STONEHENGE METALS LIMITED
ABN 81 119 267 391

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

CORPORATE DIRECTORY

Directors

Brendan Hammond	*Non-Executive Chairman*
Bruce Lane	*Managing Director*
Bevan Tarratt	*Non-Executive Director*
Young Yu	*Non-Executive Director*

Company Secretary
Mathew Foy

Registered Office
Office J, Level 2
1139 Hay Street
West Perth WA 6005

Principal Office
Level 3, 89 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9481 2277
Facsimile: +61 8 9481 2355
Email: admin@stonehengemetals.com.au
Web: www.stonehengemetals.com.au

Stock Exchange Listing
Australian Securities Exchange
ASX Code - **SHE**

Share Registry
Link Market Services Limited
Central Park
Level 4, 152 St Georges Terrace
Perth WA 6000
Telephone: 1300 554 474

Bankers
National Australia Bank Limited
50 St Georges Terrace
Perth WA 6000

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2015 Annual Report to Shareholders of Stonehenge Metals Limited.

2015 has been a year of significant change for Stonehenge Metals Limited, following the exercise of the option to acquire Protean Energy Australia Pty Ltd, which enables the Company to acquire the Protean™ wave energy conversion (**WEC**) technology. In order to effectuate this acquisition, Stonehenge must complete a change in the Company's nature and scale of activities under Chapter 11 of the ASX Listing Rules. The Company is currently progressing a notice of meeting for shareholders to approve and effect this change.

During the period, functional ocean based testing of the fully assembled Protean™ WEC device was successfully completed. The testing demonstrated that the Protean™ WEC functioned as anticipated and that it was responsive to wave motion even in very low wave height conditions. Preparations for fabrication of the 30 Protean™ WEC buoys which make up the planned pre-commercial demonstration wave farm have now commenced. Following this testing, the Company has been able to progress discussions for the potential to test a Protean™ WEC wave farm in Bunbury, Western Australia and to install a commercial pilot wave farm project for Hanimaadhoo Island in the Maldives.

The Company progressed its Korean interests during the year by securing KOSDAQ listed Korea Resources Investment & Development Inc. (**KORID**) as a joint venture partner. The JV, completed in July 2015, will cements a strong working relationship between KORID and Stonehenge to initially 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 the Korean Institute of Geoscience and Mineral Resources;
- 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.

Stonehenge's activities in 2015 have set the Company up for a very exciting year in 2016 with plans to commence a wave farm pilot program in order to progress the commercialisation of the Protean™ technology and also to further develop its uranium and vanadium assets in Korea.

I would like to thank members of the Board, senior management and all our staff and contractors for their hard work and contributions in what has been both a successful and challenging period. On behalf of the Board and Company, I would like to thank you, our shareholders, for your ongoing support. The future remains exciting for Stonehenge and we look forward to increasing shareholder value over the next 12 months and beyond.

Yours faithfully

Mr Brendan Hammond

Non-Executive Chairman

BUSINESS REVIEW

Stonehenge Metals Limited (ASX:SHE) (**Stonehenge** or the **Company**) is pleased to provide Shareholders with a review of operations for the financial year ended 30 June 2015.

HIGHLIGHTS

- Agreements signed with San Marino Venture Group (**SMVG**) and Yanchep Beach Joint Venture (**YBJV**) to provide support and progress the commercialisation of the Protean™ wave energy convertor (**WEC**) technology, including the potential development of a Protean™ WEC wave farm off the coast of Western Australia.
- Memorandum of Understanding signed with Cal Poly, California's leading Polytechnic University, to facilitate joint applications for funding opportunities offered by the US Department of Energy.
- Structural component build, assembly and workshop testing of a single Protean™ WEC completed.
- Ocean based wet testing of a single Protean™ WEC successfully completed.
- Two key appointments made with Mr Brendan Hammond appointed as Chairman of the Board and Mr Scott Davis as advisor to the Company, both industry veterans bringing significant experience and expertise.
- Progression to complete the sale of 50% of Stonehenge Korea Ltd to Korea Resources Investment & Development Inc. (KORID) to create a joint venture to progress its uranium and vanadium interests.
- Mr William Toman engaged as President of Protean Wave Energy Inc.

KOREA

Stonehenge is developing a world-class uranium and vanadium project in South Korea via its 50% holding in Stonehenge Korea Ltd. The flagship Daejon Project boasts Inferred & Indicated uranium Resources of 66.7Mlbs grading 320ppm U_3O_8 and Inferred & Indicated vanadium Resources of 17Mlbs grading at 3,200ppm V_2O_5 (in accordance with JORC guidelines). Daejon is one of three (including Miwon and Gwesan) projects Stonehenge holds in Korea and, in addition to its existing resources, offers significant exploration potential with conceptual exploration targets of 17Mlbs to 39Mlbs grading 300 to 500ppm U_3O_8 and 385Mlbs to 695Mlbs grading 2,500 to 3,500ppm V_2O_5.

Company activities

On 18 February 2015, the Company advised it executed formal joint venture (**JV**) documentation with Korean Stock Exchange (**KOSDAQ**) listed Korea Resources Investment & Development Inc. (**KORID**). The JV, created via the sale to KORID of 50% of Stonehenge Korea Ltd, cements the 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.

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 the KIGAM;
- 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.

Since year-end, the Company advised the completion of the sale of 50% of Stonehenge Korea Limited to KORID. Stonehenge and KORID now hold 50% each of Stonehenge Korea. In consideration for the sale, Stonehenge received 4,643,497 KORID shares. The KORID shares are listed on KOSDAQ and are escrowed for 12 months. The shares can be sold to fund the activities of the JV after 13 months if KORID does not exercise its right to withdraw from the JV, as per the transaction terms advised to ASX on 24 December 2014.

Mineral Resources

On 29 August 2013, the Company advised a maiden vanadium resource and an upgrade to the existing uranium resource at the Daejon Project. The Chubu deposit resource 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 9,000ppm was applied to the V_2O_5 data. 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 overall uranium resource is set out below:

Daejon U_3O_8 Resource (2004) Estimate at a 200ppm cut-off				
Prospect	Classification	Tonnes	Grade	Metal
		Mt	U_3O_8 ppm	Mlbs
Chubu	Inferred	46	330	34
	Indicated	3.3	247	1.8
Yokwang	Inferred	39	310	26
Kolnami	Inferred	7	340	5
Total		**95.3**	**320**	**66.8**

This information was prepared and first disclosed under the JORC Code 2004. 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.

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

V_2O_5 Resource Estimate at a 2,000ppm cut-off (JORC 2012)				
Year	Category	Tonnage	Grade	Metal
		Mt	ppm	Mlbs
2013*	Indicated	2.3	3,208	16.5
2013*	Inferred	0.1	2,788	0.8
	Total	**2.4**	**3,186**	**17.3**

Governance Arrangements and Internal Controls

The Company has ensured that the mineral resource estimates quoted above are subject to governance arrangements and internal controls. A summary of these are outlined below.

