



**Stonehenge**  
METALS LTD

**STONEHENGE METALS LIMITED**

**ABN 81 119 267 391**

**INTERIM FINANCIAL REPORT  
31 DECEMBER 2011**

# STONEHENGE METALS LTD

## CORPORATE DIRECTORY

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### Directors

Warren Staude *Non Executive Chairman*  
Richard Henning *Managing Director*

Bob Cleary *Non Executive Director*  
Bevan Tarratt *Non Executive Director*

### Company Secretary

Mathew Foy

### Registered Office

Level 8, 225 St Georges Terrace  
PERTH WA 6000

### Principal Office

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PERTH WA 6000

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Web: [www.stonehengemetals.com.au](http://www.stonehengemetals.com.au)

### Stock Exchange Listing

The Company's shares are listed by  
ASX Limited  
The home exchange is Perth.

ASX Code - SHE

### Share Registry

Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
PERTH WA 6005  
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

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# STONEHENGE METALS LTD

## DIRECTORS' REPORT

Your Directors submit the financial report on Stonehenge Metals Ltd (**Stonehenge** or the **Group**) for the half-year ended 31 December 2011 (**Period**).

### Directors

The names of Directors who held office during or since the end of the half-year:

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

### REVIEW AND RESULTS OF OPERATIONS

The principal activity of the company and its subsidiaries during the period was mineral exploration in South Korea. The net loss for the half-year ended 31 December 2011 was \$930,308 (31 December 2010: \$1,000,641). The net loss included the following items:

- Employee benefits of \$319,559 (2010: \$363,071).
- Director's fees of \$99,600 (2010: \$89,500).

### Overview & Highlights

During the half-year ended 31 December 2011, the Company continued to focus on the exploration and development of the Daejon, Miwon and Gwesan uranium projects in South Korea.

### Exploration Program

#### Daejon Exploration Program

Stonehenge is currently focusing its exploration efforts in four main areas:

- i) obtaining access to the KIGAM historical drill core;
- ii) obtaining approval for its drilling program on the Daejon project. Stonehenge has identified two high priority drilling locations. The first location is within the Chubu prospect located north of the Chubu exploration adit; the second is at the northern end of the prospect at Seondang. This will enable an upgrade to the Uranium resource and determine a Vanadium resource;
- iii) preparing an Environmental Referral Document in consultation with the Korean Government; and
- iv) continuing a programme of community consultation.

#### Acquisition of Korean Properties Completed

During the period the Company advised that its wholly owned subsidiary Chong Ma Mines Inc. (**Chong Ma**) had, pursuant to the Acquisition Agreement announced on 6 January 2010, made the final payment of US\$400,000 to secure the remaining 4/9

## STONEHENGE METALS LTD

interest in the Daejon, Miwon and Gwesan uranium projects. Stonehenge, via Chong Ma, now holds 100% of the title to the three (3) uranium projects which comprise of 42 granted mining rights and 14 mining right applications.

### Geology

Ongoing collation and translation of historical data continued during the Period. The existing data has been verified with new reports and new information having been added to an access database.

The Company advised that ventilation of the Chubu Adit had been setup to allow for sampling and mapping. This will add to the understanding of the mineralogy and structural geology of the project. Monitoring of the adit is now in place for the health and safety of workers.

Assay results from the adit include 59m @ 0.32%  $V_2O_5$  and 33m @ 0.79%  $V_2O_5$  (including 9m @ 1.33%  $V_2O_5$ ), and further intersections of 20m @ 0.31%  $V_2O_5$ , 50m @ 0.20%  $V_2O_5$  and 25m @ 0.21%  $V_2O_5$ .

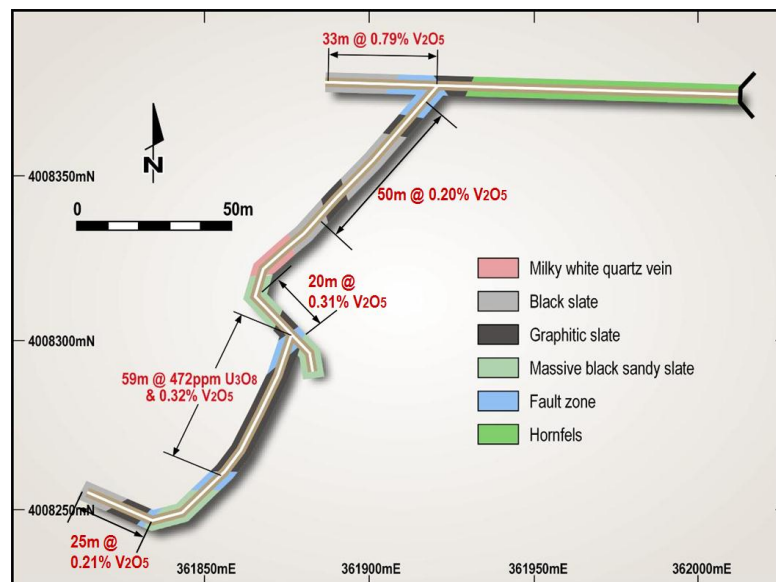


Figure 1: Chubu adit at Daejon Project showing mineralised zones identified from the historical geochemical sampling.

### Vanadium Exploration Target

Subsequent to the Period end Stonehenge advised it is currently working towards a maiden vanadium resource estimate. Based on vanadium assays from the Chubu exploration adit and reconnaissance surveying along strike, an Exploration Target<sup>1</sup> of 70-90 Mt at a grade of between 0.25% to 0.35%  $V_2O_5$  for a contained 385-695 M lbs  $V_2O_5$ , is estimated to be within the Daejon project area.

