Stonehenge Metals Limited
ABN 81 119 267 391
Level 24, St Martins Tower
44 St Georges Terrace
PO Box Z5183, St Georges
Terrace WA 6831, Australia
Telephone +61 8 9325 4205
Facsimile +61 8 9218 8875
www.stonehengemetals.com.au

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Drilling Commences: Mandiodo Nickel Deposit

- **Diamond drilling commences at the Mandiodo project in Indonesia**
- **Data compilation identifies outstanding exploration potential**
- **Gawler iron project update**

Diamond drilling commences at the Mandiodo project in Indonesia

Stonehenge Metals is pleased to announce that diamond drilling has commenced at the Mandiodo nickel project, South East Sulawesi, Indonesia. Two diamond rigs are on site drilling a series of holes that twin or duplicate existing drill holes. The 45 duplicate holes are designed to confirm the validity of the existing drilling and allow a JORC code compliant resource to be calculated. To date, two holes have been completed and drilling is expected to take two months. Speedy drilling approvals and drill rig mobilisation is due to excellent communication with the regional government, local residents and experienced Indonesian business partners that augers well for rapid project development.

FIGURE 1. Drilling in progress at the Mandiodo project.

As previously released, the Mandiodo nickel laterite project has been extensive drilled (approximately 400 holes) during the 1990's and early 2000's. Drilling identified nickel laterite mineralisation over an initial area 4.2 km long by 1 km wide with an average thickness of 13 metres (Figure 2). The mineralised drill hole intersections had average grades of 1.3% nickel. A review of the project by geological consultants has indicated that the deposit will require approximately 40 additional drill holes to validate the existing drill hole information (i.e. thickness, grade, distribution) and allow a JORC compliant resource to be calculated.

Given the extensive historical drilling the company has a modest initial exploration target for the deposit of **40-60 Mt @ 1.2 to 1.4% nickel** based on the grades, widths and extents of the existing drilling results described above.

Note that the potential quantity and grade of the above exploration target is based on historical drilling and is considered insufficient to define a Mineral Resource to Australian JORC standard. It is uncertain if further exploration will result in the determination of a Mineral Resource.