The report of mineral resources is grouped by development properties and includes both uranium and vanadium deposits. The uranium mineral resources at the Chubu, Kolnami and Yokwang prospects are reported in accordance with JORC 2004 and these will be progressively updated to the JORC 2012 standard as development priorities dictate.

The maiden vanadium resource reported at the Chubu Prospect has been reported in accordance with JORC 2004 and this will be progressively updated to the JORC 2012 standard as development priorities dictate.

Audit of the estimation of mineral resources is addressed as part of the annual internal audit plan approved by the Board in its capacity as the Audit and Risk Committee. Specific audit of the mineral resources was performed in 2013 and this audit was managed by Stonehenge and its external technical experts.

In addition to routine internal audit, the Board monitors the mineral resource status and approves the final outcome. The annual mineral resource update is a prescribed activity within the annual corporate planning calendar that includes a schedule of regular executive engagement meetings to approve assumptions and guide the overall process.

The mineral resource estimation processes followed internally are well established and are subject to systematic internal and external peer review. Independent technical reviews and audits are undertaken on an as-needs basis as a product of risk assessment.

Competent Person Statement

The information contained in this report that relates to Mineral Resources and exploration results is based on information compiled by Mr. Ian Glacken of Optiro Pty Ltd (ABN 63 131 922 739), which provides geological consulting services to Stonehenge Metals Limited. Mr. Glacken 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Glacken consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

PROTEAN™ WAVE TECHNOLOGY

The Protean™ wave energy converter (**WEC**) system is based upon an internationally patented and patent pending intellectual property invented by Sean Moore. The Protean™ WEC technology has been identified as having a number of potential advantages over other wave energy technologies currently being investigated internationally.

The Protean™ WEC system is based upon a point-absorber wave energy converter buoy device which floats at the ocean surface and extracts energy from waves by the extension and retraction of a tether to its anchoring weight on the sea bed. The device is unique in that it optimises the conversion of energy from waves through all six available directional wave forces (being: heave (up-down), surge (back-and-forth), sway (side-to-side), yaw, pitch and roll). Other wave energy systems typically use one or two degrees of movement, which can significantly reduce their productivity. Protean™ is based on globally accepted and proven ocean buoy technology and is designed to withstand the harsh ocean environment; a critical issue for wave energy conversion systems. Major design benefits of the system may include:

- **Scalability** – the Protean™ WEC system is designed to provide low cost energy for a wide range of applications, from small to large scale production.
- **Versatility** – the Protean™ WEC system has been designed for dedicated or simultaneous production of electricity or the desalination of seawater.
- **Affordability** – the Protean™ WEC system was designed from the ground up to provide cost effective, consistent and reliable renewable energy in lower and higher energy wave resource locations. The Protean™ WEC is designed for cost effective manufacture, deployment and maintenance.

The Protean™ WEC design has been trialled at a 1.5 kW scale in the ocean off Perth, proving the system can successfully convert the power from waves into usable energy. The design is based upon a compact architecture which targets power production from a small, low cost design aimed at keeping the projected levelised cost of energy down.

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 cost of energy down. The Protean™ WEC has been designed to be cost competitive to manufacture, deploy and maintain. The future plans for the Protean™ WEC include the deployment of a pre-commercial demonstration of a scalable power array (wave farm) prior to moving the technology into early commercialisation. The Stonehenge assessment program aims to:

- **refine** the scale device to produce a suitable pre-commercial model;
- **create** a scalable power array so as to provide the power requirements of a prospective customer;
- **test** the demonstration wave farm for its potential to deliver cost effective power;
- **verify** the results, including commissioning of an independent expert to qualify the testing results; and
- **commence** commercialisation of the scalable array (wave farm) for small to medium customers.

Company Activities

Acquisition of Protean Energy Australia Pty Ltd

On 11 August 2014, the Company announced it had entered into a binding term sheet (**Term Sheet**) with Protean Energy Pty Ltd (**PEL**) to acquire 100% of PEL's wholly owned subsidiary, Protean Energy Australia Pty Ltd (**PEA**). PEA is a non-trading entity which holds the intellectual property titles, rights and licenses to the Protean™ wave energy converter technology.

Subsequently on 10 November 2014, the Company entered into formal documents for the transaction, being the Call Option and Licence Agreement, which superseded and replaced the Term Sheet.

On 11 August 2015, the Company exercised the option pursuant to the Call Option and Licence Agreement, and has entered into the Share Purchase Agreement to acquire 100% of the shares in PEA (**Acquisition**).

As part of the Acquisition, the Company will seek the approval of shareholders to change its name to Protean Wave Energy Limited. The Acquisition will result in a change in the Company's nature and scale of activities, requiring shareholder approval under Chapter 11 of the ASX Listing Rules and the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules. In order to re-comply with the ASX Listing Rules, the Company expects to seek shareholder approval to, amongst other things, issue a re-compliance prospectus to raise sufficient funds to accelerate commercialisation of the Protean™ WEC technology. A notice of meeting to seek approval for the above matters, including the quantum of the capital raising, is expected to be dispatched shortly.

Engagement of San Marino Venture Group LLC

During the period, the Company engaged California-based San Marino Venture Group LLC (**SMGV**) to provide advisory support for the commercialisation of the Protean™ wave energy convertor (**WEC**) technology in the US as part of the Company's global commercialisation strategy. SMVG has a highly experienced and skilled team and is expected to add credibility and know-how to guide commercialise the Protean™ WEC technology in the US.

Memorandum of Understanding - California Polytechnic University at San Luis Obispo

On 30 June 2015, the Company announced the signing of a Memorandum of Understanding with California Polytechnic University at San Luis Obispo (**Cal Poly**) to facilitate applications for major funding opportunities offered by the US Department of Energy (**DOE**). The funding is to support the next phase of the Cal Wave initiative, which is one of a number of projects created under the Institute for Advanced Technology and Public Policy (**IATPP**) at Cal Poly. The mission of the IATPP is to develop and promote practical solutions to real word problems by informing and driving public policy. The Cal Wave project is in place to assess the feasibility of siting the planned National Wave Energy Test Facility in California and has to date been funded by the DOE through an initial $750,000 funding award. Stonehenge will serve as a contributing WEC technology proponent on the next phase of the CalWave project (if the DOE funding application succeeds), with the potential to be deployed into the facility in California.

Memorandum of Understanding with Yanchep Beach Joint Venture

The Company signed a Memorandum of Understanding (**MOU**) with Yanchep Beach Joint Venture (**YBJV**) during the financial year for collaboration on the development of a Protean™ WEC wave farm off the coast of Western Australia to potentially supply the community at Two Rocks. The MOU supports Stonehenge's commercialisation strategy and will initially begin with a single 1.5 kW buoy followed by a 30-buoy (45 kW) demonstration wave farm. The ultimate vision for the project involves working with the community to develop an appropriate model to create a wave farm to supply energy and/or water to the community.

YBJV is part of one of the largest metropolitan urban development projects in Australia, SunCity, at Yanchep in Perth's northern coastal transport corridor. YBJV believe that SunCity will emerge as possibly the only sustainable Clean Green Community in a strategic regional city centre within a metropolitan area in Australia. The project has been given rightful acknowledgement at national level through the Federal Government's Major Project Facilitation status.