Continued reconnaissance surveying completed by Stonehenge has confirmed that vanadium mineralisation occurs along strike and multiple drill targets have been identified.

## STONEHENGE METALS LTD

This sampling is part of the ongoing exploration campaign to gain a fuller understanding of the deposit and its extensions. Stonehenge has been progressively evaluating historical Korean Government work completed on the Stonehenge tenements whereby vanadium grades of up to 1.21%  $V_2O_5$  are reported in the Yokwang deposit located within the Daejeon project area. Occurrence of vanadium has been confirmed by Stonehenge in all three deposits Yokwang, Chubu and Guemsan located across the Daejeon project. Figure 2 shows reconnaissance survey results obtained by Stonehenge across the Chubu and Yokwang deposits.

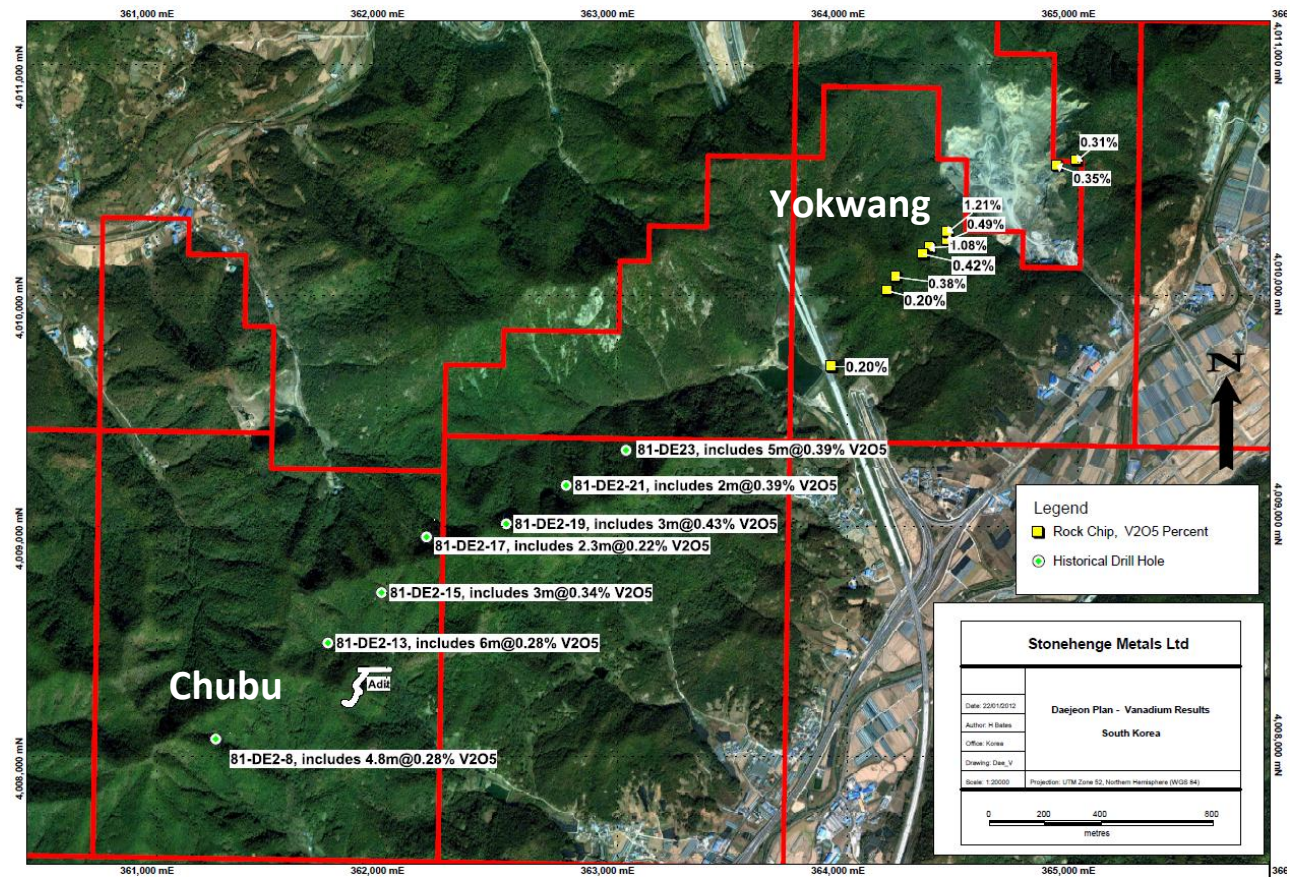


Figure 2: Daejeon Project showing tenements, sample locations, selected grades from the recent sampling and the Chubu adit location.

There are 95 historical drill holes located across the Chubu and Yokwang deposits. Only seven of these holes have been partially assayed for vanadium, which coincided with high grade uranium intersections. The remaining drill holes have not been assayed.

Geochemical sampling of a 340m long exploration adit within the Chubu deposit is ongoing; the adit traverses part way into the mineralised ore zone and then travels along strike.

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### Metallurgy

The Stonehenge metallurgical test program is focused on extracting the full potential value of Daejon ore and in particular uranium and vanadium.

Two potential flow sheet options are being evaluated. The first flow sheet option involves pressure acid leaching of whole ore to leach uranium, vanadium and any associated base metals sulphides. The second process option uses atmospheric acid leaching to extract uranium and then salt roast leach residue to liberate vanadium.

