

2013 Annual Report



Stonehenge

METALS LTD



# Corporate Directory

## Directors

Richard Henning *Executive Chairman*  
Bevan Tarratt *Non Executive Director*  
Young Yu *CEO and Executive Director*

## Company Secretary

Matthew Foy

## Registered Office

Office J, Level 2, 1139 Hay Street  
WEST PERTH WA 6005

## Principal Office

Office J, Level 2, 1139 Hay Street  
WEST PERTH WA 6000  
Telephone: + 61 8 9481 2277  
Facsimile: + 61 8 9481 2355  
Email: [admin@stonehengemetals.com.au](mailto:admin@stonehengemetals.com.au)  
Web: [www.stonehengemetals.com.au](http://www.stonehengemetals.com.au)

## Stock Exchange Listing

ASX Limited  
The home exchange is Perth.  
Facsimile: + 61 8 9224 2020  
ASX Code: **SHE**

## Share Registry

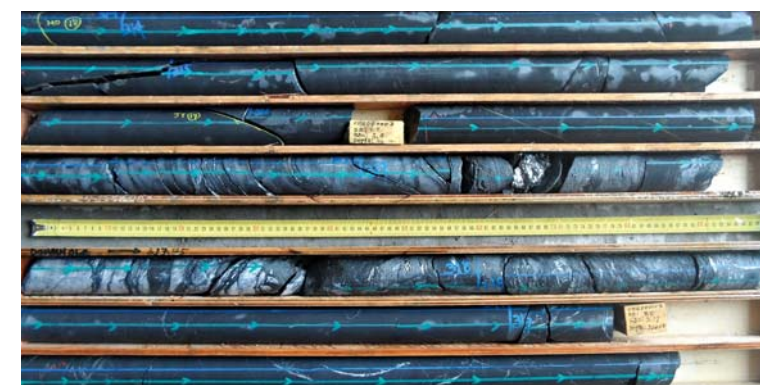
Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
PERTH WA 6000  
Telephone: + 61 8 9211 6670

## Bankers

National Australia Bank Limited  
50 St Georges Terrace  
PERTH WA 6000

## Auditor

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



## Contents

Chairman's Report	1
Directors' Report	30
Corporate Governance Statement	41
Auditor's Independence Declaration	46
Consolidated Statement of Profit or Loss and Other Comprehensive Income	47
Consolidated Statement of Financial Position	48
Consolidated Statement of Changes in Equity	49
Consolidated Statement of Cash Flows	50
Notes and Forming Part of the Consolidated Financial Statements	51
Director's Declaration	85
Independent Auditor's Report	86
Additional information	88

# Chairman's Report

## Dear Shareholders

There can be no doubt that many Chairmen of junior resource companies are more concerned than ever about the value of their company, the veracity of their projects and how they are positioned for the year ahead. There is also little doubt that with institutional funds particularly showing little appetite for investing, it is a time for financial prudence and for cutting directors fees and administrative overheads ever more radically. This of course presents a different set of management issues as the wheels of the bicycle have to be kept in motion for the next stage of the event.

And that event one hopes is a recovery in the uranium price to the levels that reflect better the fundamentals of the sector and the view of most, if not all industry analysts that the supply and demand gap is just as wide as was predicted years ago and shows no signs of narrowing. The 31 countries worldwide that are committed to the future of nuclear energy remain so, and South Korea fully expects its nuclear generated electricity to increase from 30% at present, to 50% over the next 15 years.

For Stonehenge, it has been a positive year in terms of operational progress. Our careful and persistent approach to community relations led to the successful application of drilling permits at the turn of the year and the subsequent targeted drilling programme led to an overall increase in our  $U_3O_8$  resource to 66.8mlbs (still targeting 100mlbs) an upgrade in a portion of our resource from inferred to indicated and a maiden  $V_2O_5$  resource of 17mlbs (still targeting 395 – 695mlbs).



Our management team of three, led by our CEO Young Yu and our field team of four Korean nationals, are all fiercely proud to be part of the company that will provide Korea's first Uranium / Vanadium mine.

Indeed going forward the depressed uranium sector is offset by our exposure to a vanadium resource that will not only offer low operating costs, but also offer exposure to an increasingly exciting and emerging new technology sector. The announcement of our maiden vanadium resource has resulted in discussions with many Korean companies committed to the uses of vanadium, from hybrid steel to redox battery power storage.

“The future remains exciting for Stonehenge”

In closing I would like to thank all shareholders for their support, likewise my directors; but I would especially like to acknowledge the staff that were casualties of the cost savings that had to be made and thank them for the support they have shown by remaining with the company on much reduced rates.

The future remains exciting for Stonehenge as we attempt to return value to our company and we look forward to increasing shareholder value over the next 12 months and beyond.

**Richard H Henning**

Chairman

Stonehenge Metals Limited.

# Introduction - South Korea and the Ocheon Belt

The Daejon Project was discovered in the 1980's and is the largest known uranium resource in South Korea. There exists over 66 million lbs (mlbs)  $U_3O_8$  inferred and indicated resource at an average grade of 320ppm and an indicated vanadium resource of 17 mlbs at a grade of 3,200 ppm. The country offers 20-year mining rights and there exists the opportunity to provide Korea with 25% of uranium requirement annually.

Stonehenge Metals has the largest uranium and vanadium tenement holding within Korea.

## Daejon Uranium-Vanadium Project

Following the land access agreements secured in July 2012, the Company received approval in December 2012 from the East District of Daejon Metropolitan City Council Korea to develop an access road for the purpose of commencing an initial 12 hole diamond drill programme at the Company's Daejon Project (**Daejon**). The approval encompassed road construction, drill site preparation and drilling on land parcel Daejon 6-1 (**Sanji Permit**).

Construction of a 1.4km access road began in March and was completed ahead of schedule in 20 days. The road enabled access to two permitted drill pads spaced at about 160 metres apart ENE – WSW. These sites enabled resource drilling of the mineralisation at Chubu to upgrade confidence in the existing  $eU_3O_8$  inferred resource and provide sampling for a maiden vanadium resource. A picture of the diamond drill rig is shown in **Figure 1** and first mineralised core in **Figure 2**.



- **Lowest quartile OPEX due to Uranium and Vanadium credits**
- **Vanadium emerging as strategic metal in new energy technologies**
- **Proven extraction methods**
- **66mlbs Uranium and increasing**

# Daejon



# Introduction - South Korea and the Ocheon Belt



Figure 1: Site 1 and start of Chubu diamond drilling program Thursday, 4 April 2013.



Chubu diamond drilling at Site 1.

- **High grade  $V_2O_5$  good enough to be stand alone project – compares to other global projects**
- **Good country location – strong collaborative links between Korea and Australia**

In April 2013, the Company announced the commencement of diamond drilling. This was the first drill programme in 30 years and aimed to verify the historical drill hole data completed by KORES. The Company completed 5 diamond drill holes totaling 1738 metres culminating in a maiden vanadium resource and upgrade of existing uranium resources.

The purpose of the Daejon drill programme was to confirm the continuity of the uranium mineralised zone including thickness and grade; this was achieved by twinning selected historical drill holes and infill drilling to improve the confidence level of the existing uranium JORC resource and identify potential high grade zones. The programme also established a maiden vanadium resource at the Daejon Project.

The stage 1 programme was designed to confirm the location of the historical mineralisation with a small programme of 80m spaced holes that will also twin DH74-1 (true width 41.9m at 270ppm  $eU_3O_8$ ) and provide initial variography data for input into the stage 2 programme.



Figure 2: First core box from the 2013 Chubu drilling programme showing hanging wall slate units.



# Exploration Program

## Drill Results

In May 2013, the Company received the first chemical assays from the twelve hole programme. The first drill hole CHUDD0001, achieved a total depth of 341.5m (**Figure 3**). The mineralised zone contained strongly anomalous uranium and vanadium, extending from 263m to 338m for a total intersection of 75m (see Appendix 2). The previous estimate of width from a vertical hole was 56m.

To complement the drilling, surface geology was also mapped and spot checked with a handheld XRF. As a result more than 500m of strike of +200ppm uranium and +1,000ppm vanadium mineralised black shale has been defined. In May 2013, four trenches totaling 245 metres in length were dug across the Chubu deposit in the Birae\_Ri area (see Appendix 7).

With the success of this sampling program, further geological mapping and trenching will follow to identify the extensions of this mineralised zone.

The co-existence of uranium and vanadium will enable a production process which will deliver good extraction rates and lower production costs compared to many other uranium development projects.



Diamond core logging racks.

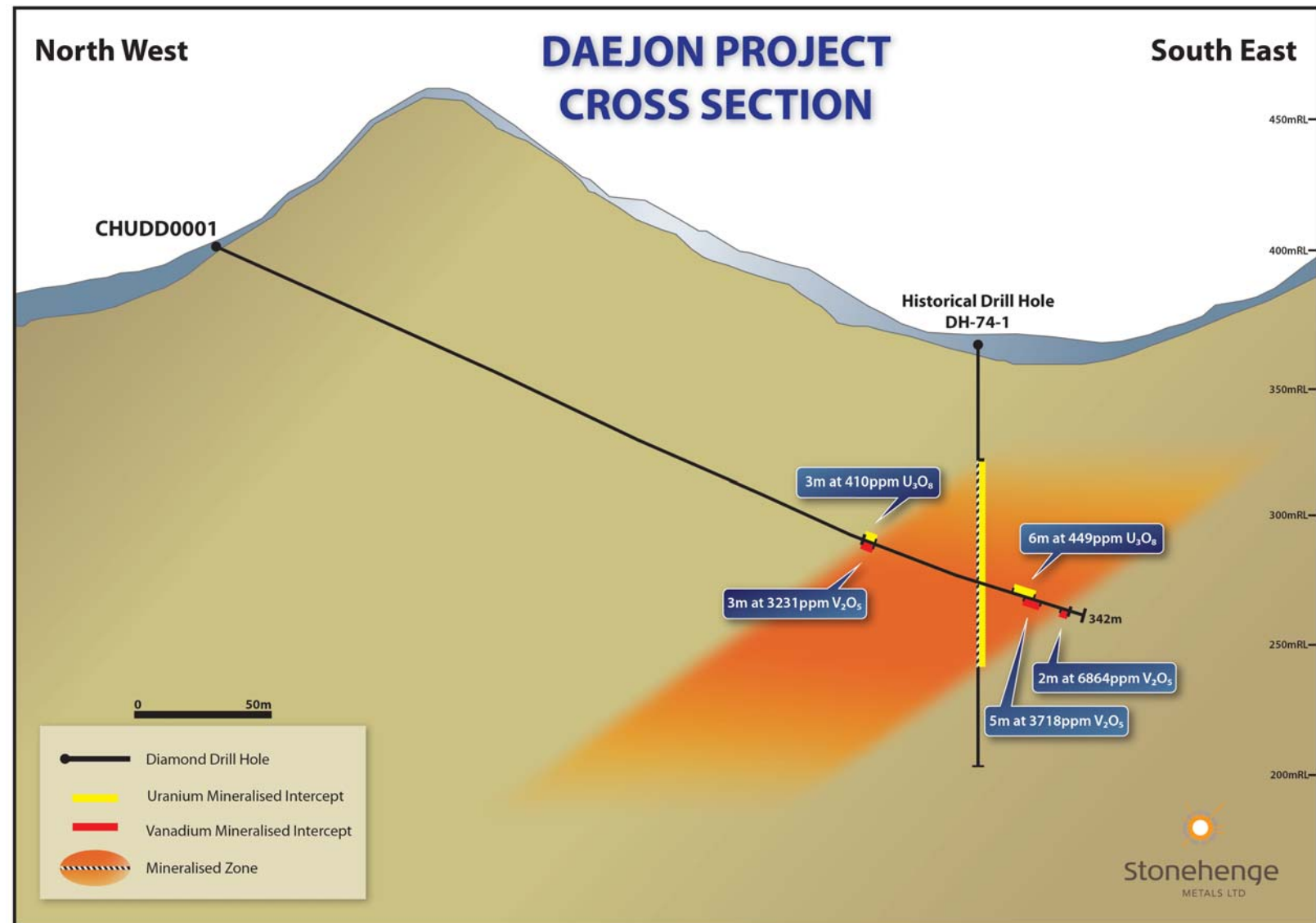


Figure 3: Daejon Project drill hole CHUDD0001 cross section.

**Left:** Stonehenge warehouse. This picture displays the core logging racks where the diamond core undergoes further geological logging and analysis. When moving the core trays, more than two people should carry together. X-ray fluorescence (XRF) assay is recorded for the all the diamond core.

# Exploration Program

“Large domestic market for Uranium and Vanadium product”

## Events Occurring After the Reporting Period

Subsequent to the year end, Stonehenge received chemical assay results on diamond core from the second third, fourth and fifth drill holes from Daejon. Hole CHUDD0002 was completed at a total length of 407m (approximately 100m vertical depth) and a mineralised zone extending from 306m to 396m for a total width of 90m. Assay results from CHUDD0002 included:

Hole ID	From (m)	To (m)	Mineralised Zones Average ppm U <sub>3</sub> O <sub>8</sub>	
CHUDD0002				
	314	320	6m @	212
	358	367	9m @	336
including			2m @	483

and

Hole ID	From (m)	To (m)	Mineralised Zones Average ppm V <sub>2</sub> O <sub>5</sub>	
CHUDD0002				
	306	343	37m @	5,047
including			6m @	13,407
	362	370	8m @	2,051
	389	392	3m @	2,142

Hole CHUDD0003 was completed at a total length of 337m (approximately 100m vertical depth) and a mineralised zone extending from 268m to 320m for a total mineralised width of 52m.

Drill hole CHUDD0004 was completed at a total length of 366m (approximately 100m vertical depth) and a mineralised zone extending from 274m to 349m for a total mineralised width of 75m using 200ppm U<sub>3</sub>O<sub>8</sub> and 2,000ppm V<sub>2</sub>O<sub>5</sub> as cut-off grades.

Drill hole CHUDD0005 was completed at a total length of 297m (approximately 100m vertical depth) and a mineralised zone extending from 238m to 290m for a total mineralised width of 52m.

As with all previous holes, the mineralisation remains open down dip and along strike with additional drilling expected to increase the known dimensions of this zone. When the grades for CHUDD0005 are averaged over the entire mineralised zone, it showed 47m @ 274ppm; this is remarkably close to the historic Korean estimate of 55m @ 270ppm eU<sub>3</sub>O<sub>8</sub> at nearby Hole DH74-1. This confirms the tenor of the historical mineralisation as recorded previously by KORES, and the data on which the resource was initially inferred.

Figure 4 shows location of the drill holes and Figure 5 a long section incorporating the new drill holes. Assay results for all drill holes are provided in Appendices 2 to 6.

## Maiden Vanadium Indicated Resource and Uranium Upgrade

On 29 August 2013 the Company released a maiden vanadium resource and an upgrade to the existing uranium resource at the Daejon Project. The Chubu deposit resource estimate was prepared by independent mining consultants, Optiro, by incorporating the five holes drilled in 2013 and adjusting the geological interpretation accordingly. Statistical analysis of the data was undertaken and a top-cut of 9,000 ppm was applied to the V<sub>2</sub>O<sub>5</sub> data. Previously a 700ppm top-cut was applied to U<sub>3</sub>O<sub>8</sub> for the 2011 resource estimate. There were no data values above this so no top-cut was applied to the 2013 or historic data within the area that has been updated as part of the 2013 resource estimate.



Preparation of diamond drilling pad.



Preparation of diamond drilling pad.



# Exploration Program

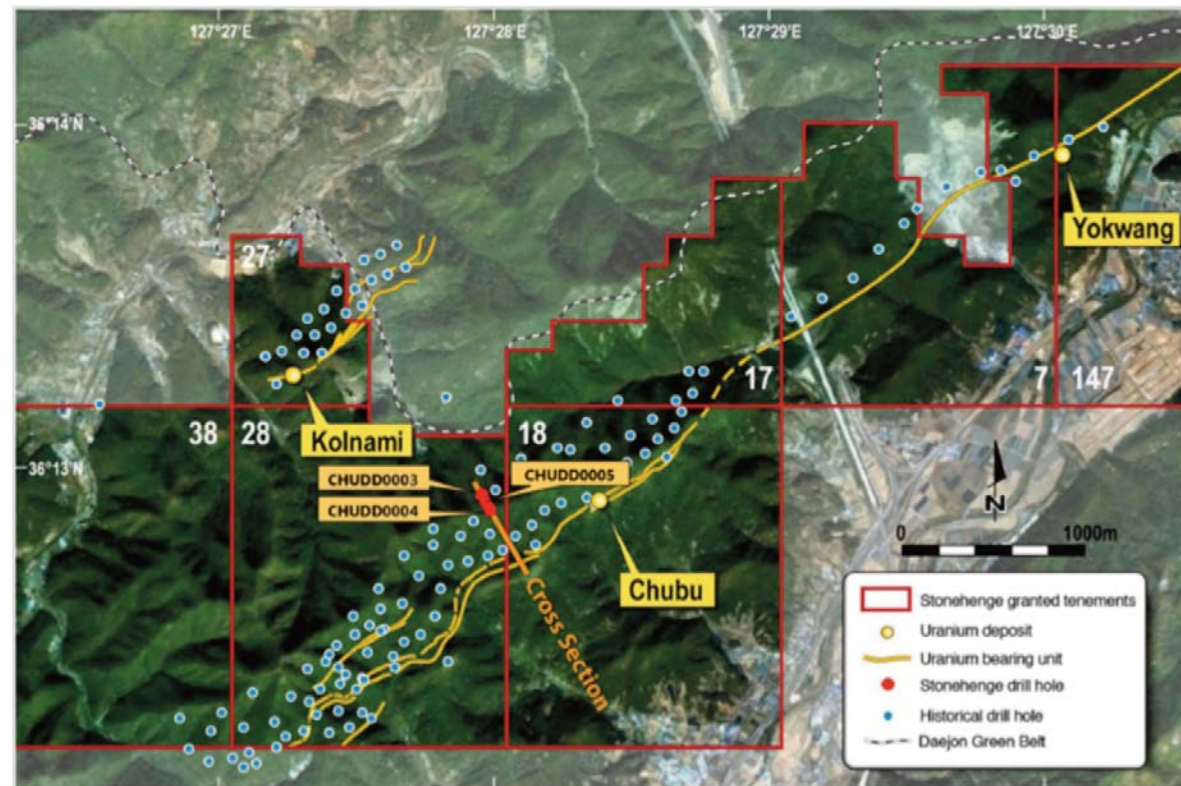


Figure 4: Stonehenge Metals Daejon Project Area, showing location of drill holes CHUDD0003, CHUDD0004 and CHUDD0005.

