



**Stonehenge**  
METALS LTD

**STONEHENGE METALS LIMITED**

**ABN 81 119 267 391**

**INTERIM FINANCIAL REPORT  
31 DECEMBER 2012**

# STONEHENGE METALS LTD

## CORPORATE DIRECTORY

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### Directors

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

### Company Secretary

Mathew Foy

### Registered Office

Level 8, 225 St Georges Terrace  
PERTH WA 6000

### Principal Office

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PERTH WA 6000

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Email: [admin@stonehengemetals.com.au](mailto:admin@stonehengemetals.com.au)

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

### Stock Exchange Listing

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

ASX Code - SHE

### Share Registry

Link Market Services Limited  
Ground Floor, 178 St Georges Terrace  
PERTH WA 6000  
Telephone: +61 8 9315 2333

### Bankers

National Australia Bank Limited  
50 St Georges Terrace  
PERTH WA 6000

### Auditor

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

# STONEHENGE METALS LTD

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# STONEHENGE METALS LTD

## DIRECTORS' REPORT

Your Directors submit the financial report on Stonehenge Metals Ltd (**Stonehenge** or the **Group**) for the half-year ended 31 December 2012 (**Period**).

### Directors

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

Richard Henning	Executive Chairman
Bevan Tarratt	Non-Executive Director
Young Yu	Executive Director (appointed 4 September 2012)
Bob Cleary	Non-Executive Director (resigned 4 September 2012)
Warren Staude	Non-Executive Chairman (resigned 4 September 2012)

### REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Group and its subsidiaries during the period was mineral exploration in South Korea. The net loss for the half-year ended 31 December 2012 was \$997,487 (31 December 2011: \$930,308). The net loss included the following items:

- Employee benefits of \$535,787 (2011: \$319,559).
- Director's fees of \$70,300 (2011: \$99,600).

### Overview & Highlights

During the half-year ended 31 December 2012, the Group continued to focus on the exploration and development of the Daejon, Miwon and Gwesan uranium and vanadium projects in South Korea.

### Exploration Program

#### Land Access Agreements Confirmed

During the half year, the Company announced the signing of three separate land access agreements across the Daejon Project Area (**Daejon**). Daejon has 225 historical diamond drill holes and outcrops over a 6 kilometre strike containing the largest known uranium resource within South Korea at **65.0Mlbs** (inferred) grading **320ppm** eU<sub>3</sub>O<sub>8</sub> (in accordance with JORC guidelines). Daejon also has a Vanadium Exploration Target<sup>1</sup> of 70-90 Mt at a grade of between 0.25% to 0.35% V<sub>2</sub>O<sub>5</sub> for a contained 385-695 M lbs V<sub>2</sub>O<sub>5</sub>. More than 36,000m of drilling was completed by the Korean Institute of Energy and Resources (KIER) in the 1980's.

Agreements for two parcels of land located within the Yokwang deposit have been secured. Yokwang has large exploration potential with a JORC Exploration Target<sup>2</sup> of 15 to 59 Mt with a uranium grade ranging between 300-500ppm U<sub>3</sub>O<sub>8</sub>.

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<sup>1</sup> It should be noted that, under JORC guidelines, the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

<sup>2</sup> It should be noted that, under JORC guidelines, the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

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A third parcel of land located within the Chubu deposit has also been secured. Chubu contains a JORC Inferred Resource of 46Mt grading 330 eU<sub>3</sub>O<sub>8</sub> for a contained 34Mlbs U<sub>3</sub>O<sub>8</sub> at a cutoff grade of 200ppm eU<sub>3</sub>O<sub>8</sub>.

### DRILLING APPROVAL GRANTED

Subsequent to the Period, the Group announced that following the land access agreements secured in July 2012, it had received approval from the East District of Daejeon Metropolitan City Council, Korea to create access roads for the purpose of commencing an initial 12 hole diamond drill programme at the Group's Daejeon Project.

The lack of exploration progress during the Period was largely due to the level of surveying and administration that was required in submitting and revising the application to the relevant local authorities.