Fresh bulk samples from the Chubu exploration adit were delivered to ALS Amtec in June 2011 for metallurgical testing. Acid pressure leach tests are being performed to assess different operating conditions between the temperature range of 120°C-180°C to maximise vanadium extraction. Results from acid pressure leach tests have continued to confirm uranium is easily extracted. To-date all pressure leach tests have achieved greater than 90% uranium extraction.

Vanadium extraction results achieved to date in the current program have been as high as 68% extraction after 1 hour leach residence time at 180°C. Previous best vanadium extraction result using whole ore acid leaching was 50% at a leach temperature of 95°C. Pressure leach tests will continue over the next 3 months to optimise leach conditions and assess the economic viability of whole ore leaching. Stonehenge has also identified a large domestic supplier of concentrate sulphuric acid within 120km of the project area and within the vicinity of existing rail infrastructure.

Stonehenge's target is to achieve 90% uranium and 75% vanadium extraction. Using the existing operating cost model, if 75% vanadium extraction is achieved then the net cash cost for production of both uranium and vanadium after by-product credits will be US\$14.00/lb U<sub>3</sub>O<sub>8</sub>. A vanadium price assumption of US\$6.50/lb V<sub>2</sub>O<sub>5</sub> flake was used with an annualised production of 1,000 tpa U<sub>3</sub>O<sub>8</sub> and 6,965 tpa V<sub>2</sub>O<sub>5</sub> flake.

### Leach test Results

On 24 November 2011 the Company announced the results of metallurgical testing focussing on pressure leaching. Bulk samples were collected along strike from the Daejon deposit and also within the Chubu exploration adit.

Figure 3 shows sample locations and Table 1 details chemical assays and ore type for each sample. Uranium assays ranged between 171 and 828 ppm U<sub>3</sub>O<sub>8</sub>, with the higher grade uranium ores associated with those samples containing a high portion of carbon. Sample BK008 obtained from the Chubu exploration adit contains 13,000 ppm V<sub>2</sub>O<sub>5</sub>, which is exceptionally high grade.

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Table 1. Chemical analysis of bulk metallurgical samples.

Sample ID	Ore type	Chemical analysis			
		U <sub>3</sub> O <sub>8</sub> (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)	Mo (ppm)	Carbon (%)
BK004/5	Graphitic Schist	175	4,712	220	15.7
BK007	Graphitic Schist	828	2,927	950	37.2
BK008	Graphitic Schist	465	13,280	695	18.6
BK006/10	Shale Ore	342	3,284	615	NA
BK001/3	Shale Ore	171	4,570	250	2.3

NA – Assay not available.

The Daejon deposit has two distinctive ore types with the hard shale ore located along the foot and hanging walls of the deposit, and the primary uranium bearing and main mineralised ore - graphitic schist - located between these walls.

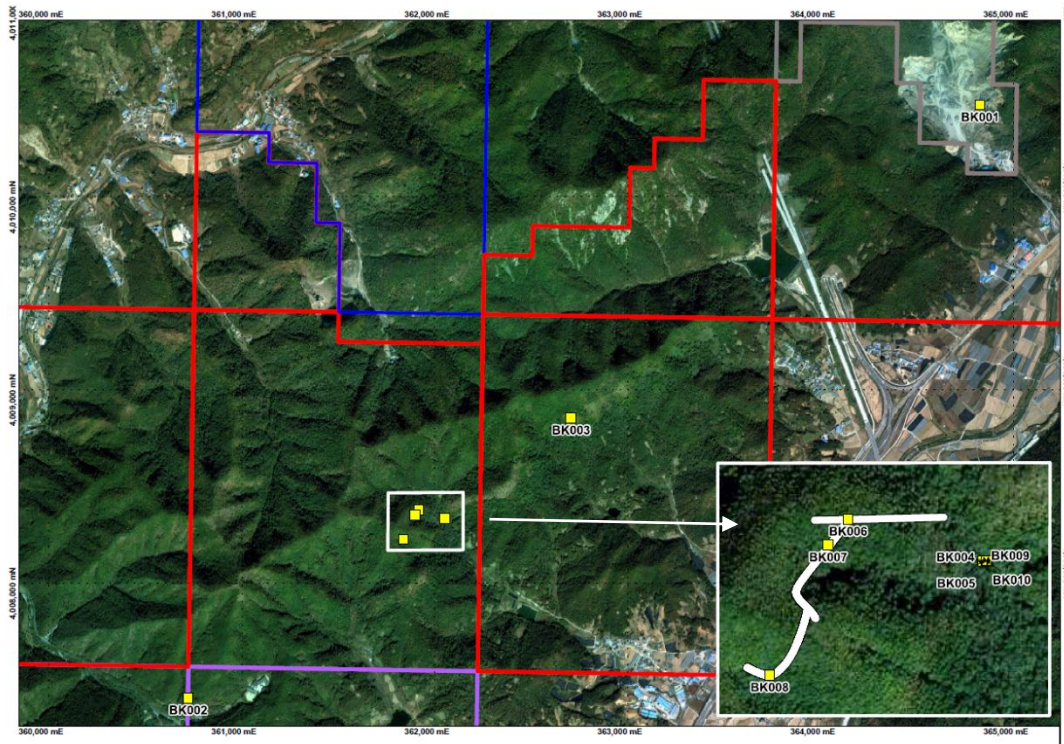


Figure 3. Bulk metallurgical sample locations from Daejon project.

The five samples tested across the Daejon deposit were crushed and milled to an 80% passing sizing of 106 µm prior to leaching. Initial testing has been performed at a leach temperature of 180°C under an oxygen atmosphere, where uranium extraction was extremely rapid with maximum extraction achieved after 30 minutes.

Table 2 shows the maximum extraction of uranium, vanadium and molybdenum for each of the bulk samples within a 1 hour leach residence time.