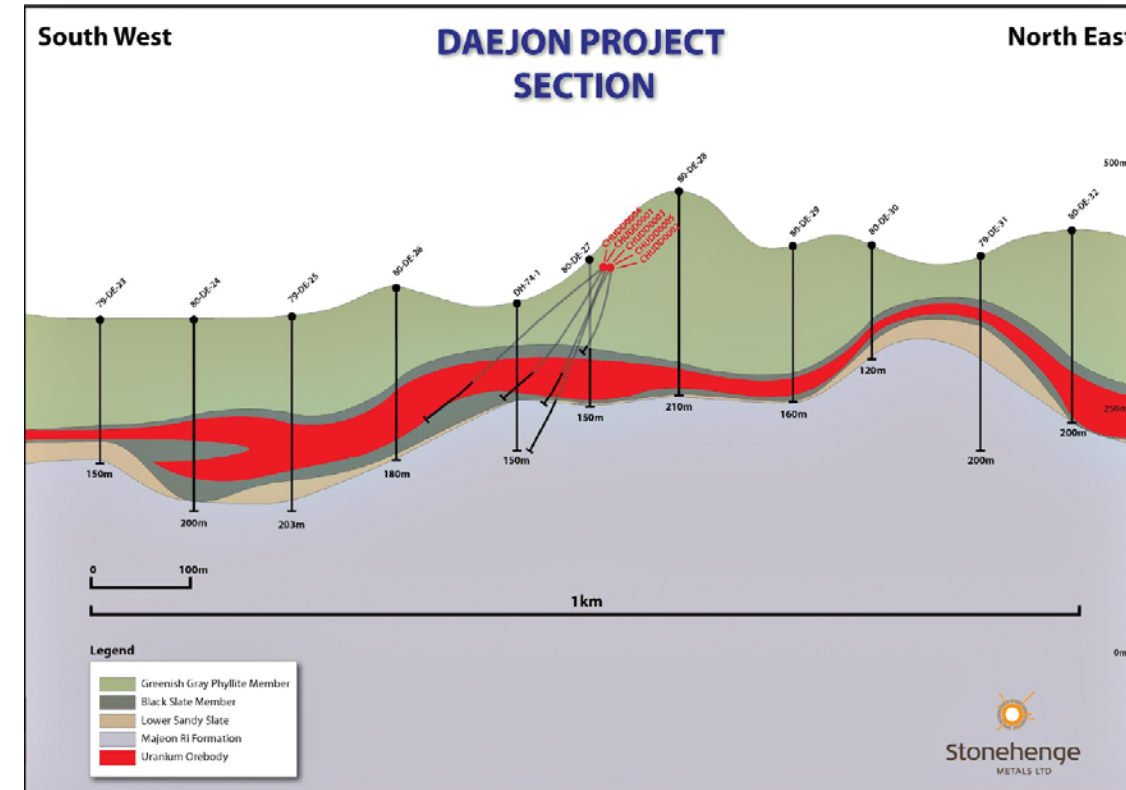


Figure 5: Long section of Chubu deposit.

All the 2013 data is based on chemical assay for both  $U_3O_8$  and  $V_2O_5$ , while the historic data is based on gamma-ray probe data. The results confirmed the existence of a high grade multi-metallic mineralised orebody.

The overall uranium resource was increased from 65.0 to 66.8Mlbs  $U_3O_8$ :

Daejon $U_3O_8$ Resource Estimate at a 200ppm cut-off				
Prospect	Classification	Tonnes Mt	Grade $U_3O_8$ ppm	Metal Mlbs
Chubu	Inferred	46	330	34
	Indicated	3.3	247	1.8
Yokwang	Inferred	39	310	26
Kolnami	Inferred	7	340	5
<b>Total</b>		<b>95.3</b>	<b>320</b>	<b>66.8</b>

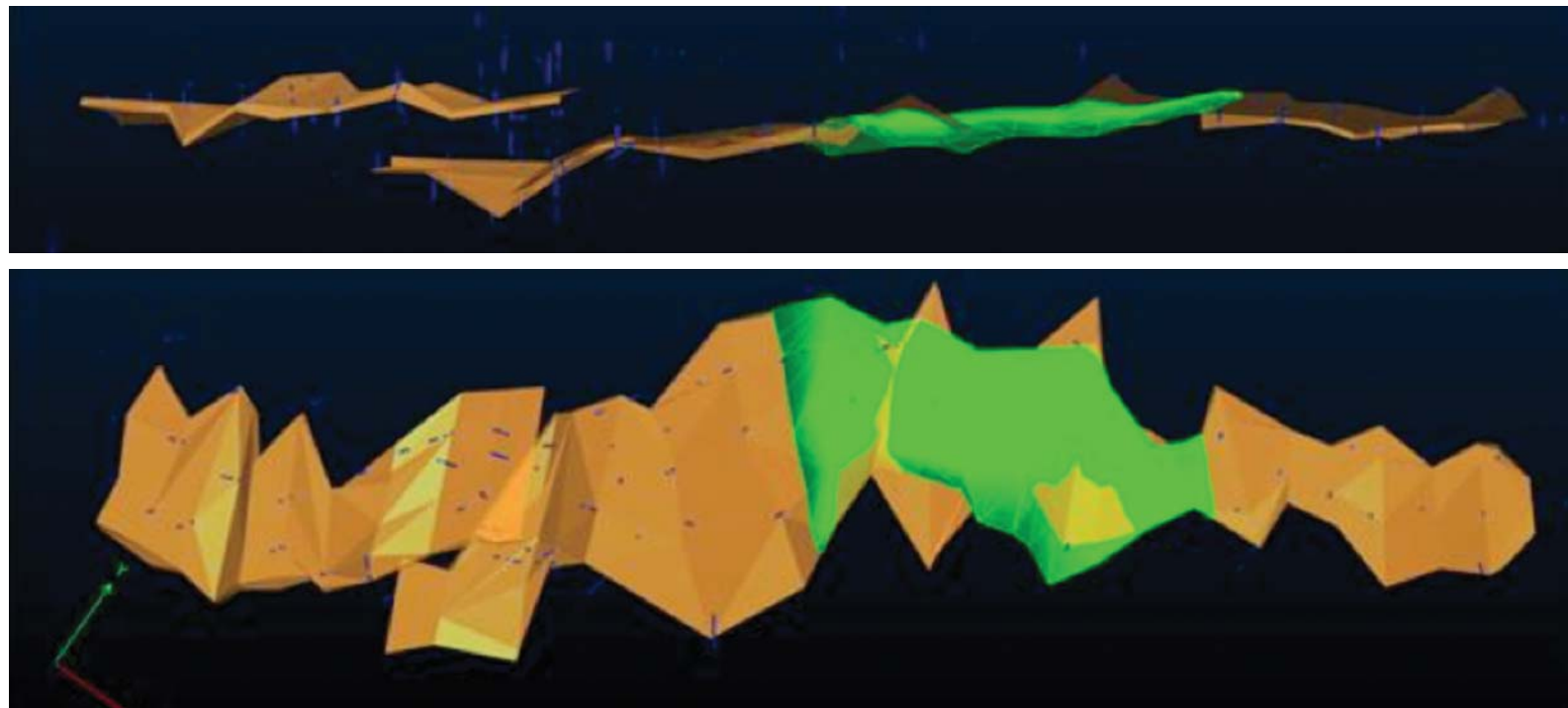
The current Daejon Project exploration target for uranium is:

Tonnes (Mt)	Grade $U_3O_8$ (ppm)	Contained $U_3O_8$ (Mlbs)
15 – 59	300 – 500	17- 39

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



# Exploration Program



**Figure 6:** Chubu Project Resource in plan and oblique view - the green shading represents the 2013 upgraded resource.



*Diamond core inspection.*



*Stonehenge team discusses sampling method for the Gwesan diamond drill core.*

A maiden vanadium resource was announced for the Daejon Project containing 17.3Mlbs  $V_2O_5$ :

### $V_2O_5$ Resource Estimate at a 2,000 ppm cut-off

Year	Category	Tonnage	Grade	Metal
		Mt	ppm	Mlbs
2013*	Indicated	2.3	3,208	16.5
2013*	Inferred	0.1	2,788	0.8
<b>Total</b>		<b>2.5</b>	<b>3,186</b>	<b>17.3</b>

Based on the results of the 2013 drilling at Chubu, the Exploration Target for vanadium mineralisation at the Daejon Project remains unchanged (ASX announcement 23 January 2013) at:

Tonnes (Mt)	Grade $V_2O_5$ (ppm)	Contained $V_2O_5$ (Mlbs)
70 - 90	2,500 - 3,500	385 - 695

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

**Figure 6** left, shows the Chubu resource in plan view and oblique view. The green area represents the area of the Chubu resource that has been updated by the inclusion of the drill data from the recent 2013 drilling. For the Indicated  $U_3O_8$  resource and the new Vanadium resource only, the 2013 data was used in the resource estimate. The 2013 Inferred resource included 2013 drilling and historic data, while the 2011 Inferred resource is the previously reported resource outside of the green boundary. The area influenced by the 2013 drill holes represents approximately 5% of the Chubu resource.



# Exploration Program

## Gwesan Uranium Project

### Drilling at Gwesan

In April 2013, Stonehenge advised that it had been awarded a 3-hole drill programme at the Gwesan Project with state-owned Korea Resource Corporation (KORES).

Under the agreement KORES funded a 3-hole drill campaign for a total of 300 metres at no cost to Stonehenge. Stonehenge oversaw the drill programme and will own all data and records associated with the campaign.

The drilling programme was designed to further delineate the extent of the black shale uranium and vanadium mineralised zone and to determine the potential of Stonehenge's future drilling targets.

### Location

The drilling was on the granted tenements Gwe117 and Gwe118. Gwesan is one of three projects areas in Korea and is 100% owned by Stonehenge. Gwesan is located approximately 70km north-east of the Daejon project.

Gwesan (Goesan) is located in a mountainous region mid-east of the Chungcheongbuk-do Province. Gwesan has a total land area of approximately 842km<sup>2</sup>.

In November 2010 Stonehenge completed a maiden diamond drilling programme at its Gwesan Project. The drill programme consisted of 1,050 metres of diamond drilling in seven drill holes testing over 900 metres of strike length. The drill programme was conducted as a

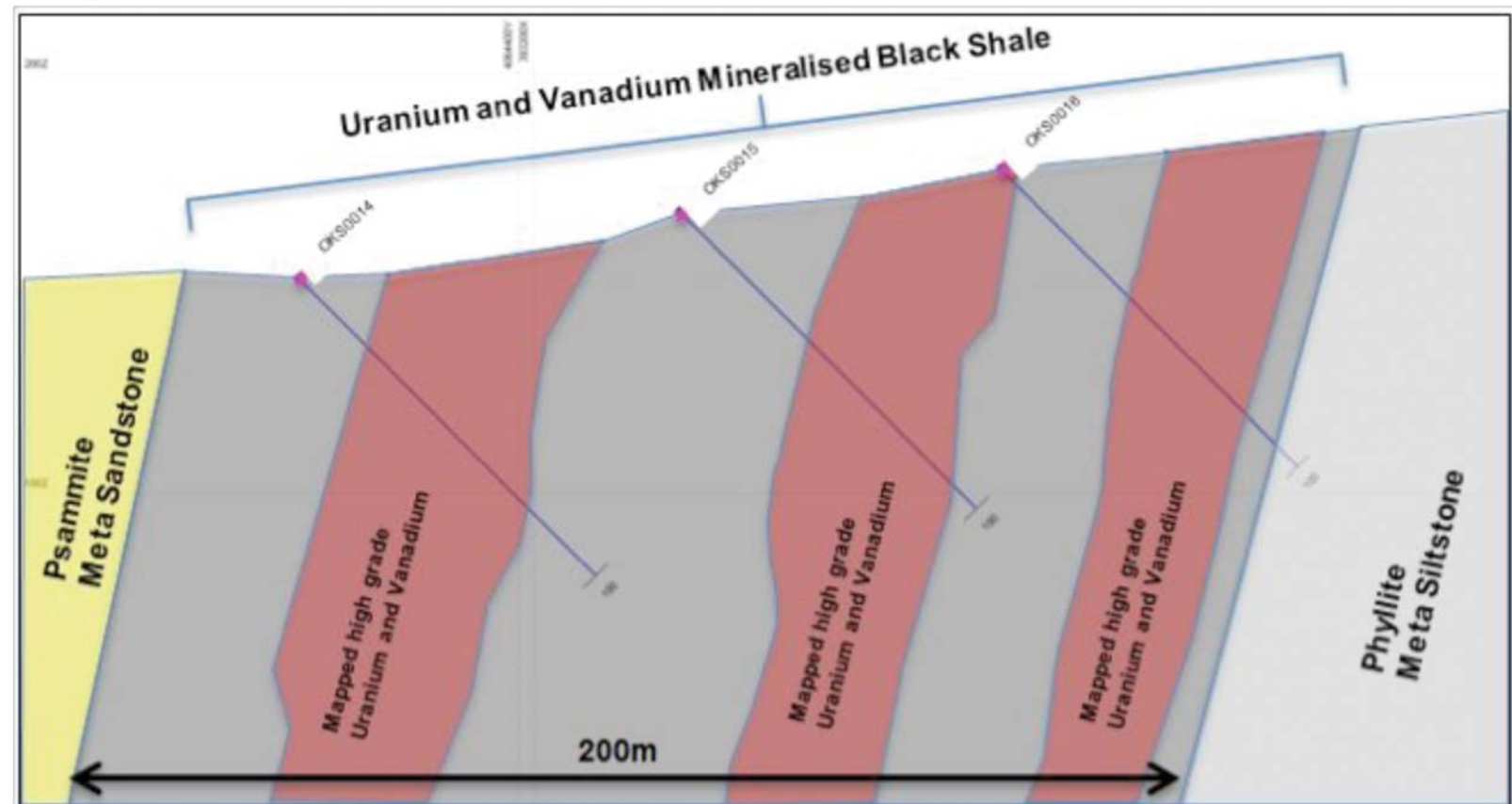


Figure 8: Geological cross section of the Dukpyeong Anticline East Limb target area and completed drill holes.

follow up to strong outcrop sampling results from chemical assays (up to 5,354ppm  $U_3O_8$  and 2,017  $V_2O_5$  (ASX announcement 28 October 2010)).

Assay results (ASX announcement 12 April 2011) from the drilling confirmed mineralisation extending over 600 metres of strike length and open along strike and down dip. The best uranium assay result was 7 metres @ 337ppm  $U_3O_8$  and the best vanadium result was 8 metres @ 10,198ppm  $V_2O_5$  from 87 metres. The locations of the previous Gwesan diamond drill holes is depicted in Figure 10.



# Environmental

During the Period, the Group also completed phase one of its **Environmental Baseline Monitoring**. One year of baseline dust and water monitoring data (i.e. quarterly surface water and groundwater quality) has now been collected across the Daejon project. Dissolved metal concentrations in surface water across the Daejon project area showed significant spatial variance.

## Soil Survey

Soil samples were collected across the Chubu and Yokwang deposits and analysed by portable XRF spectrometer between 30 October 2012 and 7 November

2012. Acidic soil conditions between pH 4 and 6.5 prevailed across the project area due to oxidation of sulfide minerals in black shale units and possibly the biodegradation of pine needles forming humic acids. Black soils were enriched in toxic metals such as arsenic cadmium and uranium. Dispersion halos of these metals are well developed due to i) favourable chemical leaching conditions in acid soils and ii) steep terrains which promotes transportation of black shale as colluvium down towards drainage points at the base of the terrain.

Highly enriched toxic metal concentrations could have significant health impacts to the local community particularly as these soils are in close proximity to local

subsistence agricultural pastures with crops that are known to take up toxic metals through the root system.