The approval from the East District now enables Stonehenge to finalise the details of the drill programme which will aim to confirm historical uranium drill results through twinning, upgrade the resource to the next category and establish a maiden vanadium resource.

A two stage programme is planned on Daejeon 6-1. Stage 1 will comprise of up to 5 diamond drill holes for 1,700m which will be used to confirm results of historical drilling and provide data for variography studies. The variography study will aim to provide optimum drill spacing for resource drilling at Daejeon and will be completed prior to finalising Stage 2 of the programme. The two stage programme will aim to provide Stonehenge with an upgrade in the confidence of the existing uranium resource and aim to delineate a maiden Vanadium and Molybdenum resource using robust sampling and analytical methods. It is anticipated that Stage 2 will follow Stage 1 without any interruption to activity.

The areas to be targeted are at a shallow depth from surface (<200m) in an area inferred to have a relatively high metal accumulation based on thick mineralised intervals intersected by historical holes DH74-1, 80-DE-27, 80-DE-26. As such mineralisation in this targeted area may be amenable to extraction from relatively shallow open pits and or bulk underground stopes.

Stonehenge has a standing land access agreement with the owner of Daejeon 6-1 and is working towards completing road access and drill sites as soon as possible. The planned access road is 1.4km long and has been designed and permitted in compliance with temporary mountain road specifications (Appendix 2).

The road will enable access to two permitted drill sites spaced at about 160m ENE – WSW in Appendix 3. These sites will enable initial resource drilling of the mineralisation at Chubu to upgrade confidence in the existing eU<sub>3</sub>O<sub>8</sub> inferred resource and provide sampling for a maiden vanadium resource. It is planned to start drilling on Daejeon 6-1 in the first quarter of 2013 once all site accesses have been completed and a suitable drill rig is on site.

The initial 2013 resource drilling programme on Daejeon 6-1 has been staged to meet the Group's strategic objectives. Stage 1 of the programme is 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<sub>3</sub>O<sub>8</sub>) and provide initial variography data for input into

## STONEHENGE METALS LTD

the Stage 2 programme. Stage 2 of the programme is designed to deliver a high quality inferred resource in the upper 200m of the central Chubu area of the Daejon Project. Depending on results and input with surface mapping and sampling it may be possible to further upgrade some of this resource drilling to higher confidence categories.

### TENEMENTS

The Group has applied for extensions to 27 of its currently granted tenements – 12 in Daejon, 6 in Miwon and 9 in Gwesan. Application has also been made for Uranium, Vanadium and Molybdenum exploration rights over a further 20 tenements across the project area.

During the half year, the Group advised that four new Mining Exploration Right applications for vanadium and molybdenum had been submitted. These new applications overlap existing granted uranium Mining Right licenses held by Stonehenge and are pending final approval by Korean Mining registration office. A further three new Mining Exploration Right applications for uranium, vanadium and molybdenum were submitted for approval in June 2012.

Stonehenge has also been granted 15 new Exploration Permits across the Daejon Project since March 2012. These new permits include the known uranium deposits Yokwang, Soryong and Samgoi.

### Greenfield Exploration Program

Stonehenge has commenced a greenfield exploration program focused on base and precious metals. A number of prospective targets have been identified and field reconnaissance has begun.

### ENVIRONMENTAL

During the Period, the Group also completed phase one of its **Environmental Baseline Monitoring**.

One year baseline dust and water monitoring data (i.e. quarterly surface water and groundwater quality) has been collected across the Daejon project. Dissolved metal concentrations in surface water across the Daejon project area showed significant spatial variations. On the northern (i.e. Daejon City) side of the catchment divide, dissolved uranium was almost entirely less than the lower detection limit of 0.02 µg/L. On the southern (i.e. Geumsan County) side of the catchment divide, where creeks and dams receive runoff from mineralised black shale, the mean concentration was 0.13 µg/L uranium with a maximum of 12 µg/L, observed down gradient from an active quarry. The highest mean uranium concentration of 0.55 µg/L was observed in groundwater with a maximum of 31 µg/L U from a shallow monitoring bore near a decommissioned adit. Toxic metals, particularly cadmium and nickel were elevated at monitoring sites directly downstream from areas undergoing excavation activities such as the construction site, highway tunnel site and quarry. Dissolved concentrations of up to 230 µg/L Ni (i.e. exceeding 7 times WHO guideline level) and 15 µg/L Cd (i.e. 5 times WHO guideline) were observed down gradient from the construction site.