## STONEHENGE METALS LTD

Table 2. Summary of pressure oxidation results at 180°C and 750 kPa oxygen overpressure.

Sample ID	Ore type	% Extraction		
		U <sub>3</sub> O <sub>8</sub>	V <sub>2</sub> O <sub>5</sub>	Mo
BK004/5	Graphitic Schist	98.8	74.8	80.9
BK007	Graphitic Schist	94.3	78.3	79.3
BK008	Graphitic Schist	88.1	97.6	53.1
BK006/10	Shale Ore	92.1	61.8	77.9
BK001/3	Shale Ore	91.0	42.1	39.0
<b>Average</b>		<b>92.9</b>	<b>70.9</b>	<b>66.0</b>

The current operating cost model assumes an average uranium and vanadium extraction of 90% and 50% respectively. Uranium extraction results showed a modest improvement on the existing model. With respect to vanadium, these current sets of results represent a 40% improvement on the current assumptions used for the Project. Sample BK008 obtained from the Chubu exploration adit has provided the best vanadium extraction result to date at 97.6%.

The metallurgical test work program has continued to focus on maximising the extraction of vanadium from the Daejon project. Pressure leach tests have now been completed with tests performed at 120 and 150°C. The graph in Figure 4 provides a summary of uranium and vanadium extraction as a function of leach temperature. Results confirm that as leach temperature increases, vanadium extraction increases. Uranium extraction is relatively consistent irrespective of leach temperature once it is above 50°C.

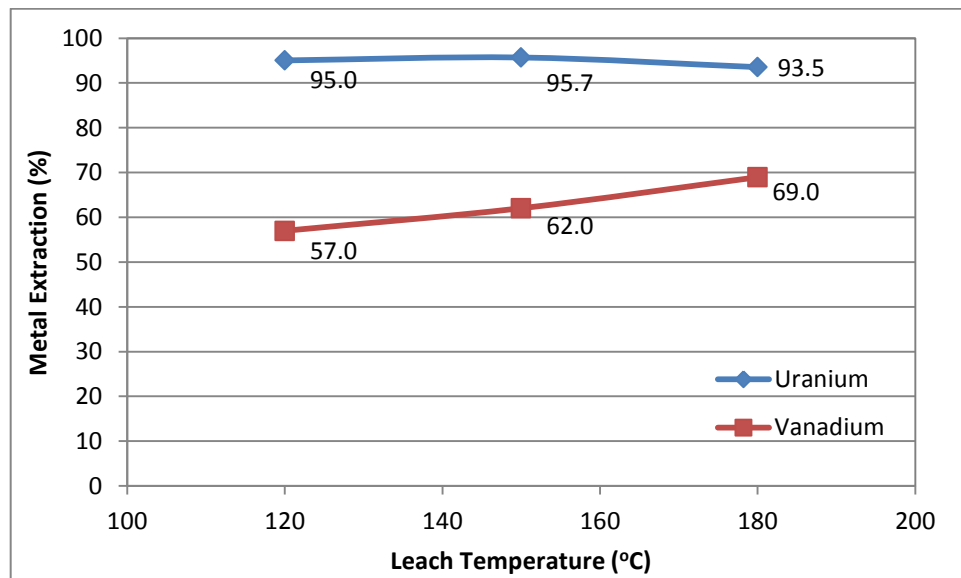


Figure 4. Pressure leach metal extractions as a function of temperature for Sample BK006/10 .



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The test work program is now focusing on leach temperatures below 100°C. Below 100°C this simplifies the leach circuit design and materials of construction. Ultimately it will be an economic trade-off between additional vanadium recovery and higher capital cost of a pressure leach circuit. If vanadium extraction may be improved under atmospheric conditions (<100°C) this will avoid the complexity of a pressure leach circuit.

### **Environmental and Baseline Monitoring**

Work commenced on a regional hydrocensus, which includes a survey of private bores and identification of watercourses, springs, seeps and dams. Monitoring locations will be identified and a sampling program will commence in October 2011.

Commitment to best practices in environmental management and current international standards specific to the uranium exploration and mining will be made, including the acknowledgement of a recent change in the World Health Organisation's (**WHO**) safe drinking water guidelines for uranium from 0.015 to 0.030 mg/L.

Water quality data will also be measured against the Australia and New Zealand Environment Conservation Council (**ANZECC**) Guidelines (2000) for the Protection of Stockwater and Aquatic Ecosystems. A minimum of two year baseline data will be collected for preparation of an Environmental Impact Statement (**EIS**). As part of QA/QC, a qualified in-house hydrogeologist will carry out the initial water sampling program. Field personnel will be trained for future sampling.

Historical data show levels of uranium and radionuclide in groundwater downstream from the orebody, exceeding that of the WHO safe drinking water limit. Baseline water monitoring of streams and existing bores is ongoing. Elevated levels of uranium, nickel and molybdenum have been detected in run-off from the Chubu deposit. Most water run-off from the Chubu deposit flows directly into Chubong River where any contaminants are diluted to safe levels. Dust and water monitoring will continue.

Local ginseng farmers were identified as one of the main stakeholders of the project. ANZECC Guidelines indicate a safe long term uranium limit of 0.01 mg/L for irrigation water. As much of the groundwater use is irrigation water for ginseng crops, health aspects of groundwater use will be addressed to the local farming associations as part of a community consultation process.

