
	4,500,000	-	-	(1,162,500)	3,337,500	3,337,500	

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

2010

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Stonehenge Metals Limited							
Warren Staude	1,037,500	1,500,000	-	(1,037,500)	1,500,000	1,500,000	-
Bevan Tarratt	1,000,000	1,500,000	-	(1,000,000)	1,500,000	1,500,000	-
Richard Henning	-	-	-	-	-	-	-
Simon Fleming	-	-	-	-	-	-	-
Bob Cleary	-	-	-	-	-	-	-
Bruce Lane	155,445	1,500,000	-	(155,455)	1,500,000	1,500,000	-
Chris Sennitt	-	-	-	-	-	-	-
Kim Wong Joong	-	-	-	-	-	-	-
	2,192,945	4,500,000	-	(2,192,945)	4,500,000	4,500,000	-

(iii) Share holdings

Aggregate numbers of shares of the Group held directly, indirectly or beneficially by Directors or key management personnel of the Group at the date of this report:

2011

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Stonehenge Metals Limited				
Warren Staude	1,150,000	-	250,000	1,400,000
Bevan Tarratt	9,610,000	-	-	9,610,000
Richard Henning	-	-	*750,000	750,000
Simon Fleming	-	-	**3,500,000	3,500,000
Bob Cleary	-	-	-	3,100,000
Bruce Lane (resigned 3 August 2010)	3,100,000	-	(3,100,000)	-
Chris Sennitt	-	-	-	-
Kim Wong Joong	-	-	-	-
	13,860,000	-	1,400,000	15,260,000

* Richard Henning received 750,000 ordinary shares as part of his remuneration.

** Simon Fleming received 3,500,000 ordinary shares as part of his remuneration.

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont)

(c) Equity Instrument Disclosures Relating to Key Management Personnel (cont)

2011

	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Stonehenge Metals Limited				
Warren Staude	75,000	-	1,075,000	1,150,000
Bevan Tarratt	4,305,000	-	5,305,000	9,610,000
Richard Henning	-	-	-	-
Simon Fleming	-	-	-	-
Bob Cleary	-	-	-	-
Bruce Lane (resigned 3 August 2010)	300,000	-	*2,800,000	3,100,000
Chris Sennitt	-	-	-	-
Kim Wong Joong	-	-	-	-
	4,680,000	-	9,180,000	13,860,000

* Bruce Lane received 1,500,000 ordinary shares as part of his remuneration.

Director, Mr B Tarratt, is a shareholder and a director of Hemisphere Corporate Services Pty Ltd. During the 2011 year the Group was providing tenancy and administration services to Stonehenge Metals Limited. No formal contract is in place in regard to these transactions. All transactions were conducted on normal commercial terms.

Aggregate amounts of each of the above types of other transactions with key management personnel of Stonehenge Metals Limited are as follows:

	2011 $	2010 $
Amounts recognised as expense		
Rent and Administration	239,734	-
Consultancy fees	-	44,800
	239,734	44,800
Balance outstanding at year end		
Trade payables	9,542	-

18. REMUNERATION OF AUDITORS

Amounts received or due and receivable at 30 June 2011 by the auditors for:		
Audit services:		
BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001	36,047	36,405
Non-audit services	1,500	36,405
	37,547	

19. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and for the Group arises principally from cash and cash equivalents.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2011 $	2010 $
Loans and receivables	181,227	123,717
Cash and cash equivalents	3,126,219	3,563,109
	3,307,446	3,686,826

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:-

Financial assets - counterparties without external credit rating -		
Financial assets with no defaults in past	181,227	123,717
Cash and cash equivalents		
BBB+ S&P Rating	4,941	1,457
A S&P Rating	112,879	147,348
AA S&P rating	3,008,399	3,414,304
	3,126,219	3,563,109

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

19. FINANCIAL RISK MANAGEMENT (continued)

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
	$	$	$	$	$	$	$
As at 30 June 2011							
Trade and other payables	652,618	-	-	-	-	652,618	652,618
As at 30 June 2010							
Trade and other payables	356,616	-	-	-	-	356,616	356,616

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group does not currently have any formal policies in place regarding currency risk as it is not considered significant.