## Environmental Preliminary Assessment Plan Requirements

Environmental Resources Management Pty Ltd (ERM) a global environmental consultant, was appointed to prepare an environmental preliminary assessment document by conducting an initial environmental, social screening and assessment of the available information related to the physical characteristics of the project area. The document also outlined the approval process required

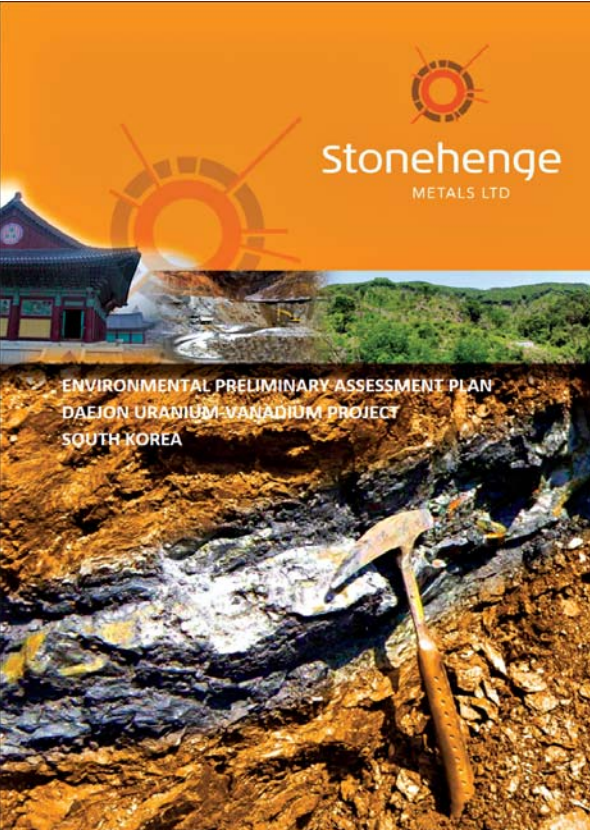
	<b>CONTENTS</b>		<b>LIST OF TABLES</b>
	<b>EXECUTIVE SUMMARY</b> 5 <b>1 INTRODUCTION</b> 9 1.1 BACKGROUND 9 1.2 DOCUMENT STRUCTURE 16 <b>2 ENVIRONMENTAL APPROVAL AND PERMITTING FRAMEWORK</b> 17 2.1 PRELIMINARY ASSESSMENT PLAN ACTIVITY 17 2.2 SOUTH KOREAN REGULATION 17 2.3 INTERNATIONAL REQUIREMENTS 27 2.4 GAPS ANALYSIS AND BEST PRACTICE 31 <b>3 KEY PROJECT DRIVERS</b> 33 3.1 URANIUM DEMAND IN KOREA 33 3.2 INCREASE IN URANIUM NEED AND GLOBAL PRICE FOR URANIUM 33 3.3 AVAILABILITY OF URANIUM AS MULTI-METALLIC DEPOSIT 34 3.4 PROJECT COMMITMENT 34 <b>4 PROJECT DESCRIPTION</b> 35 4.1 OVERVIEW 35 4.2 MINERALISATION AND ORE RESERVE 35 4.3 KEY PROJECT COMPONENTS 40 4.4 PROJECT ALTERNATIVES 49 <b>5 PRELIMINARY IMPACTS AND MANAGEMENT PHILOSOPHIES</b> 51 <b>6 PRELIMINARY BASELINE ENVIRONMENTAL AND SOCIAL CONDITIONS</b> 57 6.1 DESKTOP STUDIES 57 6.2 DESCRIPTION 57 <b>7 ADDITIONAL STUDIES AND TIMEFRAMES</b> 74 7.1 OVERVIEW 74 7.2 RADIATION SURVEY 79 7.3 DETAILED BASELINE ASSESSMENT 79 7.4 CULTURAL HERITAGE 79 7.5 COMMODITY AND SOCIO-ECONOMIC 80 7.6 SOILS AND LANDFORMS 80 7.7 ACID MINE DRAINAGE 81 7.8 GROUNDWATER & SURFACE WATER STUDIES 81 7.9 BIODIVERSITY AND CONSERVATION 81 7.10 WASTE AND CONTAMINATION 82 7.11 REHABILITATION 82 7.12 PROVISIONAL ADDITIONAL STUDY SCHEDULE 82	<b>8 STAKEHOLDER ENGAGEMENT, CONSULTATION AND DISCLOSURE</b> 84 8.1 INTRODUCTION 84 8.2 ASSESSMENT PLAN PHASE 86 8.3 ESIA STUDY 88 8.4 ESIA DISCLOSURE 89 8.5 PROJECT EXECUTION 89 <b>9 ROAD MAP TO APPROVAL</b> 91 9.1 BRIEF 91 9.2 APPROVALS FRAMEWORK 91 9.3 TIME FRAMES 98 9.4 SUMMARY OF APPROVALS PROCESS REQUIREMENT 99 <b>10 CONCLUSION</b> 101 <b>11 REFERENCES</b> 102	<b>TABLE 2.1 SUMMARIES OF STATUTORY REQUIREMENT AND APPROVALS FOR URANIUM MINING IN SOUTH KOREA</b> 17 <b>TABLE 2.2 IAEA CHARACTERISTICS AND DEFINITION OF ESIA</b> 26 <b>TABLE 4.1 EXPLORATION POTENTIAL OF URANIUM AND VANADIUM IN THE PROJECT AREA ADOPTED FROM 'MINERALS EXPLORER IN SOUTH KOREA', STONEHENGE</b> 34 <b>TABLE 4.2 LIST OF THE PROJECT FACILITIES AND AREA OF DISTURBANCE</b> 36 <b>TABLE 5.1 POTENTIAL IMPACTS OF TENTATIVE ENVIRONMENTAL AND SOCIAL CONSIDERATIONS AS PER IAEA*</b> 49 <b>TABLE 6.1 LAND USE IN CHIBU-MYEON (ADOPTED FROM SIS)</b> 58 <b>TABLE 6.2 GEOLOGICAL PROFILE AND SOIL CHARACTERISTICS (*ADOPTED FROM SIS)</b> 61 <b>TABLE 6.3 ANNUAL CLIMATE CONDITION MONITORING RESULTS</b> 64 <b>TABLE 6.4 LEGALLY PROTECTED AVIAN SPECIES OBSERVED IN CHIBU-MYEON</b> 69 <b>TABLE 6.6 LOCATION AND CONTENT OF DESIGNATED CULTURAL PROPERTIES IN CHIBU-MYEON</b> 72 <b>TABLE 7.1 SUMMARY OF ADDITIONAL STUDIES REQUIRED</b> 75 <b>TABLE 7.2 ADDITIONAL STUDIES SCHEDULE</b> 83 <b>TABLE 9.1 STEPS IN THE APPROVAL PROCESS AND RECOMMENDATIONS</b> 92

Figure 7: Environmental Preliminary Assessment Plan table of contents.



# Environmental Metallurgy

in South Korea under legislative requirements and identified pre-scoping activities associated with the Environmental Social Impact Assessment (ESIA). The key milestones achieved to-date or in progress include;

**Milestone 1** – Project description has been completed to characterise the project and provide an overview of its potential effects on the environmental and local community. Site layout and the area of disturbance have been established.

**Milestone 2** – Mapping of stakeholders and key project issues related to approvals has been identified.

**Milestone 3** – Understanding of regulatory responsibilities and approvals framework is in progress.

**Milestone 4** – Assessment Plan (AP) detailing the project scope of works is in progress. Environmental Preliminary Assessment Plan document will be used as the basis for the AP including formal consultation process and initial stakeholder feedback. The AP is considered as the first formal step in the approval process.

**Milestone 5** – The AP will be submitted to a EIA committee, Ministry of Environment (MoE), and other relevant regulatory agencies.

**Milestone 6** – Environmental baseline studies have already been commenced with one year water quality data and dust monitoring data collected and analysed. Further monitoring will continue.

**Milestone 7** – EIA committee will formally comment on the AP. The committee’s comments and requested studies will be incorporated into a Draft Assessment Plan (DAR), which will be released for public comment. All comments and requested studies will then be incorporated in to an Environmental Impact Assessment (EIA) and lodged with MoE for comment and final approval subject to license operating conditions.

## Occurrence of Uranium-Vanadium Black Shales

Uranium-vanadium shale ores occur throughout the world including Sweden, Brazil, United States, Poland, China and South Korea.

Uranium-vanadium shale ores located in the United States were actively mined and exploited in the 1960’s through to the 1980’s. These shale ores occurred in the Uravan Mineral Belt of Colorado, Chattanooga Shale in southeastern United States and also the Black Hills of South Dakota and Wyoming.

Other known uranium black shale deposits are located in Rajska, Poland, and the Ronneburg area of eastern Thuringia, Germany, which produced about 220Mlbs of uranium between 1950 and 1990. Uranium-vanadium shale ores are normally characterized as low grade however they are generally very large deposits and Daejeon is no exception.

Historically uranium-vanadium shale ores were processed using salt roasting followed by water leach to dissolve sodium vanadate generated by the roasting step. Alternatively carbonate leach has been used after salt roasting to leach both vanadium and uranium.

Direct acid leaching of raw ore then evolved as the preferred process route to extract uranium and vanadium. Development of acid leach coincided with a general trend in ores decreasing in vanadium grade and the commercial emphasis shifting towards uranium extraction. Some plants reprocessed leach residues from salt roasting to improve vanadium recovery. By the mid-seventies salt roasting was completely replaced by direct acid leaching. A list of historical uranium-vanadium operating plants located in the USA is provided in Table 1 below. White Mesa Mill continues to operate and processes uranium-vanadium shale ores from various mines in the surrounding Utah and Colorado areas.

## Process Development Undertaken By Stonehenge

Separation of uranium and vanadium from acidic solutions is well understood and has been commercially proven for over 40 years. High purity final vanadium pentoxide and uranium yellowcake has been produced for many decades from acidic sulphate solutions. Both solvent extraction (SX) and ion-exchange (IX) were used to separate uranium and vanadium from solution and still recognized as best

Uranium-Vanadium Process Plant	Process
Union Carbide – Rifle Plant	Salt Roast converted to Acid Leach
Union Carbide – Uranvan Mill	Salt Roast converted to Acid Leach
Vanadium Corp of America – Naturita Mill	Salt Roast – Carbonate leach
Climax Uranium – Grand Junction Mill	Acid Leach – Raw ore
Foote Mineral Company – Navajo Mill	Acid Leach – Raw ore
Mines Development Inc. – Edgemont Plant	Acid Leach – Oxidising – Raw Ore
Atlas Corp. – Moab Mill	Acid Leach – Oxidising – Raw Ore
White Mesa Mill	Acid Leach – Oxidising – Raw Ore

**Table 1.** List of historical uranium-vanadium shale process plants



# Metallurgy

practice. Selection between SX or IX is an economic decision. Key impurities of concern once uranium and vanadium are in solution are iron, aluminium, silica and molybdenum.

In the case of the Daejon project, it is acid leaching of vanadium from run-of-mine (ROM) ore, which is technically challenging rather than separation of uranium and vanadium. Vanadium mineralization in the Daejon project is associated with a calcic feldspar known as muchinite,  $\text{Ca}_2\text{Al}_2\text{V}[\text{SiO}_4/\text{Si}_2\text{O}_7]\text{O}(\text{OH})$ . Grains typically contained between 7-9% w/w of vanadium in association with muchinite. There is also a minor occurrence of vanadium found in calcium amphiboles,  $\text{Ca}_2(\text{Mg,Fe,Al V})_5(\text{Al,Si})_8\text{O}_{22}(\text{OH})_2$ . These amphibole grains typically contained up to 0.7% w/w vanadium.

At present 50-70% of vanadium can be successfully leached from Daejon ore and over 90% of uranium. Leaching conditions are controlled to minimize the amount of other impurities entering solution. Process development test work has been focused on increasing vanadium extraction above 70% while maintain low acid and oxidant consumption. A limited program of work was undertaken during 2012/13 to further develop the Daejon process flowsheet. ROM ore typically contains between 20-30% carbon content. Pre-treatment of ROM ore by an oxidation roast step removes contained carbon and as a result increases uranium-vanadium head grade. Leaching of roasted ore samples showed a significant reduction in acid and oxidant consumption. Further test work is required to quantify the reduction in reagent consumption.

# Commodity Outlook

South Korea is presently the fifth largest consumer of uranium ( $\text{U}_3\text{O}_8$ ) in the world and imports all of its uranium equating to approximately 10 million pounds of  $\text{U}_3\text{O}_8$  annually. This is expected to increase to 15 million pounds of  $\text{U}_3\text{O}_8$  by 2020 with completion of 6 new reactors in addition to its 21 operating reactors.

The Daejon project has the potential to supply approximately 25% of Korea's domestic uranium needs for over 20 years. The need and uses of uranium are widely understood.

Vanadium is a strategic material used predominantly for high-strength steel alloys, as it imparts strength, hardness and corrosion resistance to steels. In its elemental form, vanadium is a soft, silvery gray metal that's classified as a ductile transition metal. In its various market applications, vanadium represents a billion dollar industry.

And that industry is growing, thanks to the ongoing emergence of new vanadium market applications, and the expansion of conventional applications, particularly in the BRIC countries.

With global vanadium demand projected to more than double by 2025 the outlook for vanadium points to increasing consumption across market segments and international boundaries.

## Vanadium Production & Uses

Vanadium is produced as a by-product of steel smelter slag, and is also mined in two different types of mineral deposits: disseminated in carbon rich deposits such as shales (as in Korea), and in magnetite (iron oxide) deposits alongside titanium.

The three largest vanadium producers are China, South Africa and Russia.

Conventional and new vanadium applications include such diversified industry segments as steelmaking, grid scale renewable energy storage, high performance batteries catalysts and chemicals.

## Steel Segment Outlook

When a very small amount of vanadium is added to steel high-strength low-alloy vanadium steel is created while greatly reducing energy, shipping and production costs.

And while steelmaking accounts for roughly 92% of all vanadium currently consumed, it's estimated that vanadium is only used in about 9% of all steels today.<sup>1</sup>

That percentage is expected to grow as emerging economies, particularly in the BRIC countries and Asia increase their intensity of vanadium use in steels to build new infrastructure (e.g., in 2008, intensity of vanadium use in the U.S. was over 3 times that in China).

International metals consultancy TTP Squared, Inc. forecasts steel-specific vanadium consumption will grow at a Consolidated Annual Growth Rate (CAGR) of 4.8% over the period 2010 to 2025, with over 80% of growth occurring in BRIC countries.

China's demand for vanadium has already demonstrated substantial growth, with consumption increasing at 13% per year between 2003 and 2009 in line with its surging steel output.

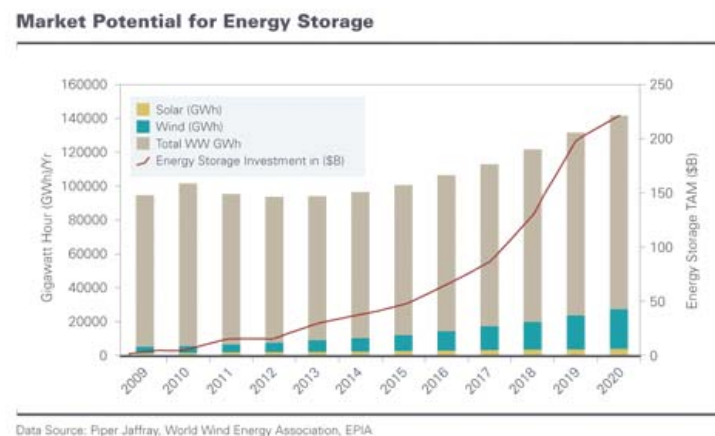


# Commodity Outlook

“Strong motivation for Korea to develop domestic energy source with 97% of fuels for power generation imported”

## Energy Storage Segment Outlook

Leading the way in new grid scale renewable energy storage solutions are Vanadium Flow Batteries (VFBs). By combining VFBs with renewables such as wind and solar inherently intermittent energy supplies can be regulated from moment to moment, allowing the grid to balance the amount of energy being put into the wires with the demand arising from consumers.<sup>5</sup>



## Catalysts & Chemicals Segment Outlook

After steelmaking, the second largest market for vanadium is that of catalysts and chemical applications.

While currently representing up to 5% of global consumption, demand from this segment is projected to grow in the short- and mid-term, according to the leading international metals and minerals research firm Roskill.

In particular, greater demand is expected in connection with the reduction of emissions from coal-fired power plants in developing economies such as China and India as well as emissions from vehicles via catalytic converters.

## Overall Vanadium Market Outlook

Global vanadium demand for 2010 is projected at 61,000 metric tons (MTV), which would exceed former demand highs last seen in 2007.

According to a Q4 2009 report by Byron Capital Markets conventional demand for vanadium (primarily from the steel industry) is projected to combine with new market demand, resulting in an overall consumption increase of over 70% between 2009's levels and those of 2014.

And by 2025, vanadium consumption from steelmaking alone is expected to have increased to roughly 123,000 MTV, which is just over double 2010's global projected demand levels.

Meanwhile, significant new sources of demand for vanadium are also expected to originate from lithium-vanadium phosphate batteries.

While this new energy storage technology is still considered cutting edge, it continues to impress multiple commercial markets, particularly the automotive industry where lithium-vanadium phosphate batteries represent the only battery solution with high enough energy density to convince consumers that electric vehicles can compete with gas vehicles on a performance basis.

In 2011 the global demand for vanadium was 61,000 tonnes with China, South Africa and Russia accounting for 90% of the global production. At present, steel production is the largest end user for vanadium. Consumption for steel products is estimated to be over 90% of total vanadium use, and as a result, steel production drives consumption of vanadium.



Logging of diamond core.



# Corporate

## New Government in South Korea

The South Korean people elected their first woman President on 19 December 2012. Madam Park is from a pro-business and pro-nuclear power generation party and has been a strong supporter of national energy security to continue the successful economic development for the Republic of Korea.

Korea imports 97% of energy resources to power its engines to deliver national prosperity to all people. Therefore, energy security for the nation is a paramount factor to overcome current global crisis and resurrect the Korean economy.

South Korea relies heavily (34%) on nuclear power to generate its electricity requirements and it is believed that the President will continue the current nuclear power policy but with caution. Madam Park said that "a thorough inspection of the nuclear power plants should be carried out first to assess whether or not they pose any threat to the public".

Madam Park is mindful about the public sentiment on nuclear power generation but also understands the national interest associated with security of electricity generation supply. The Korean government, under the 2010 Electricity Supply Base Plan, will increase 23 nuclear power plants to 34 by 2024. It is expected that a safe nuclear power generation policy will be maintained within Korea for a long time and the new President elect will embrace its importance to the nation.

## Corporate

### Board Restructure

On 4 September 2012 the Company advised that it had restructured its Board to position itself for the next stage of development as it seeks to progress opportunities in South Korea and further establish its presence there.

Stonehenge Korea CEO, Mr Young Yu accepted an invitation to join the board as Executive Director.

Further, the Company advised that Mr Warren Staude and Mr Bob Cleary had stepped down as Directors. Mr Staude was a founding Director of Stonehenge and an invaluable member of the Board since its listing in 2006. Mr Cleary joined the Board shortly after the Company's acquisition of its South Korean Uranium Project in 2010 and was a major contributor as the Group developed its metallurgical and environmental expertise.

Managing Director Mr Richard Henning has assumed the role of Executive Chairman as part of the restructure and Mr Bevan Tarratt remains a Non-Executive Director.

### Non-Renounceable Priority Options Offer

On 13 December 2012 the Company announced a non-renounceable priority offer of one (1) new Option for every two (2) Listed Options held registered at the Record Date at an issue price of \$0.005 per Option (**Options Rights Issue**). Based on the number of listed options on issue as at the date of the offer a maximum of 19,944,668 Options may be issued pursuant to the Offer to raise approximately \$99,723.34.

The new options are exercisable at \$0.075 per option on or before 12 December 2014. On 15 January the Options Rights Issue closed having received valid applications for 1,102,377 options.

During the Period the following classes of options lapsed unexercised:

Options	Exercise Price	Expiration Date
4,500,000	\$0.075	12/10/2012
39,889,336	\$0.10	21/12/2012
5,000,000	\$0.12	29/4/2013

In addition, on 26 June 2013 the following classes of Performance Shares lapsed having not met their various performance milestones within the timeframe approved by shareholders on 19 March 2010.

- 5 million Performance Class B shares.
- 15 million Performance Class C shares.
- 7.5 million Performance Class D shares.
- 7.5 million Performance Class E shares.