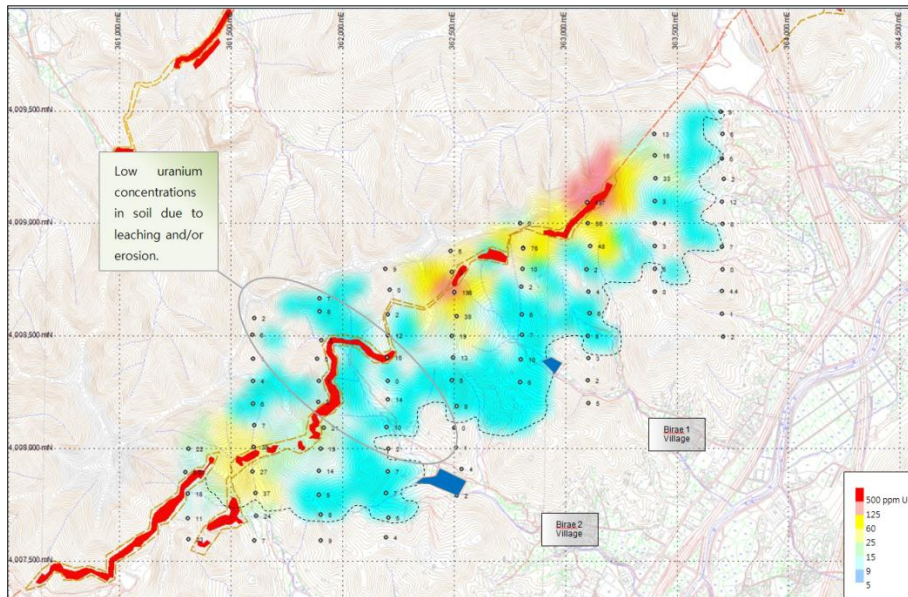
## STONEHENGE METALS LTD

### Soil Survey

Soil samples were collected across the Chubu and Yokwang deposits for portable XRF spectrometer assays between 30 October 2012 and 7 November 2012. Acid soil conditions between pH 4 and 6.5 prevail across the project area due to soils derived from the oxidation of sulfide minerals in black shale units and possibly the biodegradation of pine needles into humic acid. 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 village settlements, pastures and water supply dams. Soils exceeding safe levels of arsenic (30ppm As) were assayed approximately 100m up gradient from Birae-1 village dam (i.e. 47ppm As) and 74ppm at Seongdang-2 village, at a location approximately 100m up gradient from ginseng pastures. Figure 1 shows the uranium dispersion halo developed down gradient from the mineralised black shale. Uranium concentrations typically ranged between 5ppm and 9ppm, with a mean of 7ppm, which is significantly less compared to historical mean value of 27ppm in the Chubu area. The portable XRF assay results are likely to be underestimated compared to the higher precision laboratory method using ICP-AES instrument.

Highly enriched toxic metal concentrations could have significant health impacts to the local community, particularly as these soils are in close proximity to water supply dams and in some areas, encroaching on subsistence agricultural pastures with crops that are known to take up toxic metals through the root system.

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**Figure 1:** Soil uranium concentration map of the Chubu Deposit. Dispersion halo front (dotted line).