(ii) Cashflow and interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Group to cash flow interest rate risk. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

19. FINANCIAL RISK MANAGEMENT (continued)

30 June 2011

	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets				
Deposits at call	4.91%	2,616,492		2,616,492

30 June 2010

	Weighted average interest rate	1 year or less $	2-5 years $	Total $
Financial assets				
Deposits at call	1.47%	2,923,613	-	2,923,613

(d) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Fair value of financial instruments that are not traded in an active market (for example investments in unlisted subsidiaries) is determined using valuation techniques.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

20. SEGMENT INFORMATION

Management has determined that the Group has two reportable segments, being mineral exploration in Tasmania and Uranium exploration in South Korea. The company disposed of Tasmanian Exploration prospects during the period ended 30 June 2010 therefore there is no comparative information for this segment during the period ended 30 June 2011.

SK Energy Metals Pty Ltd was incorporated during the period ended 30 June 2010 and acquired interests in South Korean Uranium projects. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

2011	**Australia $**	**South Korea $**	**Total $**
Revenue from external sources	-	-	-
Reportable segment profit / (loss)	-	-	-
Reportable segment assets	-	6,089,664	6,089,664
Reportable segment liabilities	-	436,838	436,838

Reconciliation of reportable segment profit or loss	
Reportable segment profit /(loss)	-
Other income	185,507
Depreciation expense	(25,678)
Director benefits	(175,000)
Share based payments	(510,000)
Employee benefits	(403,877)
Other expenses	(1,646,521)
Loss before tax	(2,575,576)

20. SEGMENT INFORMATION (continued)

2010	Tasmania $	South Korea $	Total $
Revenue from external sources	-	-	-
Reportable segment profit / (loss)	(35,118)	-	(35,118)
Reportable segment assets	41,584	4,302,648	4,344,231
Reportable segment liabilities	-	829,210	829,210

Reconciliation of reportable segment profit or loss

Reportable segment profit /(loss)	(35,118)
Other income	26,921
Depreciation expense	(18,647)
Director benefits	(116,800)
Share based payments	(527,475)
Employee benefits	(97,700)
Other expenses	(1,051,916)
Loss before tax	(1,820,735)

Other Segment Information

	CONSOLIDATED	
	2011 $	2010 $
Total segment revenue	-	-
Interest revenue	185,507	26,921
Total revenue from continuing operations (note 3)	185,507	26,921
Segment assets	6,089,664	4,344,231
Unallocated:		
Cash and cash equivalents	3,126,219	3,563,109
Trade and other receivables	181,227	135,104
Property plant & equipment	101,554	108,125
Total assets as per the statement of financial position	9,498,664	8,150,569
Segment Liabilities	436,838	829,210
Unallocated:		
Trade and other payables	232,795	316,681
Deferred Tax Liability	457,946	-
Total liabilities as per the statement of financial position	1,127,579	1,145,891

21. SHARE BASED PAYMENT TRANSACTIONS

(a) Employee Option Plan

The Stonehenge Metals Ltd Share Option Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share based payments listed below have been issued to the company directors under the terms of the Stonehenge Metals Ltd Share Option Plan.

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2011							
12/10/2009	12/10/2012	$0.075	4,500,000	-	-	4,500,000	4,500,000
			4,500,000	-	-	4,500,000	4,500,000
Weighted Average Exercise Price			$0.075	-	-	$0.075	$0.075

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2010							
24/10/2006	31/12/2009	$0.25	1,500,000	-	1,500,000	-	-
24/10/2006	31/12/2009	$0.25	3,000,000	-	3,000,000	-	-
21/12/2007	31/12/2009	$0.50	1,100,000	-	1,100,000	-	-
12/10/2009	12/10/2012	$0.075	-	4,500,000	-	4,500,000	4,500,000
			5,600,000	4,500,000	5,600,000	4,500,000	4,500,000
Weighted Average Exercise Price			$0.30	$0.075	-	$0.075	$0.075

No unlisted options expired during the year covered by the above tables (2010 - 5,600,000).

