

5 February 2015

Market Announcements Platform
ASX Limited,
Exchange Centre,
20 Bridge Street,
Sydney NSW 2000



ASX Code: **SHE**

STONEHENGE COMPANY UPDATE

HIGHLIGHTS

Daejon (Korea) Vanadium/Uranium Project

- Progressing the formal JV documentation with KORID¹
- Finalising proposed analysis program for 36,000 metres of drill core stored in Korea

Protean Wave Energy Conversion (WEC) Technology

- Final detailed pre-fabrication design nearing completion
 - Fabrication due to commence early 2nd quarter 2015
 - Site selection process commenced for pre-commercial pilot deployment location
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DAEJON (KOREA) VANADIUM AND URANIUM PROJECT

Stonehenge Metals Ltd (**Stonehenge** or the **Company**) advises that it is progressing the formal documentation process to create a joint venture (**JV**) with KOSDAQ listed Korea Resources Investment & Development Inc. (**KORID**). The JV, via the sale to KORID of 50% of Stonehenge Korea Ltd, will cement a strong working relationship between KORID and Stonehenge. The JV will initially focus on accelerating development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study (**PFS**).

The JV with KORID will focus on:

- Securing a collaboration agreement to test the relevant sections from within the 36,000 metres of mineralised historical drill core (from Stonehenge's Daejon Project area) stored at KIGAM²;
- Significantly upgrading the current Daejon Project resource estimates in size and or confidence;
- Preparing a pre-feasibility study for the Daejon project; and
- Preparing work programs and budgets to support completion of a definitive or bankable feasibility study for the Daejon project.

The Company is currently working with our geological consultants to finalise the proposed core analysis program and the proposal is expected to be finalised and presented in the coming weeks.

¹ KORID is a Korean public company listed on the Korean Securities Dealers Automated Quotations or KOSDAQ. KORID is focused on developing mineral and energy resources and operates successful minerals exploration and mining operations in many locations including Indonesia, Peru and Mongolia. KORID has existing partnership agreements with a number of parties, including KIGAM and KORES, for exploration and development of mineral resources. More information about KORID can be found at [their website](#).

² Korea Institute of Geoscience and Mineral Resources.



PROTEAN WAVE ENERGY – PROGRESS UPDATE AND BUSINESS STRATEGY

The Company's focus is to maximise its investment in the Protean™ wave energy conversion (WEC) technology through activities intended to realise the significant global market opportunities available to a viable WEC technology. Consistent with this aim, the Company has embarked upon a two pronged strategy for exploiting these opportunities:

- Securing deployment sites and customers for power and water supply; and
- Building the business and implementing the technology.

The Company is currently executing this strategy by utilising the extensive accumulated technical and business experience of Sean Moore (Chief Technology Officer, Wave Technology) to advance the Protean WEC towards commercial reality as quickly as possible. Current activity is focused on delivering the results of the planned and funded proof of commercial applicability demonstration deployment of a 1m diameter Protean™ device. Once proven, this 1m diameter device will form the foundations of a business to supply 'off-grid' power users around the globe. Further activity consistent with the Company's strategy is focused on building local, national and global strategic partnerships with leading organisations and individuals for the specific purpose of creating a broad base of offtake customers for Protean™ clean power and water.

Protean Wave Energy Converter (WEC) Design, Fabrication and Deployment

PROTEAN WEC – PAST ACTIVITY Successfully Tested 1 st Generation Prototype	PROTEAN WEC – PRESENT/FUTURE ACTIVITY Next Generation Pre Commercial Device
	 http://proteanwaveenergy.com.au/technical/
<ul style="list-style-type: none"> • 1.5m wide proof-of-concept device successfully tested as a stand-alone unit; • Device operation validated over several deployments in varying depths and sea states; • Design principles verified by independent analysis of test results; and • The quick and easy Protean™ deployment and retrieval system was successfully demonstrated. 	<ul style="list-style-type: none"> • Identify and secure deployment sites and customers; • Deploy a 1m wide "proof of commercial applicability" standalone demonstration unit; • Demonstrate key design improvements; • Deploy an array of Protean WEC devices; and • Confirm the Protean WEC as a viable modular, scalable, distributed power/water supply solution.