### Cost Saving Measures

During the year, further cost cuts were made to the Company's capital costs including closing the Company's CBD office in Perth and further tightening of administrative overheads, including replacing directors fees with shares and reducing executive salaries. Some non-essential costs have also been reduced in Korea.

#### 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.

# Appendices

## Stonehenge Tenement Details

Appendix 1: Korean Tenement Schedule (held directly by Stonehenge Metals Korea)

Tenement Name	ID	Registration No.	Registration Date	Area (ha)	Mineral
<b>Gwesan</b>	115	76942	15/05/2008	275	Uranium
	125	76941	15/05/2008	275	Uranium
	114	76967	29/05/2008	275	Uranium
	117	76965	29/05/2008	275	Uranium
	118	76966	29/05/2008	275	Uranium
	124	76964	29/05/2008	275	Uranium
	126	76968	29/05/2008	275	Uranium
	128	76969	29/05/2008	275	Uranium
	137	79161	12/01/2011	275	Uranium, Vanadium
	<b>Miwon</b>	36	77018	12/06/2008	276
46		77019	12/06/2008	276	Uranium
58		77020	12/06/2008	276	Uranium
37		77225	22/08/2008	276	Uranium
47		77291	24/09/2008	276	Uranium
57		77292	24/09/2008	276	Uranium
<b>Daejon</b>		18	77011	11/06/2008	277
	28	77012	11/06/2008	259	Uranium
	38	77013	11/06/2008	277	Uranium
	48	77014	11/06/2008	277	Uranium
	<b>Okcheon</b>	136	77010	11/06/2008	138
147		77038	20/06/2008	277	Uranium
<b>Daejon</b>	17	77039	20/06/2008	103	Uranium
	7	77114	04/07/2008	190	Uranium
	27	77115	04/07/2008	56	Uranium
	47	77363	17/10/2008	242	Uranium
	57	77364	17/10/2008	186	Uranium
<b>Daejon</b>	59	200204	18-12-2012	228	Uranium, Vanadium Molybdenum

Assay Results from Drill Holes at Daejon:

Appendix 2 – Assay Results from Drill Hole CHUDD0001

Hole ID	From	To	Sample_ID	U <sub>3</sub> O <sub>8</sub> ppm from assay	V <sub>2</sub> O <sub>5</sub> ppm from assay
<b>CHUDD0001</b>	263	264	180006	23.58	3,570
	264	265	180007	41.04	6,605
	265	266	180008	153.30	5,284
	266	267	180009	179.83	680
	267	268	180011	183.96	1,039
	268	269	180012	211.08	3,017
	269	270	180013	217.56	996
	270	271	180014	194.57	639
	271	272	180015	425.69	3,463
	272	273	180016	575.45	3,838
	273	274	180017	231.71	2,392
	274	275	180018	199.87	632
	275	276	180019	196.34	350
	276	277	180021	180.42	336
	277	278	180022	156.83	325
	278	279	180023	201.05	334
	279	280	180024	163.91	309
	280	281	180025	169.22	325
	281	282	180026	152.71	266
	282	283	180027	188.08	334
	283	284	180028	206.95	320
	284	285	180029	176.88	325
	285	286	180031	186.31	320
	286	287	180032	174.52	311
	287	288	180033	156.24	289
	288	289	180034	216.38	330
	289	290	180035	197.52	357
	290	291	180036	245.27	396
	291	292	180037	240.56	391
	292	293	180038	205.18	348
	293	294	180039	189.26	427
	294	295	180041	202.82	409
	295	296	180042	206.95	380
	296	297	180043	158.60	307



Appendix 2 – Assay Results from Drill Hole CHUDD0001 continued

Hole ID	From	To	Sample_ID	U <sub>3</sub> O <sub>8</sub> ppm from assay	V <sub>2</sub> O <sub>5</sub> ppm from assay
CHUDD0001	297	298	180044	166.86	343
	298	299	180045	172.16	316
	299	300	180046	197.52	359
	300	301	180047	178.06	809
	301	302	180048	185.13	1,073
	302	303	180049	136.20	5,266
	303	304	180051	252.35	1,351
	304	305	180052	170.39	923
	305	306	180053	191.03	1,069
	306	307	180054	170.98	2,035
	308	309	180056	171.57	2,499
	310	311	180058	188.08	1,344
	311	312	180059	159.19	1,764
	312	313	180061	158.60	1,760
	313	314	180062	208.72	536
	314	315	180063	185.72	2,178
	315	316	180064	195.16	1,317
	316	317	180065	179.24	677
	317	318	180066	185.72	346
	318	319	180067	213.44	1,112
	319	320	180068	351.40	2,749
	320	321	180069	184.54	914
	321	322	180071	417.44	5,302
	322	323	180072	666.25	4,624
	323	324	180073	466.96	3,749
	324	325	180074	608.47	1,309
	325	326	180075	208.72	3,606
	326	327	180076	79.60	1,751
	327	328	180077	130.30	1,235
	328	329	180078	69.93	1,405
	329	330	180079	40.45	1,326
	330	331	180081	30.54	959
	331	332	180082	41.27	1,219
	332	333	180083	97.05	1,357
	333	334	180084	281.83	3,356
	334	335	180085	155.65	10,372
	335	336	180086	44.46	1,528
	336	337	180087	114.62	1,200
	337	338	180088	37.14	1,751
	338	339	180089	nsr	Nsr
	339	340	180091	nsr	Nsr
	340	341	180092	nsr	Nsr

Drill Collar Information:

Drill hole CHUDD0001 had the following drill collar metrics.

BHID	N	E	RL	DEPTH	AZI	DIP
CHUDD0001	4008895.11	362141.764	397.95	341.5	156	-21

Appendix 3 – Assay Results from Drill Hole CHUDD0002

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0002	304	305	2.64	3	163	291
	305	306	13.8	16	606	1,082
	306	307	79.9	94	5,680	10,140
	307	308	144	170	9,920	17,709
	308	309	66.4	78	8,470	15,121
	309	310	66.2	78	9,100	16,245
	310	311	118.5	140	8,810	15,728
	311	312	132.5	156	3,080	5,498
	312	313	122.5	144	1,240	2,214
	313	314	131	154	2,390	4,267
	314	315	178.5	210	3,410	6,088
	315	316	152	179	2,670	4,766
	316	317	177	209	3,020	5,391
	317	318	206	243	3,280	5,855
	318	319	175	206	3,420	6,105
	319	320	190.5	225	3,070	5,481
	320	321	156	184	2,310	4,124
	321	322	156.5	185	647	1,155
	322	323	153.5	181	705	1,259
	323	324	110.5	130	2,390	4,267
	324	325	115.5	136	3,070	5,481
	325	326	169.5	200	1,840	3,285
	326	327	136	160	1,130	2,017
	327	328	130	153	509	909
	328	329	144.5	170	1,140	2,035
	329	330	103.5	122	922	1,646
	330	331	147.5	174	733	1,309
	331	332	156	184	533	952
	332	333	173	204	535	955
	333	334	172.5	203	1,040	1,857
	334	335	144.5	170	1,210	2,160
	335	336	102	120	2,410	4,302
	336	337	65.7	77	1,460	2,606
	337	338	64.2	76	2,390	4,267

Appendix 3 – Assay Results from Drill Hole CHUDD0002 continued

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0002	338	339	165.5	195	5,020	8,962
	339	340	176.5	208	3,750	6,695
	340	341	179.5	212	240	428
	341	342	135.5	160	1,860	3,320
	342	343	114	134	1,200	2,142
	343	344	83.4	98	358	639
	344	345	67.2	79	937	1,673
	345	346	37.6	44	736	1,314
	346	347	28.8	34	731	1,305
	347	348	28.9	34	518	925
	348	349	23	27	567	1,012
	349	350	19.4	23	523	934
	350	351	21.5	25	465	830
	351	352	21	25	403	719
	352	353	29.6	35	574	1,025
	353	354	23.7	28	553	987
	354	355	24	28	593	1,059
	355	356	29.2	34	582	1,039
	356	357	59.4	70	686	1,225
	357	358	87.9	104	645	1,151
	358	359	400	472	1,390	2,481
	359	360	293	346	926	1,653
	360	361	146.5	173	576	1,028
	361	362	148	175	609	1,087
	362	363	224	264	1,660	2,963
	363	364	480	566	1,680	2,999
	364	365	339	400	705	1,259
	365	366	292	344	707	1,262
	366	367	241	284	491	877
	367	368	116	137	1,430	2,553
	368	369	103	121	1,210	2,160
	369	370	174	205	1,310	2,339
	370	371	76.9	91	196	350
	371	372	76.3	90	940	1,678
	372	373	48.6	57	942	1,682
	373	374	38.7	46	719	1,284
	374	375	26.4	31	527	941
	375	376	26.2	31	604	1,078
	376	377	29.2	34	538	960
	377	378	24.9	29	606	1,082
	378	379	40.9	48	973	1,737
	379	380	61.9	73	1,350	2,410
	380	381	48.3	57	521	930

Appendix 3 – Assay Results from Drill Hole CHUDD0002 continued

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0002	381	382	63.3	75	1,290	2,303
	382	383	32.6	38	866	1,546
	383	384	29.1	34	799	1,426
	384	385	25.4	30	597	1,066
	385	386	33	39	721	1,287
	386	387	37.9	45	1,200	2,142
	387	388	26.2	31	847	1,512
	388	389	24.3	29	891	1,591
	389	390	34.4	41	1,230	2,196
	390	391	52.6	62	1,260	2,249
	391	392	46.3	55	1,110	1,982
	392	393	36.3	43	838	1,496
	393	394	35.6	42	625	1,116
	394	395	44.4	52	507	905
	395	396	31.2	37	597	1,066
	396	397	22.3	26	177	316
	397	398	25.3	30	238	425
	398	399	13.35	16	145	259
	399	400	6.67	8	90	161
	400	401	11.1	13	131	234
	401	402	10.05	12	115	205
	402	403	12.65	15	123	220
	403	404	18.45	22	138	246
	404	405	17.25	20	136	243

**Drill Collar Information:**

Drill hole CHUDD0002 had the following drill collar metrics.

Hole ID	Northing	Easting	RL	DEPTH (m)	AZI	DIP
CHUDD0002	4008897.4580	362150.5127	402.082	407	138	-21



Appendix 4 – Assay Results from Drill Hole CHUDD0003

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0003	267	268	3.48	4	163	291
	268	269	153	180	746	1,332
	269	270	175	206	197	352
	270	271	187	221	277	495
	271	272	165	195	1,330	2,374
	272	273	139.5	164	1,360	2,428
	273	274	121.5	143	1,710	3,053
	274	275	153	180	3,330	5,945
	275	276	160.5	189	2,180	3,892
	276	277	162.5	192	1,950	3,481
	277	278	146.5	173	857	1,530
	278	279	127.5	150	1,340	2,392
	279	280	94	111	2,440	4,356
	280	281	101.5	120	5,350	9,551
	281	282	83.6	99	5,360	9,569
	282	283	80	94	8,480	15,138
	283	284	147	173	3,560	6,355
	284	285	108.5	128	710	1,267
	285	286	92.9	110	1,190	2,124
	286	287	78.8	93	2,040	3,642
	287	288	66.3	78	2,540	4,534
	288	289	98.4	116	2,160	3,856
	289	290	106.5	126	2,730	4,874
	290	291	272	321	2,970	5,302
	291	292	239	282	3,260	5,820
	292	293	202	238	1,040	1,857
	293	294	202	238	1,290	2,303
	294	295	171	202	1,200	2,142
	295	296	195	230	872	1,557
	296	297	126	149	219	391
	297	298	192.5	227	288	514
	298	299	239	282	314	561
	299	300	162	191	270	482
	300	301	100.5	119	230	411
	301	302	168.5	199	252	450
	302	303	169.5	200	662	1,182
	303	304	165	195	724	1,292
	304	305	156.5	185	1,280	2,285
	305	306	167.5	198	1,200	2,142
	306	307	172.5	203	297	530
	307	308	144.5	170	545	973
	308	309	137.5	162	1,550	2,767
	309	310	151	178	4,750	8,480

Appendix 4 – Assay Results from Drill Hole CHUDD0003 continued

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0003	310	311	191	225	266	475
	311	312	154.5	182	229	409
	312	313	151	178	286	511
	313	314	144	170	224	400
	314	315	164.5	194	203	362
	315	316	229	270	679	1,212
	316	317	146	172	312	557
	317	318	233	275	1,260	2,249
	318	319	120	142	1,020	1,821
	319	320	107.5	127	555	991
	320	321	35.4	42	766	1,367
	321	322	20.8	25	529	944
	322	323	20.9	25	454	810
	323	324	29.7	35	610	1,089
	324	325	53.3	63	562	1,003
	325	326	35.2	42	433	773
	326	327	114	134	749	1,337
	327	328	35.2	42	722	1,289
	328	329	27.2	32	606	1,082
	329	330	33.2	39	856	1,528

**Drill Collar Information:**

Drill hole CHUDD0003 had the following drill collar metrics.

Hole ID	Northing	Easting	RL	DEPTH (m)	AZI	DIP
CHUDD0003	4008896.9960	362149.9605	402.5207	337.14	154	-12

Appendix 5 – Assay Results from Drill Hole CHUDD0004

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0004	270	271	2.36	3	142	253
	271	272	2.38	3	147	262
	272	273	2.54	3	154	275
	273	274	2.72	3	155	277
	274	275	21.9	26	1,170	2,089
	275	276	2.63	3	171	305
	276	277	2.67	3	160	286
	277	278	2.57	3	155	277
	278	279	3.74	4	179	320
	279	280	17.8	21	344	614
	280	281	40.3	48	779	1,391
	281	282	3.18	4	178	318
	282	283	96.9	114	1,420	2,535
	283	284	137	162	2,360	4,213
	284	285	219	258	2,330	4,160
	285	286	117.5	139	408	728
	286	287	183	216	231	412
	287	288	154	182	232	414
	288	289	141.5	167	732	1,307
	289	290	169	199	992	1,771
	290	291	158.5	187	1,190	2,124
	291	292	143	169	1,410	2,517
	292	293	130.5	154	1,340	2,392
	293	294	194	229	3,440	6,141
	294	295	131	154	3,590	6,409
	295	296	77.7	92	1,840	3,285
	296	297	44.9	53	1,890	3,374
	297	298	87.9	104	1,310	2,339
	298	299	216	255	2,770	4,945
	299	300	189	223	5,840	10,426
	300	301	425	501	3,620	6,462
	301	302	311	367	4,600	8,212
	302	303	201	237	660 ,1	178
	303	304	176.5	208	205	366
	304	305	159.5	188	223	398
	305	306	126.5	149	2,220	3,963
	306	307	231	272	4,020	7,177

Appendix 5 – Assay Results from Drill Hole CHUDD0004 continued

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0004	307	308	225	265	3,710	6,623
	308	309	175	206	247	441
	309	310	165	195	226	403
	310	311	157.5	186	226	403
	311	312	154.5	182	232	414
	312	313	160.5	189	1,010	1,803
	313	314	167.5	198	367	655
	314	315	133	157	308	550
	315	316	112.5	133	271	484
	316	317	176.5	208	636	1,135
	317	318	161.5	190	1,620	2,892
	318	319	144	170	1,570	2,803
	319	320	155.5	183	846	1,510
	320	321	147	173	743	1,326
	321	322	130.5	154	820	1,464
	322	323	157	185	269	480
	323	324	160	189	287	512
	324	325	132.5	156	296	528
	325	326	216	255	311	555
	326	327	184	217	428	764
	327	328	169.5	200	1,250	2,232
	328	329	140.5	166	755	1,348
	329	330	148	175	302	539
	330	331	162.5	192	210	375
	331	332	143.5	169	195	348
	332	333	165.5	195	219	391
	333	334	169	199	216	386
	334	335	171	202	206	368
	335	336	209	246	950	1,696
	336	337	176.5	208	602	1,075
	337	338	154.5	182	1,010	1,803
	338	339	135.5	160	1,060	1,892
	339	340	153.5	181	426	760
	340	341	180.5	213	406	725
	341	342	220	259	453	809
	342	343	178.5	210	569	1,016
	343	344	167	197	210	375



Appendix 5 – Assay Results from Drill Hole CHUDD0004 continued

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0004	344	345	155	183	240	428
	345	346	160	189	782	1,396
	346	347	139.5	164	425	759
	347	348	79.8	94	1,030	1,839
	348	349	55.8	66	1,440	2,571
	349	350	99.2	117	702	1,253
	350	351	31.6	37	770	1,375
	351	352	37.2	44	1,020	1,821
	352	353	33.3	39	572	1,021
	353	354	19.5	23	186	332
	354	355	15.45	18	148	264
	355	356	9.73	11	251	448
	356	357	1.01	1	200	357
	357	358	16.75	20	433	773
	358	359	42.2	50	626	1,118
	359	360	39.1	46	590	1,053
	360	361	26.4	31	434	775
	361	362	20.5	24	268	478
	362	363	19.3	23	146	261
	363	364	6.98	8	110	196
	364	365	9.96	12	124	221
	365	366	11.5	14	180	321

**Drill Collar Information:**

Drill hole CHUDD0004 had the following drill collar metrics.