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2010 is not applicable as no options were exercised during the year (2010– not applicable).

The weighted average remaining contractual life of the share options outstanding at the end of the period was 2.02 years (2010– 2.03 years).

The weighted average remaining contractual life of the share options outstanding at the end of the period was 2.02 years (2010: 2.03 years).

21. SHARE BASED PAYMENT TRANSACTIONS (continued)

The assumptions used for the director's options valuation for options issued in 2010 are as follows:

Exercise Price	$0.075
Expected Life	3 years
Share Price at time of issue	$0.025
Expected volatility	130%
Dividend yield	0%
Risk free interest rate	3.0%
Option value	$0.02455

In March 2011 numerous share based payments to Directors were resolved by shareholders at a general meeting.

By 30 June 2011 4,250,000 shares at an issue price of $0.12 had met the requirements of the conditions set at the date of the General Meeting but had not yet been issued.

The share based payments listed below have been issued to consultants during the year

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at the end of the year Number	Vested and exercisable at the end of the year Number
2011							
24/09/2010	23/11/2013	$0.112	-	6,250,000	-	6,250,000	6,250,000
24/09/2010	23/11/2013	$0.084	-	6,250,000	-	6,250,000	6,250,000
				12,500,000	-	12,500,000	12,500,000
Weighted Average Exercise Price			$0.098	-	$0.098	$0.098	

21. SHARE BASED PAYMENT TRANSACTIONS (cont)

(a) Employee Option Plan (cont)

Fair Value of share options and assumptions

The fair value of services received in return for share options granted to directors is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

The assumptions used for the consultant's options valuation for options issued in 2011 are as follows:

Exercise Price	$0.112
Expected Life	3.2 years
Share Price at time of issue	$0.08
Expected volatility	120%
Dividend yield	0%
Risk free interest rate	4.69%
Option value	$0.05498

Exercise Price	$0.084
Expected Life	3.2 years
Share Price at time of issue	$0.08
Expected volatility	120%
Dividend yield	0%
Risk free interest rate	4.69%
Option value	$0.0583

Share based payments issued during 2011 are as follows:

Directors	Number Issued	Issue Price	Value
Simon Fleming	3,500,000	$0.12	$420,000
Richard Henning	750,000	$0.12	$90,000
Consultants			
RBC Capital*	1,333,333	$0.75	$100,000
Total	5,583,333		$610,000

*GST of $6,818 has been deducted from this figure to arrive at $93,182 share based payment expense.

21. SHARE BASED PAYMENT TRANSACTIONS (cont)

(b) Share based payment expense (cont)

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2011 $	2010 $
Shares issued	603,182	55,500
Options issued	763,857	471,975
	1,367,038	527,475

Recognition of share-based payment transactions in the financial statements		
Recognised in the Statement of Comprehensive Income	510,000	527,457
Recognised in Equity	857,039	-
	1,367,038	527,475

22. DIVIDENDS

There were no dividends paid or declared by the Group during the year.

23. CONTINGENCIES

The Group currently has no contingent assets or liabilities.

24. EVENT OCCURRING AFTER BALANCE SHEET DATE

As a result of making a final payment of US$400,000 after the year end in July 2011, Stonehenge has secured the remaining 4/9 interest in the Daejon, Miwon and Gwesan uranium project. Stonehenge, through its wholly owned subsidiary Chong Ma Mines Inc. now holds 100% of the title to the 3 South Korean uranium projects.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

25. BUSINESS COMBINATIONS

a) Summary of acquisition

On 30 March 2010 Stonehenge Metals Limited, via its wholly owned subsidiary SK Energy Metals Pty Ltd, acquired a 100% interest in Chong Ma Mines Inc which holds the rights to 4 uranium projects in South Korea.