## Environmental Pre-Scoping Document

Environmental Resources Management Pty Ltd (ERM) was appointed to prepare the environmental pre-scoping document to conduct an initial environmental and social screening and assessment of the available information related physical characteristics of the project area. The document also provides description in the approval processes required in South Korea by identifying pre-scoping activities associated with the Environmental Social Impact Assessment (ESIA). Key milestones towards approval of the ESIA study within the Korean regulatory framework are summarized in steps 1 to 18 in a flow chart below (Appendix 1, Figure 2). The key milestones achieved to date or in progress include;

Milestone 1 – Project description has been specified 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 has been established.

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

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

Milestone 4 – Assessment Plan (AP) detailing the project scope of works is in progress. Final draft of the ERM pre-scoping document will be used in the AP with formal consultation process outcomes to be included. AP is considered as the formal commencement step in the approval process.



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Milestone 5 – The AP will be submitted to EIA committee, MoE and 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.

Milestone 7 – Information related to the completion of a Background Information Document (BID) is available to be distributed to the local community. BID is not a part of any approval process but allows the community consultations to commence. The remaining milestones will be achieved once Milestones 1 to 7 have been completed.

### **POLITICAL ISSUES IN SOUTH KOREA**

The South Korean people elected their first woman President on 19 December 2012. Madam Park is from pro-business and pro- nuclear power generation party and has been a strong supporter of national energy security to continue a 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 elect 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. Korean government has been under high pressure due to limited availability of alternative options for electricity generation in recent times. 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 stay with 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 CEO, Korea Mr Young Yu accepted an invitation to join the board of Stonehenge as Executive Director.

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Further, the Company advised that Mr Warren Staude and Mr Bob Cleary 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 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:

<b>Options</b>	<b>Exercise Price</b>	<b>Expiration Date</b>
4,500,000	\$0.075	12/10/2012
39,889,336	\$0.10	21/12/2012

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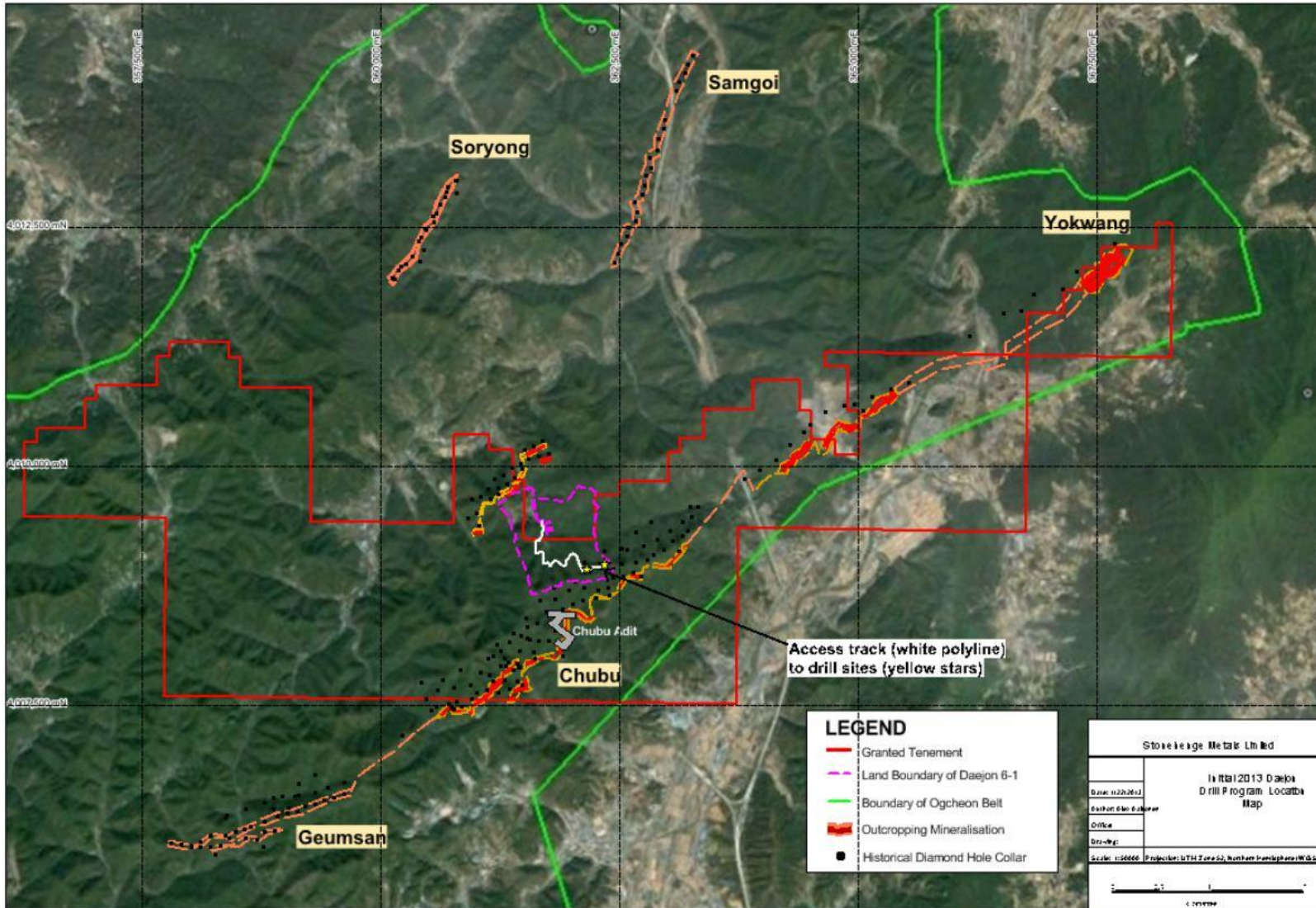
## Appendix 1



