



QUARTERLY ACTIVITIES REPORT

PERIOD ENDING 31 MARCH 2013



ASX CODE: SHE

Stonehenge Metals Ltd

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HIGHLIGHTS

- Drilling approval granted at the Company's Daejon Project in January
 - A 12 diamond drill hole programme commenced in April following road construction and is proposed to confirm historical uranium drill results and establish a maiden vanadium resource
 - Local area mapping has located 10 to +50m thick outcrop of Uranium & Vanadium mineralised Black Shale over more than 500m of strike up dip from the current drilling programme
 - Four trenches covering ~250m of strike have been channel sampled with results expected in May 2013
 - Vanadium credits impact significantly on Opex estimates
 - Government owned Korea Resources Corporation (KORES) to fund Gwesan Drill Programme in historic agreement
 - Early indications of successful drilling
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Stonehenge Metals Limited (ASX:SHE) (**Stonehenge** or the **Company**) is pleased to provide shareholders with the following quarterly activities report with respect of the Company's recent activities.

DRILLING AT DAEJON

Early in the quarter, the Company announced that following the land access agreements secured in July 2012, it had received approval from the East District of Daejon Metropolitan City Council, Korea to create access roads for the purpose of commencing an initial 12 hole diamond drill programme at the Company's Daejon Project (**Daejon**). The approval encompassed road building, 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 location of the proposed drill programme is 400m ENE of the Chubu Adit, which was channel sampled at 1 metre intervals during 2011. Results from the 2011 adit sampling showed high grade zones much greater than the existing resource average with the best result of 59 metres at 472ppm U_3O_8 .

The road enables access to two permitted drill sites spaced at about 160 metres ENE – WSW (Figure 1). These sites will enable initial 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. The drilling will be staged to ensure measurable objectives are completed in a timely manner in line with Stonehenge's strategic objectives and budgetary considerations. The road can be extended along strike as resource drilling of the Daejon Project expands over time.

The purpose of the Daejon drill programme is to confirm the continuity of the uranium mineralised zone including thickness and

grade; this will be 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 will also aim to establish a maiden vanadium resource at the Daejon Project. A typical section is shown in **Figure 1**.

Diamond drilling was subsequently commenced on 4 April. This is the first drill programme in 30 years and will verify the 225 historical drill holes completed by KORES. Daejon outcrops over a 6 kilometre strike containing a globally significant uranium resource within South Korea at **65.0Mlbs** grading **320ppm eU_3O_8** (**Table 1**). Daejon also has a Vanadium Exploration Target¹ of 70-90 Mt at a grade of between 0.25% to 0.35% V_2O_5 for a contained 385-695 M lbs V_2O_5 .

The stage 1 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_3O_8) and provide initial variography data for input into the stage 2 programme. The stage 2 programme is designed to deliver a high quality inferred resource in the upper 200 metres of the central Chubu area of the Daejon Project.

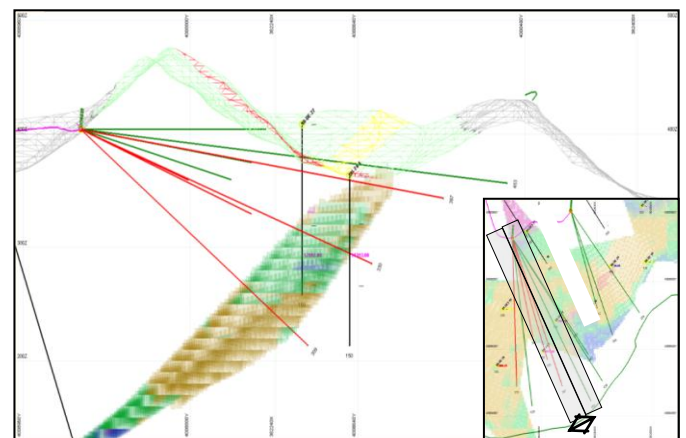


Figure 1: Section viewing ENE with +/-45m window and inset plan showing section position/window with: Chubu inferred eU_3O_8 resource block model (coloured grid) historic drill holes (black lines), historic average eU_3O_8 intersections multiplied by true width (number text), Stage 1 drill holes (red lines) and Stage 2 drill holes (green lines)

Depending on results and with input from surface mapping and sampling, it may be possible to further upgrade some of this resource drilling to higher confidence categories of resource.