Hole ID	Northing	Easting	RL	DEPTH (m)	AZI	DIP
CHUDD0004	4008895.4390	362140.5296	401.9969	370.63	174	-21

Appendix 6 – Assay Results from Drill Hole CHUDD0005

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0005	235	236	3.02	4	148	264
	236	237	5.02	6	353	630
	237	238	11.05	13	966	1,725
	238	239	35.8	42	2,640	4,713
	239	240	17.5	21	843	1,505
	240	241	35.5	42	363	648
	241	242	100	118	1,510	2,696
	242	243	88.2	104	2,130	3,802
	243	244	164.5	194	2,260	4,035
	244	245	205	242	253	452
	245	246	162	191	245	437
	246	247	130.5	154	5,480	9,783
	247	248	184	217	3,300	5,891
	248	249	346	408	4,080	7,284
	249	250	352	415	4,820	8,605
	250	251	135	159	3,470	6,195
	251	252	353	416	1,500	2,678
	252	253	447	527	2,160	3,856
	253	254	437	515	3,040	5,427
	254	255	549	647	3,320	5,927
	255	256	394	465	4,110	7,337
	256	257	388	458	3,350	5,980
	257	258	151.5	179	656	1,171
	258	259	244	288	1,530	2,731
	259	260	180	212	179	320
	260	261	146	172	197	352
	261	262	178.5	210	162	289
	262	263	176.5	208	197	352
	263	264	176.5	208	202	361
	264	265	173.5	205	207	370
	265	266	160.5	189	168	300
	266	267	142	167	169	302
	267	268	155	183	392	700
	268	269	167.5	198	275	491
	269	270	175.5	207	198	353
	270	271	150.5	177	190	339
	271	272	163	192	203	362
	272	273	151.5	179	625	1,116
	273	274	174.5	206	1,240	2,214
	274	275	156	184	543	969
	275	276	156.5	185	178	318
	276	277	167	197	221	395
	277	278	138.5	163	671	1,198

Appendix 6 – Assay Results from Drill Hole CHUDD0005 continued

Hole ID	From (m)	To (m)	U Assay (ppm)	U <sub>3</sub> O <sub>8</sub> (ppm)	V Assay (ppm)	V <sub>2</sub> O <sub>5</sub> (ppm)
CHUDD0005	278	279	152	179	877	1,566
	279	280	281	331	1,180	2,107
	280	281	300	354	4,180	7,462
	281	282	347	409	3,290	5,873
	282	283	416	491	3,070	5,481
	283	284	414	488	2,450	4,374
	284	285	332	391	2,910	5,195
	285	286	274	323	2,120	3,785
	286	287	176.5	208	513	916
	287	288	157.5	186	1,010	1,803
	288	289	155	183	550	982
	289	290	182	215	716	1,278
	290	291	77.8	92	669	1,194
	291	292	28.7	34	721	1,287
	292	293	23.2	27	501	894
	293	294	39.7	47	962	1,717
	294	295	34.9	41	1,030	1,839
	295	296	28.8	34	914	1,632
	296	297	27.8	33	878	1,567

**Drill Collar Information:**

Drill hole CHUDD0005 had the following drill collar metrics.

Hole ID	Northing	Easting	RL	DEPTH (m)	AZI	DIP
CHUDD0005	4008898.3870	362141.7673	401.6787	303	159	-38



**Appendix 7**

**Tenement Dae-18 Trenching Results**

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0001	185001	362690	4008903	0	1	OR_TRENCH	ORIGINAL	2.98	169
CHUT0001	185002	362690	4008902	1	2	OR_TRENCH	ORIGINAL	2.81	165
CHUT0001	185003	362690	4008902	2	3	OR_TRENCH	ORIGINAL	2.82	170
CHUT0001	185004	362690	4008901	3	4	OR_TRENCH	ORIGINAL	2.84	174
CHUT0001	185005	362690	4008900	4	5	OR_TRENCH	ORIGINAL	2.8	163
CHUT0001	185006	362690	4008899	5	6	OR_TRENCH	ORIGINAL	2.81	165
CHUT0001	185007	362690	4008899	6	7	OR_TRENCH	ORIGINAL	2.83	164
CHUT0001	185008	362689	4008898	7	8	OR_TRENCH	ORIGINAL	2.69	158
CHUT0001	185009	362689	4008897	8	9	OR_TRENCH	ORIGINAL	2.92	149
CHUT0001	185010					STANDARD (CRM1)	QAQC	136	3020
CHUT0001	185011	362689	4008896	9	10	OR_TRENCH	ORIGINAL	2.98	148
CHUT0001	185012	362689	4008895	10	11	OR_TRENCH	ORIGINAL	2.78	141
CHUT0001	185013	362689	4008895	11	12	OR_TRENCH	ORIGINAL	3.5	182
CHUT0001	185014	362689	4008894	12	13	OR_TRENCH	ORIGINAL	2.72	159
CHUT0001	185015	362689	4008893	13	14	OR_TRENCH	ORIGINAL	3.01	158
CHUT0001	185016	362689	4008892	14	15	OR_TRENCH	ORIGINAL	2.83	154
CHUT0001	185017	362689	4008892	15	16	OR_TRENCH	ORIGINAL	2.81	159
CHUT0001	185018	362689	4008891	16	17	OR_TRENCH	ORIGINAL	2.85	165
CHUT0001	185019	362688	4008890	17	18	OR_TRENCH	ORIGINAL	2.73	170
CHUT0001	185020	362688	4008889	17	18	DU_TRENCH	FIELD_DUP	2.88	173
CHUT0001	185021	362688	4008888	18	19	OR_TRENCH	ORIGINAL	2.92	170
CHUT0001	185022	362688	4008888	19	20	OR_TRENCH	ORIGINAL	2.5	126
CHUT0001	185023	362688	4008887	20	21	OR_TRENCH	ORIGINAL	2.59	152
CHUT0001	185024	362688	4008886	21	22	OR_TRENCH	ORIGINAL	3.42	182
CHUT0001	185025	362688	4008885	22	23	OR_TRENCH	ORIGINAL	5.77	401
CHUT0001	185026	362688	4008885	23	24	OR_TRENCH	ORIGINAL	12.95	4020
CHUT0001	185027	362688	4008884	24	25	OR_TRENCH	ORIGINAL	34.4	1320
CHUT0001	185028	362688	4008883	25	26	OR_TRENCH	ORIGINAL	14.1	1420
CHUT0001	185029	362688	4008883	26	27	OR_TRENCH	ORIGINAL	26.1	576
CHUT0001	185030					STANDARD (CRM2)	QAQC	326	8040
CHUT0001	185031	362687	4008882	27	28	OR_TRENCH	ORIGINAL	14.25	290
CHUT0001	185032	362687	4008881	28	29	OR_TRENCH	ORIGINAL	9.17	194

Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0001	185033	362687	4008880	29	30	OR_TRENCH	ORIGINAL	14.4	183
CHUT0001	185034	362687	4008879	30	31	OR_TRENCH	ORIGINAL	5.52	174
CHUT0001	185035	362687	4008879	31	32	OR_TRENCH	ORIGINAL	10.15	227
CHUT0001	185036	362687	4008878	32	33	OR_TRENCH	ORIGINAL	5.91	212
CHUT0001	185037	362687	4008877	33	34	OR_TRENCH	ORIGINAL	3.79	204
CHUT0001	185038	362687	4008877	34	35	OR_TRENCH	ORIGINAL	3.75	193
CHUT0001	185039	362687	4008876	35	36	OR_TRENCH	ORIGINAL	3.2	269
CHUT0001	185040	362687	4008875	35	36	DU_TRENCH	FIELD_DUP	2.84	314
CHUT0001	185041	362687	4008874	36	37	OR_TRENCH	ORIGINAL	54.8	4620
CHUT0001	185042	362687	4008874	37	38	OR_TRENCH	ORIGINAL	46.4	1450
CHUT0001	185043	362686	4008873	38	39	OR_TRENCH	ORIGINAL	46.2	3430
CHUT0001	185044	362686	4008872	39	40	OR_TRENCH	ORIGINAL	72.8	5730
CHUT0001	185045	362686	4008871	40	41	OR_TRENCH	ORIGINAL	138	3110
CHUT0001	185046	362686	4008871	41	42	OR_TRENCH	ORIGINAL	125	1440
CHUT0001	185047	362686	4008870	42	43	OR_TRENCH	ORIGINAL	371	1850
CHUT0001	185048	362686	4008869	43	44	OR_TRENCH	ORIGINAL	155.5	2730
CHUT0001	185049	362686	4008868	44	45	OR_TRENCH	ORIGINAL	128.5	2190
CHUT0001	185050					STANDARD (CRM3)	QAQC	676	1950
CHUT0001	185051	362686	4008868	45	46	OR_TRENCH	ORIGINAL	71.2	3080
CHUT0001	185052	362686	4008867	46	47	OR_TRENCH	ORIGINAL	149.5	3170
CHUT0001	185053	362686	4008866	47	48	OR_TRENCH	ORIGINAL	112	5510
CHUT0001	185054	362686	4008865	48	49	OR_TRENCH	ORIGINAL	122	4060
CHUT0001	185055	362686	4008865	49	50	OR_TRENCH	ORIGINAL	105	7800
CHUT0001	185056	362685	4008864	50	51	OR_TRENCH	ORIGINAL	279	4690
CHUT0001	185057	362685	4008863	51	52	OR_TRENCH	ORIGINAL	170.5	1730
CHUT0001	185058	362685	4008862	52	53	OR_TRENCH	ORIGINAL	198.5	2400
CHUT0001	185059	362685	4008862	53	54	OR_TRENCH	ORIGINAL	176.5	6510
CHUT0001	185060	362685	4008861	53	54	DU_TRENCH	FIELD_DUP	219	6500
CHUT0001	185061	362685	4008860	54	55	OR_TRENCH	ORIGINAL	162	5210
CHUT0001	185062	362685	4008860	55	56	OR_TRENCH	ORIGINAL	132.5	5750
CHUT0001	185063	362685	4008859	56	57	OR_TRENCH	ORIGINAL	186	3070
CHUT0001	185064	362685	4008858	57	58	OR_TRENCH	ORIGINAL	412	2960



Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0001	185065	362685	4008857	58	59	OR_TRENCH	ORIGINAL	180.5	2330
CHUT0001	185066	362684	4008857	59	60	OR_TRENCH	ORIGINAL	138	2270
CHUT0001	185067	362684	4008856	60	61	OR_TRENCH	ORIGINAL	174.5	1330
CHUT0001	185068	362684	4008855	61	62	OR_TRENCH	ORIGINAL	192.5	936
CHUT0001	185069	362684	4008855	62	63	OR_TRENCH	ORIGINAL	146.5	1460
CHUT0001	185070					STANDARD (CRM1)	QAQC	146	3560
CHUT0001	185071	362684	4008854	63	64	OR_TRENCH	ORIGINAL	55.1	806
CHUT0001	185072	362684	4008853	64	65	OR_TRENCH	ORIGINAL	41.7	1220
CHUT0001	185073	362684	4008853	65	66	OR_TRENCH	ORIGINAL	52.6	769
CHUT0001	185074	362684	4008852	66	67	OR_TRENCH	ORIGINAL	50.1	691
CHUT0001	185075	362684	4008851	67	68	OR_TRENCH	ORIGINAL	29.5	622
CHUT0001	185076	362684	4008851	68	69	OR_TRENCH	ORIGINAL	40	657
CHUT0001	185077	362684	4008850	69	70	OR_TRENCH	ORIGINAL	49.6	883
CHUT0001	185078	362684	4008849	70	71	OR_TRENCH	ORIGINAL	49.8	1540
CHUT0001	185079	362684	4008849	71	72	OR_TRENCH	ORIGINAL	37.3	1380
CHUT0001	185080	362683	4008848	71	72	DU_TRENCH	FIELD_DUP	42.5	1280
CHUT0001	185081	362683	4008847	72	73	OR_TRENCH	ORIGINAL	46.4	1230
CHUT0001	185082	362683	4008846	73	74	OR_TRENCH	ORIGINAL	28.1	1160
CHUT0001	185083	362683	4008846	74	75	OR_TRENCH	ORIGINAL	27.4	1190
CHUT0001	185084	362683	4008845	75	76	OR_TRENCH	ORIGINAL	22.1	1240
CHUT0001	185085	362683	4008844	76	77	OR_TRENCH	ORIGINAL	20.1	876
CHUT0001	185086	362683	4008843	77	78	OR_TRENCH	ORIGINAL	26.8	887
CHUT0001	185087	362683	4008842	78	79	OR_TRENCH	ORIGINAL	26.1	799
CHUT0001	185088	362683	4008842	79	80	OR_TRENCH	ORIGINAL	25.4	783
CHUT0001	185089	362683	4008841	80	81	OR_TRENCH	ORIGINAL	22.1	727
CHUT0001	185090					STANDARD (CRM2)	QAQC	359	8610
CHUT0001	185091	362683	4008840	81	82	OR_TRENCH	ORIGINAL	26.7	770
CHUT0001	185092	362682	4008840	82	83	OR_TRENCH	ORIGINAL	25.8	755
CHUT0001	185093	362682	4008839	83	84	OR_TRENCH	ORIGINAL	25.7	709
CHUT0001	185094	362682	4008838	84	85	OR_TRENCH	ORIGINAL	25.9	742
CHUT0001	185095	362682	4008837	85	86	OR_TRENCH	ORIGINAL	22.6	697
CHUT0001	185096	362682	4008836	86	87	OR_TRENCH	ORIGINAL	19.6	703

Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0001	185097	362682	4008835	87	88	OR_TRENCH	ORIGINAL	20.1	688
CHUT0001	185098	362682	4008834	88	89	OR_TRENCH	ORIGINAL	20.7	720
CHUT0001	185099	362682	4008833	89	90	OR_TRENCH	ORIGINAL	21.4	747
CHUT0001	185100	362682	4008832	89	90	DU_TRENCH	FIELD_DUP	21.6	750
CHUT0001	185101	362682	4008831	90	91	OR_TRENCH	ORIGINAL	19.05	707
CHUT0001	185102	362681	4008830	91	92	OR_TRENCH	ORIGINAL	17.75	727
CHUT0001	185103	362681	4008829	92	93	OR_TRENCH	ORIGINAL	19.6	688
CHUT0001	185104	362681	4008828	93	94	OR_TRENCH	ORIGINAL	18.3	694
CHUT0001	185105	362681	4008827	94	95	OR_TRENCH	ORIGINAL	15.45	703
CHUT0001	185106	362681	4008826	95	96	OR_TRENCH	ORIGINAL	20.3	861
CHUT0001	185107	362681	4008826	96	97	OR_TRENCH	ORIGINAL	19.85	858
CHUT0002	185108	362609	4008845	0	1	OR_TRENCH	ORIGINAL	5.49	414
CHUT0002	185109	362609	4008844	1	2	OR_TRENCH	ORIGINAL	17.15	271
CHUT0002	185110	362610	4008844	2	3	OR_TRENCH	ORIGINAL	15.4	249
CHUT0002	185111	362610	4008843	3	4	OR_TRENCH	ORIGINAL	14.8	576
CHUT0002	185112	362611	4008842	4	5	OR_TRENCH	ORIGINAL	5.6	385
CHUT0002	185113	362611	4008842	5	6	OR_TRENCH	ORIGINAL	26.5	1500
CHUT0002	185114	362611	4008841	6	7	OR_TRENCH	ORIGINAL	36.8	1670
CHUT0002	185115	362612	4008840	7	8	OR_TRENCH	ORIGINAL	105.5	7600
CHUT0002	185116	362612	4008840	8	9	OR_TRENCH	ORIGINAL	70.8	4250
CHUT0002	185117					STANDARD (CRM3)	QAQC	691	1930
CHUT0002	185118	362612	4008839	9	10	OR_TRENCH	ORIGINAL	142	373
CHUT0002	185119	362613	4008838	10	11	OR_TRENCH	ORIGINAL	188	960
CHUT0002	185120	362613	4008838	11	12	OR_TRENCH	ORIGINAL	148	2140
CHUT0002	185121	362614	4008837	12	13	OR_TRENCH	ORIGINAL	101	1400
CHUT0002	185122	362614	4008836	13	14	OR_TRENCH	ORIGINAL	129	1530
CHUT0002	185123	362614	4008836	14	15	OR_TRENCH	ORIGINAL	123	2550
CHUT0002	185124	362615	4008835	15	16	OR_TRENCH	ORIGINAL	89	2260
CHUT0002	185125	362615	4008834	16	17	OR_TRENCH	ORIGINAL	97.5	7180
CHUT0002	185126	362616	4008833	17	18	OR_TRENCH	ORIGINAL	128	3200
CHUT0002	185127	362616	4008833	17	18	DU_TRENCH	FIELD_DUP	116.5	3310
CHUT0002	185128	362616	4008832	18	19	OR_TRENCH	ORIGINAL	131	1900



Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0002	185129	362617	4008831	19	20	OR_TRENCH	ORIGINAL	194	2440
CHUT0002	185130	362617	4008830	20	21	OR_TRENCH	ORIGINAL	161.5	2280
CHUT0002	185131	362618	4008829	21	22	OR_TRENCH	ORIGINAL	149	1620
CHUT0002	185132	362618	4008829	22	23	OR_TRENCH	ORIGINAL	331	1760
CHUT0002	185133	362619	4008828	23	24	OR_TRENCH	ORIGINAL	238	3500
CHUT0002	185134	362619	4008827	24	25	OR_TRENCH	ORIGINAL	124	1480
CHUT0002	185135	362620	4008826	25	26	OR_TRENCH	ORIGINAL	121.5	1420
CHUT0002	185136	362620	4008825	26	27	OR_TRENCH	ORIGINAL	59.7	1760
CHUT0002	185137					STANDARD (CRM1)	QAQC	139.5	3380
CHUT0002	185138	362621	4008824	27	28	OR_TRENCH	ORIGINAL	50.8	2970
CHUT0002	185139	362622	4008823	28	29	OR_TRENCH	ORIGINAL	53.2	4400
CHUT0002	185140	362622	4008822	29	30	OR_TRENCH	ORIGINAL	49	2350
CHUT0002	185141	362623	4008821	30	31	OR_TRENCH	ORIGINAL	80.4	1850
CHUT0002	185142	362623	4008820	31	32	OR_TRENCH	ORIGINAL	98.2	5590
CHUT0002	185143	362624	4008819	32	33	OR_TRENCH	ORIGINAL	117.5	4560
CHUT0002	185144	362624	4008818	33	34	OR_TRENCH	ORIGINAL	103	6250
CHUT0002	185145	362625	4008817	34	35	OR_TRENCH	ORIGINAL	122.5	4180
CHUT0002	185146	362625	4008816	35	36	OR_TRENCH	ORIGINAL	87.9	2160
CHUT0002	185147	362626	4008815	35	36	DU_TRENCH	FIELD_DUP	88.2	2570
CHUT0002	185148	362627	4008814	36	37	OR_TRENCH	ORIGINAL	82.9	3310
CHUT0002	185149	362627	4008813	37	38	OR_TRENCH	ORIGINAL	83.8	1970
CHUT0003	185150	362568	4008812	0	1	OR_TRENCH	ORIGINAL	3.72	202
CHUT0003	185151	362568	4008811	1	2	OR_TRENCH	ORIGINAL	1.44	215
CHUT0003	185152	362569	4008810	2	3	OR_TRENCH	ORIGINAL25	1.39	224
CHUT0003	185153	362569	4008810	3	4	OR_TRENCH	ORIGINAL	20.3	1810
CHUT0003	185154	362569	4008809	4	5	OR_TRENCH	ORIGINAL	36.5	3680
CHUT0003	185155	362569	4008808	5	6	OR_TRENCH	ORIGINAL	60.3	4480
CHUT0003	185156	362570	4008808	6	7	OR_TRENCH	ORIGINAL	142	1830
CHUT0003	185157	362570	4008807	7	8	OR_TRENCH	ORIGINAL	122.5	509
CHUT0003	185158	362570	4008806	8	9	OR_TRENCH	ORIGINAL	105	380
CHUT0003	185159					STANDARD (CRM2)	QAQC	342	8010
CHUT0003	185160	362570	4008806	9	10	OR_TRENCH	ORIGINAL	157	439

Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0003	185161	362571	4008805	10	11	OR_TRENCH	ORIGINAL	110.5	261
CHUT0003	185162	362571	4008804	11	12	OR_TRENCH	ORIGINAL	125	297
CHUT0003	185163	362571	4008803	12	13	OR_TRENCH	ORIGINAL	63.6	251
CHUT0003	185164	362572	4008803	13	14	OR_TRENCH	ORIGINAL	125.5	211
CHUT0003	185165	362572	4008802	14	15	OR_TRENCH	ORIGINAL	119.5	180
CHUT0003	185166	362572	4008801	15	16	OR_TRENCH	ORIGINAL	125.5	195
CHUT0003	185167	362572	4008800	16	17	OR_TRENCH	ORIGINAL	121.5	158
CHUT0003	185168	362573	4008800	17	18	OR_TRENCH	ORIGINAL	157	255
CHUT0003	185169	362573	4008799	17	18	DU_TRENCH	FIELD_DUP	157.5	475
CHUT0003	185170	362573	4008798	18	19	OR_TRENCH	ORIGINAL	189.5	1230
CHUT0003	185171	362573	4008798	19	20	OR_TRENCH	ORIGINAL	122.5	537
CHUT0003	185172	362574	4008797	20	21	OR_TRENCH	ORIGINAL	77.6	836
CHUT0003	185173	362574	4008796	21	22	OR_TRENCH	ORIGINAL	70.9	1330
CHUT0003	185174	362574	4008796	22	23	OR_TRENCH	ORIGINAL	53.4	746
CHUT0003	185175	362574	4008795	23	24	OR_TRENCH	ORIGINAL	41.1	842
CHUT0003	185176	362575	4008794	24	25	OR_TRENCH	ORIGINAL	851	3120
CHUT0003	185177	362575	4008794	25	26	OR_TRENCH	ORIGINAL	254	1260
CHUT0003	185178	362575	4008793	26	27	OR_TRENCH	ORIGINAL	162.5	2070
CHUT0003	185179					STANDARD (CRM3)	QAQC	661	1640
CHUT0003	185180	362576	4008792	27	28	OR_TRENCH	ORIGINAL	62.1	1410
CHUT0003	185181	362576	4008791	28	29	OR_TRENCH	ORIGINAL	37.4	719
CHUT0003	185182	362576	4008790	29	30	OR_TRENCH	ORIGINAL	22.1	518
CHUT0003	185183	362576	4008790	30	31	OR_TRENCH	ORIGINAL	30.9	568
CHUT0003	185184	362577	4008789	31	32	OR_TRENCH	ORIGINAL	30.5	537
CHUT0003	185185	362577	4008788	32	33	OR_TRENCH	ORIGINAL	25.2	500
CHUT0003	185186	362577	4008787	33	34	OR_TRENCH	ORIGINAL	21.3	450
CHUT0003	185187	362578	4008787	34	35	OR_TRENCH	ORIGINAL	27.3	450
CHUT0003	185188	362578	4008786	35	36	OR_TRENCH	ORIGINAL	43.1	328
CHUT0003	185189	362578	4008785	35	36	DU_TRENCH	FIELD_DUP	35.6	397
CHUT0003	185190	362578	4008784	36	37	OR_TRENCH	ORIGINAL	15.7	430
CHUT0003	185191	362579	4008784	37	38	OR_TRENCH	ORIGINAL	26.8	589
CHUT0003	185192	362579	4008783	38	39	OR_TRENCH	ORIGINAL	25.6	541



Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0003	185193	362579	4008783	39	40	OR_TRENCH	ORIGINAL	26.7	561
CHUT0003	185194	362579	4008782	40	41	OR_TRENCH	ORIGINAL	26.7	535
CHUT0003	185195	362580	4008781	41	42	OR_TRENCH	ORIGINAL	32.1	520
CHUT0003	185196	362580	4008780	42	43	OR_TRENCH	ORIGINAL	32.2	560
CHUT0003	185197	362580	4008780	43	44	OR_TRENCH	ORIGINAL	32.6	669
CHUT0003	185198	362580	4008779	44	45	OR_TRENCH	ORIGINAL	28.6	612
CHUT0003	185199					STANDARD (CRM1)	QAQC	134	3030
CHUT0003	185200	362581	4008778	45	46	OR_TRENCH	ORIGINAL	29.7	1040
CHUT0003	185201	362581	4008777	46	47	OR_TRENCH	ORIGINAL	36.7	810
CHUT0003	185202	362581	4008777	47	48	OR_TRENCH	ORIGINAL	30.4	684
CHUT0003	185203	362582	4008776	48	49	OR_TRENCH	ORIGINAL	29.1	613
CHUT0003	185204	362582	4008775	49	50	OR_TRENCH	ORIGINAL	26.1	572
CHUT0003	185205	362582	4008774	50	51	OR_TRENCH	ORIGINAL	14.2	413
CHUT0003	185206	362582	4008774	51	52	OR_TRENCH	ORIGINAL	33.1	687
CHUT0003	185207	362583	4008773	52	53	OR_TRENCH	ORIGINAL	81.1	819
CHUT0003	185208	362583	4008772	53	54	OR_TRENCH	ORIGINAL	30.6	764
CHUT0003	185209	362583	4008771	53	54	DU_TRENCH	FIELD_DUP	24.4	577
CHUT0004	185210	362492	4008726	0	1	OR_TRENCH	ORIGINAL	89.3	619
CHUT0004	185211	362493	4008726	1	2	OR_TRENCH	ORIGINAL	79.4	286
CHUT0004	185212	362493	4008726	2	3	OR_TRENCH	ORIGINAL	140	364
CHUT0004	185213	362494	4008726	3	4	OR_TRENCH	ORIGINAL	90.1	890
CHUT0004	185214	362495	4008726	4	5	OR_TRENCH	ORIGINAL	129	1700
CHUT0004	185215	362495	4008726	5	6	OR_TRENCH	ORIGINAL	144	646
CHUT0004	185216	362496	4008726	6	7	OR_TRENCH	ORIGINAL	141	446
CHUT0004	185217	362497	4008726	7	8	OR_TRENCH	ORIGINAL	200	666
CHUT0004	185218	362497	4008726	8	9	OR_TRENCH	ORIGINAL	122.5	1780
CHUT0004	185219					STANDARD (CRM2)	QAQC	320	7650
CHUT0004	185220	362498	4008726	9	10	OR_TRENCH	ORIGINAL	90.6	1840
CHUT0004	185221	362499	4008726	10	11	OR_TRENCH	ORIGINAL	83.3	1310
CHUT0004	185222	362499	4008726	11	12	OR_TRENCH	ORIGINAL	58.1	414
CHUT0004	185223	362500	4008726	12	13	OR_TRENCH	ORIGINAL	52.9	448
CHUT0004	185224	362501	4008726	13	14	OR_TRENCH	ORIGINAL	58.9	374

Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0004	185225	362501	4008726	14	15	OR_TRENCH	ORIGINAL	44	404
CHUT0004	185226	362502	4008726	15	16	OR_TRENCH	ORIGINAL	48	393
CHUT0004	185227	362503	4008726	16	17	OR_TRENCH	ORIGINAL	33.4	269
CHUT0004	185228	362503	4008726	17	18	OR_TRENCH	ORIGINAL	44.8	624
CHUT0004	185229	362504	4008726	17	18	DU_TRENCH	FIELD_DUP	46.1	349
CHUT0004	185230	362504	4008725	18	19	OR_TRENCH	ORIGINAL	68.5	423
CHUT0004	185231	362505	4008725	19	20	OR_TRENCH	ORIGINAL	108.5	351
CHUT0004	185232	362506	4008725	20	21	OR_TRENCH	ORIGINAL	111	315
CHUT0004	185233	362506	4008725	21	22	OR_TRENCH	ORIGINAL	72.9	518
CHUT0004	185234	362507	4008725	22	23	OR_TRENCH	ORIGINAL	26.7	382
CHUT0004	185235	362508	4008725	23	24	OR_TRENCH	ORIGINAL	116.5	504
CHUT0004	185236	362508	4008725	24	25	OR_TRENCH	ORIGINAL	151.5	400
CHUT0004	185237	362509	4008725	25	26	OR_TRENCH	ORIGINAL	196.5	335
CHUT0004	185238	362510	4008725	26	27	OR_TRENCH	ORIGINAL	144	1910
CHUT0004	185239					STANDARD (CRM3)	QAQC	666	1670
CHUT0004	185240	362510	4008725	27	28	OR_TRENCH	ORIGINAL	146.5	2500
CHUT0004	185241	362511	4008725	28	29	OR_TRENCH	ORIGINAL	119	438
CHUT0004	185242	362512	4008725	29	30	OR_TRENCH	ORIGINAL	86.2	588
CHUT0004	185243	362512	4008725	30	31	OR_TRENCH	ORIGINAL	39.4	752
CHUT0004	185244	362513	4008725	31	32	OR_TRENCH	ORIGINAL	51.2	1060
CHUT0004	185245	362514	4008725	32	33	OR_TRENCH	ORIGINAL	64	1280
CHUT0004	185246	362514	4008725	33	34	OR_TRENCH	ORIGINAL	34.6	1170
CHUT0004	185247	362515	4008725	34	35	OR_TRENCH	ORIGINAL	73.1	894
CHUT0004	185248	362516	4008725	35	36	OR_TRENCH	ORIGINAL	104	329
CHUT0004	185249	362516	4008725	35	36	DU_TRENCH	FIELD_DUP	87.9	265
CHUT0004	185250	362517	4008725	36	37	OR_TRENCH	ORIGINAL	139.5	214
CHUT0004	185251	362518	4008725	37	38	OR_TRENCH	ORIGINAL	182.5	2020
CHUT0004	185252	362519	4008725	38	39	OR_TRENCH	ORIGINAL	588	2690
CHUT0004	185253	362519	4008725	39	40	OR_TRENCH	ORIGINAL	388	1510
CHUT0004	185254	362520	4008725	40	41	OR_TRENCH	ORIGINAL	291	2030
CHUT0004	185255	362521	4008725	41	42	OR_TRENCH	ORIGINAL	549	1820
CHUT0004	185256	362521	4008725	42	43	OR_TRENCH	ORIGINAL	375	1220

Appendix 7 continued

Tenement Dae-18 Trenching Results continued

TRENCH ID	SAMPLE ID	EASTING	NORTHING	FROM	TO	SAMPLE TYPE	SAMPLE SUBMITTED	Uppm	Vppm
CHUT0004	185257	362522	4008725	43	44	OR_TRENCH	ORIGINAL	325	1330
CHUT0004	185258	362523	4008724	44	45	OR_TRENCH	ORIGINAL	331	1690
CHUT0004	185259					STANDARD (CRM1)	QAQC	131	2860
CHUT0004	185260	362523	4008724	45	46	OR_TRENCH	ORIGINAL	456	1930
CHUT0004	185261	362524	4008724	46	47	OR_TRENCH	ORIGINAL	247	1060
CHUT0004	185262	362525	4008724	47	48	OR_TRENCH	ORIGINAL	98.3	933
CHUT0004	185263	362526	4008724	48	49	OR_TRENCH	ORIGINAL	242	1270
CHUT0004	185264	362526	4008724	49	50	OR_TRENCH	ORIGINAL	298	1230
CHUT0004	185265	362527	4008724	50	51	OR_TRENCH	ORIGINAL	100	382
CHUT0004	185266	362528	4008724	51	52	OR_TRENCH	ORIGINAL	60.3	1040
CHUT0004	185267	362528	4008724	52	53	OR_TRENCH	ORIGINAL	213	1560
CHUT0004	185268	362529	4008724	53	54	OR_TRENCH	ORIGINAL	225	318
CHUT0004	185269	362530	4008724	53	54	DU_TRENCH	FIELD_DUP	162.5	417
CHUT0004	185270	362530	4008724	54	55	OR_TRENCH	ORIGINAL	126	985
CHUT0004	185271	362531	4008724	55	56	OR_TRENCH	ORIGINAL	110	906



# Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Stonehenge Metals Limited and the entities it controlled at the end of, or during the financial year ended 30 June 2013.

## Directors

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

Mr Richard Henning

Mr Young Yu (Appointed 31 August 2012)

Mr Bevan Tarratt

Mr Warren Staude (Resigned 31 August 2012)

Mr Bob Cleary (Resigned 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 16 years.*

## Principal Activities

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

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

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

## Operating Results

The loss of the Group after providing for income tax amounted to \$1,630,571 (2012 loss of \$2,124,820).

## Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2013

## 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.

## Financial Position

At 30 June 2013 the Group had net assets of \$8,573,772 (2012: \$10,238,783) cash assets of \$1,266,504 (2012: \$3,800,578).

The Group had no borrowings at 30 June 2013 (2012: Nil)

# Directors' report

## 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 1 July 2013 the Company issued 1,434,722 ordinary shares each to Mr Richard Henning and Mr Young Yu in lieu of Director Fees as approved by shareholders on 18 March 2013.

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

Qualifications

Experience

Interest in Shares and Options

Directorships held in other listed entities

### Executive Chairman

B.Sc with Honors from Queens University, Belfast.

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.

12,788,889 ordinary shares in Stonehenge Metals Limited.

Mr Henning has held no other directorships of ASX listed companies in the last 3 years.

### Mr Bevan Tarratt

Qualifications

Experience

Interest in Shares and Options

Directorships held in other listed entities

### Director (Non-Executive)

BA (Bus), SDIA

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.

19,467,606 ordinary shares in Stonehenge Metals Limited.

Mr Tarratt is currently a Director Pura Vida Energy NL.

In the previous three years Mr Tarratt has been a director of ZYL Limited, Minerals Corporation Limited, Excelsior Gold Limited (formerly Atom Energy Limited), Sirocco Energy Ltd (formerly AgriEnergy Ltd) and has held no other directorships of ASX listed companies in the last 3 years.

### Mr Young Yu

Qualifications

Experience

Interest in Shares and Options

Directorships held in other listed entities

### Executive Director – Appointed 31 August 2012

B.Bus MBA CPA

Mr Yu was previously was 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.

28,101,389 ordinary shares in Stonehenge Metals Limited.

Mr Yu has held no other directorships in the last three years.

# Directors' report

## Information on Directors continued

### Mr Warren Staude

Qualifications

Experience

Interest in Shares and Options

Directorships held in other listed entities

### Non- Executive Chairman - Resigned 31 August 2012

BSc, MSc, MAusIMM, F Fin MAICD

Geologist with over 40 years of professional experience in the mining industry. Board member since 7 September 2006.

1,750,000 ordinary shares in Stonehenge Metals Limited.

Current non-executive Director of Frontier Resources Limited, and Eagle Eye Metals Ltd. In the last three years Mr Staude was a non-executive for Birimian Gold Limited (formerly Eagle Eye Metals Ltd), Aphrodite Gold Ltd, Central West Gold NL, Malachite Resources NL and Excelsior Gold Limited and has no other directorships of ASX listed companies in the past three years.

### Mr Bob Cleary

Qualifications

Experience

Interest in Shares and Options

Directorships held in other listed entities

### Non-Executive Director – Resigned 31 August 2012

B.Sc (tech) Chem. Eng.

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.

100,000 ordinary shares in Stonehenge Metals Limited.

Mr Cleary is a Non-Executive Director of Clean TeQ Limited. Previously he was a non-executive director of Crossland Uranium Ltd, Toledo Mining Corporation and Natasa Mining Ltd, and has held no other directorships in the last three years.



# Directors' report

## 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 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
	\$	\$	\$	\$	\$
Revenue from continuing operations	117,597	357,389	184,785	26,921	75,479
Net profit/(loss)	(1,935,325)	(1,967,341)	(2,575,576)	(1,820,735)	(2,852,658)
Share price	\$0.012	\$0.030	\$0.090	\$0.068	\$0.030

## 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 2012 Annual general Meeting the Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

## Remuneration Governance

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 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.

# Directors' report

## Remuneration Governance 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 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 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), chief financial officer, geological consultants and company secretary being:

Company secretary:

- Matthew Foy

Metallurgical consultant:

- Tony Chamberlain

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

# Directors' report

## B. Details of Remuneration continued

2013

Name	Short-term benefits	Post-employment benefits	Share-based Payment		Total	Options as a % of remuneration	% perf. based
	Cash Salary and Fees	Super-annuation	Equity	Options			
<b>Non-Executive Directors</b>							
Bob Cleary	5,872	528	-	-	6,400	-	-
Warren Staude	7,872	528	-	-	8,400	-	-
Bevan Tarratt	33,028	2,972	-	-	36,000	-	-
<b>Executive Directors</b>							
Richard Henning	231,250	41,250	37,500	-	310,000	-	12.0%
Young Yu	219,764	18,000	-	-	237,764	-	-
<b>Key Management Personnel</b>							
Tony Chamberlain	127,743	15,750	19,355	-	162,848	-	12.2%
Matthew Foy	22,500	-	-	-	22,500	-	-
Steven Michael	-	-	-	-	-	-	-
<b>Total</b>	<b>648,029</b>	<b>79,028</b>	<b>56,855</b>	<b>-</b>	<b>783,912</b>		

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



# Directors' report

## B. Details of Remuneration continued

Name	Short-term benefits	Post-employment benefits	Share-based Payment					
	Cash Salary and Fees	Super-annuation	Total KMP compensation	Equity	Options	Total	Options as a % of remuneration	% perf. based
<b>Non-Executive Directors</b>								
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	-	-
<b>Executive Directors</b>								
Richard Henning	275,550	24,800	300,350	39,000	-	339,350	-	11.5%
Young Yu	41,795	3,762	45,557	-	-	45,557	-	-
<b>Key Management Personnel</b>								
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%
<b>Total</b>	<b>687,589</b>	<b>52,292</b>	<b>739,881</b>	<b>69,000</b>	<b>-</b>	<b>808,881</b>		

## C. Service Agreements

### 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.

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

#### Term of Agreement – commencing 31 August 2012 for 2 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 services are reviewed annually. The service agreement stipulates a three months' notice period and no termination benefits are payable.

