Stonehenge

METALS LTD

Annual Report 2012

Corporate Directory

Directors

Richard Henning *Chairman and Managing Director*

Bevan Tarratt *Non Executive Director*

Young Yu *Executive Director*

Company Secretary

Matthew Foy

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Stock Exchange Listing

The Company's shares are listed by ASX Limited.

The home exchange is Perth.

Facsimile: + 61 8 9221 2020

ASX Code: SHE
SHEOA

Share Registry

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Chairman’s Report

Progressing towards supply of Uranium and Vanadium to South Korea

The Board is pleased to present to you the Annual Report for 2012 and inform you that your company is well positioned to deliver on its strategy of becoming a key player in the exploration and development of resources in South Korea.

Of particular note during the course of the year was a small but timely capital raising that saw support from both new and existing shareholders; this indicates strong shareholder support at a time when many companies are experiencing particular difficulty in finding new sources of capital.

On the operational side, we have spent much of the year in the metallurgical labs, proving flowsheets that consistently provide us with a process for the extraction of uranium and vanadium within economically viable limits. This, I believe, is the key to the success of the Daejon project. The metallurgical advancements are leading the world in uranium and vanadium extraction from Black Shales.

The present resource of 65 million pounds of contained U_3O_8 is already the largest uranium resource in South Korea and our target for vanadium makes this a very exciting opportunity – both commodities being in high demand by South Korean primary industries.

The Company has undertaken considerable restructuring and reorganisation over the past year as it positions itself for many opportunities present in South Korea and elsewhere. In Perth we retain a small corporate presence while we build a strong and professional team in Seoul and our field office in Chubu. In May, Young Yu joined the Company as Chief Executive, Korea having worked in South Korea for eight years, most recently as Trade Commissioner with the Australian Government. Alex Aaltonen joined in June as Chief Geologist, and is working fulltime in South Korea with his team of Korean geologists and hydrologists. Most recently Jay Kim joined the Company to work in the regional office in the role of community and government liaison. Jay has spent many years working with the Hyundai Group of companies at senior executive levels.

Changes have also occurred at Board level, with a more lean Board looking to support the opportunities that will face the Company over the coming year as we continue to strengthen our relationships in South Korea at government, corporate and community levels.

I look forward to progress in the year ahead and I can assure all that the team at Stonehenge will work tirelessly to deliver shareholder value. The expectations are high, but I believe that we are in the right place at the right time.

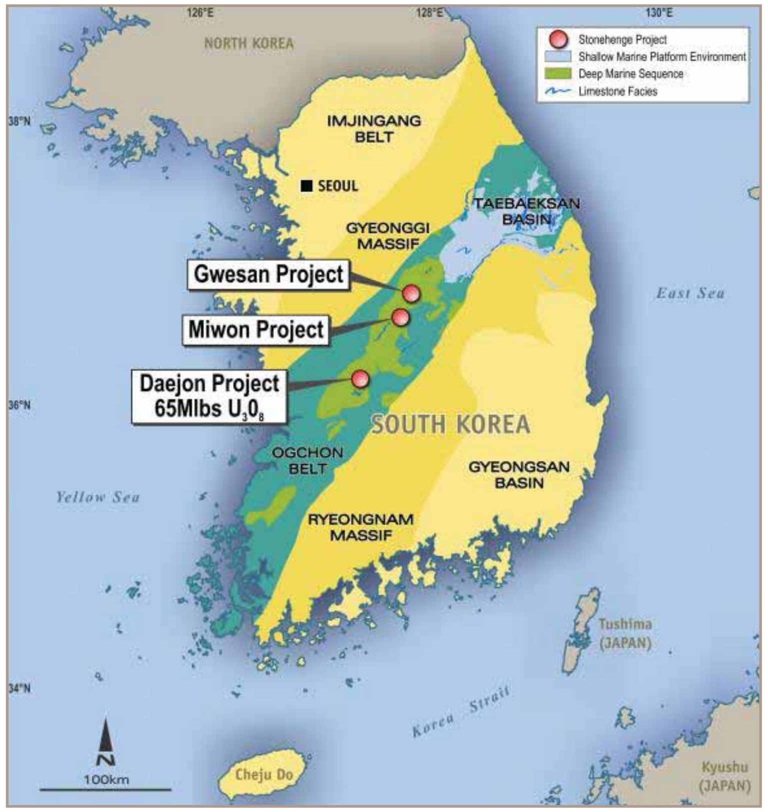
Richard H Henning

Chairman
Stonehenge Metals Limited.

Market for Uranium and Vanadium

Uranium and South Korea – It's about energy

- South Korea is presently the fifth largest consumer of uranium (U_3O_8) in the world and imports all of its uranium equating to approximately 10 million pounds of U_3O_8 annually. This is expected to increase to 20 million pounds of U_3O_8 by 2020 with completion of 5 new reactors in addition to its 23 operating reactors.
- Dependence on overseas supply and rising demand for "carbon free" energy presents an ongoing challenge for South Korea to secure sufficient uranium to meet its future energy requirements.
- Presently, 50% of the world's uranium mine production is from countries with a high financial, sovereign and political risk profile, including Kazakhstan, Niger and Uzbekistan (1st, 4th and 7th largest producers in the world).
- China, USA, Russia and India will be the largest consumers of uranium by 2030. These countries will become increasingly more active in the marketplace to secure future sources of uranium to meet their ongoing energy requirements.
- The Daejon project was first evaluated in the 1980's when the resource was accurately assessed to be non-commercial; however global uranium prices have increased by 10-fold since the 1980's and the ability to economically recover other metals has increased. This has completely changed the economics of many uranium resources and in particular Daejon. Industry authorities have forecast uranium price to significantly increase from 2013 onwards as secondary supply from Russia ceases.
- The Ogchon belt contains multi-metallic deposits with large potential reserves of vanadium and molybdenum in addition to uranium. Metallurgical work completed by Stonehenge metals has confirmed the Daejon project alone can produce uranium in the lowest cost quartile after by-product credits.

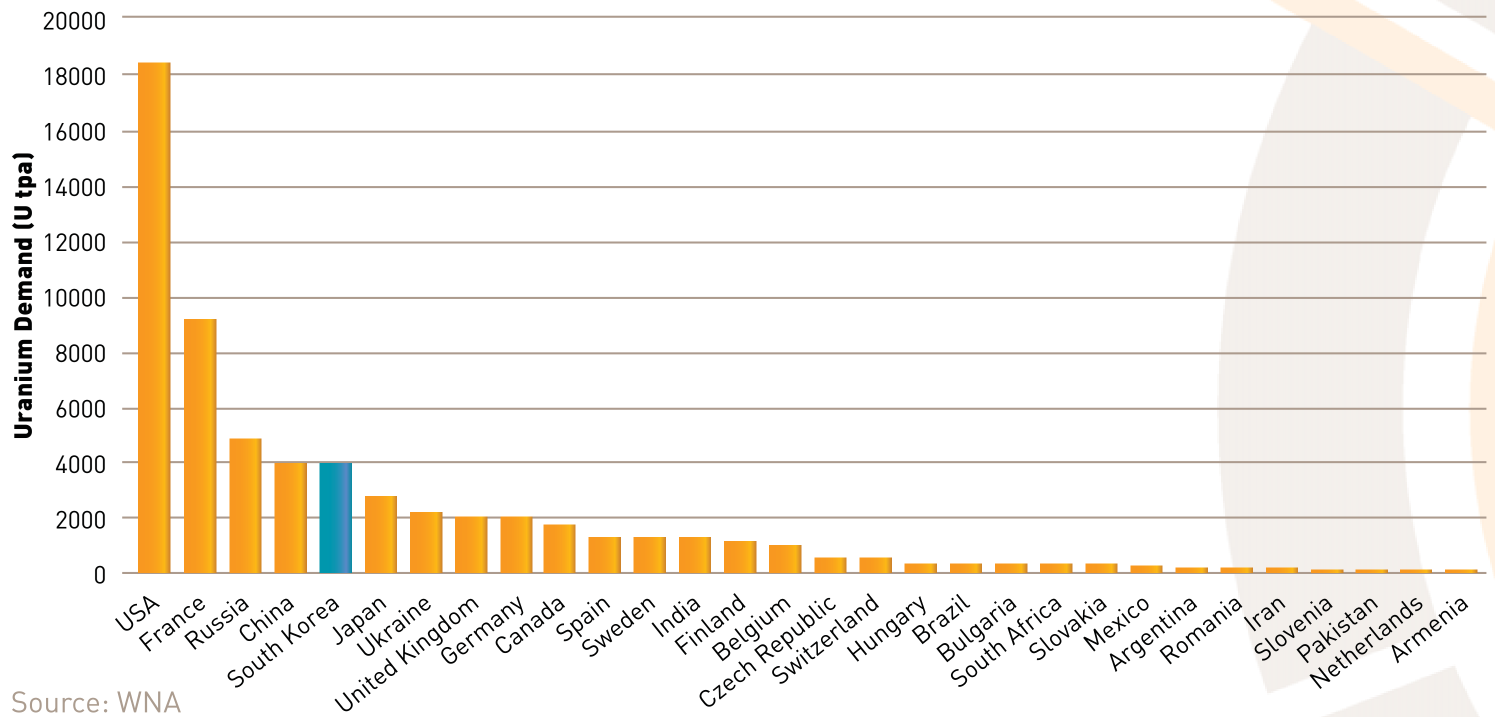


- Development of the project has high strategic importance in securing a large portion of South Korea's future demand for uranium and by-products vanadium and molybdenum.
- South Korea has large domestic reserves of uranium. The Daejon project contains the largest known uranium resource within South Korea at 65.0Mlbs. This uranium project has the potential to supply 25% of South Korea's domestic uranium consumption for over 20 years.

Stonehenge Metals aiming to supply 25% of South Korea's domestic uranium

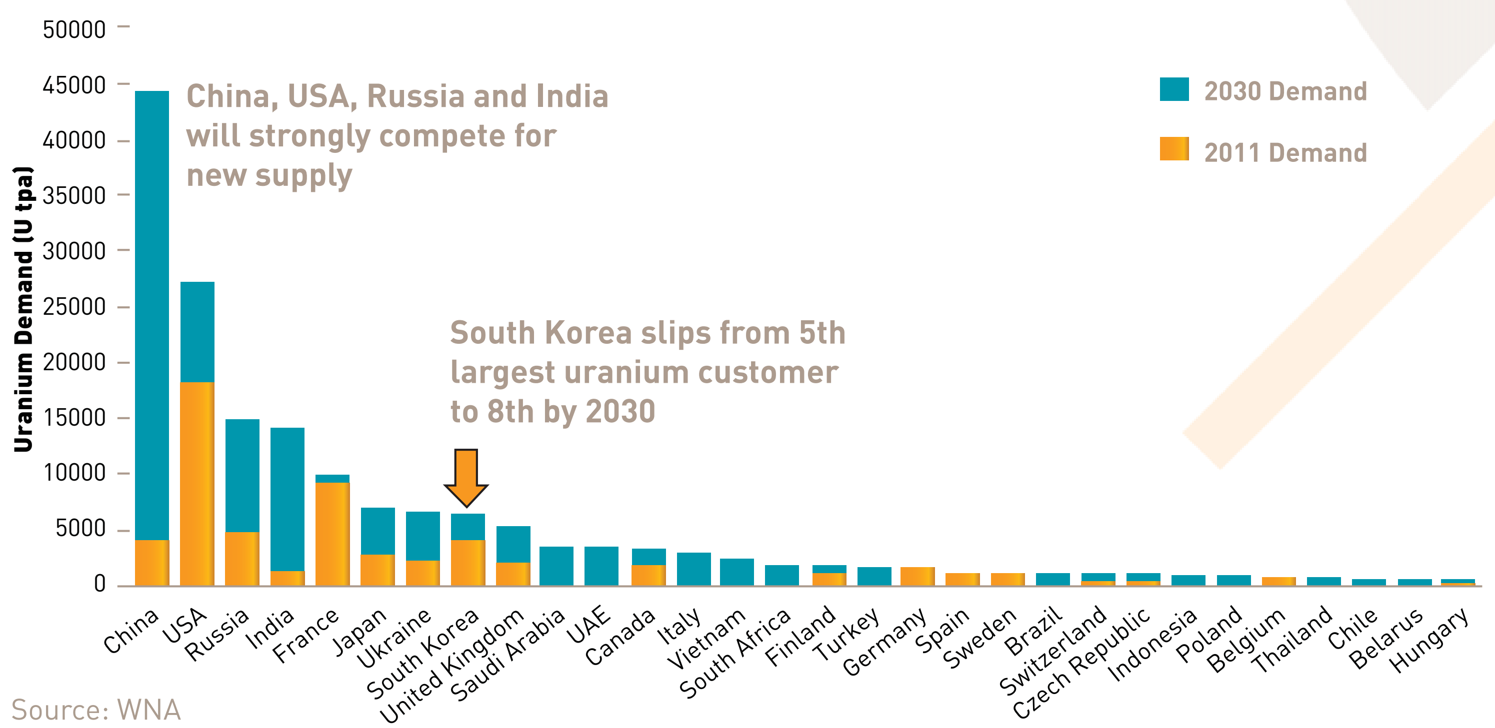
- South Korea has 23 currently operating reactors, 5 reactors under construction and 4 reactors planned in the future.
- As global annual electricity consumption has been increasing for years, South Korean annual electricity consumption is also anticipated to increase - 72 GWE in 2008 will become 101 GWE in 15 years time.
- As South Korean annual electricity consumption increases, South Korea's demand for uranium will increase.