For further information see www.stonehengemetals.com.au, www.proteanwaveenergy.com.au or contact:

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ABOUT STONEHENGE METALS

Stonehenge Metals Limited (ASX Code: SHE) is developing a multi-mineral project in South Korea. Stonehenge currently owns 100% (Subject to finalisation of a JV with KORID) of the rights to three projects in South Korea, including the Company's flagship Daejon Project, which contains the largest uranium resource within South Korea at **66.7Mlbs** grading **329ppm U₃O₈** at a cut-off of **200ppm U₃O₈** (JORC 2004 compliant). Recently, the Company established a maiden vanadium resource of **17.3Mlbs** (largely indicated) grading **3,186ppm V₂O₅** at a cut-off of **2,000ppm V₂O₅**.

U₃O₈ Mineral Resource Estimate at a 200 ppm U₃O₈ cut-off

Classification	Tonnes	Grade	Metal
	Mt	ppm	Mlbs
Indicated - Chubu	3.3	247	1.8
Inferred - Chubu	45.9	335	33.9
Sub-Total Chubu	49.2	329	35.7
Inferred - Yokwang	39	310	26
Inferred - Kolnami	7	340	5
Total	95.2	329	66.7

V₂O₅ Mineral Resource Estimate at a 2,000 ppm V₂O₅ cut-off

Classification	Tonnage	Grade	Metal
	Mt	ppm	Mlbs
Indicated	2.3	3,208	16.5
Inferred	0.1	2,788	0.8
Total	2.5	3,186	17.3

Vanadium Exploration Target¹

Tonnes (Mt)	Grade V ₂ O ₅ (ppm)	Contained V ₂ O ₅ (Mlbs)
70 - 90	2,500 - 3,500	385 - 695

Uranium Exploration Target¹

Tonnes (Mt)	Grade U ₃ O ₈ (ppm)	Contained U ₃ O ₈ (Mlbs)
15 - 59	300 - 500	17-39

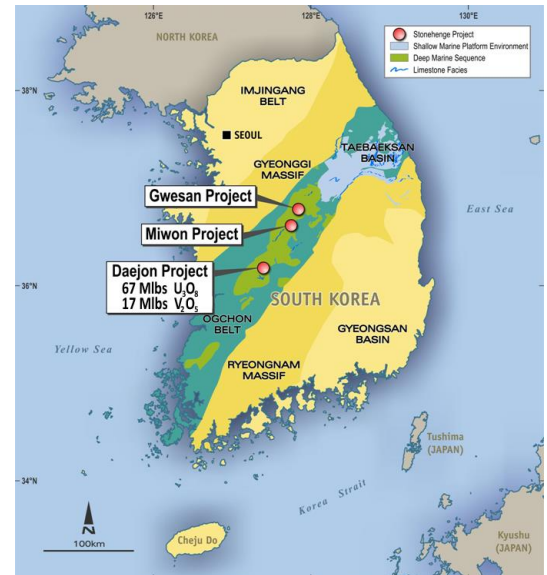
from the 2013 drilling at Chubu & Gwesan (refer announcements 15 July & 13 November 2013) that demonstrated vanadium and uranium mineralisation through the black shales.

The geology in the Okcheon belt consists of a meta-sedimentary sequence that comprises three formations, Wunkyori, Hwajeonri & Guryongsan. The stratigraphic sequence within the belt at the Gwesan project comprises dark grey phyllite, overlain by the black shale (ore zone) & a fine grained sandstone. The historical drilling at the Gwesan project has demonstrated black shale deposits along 10km of strike. KORES completed three drill holes targeting the mineralised black shale at Gwesan in order to verify the mineralisation zone throughout the area. All three holes were drilled to a total depth of 100m and several ore zones between 3m and 11m have been intercepted in each drill hole.