Details of the fair value of the assets and liabilities acquired are as follows:

Item	Date	# Shares	$
Cash payment	26 March 2010		120,000
Shares issued in Stonehenge Metals Limited			
Shares issued to Yellow Sun Mines (Operations) Pty LtdPty Ltd	30 March 2010	10,000,000	970,000
Performance shares issued to Yellow Sun Mines (Operations) Pty LtdPty Ltd	30 March 2010	60,000,000	922,713
Shares issued to King Resources (WA) Pty Ltd	30 March 2010	10,000,000	970,000
			2,982,713
Less: Liabilities assumed under terms of acquisition – Yellow Sun Mines (Operations) Pty Ltd			(179,467)
Fair value of net identifiable assets acquired			2,803,246

25. BUSINESS COMBINATIONS (continued)

(a) Summary of acquisition (continued)

As at the date of these financial statements no additional payments are anticipated.

From the date of acquisition Chong Ma Mines Inc has contributed $254,331 to the net loss of the group. If the acquisition had occurred on 1 July 2009, consolidated loss for the year would have been $1,582,578.

(b) Purchase consideration

	$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	120,000
Less: Balances acquired	
Cash	(56,970)
Net Outflow of cash	63,030

(c) Assets and liabilities acquired

	Acquiree's carrying amount $	Fair Value $
Cash and cash equivalents	56,970	56,970
Plant and equipment	9,905	9,905
Trade debtors and other receivables	39,853	39,853
Exploration and evaluation expenditure	174,687	3,552,432
Trade creditors and other payables	(76,434)	(76,434)
Deferred tax liability	-	(779,480)
Net assets	204,981	2,803,246
Net identifiable assets acquired	204,981	2,803,246

Acquisition costs relating to the above transaction totaling $122,400 have been included in the statement of comprehensive income as other administrative expenses.

26. SUBSIDIAIRES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of Incorporation	Class of shares	Equity holding 2011	Equity holding 2010
SK Energy Metals Pty Ltd	Australia	Ordinary	100%	100%
Chong Ma Mines Inc	South Korea	Ordinary	100%	100%
Ginja Minerals Pty Ltd	Australia	Ordinary	100%	100%

27. RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the Group is Stonehenge Metals Limited. The ultimate parent entity and ultimate controlling party is Stonehenge Metals Limited (incorporated in Australia) which at 30 June 2011 owns 100% of the issued ordinary shares of SK Energy Metals Pty Ltd which owns 100% of Chong Ma Mines Inc.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 18.

(d) Outstanding balances arising from sales/purchases of goods and services

There are no outstanding balances arising from sales/purchases of goods and services.

28. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Stonehenge Metals Ltd, at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

ASSETS	**2011 $**	**2010 $**
Current Assets	3,094,221	3,579,856
Non-Current Assets	5,187,582	3,751,299
TOTAL ASSETS	8,281,803	7,331,155
Current Liabilities	232,795	316,680
TOTAL LIABILITIES	232,795	316,680
Contributed equity	17,937,307	15,121,522
Reserves	2,578,471	1,810,524
Accumulated losses	(12,466,770)	(9,917,571)
TOTAL EQUITY	8,049,008	7,014,475
Profit/(loss) for the year	(2,549,196)	(1,817,856)
Other Comprehensive Income/(loss) for the year	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(2,549,196)	(1,817,856)

Parent entity capital commitments

Commitments contracted for by the parent entity at the reporting date but not recognised as liabilities are as follows:

Within one year	-	-
Later than one year but no later than five	-	-
	-	-

At reporting date the parent entity has nil guarantees and contingent liabilities.

Declaration by Directors

The directors of the Group declare that:

(1) The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(a) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated entity.

(2) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(3) The remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.

(4) The group has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.

(5) The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Warren Staude

W Staude
Chairman
Perth, Western Australia
30 September 2011

BDO

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STONEHENGE METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Stonehenge Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stonehenge Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Stonehenge Metals Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Stonehenge Metals Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 30th day of September 2011

Shareholder Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Information as at 31 August 2011

(a) Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 – 1,000	35
1,001 – 5,000	193
5,001 – 10,000	286
10,001 – 100,000	880
100,001 – and over	268
	1,662

(b) The number of shareholdings held in less than marketable parcels is 309.

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

There are no voting rights attached to any class of options that is on issue.

Performance Shares

There are no voting rights attached to any class of Performance Shares that is on issue.