Current Global Uranium Demand



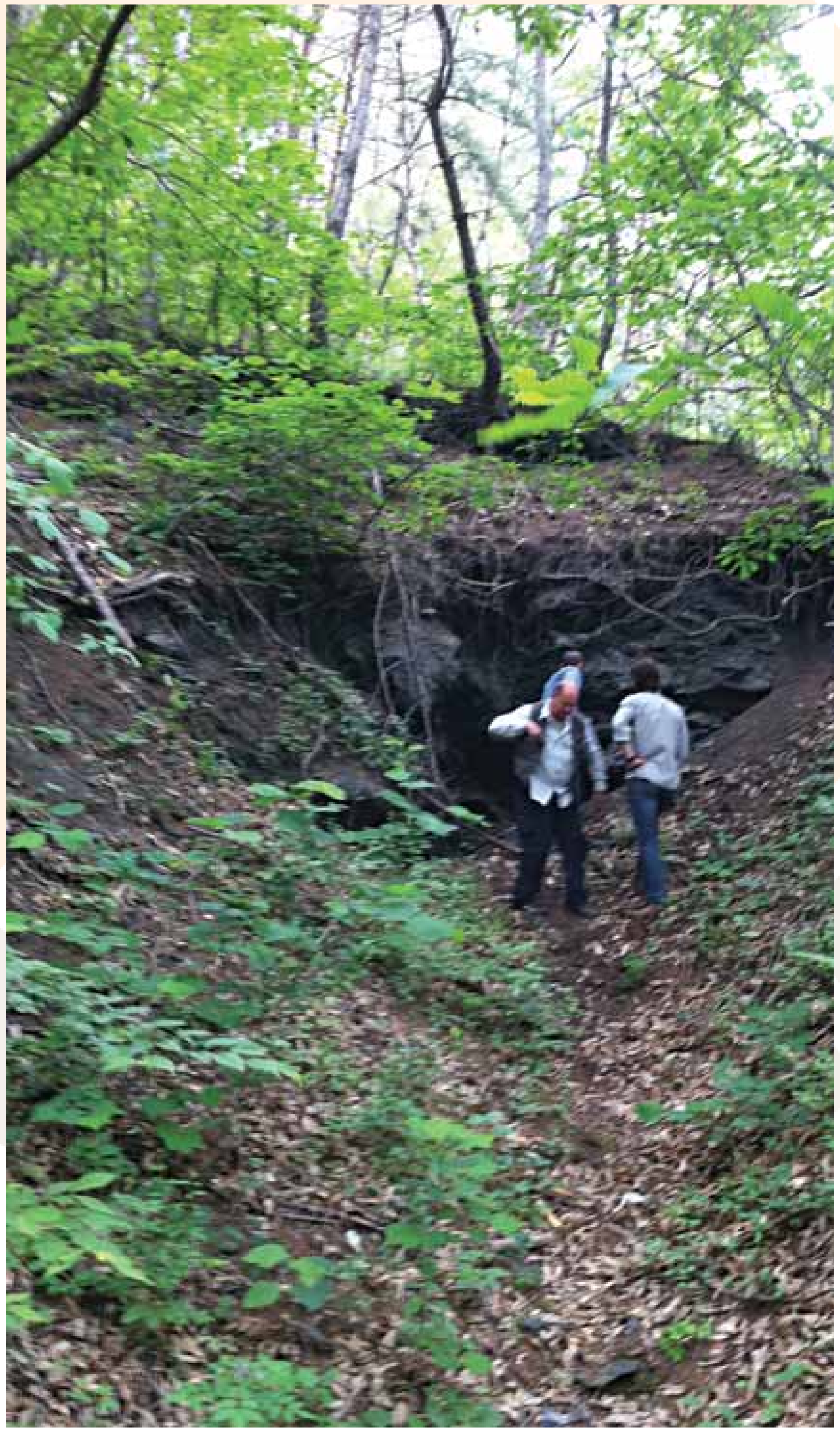
Source: WNA

Change to Global Demand



Source: WNA

- Due to the increasing demand of uranium around the world, security of supply becomes imperative.



Outcropping mineralised blackshale.

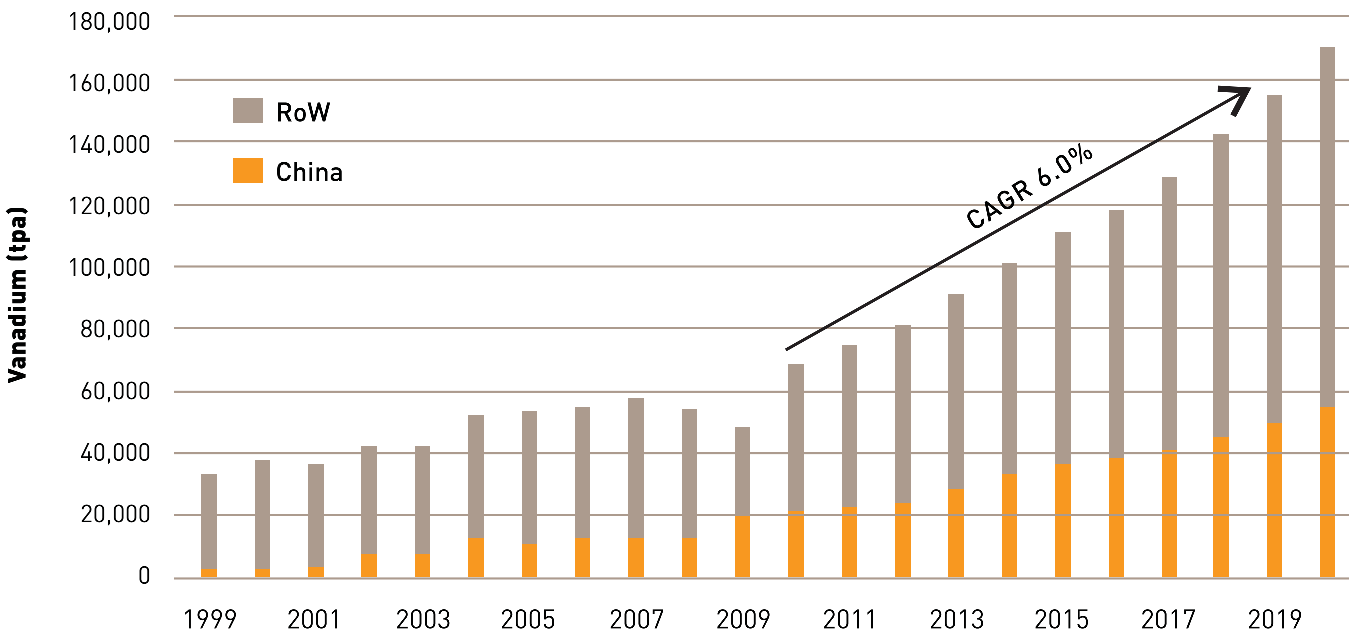
Vanadium in South Korea

Vanadium demand is directly linked to global steel consumption, with approximately 85% to 90% of global vanadium production consumed in the steel industry. Vanadium is also widely used in South Korea in the steel industry and other important applications:

- **A steel strengthener:** added as a micro-alloying element to strengthen rebar for construction
- **Key to aerospace alloys:** used as an alloying element in other industries such as aerospace
- **Entering the electric car era:** vanadium is added to lithium-ion batteries to significantly improve performance
- **Renewable energy storage clean technology:** developed for storage of electrical energy as wind, solar and geothermal power industry develops

So, vanadium consumption has grown significantly.

Vanadium Consumption Growth

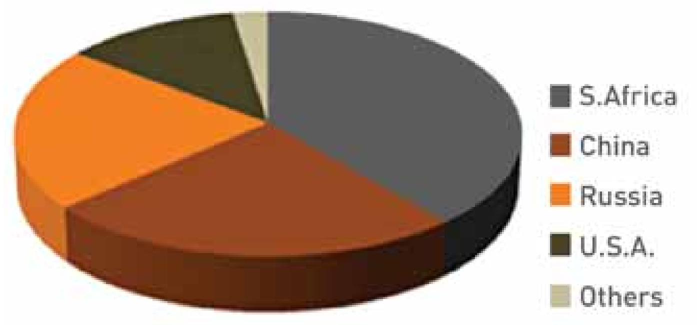


Source: American Vanadium Corp.

However, global vanadium supply is dominated by South Africa, China and Russia.

New production capacity required to meet increase future demand.

Vanadium Primary Supply



Source: SHE

Vanadium demand is directly linked to global steel consumption

Estimated Vanadium Usage in South Korea

Company	Usage (tpa)	%
POSCO	1500	47.0
Hyundai Steel	1200	37.7
Seahbe	180	5.6
Doosan Heavy Industry	180	5.6
Dongguk	60	1.9
Hankuk Steel	36	1.1
Daehan Steel	36	1.1
Total	**3192**	**100**

Source: SHE

Vanadium consumption has grown significantly

South Korean Project Geology

Stonehenge Metals Limited through its wholly owned subsidiary Stonehenge Korea Ltd manages the Daejon, Miwon and Gwesan Uranium and Vanadium Projects in South Korea.

The South 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.

In Figure 1, the Daejon, Miwon and Gwesan projects are highlighted in red and situated within the Ogchon Belt, a northeast-southwest 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/vanadium-bearing graphitic-carbonaceous slate beds of the Guryongsan Slate of the Ogchon Basin sequence.

South Korea Mineral Resources

The Daejon Mineral Resource is 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 (Table 1). The entire resource is classified as an Inferred Resource. 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).

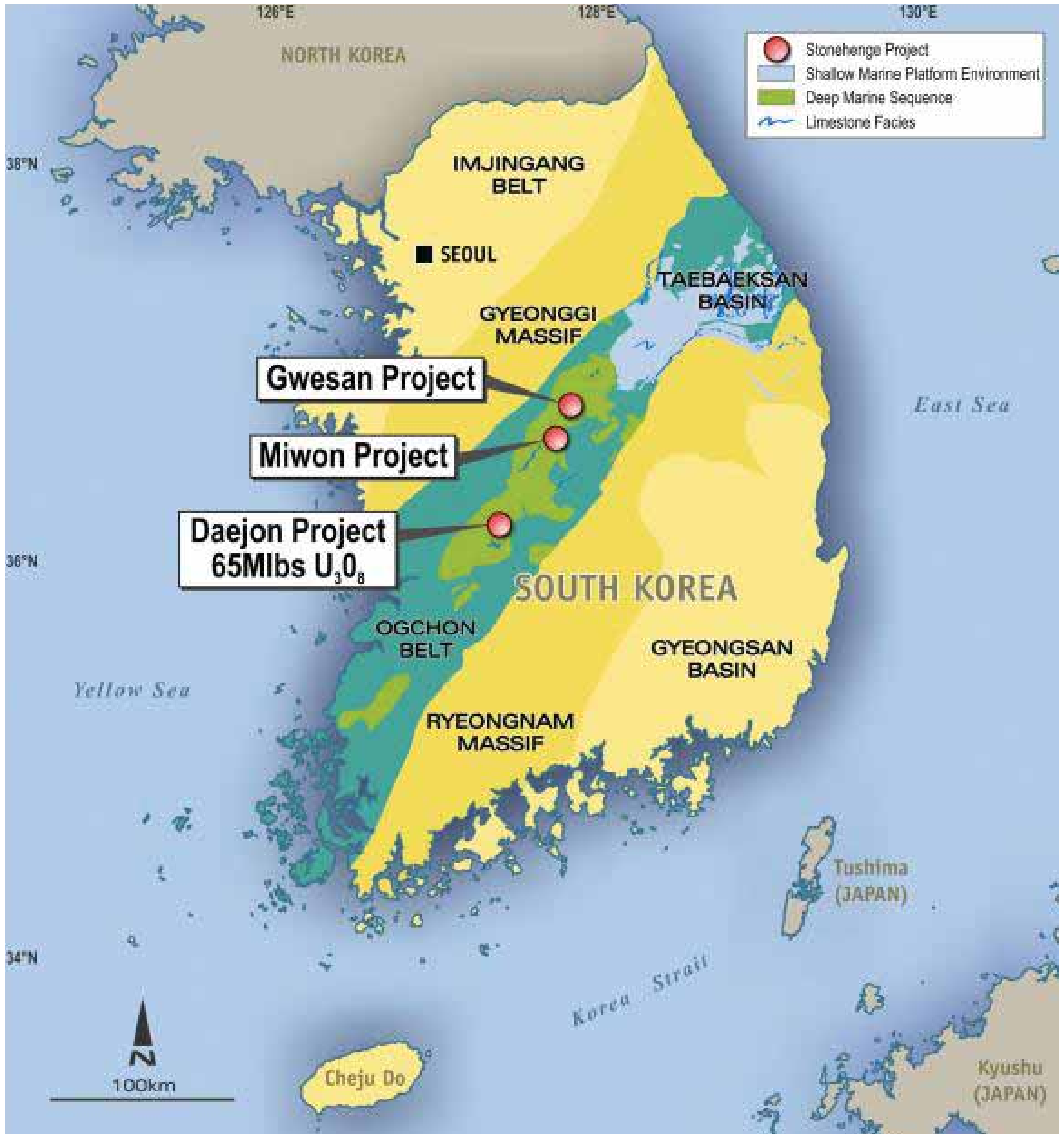


Figure 1. Location Map of Stonehenge Metals Limited uranium and vanadium projects in South Korea.

