



**Stonehenge**  
METALS LTD

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**2012 ANNUAL GENERAL MEETING**  
29 November 2012  
**Chairman's Address**

When the tsunami hit the shores of Fukushima in March last year, the uranium sector braced itself for what was expected to be 12 months of turmoil and anti-nuclear sentiment. Twenty months on it has become clear that the sentiment is unchanged and uranium stocks are in favour only to the brave and committed long term investor.

In many parts of the world, Governments are in damage control and continue to make short term decisions which pamper to the green and anti-nuclear lobbyists. However in other parts of the world the commitment to clean and cheap electricity remains strong and in particular, the Korean Government is expanding their portfolio of nuclear generators worldwide.

Korea demands 12mlbs of Uranium per year to supply its generators – this figure will rise to 20mlbs by 2020. All of this material is imported either through direct purchase of product on the spot or long term market, and the remainder is sourced through off-take from a number of joint ventures. In terms of security of supply, the Korean utilities know that future negotiations for uranium supply will become more difficult as world demand increases, particularly from China and India. They understand that their buying position will improve with a guaranteed domestic supply and they know that at some point in the near future, they will need to look at capitalising on the opportunities within their boundary.

Stonehenge has a JORC resource (inferred) of 65mlbs of uranium – enough to supply 20% of Korean domestic demand for the next 20 years. The Black Shale also contains a considerable quantity of Vanadium (also in demand in Korea) with an exploration target estimated to be in the region of 385 to 695mlbs<sup>1</sup>. The metallurgical test work that has been conducted over the past 18 months by the company has shown that these two elements can be successfully extracted at an economic operating cost and can deliver a significant IRR even given the present low commodity price.

Nevertheless, progress 'on the ground' in Korea has been undeniably slow and frustrating.

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<sup>1</sup> The Daejon Vanadium Exploration Target is 70-90 Mt at a grade of between 0.25% to 0.35% V<sub>2</sub>O<sub>5</sub> for a contained 385-695 M lbs V<sub>2</sub>O<sub>5</sub>. Pursuant to JORC guidelines, the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

As in many other parts of the world, local community sentiment is anti-mining, anti-uranium or is pushing some other vested interest. This has led to some difficulties in dealing with local government, and gaining certain necessary permits. We have had to put considerable effort into building relationships at all levels of local government and community. This effort is beginning to gain momentum; the Stonehenge Korean management team is attracting less suspicion and is explaining the potential community economic benefits with some degree of acceptance.

Central Government has indicated support so long as all environmental issues are addressed with conformance to the requirements of local government and global standards. As a company we are committed to world best practice in environmental standards and we are already well progressed with the initial stages of our Environmental Impact Analysis and modelling. We also look forward to the completion of the Presidential elections in December and an acceleration in policy management and implementation.

As a company we will continue to build on the relationships with the key stakeholders in Korea, with full transparency and accountability.

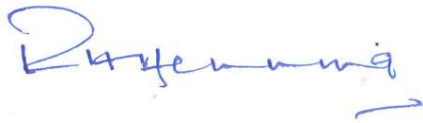
The Daejon project has been our focus in the past year, but the lack of progress in upgrading this resource through drilling has given the appearance of inertia despite the background progress in relationship building. The company recognises the importance of this resource to Korea and is seeking, and will continue to seek, the appropriate Korean partner in joint venture.

As such, and going forward, the company will expand its horizons and seek other opportunities in other commodities in Korea and elsewhere. The relationships that have been established with Korean entities – both Government and Corporate – will play a vital role in the future as we will target projects that are of significant interest to these entities, and where Stonehenge can add considerable value through the technical expertise and knowledge that has been developed. As a Board, we remain committed to the future of uranium, but we must also be aware that it could take longer for the sector to recover than previously anticipated.

As shareholders, you will be acutely aware of the volatility and recent decline in the share price. As a result of the successful capital raising in May, the company remains reasonably well funded but must always be aware of the rate of cash burn. Hence the Board has taken measures to cut costs where possible and to scale back certain activity without adversely affecting the company objectives. Much of the cost reduction will be in Perth to ensure that we are in a position to continue the essential work in Korea.

In closing, I reiterate the aspirations of the company to deliver Korea's first uranium and vanadium mine. I have been to Korea many times now and each time I hear the same comments – in Korea, first friendship then business, you will be successful but you must be patient. Also, I am told, particularly in reference to local community matters, time is good medicine.

The foundations have taken longer to establish than expected, but they are now in place and it is time to start building.

A handwritten signature in blue ink, appearing to read "Richard Henning", with a horizontal line underneath.

Richard Henning  
Chairman

## ABOUT STONEHENGE METALS

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

### South Korean Project Locations



### Competent Persons Statement

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