Shareholder Information

(d) 20 Largest Shareholders — Ordinary Shares as at 31 August 2011

Name		Number of Ordinary Fully Paid Shares	% Held of Issued Held Ordinary Capital
1.	MIMO Strategies Pty Ltd <MIMO A/C>	27,085,714	9.82%
2.	HSBC Custody Nominees (Australia) Limited	26,139,223	9.47%
3.	J P Morgan Nominees Australia Limited	18,111,666	6.56%
4.	NEFCO Nominees Pty Ltd	13,500,000	4.89%
5.	Citicorp Nominees Pty Ltd	13,294,834	4.82%
6.	National Nominees Limited	12,098,464	4.38%
7.	Yellow Sun Mines (Operations) Pty Ltd	8,819,668	3.20%
8.	Mr Bevan Tarratt	8,210,000	2.98%
9.	Sequoia Aggressive Growth Fund	4,464,286	1.62%
10.	Mr Robert Andrew Jewson	3,819,668	1.38%
11.	Mr Bernard Simon Fleming	3,766,000	1.36%
12.	Slade Technologies Pty Ltd <Embrey Family S/Fund A/C>	3,625,000	1.31%
13.	HSBC Custody Nominees (Australia) Limited	3,503,001	1.27%
14.	JP Morgan Nominees Australia Limited <Cash Income A/C>	2,789,515	1.01%
15.	Lok Hung Nominees Pty Ltd <Stone Family S/F A/C>	2,343,000	0.85%
16.	Rising Sun WA Pty Ltd <The Anscot Super Fund A/C>	2,260,000	0.82%
17.	Sell Power Pty Ltd <Sellpower Super Fund A/C>	2,119,729	0.77%
18.	Ms Anna Lucette Lane & Mr Bruce James Lane <Oscella Family A/C>	2,000,000	0.72%
19.	Sierra Whiskey Pty Ltd	1,930,000	0.70%
20.	Mr Norman Sydney McCleary <Green Possum Super Fund A/C>	1,800,000	0.65%
	TOTAL	161,679,768	58.59%
	Balance of Register	114,261,075	41.41%
	Grand TOTAL	275,940,843	100.00%

Shareholder Information

(e) 20 Largest Options Holders — Option Holders as at 31 August 2011

	Name	Number of Options Held	% Held of Issued Options
1	Mr Christopher James Weed & Ms Janet Elizabeth Brockman <The Brockman Weed Family A/C>	5,808,773	14.56%
2	Sequoia Aggressive Growth Fund	2,232,143	5.60%
3	Goffacan Pty Ltd <KMM Family A/C>	2,000,000	5.01%
4	Mr Bruce McKenzie Hawkes & Mrs Alison Valerie Hawkes <Hawkes Superfund A/C>	1,300,000	3.26%
5	Mr Brian Lee & Mrs Audrey Lee	1,100,000	2.76%
6	Arrow Management Inc.	1,041,780	2.61%
7	HSBC Custody Nominees (Australia) Limited	1,032,659	2.59%
8	Mr Christopher James Weed & Ms Janet Elizabeth Brockman <Mainstone Super Fund A/C>	1,000,000	2.51%
9	Rainmaker Holdings (WA) Pty Ltd <The Macri Investment A/C>	946,794	2.37%
10	Gregory J Wood & Associates Pty Ltd <The G J Wood Family A/C>	920,000	2.31%
11	Mr Todd Jeffrey Hibberd	828,743	2.08%
12	Mr Norman Sydney McCleary <Green Possum Super Fund A/C>	750,000	1.88%
13	Clodene Pty Ltd	663,198	1.61%
14	Goffacan Pty Ltd	643,020	1.60%
15	Hyllos Investments Ltd	625,000	1.57%
15	Ramaris Holdings Pty Ltd <Ralana Super Fund A/C>	625,000	1.57%
15	Sierra Whiskey Pty Limited	625,000	1.57%
16	JP Morgan Nominees Australia Limited <Cash Income A/C>	564,733	1.42%
17	Orchidberg Pty Ltd	500,000	1.25%
17	Mr Christopher James Weed <Brockman/Weed Family A/C>	500,000	1.25%
17	Cranston and Sons Pty Ltd	500,000	1.25%
18	Mr Charles Lennox Browne & Mrs Gaydrie Browne <C & G Retirement Fund A/C>	450,000	1.13%
19	Spring Street Holdings Pty Ltd	446,429	1.12%
20	Allwood Jackson Pty Ltd <Ken Jackson Super Fund A/C>	437,500	1.10%
	Total	**25,540,722**	**64.03%**
	Balance of Register	**14,348,564**	**35.97%**
	Total Listed Options on Issue	**39,889,336**	**100.00%**