92 million tonnes resource averaging 320ppm eU_3O_8

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.[1] 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 Table 1 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 database, with a 700 ppm eU_3O_8 top cut applied to the data.

Daejon Uranium and Vanadium Project

The Daejon Project is the flagship project of Stonehenge and hosts the largest known uranium resource in South Korea. The Daejon project comprises: 11 granted Mining Rights, 7 Mining Right applications pending approval and a further 11 Exploration Permits. The project has an ENE – WSW trend encompassing more than 12km strike of the host Guryongsan Slate. The Guryongsan Slate has been tested by numerous historical drillholes - these holes are the basis of the Daejon Project Inferred Uranium Resource Estimate. However, the project also has significant potential to host a large vanadium resource, which offers an additional opportunity to define economic resources at Daejon.

Prospect	Classification	Tonnes	Grade eU3O8 (ppm)	Contained U3O8 (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		**92,000,000**	**320**	**65,000,000**

Table 1. Daejon Project: Inferred Resource

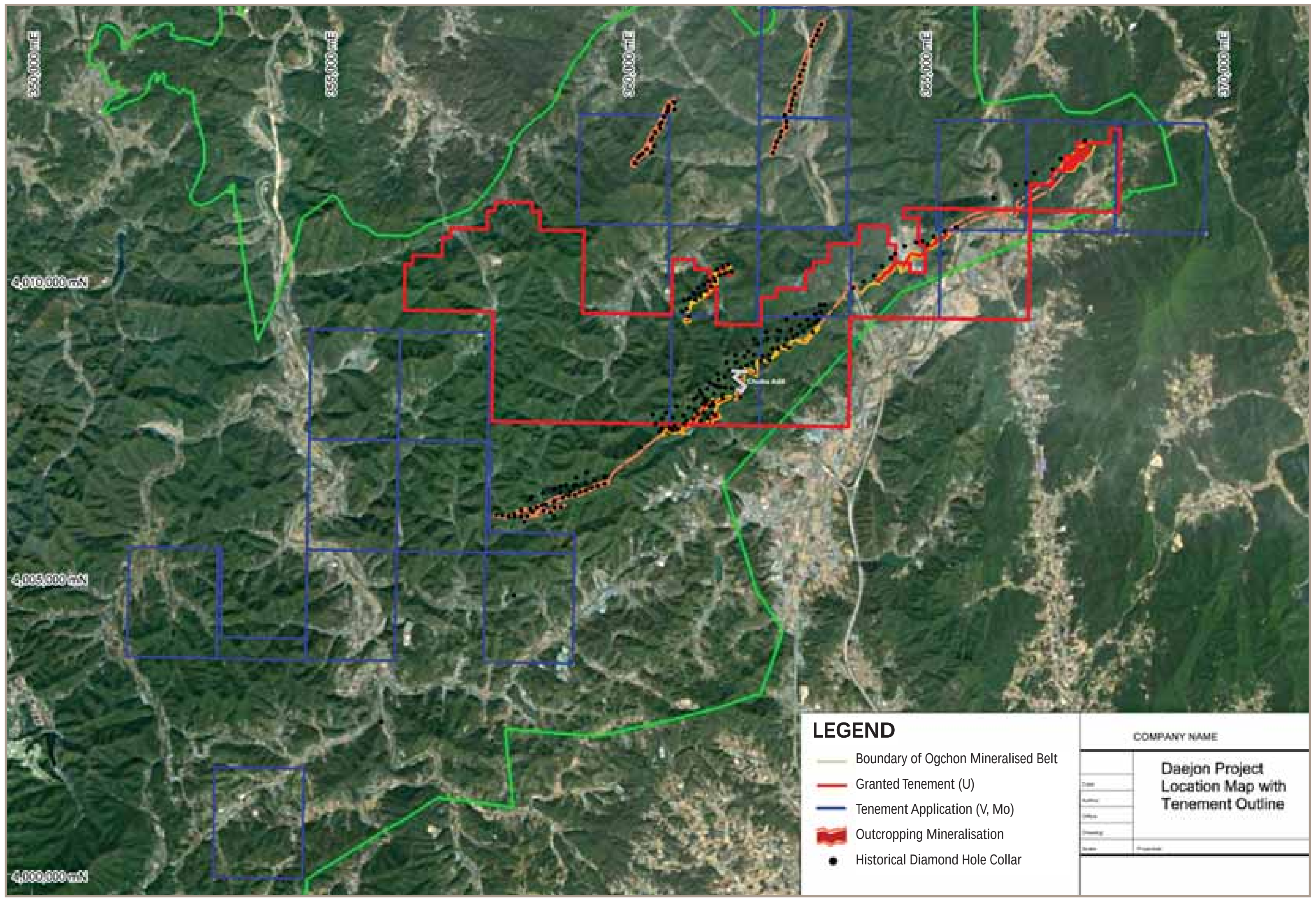


Figure 2. Location of Daejon Project.

1. The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

The Daejon Project is the flagship project of Stonehenge

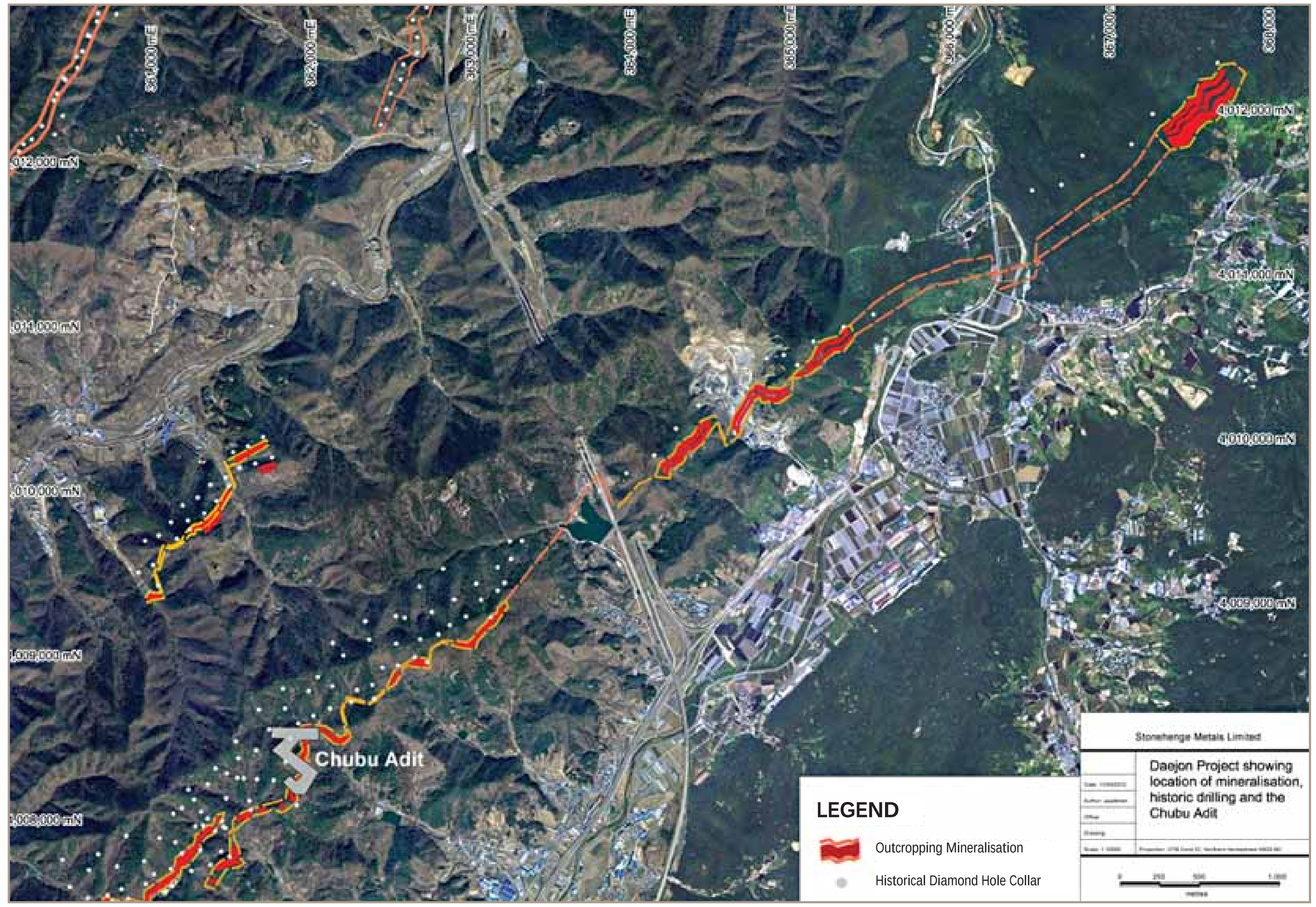


Figure 3. Location map of Daejon Project showing strike extent of mineralised zone.

...and hosts the largest known uranium resource in South Korea

Prospect	Classification	Tonnes(Mt)	Grade V2O5 (ppm)	Contained V2O5 (Mlbs)
Chubu	Target	70 – 90	250-350	385-695

Table 2. Daejon Project: Vanadium Target [1]

1. The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Daejon 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 a minor number of vanadium assays. Stonehenge assayed at 1 metre intervals for a wide range of elements (35 elements in total) including, uranium, vanadium, molybdenum, nickel, zinc and silver.

Chubu adit waste pile

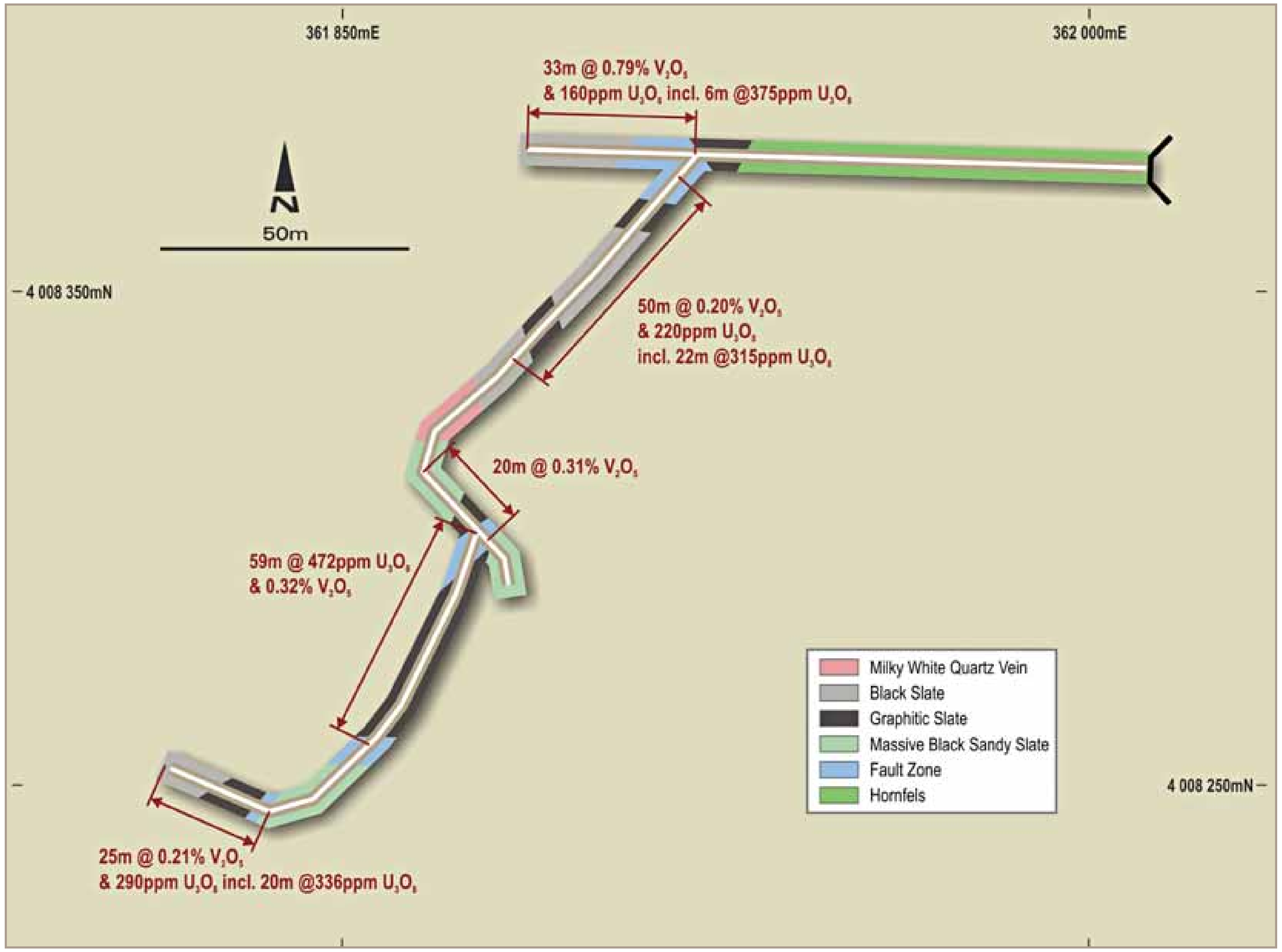


Figure 4. Map of Adit Sampling

Gwesan Project

Gwesan is the second project in the development pipeline for Stonehenge Korea. Limited field work has been completed on the Gwesan project in 2012. A review of the 2010 drilling indicates that holes are best oriented with azimuths towards the SE. The 2010 program indicated potential for vanadium mineralisation and patchy uranium mineralisation. However, the holes targeted the footwall sections of the Guryongsan Slate and the program has not fully assessed the potential of the Guryongsan Slate on this project. Further to the SW of Stonehenge's Gwesan tenements remains a large area untested and warrants further drilling. Additional ground work to assess the potential sites for follow up drilling will be conducted in the 2013 field season.