Appointment of Lead Energy Specialist, Mr William Toman

On 26 March 2015, the Company advised that Mr William Toman had been engaged as President of the Company's US subsidiary, Protean Wave Energy Inc. Mr Toman is an energy industry professional with more than 25 years of experience managing energy and environmental project development. He has been responsible for the development of over 2,000 MW of generating capacity for utilities and independent power producers both inside and outside the US.

Mr Toman's most recent engagement was at California Polytechnic University at San Luis Obispo (**Cal Poly**) where he led a 12-month US Department of Energy funded study investigating siting, cost and feasibility issues for developing a national wave energy testing centre offshore of California's Central Coast. Whilst with California's largest energy utility, Pacific Gas and Electric Company, Mr Toman led development of the US's first open ocean, grid-connected wave energy testing and demonstration facility (Humboldt WaveConnect), a 5 MW project, through a Federal Energy Regulatory Commission draft pilot license application in Humboldt County, California.

Mr Toman is a highly qualified nuclear engineer holding an M.S in Nuclear Engineering from the University of California at Los Angeles (UCLA) and an M.S in Industrial Administration from the Tepper School of Business at Carnegie Mellon University. He has a particular depth of expertise with large-scale commercialisation of renewable energy technologies. He has extensive experience in the program management of siting and developing utility scale energy projects with special concentration in marine and hydrokinetic renewable technologies such as ocean wave, tidal energy as well as floating offshore wind energy.

BUSINESS REVIEW

Protean Detailed Design Completed

During the 2015 financial year, the Company advised that the detailed design of the Protean™ wave energy converter had been completed. The detailed design was completed within schedule and within the budget; opening the way for preparation of the fabrication of the first 1.5 kW device ahead of schedule.

The completion of this pre-manufacturing phase is an important milestone in the efforts of the Company to build a commercial solution from the Protean™ technology platform. The Company aims to create an economically viable wave energy converter to satisfy the global demand for cost effective renewable energy.

CORPORATE

Key Appointments

- Mr Bruce Lane and Mr Sean Moore (the Protean™ WEC inventor) both commenced in their respective roles of Managing Director and Chief Technology Officer (Wave Energy) during the financial year.
- Mr Scott Davis was appointed during the period to advise the Company on its business development and commercialisation activities. Mr Davis is an energy industry professional with significant experience in sales and marketing and market reform roles in the electricity sector. Mr Davis has a particular depth of expertise in electricity pricing and integration of renewable energy into isolated power systems.
- Mr William Tomin was appointed as President of the Company's US subsidiary, Protean Wave Energy Inc. Mr Toman is an energy industry professional with more than 25 years of experience managing energy and environmental project development.
- In June 2015, the Company appointed Mr Brendan Hammond as Chairman of the Board effective 1 July 2015. Mr Hammond has a wealth of experience within the resources, energy and infrastructure industries. Mr Richard Henning resigned from the Board effective 1 July 2015.

Rights Issue

During the financial year, the Company completed an equity raising of $1,503,643 before costs, via a pro-rata non-renounceable rights issue (**Rights Issue**). Eligible shareholders were provided the opportunity to subscribe for seven (7) new fully paid ordinary shares in the Company for every ten (10) shares. New shares under the Rights Issue were offered at $0.005 per share. Applications under the Rights Issue totalled $649,427 representing approximately 43% of all shares offered.

Later in the period, CPS Capital, acting as Lead Manager, successfully placed the remaining 170,843,200 shortfall shares at $0.005 to raise a further $854,216.

Conversion of Convertible Notes

During the period, the Company advised that it had arranged $120,000 of working capital funding via a convertible loan. The loan, provided by parties including the Directors of Stonehenge, converted into fully paid ordinary shares following shareholder approval, at a price of $0.004 being 80% of the Rights Issue price.

On 24 November 2014, the Company advised that the outstanding convertible loan notes had been converted into 30,000,000 ordinary shares following shareholder approval at a general meeting held on 11 November 2014.

DIRECTORS' REPORT

Your Directors present the financial report for the consolidated entity, consisting of Stonehenge Metals Limited (**Stonehenge** or **Company**) and the entities it controls (**Consolidated Entity** or **Group**) for the financial year ended 30 June 2015.

DIRECTORS

The names of Directors who held office during the year and up to the date of this report are:

Brendan Hammond	Non-Executive Chairman (appointed 1 July 2015)
Bruce Lane	Managing Director
Young Yu	Non-Executive Director
Bevan Tarratt	Non-Executive Director
Richard Henning	Non-Executive Chairman (resigned 1 July 2015)

PRINCIPAL ACTIVITIES

The activities of the Group and its subsidiaries during the financial year were mineral exploration in South Korea and commercialisation activities associated with the Protean™ wave energy converter technology.

There were no significant changes in the nature of these activities during the year.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year (30 June 2014: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $4,720,479 for the financial year ended 30 June 2015 (30 June 2014: loss $1,482,055). At 30 June 2015, the Group had net assets of $5,133,571 (30 June 2014: $7,438,530) and cash assets of $45,379 (30 June 2014: $89,760).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the Consolidated Entity during the financial year are:

- On 28 July 2014, the Company announced that it had signed a non-binding memorandum of understanding (**MOU**) with a KOSDAQ listed resource development company, Korea Resources Investment & Development Inc (**KORID**). The MOU provides a framework for a binding term sheet that will require the exchange of equity between Stonehenge (via Stonehenge Korea Ltd) and KORID, such that Stonehenge Korea Ltd would be owned and controlled on an equal and equitable basis by Stonehenge and KORID.
- On 14 August 2014, the Company advised that it had entered into a binding option agreement (**Option Agreement**) with Protean Energy Pty Ltd (**PEL**) to acquire 100% of PEL's wholly owned subsidiary, Protean Energy Australia Pty Ltd.
- On 2 September 2014, the Company announced an equity raising of up to $1,503,643 via a pro-rata non-renounceable rights issue of 300,728,504 new shares at $0.005.
- On 10 November 2014, the Company advised that the Option Agreement to acquire PEA had been completed.
- On 2 December 2014, the Company announced it entered into a binding term sheet joint venture agreement with KORID. Stonehenge agrees to sell 50% of the issued capital in Stonehenge Korea Ltd. KORID will pay Stonehenge A$2.4 million in consideration for the purchase of the 50% and will be paid through the issue by KORID of KOSDAQ shares with a 12 month escrow.

There were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or the financial statements.

EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

- On 1 July 2015, the Company advised that it had entered into a convertible loan facility for up to $300,000 with a small number of sophisticated investors. The loan is convertible into ordinary shares with attaching options. The loan will be drawn down as required and can be converted at any point following the Company completing a capital raising of at least $2 million and between the granting of shareholder approval and the repayment date of 31 December 2015.
- On 28 July 2015, the Company announced the completion of the sale of 50% of Stonehenge Korea Limited to KOSDAQ listed Korea Resources Investment & Development Inc.
- On 11 August 2015, the Company announced:
  - it had formalised its intention to complete the acquisition of 100% of the Protean™ intellectual property by exercising its rights under the option agreement between the Company and Protean Energy Pty Ltd;
  - that functional ocean based testing of the fully assembled proof of commercial applicability Protean™ wave energy converter device had been successfully completed;
  - it had completed a placement to raise $500,000 to sophisticated investors via the issue of 12,500,000 new shares at $0.04;
  - it had entered into an additional loan facility for up to $300,000 with a small number of sophisticated investors including one of the Company's directors, Mr Bevan Tarratt. The loan is convertible subject to shareholder approval and the material terms and conditions are the same as the existing loan facility advised on 1 July 2015; and
  - that Bruce Lane (Managing Director), Sean Moore (Protean™ WEC Inventor & Chief Technology Officer) and Scott Davis (General Manager Business Development) have agreed to re-contract to the Company subject to the completion of the 100% acquisition of Protean Energy Australia Pty Ltd and successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
- On 19 August 2015, the Company announced that its JV partner in Korea, Korea Resources Investment & Development Inc. (**KORID**) sold 20% of its holding in the Korean JV entity, Stonehenge Korea Ltd (**SHK**), to BHI Co Ltd (**BHI**). KORID and BHI have together agreed to be bound by the terms of the existing SHK shareholder agreement. In consideration for the sale of SHK shares to BHI, KORID will receive KWON 1 Billion (~A$1.15 million).
- On 10 September 2015, the Company advised that formal approval had been received to deploy 30 Protean™ WEC buoys within the waters controlled by Bunbury Port, off the coast of Western Australia.
- On 23 September 2015, the Company announced that it had entered into an exclusive option with Clean Energy Maldives Pty Ltd (**CEM**) that allows Stonehenge or its nominee to acquire 99% of the shares in CEM for consideration of 250,000 Stonehenge shares. CEM has approval to establish a wave energy converter power generation and seawater desalination facility off the coast of Hanimaadhoo Island, Maldives.

In the opinion of the Directors, no other event of a material nature or transaction has arisen since year end and at the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in subsequent financial years.

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

Mr Brendan Hammond	**Non-Executive Chairman (appointed 1 July 2015)**
Qualifications	Cit. WA
Experience	Mr Hammond has followed a distinguished career in the minerals and utilities industries. He spent some 24 years with Rio Tinto as a metallurgist at the Rossing Uranium mine in Namibia and was eventually appointed as General Manager Operations and subsequently Managing Director at Argyle Diamonds Limited where he led a turnaround to create a highly profitable business with a significantly extended open-pit and underground mine life. Brendan was subsequently appointed as Chairman of Horizon Power (WA's largest regional power company) and Dampier Port Authority Boards. He has also been a member of the Western Australian Watercorp Board and is currently both Chairman of Centric Digital International Ltd and a Professor Adj. of Sustainability at Curtin University, Western Australia.
Committee Memberships	Remuneration Committee and Audit & Risk Committee
Interest in Shares and Options	Nil
Directorships held in other listed entities	Nil
Mr Bruce Lane	**Managing Director (appointed 10 November 2014)**
Qualifications	BCom, MSc, GAICD
Experience	Mr Lane has a broad range of operational management and corporate experience involving the execution of a number of successful corporate and operational events including capital raisings, acquisitions (both in Australia and offshore), joint ventures and minerals exploration campaigns. Mr Lane has worked with numerous early stage technology companies as an advisor, investor and manager and also managed a number of successful ASX IPOs and secondary raisings for ASX companies.
Committee Memberships	N/A
Equity Interests	2,172,630 ordinary shares and 30,000,000 performance rights
Directorships held in other listed entities	No other current directorships. In the last three years Mr Lane was a for Non-executive Director of ASX listed Kunene Resources Ltd.
Mr Bevan Tarratt	**Non-Executive Director (appointed 12 June 2007)**
Qualifications	BA (Bus), SDIA
Experience	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 Paterson's Securities Ltd and is currently a director of a number of Australian public companies.
Committee Memberships	Remuneration Committee and Audit & Risk Committee
Equity Interests	21,717,607 ordinary shares.
Directorships held in other listed entities	In the previous three years, Mr Tarratt was a director of ASX listed companies ZYL Limited, Minerals Corporation Limited, Excelsior Gold Limited (formerly Atom Energy Limited) and Pura Vida Energy NL. Mr Tarratt has held no other directorships of ASX listed companies in the last 3 years.

Mr Young Yu	**Non-Executive Director (appointed 1 May 2014)**
Qualifications	B.Bus MBA CPA
Experience	Mr Yu was previously 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.
Committee Memberships	Audit & Risk Committee
Equity Interests	49,401,677 ordinary shares.
Directorships held in other listed entities	Mr Yu has held no other directorships of ASX listed companies in the last 3 years.
Mr Richard Henning	**Non-Executive Chairman (resigned 1 July 2015)**
Qualifications	B.Sc with Honors from Queens University, Belfast
Experience	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.
Former directorships held in other listed entities	Mr Henning has held no other directorships of ASX listed companies in the last 3 years.

Company Secretary

Mr Matthew Foy, Appointed 24 June 2011

Mr Foy is a contract company secretary and active member of the WA State Governance Council of the Governance Institute Australia (GIA). He spent four years at the ASX facilitating the listing and compliance of companies and possesses core competencies in publicly listed company secretarial, operational and governance disciplines. His working knowledge of ASIC and ASX reporting and document drafting skills ensure a solid base to make a valued contribution to clients.

Meetings of Directors

During the financial year, eight (8) meetings of Directors (excluding committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' meetings	
	Number eligible to attend	**Number attended**
R Henning[(1)]	8	8
B Tarratt	8	8
Y Yu	8	8
B Lane	8	8
B Hammond[(2)]	-	-

1 R Henning resigned as Non-Executive Chairman effective 1 July 2015
2 B Hammond was appointed as Non-Executive Chairman effective 1 July 2015

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

A. Introduction

B. Remuneration governance

C. Key management personnel

D. Remuneration and performance

E. Remuneration structure

- Executive
- Non-executive directors

F. Service agreements

G. Details of remuneration

H. Share-based compensation

I. Other information

This report details the nature and amount of remuneration for each Director of Stonehenge Metals Limited and key management personnel.

A. INTRODUCTION

The remuneration policy of the Company 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. Key performance areas include cash flow management, growth in share price, successful exploration and subsequent exploitation of the Group's tenements and successful development and subsequent exploitation of the Group's wave technology. The Company 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.

During the period the Company did not engage remuneration consultants.

B. REMUNERATION GOVERNANCE

The Board retains overall responsibility for remuneration policies and practices of the Company. The Board has established a Remuneration Committee (**Committee**) which operates in accordance with its charter as approved by the Board. The Committee comprises two non-executive Directors. Details of meetings of the Committee are set out below:

	Remuneration Committee meetings	
	Number eligible to attend	**Number attended**
Richard Henning(1)	2	2
Bevan Tarratt	2	2
Brendan Hammond(2)	-	-

1 R Henning resigned as Non-Executive Chairman effective 1 July 2015

2 B Hammond was appointed as Non-Executive Chairman effective 1 July 2015

The Board aims to ensure that the remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood, and
- acceptable to Shareholders.