### **Permitting and Project Approval**

During February 2012, two leading environmental consulting firms were requested to provide a proposal to undertake a review of the Korean Mining Act and IAEA Radiation and Safety Guidelines for permitting the Daejon Project. The scope included a review of the Northern Territory Uranium Mining Act as a guide to best practice. The scope of work will now be amended to prepare an Environmental Referral Document. In Western Australia, there is a 3 step process involved in obtaining approval for a uranium mine. This includes an Environmental Referral Document, followed by an Environmental Scoping Study and finally an EIS. An Environmental Referral Document outlines the relevant regulatory Codes and Acts that must be complied with and also lists the various

## STONEHENGE METALS LTD

baseline studies that will be considered as part of the Environmental Scoping Study. In essence it provides a road-map of how Stonehenge will seek approval for its Daejon project. Stonehenge will complete an Environmental Referral Document and lodge it with the Ministry of Knowledge Economy (**MKE**) for their comment and approval. Stonehenge management believe this is an essential requirement for formally engaging the Korean Government.

### Pit Optimisation Study progressing

A pit optimisation study is currently underway with resource consultants Optiro. Preliminary findings show that a low cost open cut mining operation is sustainable for the first 10 years of mine life. The study indicates the first 5 years of mining can be achieved at a strip ratio of 1:1.35 and then increasing up to 1:2.31 at 10 years. Further information will be released once the study has been finalised.

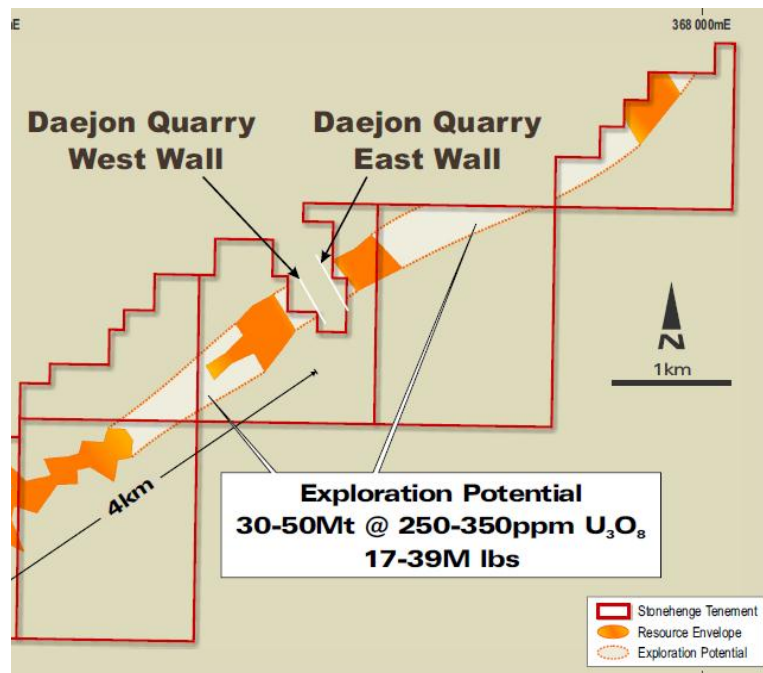


Figure 5. Target areas

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## Tenement Review

A detailed review of Stonehenge's tenements in South Korea was completed during February 2012. A total of 9 new applications were submitted to MKE.

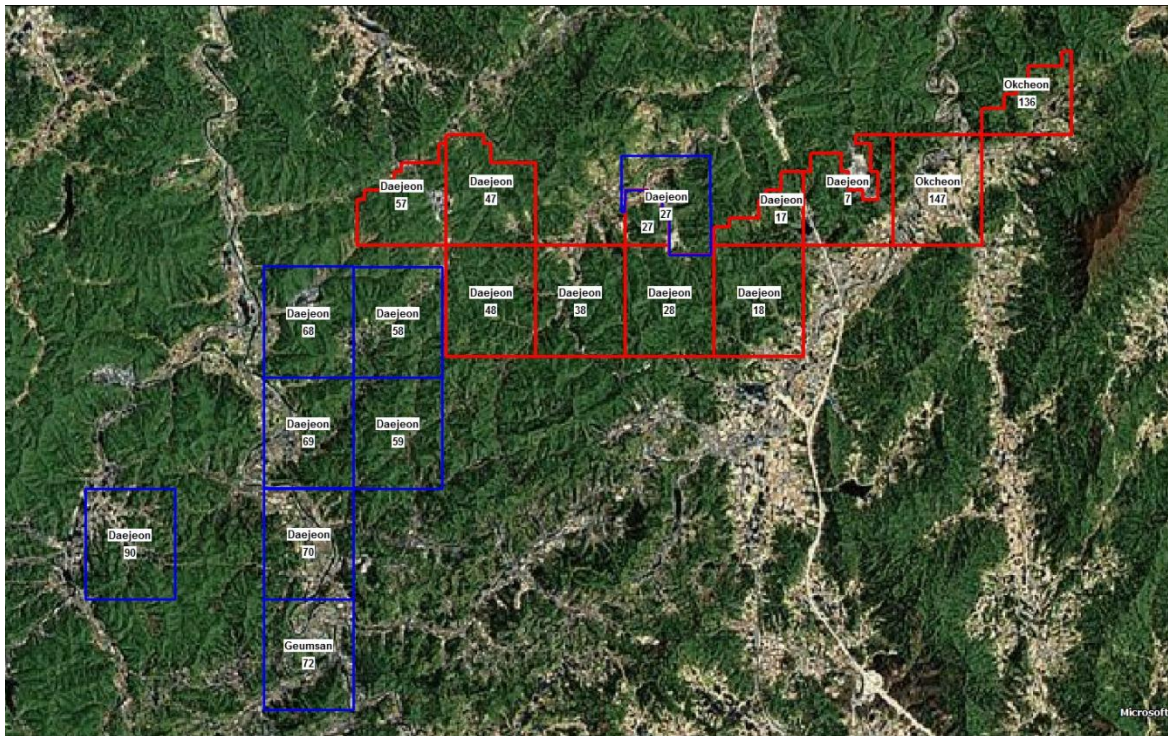


Figure 6. Daejeon Project Tenements – red blocks are granted tenements and blue tenements are under application.