Miwon

Miwon is the third project in Stonehenge's development pipeline. No field work has been completed at Miwon since 2010. Historical channel sampling, visits to road cuts and drilling/trenching in the general area indicates uranium mineralisation is coincident with the Guryongsan slate. All available data for the Miwon will be compiled so that drill targets can be worked up in the 2013 field season.

Daejon Project Development

Pit Optimisation Modelling

An initial pit optimisation study was completed in January 2012 by resource consultants Optiro. The purpose of this study was twofold; to determine where the focus of future exploration activities should be undertaken, and to ascertain whether a low cost open cut mine could be sustained during the initial mine-life. Optiro used the current exploration block model for the Daejon project and overlayed the topographic model to determine the amount of overburden to be removed as well as haulage distances. The mine model considers factors such as amount of overburden, grade, haulage distance, ore throughput required to produce 1,000 tpa U_3O_8 product. The model selects the most economic resource blocks to mine first in order to meet the processing plant throughput.

Optiro confirmed that a low cost open cut mining operation is feasible for the first 15 years of mine life with an average strip ratio of 1:2.5. The bulk of ore is derived from a single open pit located within the Yokwang deposit. Stonehenge is intending to further delineate this area with its maiden drilling program planned across the Yokwang deposit. The Yokwang deposit also contains a 17-39Mlb U_3O_8[1] exploration target, which could potentially extend the proposed open pit by a further 5-15 years.

The initial operating cost study undertaken by Clean TeQ in 2011 used an average mining cost of US$16.67 per tonne of ROM ore delivered, as it was unknown at the time of the study whether open cut or underground or a combination of both would be used. Stonehenge is now confident that an open cut mine can be sustained for the initial minelife. An average mining cost of US$9.27 per tonne ROM ore delivered to the mill was determined by Optiro. This mining cost includes grade control, blasting, dig, waste removal and haulage. This represents a potential reduction in cash costs of US$10.50 / lb U_3O_8. Based on Clean TeQ's unit cash cost for uranium it would reduce the overall operating cost from US$47.06 / lb U_3O_8 to US$36.56 / lb U_3O_8.

Metallurgy

Process development work for the Daejon project has continued to focus on establishing an economic process route to co-extract and generate uranium oxide and vanadium oxide products. Uranium extraction for the Daejon project is now well understood with greater than 90% extraction consistently achieved under a range of operating leach conditions.

Bulk samples were collected along strike from the Daejon deposit and Chubu adit. Figure 5 shows sample locations and Table 3 details chemical assays and ore type for each sample. Uranium assays ranged between 171 and 828 ppm U_3O_8, with the higher grade uranium ores associated with those samples containing a high portion of fixed carbon. Sample BK008 obtained from the Chubu exploration adit contained 1.30% V_2O_5, which is considered exceptionally high grade.

Table 3. Chemical analysis of bulk metallurgical samples.

Sample ID	Ore type	Chemical analysis			
		U_3O_8 ppm	V_2O_5 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	Graphitic Schist	342	3,284	615	19.7
BK001/3	Shale Ore	171	4,570	250	2.3

1. The potential quantity and grade of the exploration target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

The Daejon project 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 graphitic schist mineralised ore, which is located between the foot and hanging walls. Further mineralogy (QEMSEM) has confirmed uranium is present as fine uraninite (UO_2) grains typically 10-20 µm in diameter. QEMSEM analysis has confirmed vanadium is predominantly associated as calcic feldspars or calcic amphiboles. The most common vanadium mineral is muchinite, a calcic feldspar which typically contains 5 - 10% vanadium in solid solution.

The five samples obtained across the Daejon project area were crushed and milled to an 80% passing sizing of 106 µm prior to leaching.

Uranium is easily leached under mild acidic conditions of pH 2.0 and a leach temperature of 50°C. Approximately 90% uranium extraction is achieved in 2 hours under these conditions. Negligible vanadium extraction is observed under these leaching conditions. In order to maximise vanadium extraction, pressure oxidation leach tests were initially performed at a temperature of 180°C under an oxygen atmosphere. The majority of uranium and vanadium was leached in the first 30 minutes. Uranium extractions average over 92% for the five different bulk ore samples. Test results showed greater than 70% vanadium extraction. In fact, vanadium extraction averaged 78% for the main mineralised ore (graphitic schist). Table 4 shows the maximum extraction of uranium, vanadium and molybdenum for each of the bulk samples within a 1 hour leach residence time.

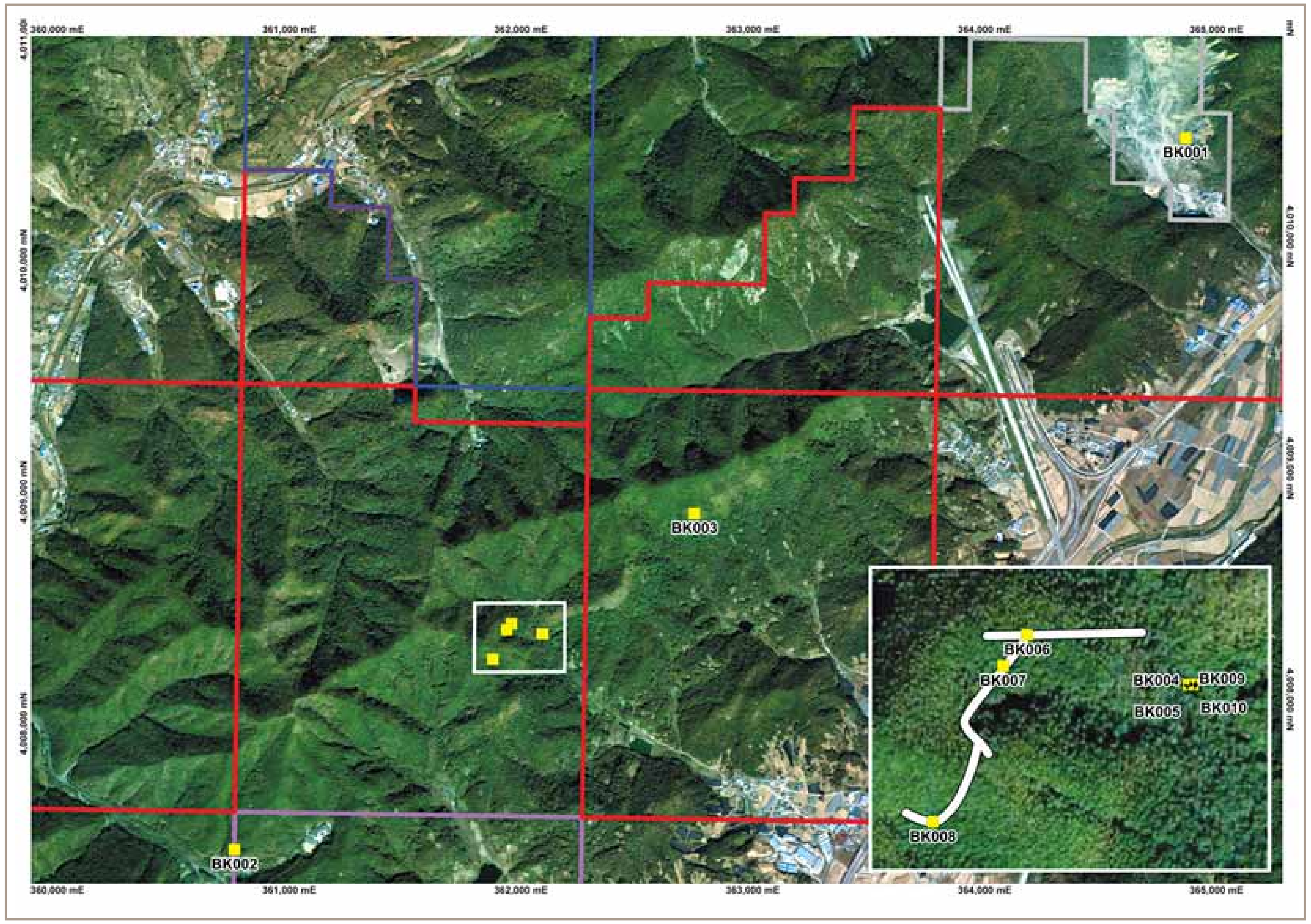


Figure 5. Bulk metallurgical sample locations from Daejon project.

Table 4. Summary of pressure oxidation results at 180°C and 750 kPa oxygen overpressure.

Sample ID	Ore type	% Extraction U_3O_8	% Extraction V_2O_5	% Extraction 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	Graphitic Schist	92.1	61.8	77.9
Average		92.9	70.9	66.0

Sensitivity to leach temperature was also investigated with tests performed at 120 and 150°C. Figure 6 provides a summary of uranium and vanadium extraction as a function of leach temperature. Results confirmed that as leach temperature increases, vanadium extraction increases. Uranium extraction is relatively constant irrespective of leach temperature (Figure 6).

In addition to the leach test work program, ore pre-treatment is also being investigated. By roasting the ore feed prior to leaching there is potential for a two-fold benefit; firstly, increase the uranium and vanadium head grade of the feed ore by 'burning' the contained carbon, and secondly, reduce oxidant reagent consumption by removing organic carbon content. For example, if the feed ore contains 400ppm U_3O_8 and 20% carbon, after roasting the head grade will increase to approximately 500ppm U_3O_8. Work is continuing and results will be published in Q4 of 2012.

Next Steps

Further work will be undertaken in 2012/13 on ore pre-treatment and a two-stage atmospheric acid leach flow-sheet. Ore variability tests will be performed to determine variation in vanadium extraction with different ore types and grades. Alternative reagents will be examined to reduce oxidant reagent cost.

Uranium and vanadium separation test work from leach solutions will also be commenced in the next reporting period. Upon completion of separation test work, Stonehenge will have sufficient information to undertake a full scoping level engineering study to generate a capital and operating cost estimates.

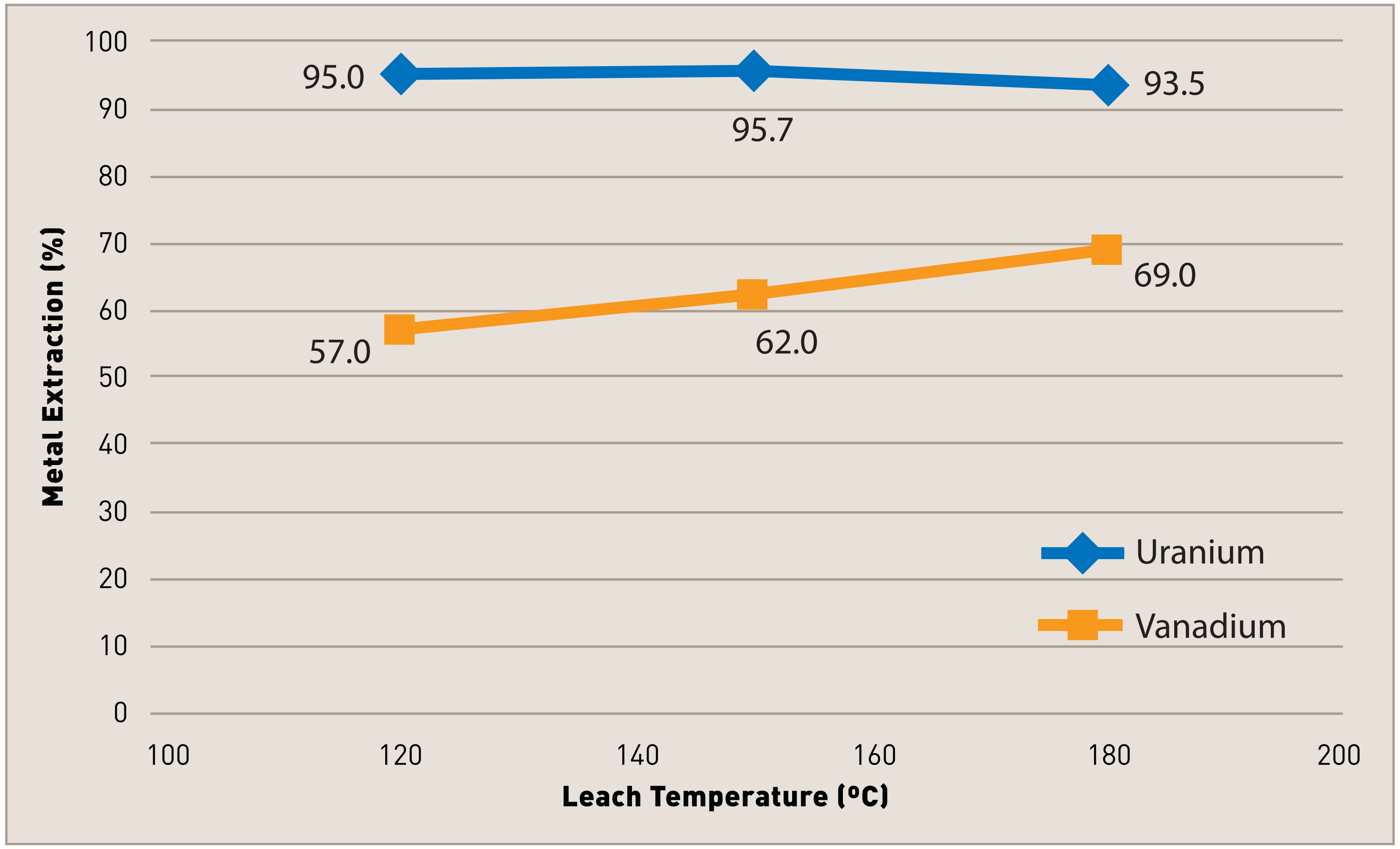


Figure 6. Leach temperature against metal extraction.