At the 2014 annual general meeting, the Company's remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

REMUNERATION REPORT (AUDITED) **(continued)**

C. KEY MANAGEMENT PERSONNEL

The key management personnel in this report are as follows:

Non-Executive Directors – Current

- B Tarratt (Non-Executive Director) – appointed 12 June 2007
- Y Yu (Non-Executive Director) – appointed 1 May 2014
- B Hammond (Non-Executive Chairman) – appointed 1 July 2015

Non-Executive Directors – Former

- R Henning (Non-Executive Chairman) – appointed 1 May 2014 and resigned 1 July 2015

Executives – Current

- B Lane (Managing Director) – appointed as an Executive Director 1 May 2014 and further appointed Managing Director 10 November 2014
- S Moore (Chief Technology Officer - Wave Energy) – appointed 10 November 2014

Executives – Former

- R Henning (Managing Director) – appointed 3 August 2010 and resigned as an Executive 1 May 2014
- Y Yu – appointed 31 August 2012 and resigned as an Executive 1 May 2014

D. REMUNERATION AND PERFORMANCE

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 2015 $	30 June 2014 $	30 June 2013 $	30 June 2012 $	30 June 2011 $
Revenue from continuing operations	13,248	23,527	117,597	357,389	184,785
Net loss	(4,720,479)	(1,482,005)	(1,935,325)	(1,967,341)	(2,575,576)
Share price	0.039	0.004	0.012	0.030	0.090

E. REMUNERATION STRUCTURE

Executive remuneration structure

The Board's policy for determining the nature and amount of remuneration for senior executives of the Group is as follows. The remuneration policy, setting the terms and conditions for 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 performance rights plans. If an executive is invited to participate in an employee share or performance rights plan arrangement, the issue and vesting of any equity securities will be dependent on performance conditions relating to the executive's role in the Group and/or a tenure based milestone.

The employees of the Group receive a superannuation guarantee contribution required by the Government, which is currently 9.50%, and do not receive any other retirement benefits.

There were no cash bonuses paid during the year and there is no set performance criteria for achieving cash bonuses. During the 2015 financial year, two Executive Directors received shares in the Company in lieu of Directors' fees for a portion of the financial year due to the implementation of cost-saving measures by the Company.

REMUNERATION REPORT (AUDITED) (continued)

Non-executive remuneration structure

In line with corporate governance principles, non-executive Directors of the Company are remunerated solely by way of fees and statutory superannuation. Non-executive Directors fees are set at the lower end of market rates for comparable companies for time, responsibilities and commitments associated with the proper discharge of their duties as members of the Board. Non-executive Directors of the Company may also be paid a variable consulting fee for additional services provided to the Company of $1,000 per day inclusive of superannuation.

Non-executive Directors' fees and payments are reviewed annually by the Board. For the year ended 30 June 2015, remuneration for a non-executive Director was $36,000 per annum exclusive of superannuation. There are no termination or retirement benefits paid to non-executive Directors (other than statutory superannuation). The maximum aggregate amount of fees that can be paid to non-executive Directors, which was subject to approval by shareholders at the annual general meeting which occurred on 20 October 2006, is $150,000 per annum. During the 2015 financial year, two Non-executive Directors forwent fees during the period from 1 May 2014 to 30 September 2014 due to cost-savings measure.

Fees for non-executive Directors are not linked to the performance of the Group. Non-executive Directors also do not participate in the employee share or performance rights plans. However, to align their interests with those of shareholders, the non-executive Directors are encouraged to hold shares in the Company.

F. EXECUTIVE SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in the share and performance rights plans are subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below. Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Name	Effective date	Term of agreement	Notice period	Base salary per annum $	Termination payments
Bruce Lane(1), *Executive Director*	6-May-2014	No fixed term	1 month	120,000	1 month
Bruce Lane(2), *Managing Director*	10-Nov-2014	1 year	1 month	150,000	3 months
Sean Moore(3), *Chief Technology Officer (Wave Energy)*	10-Nov-2014	No fixed term	1 month	48,000	1 month

1 *Mr Lane provided consulting services to the Company through Tapanui Capital Pty Ltd. A formal contract was in place and all transactions were conducted on normal commercial terms*

2 *On 11 August 2015, Mr B Lane agreed to re-contract to the Company subject to the completion of the 100% acquisition of PEA and successful re-compliance with ASX Listing Rules*

3 *On 11 August 2015, Mr S Moore agreed to re-contract to the Company subject to the completion of the 100% acquisition of PEA and successful re-compliance with ASX Listing Rules*

REMUNERATION REPORT (AUDITED) (continued)

G. DETAILS OF REMUNERATION

Details of remuneration of the key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company is set out below.

Remuneration of the KMP for the 2015 financial year is set out below:

	Short-term benefits			Post-employment benefits		Share-based payments	Total remuneration	Performance related
	Cash salary	Consulting fees	Non-cash benefit(1)	Super-annuation	Termi-nation	Performance rights(2)		
	$	$	$	$	$	$	$	%
Non-Executive Directors – Current								
B Tarratt	32,877	-	-	3,123	-	-	36,000	-
Y Yu	26,727	23,000	-	-	-	-	49,727	-
Non-Executive Director – Former								
R Henning(3)	27,000	8,000		-	-	-	35,000	-
Executives								
B Lane(4)	97,072	42,500	207	9,222	-	107,632	256,633	41.94
S Moore(5)	30,800	-	-	2,926	-	43,857	77,583	56.53
Executives - Former								
Y Yu(6)	-	-	-	1,797	-	-	1,797	-
R Henning(7)	-	-	-	3,241	-	-	3,241	-
Total	214,476	73,500	207	20,309	-	151,489	459,981	

1 *Other benefits include the provision of car parking and Working Directors' Personal Accident & Sickness Insurance*
2 *Performance rights granted as part of remuneration package, AASB 2 – Share Based Payments requires the fair value at grant date of the performance rights granted to be expensed over the vesting period*
3 *R Henning resigned as Non-Executive Chairman on 1 July 2015*
4 *B Lane was appointed as Managing Director on 10 November 2014, prior to this Mr Lane provided consulting services to the Company in the capacity as an Executive Director*
5 *S Moore was appointed as Chief Technology Officer (Wave Energy) on 10 November 2014*
6 *Payments made to Mr Yu during the year that relate to his services as an Executive Director, 6,300,288 shares were issued to Mr Yu in lieu of Director fees for the 2014 financial year, totalling $37,990.38, as approved by shareholders on 11 November 2014, superannuation payment relates to the settlement of the deferred Director fees*
7 *Payments made to Mr Henning during the year that relate to his services as an Executive Director, 9,693,519 shares were issued to Mr Henning and in lieu of Director fees for the 2014 financial year, totalling $58,451.92, as approved by shareholders on 11 November 2014, superannuation payment relates to the settlement of the deferred Director fees*