## Environmental & Community Consultation

### Government Liaison

Stonehenge was invited to be part of the Australian delegation at the recent Australia-Korea joint consultative committee meeting for Energy & Resources. The forum allowed for discussion, particularly on best means of cooperation to achieve certain outcomes. The discussion on Uranium and nuclear power generation did turn to Korea's domestic assets and the fact that Daejeon could supply Korea with 25% of its current requirement was noted.

### Marketing

In February, Stonehenge was represented at Mining Indaba and presented at Paydirt's Uranium conference in Adelaide.

In March 2012, the company will have an exhibition booth at Mines & Money in Hong Kong.

## **STONEHENGE METALS LTD**

### **Divestment of Tasmanian Assets**

During the Period the Company advised that it had reached agreement with RMG Limited (“RMG”) for the sale of two of its non-core tenements in Tasmania.

Under the agreement RMG will purchase 100% of tenements EL17/2003 and 20M/2001 located in the Zeehan district of Tasmania for a total consideration of \$70,000 cash and 20 million RMG shares. The divestment is subject to the transfer being approved by the Minister of the Department of Infrastructure, Energy and Resources Tasmania.

### **Competent Persons Statement**

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

## STONEHENGE METALS LTD

### Appendix 1: Korean Tenement Schedule (held directly by Chong Ma)

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

## STONEHENGE METALS LTD

### Appendix 2: Korean Mining Right Applications (held directly by Chong Ma)

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

### Appendix 3: Korean Mining Rights (held directly by Chong Ma)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
79161	Goisan	137	275	Uranium, Vanadium	Dec 30, 2010	Chong Ma	<b>Gwesan</b>

**Technical 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 4: Tasmanian Tenement Schedule

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% - Subject to 100% transfer to McDermott Mining*
Granville East Extended Lease	9M/2006	10 ha	09-Oct-11 (pending renewal)	Stonehenge Metals Ltd	100%
Sunshine/ McLean Creek Lease	20M/2001	21 ha	10-Mar-09 (extension application)	Stonehenge Metals Ltd	100% - Subject to 100% transfer to RMG Limited
Stonehenge Creek	EL17/2003	7 km <sup>2</sup>	09-Jul-10 (pending renewal)	Stonehenge Metals Ltd	100% - Subject to 100% transfer to RMG Limited

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

## STONEHENGE METALS LTD

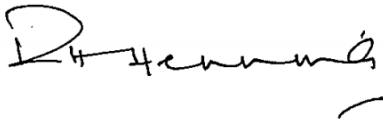
### ASSET VALUE IMPAIRMENT

The Group has actively reviewed the carrying values of its assets and as a consequence the Directors have resolved not to impair the carrying value of all capitalised exploration expenditure.

### AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 11 for the half year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'R Henning', with a horizontal line underneath.

Richard Henning  
**MANAGING DIRECTOR**

Dated this 15th Day of March, 2012

15 March 2012

The Directors  
Stonehenge Metals Ltd  
Level 8, 225 St Georges Terrace  
PERTH WA 6000

Dear Sirs,

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

As lead auditor of Stonehenge Limited for the half-year ended 31 December 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 review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Stonehenge Limited and the entities it controlled during the period.



**Phillip Murdoch**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia



**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	December 2011 \$	December 2010 \$
<i>Revenue from continuing operations</i>		
Other income	56,842	105,027
Employee benefits expense	(319,559)	(363,071)
Directors fees and consultancy	(99,600)	(89,500)
Corporate	(66,278)	(81,882)
Travelling expenses	(45,960)	(105,427)
Exploration costs not capitalised	-	(43,097)
Accounting	(45,781)	(41,042)
Advertising	(32,545)	(53,231)
Audit fees	(2,585)	-
Interest expense	-	(10)
Legal costs	-	(36,196)
Occupation	(83,485)	(56,391)
Depreciation	(12,131)	(10,668)
Other expenses	(279,226)	(225,153)
Loss before income tax	(930,308)	(1,000,641)
Income tax expense	-	-
Loss from continuing operations attributable to the members of Stonehenge Metals Limited	(930,308)	(1,000,641)
<i>Other comprehensive income</i>		
Exchange differences on translation of foreign operations	24,011	(80,096)
Other comprehensive income for the year, net of tax	24,011	(80,096)
Total comprehensive income for the half-year attributable to the members of Stonehenge Metals Limited	(906,297)	(1,080,737)
	<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share for loss from continuing operations attributable to the ordinary equity holders of the company	(0.333)	(0.326)