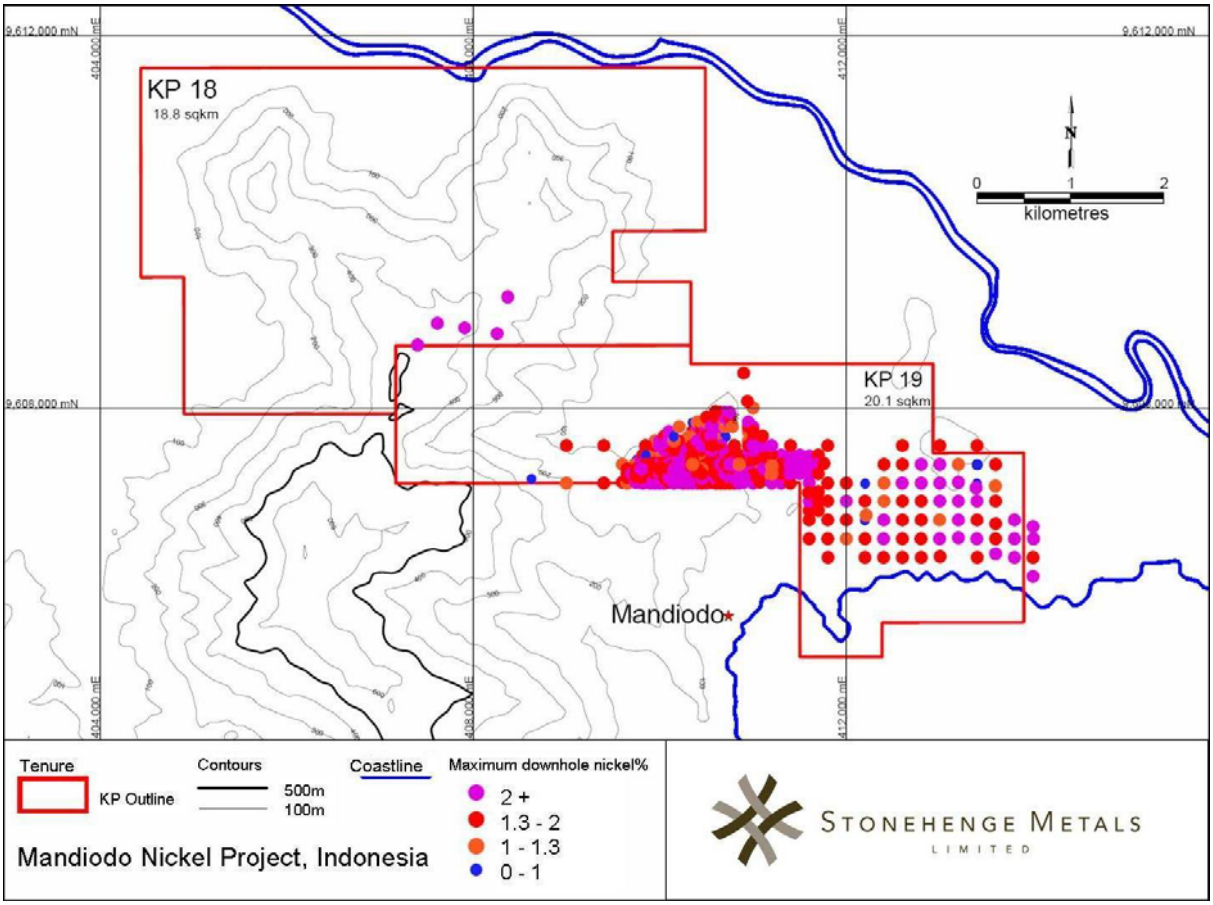

FIGURE 2. The spatial distribution of maximum down hole nickel grades; Stonehenge lease in red.

Regional Data Compilation Identifies outstanding Exploration potential

In addition to the existing drilling at the Mandiodo nickel project, data compilation has identified additional regional drilling on the permit North of Mandiodo. Five drill holes spaced at 250 metre intervals have identified that the laterite mineralisation extends across a one kilometre area with average grades of 1.7-2.0% nickel and thicknesses of 21-27 metres (Figure 2). Geological modelling suggests that nickel mineralisation may extend right across the permits and a geological cross section of the five holes illustrates the potential to develop additional resources (Figure 3).

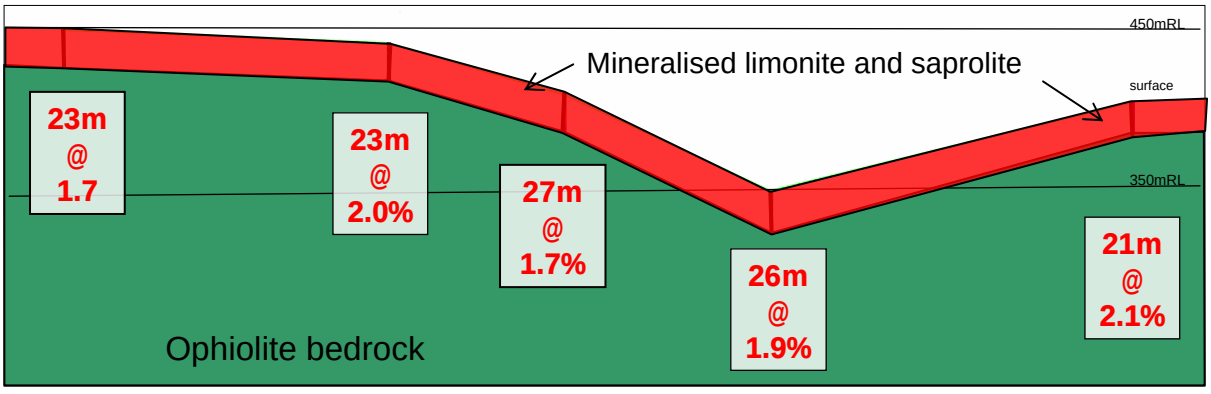

FIGURE 2. Offset cross section of drilling over a one kilometre distance on permit KP 18 showing average nickel grade and thicknesses for each hole (section not to scale).