The following table sets out each KMP's relevant interest in fully paid ordinary shares, options and performance rights to acquire share in the Company, as at 30 June 2015:

Name	Fully paid ordinary shares	Options	Performance rights
B Tarratt	21,717,606	-	-
Y Yu	49,401,677	-	-
R Henning(1)	29,982,408	-	-
B Lane(2)	2,172,630	-	30,000,000
S Moore(3)	-	-	15,000,000

1 *R Henning resigned as Non-Executive Chairman on 1 July 2015*
2 *B Lane was appointed as Managing Director on 10 November 2014, prior to this Mr Lane provided consulting services to the Company in the capacity as an Executive Director*
3 *S Moore was appointed as Chief Technology Officer (Wave Energy) on 10 November 2014*

REMUNERATION REPORT (AUDITED) (continued)

Remuneration of the KMP for the 2014 financial year is set out below:

	Short-term benefits		Post-employment	Share-based		
	Salary and fees		Benefits	payment	Total remuneration	Performance related
	Cash	Share based payments[1]	Superannuation	Performance rights		
	$	$	$	$	$	%
Non-Executive Directors						
B Tarratt	32,952	-	3,048	-	36,000	-
Executive Directors						
R Henning	174,901	22,708	8,672	-	206,281	-
Y Yu	165,215	22,708	11,563		199,486	-
B Lane[2]	20,000	-	-	-	20,000	-
Total	393,068	45,416	23,283	-	461,767	

1 R Henning and Y Yu each received 1,434,722 fully paid ordinary shares in lieu of Director fees
2 B Lane was appointed as an Executive Director on 1 May 2014

The following table sets out each KMP's relevant interest in fully paid ordinary shares, options and performance rights to acquire fully paid ordinary shares in the Company, as at 30 June 2014:

Name	Fully paid ordinary shares	Options	Performance rights
B Tarratt	19,467,606	-	-
Y Yu	28,101,389	-	-
R Henning	12,788,889	-	-
B Lane[1]	2,172,630	-	-

1 B Lane was appointed as Executive Director 1 May 2014

H. SHARE BASED COMPENSATION

During the year ended 30 June 2015, the following performance rights were granted, vested and/or lapsed to KMP:

Name	Grant date[1]	Grant value[2] $	Number of performance rights granted	Number of performance rights vested during the year	Performance rights vested but not yet exercisable[3]	Number of performance rights lapsed during the year	Maximum value yet to expense $
Bruce Lane[4] *Managing Director*	11-Nov-14	180,000	30,000,000	-	5,000,000	-	72,368
Sean Moore[5] *Chief Technology Officer (Wave Energy)*	10-Nov-14	75,000	15,000,000	-	5,000,000	-	31,143

1 Performance rights granted to the Managing Director were approved by shareholders at a general meeting held on 11 November 2014
2 The value of performance rights is calculated as the fair value of the rights at grant date using a single barrier share option pricing model and allocated to remuneration equally over the period from grant date to expected vesting date
3 Tranche C of the performance rights have vested but are not yet exercisable, the performance hurdle of the rights has been met, however due to the modification of terms, a 1 year service condition was attached to each of the rights. The rights will only become vested on achievement of both the service and performance condition
4 B Lane was appointed as Managing Director on 10 November 2014
5 S Moore was appointed as Chief Technology Officer (Wave Energy) on 10 November 2014

REMUNERATION REPORT (AUDITED) (continued)

The key conditions of awards affecting remuneration in the current and future reporting periods are set out below:

Type of grant	Grant date(1)	Expected vesting dates(2)	Expiry date	Exercise price	Value per performance right(3)(4)	Service and performance condition	Achieved	Vested
Performance rights(5)	11-Nov-14	24-Apr-15 to 31-Dec-16	11-Nov-19	-	$0.0060	Both(6)	-	17%
Performance rights(7)	10-Nov-14	24-Apr-15 to 31-Dec-16	10-Nov-19	-	$0.0050	Both(8)	-	33%

1 Performance rights granted to the Managing Director were approved by shareholders at a general meeting held on 11 November 2014

2 The value of performance rights is calculated as the fair value of the rights at grant date using a single barrier share option pricing model and allocated to remuneration equally over the period from grant date to expected vesting date

3 Performance rights can only be converted if they have vested. Upon conversion each performance right is convertible into one ordinary share which will rank equally with all other issued ordinary shares

4 The value of performance rights granted are calculated in accordance with AASB2 Share-based Payments at grant date. Refer to Note 14 of the financial statements for details of the assumptions used in calculating the value of each performance right as at their grant date

5 The expected vesting dates for tranche 1 is 31 December 2016, tranche 2 is 31 March 2016, tranche 4 is 31 December 2015, tranche 5 is 30 June 2016, tranche 6 is 28 July 2015 and tranche 3 has vested during the period on 24 April 2015. Tranche 3 remains unexercisable as at 30 June 2015 as a result of the 1 year service condition, these are expected to vest on 10 November 2015

6 Performance rights have a 1 year service condition from grant date and have been split equally into 6 tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:

Tranche 1 successfully securing a wave resource site and customer connection agreement such that a pilot array of the Protean™ WEC technology can be deployed;

Tranche 2 the successful completion of a pilot demonstration plant for the Protean™ WEC technology with a peak output capacity of at least 45 kW;

Tranche 3 the Company's market capitalisation (fully diluted) exceeding $20 million for a period of 5 consecutive trading days based on the closing price of the shares on ASX, the performance hurdle was achieved on the 24 April 2015;

Tranche 4 Stonehenge successfully securing access to - 36,000 metres of historical drill core stored at KIGAM in South Korea and the successful conclusion of a core analysis program designed to delineate an upgraded mineral resource:

Tranche 5 the successful delineation of a vanadium mineral resource in accordance with the JORC Code (2012) of at least 200Mlbs of vanadium at a grade of not less than 0.2% vanadium across any of the South Korean project areas; and

Tranche 6 either:

- *upon the Company completing a positive pre-feasibility study for uranium and vanadium mining and processing on any of the South Korean project areas: or*
- *in the event that all or part of one or all of the South Korean project areas is sold or joint ventured to the value of not less than A$3 million in aggregate including the value of any consideration and or committed project expenditure*

7 The expected vesting dates for tranche 1 is 31 December 2016, tranche 2 is 31 March 2016 and tranche 3 has vested during the period on 24 April 2015. Tranche 3 remains unexercisable as at 30 June 2015 as a result of the 1 year service condition

8 Performance rights have a 1 year service condition from grant date and have been split equally into 3 tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:

Tranche 1 successfully securing a wave resource site and customer connection agreement such that a pilot array of the Protean ™ WEC Technology can be deployed;

Tranche 2 the successful completion of a pilot demonstration plant for the Protean ™ WEC technology with peak output capacity of at least 45 kW; and

Tranche 3 the Company's market capitalisation (fully diluted) exceeding $20 million for a period of 5 consecutive trading days based on the closing price of the shares on ASX, the performance hurdle was achieved on the 24 April 2015

Short and long term incentives

On 10 November 2014, the Company issued performance rights to certain KMP. Those issued to the Managing Director were approved at the general meeting on 11 November 2014.