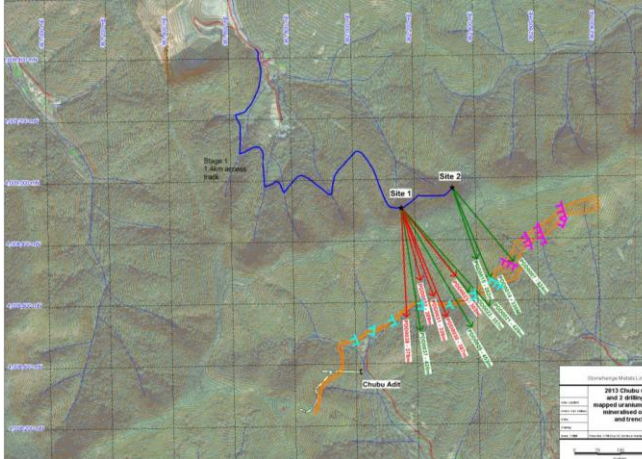


Figure 2: 2013 proposed drill hole traces; mapped outcrop position of Chubu mineralisation, permitted access track/drill sites, planned trenches (light blue fence), completed trenches (magenta fence)



Figure 3: Site 1 and start of Chubu diamond drilling program Thursday, 4 April 2013



Figure 4: First core box from the 2013 Chubu drilling programme showing hanging wall slate units

To complement the drilling, the surface geology was recently mapped and spot checked with a handheld XRF. As a result more than 500m of strike of +200ppm uranium and +1000ppm vanadium

mineralised black shale has been defined (Figure 2 and 5). The anomalous black shale will be targeted for follow up 80m spaced trenching with 1m interval channel sampling. Four trenches covering 250m strike have been completed and samples will be sent for chemical analysis during April 2013. The remaining proposed trenches will be completed during the drilling programme. Significantly, some of the spot check sites have recorded high grade uranium (+900 Uppm) and vanadium (+3000 Vppm) results using a handheld XRF on trench channel samples. Chemical assay results from the first 4 trenches are expected in 6 weeks.

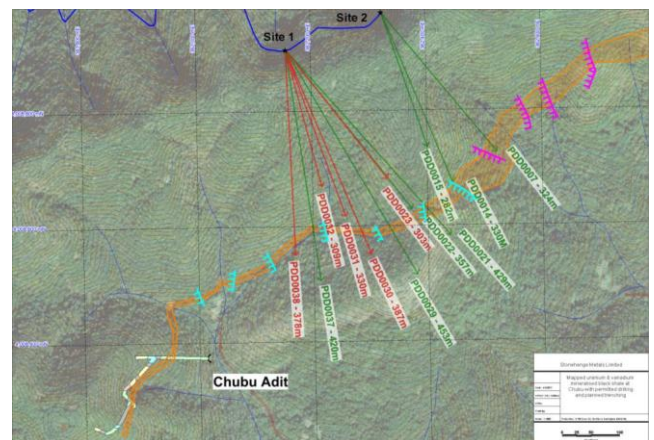


Figure 5: Mapped uranium and vanadium mineralised black shale at Chubu with completed trenches (magenta fences), planned trenches (green fences) and Chubu permitted stage 1 drill traces (red arrows) and stage 2 drill traces (green arrows)



Figure 6: Location of three completed trenches (magenta line) at Chubu during March 2013 and location of mapped uranium and vanadium mineralised black shale. Note: Some trenches have been extended beyond the boundaries of the mapped black shale where strong vanadium mineralisation persists into hangingwall and footwall units. 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.

KORES to fund Gwesan drilling programme

Subsequent to the quarter, on 16 April 2013 Stonehenge advised it had been awarded a 3-hole drill programme at the Gwesan Project with state-owned Korea Resource Corporation (**KORES**).