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 mining 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.

Project Evaluation and Environmental Assessment

Stonehenge 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.

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 baseline monitoring – air, water, soils, flora, fauna, land use, heritage and cultural issues and social factors
- Safety, health, radiological and community assessments
- 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

Environmental Management

Stonehenge plans to develop and implement an Environmental Management System (EMS) for its operations in South Korea. The EMS will ensure effective environmental management in order to comply with applicable legislations and establish an environmental framework and objectives. Environmental consultants have been engaged to prepare a pre-scoping document to identify the framework in obtaining environmental approval for the project.

Air

Dust monitoring of total suspended particulates, total ash content and selected heavy metals is conducted on a monthly basis at the project site to establish baseline conditions.

Water

Surface water and groundwater quality is currently being monitored on a quarterly basis at the project site to establish baseline conditions. One year seasonal data has been collected. A more comprehensive monitoring program is planned to determine surface water levels, stream flow rates and groundwater levels.

Land Use

The major land use activities that are being carried out are commercial and subsistence farming with ginseng, perilla leaves and rice being the common crops. Both perilla leaves and rice are water intensive crops and have led to the over abstraction of surface water and groundwater in the project area. Communications with locals indicate that many of the shallow domestic and agricultural bores have gone dry. Low stream flow rates have also been observed along with algal blooms and salt encrustations on creek banks.

Quarrying and construction works in the project area are other land use activities which are impacting the local environment. Current water quality monitoring includes upstream and downstream from these locations.

As part of its community consultations, Stonehenge plans to work closely with local authorities to improve natural resource management.

Corporate

Board and Management Changes

On 27 March 2012 the Company advised the appointment of Mr Young Yu as the Chief Executive of its South Korean operations. Mr Yu was previously Trade Commissioner to the Australian Trade Commission within the Australian Embassy in Seoul, South Korea in June 2008. In that position, he was responsible for Industry and Agribusiness, with his main areas of responsibility in the Clean Energy, Mineral & Resources and Investment sectors.

Prior to his appointment with Stonehenge Metals, Mr Yu was the Regional Director/Representative for the Western Australian Trade and Investment Office in South Korea for four years.

Mr Yu is an experienced businessman with private sector experience in tourism, education, consulting and trade industries in both Australia and South Korea. He is a Certified Practising Accountant, and has studied at Curtin University of Technology in Western Australia where he holds a Bachelor of Business degree and an MBA.

Subsequent to the end of the Period on 4 September 2012 the Company advised that Mr Yu had accepted an invitation to join the board as Executive Director. The Company also advised that Mr Warren Staude and Mr Bob Cleary had resigned from the Board and Mr Richard Henning had assumed the role of Executive Chairman.

Capital Raising and Issued Capital

On 14 March 2012 the Company announced it had completed a placement consisting of the issue of 43,491,126 shares at an issue price of $0.03 per share raising a total of $1,304,734. The private placement was completed with a consortium of sophisticated and professional investors located primarily out of South Korea.

The Company also advised of its intention to raise approximately $2,500,739 before costs via a pro-rata non-renounceable rights issue (Rights Issue). Eligible shareholders were provided the opportunity to subscribe for one (1) new fully paid ordinary share in the Company for every four (4) shares held on Record Date as at 22 March 2012. The Company appointed Indian Ocean Capital as Lead Manager to the Rights Issue. New Shares under the Rights Issue were offered at $0.03 per share.

On 18 April 2012 the Company advised it had closed the Rights Issue having received over 440 applications for 23,780,470 new shares raising $713,414.10 under the Rights Issue. A shortfall of 57,243,679 ordinary shares was successfully placed on 23 May 2012 raising $1,717,310 before costs.

Accordingly, the Company raised a total of $3,930,724 through the March placement of $1,300,000 to South Korean investors and management, $2,430,724 through the Rights Issue and a further $200,000 as a result of shareholder approval at the EGM of 9 May 2012 permitting the Managing Director to participate in the placement.

Tasmanian Tenements

On 13 December 2011 the Company advised it had reached agreement with RMG Limited "RMG" for the sale of two of its non-core tenements in Tasmania.

Under the agreement RMG purchased 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 was subject to the transfer being approved by the Minister of the Department of Infrastructure, Energy and Resources Tasmania which has now been granted.

Appendix 1

Stonehenge Granted Mining Right Tenements:

Registration Number	Land Register	Number	Area (ha)	Minerals	Registration Date	Registrant	Property
76967	Goesan	114	275	Uranium	28/05/2008	Stonehenge Korea	**Goesan [Gwesan]**
76942	Goesan	115	275	Uranium	14/05/2008	Stonehenge Korea	
76965	Goesan	117	275	Uranium	28/05/2008	Stonehenge Korea	
76966	Goesan	118	275	Uranium	28/05/2008	Stonehenge Korea	
76964	Goesan	124	275	Uranium	28/05/2008	Stonehenge Korea	
76941	Goesan	125	275	Uranium	14/05/2008	Stonehenge Korea	
76968	Goesan	126	275	Uranium	28/05/2008	Stonehenge Korea	
76969	Goesan	128	275	Uranium	28/05/2008	Stonehenge Korea	
79161	Goesan	137	275	U, V	11/01/2011	Stonehenge Korea	
77018	Miwon	36	276	Uranium	11/06/2008	Stonehenge Korea	**Miwon**
77019	Miwon	46	276	Uranium	11/06/2008	Stonehenge Korea	
77020	Miwon	58	276	Uranium	11/06/2008	Stonehenge Korea	
77225	Miwon	37	276	Uranium	21/08/2008	Stonehenge Korea	
77291	Miwon	47	276	Uranium	23/09/2009	Stonehenge Korea	
77292	Miwon	57	276	Uranium	23/09/2009	Stonehenge Korea	
77010	Okcheon	136	138	Uranium	10/06/2008	Stonehenge Korea	**Daejon**
77011	Daejon	18	277	Uranium	10/06/2008	Stonehenge Korea	
77012	Daejon	28	259	Uranium	10/06/2008	Stonehenge Korea	
77013	Daejon	38	277	Uranium	10/06/2008	Stonehenge Korea	

Stonehenge Tenement Details (cont):

Registration Number	Land Register	Number	Area (ha)	Minerals	Registration Date	Registrant	Property
77014	Daejon	48	277	Uranium	3/07/2008	Stonehenge Korea	**Daejon**
77038	Ogchon	147	277	Uranium	19/06/2008	Stonehenge Korea	
77039	Daejon	17	103	Uranium	19/06/2008	Stonehenge Korea	
77114	Daejon	7	190	Uranium	3/07/2008	Stonehenge Korea	
77115	Daejon	27	56	Uranium	3/07/2008	Stonehenge Korea	
77363	Daejon	47	242	Uranium	16/10/2008	Stonehenge Korea	
77364	Daejon	57	186	Uranium	16/10/2008	Stonehenge Korea	

Stonehenge Mining Right Applications (held directly by Stonehenge Korea)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
70006	Daejon	7	190	V, Mo	20/ 04/ 2012	Chong Ma	**Daejon**
70009	Daejon	18	277	V, Mo	20/ 04/ 2012	Chong Ma	
70008	Daejon	27	56	V, Mo	20/ 04/ 2012	Chong Ma	
1003	Daejon	27-1	172	U, V, Mo	17/ 05/ 2012	Chong Ma	
70007	Daejon	28	259	V, Mo	20/ 04/ 2012	Chong Ma	
135	Daejon	59	277	U, V, Mo	19/ 01/ 2012	Chong Ma	
132	Daejon	70	277	U, V, Mo	19/ 01/ 2012	Chong Ma	

Stonehenge Granted Exploration Permits (held directly by Stonehenge & Stonehenge Korea)

Registration Number	Land Register Name	Number	Area (ha)	Minerals	Registration Date	Registrant	Property Location
1915	Miwon	14	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	**Miwon**
1916	Miwon	25	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
1917	Miwon	26	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
1918	Miwon	38	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
128	Miwon	69	277	U, V, Mo	20/ 07/ 2012	Stonehenge Korea	
1012	Daejon	15	277	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	**Daejon**
1011	Daejon	16	277	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
1005	Daejon	17-1	124	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
1010	Daejon	36	277	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
1006	Daejon	49	61	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
1009	Daejon	50	277	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
136	Daejon	58	277	U, V, Mo	20/ 07/ 2012	Stonehenge Korea	
134	Daejon	68	277	U, V, Mo	20/ 07/ 2012	Stonehenge Korea	
133	Daejon	69	277	U, V, Mo	20/ 07/ 2012	Stonehenge Korea	
1004	Daejon	80	64	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
130	Daejon	90	277	U, V, Mo	20/ 07/ 2012	Stonehenge Korea	
129	Geumsan	72	277	U, V, Mo	20/ 07/ 2012	Stonehenge Korea	
1008	Okcheon	126	277	U, V, Mo	17/ 05/ 2012	Stonehenge Korea	
1909	Okcheon	136-1	148	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
1910	Okcheon	146	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
1911	Goesan	103	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	**Goesan [Gwesan]**
1912	Goesan	104	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
1913	Goesan	138	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	
1914	Goesan	139	277	U, V, Mo	10/ 09/ 2012	Stonehenge Korea	

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

Tasmanian Tenement Schedule

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	(pending renewal)	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% - Subject to 100% transfer to McDermott Mining

Competent Person Statement

The information contained in this report that relates to Mineral Resources, exploration targets 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.

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group or Stonehenge) consisting of Stonehenge Metals Limited and the entities it controlled at the end of, or during the financial year ended 30 June 2012.

Directors

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

Mr Richard Henning

Mr Warren Staude (Resigned 31 August 2012)

Mr Bevan Tarratt

Mr Bob Cleary (Resigned 31 August 2012)

Mr Young Yu (Appointed 31 August 2012)

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.

Chief Financial Officer

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

Mr 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 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.

Operating Results

The loss of the Group after providing for income tax amounted to $2,124,820 (2011 loss of $2,244,247).

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2012.

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 2012 are $10,238,783 (2011 $8,371,085).

Significant Changes in State of Affairs

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

On 27 July 2012 the Company announced it had signed three separate land access Agreements across the Daejon Project Area ("Daejon") to undertake a maiden exploration drilling program at its Daejon Project.

On 4 September 2012 the Company advised that its CEO, Korea Mr Young Yu accepted an invitation to join the board of Stonehenge as Executive Director. The Company also advised that Mr Warren Staude and Mr Bob Cleary had stepped down as Directors.

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 Richard Henning	**Executive Chairman**
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	• 11,354,167 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	• 13,467,606 ordinary shares in Stonehenge Metals Limited and Options to acquire a further 1,577,080 ordinary shares.
Directorships held in other listed entities	• Mr Tarratt is currently a Director of ZYL Limited, Minerals Corporation Limited and Pura Vida Energy NL. 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.

Information on Directors continued

Mr Young Yu	**Executive Director – Appointed 31 August 2012**
Qualifications	• B.Bus MBA CPA.
Experience	• Mr Yu was previously the Regional Director/Representative for the Western Australian Trade and Investment Office in South Korea for four years. In that position he was responsible for Industry and Agribusiness, with his main areas of responsibility in the Clean Energy, Mineral & Resources and Investment sectors.
Interest in Shares and Options	• 26,666,667 ordinary shares in Stonehenge Metals Limited.
Directorships held in other listed entities	• Mr Yu has held no other directorships in the last three years.