# Directors' report

## C. Service Agreements continued

### Richard Henning (Executive Chairman)

#### Term of Agreement – commencing 15 April 2013 for 12 months

Agreement – provision of contract services between the Group and Mr Richard Henning for a base fee of \$275,000 per year exclusive of superannuation on a total employment cost basis and is to be reviewed after 2 years. In addition, following 24 months of continued service the Executive will be issued 1,250,000 ordinary shares, subject to shareholder approval. 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;
- 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.

Directors and Key Management Personnel may be included in the company's share plan to which where agreed and approved an individual will be invited to participate in the employee share plan.

### Matthew Foy

Agreement – provision of contract services between the Group and Minerva Corporate Pty Ltd for the services of Mr Matthew Foy as Company Secretary for a fee of \$3,000 per month.

### Bob Cleary

Agreement – provision of services between the Group and Mr Bob Cleary for a standard board remuneration fee of \$3,000 per calendar month inclusive of superannuation.

### Warren Staude

There is no formal agreement for provision of board services between the Group and Mr Warren Staude for a standard board remuneration fee of \$3,000 per month inclusive of superannuation. Prior to resignation on 31 August 2012 Mr Staude served on a month to month basis and there were no termination payments payable.

### Tony Chamberlain

Agreement – Provision of contract services between the Group and Dr Tony Chamberlain to 21 December 2012 for a fee of \$200,000 per year exclusive of superannuation. In addition, 645,160 shares were issued to Dr Chamberlain as part of the Employee Share Plan.

### Steven Michael

There is no formal agreement for provision of services between the Group and Mr Steven Michael. Mr Michael is remunerated on an ad-hoc basis based on services performed.

# Directors' report

## 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:

Name	No. of shares granted during the year		No. of shares issued during the year		% Vested
	2013	2012	2013	2012	
<b>Directors of Stonehenge Metals Limited</b>					
Bevan Tarratt	-	-	-	-	-
Richard Henning	-	8,750,000	1,250,000	1,500,000	31.4%
Bob Cleary – Resigned 31 August 2012	-	-	-	-	-
Warren Staude – Resigned 31 August 2012	-	-	-	-	-
Young Yu – Appointed 31 August 2012	-	-	-	-	-

(i) 1,250,000 shares issued to Richard Henning during the year on completion of 24 months service in accordance with the Executive Service Agreement. These shares were valued at \$0.03 per share, being the share price on the date of issue.

Shares granted to employees do not carry any voting rights or rights to dividends. When vesting conditions relating to the share is met each share issued will carry the same rights as ordinary shares in the company. On meeting vesting conditions shares will be issued for nil consideration. The value ascribed to each share issued on meeting vesting conditions is determined by the trading price of the company's shares on the date of issue.

### Options

There were no options issued to Directors or employees by the Group during the year (2012: Nil).

There were no options exercised during the year. During the year the following classes of options lapsed unexercised:

- 4,500,000 unlisted options exercisable at \$0.075 on or before 12 October 2012.
- 39,889,336 listed options exercisable at \$0.10 on or before 21 December 2012.

Details of remuneration: Bonus and Share-based compensation benefits

Name	Number of options granted during the year	Share-based compensation benefits (options)			Value at lapse date
		Value of options at grant date	Number of options vested during the year	Number of options lapsed during the year	
Bevan Tarratt	-	\$36,825	-	1,500,000	Nil
Richard Henning	-	-	-	-	-
Bob Cleary – Resigned 31 August 2012	-	-	-	-	-
Warren Staude – Resigned 31 August 2012	-	\$36,825	-	1,500,000	Nil
Young Yu – Appointed 31 August 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
<i>Bevan Tarratt</i>	4	4
Richard Henning	4	4
<i>Young Yu (appointed 31 August 2012)</i>	3	3
<i>Warren Staude (resigned 31 August 2012)</i>	1	1
<i>Bob Cleary (resigned 31 August 2012)</i>	1	1

## 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
23 November 2010	23 November 2013	\$0.112	6,250,000
23 November 2010	23 November 2013	\$0.084	6,003,763
28 February 2013	12 December 2014	\$0.075	1,235,883
		<b>Total</b>	<b>13,489,646</b>

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

No options were exercised in the 2013 year (2012: 246,237 exercisable at \$0.084 were exercised).

## 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 Company is not required to report under the Energy Efficiencies Opportunity Act 2006 or the National Greenhouse and Energy Efficient Reporting Act 2007 (the Acts). The Group has not yet fully reviewed the reporting requirements under the Acts 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 \$15,675 in premiums for Directors and Officer Insurance.

# Directors' report

## Auditor's Remuneration

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

	2013 \$	2012 \$
BDO Corporate Tax (WA) Pty Ltd, a related organisation, for income tax advice	1,749	4,500
	1,749	4,500

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 2013, at Perth, Western Australia



Richard Henning  
CHAIRMAN

# Corporate Governance Statement

## For the year ended 30 June 2013

The Board of Stonehenge Metals Limited and the entities it controls, (the Group) is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that were 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 CEO and senior executives.

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

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

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

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

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

Given the Group's background, nature and size of its business and the current stage of its development, the Board is comprised of three directors, Mr Tarratt is non-executive and independent, while Mr Henning is the Executive Chairman and Mr Yu is the CEO and an Executive Director. The Board believes that this is both appropriate and acceptable.

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

The Chairman Mr Henning is not independent, however the Board considers that he is suitably skilled to perform the role.

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

The positions of Chairman and CEO are held by separate persons.



# Corporate Governance Statement

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE continued**

**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 Managing Director or Company Secretary.

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

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

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

In respect of gender diversity the Company's goal is to build upon 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.*

As at 30 June 2013 the Company has no female employee or Board member.

# Corporate Governance Statement

## **PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING** continued

**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.

**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.

# Corporate Governance Statement

## 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 CEO 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 CEO 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.

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

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

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

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

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

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

# Corporate Governance Statement

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK continued**

**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 Chairman 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.

Please refer to 8.1 in relation to the remuneration committee.

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

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

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

Refer to Recommendation 8.1 in relation to the remuneration committee.

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





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

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

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

As lead auditor of Stonehenge Metals Limited for the year ended 30 June 2013, 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, 27 September 2013

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.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
Revenue from continuing operations – interest received		93,221	92,520
Other revenue		24,376	10,177
Gain/(Loss) on sale of non-current asset		-	254,692
Depreciation expenses		(33,389)	(25,275)
Employee benefits expenses		(906,369)	(715,939)
Advertising and marketing expenses		(11,491)	(43,844)
Audit expenses		(34,006)	(44,579)
Accounting expenses		(61,521)	(82,682)
Directors expenses		(88,300)	(165,600)
Share based payments	22	(56,855)	(87,750)
Corporate and regulatory expenses		(49,470)	(78,531)
Rent expenses		(219,362)	(186,980)
Travel expenses		(136,527)	(132,183)
Other administrative expenses		(631,123)	(534,995)
Impairment of Available-for-sale assets		(60,000)	(120,000)
Foreign exchange gain (loss)		235,491	(106,372)
Loss before income tax		(1,935,325)	(1,967,341)
Income tax (expense)/benefit	4	448,942	(157,479)
Loss after income tax for the year		(1,486,383)	(2,124,820)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to the profit or loss</i>			
Exchange difference on translation of foreign operations		(77,832)	99,076
Other comprehensive income(loss) for the year, net of tax		(77,832)	99,076
Total comprehensive loss for the year attributable to the owners of Stonehenge Metals		(1,564,215)	(2,025,744)
<b>Loss per share attributable to the members of Stonehenge Metals Limited</b>			
Basic loss per share (cents per share)	5	(0.0040)	(0.0071)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	1,266,504	3,800,578
Trade and other receivables	7	455,550	273,749
<b>Total Current Assets</b>		<b>1,722,054</b>	<b>4,074,327</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	8	7,636,456	6,849,258
Property, plant and equipment	9	71,234	103,515
Other financial assets	10	20,000	80,000
<b>Total Non-Current Assets</b>		<b>7,727,690</b>	<b>7,032,773</b>
<b>TOTAL ASSETS</b>		<b>9,449,744</b>	<b>11,107,100</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	229,930	226,428
Provisions	11	30,617	26,464
<b>Total Current Liabilities</b>		<b>260,547</b>	<b>252,892</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	12	471,237	615,425
<b>Total Non-Current Liabilities</b>		<b>471,237</b>	<b>615,425</b>
<b>TOTAL LIABILITIES</b>		<b>731,789</b>	<b>868,317</b>
<b>NET ASSETS</b>		<b>8,717,960</b>	<b>10,238,783</b>
<b>EQUITY</b>			
Contributed equity	13	22,577,276	22,540,063
Reserves	14	1,916,585	1,988,238
Accumulated losses	15	(15,775,901)	(14,289,518)
<b>TOTAL EQUITY</b>		<b>8,717,960</b>	<b>10,238,783</b>

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 2013

	Contributed Equity	Accumulated Losses	Option Premium Reserve	Share Based Payments Reserve	Foreign Translation Reserve	Total Equity
	\$	\$	\$	\$		\$
<b>Balance at 1 July 2012</b>	<b>22,540,063</b>	<b>(14,289,518)</b>	<b>275,111</b>	<b>1,594,047</b>	<b>119,080</b>	<b>10,238,783</b>
Loss for the year	-	(1,486,383)	-	-	-	(1,486,383)
Exchange difference on foreign operations	-	-	-	-	(77,832)	(77,832)
Total comprehensive loss for the year	-	(1,486,383)	-	-	(77,832)	(1,564,215)
<b>Transactions with owners in their capacity as owners</b>						
Shares/options issued during the year	56,855	-	6,179	-	-	63,034
Share issue expenses	(19,642)	-	-	-	-	(19,642)
<b>Balance at 30 June 2013</b>	<b>22,577,276</b>	<b>(15,775,901)</b>	<b>281,290</b>	<b>1,594,047</b>	<b>41,248</b>	<b>8,717,960</b>
<b>Balance at 1 July 2011</b>	<b>17,937,307</b>	<b>(12,164,698)</b>	<b>275,111</b>	<b>2,303,361</b>	<b>20,004</b>	<b>8,371,085</b>
Loss for the year	-	(2,124,820)	-	-	-	(2,124,820)
Exchange difference on foreign operations	-	-	-	-	99,076	99,076
Total comprehensive loss for the year	-	(2,124,820)	-	-	99,076	(2,025,744)
<b>Transactions with owners in their capacity as owners</b>						
Shares/options issued during the year	4,106,892	-	-	-	-	4,106,891
Shares/options issued due to milestone achievement	709,313	-	-	(709,314)	-	-
Share issue expenses	(213,449)	-	-	-	-	(213,449)
<b>Balance at 30 June 2012</b>	<b>22,540,063</b>	<b>(14,289,518)</b>	<b>275,111</b>	<b>1,594,047</b>	<b>119,080</b>	<b>10,238,783</b>

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 2013

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and consultants		(1,542,116)	(1,665,233)
Interest Received		76,986	92,377
Research and development refund		304,754	-
Other payments - GST		7,527	(3,045)
<b>Net cash (outflow) from operating activities</b>	16	(1,152,849)	(1,575,901)
<b>Cash flows from investing activities</b>			
Payments for exploration, evaluation and development expenditure		(1,111,024)	(1,299,029)
Loans advanced		-	(14,748)
Proceeds from sale of property, plant and equipment	9	-	72,444
Payments for property, plant and equipment		(38,449)	(327,927)
<b>Net cash (outflow) from investing activities</b>		(1,149,473)	(1,569,260)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options net of transaction costs		(13,463)	3,811,631
<b>Net cash inflow / outflow from financing activities</b>		(13,463)	3,811,631
<b>Net increase/(decrease) in cash and cash equivalents</b>		(2,315,785)	666,470
<b>Cash and cash equivalents at the beginning of the financial year</b>		3,800,578	3,126,219
<b>Foreign exchange movement on cash and cash equivalents</b>		(218,289)	7,889
<b>Cash and cash equivalents at the end of the financial year</b>	6	1,266,504	3,800,578

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

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 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*. Stonehenge Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

#### *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. This financial information has been prepared on the same basis as the consolidated financial statements except for the policies set out in note 1(b).

#### *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.

#### *New and amended standards adopted by the group*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

### (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 2013 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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

### **(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 value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

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

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 Profit or Loss and Other 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%.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (h) Income Tax and Other Taxes

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

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

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.



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (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.

Exploration and evaluation costs accumulated and recognised as an asset in the Consolidated Statement of Financial Position 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 hold 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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

### **(k) Investments and other financial assets continued**

#### ***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. Any impairment costs are recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

### **(l) Employee Entitlements**

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

### **(m) Earnings Per Share**

#### **(i) Basic Earnings Per Share**

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

#### **(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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### **(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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income.

### **(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.

#### *Foreign Operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **(t) Dividends**

No dividends were paid or proposed during the year.

### **(u) Comparatives**

Comparative figures have been restated to conform with the current year's presentation. This has had no impact on the financial statements.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (v) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date
<b>for the Group</b> 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 does not consider the adoption of this standard will not have a material impact.	1 July 2015
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: <ul style="list-style-type: none"> <li>• Power over investee (whether or not power used in practice)</li> <li>• Exposure, or rights, to variable returns from investee</li> <li>• Ability to use power over investee to affect the [Entity]'s returns from investee.</li> <li>• 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.</li> </ul>	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 July 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	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 has not entered into any joint arrangements.	1 July 2013



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (v) New accounting standards and interpretations

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 <i>Consolidated and Separate Financial Statements</i> AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . 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.	1 July 2013
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 July 2013
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.	1 July 2013

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (v) New accounting standards and interpretations

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application 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 <i>Corporation Act 2001</i> .	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 July 2013
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.	1 July 2013
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 July 2015
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation <i>1039 Substantive Enactment of Major Tax Bills In Australia</i> from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the <i>Corporations Act 2001</i> or other general purpose financial statements.	Annual reporting periods beginning on or after 1 January 2013	There will be no impact on first-time adoption of this amendment as the Group does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.	1 January 2013

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### (w) Goods and Services Tax (GST)

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

1. 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
2. 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.

### (c) Going concern

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

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

### (c) Going concern *continued*

During the year the consolidated entity incurred a net loss of \$1,935,325 (2012: \$1,967,341) and incurred net cash outflows from operating activities of \$1,152,849 (2012: \$1,575,901). The consolidated entity held cash assets at 30 June 2013 of \$1,266,504 (2012: \$3,800,578).

The ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements.

The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in undertaking additional raisings or being reinstated the consolidated entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of assets and liabilities that might be necessary should the consolidated entity not continue as a going concern.

	2013 \$	2012 \$
<b>3. EXPENSES</b>		
Loss includes the following specific expenses included in other administrative expenses:		
Share Registry Fees		
Insurances		
Legal costs	30,566	48,202
	29,220	18,030
	65,199	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:

Loss before income tax at 30% tax rate (2012: 30%)	(489,172)	(590,202)
Tax effect of amounts which are not deductible in calculating taxable income:		
Share based payments	30,486	230,384
Other	95,946	(35,654)
Deferred tax assets relating to tax losses not recognised	166,120	388,744
Timing differences previously unrecognised now recognised to reduce deferred tax liabilities	-	(150,751)
Foreign tax rate differential	52,432	-
Under/(over) provision	(304,754)	
Total income tax expense	(449,009)	(157,479)

The franking account balance at year end was \$nil (2012: \$nil).



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>4. TAXATION continued</b>		
Deferred tax assets and liabilities not recognised relate to the following:		
<b>Deferred tax assets</b>		
Deferred tax asset relating to tax losses	5,592,795	5,444,675
Deferred tax assets relating to temporary differences	144,188	127,958
Deferred tax liabilities relating to temporary differences	48,311	(615,425)
	5,785,294	4,957,208
Offset	(144,188)	-
Net deferred tax assets	5,641,106	4,957,208
Deferred tax liabilities		
Business Combination	615,425	-
Offset against deferred tax assets	(144,188)	-
Net deferred tax liabilities	471,237	
<b>5. LOSS PER SHARE</b>		
<b>(a) Loss per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Group	(1,630,571)	(2,124,820)
Loss attributable to the ordinary equity holders of the Group	(1,630,571)	(2,124,820)
<b>(b) Reconciliations of loss used in calculated loss per share</b>		
Basic and diluted loss per share	(0.0040)	(0.0071)
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss:		
Loss from continuing operations	(1,630,571)	(1,799,873)
	(1,630,571)	(1,799,873)

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>5. LOSS PER SHARE continued</b>		
<b>(c) Weighted average number of shares used as a denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share.	# 426,478,102	# 299,718,442
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share.	# 426,478,102	# 299,718,442
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.		
<b>6. CASH AND CASH EQUIVALENTS</b>		
Deposits at call	1,013,529	3,700,004
Cash at bank	203,975	51,574
Term deposits	49,000	49,000
	1,266,504	3,800,578

## **(a) Reconciliation to cash at end of year**

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

Balances above	1,266,504	3,800,578
Balance per statement of cash flows	1,266,504	3,800,578

## **(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 is at call and is interest bearing with interest rates between 4.0% and 5.5%.

## **(e) Interest rate risk exposure**

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

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Other receivables	455,550	273,749

**(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 2013 and 30 June 2012 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.