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

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Note	31 December 2011 \$	30 June 2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,562,146	3,126,219
Trade and other receivables		233,151	181,227
<b>Total current assets</b>		<b>1,795,297</b>	<b>3,307,446</b>
<b>NON-CURRENT ASSETS</b>			
Mineral exploration and evaluation expenditure		6,368,114	6,089,664
Property, plant and equipment		93,577	101,554
<b>Total non-current assets</b>		<b>6,461,691</b>	<b>6,191,218</b>
<b>TOTAL ASSETS</b>		<b>8,256,988</b>	<b>9,498,664</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		252,311	652,618
Provisions		22,259	17,015
<b>Total current liabilities</b>		<b>274,570</b>	<b>669,633</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		457,946	457,946
<b>Total non-current liabilities</b>		<b>457,946</b>	<b>457,946</b>
<b>TOTAL LIABILITIES</b>		<b>732,516</b>	<b>1,127,579</b>
<b>NET ASSETS</b>		<b>7,524,472</b>	<b>8,371,085</b>
<b>EQUITY</b>			
Contributed equity	6	18,706,304	17,937,307
Reserves		1,913,174	2,598,476
Accumulated losses		(13,095,006)	(12,164,698)
<b>TOTAL EQUITY</b>		<b>7,524,472</b>	<b>8,371,085</b>

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

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2010</b>	<b>15,121,522</b>	<b>(9,920,451)</b>	<b>1,535,413</b>	<b>275,111</b>	<b>(6,917)</b>	<b>7,004,678</b>
Loss for the half-year	-	(1,000,641)	-	-	-	(1,000,641)
Comprehensive income for the half-year	-	-	-	-	(80,096)	(80,096)
Total comprehensive income for the half-year	-	(1,000,641)	-	-	(80,096)	(1,080,737)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period	2,307,002	-	-	-	-	2,307,002
Options issued during the period	-	-	767,946	-	-	767,946
<b>As at 31 December 2010</b>	<b>17,428,524</b>	<b>(10,921,092)</b>	<b>2,303,359</b>	<b>275,111</b>	<b>(87,013)</b>	<b>8,998,889</b>
	Contributed Equity	Accumulated Losses	Share Base Payments Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2011</b>	<b>17,937,307</b>	<b>(12,164,698)</b>	<b>2,303,361</b>	<b>275,111</b>	<b>20,004</b>	<b>8,371,085</b>
Loss for the half-year	-	(930,308)	-	-	-	(930,308)
Comprehensive income for the half-year	-	-	-	-	24,011	24,011
Total comprehensive income for the half-year	-	(930,308)	-	-	24,011	(906,297)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period - cash	20,684	-	-	-	-	20,684
Shares issued during the period - non-Cash	39,000	-	-	-	-	39,000
Performance shares converted during the period	709,313	-	(709,313)	-	-	-
<b>As at 31 December 2011</b>	<b>18,706,304</b>	<b>(13,095,006)</b>	<b>1,594,048</b>	<b>275,111</b>	<b>44,015</b>	<b>7,524,472</b>

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

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	December 2011 \$	December 2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments for administration	(955,102)	(1,048,174)
Other payments – GST	(20,955)	(25,723)
Interest received	46,223	104,455
<b>Net cash outflow from operating activities</b>	<u>(976,057)</u>	<u>(1,073,897)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Interest received</b>	46,223	104,455
Payments for plant and equipment	(4,961)	(5,151)
Payments for exploration and evaluation expenditure	(597,862)	(783,401)
<b>Net cash outflow from investing activities</b>	<u>(556,600)</u>	<u>(684,097)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for Loans	(14,748)	-
Proceeds from issue of shares	20,684	2,924,041
<b>Net cash inflow from financing activities</b>	<u>5,936</u>	<u>2,924,041</u>
Net increase/(decrease) in cash and cash equivalents	(1,526,721)	1,166,047
Effects of exchange rate changes on cash and cash equivalents	(37,352)	(73,906)
Cash and cash equivalents at the beginning of the period	<u>3,126,219</u>	<u>3,563,109</u>
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<u>1,562,146</u>	<u>4,655,250</u>

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

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the half-year reporting period 31 December 2011 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with any public announcements made by Stonehenge Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

**Going Concern**

The consolidated entity has incurred a net loss after tax of \$930,308 (2010: \$1,000,641) and experienced net cash outflows from operations of \$976,057 (2010: \$1,073,897) and net cash outflows from investing activities of \$556,600 (2010: \$684,097) for the half-year ended 31 December 2011.

The ability of the consolidated entity to continue as a going concern is principally dependent upon the following;

- the Company raising additional capital to fund the consolidated entity's ongoing exploration activities and working capital requirements; or
- a successful farm out or sale of some of the consolidated entity's tenements.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the existing balance of Cash on hand at 31 December 2011 of \$1,562,146 and the Company's history of successful capital raising to date, the Directors are confident of the Company's ability to raise additional funds as detailed below:

- (a) Subsequent to the Period on 14 March 2012 the Company announced it had raised \$1,304,734 through the issue of 43,491,126 ordinary shares at \$0.03 per share; and
- (b) On 14 March 2012 the Company announced its intention to raise approximately \$2,500,739 before costs via a pro-rata non-renounceable rights issue ("Rights Issue"). Eligible shareholders will be provided the opportunity to subscribe for one (1) new fully paid ordinary share in the Company for every four (4) shares held as at 7:00pm AEDT on 22 March 2012. The Company has appointed Indian Ocean Capital ("Indian Ocean") as Lead Manager to the Rights Issue. Indian Ocean Capital will place, on a best endeavours basis, any shares that comprise the shortfall arising from the Rights Issue.

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 1: BASIS OF PREPARATION (cont)**

The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Should the consolidated entity be unable to raise the funding referred to above, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and, therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern.

**NOTE 2: SEGMENT INFORMATION**

Management has determined that the Group has one reportable segment, being mineral exploration in South Korea. 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.