Gawler Iron Project Update

Drilling was completed at the Gawler Iron project in November 2007. Compilation of the final assay results has identified Iron mineralisation in several holes with the best intersection of **9.8 metres at 54% Iron** in Gawler 002 (Figure 4). The other ten holes encountered minor iron mineralisation over one to two metres.

During the drilling, geological logging suggested that the exploration model required review. Independent geological assessment identified that the hematite mineralisation is a result of acid leaching of iron from the overlying basalts. Iron has been remobilised from the iron rich basalts into the underlying sediments and has formed an alteration halo which becomes steadily weaker with increasing distance from the basalt.

The aeromagnetic high was re-interpreted to be Jurassic basalts overlying Cambrian sediments and drilling was retargeted at the edges of the basalt where the hematite mineralisation was closest to the surface and has the highest probability of forming an economic deposit.

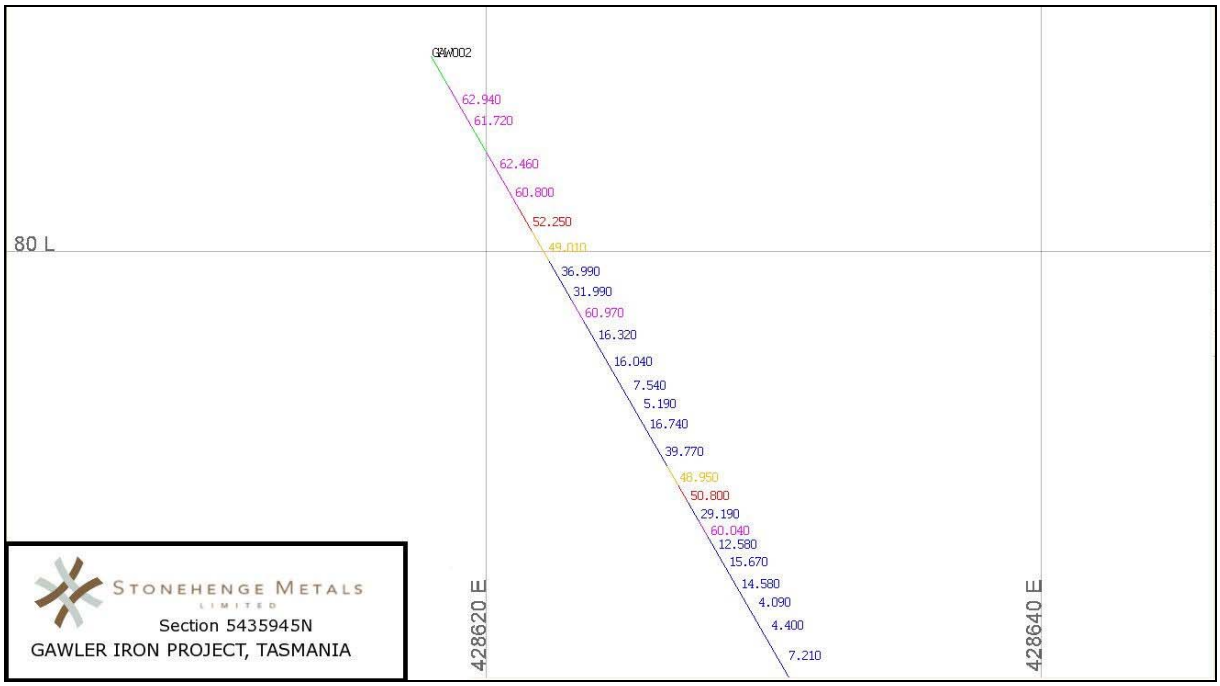

FIGURE 4. Drill hole GAW 002, with iron mineralisation of 9.8m @54% Iron.