(f) The name of the Company Secretary is Mr Matthew Foy.

(g) The address of the principal registered office in Level 8, 225 St Georges Terrace, Perth WA 6000. Telephone (08) 9481 2277.

(h) Registers of securities are held at the following addresses

Western Australia — Link Market Services Limited
Ground Floor, 178 St Georges Tce
Perth WA 6000

Shareholder Information

(i) On-Market Buy-Back

There is currently no on-market buy-back of the Company's securities.

(j) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

(k) Unquoted Securities

Options over Un-issued Shares

As at 31 August 2011 the following options over un-issued shares were on issue.

- 39,889,336 options exercisable at 10 cents per share on or before 21 December 2012.
- 6,003,763 options exercisable at 8.4 cents on or before 23 November 2013.
- 6,250,000 options exercisable at 11.2 cents on or before 23 November 2013.
- 4,500,000 options exercisable at 7.5 cents on or before 12 October 2012.
- 5,000,000 options exercisable at 12 cents on or before 19 April 2013.

Performance Shares on Issue

As at 31 August 2011 the following Performance Shares were on issue.

Class	Shares Issued	Milestone relating to Uranium Projects
A	12,500,000	The announcement of a JORC Code compliant Inferred Resource of not less than 50 million pounds of uranium at a grade of not less than 290ppm across the Uranium Projects.
B	5,000,000	The announcement of a JORC Code compliant Inferred Resource of not less than 70 million pounds of uranium at a grade of not less than 290ppm across the Uranium Projects.
C	15,000,000	The announcement of a JORC Code compliant Inferred Resource of not less than 250 million pounds of vanadium at a grade of not less than 0.3%V across the Uranium Projects.
D	7,500,000	The announcement of a JORC Code compliant Inferred Resource of not less than 400 million pounds of vanadium at a grade of not less than 0.3%V across the Uranium Projects.
E	7,500,000	The completion of a pre-feasibility study in relation to the Uranium Projects & the decision to mine, including granting of all required mining certificates & licenses.
F	5,000,000	The execution of a binding JV agreement on the Uranium Projects.
G	7,500,000	The execution of a binding off take agreement on Vanadium produced within the Uranium Projects.

Note: Shares issued upon the achievement of the relevant milestone will be escrowed for a minimum of 1 year from their date of conversion into ordinary shares.

Shareholder Information

(l) Securities Subject to Escrow

There are no securities currently subject to escrow.

(m) Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 31 August 2011 the following classes of unquoted securities had holders with greater than 20% of the class on issue.

Options exercisable at 12 cents on or before 19 April 2013

Percentage Held %	Name	Number of Securities held
100%	Advides Global Invest Ltd	5,000,000

Options exercisable at 8.4 cents on or before 23 November 2013

Percentage Held %	Name	Number of Securities held
85.51%	Seamist Enterprises Pty Ltd	5,133,929

Options exercisable at 11.2 cents on or before 23 November 2013

Percentage Held %	Name	Number of Securities held
82.14%	Seamist Enterprises Pty Ltd	5,133,929

Options exercisable at 7.5 cents on or before 12 October 2012

Percentage Held %	Name	Number of Securities held
33.33%	Pygocentrus Pty Ltd <Staude Super Fund>	1,500,000
33.33%	Ms Anna Lucette Lane & Mr Bruce James Lane <Oscella Family A/C>	1,500,000
33.33%	Nigel Tarratt Pty Ltd <Nigel Tarratt Super Fund A/C>	1,500,000

Stonehenge

METALS LTD

www.stonehengemetals.com.au