Mr Bob Cleary	**Non-Executive Director – Resigned 31 August 2012**
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 to 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	• 100,000 ordinary shares in Stonehenge Metals Limited.
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 Warren Staude	**Non- Executive Chairman - Resigned 31 August 2012**
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	• 1,750,000 ordinary shares in Stonehenge Metals Limited and Options to acquire a further 1,856,250 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.

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 2012 $	30 June 2011 $	30 June 2010$ $	30 June 2009 $	30 June 2008 $
Revenue from continuing operations	357,389	184,785	26,921	75,479	193,259
Net profit/(loss)	(1,967,341)	(2,575,576)	(1,820,735)	(2,852,658)	(2,670,765)
Share price	$0.03	$0.09	$0.068	$0.03	$0.11

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. During the period the Company did not engage remuneration consultants. 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.

At the 2011 Annual general Meeting the Company remuneration report was passed by the requisite majority of 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.

A. Remuneration Policy continued

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 page 20), geological consultants and company secretaries being:

Company secretaries:

- Matthew Foy

Chief Financial Officers:

- Steven Michael

Geological consultants:

- Tony Chamberlain

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

B. Details of Remuneration continued

2012	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	% perf. based
Non-Executive Directors								
Bob Cleary	32,760	3,240	36,000	-	-	36,000	-	-
Warren Staude	32,760	3,240	36,000	-	-	36,000	-	-
Bevan Tarratt	63,954	-	63,954	-	-	63,954	-	-
Executive Directors								
Richard Henning	275,550	24,800	300,350	39,000	-	339,350	-	11.5%
Young Yu	41,795	3,762	45,557	-	-	45,557	-	-
Key Management Personnel								
Tony Chamberlain	191,662	17,250	208,912	15,000	-	223,912	-	6.7%
Matthew Foy	18,300	-	18,300	7,500	-	25,800	-	29.1%
Steven Michael	30,808	-	30,808	7,500	-	38,308	-	19.6%
Total	687,589	52,292	739,881	69,000	-	808,881		

- Bob Cleary (resigned 31 August 2012)
- Warren Staude (resigned 31 August 2012)
- Young Yu (appointed 31 August 2012)

B. Details of Remuneration continued

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**	**% perf. 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 Flemming	221,162	19,905	241,067	420,000	-	661,067	-	63.5%
Richard Henning	221,162	19,257	240,419	90,000	-	330,419	-	27.2%
Bruce Lane	53,500	-	53,500	-	-	53,500	-	
Other Specified Executives								
Jay Stephenson	14,981	-	14,981	-	-	14,981	-	
Rosemary Wilson	8,300	-	8,300	-	-	8,300	-	
Chris Sennett	120,000	-	120,000	-	-	120,000	-	
Kim Wong Joong	142,844	-	142,844	-	-	142,844	-	
Matthew Foy	300	-	300	-	-	300	-	-
Steven Michael	-	-	-	-	-	-	-	
Total	928,983	46,428	975,411	510,000	-	1,485,411		

- Richard Henning (appointed 3 August 2010)
- Bruce Lane (resigned 3 August 2010)
- Simon Fleming (resigned 24 June 2011)
- Matthew Foy (appointed 24 June 2011)
- Jay Stephenson (resigned 24 June 2011)
- Rosemary Wilson (resigned 3 August 2010)

C. Service Agreements

Mr Warren Staude (Non-Executive Chairman) (Resigned 31 August 2012)

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 and no termination benefits are payable.

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 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 and no termination benefits are payable.

Mr Bob Cleary (Non-Executive Director) (Resigned 31 August 2012)

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 and no termination benefits are payable.

Young Yu (Executive Director) (Appointed 31 August 2012)

Term of Agreement – commencing 15 April 2012 for 3 years

Agreement – provision of contract services between the Group and Mr Young Yu for a fee of up to $283,333 per year exclusive of superannuation. Mr Yu is entitled to further housing education and car allowances of up to $160,000 per year. Mr Yu's contract salary are reviewed annually. The service agreement stipulates a three months' notice period and no termination benefits are payable.

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 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 and no termination benefits are payable.

Performance based bonuses

In addition to the Performance 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.

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;

Performance based bonuses continued

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 Employee Share Plan (the "Plan") is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. Approved by Shareholders 30 November 2010 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

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

	No. of shares granted during the year		No. of shares issued during the year		%
Name	**2012**	**2011**	**2012**	**2011**	**Vested**
Directors of Stonehenge Metals Limited					
Bevan Tarratt	-	1,000,000	-	-	N/A
Richard Henning	8,750,000	1,750,000	1,500,000	750,000	31,4%
Bob Cleary – Resigned 31 August 2012	-	1,000,000	-	-	N/A
Warren Staude – Resigned 31 August 2012	-	1,500,000	-	-	N/A
Young Yu – Appointed 31 August 2012	N/A	N/A	N/A	N/A	N/A

Options

There were no options issued to Directors or employees by the Group during the year.

Name	**Number of options granted during the year**	**Value of options at grant date**	**Number of options vested during the year**	**Number of options lapsed during the year**	**Value at lapse date**
Directors of Stonehenge Metals Limited					
Bevan Tarratt	-	-	-	-	-
Richard Henning	-	-	-	-	-
Bob Cleary – Resigned 31 August 2012	-	-	-	-	-
Warren Staude – Resigned 31 August 2012	-	-	-	-	-
Young Yu – Appointed 31 August 2012	-	-	-	-	-

There were no options exercised during the year.

D. Share-based compensation continued

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 dividend yield and the risk free interest rate for the term of the option.

Details of remuneration: Bonus and Share-based compensation benefits.

	Bonus		Share-based compensation benefits (options)				
Name	Paid %	Forfeited %	Year Granted	Vested %	Forfeited %	Financial Years in which options may vest	Maximum total value of grant yet to vest $
Bevan Tarratt	-	-	2012	-	-	2015	-
			2011	-	-	2014	-
			2010	-	-	2013	-
			2009	100%	-	2012	-
Richard Henning	-	-	2012	-	-	2015	-
			2011	-	-	2014	-
			2010	-	-	2013	-
			2009	N/A	N/A	2012	-
Bob Cleary – Resigned 31 August 2012	-	-	2012	-	-	2015	-
			2011	-	-	2014	-
			2010	-	-	2013	-
			2009	-	-	2012	-

D. Share-based compensation continued

Name	Bonus Paid %	Bonus Forfeited %	Year Granted	Share-based compensation benefits (options) Vested %	Forfeited %	Financial Years in which options may vest	Maximum total value of grant yet to vest $
Warren Staude – Resigned 31 August 2012	-	-	2012	-	-	2015	-
			2011	-	-	2014	-
			2010	-	-	2013	-
			2009	100%	-	2012	-
Young Yu – Appointed 31 August 2012	-	-	2012	-	-	2015	-
			2011	N/A	N/A	2014	-
			2010	N/A	N/A	2013	-
			2009	N/A	N/A	2012	-

End of Audited Remuneration Report

Directors' report

Meetings of Directors

During the financial year, 4 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**
Bevan Tarratt	4	4
Richard Henning	4	4
Warren Staude (resigned 31 August 2012)	4	4
Bob Cleary (resigned 31 August 2012)	4	4
Young Yu (appointed 31 August 2012)	N/A	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.

246,237 exercisable at $0.084 were exercised 2012 year (2011: nil).

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.

Directors' report

Auditor's Remuneration

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

	2012 $	2011 $
Audit services		
BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001	40,079	37,547
BDO Corporate Tax (WA) Pty Ltd, a related organisation, for income tax advice	4,500	-
	44,579	37,547

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.

27th day of September 2012, at Perth, Western Australia

Richard Henning

CHAIRMAN

Corporate Governance Statement

For the year ended 30 June 2012

The Board of Stonehenge Metals Limited and the entities it controls, 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.*

The Board is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

The Board will monitor the performance of senior management, including measuring actual performance against

planned performance.

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

The Board Charter is set out in the Corporate Governance Plan which is posted on the Company's website. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Directors..

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

The Company does not have a majority of independent directors. Consistent with the size of the Company and its activities, the Board is comprised of three (3) directors and none of these directors are currently considered to be an independent director.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE continued

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

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

The Chair of the Board is Richard Henning who is not independent. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

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 Richard Henning. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure

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.*

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.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING continued

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.

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.

Corporate Governance Statement

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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.

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.

Corporate Governance Statement

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS continued

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 Board aims to ensure that Security Holders are informed of all information necessary to assess the performance of the Company.

Information is communicated to the shareholders through:

- The annual report, which is distributed to all shareholders (other than those who elect not to receive it);
- The AGM and other shareholder meetings called to obtain approval for Board action as appropriate;
- Making available all information released to the ASX website immediately following confirmation of receipt by the ASX;
- Encouraging active participation by shareholders at shareholder meetings; and
- Encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to the Company.

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.

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.

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.

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

27 September 2012

The Board of Directors
Stonehenge Metals Limited
Level 8, 225 St Georges Terrace
PERTH, WA, 6000

Dear Sirs,

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

As lead auditor for the audit of Stonehenge Metals Limited for the year ended 30 June 2012, 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 Stonehenge Metals Limited and the entities it controlled during the period.

Phillip Murdoch
Director

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue from continuing operations – interest received		92,520	184,911
Other revenue		10,177	596
Gain/(Loss) on sale of non current asset		254,692	(2,107)
Depreciation expenses		(25,275)	(25,678)
Employee benefits expenses		(715,939)	(403,877)
Advertising and marketing expenses		(43,844)	(155,524)
Audit expenses		(44,579)	(37,547)
Accounting expenses		(82,682)	(66,255)
Directors expenses		(165,600)	(175,000)
Share based payments	22	(87,750)	(510,000)
Exploration costs expensed		-	(390,079)
Corporate and regulatory expenses		(78,531)	(168,755)
Rent expenses		(186,980)	(133,773)
Travel expenses	3	(132,183)	(133,294)
Other administrative expenses		(534,995)	(425,295)
Changes in the fair value of Available-for-sale assets		(120,000)	-
Foreign exchange loss		(106,372)	(133,899)
Loss before income tax		(1,967,341)	(2,575,576)
Income tax (expense)/benefit	4	(157,479)	331,329
Loss for the year		(2,124,820)	(2,244,247)
Exchange difference on translation of foreign operations		99,076	26,921
Other comprehensive income(loss) for the year		99,076	26,921
Total comprehensive income for the year attributable to the year attributable to the owners of Stonehenge Metals		(2,025,744)	(2,217,326)
Basic loss per share (cents per share)	5	(0.0071)	(0.0087)

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2012

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	6	3,800,578	3,126,219
Trade and other receivables	7	273,749	181,227
Total Current Assets		4,074,327	3,307,446
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	6,849,258	6,089,664
Property, plant and equipment	9	103,515	101,554
Available-for-sale financial assets	10	80,000	-
Total Non-Current Assets		7,032,773	6,191,218
TOTAL ASSETS		11,107,100	9,498,664
CURRENT LIABILITIES			
Trade and other payables	11	226,428	652,618
Provisions	11	26,464	17,015
Total Current Liabilities		252,892	669,633
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	615,425	457,946
Total Non-Current Liabilities		615,425	457,946
TOTAL LIABILITIES		868,317	1,127,579
NET ASSETS		10,238,783	8,371,085

Consolidated Statement of Changes in Equity for the year ended 30 June 2012 continued

	Note	2012 $	2011 $
EQUITY			
Contributed equity	13	22,540,063	17,937,307
Reserves	14	1,988,238	2,598,476
Accumulated losses	15	(14,289,518)	(12,164,698)
TOTAL EQUITY		10,238,783	8,371,085

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2012 continued

	Contributed Equity $	Accumulated Losses $	Option Premium Reserve $	Share Based Payments Reserve $	Foreign Translation Reserve	Total Equity $
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**	**8,371,085**
Balance at 1 July 2011	**17,937,307**	**(12,164,698)**	**275,111**	**2,303,361**	**20,004**	**8,371,085**
Loss for the year	-	(2,124,820)	-	-	-	(2,124,820)
Exchange difference on foreign operations	-	-	-	-	99,076	99,076
Total comprehensive income for the year	-	(2,124,820)	-	-	99,076	(2,025,744)
Transactions with owners in their capacity as owners						
Shares/options issued during the year	4,106,891	-	-	-	-	4,106,891
Shares/options issued due to milestone achievement	709,314	-	-	(709,314)	-	-
Share issue expenses	(213,449)	-	-	-	-	(213,449)
Balance at 30 June 2012	**22,540,063**	**(14,289,518)**	**275,111**	**1,594,047**	**119,080**	**10,238,783**

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 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and consultants		(1,665,233)	(1,643,518)
Interest Received		92,377	184,903
Other payments - GST		(3,045)	22,074
Net cash (outflow) from operating activities	16	(1,575,901)	(1,436,541)
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure		(1,299,029)	(1,858,683)
Loans advanced		(14,748)	-
Proceeds from sale of property, plant and equipment	9	72,444	12,727
Payments for property, plant and equipment		(327,927)	(36,501)
Net cash (outflow) from investing activities		(1,569,260)	(1,882,457)
Cash flows from financing activities			
Proceeds from issue of shares and options net of transaction costs		3,811,631	2,919,322
Net cash inflow from financing activities		3,811,631	2,919,322
Net increase/(decrease) in cash and cash equivalents		666,470	(399,676)
Cash and cash equivalents at the beginning of the financial year		3,126,219	3,563,109
Foreign exchange movement on cash and cash equivalents		7,889	(37,214)
Cash and cash equivalents at the end of the financial year	6	3,800,578	3,126,219

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

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)

Parent Information

Financial information for Stonehenge Metals Limited as an individual entity is included in note 27.