The best intercept of 3500 ppm V₂O₅ & <10 ppm U₃O₈ in the first hole provides encouraging results (refer ASX announcement 13 Nov 2013). More drilling will be required to define the high grade mineralisation zone in the area. The mineralisation remains open at depth & along the 10km strike. The project is in its exploration stage and the additional drilling is expected to increase the potential to discover high class uranium and vanadium Mineral Resources at Gwesan. Stonehenge expects to test the validity of the exploration target once access to historical drill core is obtained and the Company is able to assay the core for vanadium mineralisation.

The Company is continuing its efforts to access the core and further updates on this progress will be advised as soon as it becomes available. This information was prepared and first disclosed under the JORC Code 2004

South Korean Project Locations



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

The vanadium and uranium exploration targets are based on exploration results

(refer ASX announcement 29 Aug 2013). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Competent Person's statement

The information contained in this ASX release relating to exploration results and Mineral Resources has been compiled by Mr. Ian Glacken of Optiro Ltd. Mr. Glacken is a Fellow of The Australian 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 a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Glacken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



ABOUT THE PROTEAN WAVE ENERGY CONVERTER (WEC) TECHNOLOGY

Stonehenge has entered into an option agreement to purchase the Protean WEC technology. The Protean WEC system is based upon a point-absorber wave energy converter buoy device which floats at the water surface and extracts energy from the waves by the extension and retraction of a tether to its anchoring weight on the seabed. The device is unique in that it optimises the conversion of energy from waves at the surface through **all six degrees of wave movement**.

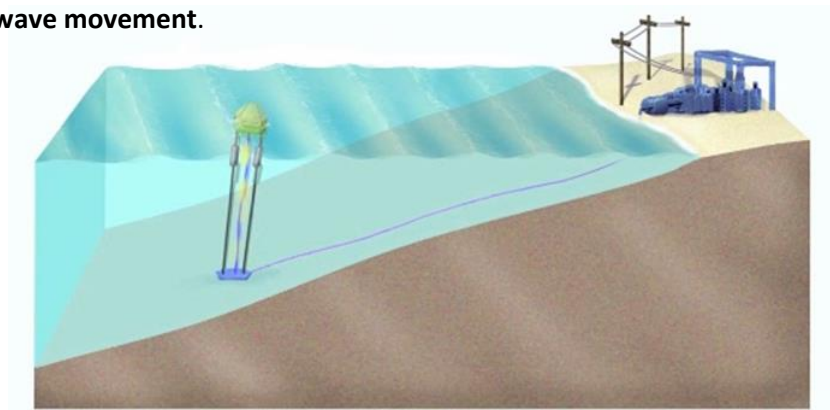


Figure 1:
Protean WEC
technology

The Protean WEC has been developed to use compact architecture to produce power from a small, low cost, scalable design targeted at keeping the projected levelised cost of energy (LCOE)² down. The Protean WEC has been designed to be cost competitive to manufacture, deploy, maintain and retrieve.

The future plans for the Protean WEC include the deployment of a pre-commercial demonstration of a dynamic, configurable and scalable power array prior to moving the technology into early commercialisation.

During the Option period the Stonehenge assessment program aims to:

1. **Refine** the tried and proven scale device to produce a suitable pre-commercial model;
2. **Create** a scalable power array so as to provide the power requirements of a prospective customer;
3. **Test** the scalable power array for its potential to delivery cost effective power,
4. **Verify** the results, including commissioning an independent expert to qualify the testing results; and
5. **Commence** commercialisation of the scalable array for small to medium customers.

For further information visit: www.proteanwaveenergy.com.au or www.stonehengemetals.com.au

² Levelised cost of energy is one of the industry's main metrics for the cost of electricity produced. It accounts for all of a system's expected lifetime costs (incl. construction, finance, fuel, maintenance, tax, insurance & incentives), which are then divided by the system's lifetime expected power output (kWh) & discounted for inflation & time cost of money.