Stonehenge, in collaboration with KORES has designed a drill programme to test for uranium and vanadium at the Company's Gwesan Project. Gwesan, was drilled previously by Stonehenge, and has been recently mapped to generate additional drill targets.

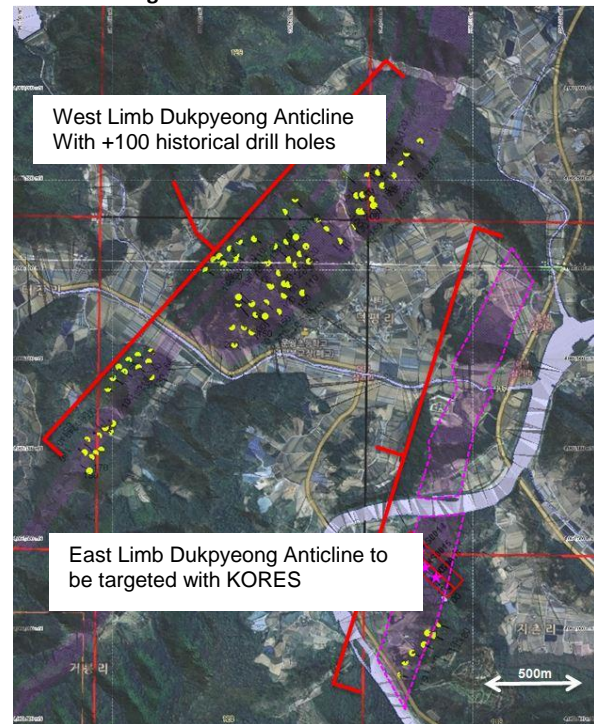
Under the agreement KORES will fund a 3-hole drill campaign for a total of 300 metres at no cost to Stonehenge (**Figure 7**). The programme must be finalised by 31 October 2013. Stonehenge will oversee the drill programme and own all data and records associated with the campaign.

The drilling programme is subject to local landowner approvals and regulatory approval by 30 June 2013.

In **Figure 7** below the Gwesan Project satellite imagery is overlain with mapped black shale (magenta overlay) that host the majority of uranium and vanadium mineralisation at Gwesan. The West Limb, Dukpyeong Anticline has significant historic drilling (yellow dots). The East Limb of the

Dukpyeong Anticline was mapped and rock chip sampled in November 2012 outlining a significant width and strike of mineralised black shales on the Company's Gwesan Tenements. The proposed collars for the three hole drilling programme targeting the East Limb of the Dukpyeong Anticline are marked with magenta stars.

Figure 7: Gwesan Project West Limb Dukpyeong Anticline historic drilling



This drilling programme is designed to further delineate the extent of the black shale uranium and vanadium mineralised zone and to determine the potential of Stonehenge's second drilling target.