**Figure 2:** Overview of key milestones in the ESIA process.

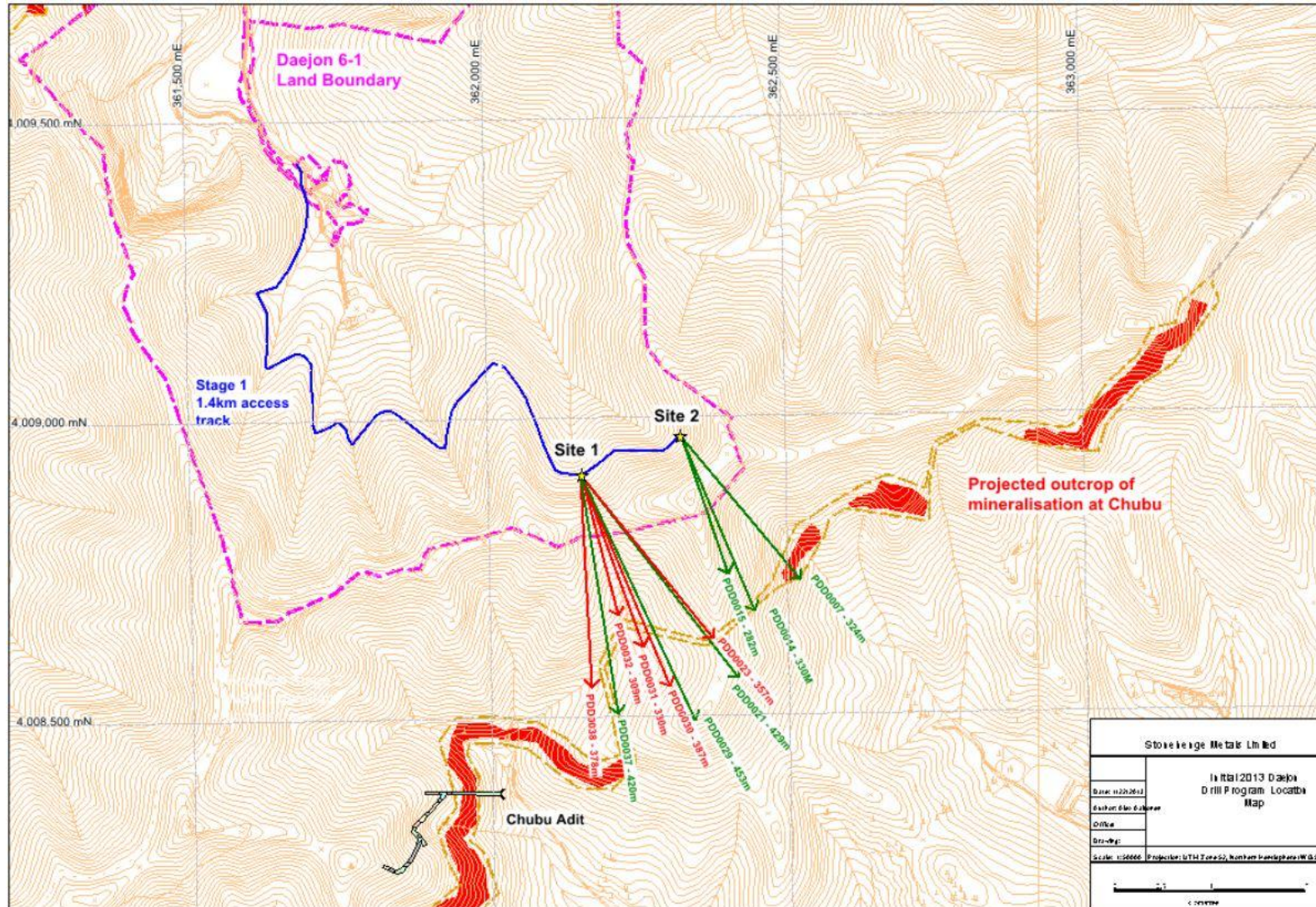
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Appendix 2: Daejon Project granted tenements; projected surface outcrop of modelled mineralisation, historic drill collars and planned access on Daejon 6-1