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 2012 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) Impairment of Assets continued

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).

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 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 40%.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(h) Income Tax and Other Taxes continued

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.

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.

(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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Exploration and Evaluation Expenditure continued

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.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to old them for the medium to long term.

Recognition and de-recognition

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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Subsequent measurement

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

Available-for-sale financial assets are subsequently carried at fair value.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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.

(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 Recognition

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.

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 re-measured 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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Group's Financial Statements:

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the Group's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The 'Group' does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(t) New accounting standards and interpretations continued

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(t) New accounting standards and interpretations continued

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure	Requirements Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the *Corporation Act 2001*	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(t) New accounting standards and interpretations continued

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32).	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(u) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB/IFRIC, where an Australian equivalent has not been made by the AASB, were in issue but not yet effective for which the Group has considered it unlikely for there to be a material impact on the financial statements.

AASB 127 (issued August 2011)	Separate Financial Statements	Requirements for consolidation removed and inserted into AASB 10 Consolidated Financial Statements. Disclosures removed and inserted into AASB 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 128 (issued August 2011)	Investments in Associates and Joint Ventures	Disclosures removed and inserted into AASB 12 *Disclosure of Interests in Other Entities.*	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2012-3 (issued June 2012	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements.	Annual periods commencing on or after 1 January 2013	1 July 2013

(v) Goods and Services Tax (GST)

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

2. 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
3. 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.

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.

(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.

	2012 $	2011 $
3. EXPENSES		
Loss includes the following specific expenses included in other administrative expenses:		
Software and support expenses	-	9,896
Insurances	65,199	61,547
Corporate secretarial fees	-	17,014
Travel and accommodation	132,183	133,294
Legal costs	67,750	-

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:

	2012 $	2011 $
Loss before income tax at 30% tax rate (2011: 30%)	(590,202)	(772,673)
Tax effect of amounts which are not deductible in calculating taxable income:		
Share based payments	230,384	153,000
Other	(35,654)	33,757
Deferred tax assets relating to tax losses not recognised	388,744	354,758
Timing differences previously unrecognised now recognised to reduce deferred tax liabilities	(150,751)	(100,171)
Total income tax expense	(157,479)	(331,329)

The franking account balance at year end was $nil (2011: $nil).

Deferred tax assets and liabilities not recognised relate to the following:

	2012 $	2011 $
Deferred tax assets		
Deferred tax asset relating to tax losses	5,444,675	3,707,361
Deferred tax assets relating to temporary differences	127,958	78,772
Deferred tax liabilities relating to temporary differences	(615,425)	(457,947)
Net deferred tax assets	4,957,208	3,328,186

	2012 $	2011 $

5. LOSS PER SHARE

(a) Loss per share

	2012 $	2011 $
Loss from continuing operations attributable to the ordinary equity holders of the Group	(2,124,820)	(2,244,247)
Loss attributable to the ordinary equity holders of the Group	(2,124,820)	(2,244,247)

(b) Reconciliations of loss used in calculated loss per share

	2012 $	2011 $
Basic and diluted loss per share	(0.0071)	(0.0087)
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss:		
Loss from continuing operations	(1,799,873)	(2,244,247)
	(1,799,873)	(2,244,247)

(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	299,718,442	258,993,684
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	299,718,442	258,993,684

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

	2012 $	2011 $
Deposits at call	3,700,004	2,067,492
Cash at bank	51,574	509,727
Term deposits	49,000	549,000
	3,800,578	3,126,219

	2012 $	2011 $

6. CASH AND CASH EQUIVALENTS continued

(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:

	2012 $	2011 $
Balances above	3,800,578	3,126,219
Balance per statement of cash flows	3,800,578	3,126,219

(b) Cash at bank

These are not interest bearing.

(c) Deposits at call

The deposits are at call.

(d) Term deposits

Cash invested in term deposits are at call and are interest bearing with interest rates between 4.5% and 5.5%.

(e) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 20.

7. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
Other receivables	273,749	181,227

(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 2012 and 30 June 2011 there were no receivables past due not impaired.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or repledged. Refer to note 20 for more information on the risk management policy of the group and the credit quality of the entity's receivables.

	2012 $	2011 $
8. NON-CURRENT ASSETS — EXPLORATION AND EVALUATION EXPENDITURE		
Balance at beginning of the year	6,089,664	4,344,231
Exploration expenditure incurred	776,697	1,745,433
Movement due to foreign exchange translation	(17,103)	
Balance at the end of the year	6,849,258	6,089,664

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

	2012 $	2011 $
Office equipment- at cost	110,467	108,604
Accumulated depreciation	(68,189)	(59,083)
Net book value	42,278	49,521
Mining Equipment- at cost	96,188	69,128
Accumulated depreciation	(34,952)	(19,633)
Net book value	61,236	49,495
Motor vehicles - at cost	-	2,928
Accumulated depreciation	-	(390)
Net book value	-	2,538

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

	2012 $	2011 $
Reconciliation of the carrying amount of office equipment:		
Carrying amount at 1 July	49,521	54,382
Movement due to foreign currency translation	(1,158)	7,428
Additions	3,021	(12,289)
Depreciation expense for the period	(9,106)	
Carrying amount at 30 June	42,278	49,521
Reconciliation of the total carrying amount of mining equipment:		
Carrying amount at 1 July	49,495	38,267
Additions	27,060	23,231
Depreciation expense for the period	(15,319)	(12,003)
Carrying amount at 30 June	61,236	49,495
Reconciliation of the carrying amount of motor vehicles:		
Carrying amount at 1 July	2,538	15,476
Additions	-	2,928
Disposals	(983)	(12,727)
Loss on disposal	(704)	(2,107)
Total Depreciation expense for the period	(851)	(1,032)
Total Carrying amount at 30 June	-	2,538
Reconciliation of the total carrying amount of property, plant & equipment:		
Carrying amount at 1 July	101,554	108,125
Additions	28,924	33,587
Disposals	(1,688)	(14,834)
Depreciation expense for the period	(25,275)	(25,324)
Carrying amount at 30 June	103,515	101,554

	2012 $	2011 $
10. NON-CURRENT AVAILABLE-FOR-SALE ASSETS		
Listed securities		
Investments at cost	200,000	-
Impairment this year	(120,000)	-
Fair value at 30 June	80,000	-

The available-for-sale assets comprise of one class being listed securities and are at fair value. Fair value was determined by reference to published price quotations in an active market. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the investments.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2012 $	2011 $
Trade payables	226,428	652,618
Provision for employee benefits	26,464	17,015

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

12. DEFERRED TAX LIABILITIES

	2012 $	2011 $
Arising from temporary differences attributable to fair value adjustments to exploration and evaluation expenditure acquired in a business combination	772,903	789,275
Offset against deferred tax assets arising from timing differences	(157,478)	(331,329)
	615,425	457,946

13. ISSUED CAPITAL

(a) Share Capital	2012 Shares	2011 Shares	2012 $	2011 $
Fully paid	**424,847,745**	**275,694,606**	**22,540,063**	**17,937,307**

b) Movements in ordinary share capital

2012

Date	Details	Number of shares	Issue price	$
01/07/11	Balance at 1 July	275,694,566	-	17,937,307
24/07/11	Options exercised	246,237	$0.084	20,684
11/11/11	Shares Issued on achievement of milestone	12,500,000	$0.056	709,313
29/11/11	Employee Share Plan shares issued	1,500,000	$0.026	39,000
25/05/12	Rights Issue	124,515,275	$0.03	3,735,458
28/05/12	Shares Issued	6,666,667	$0.03	200,000
29/05/12	Employee Share Plan shares issued	3,375,000	$0.03	101,250
08/06/12	Employee Share Plan shares issued	100,000	$0.03	3,000
21/06/12	Employee Share Plan shares issued	250,000	$0.03	7,500
	Less: Share Raising Costs			(213,449)
30/06/12	Balance at 30 June	424,847,745		22,540,063

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

13. ISSUED CAPITAL continued

* 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. Of those 4,250,000 shares approved by shareholders to be issued, 3,500,000 expired without ever being issued. In total only 750,000 shares were issued. As at 30 June 2012 there were no shares outstanding that had been approved and not yet issued.

(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 Company has not derived any income from their mineral exploration and currently has no debt facilities in place.

	2012 $	2011 $
14. RESERVES		
(a) Reserves		
Share-based payments reserve	1,594,047	2,303,361
Options reserve	275,111	275,111
Foreign currency translation reserve	119,080	20,004
	1,988,238	2,598,476
Movements:		
Share-based payments reserve		
Balance 1 July	2,303,361	1,535,413
Shares transferred to capital on achievement of milestone	(709,314)	-
Options issued to consultants	-	767,948
Balance 30 June	1,594,047	2,303,361

	2012 $	2011 $

14. RESERVES continued

	2012 $	2011 $
Options reserve		
Balance 1 July	275,111	275,111
Options capital raised	-	-
Balance 30 June	275,111	275,111
Foreign currency translation reserve		
Balance 1 July	20,004	(6,917)
Foreign currency translation difference on consolidation	99,076	26,921
Balance 30 June	119,080	20,004

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

(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 currency translation reserve

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

15. ACCUMULATED LOSSES

	2012 $	2011 $
Accumulated losses at the beginning of the financial year	(12,164,698)	(9,920,451)
Net loss attributable to members of the Group	(2,124,820)	(2,244,247)
Accumulated losses at the end of the financial year	(14,289,518)	(12,164,698)

	2012 $	2011 $
16. RECONCILATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Loss for the year	(2,124,820)	(2,244,247)
Depreciation and amortisation	25,275	25,678
Devaluation of financial assets	120,000	-
(Profit)/Loss on disposal of assets	(175,100)	2,107
Stonehenge Korea exploration expenses capitalised	388,957	485,277
Non-cash employee benefits expense – share-based payments	87,750	510,000
Decrease / (increase) in trade debtors and other receivables	(25,121)	(19,408)
(Decrease) / increase in deferred tax liability	157,479	(331,329)
(Decrease) /increase in trade creditors and other payables	(20,541)	90,066
(Decrease)/increase in provisions and accruals	(9,780)	45,315
Net cash outflow from operating activities	(1,575,901)	(1,436,541)
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 Paterson's for capital raising costs	-	55,909
Shares issued to Indian Ocean Capital for capital raising costs	60,000	-
Class A performance shares issued to Yellow Sun on achievement of milestone transferred from Share based Payments reserve	709,313	-

	2012 $	2011 $

17. COMMITMENTS

Tenement Expenditure Commitments

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

	2012 $	2011 $
Within one year	-	-
Later than one year but no later than five years	-	-
Later than five years	-	-
	-	-

Capital Commitments

There are no capital expenditure commitments as at 30 June 2012.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	2012 $	2011 $
Short-term employee benefits	687,589	928,983
Post-employment benefits	52,292	46,428
Share-based payments	69,000	510,000
	808,881	1,485,411

Detailed remuneration disclosures are provided in the remuneration report on pages 22 to 37.

(b) Equity Instrument Disclosures Relating to Key Management Personnel

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

No options were provided as remuneration during the year.

(ii) Option holdings

18. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

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:

2012

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors							
B Tarratt	1,500,000	-	-	-	1,500,000	1,500,000	-
R Henning	-	-	-	-	-	-	-
R Cleary – resigned 31 August 2012	-	-	-	-	-	-	-
Y Yu– appointed 31 August 2012	-	-	-	-	-	-	-
W Staude – resigned 31 August 2012	1,837,500	-	-	-	1,837,500	1,837,500	-
Other Specified Executives							
A Chamberlain	-	-	-	-	-	-	-
S Michael	-	-	-	-	-	-	-
M Foy	-	-	-	-	-	-	-
	3,000,000	-	-	-	3,337,500	3,337,500	-

18. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

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							
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	-

(b) Equity Instrument Disclosures Relating to Key Management Personnel

(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:

2012	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				
Warren Staude – resigned 31 August 2012	1,400,000	-	350,000	1,750,000
Bevan Tarratt	9,626,640	-	3,840,966	13,467,606
Richard Henning	500,000	-	*9,604,167	10,104,167
Robert Cleary – resigned 31 August 2012	-	-	100,000	100,000
Young Yu – appointed 31 August 2012	-	-	26,666,667	26,666,667

18. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

2012	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
Other Specified Executives				
Anthony Chamberlain	-	-	*****2,062,500	2,062,500
Steven Michael	42,450	-	**250,000	292,450
Matthew Foy	-	-	***250,000	250,000
	11,559,090	-	43,124,300	54,693,390

* Richard Henning received 1,500,000 ordinary shares as part of his remuneration.