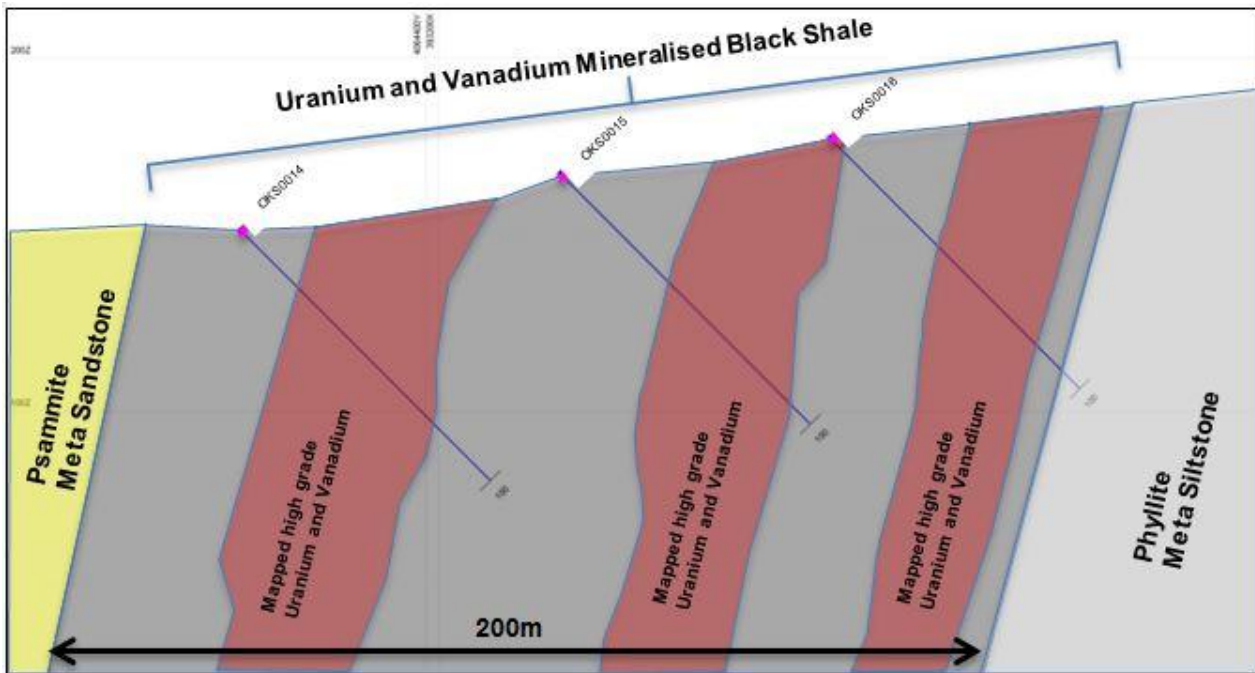


Figure 8: Cross Section of the East Limb of the Dukpyeong Anticline with view toward the NNE showing the planned three hole diamond drilling fence that will test highly anomalous zones of black shale mapped during November 2012. Individual rock chips along the drill section returned handheld XRF results exceeding 900 U ppm and 8,000 V ppm

This is the first instance of KORES funding a drilling campaign by an overseas company – hence this is a historic agreement and the company hopes that this marks the start of an enduring relationship with the Korean Government organisations.

About KORES

Korea Resources Corporation (KORES), is a state owned energy and resources enterprise of the Republic of South Korea, KORES has its origins in the mining industry and was established as the Korea Mining Promotion Corporation in 1967. In 2008, KORES was reborn with a vision to grow into a global top 20 mining and resources company by 2020.

In 1977 Korea invested in its first overseas mining project and since then its investments have expanded to 450 projects in 38 mineral commodities across 59 countries.

About Gwesan

Gwesan (Goesan) is located in a mountainous region mideast of the Chungcheongbuk-do Province. Gwesan has a total land area of approximately 842km².

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 follow up to strong outcrop sampling results from chemical assays (up to 5,354ppm U₃O₈ and 2,017 V₂O₅ (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 U₃O₈ and the best vanadium result was 8 metres @ 10,198ppm V₂O₅ from 87 metres. The locations of the previous Gwesan diamond drill holes is depicted in **Figure 9**.