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Appendix 3: 2013 proposed drill hole traces; inferred outcrop position of Chubu mineralisation, permitted access track/drill sites



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### Appendix 4: 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	Uranium
	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	Uranium
	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	Uranium
	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

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### Appendix 5: Tasmanian Tenement Schedule

Project Name	Tenement	Area	Expiry Date	Holder	Stonehenge Interest
Granville Leases/ Twelve Mile Creek - Granville East, Central Big H, North Heemskirk Alluvial, Heemskirk Tin Mill	21M/2003	68 ha	05-Mar-09 (pending renewal)	Stonehenge Metals Ltd	100% - Subject to 100% transfer to McDermott Mining
Granville East Extended Lease	9M/2006	10 ha	09-Oct-11 (pending renewal)	Stonehenge Metals Ltd	100% - Subject to 100% transfer to McDermott Mining

## STONEHENGE METALS LTD

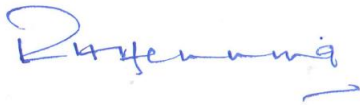
### ASSET VALUE IMPAIRMENT

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

### AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 16 for the half year ended 31 December 2012.

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



Richard Henning  
**EXECUTIVE CHAIRMAN**

Dated this 11th Day of March, 2013





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

11 March 2013

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

Dear Sirs,

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

As lead auditor for the review of Stonehenge Metals Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

**PHILLIP MURDOCH**  
Director

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

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>December 2012</b>	<b>December 2011</b>
	\$	\$
<i>Revenue from continuing operations</i>		
Other income	47,434	56,842
Employee benefits expense	(535,787)	(319,559)
Directors fees and consultancy	(70,300)	(99,600)
Corporate	(33,716)	(66,278)
Travelling expenses	(80,856)	(45,960)
Accounting	(23,479)	(45,781)
Advertising	(7,814)	(32,545)
Audit fees	(13,654)	(2,585)
Occupation	-	(83,485)
Depreciation	(15,508)	(12,131)
Other expenses	(379,656)	(279,226)
Loss before income tax	(1,113,336)	(930,308)
Income tax expense	115,849	-
Net Loss from continuing operations attributable to the members of Stonehenge Metals Limited	(997,487)	(930,308)
<i>Other comprehensive income</i>		
<i>Items that will reclassify to the profit or loss</i>		
Exchange differences on translation of foreign operations	68,691	24,011
Other comprehensive income for the half year, net of tax	68,691	24,011
Total comprehensive loss for the half-year attributable to the members of Stonehenge Metals Limited	(928,796)	(906,297)
	<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share for loss from continuing operations attributable to the ordinary equity holders of Stonehenge Metals Limited	(0.218)	(0.333)