** Steven Michael received 250,000 ordinary shares as part of his remuneration.

*** Matthew Foy received 250,000 ordinary shares as part of his remuneration.

***** Anthony Chamberlain received 500,000 ordinary shares as part of his remuneration.

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				
Warren Staude	1,150,000	-	250,000	1,400,000
Bevan Tarratt	9,626,640	-	-	9,626,640
Richard Henning	-	-	*500,000	500,000
Robert Cleary	-	-	-	-
Bruce Lane (resigned 3 August 2010)	3,100,000	-	(3,100,000)	-
Other Specified Executives				
Simon Fleming	-	-	**3,500,000	3,500,000
Chris Sennitt	-	-	-	-
Kim Wong Joong	-	-	-	-
	13,876,640	-	1,150,000	15,026,640

* 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.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(c) Other Key Management Personnel Disclosures

Director, Mr B Tarratt, is a shareholder and a director of Hemisphere Corporate Services Pty Ltd. During the 2012 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:

	2012 $	2011 $
OTHER TRANSACTIONS WITH RELATED PARTIES		
Rent and administration	97,237	239,734
Consultancy fees	65,300	-
Accounting & bookkeeping expenses	41,550	-
	204,087	239,734
Balance outstanding at year end		
Trade payables	23,906	9,542

19. REMUNERATION OF AUDITORS

Amounts received or due and receivable at 30 June 2012 by the auditors for:

Audit services:		
BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001	40,079	36,047
Non audit services	4,500	1,500
	44,579	37,547

20. FINANCIAL RISK MANAGEMENT

Overview

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

a) credit risk

b) liquidity risk

c) 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:

	2012 $	2011 $
Loans and receivables	273,749	181,227
Cash and cash equivalents	3,800,578	3,126,219
	4,074,327	3,307,446

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	273,749	181,227
Cash and cash equivalents		
BBB+ S&P Rating	51,574	4,941
A S&P Rating	49,000	112,879
AA S&P rating	3,700,004	3,008,399
	3,800,578	3,126,219

20. FINANCIAL RISK MANAGEMENT continued

(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.

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 2012							
Trade and other payables	226,428	-	-	-	-	226,428	226,428
As at 30 June 2011							
Trade and other payables	652,618	-	-	-	-	652,618	652,618

(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 Group's functional currency.

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

(ii) Price Risk

The group is exposed to equity securities price risk. This arises from investments held by the group and classified in the balance sheet either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk.

20. FINANCIAL RISK MANAGEMENT continued

(c) Market Risk continued

The Group's equity investments are publicly traded on the ASX.

The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

(iii) 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:

30 June 2012	Weighted average interest rate $	1 year or less $	2-5 years $	Total $
Financial assets				
Deposits at call	4.88%	3,573,993	-	3,573,993

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

(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.

21. SEGMENT INFORMATION

Management has determined that the Group has only one reportable segments, being Uranium 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.

2012	**South Korea $**	**Total $**
Revenue from external sources	-	-
Reportable segment profit / (loss)	-	-
Reportable segment assets	7,105,664	7,105,663
Reportable segment liabilities	43,674	43,674
Reconciliation of reportable segment profit or loss		
Reportable segment profit /(loss)		-
Other income		357,389
Depreciation expense		(25,275)
Director benefits		(165,600)
Share based payments		-
Employee benefits		(803,689)
Other expenses		(1,330,166)
Loss before tax		(1,967,341)

21. SEGMENT INFORMATION continued

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			(1,646,528)
Loss before tax			(2,575,576)

Other Segment Information

	2012 $	2011 $
Total segment revenue	-	-
Interest revenue	92,520	185,507
Other revenue	264,869	-
Total revenue from continuing operations	357,389	185,507

21. SEGMENT INFORMATION continued

	2012 $	2011 $
Segment assets are reconciled to total assets as follows:		
Segment assets	7,105,664	6,089,664
Unallocated:		
Cash and cash equivalents	3,747,367	3,126,219
Trade and other receivables	111,865	181,227
Property plant & equipment	58,579	101,554
Other assets	83,625	-
Total assets as per the statement of financial position	11,107,100	9,498,664
Segment liabilities are reconciled to total liabilities as follows:		
Segment Liabilities	43,674	436,838
Unallocated:		
Trade and other payables	209,218	232,795
Deferred tax liability	615,425	457,946
Total liabilities as per the statement of financial position	868,317	1,127,579

22. 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.

22. SHARE BASED PAYMENT TRANSACTIONS continued

No Employee Options were issued during the period.

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		

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

The share based payments listed below were issued to consultants during 2011 and have not yet expired.

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		

22. SHARE BASED PAYMENT TRANSACTIONS continued

Fair Value of share options and assumptions

The fair value of services received in return for share options granted to consultants 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

Fair Value of share options and assumptions (Cont)

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

The weighted average remaining contractual life of the share options outstanding at the end of the period was 1.4 years (2011: 2.4 years).

Share based payments issued during 2012 are as follows:

22. SHARE BASED PAYMENT TRANSACTIONS continued

Directors and Company secretary	Number of shares Issued	Issue Price	$
Richard Henning	1,500,000	$0.026	39,000
S Michael	250,000	$0.03	7,500
M Foy	250,000	$0.03	7,500
Consultants and employees			
Various employees	1,125,000	$0.03	33,750
Yellow Sun Issued on achievement of milestone	12,500,000	$0.056	709,313
Indian Ocean Capital for capital raising costs*	2,000,000	$0.03	60,000
Total	17,625,000		857,063

*No GST was deducted from this figure

Share based payments issued during 2011 are as follows:

Directors	Number of shares Issued	Issue Price	$
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.

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

	2012 $	2011 $
Shares issued	147,750	603,182
Options issued	-	763,856
	147,750	1,367,038
Recognition of share-based payment transactions in the financial statements		
Recognised in the Statement of Comprehensive Income	87,750	510,000
Recognised in Equity	60,000	857,038
	147,750	1,367,038

23. DIVIDENDS

There were no dividends paid or declared by the Group during the year (2011: nil).

24. EVENTS OCCURRING AFTER REPORTING DATE

On 27 July 2012 the Company announced it had signed three separate land access Agreements across the Daejon Project Area (Daejon) to undertake a maiden exploration drilling program at its Daejon Project.

On 4 September 2012 the Company advised that its CEO Korea Mr Young Yu accepted an invitation to join the board of Stonehenge as Executive Director. The Company also advised that Mr Warren Staude and Mr Bob Cleary had stepped down as Directors.

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. 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 2012	Equity holding 2011
SK Energy Metals Pty Ltd	Australia	Ordinary	100%	100%
Stonehenge Korea Inc	South Korea	Ordinary	100%	100%
Ginja Minerals Pty Ltd	Australia	Ordinary	100%	100%

During the period Chong Ma Mines Inc changed its name to Stonehenge Korea Inc.

26. 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 2012 owns 100% of the issued ordinary shares of SK Energy Metals Pty Ltd which owns 100% of Stonehenge Korea Inc (formerly Chong Ma Mines Inc).

(b) Subsidiaries

Interests in subsidiaries are set out in note 25.

(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.

27. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Stonehenge Metals Ltd, at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

ASSETS	**2012 $**	**2011 $**
Current Assets	3,847,072	3,094,221
Non-Current Assets	6,764,622	5,187,582
TOTAL ASSETS	**10,611,694**	**8,281,803**
Current Liabilities	209,217	232,795
TOTAL LIABILITIES	**209,217**	**232,795**
Contributed equity	22,540,063	17,937,307
Reserves	1,749,158	2,578,471
Accumulated losses	(13,886,744)	(12,466,770)
TOTAL EQUITY	**10,402,477**	**8,049,008**
Loss for the year	(1,539,975)	(2,549,196)
Other Comprehensive Income/(loss) for the year	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(1,539,975)**	**(2,549,196)**
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 (2011 nil).

28. CONTINGENCIES

The Group currently has no contingent assets or liabilities.

Directors Declaration

STONEHENGE METALS LIMITED
ACN 119 267 391

DECLARATION BY DIRECTORS

The directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated Group.
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 Group has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.
4. 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:

Richard Henning
Chairman
Perth, Western Australia
27 September 2012

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

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

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 2012, 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 entities 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 gives a true and fair view and 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.

BOO Audit (WA) Pty Ltd ABN 79 112284787 is a member of a national association of independent entities which are all members of BOO (Australia) Ltd ABN 77 050 110275, an Australian company limited by guarantee. BOO Audit (WA) Pty Ltd and BOO (Australia) Ltd are members of BOO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

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 2012 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 2012. 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 2012 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch
Director

Perth, Western Australia
Dated this 27th day of September 2012.

Additional Information

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 Stonehenge Korea 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 as at 12 September 2012

(a) Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 – 1,000	45
1,001 – 5,000	170
5,001 – 10,000	240
10,001 – 100,000	875
100,001 – and over	418
Total	1748

(b) The number of shareholdings held in less than marketable parcels is 638.

(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.

Additional Information

(d) 20 Largest Shareholders — Ordinary Shares as at 12 September 2012

Name		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	44,449,940	10.46%
2	JLC CORPORATION PTY LTD	26,666,667	6.27%
3	MIMO STRATEGIES PTY LTD <MIMO A/C>	23,985,714	5.64%
4	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	16,000,000	3.76%
5	FLUFFY DUCK SUPER PTY LTD <FLUFFY DUCK SUPER FUND>	10,793,333	2.54%
6	R H HENNING PTY LTD <RATHMORE SUPER FUND A/C>	10,729,167	2.52%
7	LEGAL CULTURE LTD	10,000,000	2.35%
8	YELLOW SUN MINES (OPERATIONS) PTY LTD	5,558,009	1.31%
9	SENLAC GEOLOGICAL SERVICES PTY LTD <CHRISTOPHER SENNITT FAM A/C>	5,364,880	1.26%
10	SEQUOIA AGGRESSIVE GROWTH FUND	4,464,286	1.05%
11	CSC SECURITY HOLDINGS (CHINA) PTY LIMITED	4,150,180	0.98%
12	LOK HUNG NOMINEES PTY LTD <STONE FAMILY S/F A/C>	3,656,250	0.86%
13	NEFCO NOMINEES PTY LTD	3,600,000	0.85%
14	RAINMAKER HOLDINGS (WA) PTY LTD <THE MACRI INVESTMENT A/C>	3,589,165	0.84%
15	FAB INVESTMENTS CO. LIMITED	3,276,183	0.77%
16	MRS FIONNUALA CATHERINE EDMONDSON	3,233,679	0.76%
17	JAYVEE INVESTMENTS PTY LTD <JAYVEE SP - PEN A/C>	3,106,250	0.73%
18	MR MATTHEW JOEL NORTON & MRS ROSELYNN FAY NORTON <NORTON FAMILY SUPER A/C>	3,000,000	0.71%
18	MR CLIVE THOMAS	3,000,000	0.71%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,000,000	0.71%
19	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,790,827	0.66%
20	SELL POWER PTY LTD <SELLPOWER SUPER FUND A/C>	2,649,662	0.62%
	TOTAL	**197,064,192**	**46.36%**
	Balance of Register	**228,053,753**	**53.64%**
	Grand TOTAL	**425,117,945**	**100.00%**

Additional Information

20 Largest Options Holders — Option Holders as at 12 September 2012

	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 CHRISTOPHER JAMES WEED <BROCKMAN/WEED FAMILY A/C>	1,247,250	3.13%
6	MR BRIAN LEE & MRS AUDREY LEE	1,100,000	2.76%
7	ARROW MANAGEMENT INC	1,041,780	2.61%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,032,659	2.59%
9	MR CHRISTOPHER JAMES WEED & MS JANET ELIZABETH BROCKMAN <MAINSTONE SUPER FUND A/C>	1,000,000	2.51%
10	RAINMAKER HOLDINGS (WA) PTY LTD <THE MACRI INVESTMENT A/C>	946,794	2.37%
11	GREGORY J WOOD & ASSOCIATES PTY LTD <THE G J WOOD FAMILY A/C>	920,000	2.31%
12	TERRA AQUA PTY LTD <TERRA VERDE A/C>	828,743	2.08%
13	CLODENE PTY LTD	663,198	1.66%
14	HYLLOS INVESTMENT LTD	625,000	1.57%
14	RAMARIS HOLDINGS PTY LTD <RALANA SUPER FUND A/C>	625,000	1.57%
14	SIERRA WHISKEY PTY LIMITED	625,000	1.57%
15	SELL HIGH PTY LTD	623,812	1.56%
16	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	564,733	1.42%
17	ORCHIDBERG PTY LTD	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	ALLWOOD JACKSON PTY LTD <KEN JACKSON SUPER FUND A/C>	437,500	1.10%
20	GOFFACAN PTY LTD	433,020	1.09%
	Total	**25,505,405**	**63.94%**
	Balance of Register	**14,383,931**	**36.06%**
	Total Listed Options on Issue	**39,889,336**	**100.00%**

Additional Information

(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

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

(i) 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.

(j) 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 12 September 2012 the following Performance Shares were on issue.

Class	Shares Issued	Milestone relating to 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.

Additional Information

(k) Securities Subject to Escrow

There are no securities currently subject to escrow.

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

As at 12 September 2012 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