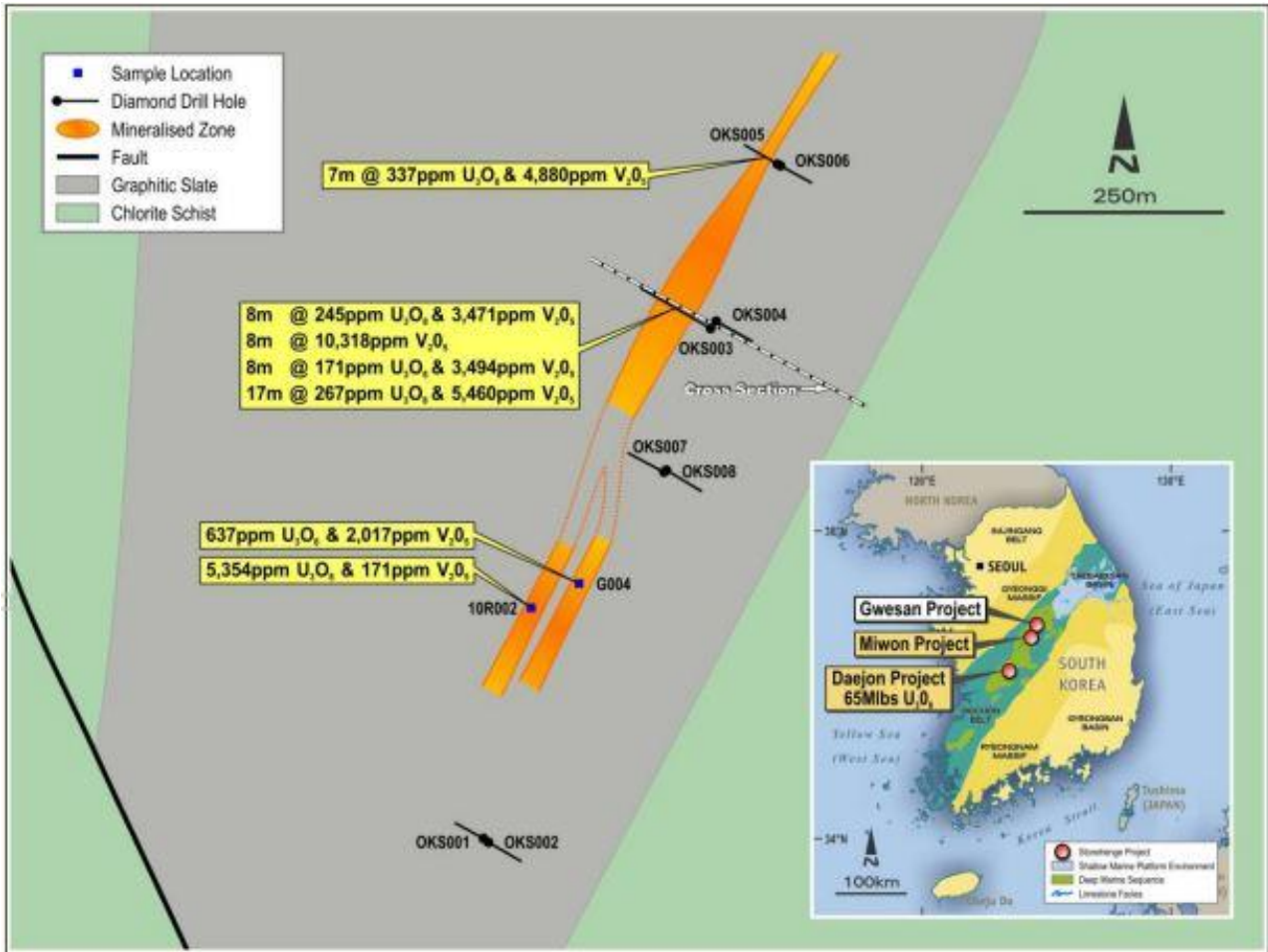


Figure 9: Gwesan Project previous drill hole locations, significant results and mineralised zone

CORPORATE

Closure of Non-Renounceable Priority Offer

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

Cost-saving Measures

During the period the Company implemented certain cost-cutting measures predominately in Perth to ensure essential work in Korea can continue. On 18 March 2013 shareholders gave approval for the issue shares to Executive Directors in lieu of salary cost-saving measures to provide flexibility with respect of the future capital requirements of the Company.

At the end of the period the Company had \$2.11 million in cash with no debt and 100% ownership of the tenements.

For further information please visit:

www.stonehengemetals.com.au

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.

The geological information in this presentation relating to Exploration Results has been compiled by Mr Simon Fleming. Mr Simon Fleming is a Fellow of the Australian Institute of Mines and Metallurgy (FAusIMM) who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Simon Fleming is the Chief Operating Officer and a director of the Company and has consented to the inclusion in the document of the Mineral Resources in the form and context in which they appear.

Appendix 1: Stonehenge Tenement Details

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

Tenement Name	ID	Registration No.	Registration Date	Area (ha)	Mineral
Gwesan	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
Miwon	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
Daejon	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
Okcheon	136	77010	11/06/2008	138	Uranium
	147	77038	20/06/2008	277	Uranium
Daejon	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
Daejon	59	200204	18-12-2012	228	Uranium, Vanadium, Molybdenum

Table 2: 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