*The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	Note	31 December 2012 \$	30 June 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,504,245	3,800,578
Prepayments		47,517	-
Trade and other receivables		152,474	273,749
<b>Total current assets</b>		<b>2,704,236</b>	<b>4,074,327</b>
<b>NON-CURRENT ASSETS</b>			
Mineral exploration and evaluation expenditure		7,329,776	6,849,258
Property, plant and equipment		126,807	103,515
Other Financial Assets		60,000	80,000
<b>Total non-current assets</b>		<b>7,516,583</b>	<b>7,032,773</b>
<b>TOTAL ASSETS</b>		<b>10,220,819</b>	<b>11,107,100</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		232,321	226,428
Provisions		25,873	26,464
<b>Total current liabilities</b>		<b>258,194</b>	<b>252,892</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		615,425	615,425
<b>Total non-current liabilities</b>		<b>615,425</b>	<b>615,425</b>
<b>TOTAL LIABILITIES</b>		<b>873,619</b>	<b>868,317</b>
<b>NET ASSETS</b>		<b>9,347,200</b>	<b>10,238,783</b>
<b>EQUITY</b>			
Contributed equity	6	22,577,276	22,540,063
Reserves		2,056,929	1,988,238
Accumulated losses		(15,287,005)	(14,289,518)
<b>TOTAL EQUITY</b>		<b>9,347,200</b>	<b>10,238,783</b>

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

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2011</b>	<b>17,937,307</b>	<b>(12,164,698)</b>	<b>2,303,361</b>	<b>275,111</b>	<b>20,004</b>	<b>8,371,085</b>
Loss for the half-year	-	(930,308)	-	-	-	(930,308)
Comprehensive income for the half-year	-	-	-	-	24,011	24,011
Total comprehensive income/loss for the half-year	-	(930,308)	-	-	24,011	(906,297)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period - cash	20,684	-	-	-	-	20,684
Shares issued during the period - non-Cash	39,000	-	-	-	-	39,000
Performance shares converted during the period	709,313	-	(709,313)	-	-	-
<b>As at 31 December 2011</b>	<b>18,706,304</b>	<b>(13,095,006)</b>	<b>1,594,048</b>	<b>275,111</b>	<b>44,015</b>	<b>7,524,472</b>

	Contributed Equity	Accumulated Losses	Share Base Payments Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2012</b>	<b>22,540,063</b>	<b>(14,289,518)</b>	<b>1,594,047</b>	<b>275,111</b>	<b>119,080</b>	<b>10,238,783</b>
Loss for the half-year	-	(997,487)	-	-	-	(997,487)
Exchange difference on foreign operations	-	-	-	-	68,691	68,691
Total comprehensive income/loss for the half-year	-	(997,487)	-	-	68,691	(928,796)
<b>Transactions with owners in their capacity as owners</b>						
Shares/options issued during the period - cash	-	-	-	-	-	-
Shares/options issued during the period - non-Cash	56,855	-	-	-	-	56,855
Share issue expenses	(19,642)	-	-	-	-	(19,642)
<b>As at 31 December 2012</b>	<b>22,577,276</b>	<b>(15,287,005)</b>	<b>1,594,047</b>	<b>275,111</b>	<b>187,771</b>	<b>9,347,200</b>