After reviewing the drilling results the company has concluded that it is unlikely that additional drilling will identify sufficient mineralisation to support an economic operation. Consequently the Company has withdrawn from the Earn In agreement with Southern Iron (Tas) Pty. Limited.

About Stonehenge Metals Limited

Stonehenge Metals Limited is an exploration company formed in 2006 to explore a portfolio of highly prospective tin, nickel and zinc exploration projects in North West Tasmania. In late 2007 the company acquired the right to explore and mine the Mandiodo nickel laterite deposit on the island on Sulawesi in Indonesia.

Mandiodo Nickel Project: Mandiodo is located in Southeast Sulawesi, Indonesia and consists of two permits totaling 31 square kilometres. Extensive historical drilling has identified a nickel laterite blanket covering an area of 4.2 km long by 1.0 km wide and up to 20 metres deep with significant potential for expansion. The average grade of the historical drilling is 1.3% nickel. Existing metallurgical work indicates that a proportion of the deposit is amenable to direct smelting hence the deposit may be exploited be simple mining and shipping. Stonehenge is currently finalising acquisition of the project

Stonehenge Nickel Project: The Stonehenge exploration lease has the potential to host significant nickel deposits. The lease contains the same rock units and aeromagnetic anomalies that have produced Allegiance Mining NL's Avebury nickel mine on adjacent ground. The anomalies have not been tested by drilling and could be related to significant nickel mineralisation. The drilling of this magnetic anomaly will be a priority and the magnetic data covering this tenement will be reviewed to identify all magnetic targets.

Stonehenge Base Metals Project: In addition to nickel, the Stonehenge exploration lease has the potential to host significant lead-zinc-silver deposits. The lease contains the same rock units and structural corridors that have produced Zeehan Zinc's Comstock mine on adjacent ground. There are approximately 7km of strike length to explore on three trends each of which contain several historical mines. Preliminary channel sampling at Sunshine has identified 10m @ 22% zinc. The drilling of the Sunshine and Swansea deposits will be a priority and the historical data covering this tenement will be reviewed to identify all base metal targets.

Granville Tin Project: The Granville East tin deposit appears to be a strata-bound, carbonate replacement deposit (skarn). Sampling has established the presence of some very high grade zones of ore and recent mining has confirmed the open pit to be a potential source of ore of good grade and character. Early tin production from stockpiles, waste dumps, some pit ore and reprocessing of tailings is planned to proceed, in tandem, with the current resource drilling.

The Central Big 'H' tin prospect appears to be similar to Granville East's. Its magnetic anomaly size and strength (200nT) indicates that it may be a smaller, lower-grade (+1%) analogue of the Granville East tin skarn. Stonehenge Metals will conduct an initial, two to four hole, reconnaissance drilling program over the prospect to test this possibility.

Federation Tin Project: The Federation lease covers a number of tin bearing lodes in an area known as the South Heemskirk Tin field the country rock underlying this tenement is a part of the Heemskirk granite which is a multiphase intrusion with the tin mineralization being related to the latest phase. The major Tin prospects are Sweeny's, Federation and an untested magnetic anomaly West of Sweeny's.

Interview River Tungsten Project: The Interview River Licence covers a number of tungsten bearing lodes in an area known as Interview River. The country rock underlying this tenement is a part of the Interview granite which is a multiphase intrusion with the tungsten and tin mineralization being related to the latest phase. Further east the tenement covers folded and faulted sediments with elevated copper results.

The Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Todd Hibberd, who is a member of the Australian Institute of Mining and Metallurgy. Mr Hibberd is a full time employee of the company. Mr Hibberd has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the `Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)`. Mr Hibberd consents to the inclusion of this information in the form and context in which it appears in this report.

For further information please contact:

Todd Hibberd
Managing Director
Stonehenge Metals Limited
Tel: +618 93254205 Fax: +618 92188875
Website: www.stonehengemetals.com.au