The performance rights were issued to incentivise KMP as part of their remuneration package. The performance rights were issued to encourage continued improvement in the performance of the Company and individuals, as well as to provide a method to share in the added value created contributing to the attainment of the results. The issue of the performance rights is 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.

REMUNERATION REPORT (AUDITED) (continued)

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative portions of Executive remuneration that are linked to performance and those that are fixed based on the amounts disclosed as statutory remuneration expense in the Executive remuneration tables shown in section G.

	Fixed remuneration		At risk – Short term incentive		At risk – long term incentive	
	2015	2014	2015	2014	2015	2014
R Henning[1]	100%	100%	-	-	-	-
Y Yu[2]	100%	100%	-	-	-	-
B Lane[3]	58%	100%	29%	-	13%	-
S Moore[4]	44%	-	32%	-	24%	-

1 R Henning resigned as an Executive Director on 1 May 2014
2 Y Yu resigned as an Executive Director on 1 May 2014
3 B Lane was appointed as Managing Director on 10 November 2014, prior to this Mr Lane provided consulting services to the Company in the capacity as an Executive Director
4 S Moore was appointed as Chief Technology Officer (Wave Energy) on 10 November 2014

Reconciliation of fully paid ordinary shares held by KMP

The table below shows the aggregate numbers of fully paid ordinary shares of the Group held directly, indirectly or beneficially by Directors or KMP of the Group as at 30 June 2015.

	Balance at the start of the year	Received during the year in lieu of fees	Participation in Rights issue	Other changes during the year	Balance at the end of the year
B Tarratt	19,467,606	-	12,250,000[1]	(10,000,000)	21,717,606
R Henning	12,788,889	9,693,519[2]	7,500,000[3]	-	29,982,408
Y Yu	28,101,389	6,300,288[4]	15,000,000[5]	-	49,401,677
B Lane[6]	2,172,630	-	-	-	2,172,630
S Moore[7]	-	-	-	-	-

1 Participation in the November 2014 Rights Issue to a total of 10,000,000 shares and 2,250,000 shares issued on conversion of convertible notes at $0.004 per share on 24 November 2014
2 9,693,519 shares were issued to Mr Henning and in lieu of Director fees for the 2014 financial year, totalling $58,451.92, as approved by shareholders on 11 November 2014
3 Participation in the November 2014 Rights Issue to a total of 5,000,000 shares and 2,500,000 shares issued on conversion of convertible notes at $0.004 per share on 24 November 2014
4 6,300,288 shares were issued to Mr Yu in lieu of Director fees for the 2014 financial year, totalling $37,990.38, as approved by shareholders on 11 November 2014
5 Participation in the November 2014 Rights Issue to a total of 10,000,000 shares and 5,000,000 shares issued on conversion of convertible notes at $0.004 per share on 24 November 2014
6 B Lane was appointed as Managing Director on 10 November 2014, prior to this Mr Lane provided consulting services to the Company in the capacity as an Executive Director
7 S Moore was appointed as Chief Technology Officer (Wave Energy) on 10 November 2014

None of the fully paid ordinary shares above are held nominally by the Directors or any other KMP.

Options

There were no options issued or provided as remuneration to Directors, key management personnel or employees by the Group during the year (2014: Nil).

There are no options over ordinary shares in the Group held during the financial year by any Director of Stonehenge Metals Limited and any other key management personnel of the Group, including their personally related parties (2014:Nil).

REMUNERATION REPORT (AUDITED) (continued)

I. OTHER INFORMATION

Aggregate amounts for transactions with related parties of key management personnel of the Company are as follows:

	30 June 2015 $	30 June 2014 $
Expertec Pty Ltd(1)	35,000	40,000
JLC Corporation Pty Ltd(2)	49,727	-
Tapanui Capital Pty Ltd(3)	42,500	20,000
Moore Commerce Pty Ltd(4)	381,036	-
	508,263	60,000

1 *Mr Henning is a Director of Expertec Pty Ltd which received Mr Henning's director and consulting fees during the period*
2 *Mr Yu is a Director of JLC Corporation Pty Ltd which received Mr Yu's director and consulting fees during the period*
3 *During the period whilst Director, Mr Lane, provided consulting services to the Company for $42,500. A formal contract was in place and all transactions were conducted on normal commercial terms*
4 *Mr Moore is a Director of Moore Commerce Pty Ltd which received project fees for the research and development of the Protean™ wave energy converter technology. During the year, Moore Commerce was engaged on two projects. Firstly to provide a Desktop Demonstrator of the Protean™ wave energy converter and secondly to deliver a pilot project on the Protean ™ wave energy convertor technology. The contract and projects were based on normal commercial terms and conditions.*

Other transactions with key management personnel

Mr Sean Moore, Chief Technology Officer (Wave Energy), is a Director of Moore Commerce and has the capacity to significantly influence decision making of the Company. Stonehenge has entered into a consulting agreement with Moore Commerce to execute projects relating to the Protean™ wave energy convertor technology. The consulting agreement is on normal commercial terms and conditions.

The wife of Mr Richard Henning (a former Director) provided the Company short term funding to the value of $10,000, as announced 28 July 2014. The principal amount advanced to the Company under the Debt Facility was converted into fully paid ordinary shares on 24 November 2014 at a 20% discount to the market price. The loan agreement was on the same term and conditions as offered to other lenders, which was made on normal commercial terms and conditions and at market rates.

Mr Young Yu, Non-Executive Director, is a Director of JLC Corporation Pty Ltd, which provided the Company with short term funding to the value of $20,000, as announced 28 July 2014. The principal amount advanced to the Company under the debt facility was converted into fully paid ordinary shares on 24 November 2014 at a 20% discount to the market price. The loan agreement was on the same term and conditions as offered to other lenders, which was made on normal commercial terms and conditions and at market rates.

Mr Bevan Tarratt, Non-Executive Director, is a Director Fluffy Duck Superfund Pty Ltd <Fluffy Duck Superfund>, which provided the Company with short term funding to the value of $9,000, as announced 28 July 2014. The principal amount advanced to the Company under the debt facility was converted into fully paid ordinary shares on 24 November 2014 at a 20% discount to the market price. The loan agreement was on the same term and conditions as offered to other lenders, which was made on normal commercial terms and conditions and at market rates.

This concludes the Remuneration Report which has been audited.

ENVIRONMENTAL REGULATIONS

The Company's policy is to comply with, or exceed, its environmental obligations in each jurisdiction in which it operates. No known environmental breaches have occurred.

INDEMNIFYING OFFICERS

During the financial year, the Company paid a premium in respect of a policy insuring the Company's Directors, secretaries, executive officers and any related body corporate against a liability incurred as such a director, secretary or officer to the extent permitted by the *Corporations Act 2001*. The policy of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has entered into Deeds of Indemnity, Insurance and Access with the Company's Directors, secretary and executive officers.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporates against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Stonehenge, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of Stonehenge for all or part of these proceedings.