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

**STONEHENGE METALS LTD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	December 2012 \$	December 2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments for administration	(672,019)	(955,102)
Other payments	21,155	(20,955)
Interest received	46,758	46,223
<b>Net cash outflow from operating activities</b>	<b>(604,106)</b>	<b>(929,834)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(36,338)	(4,961)
Payments for exploration and evaluation expenditure	(657,882)	(597,862)
<b>Net cash outflow from investing activities</b>	<b>(694,220)</b>	<b>(602,823)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for Loans	-	(14,748)
Proceeds from issue of shares	(19,642)	20,684
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(19,642)</b>	<b>5,936</b>
Net increase/(decrease) in cash and cash equivalents	(1,317,968)	(1,526,721)
Effects of exchange rate changes on cash and cash equivalents	21,635	(37,352)
Cash and cash equivalents at the beginning of the period	3,800,578	3,126,219
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>2,504,245</b>	<b>1,562,146</b>

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

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR REPORT**

These general purpose financial statements for the half-year reporting period 31 December 2012 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

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

All applicable accounting standards have been adopted and are consistent with those of the previous financial year and corresponding half-year reporting period except for as follows:

AASB 2011-9 Amendments to Australian Accounting Standards, Presentation of Items of Other Comprehensive Income Comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

**Working Capital**

The consolidated entity has incurred a net loss after tax of \$997,487 (2011: \$930,308) and experienced net cash outflows from operations of \$604,106 (2011: \$929,834) and net cash outflows from investing activities of \$694,220 (2011: \$602,823) for the half-year ended 31 December 2012.

The directors are satisfied that the going concern basis of preparation is appropriate given the existing balance of Cash on hand at 31 December 2012 of \$2,504,245.

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

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 2: SEGMENT INFORMATION**

Management has determined that the Group has one reportable segment, being mineral exploration in South Korea. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

	<b>South Korea</b>		
	<b>December 2012</b>	<b>June 2012</b>	<b>December 2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue from external sources	-	-	-
Reportable segment profit / (loss)	-	-	-
Reportable segment assets	7,329,776	7,105,664	6,368,114
Reportable segment liabilities	36,228	43,674	68,354
<b>Reconciliation of reportable segment profit or loss</b>		<b>December 2012</b>	<b>December 2011</b>
		<b>\$</b>	<b>\$</b>
Reportable segment profit / (loss)		-	-
Other income		163,283	56,842
Unallocated:			
- Corporate expenses		(33,716)	(66,278)
- Depreciation expense		(15,508)	(12,131)
- Director benefits		(70,300)	(99,600)
- Employee benefits		(535,787)	(319,559)
- Other expenses		(505,459)	(489,582)
Loss before tax		<u>(997,487)</u>	<u>(930,308)</u>

**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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

Subsequent to the Period on 31 January 2013 the Company issued 1,102,378 options exercisable at \$0.075 on or before 12 December 2014 to raise working capital of \$5,112.

**NOTE 4: CONTINGENT LIABILITIES**

The Group has no contingent liabilities as at 31 December 2012.

**NOTE 5: DIVIDENDS**

No dividends have been declared or paid for the half-year ended 31 December 2012.

**NOTE 6: CONTRIBUTED EQUITY**

**(a) Share Capital**

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

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

**Period ended 31 December 2012**

Date	Details	Number of shares	Issue price	\$
01/07/12	Balance at beginning of year	424,847,745		22,540,063
20/08/12	Shares issued	1,250,000	\$0.03	37,500
30/08/12	Employee Share Plan shares issued	645,160	\$0.03	19,355
	Share issued expenses			(19,642)
31/12/12	Balance at end of period	426,742,905		22,577,276



**STONEHENGE METALS LTD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 6: CONTRIBUTED EQUITY**

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

**Period ended 31 December 2011**

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

# STONEHENGE METALS LTD

## DECLARATION BY DIRECTORS

The Directors of the Group declare that:

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

- (a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance as represented by the results of its operations, changes in equity and its cash flows, for the half year ended on that date.

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

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

Dated this 11th day of March 2013



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Richard Henning  
*Director*

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Stonehenge Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the consolidated entity and the entities it controlled at the half-year's end or from time to time during the half-year.

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

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Stonehenge Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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



## Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

BDO

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

**Phillip Murdoch**  
Director

Perth, Western Australia  
Dated this 11<sup>th</sup> day of March 2013