	<b>South Korea</b>		
	<b>December</b>	<b>June</b>	<b>December</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue from external sources	-	N/A	-
Reportable segment profit / (loss)	-	N/A	-
Reportable segment assets	6,368,114	6,089,664	N/A
Reportable segment liabilities	68,354	436,838	N/A
<b>Reconciliation of reportable segment profit or loss</b>		<b>December</b>	<b>December</b>
		<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
Reportable segment profit / (loss)		-	-
Other income		56,842	105,027
Unallocated:			
- Corporate expenses		(66,278)	(81,882)
- Depreciation expense		(12,131)	(10,668)
- Director benefits		(99,600)	(89,500)
- Employee benefits		(319,559)	(363,071)
- Other expenses		(489,582)	(560,547)
Loss before tax		<u>(930,308)</u>	<u>(1,000,641)</u>

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 2: SEGMENT INFORMATION (cont)**

<b>Reconciliation of reportable assets</b>	<b>December 2011</b>	<b>June 2011</b>
	<b>\$</b>	<b>\$</b>
Reportable assets	6,368,114	6,089,664
Unallocated:		
- Cash and cash equivalents	1,562,146	3,126,219
- Trade and other receivables	233,151	181,227
- Property, plant and equipment	93,577	101,554
Total assets	8,256,988	9,498,664
<b>Reconciliation of reportable liabilities</b>	<b>December 2011</b>	<b>June 2011</b>
	<b>\$</b>	<b>\$</b>
Reportable segment liabilities	68,354	436,838
Unallocated:		
- Trade and other payables	206,216	232,795
- Deferred tax liability	457,946	457,946
Total Liabilities	732,516	1,127,579

**NOTE 3: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the Period on 14 March 2012 the Company announced it had raised \$1,304,734 through the issue of 43,491,126 ordinary shares at \$0.03 per share.

On 14 March 2012 the Company announced its intention to raise approximately \$2,500,739 before costs via a pro-rata non-renounceable rights issue ("Rights Issue"). Eligible shareholders will be provided the opportunity to subscribe for one (1) new fully paid ordinary share in the Company for every four (4) shares held as at 7:00pm AEDT on 22 March 2012. The Company has appointed Indian Ocean Capital ("Indian Ocean") as Lead Manager to the Rights Issue. Indian Ocean Capital will place, on a best endeavours basis, any shares that comprise the Shortfall arising from the Rights Issue.

**NOTE 4: CONTINGENT LIABILITIES**

The Group has no contingent liabilities as at 31 December 2011.

**NOTE 5: DIVIDENDS**

No dividends have been declared or paid for the half-year ended 31 December 2011.

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 6: CONTRIBUTED EQUITY**

**(a) Share Capital**

	<b>December 2011 Shares</b>	<b>June 2011 Shares</b>	<b>December 2011 \$</b>	<b>June 2011 \$</b>
Fully paid	<b>289,940,803</b>	<b>275,694,566</b>	<b>18,706,304</b>	<b>17,937,307</b>

**(b) Movements in ordinary share capital:**

**Period ended 31 December 2011**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>\$</b>
01/07/11	Balance at beginning of year	275,694,566		17,937,307
27/07/11	Options exercised	246,237	\$0.084	20,684
11/11/11	Class A Performance shares vested and ordinary shares issued	12,500,000	\$0.057	709,313
29/11/11	Fully paid ordinary shares issued	1,500,000	\$0.026	39,000
31/12/11	Balance at end of period	<u>289,940,803</u>		<u>18,706,304</u>

There were no options issued during the period.

**Period Ended 31 December 2010**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price</b>	<b>\$</b>
01/07/10	Balance at beginning of year	229,095,234		15,121,522
15/11/10	Fully paid ordinary shares issued	39,999,999	\$0.075	3,000,000
29/10/10	Fully paid ordinary shares issued	1,016,000	\$0.075	76,200
09/11/10	Fully paid ordinary shares issued	1,333,333	\$0.075	100,000
	Less: transaction costs			(869,198)
31/12/10	Balance at end of period	<u>271,444,566</u>		<u>17,428,524</u>



**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**NOTE 6: CONTRIBUTED EQUITY (cont)**

**Movements in ordinary share capital (cont):**

The following options were issued during the period.

Date	Details	Number of options	Issue price	\$
15/11/10	Options issued	1,000,000	\$0.060	60,000
23/11/10	Options issued	12,500,000	\$0.0566	707,946
				767,946

**NOTE 7: SHARE BASED PAYMENTS**

On 29 November 2011 as outlined in and in accordance with the Executive Services Agreement and on receipt of shareholder approval at the AGM on the same date 1,500,000 shares were issued to Richard Henning at \$0.026 each, being the closing price on that date.

On 11 November 2011, 12,500,000 A Class Performance shares were vested. These had been expensed to the Share Based Payments Reserve in prior financial periods and were transferred to ordinary share capital at no additional cost to the company.

Fair Value of share options and assumptions at 31 December 2010

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 third party options valuation for options issued in the period ended 31 December 2010 are as follows:

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	4.75%
Option value	\$0.0583

Exercise Price	\$0.12
Expected Life	3.2 years
Share Price at time of issue	\$0.08
Expected volatility	120%
Dividend yield	0%
Risk free interest rate	4.75%
Option value	\$0.05498

# STONEHENGE METALS LTD

## DECLARATION BY DIRECTORS

The Directors of the Group declare that:

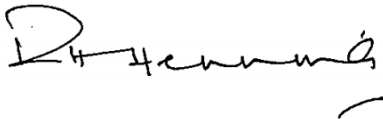
1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

- (a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date.

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.

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:

Dated this 15th day of March 2012



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Richard Henning  
*Director*

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Stonehenge Metals Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stonehenge Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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 review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Stonehenge Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch  
Director

Perth, Western Australia  
Dated this 15<sup>th</sup> day of March 2012