	2013 \$	2012 \$
<b>8. EXPLORATION AND EVALUATION EXPENDITURE</b>		
Balance at beginning of the year	6,849,258	6,089,664
Exploration expenditure incurred	665,999	776,697
Movement due to foreign exchange translation	121,199	(17,103)
Balance at the end of the year	7,636,456	6,849,258

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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>9. PROPERTY PLANT AND EQUIPMENT</b>		
Office equipment- at cost	14,678	110,467
Accumulated depreciation	(12,251)	(68,189)
Net book value	2,427	42,278
Mining Equipment- at cost	125,222	96,188
Accumulated depreciation	(56,415)	(34,952)
Net book value	68,807	61,236
Motor vehicles - at cost	-	-
Accumulated depreciation	-	-
Net book value	-	-
Total net book value at 30 June	71,234	103,515
<i>Reconciliation of the carrying amount of office equipment:</i>		
Carrying amount at 1 July	42,278	49,521
Movement due to foreign currency translation	-	(1,158)
Additions	178	3,021
Disposals	(34,249)	-
Loss on disposal	-	-
Depreciation expense for the period	(5,780)	(9,106)
Carrying amount at 30 June	2,427	42,278



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>9. PROPERTY PLANT AND EQUIPMENT continued</b>		
<i>Reconciliation of the total carrying amount of mining equipment:</i>		
Carrying amount at 1 July	61,236	49,495
Movement due to foreign currency translation	4,407	-
Additions	36,486	27,060
Disposals	(5,714)	-
Loss on disposal	-	-
Depreciation expense for the period	(27,608)	(15,319)
Carrying amount at 30 June	68,807	61,236
<i>Reconciliation of the carrying amount of motor vehicles:</i>		
Carrying amount at 1 July	-	2,538
Additions	-	-
Disposals	-	(983)
Loss on disposal	-	(704)
Total Depreciation expense for the period	-	(851)
Total Carrying amount at 30 June	-	-
<i>Reconciliation of the total carrying amount of property, plant &amp; equipment:</i>		
Carrying amount at 1 July	103,515	101,554
Movement due to foreign currency translation	4,407	-
Additions	36,664	28,924
Disposals	(39,963)	(1,688)
Depreciation expense for the period	(33,389)	(25,275)
Carrying amount at 30 June	71,234	103,515

The carrying values of items of property, plant and equipment are reviewed for impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

These reviews did not give rise to any impairment charges during the year to 30 June 2013 (2012: Nil).

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>10. OTHER FINANCIAL ASSETS</b>		
Listed securities		
Fair value at 1 July	80,000	-
Investments at cost	-	200,000
Impairment this year	(60,000)	(120,000)
Fair value at 30 June	20,000	80,000

Other financial 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 with the fair value loss recognised in the statement of profit or loss and other comprehensive income. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the investments.

## 11. TRADE AND OTHER PAYABLES

Trade payables	229,930	226,428
Provision for employee benefits	30,617	26,464

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

## 12. DEFERRED TAX LIABILITIES

Arising from temporary differences attributable to fair value adjustments to exploration and evaluation expenditure acquired in a business combination	615,425	772,903
Offset against deferred tax assets arising from timing differences	(144,188)	(157,478)
	471,237	615,425

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 13. ISSUED CAPITAL

### (a) Share Capital

	2013	2012	2013	2012
	Shares	Shares	\$	\$
Fully paid	426,742,905	424,847,745	22,577,276	22,540,063

### (b) Movements in ordinary share capital

#### 2013

Date	Details	Number of shares	Issue price	\$
01/07/12	Balance at 1 July	424,847,745	-	22,540,063
20/08/12	Employee Share Plan shares issued (d)(i)	645,160	\$0.03	19,355
30/08/12	Employee Share Plan shares issued (d)(i)	1,250,000	\$0.03	37,500
	Less: Share Raising Costs			(19,642)
30/06/13	Balance at 30 June	426,742,905		22,577,276

#### 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

### (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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 13. ISSUED CAPITAL *continued*

### (d) Employee shares issued

(i) 645,160 shares issued to Tony Chamberlain as part of an Employee Share Plan Offer.

(ii) 1,250,000 shares issued to Managing Director Richard Henning on completion of 24 months service as per the Executive Services Agreement.

### (e) 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.

	2013 \$	2012 \$
<b>14. RESERVES</b>		
<b>(a) Reserves</b>		
Share-based payments reserve	1,594,047	1,594,047
Options reserve	281,290	275,111
Foreign currency translation reserve	41,248	119,080
	1,916,585	1,988,238
Movements:		
<b>Share-based payments reserve</b>		
Balance 1 July	1,594,047	2,303,361
Shares transferred to capital on achievement of milestone	-	(709,314)
Balance 30 June	1,594,047	1,594,047
<b>Options reserve</b>		
Balance 1 July	275,111	275,111
Options capital raised	6,179	-
Balance 30 June	281,290	275,111
<b>Foreign currency translation reserve</b>		
Balance 1 July	119,080	20,004
Foreign currency translation difference on consolidation	(77,832)	99,076
Balance 30 June	41,248	119,080

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 14. RESERVES continued

### 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.
- 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 and the foreign exchange differences arising on the translation of the foreign controlled entity. The cumulative amount is recognised to the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

	2013 \$	2012 \$
<b>15. ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the financial year	(14,289,518)	(12,164,698)
Net loss attributable to members of the Group	(1,486,383)	(2,124,820)
Accumulated losses at the end of the financial year	(15,775,901)	(14,289,518)



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>16. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Loss for the year	(1,486,383)	(2,124,820)
Depreciation and amortisation	33,389	25,275
Devaluation of financial assets	60,000	120,000
(Profit)/Loss on disposal of assets	39,962	(175,100)
Stonehenge Korea exploration expenses capitalised	523,489	388,957
Non-cash employee benefits expense – share-based payments	71,603	87,750
Decrease / (increase) in trade debtors and other receivables	(202,219)	(25,121)
(Decrease) / increase in deferred tax liability	(144,188)	157,479
(Decrease) / increase in trade creditors and other payables	(52,655)	(20,541)
(Decrease)/increase in provisions and accruals	4,153	(9,780)
Net cash outflow from operating activities	(1,152,849)	(1,575,901)
<b>Non-cash investing and financing activities</b>		
The following non-cash expenses were recognised directly in equity		
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

## 17. COMMITMENTS

### Capital Commitments

There are no capital expenditure commitments as at 30 June 2013.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

	2013 \$	2012 \$
<b>18. KEY MANAGEMENT PERSONNEL DISCLOSURES</b>		
<b>(a) Key Management Personnel Compensation</b>		
Short-term employee benefits	648,029	687,589
Post-employment benefits	79,028	52,292
Share-based payments	56,855	69,000
	783,912	808,881

Detailed remuneration disclosures are provided in the remuneration report on pages 32 to 38.

## **(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*

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:

<b>2013</b>							
<b>Name</b>	<b>Balance at start of the year</b>	<b>Granted as compensation</b>	<b>Exercised</b>	<b>Other changes</b>	<b>Balance at end of the year</b>	<b>Vested and exercisable</b>	<b>Unvested</b>
<b>Directors</b>							
B Tarratt	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)	-	-	-
<b>Other Specified Executives</b>							
A Chamberlain	-	-	-	-	-	-	-
S Michael	-	-	-	-	-	-	-
M Foy	-	-	-	-	-	-	-
	3,337,500	-	-	(3,337,500)	3,337,500	3,337,500	-

\* W Staude options have been removed on resignation

\*\*Options lapsed 12 October 2012

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 18. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

### (b) Equity Instrument Disclosures Relating to Key Management Personnel *continued*

2013

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
<b>Directors</b>							
B Tarratt	1,500,000	-	-	-	1,500,000	1,500,000	-
R Henning	-	-	-	-	-	-	-
R Cleary	-	-	-	-	-	-	-
W Staude	1,837,500	-	-	-	1,837,500	1,837,500	-
<b>Other Specified Executives</b>							
A Chamberlain	-	-	-	-	-	-	-
S Michael	-	-	-	-	-	-	-
M Foy	3,337,500	-	-	-	3,337,500	3,337,500	-

### (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:

2013	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
<b>Directors</b>				
Warren Staude – resigned 31 August 2012	1,750,000	-	(1,750,000)	-
Bevan Tarratt	13,467,606	-	*6,000,000	19,467,606
Richard Henning	10,104,167	-	**1,250,000	11,354,167
Robert Cleary – resigned 31 August 2012	100,000	-	(100,000)	-
Young Yu – appointed 31 August 2012	26,666,667	-	-	26,666,667
<b>Other Specified Executives</b>				
Tony Chamberlain	2,062,500	-	***645,160	2,707,660
Steven Michael	292,450	-	-	292,450
Matthew Foy	250,000	-	-	250,000
	54,693,390	-	6,045,160	57,738,550

\* These shares were acquired on market.

\*\* Richard Henning received 1,250,000 ordinary shares as part of his remuneration.

\*\*\* Anthony Chamberlain received 645,160 ordinary shares as part of his remuneration.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 18. KEY MANAGEMENT PERSONNEL DISCLOSURES *continued*

### (b) Equity Instrument Disclosures Relating to Key Management Personnel *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
<b>Directors</b>				
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
<b>Other Specified Executives</b>				
Anthony Chamberlain	-	-	*****2,062,500	2,062,500
Steven Michael	42,450	-	**250,000	292,450
Matthew Foy	-	-	***250,000	250,000
	11,569,090	-	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.

\*\*\*\* Robert Cleary received 100,000 ordinary shares as part of his remuneration.

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

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 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 2013 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:

	2013 \$	2012 \$
<b>OTHER TRANSACTIONS WITH RELATED PARTIES</b>		
Rent and administration	139,294	97,237
Consultancy fees	11,300	65,300
Accounting & bookkeeping expenses	39,578	41,550
	190,172	204,087
<b>Balance outstanding at year end</b>		
Trade payables	-	23,906

## 19. REMUNERATION OF AUDITORS

Amounts received or due and receivable at 30 June 2013 by the auditors for:

Audit services:

BDO Audit (WA) Pty Ltd Audit and review of financial reports under the Corporations Act 2001	34,006	40,079
Non audit services	1,749	4,500
	35,755	44,579



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 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:

	2013 \$	2012 \$
Loans and receivables	455,550	273,749
Cash and cash equivalents	1,266,504	3,800,578
	1,722,054	4,074,327

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	455,551	273,749
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### Cash and cash equivalents

BBB+ S&P Rating	193,741	51,574
A S&P Rating	49,000	49,000
AA S&P rating	1,023,763	3,700,004
	1,266,504	3,800,578

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 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
	\$	\$	\$	\$	\$	\$	\$
<b>As at 30 June 2013</b>							
Trade and other payables	229,930	-	-	-	-	229,930	229,930
<b>As at 30 June 2012</b>							
Trade and other payables	226,428	-	-	-	-	226,428	226,428

### (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*

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the South Korean Won.

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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 20. FINANCIAL RISK MANAGEMENT *continued*

The groups exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2013 KRW	2012 KRW
	\$	\$
Cash and cash equivalents	193,741	53,291
Trade and other receivables	91,532	96,028
Trade and other payables	30,873	43,673

### *(ii) Price Risk*

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

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 2013	Weighted average interest rate	1 year or less \$	2-5 years \$	Total \$
<b>Financial assets</b>				
Deposits at call	3.50	1,266,504	-	1,266,504
<b>30 June 2012</b>				
<b>Financial assets</b>				
Deposits at call	4.88%	3,573,993	-	3,573,993

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 20. FINANCIAL RISK MANAGEMENT continued

### (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.

2013	South Korea \$	Total \$
Revenue from external sources	-	-
Reportable segment profit / (loss)	(668,741)	(668,741)
Reportable segment assets	8,164,878	8,164,878
Reportable segment liabilities	30,873	30,873
<b>Reconciliation of reportable segment profit or loss</b>		
Reportable segment profit /(loss)		-
Other income		117,597
Depreciation expense		(33,389)
Director benefits		(574,852)
Share based payments		-
Employee benefits		(388,372)
Other expenses		(1,056,309)
Loss before tax		(1,935,325)

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 21. SEGMENT INFORMATION *continued*

2013	South Korea \$	Total \$
Revenue from external sources	-	-
Reportable segment profit / (loss)	(717,321)	(717,321)
Reportable segment assets	7,105,664	7,105,664
Reportable segment liabilities	43,674	43,674
<b>Reconciliation of reportable segment profit or loss</b>		
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)



# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 21. SEGMENT INFORMATION continued

### Other Segment Information

	2013 \$	2012 \$
Total segment revenue	-	-
Interest revenue	93,221	92,520
Other revenue	24,376	264,869
<b>Total revenue from continuing operations</b>	<b>117,597</b>	<b>357,389</b>

### Segment assets are reconciled to total assets as follows:

<b>Segment assets</b>	8,164,878	7,105,664
Unallocated:		
Cash and cash equivalents	1,072,762	3,747,367
Trade and other receivables	140,870	111,865
Property plant & equipment	71,234	58,579
Other assets	-	83,625
<b>Total assets as per the statement of financial position</b>	<b>9,449,744</b>	<b>11,107,100</b>

### Segment liabilities are reconciled to total liabilities as follows:

<b>Segment Liabilities</b>	30,873	43,674
Unallocated:		
Trade and other payables	229,673	209,218
Deferred tax liability	615,426	615,425
<b>Total liabilities as per the statement of financial position</b>	<b>875,972</b>	<b>868,317</b>

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 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.

No Employee Options were issued this year (2012: Nil).

Share based payments issued during 2013 are as follows:

	Number of shares Issued	Issue Price	\$
<b>Directors</b>			
Richard Henning	1,250,000	\$0.03	37,500
<b>Consultants and employees</b>			
Tony Chamberlain	645,160	\$0.03	19,355
Total	1,895,160		56,855

Share based payments issued during 2012 are as follows:

	Number of shares Issued	Issue Price	\$
<b>Directors and Company secretary</b>			
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
<b>Consultants and employees</b>			
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

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 23. DIVIDENDS

There were no dividends paid or declared by the Group during the year. (2012: Nil).

## 24. EVENTS OCCURRING AFTER REPORTING DATE

On 1 July 2013 the Company issued 1,434,722 ordinary shares each to Mr Richard Henning and Mr Young Yu in lieu of Director Fees as approved by shareholders on 18 March 2013.

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. SUBSIDIARIES

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 2013	Equity holding 2012
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%

## 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 2013 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.

# Notes to and Forming Part of the Consolidated Financial Statements for the year ended 30 June 2013

## 27. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Stonehenge Metals Ltd, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2013 \$	2012 \$
<b>ASSETS</b>		
Current Assets	1,178,707	3,847,072
Non-Current Assets	9,005,725	6,764,622
<b>TOTAL ASSETS</b>	<b>10,184,432</b>	<b>10,611,694</b>
<b>LIABILITIES</b>		
Current Liabilities	229,673	209,217
<b>TOTAL LIABILITIES</b>	<b>229,673</b>	<b>209,217</b>
<b>EQUITY</b>		
Contributed equity	22,577,276	22,540,063
Reserves	1,875,338	1,749,158
Accumulated losses	(14,497,854)	(13,886,744)
<b>TOTAL EQUITY</b>	<b>9,954,759</b>	<b>10,402,477</b>
Loss for the year	(611,110)	(1,539,975)
Other Comprehensive Income/(loss) for the year	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b>(901,410)</b>	<b>(1,539,975)</b>

## 27. PARENT ENTITY INFORMATION

	2013 \$	2012 \$
<b>Parent entity capital commitments</b>		
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 (2012: 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 profit or loss and other 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 2013 and of the performance for the year ended on that date of the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The 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 2013





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

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

## 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 2013, the consolidated statement of profit or loss and other 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 company'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 company'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.

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 2013 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).

### Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(c) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements. These conditions, along with other matters as set out in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the Corporations Act 2001.

**BDO Audit (WA) Pty Ltd**

BDO

**Phillip Murdoch**  
Director

Perth, 27 September 2013

# Additional Information

Information as at 28 August 2013

## (a) Distribution of Shareholders

Category (size of holding)	Number
1 – 1,000	45
1,001 – 5,000	163
5,001 – 10,000	228
10,001 – 100,000	822
100,001 – and over	461
	1719

(b) The number of shareholdings held in less than marketable parcels is 795.

## (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 28 August 2013

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,352,230	8.01%
2 JLC CORPORATION PTY LTD	28,101,389	6.55%
3 SLADE TECHNOLOGIES PTY LTD	16,000,000	3.73%
4 R H HENNING PTY LTD	11,354,167	2.65%
5 FLUFFY DUCK SUPER PTY LTD	10,814,133	2.52%
6 LEGAL CULTURE LTD	10,000,000	2.33%
7 MR PAUL JACKSON	8,047,874	1.88%
8 FLUFFY DUCK SUPER PTY LTD	6,000,000	1.40%
9 LOK HUNG NOMINEES PTY LTD	5,000,000	1.17%
9 CSC SECURITY HOLDINGS (CHINA) PTY LIMITED	5,000,000	1.17%
10 SEQUOIA AGGRESSIVE GROWTH FUND	4,464,286	1.04%
11 MIMO STRATEGIES PTY LTD	3,985,714	0.93%
12 JAYVEE INVESTMENTS PTY LTD	3,800,000	0.89%
13 RAINMAKER HOLDINGS (WA) PTY LTD	3,589,165	0.84%
14 MR MICHAEL PATRICK KELLY & MRS KATHLEEN MARGARET KELLY	3,480,550	0.81%
15 MR WAN JOONG KIM	3,387,288	0.79%
16 FAB INVESTMENTS CO. LIMITED	3,276,183	0.76%
17 MR CLIVE THOMAS	3,000,000	0.70%
18 FENCOURT ENTERPRISES PTY LTD	2,940,287	0.69%
19 MR PAUL ANTHONY GREENWOOD	2,775,000	0.65%
20 DR ANTHONY CHARLES CHAMBERLAIN	2,707,660	0.63%
<b>TOTAL</b>	<b>172,075,926</b>	<b>40.01%</b>
<b>Balance of Register</b>	<b>257,536,463</b>	<b>59.99%</b>
<b>Grand TOTAL</b>	<b>429,612,389</b>	<b>100.00%</b>

# Additional Information

The name of the Company Secretary is Mr Matthew Foy.

The address of the principal registered office is Office J, Level 2, 1139 Hay Street, West Perth WA 6005. Telephone (08) 9481 2277.

## Registers of securities are held at the following addresses

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

## 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.

## Unquoted Securities

### Options over Un-issued Shares

As at 28 August 2013 the following options over un-issued shares were on issue.

- 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.
- 1,235,883 options exercisable at 7.5 cents on or before 12 December 2014.

### Performance Shares on Issue

As at 28 August 2013 the following Performance Shares were on issue.

Class	Shares Issued	Milestone relating to Uranium Projects
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

## Securities Subject to Escrow

There are no securities currently subject to escrow.

## Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 28 August 2013 the following classes of unquoted securities had holders with greater than 20% of the class on issue.

### 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 December 2014

Percentage Held %	Name	Number of Securities held
44.50%	Mr Briand Lee & Mrs Audrey Lee	550,000