No proceedings have been brought or intervened in on behalf of Stonehenge with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2015 has been received and can be found on the following page.

AUDITOR'S REMUNERATION

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

	2015 **$**	**2014** **$**
Taxation services		
BDO Tax (WA) Pty Ltd		
Tax compliance services	7,854	10,030
International tax consulting and tax advice	8,480	-
Total remuneration for taxation services	16,334	10,030
Other services		
BDO Corporate Finance (WA) Pty Ltd		
Valuation report for Annual General Meeting	1,530	-
Total remuneration for other services	1,530	-
Total remuneration for non-audit services	17,864	10,030

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 have 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; and
- 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 Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

Brendan Hammond
Non-Executive Chairman

Perth, Western Australia

30 September 2015

Tel: +61 8 6382 4600
Fax: +61 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 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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, 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 $	30 June 2014 $
Revenue from continuing operations			
Interest income		12,979	16,298
Other income		269	7,230
Total income		13,248	23,527
Expenses			
Research and development expense		(414,762)	-
Depreciation expense		(24,290)	(28,027)
Administrative expense	1	(1,115,748)	(1,661,918)
Finance costs		(30,000)	-
Share based payment expense	1	(359,415)	(45,416)
Impairment of exploration assets	1	(3,158,967)	-
Gain/(Loss) on sale of non-current asset	1	-	(160,440)
Foreign exchange gain/(loss)	1	79	157,661
Loss before income tax		(5,089,855)	(1,714,613)
Income tax benefit	2	369,376	232,607
Loss after income tax attributable to members of the Company		(4,720,479)	(1,482,005)
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		118,095	157,160
Other comprehensive income for the period, net of tax		118,095	157,160
Total comprehensive loss for the period attributable to the members of the Company		(4,602,384)	(1,324,846)
Basic and diluted loss per share (cents per share)	16	(0.66)	(0.34)

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
AS AT 30 JUNE 2015

	Note	30 June 2015 $	30 June 2014 $
Current assets			
Cash and cash equivalents	4	45,379	89,760
Trade and other receivables	5	93,456	38,796
Total current assets		138,835	128,556
Non-current assets			
Mineral exploration and evaluation expenditure	7	-	7,830,923
Property, plant and equipment		17,754	46,696
Other financial asset	8	300,000	-
Asset held for sale	6	4,814,040	-
Total non-current assets		5,131,794	7,877,619
Total assets		**5,270,629**	**8,006,175**
Current liabilities			
Trade and other payables	9	134,545	164,807
Provisions		2,513	33,462
Total current liabilities		137,058	198,269
Non-current liabilities			
Deferred tax liabilities	2	-	369,376
Total non-current liabilities		-	369,376
Total liabilities		**137,058**	**567,645**
Net assets		**5,133,571**	**7,438,530**
Equity			
Issued capital	12(a)	24,560,701	22,622,692
Reserves	12(c)	2,667,668	2,190,157
Accumulated losses	12(b)	(22,094,798)	(17,374,319)
Total equity		**5,133,571**	**7,438,530**

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 2015

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
As at 1 July 2013	22,577,276	2,032,998	(15,892,314)	8,717,960
Loss for the year	-	-	(1,482,005)	(1,482,005)
Other comprehensive income for the year	-	157,160	-	157,160
Total comprehensive income/loss for the year	-	157,160	(1,482,005)	(1,324,846)
Transactions with owners in their capacity as owners				
Shares/options issued during the period - non-cash	45,416	-	-	45,416
Share issue expenses	-	-	-	-
As at 30 June 2014	22,622,692	2,190,158	(17,374,319)	7,438,530
Loss for the year	-	-	(4,720,479)	(4,720,479)
Other comprehensive income for the year	-	118,095	-	118,095
Total comprehensive income/loss for the year	-	118,095	(4,720,479)	(4,602,384)
Transactions with owners in their capacity as owners				
Shares issued during the period	2,106,085	-	-	2,106,085
Share issue expenses	(168,076)	-	-	(168,076)
Performance rights/Options expense recognised during the year	-	359,415	-	359,415
As at 30 June 2015	24,560,701	2,667,668	(22,094,798)	5,133,571

This 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 2015

	30 June 2015 $	30 June 2014 $
Cash flows from operating activities		
Payments in the normal course of business	(1,481,404)	(1,077,781)
Other payments	(29,854)	15,061
Interest received	11,413	57,696
Other revenues	-	6,090
Research and development refund	-	130,746
Net cash used in operating activities	(1,499,845)	(798,188)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,850)	(208)
Payments for exploration and evaluation expenditure	(15,385)	(418,523)
Loans to other entities	(31,867)	-
Proceeds from sale of equity investments	-	39,560
Net cash used in investing activities	(50,102)	(379,171)
Cash flows from financing activities		
Proceeds from borrowings	120,000	-
Proceeds from issue of shares	1,503,642	-
Share issue costs	(118,076)	-
Net cash inflow from financing activities	1,505,566	-
Net decrease in cash and cash equivalents	(44,381)	(1,177,359)
Effects of exchange rate changes on cash and cash equivalents	-	615
Cash and cash equivalents at the beginning of the period	89,760	1,266,504
Net cash and cash equivalents at the period	45,379	89,760

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

1. EXPENSES

	2015 $	2014 $
Profit/(Loss) before income tax includes the following specific items:		
Research and development expense(1)	414,762	-
Share-based payments expenses		
Options	182,648	-
Performance rights	176,767	-
Director fees	-	45,416
Total share-based payments expenses	359,415	45,416
Administrative expenses		
Employee benefits expense	87,346	467,345
Severance benefit	-	23,115
Director benefits expense	232,060	76,000
Regulatory expense	49,481	83,098
Travelling expenses	94,046	75,212
Accounting expense	60,211	76,642
Advertising and marketing expense	98,639	6,887
Audit expense	40,632	38,225
Rent expense	26,820	229,160
Geological expenses	-	223,808
Corporate advisory fees	76,500	167,742
Legal fees	152,955	26,191
Insurance	15,049	40,071
Entertainment	3,440	48,959
Other administrative expenses	178,568	79,463
	1,115,748	1,661,918
Impairment of exploration assets(2)	3,158,967	-
Loss on sale of non-current asset(3)	-	160,440
Unrealised foreign exchange loss/(gain)(4)	(79)	(157,661)

1 *Expenditure incurred for research and development activities in relation to Protean ™ wave energy convertor technology*
2 *Impairment to the carrying value of the exploration assets*
3 *Loss on the disposal of other financial assets held*
4 *Foreign exchange gain was recognised in relation to the retranslation of United States and Korean won denominated balances*

2. TAXATION

	2015 $	2014 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) Reconciliation of income tax to prima facie tax payable		
Profit/(Loss) before income tax	(5,089,855)	(1,393,790)
Income tax expense/(benefit) at 30% (30 June 2014: 30%)	(1,526,957)	(418,137)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	107,824	-
Impairment of held for sale asset	947,691	-
Other	156,706	110,172
Tax losses and other timing differences not recognised	314,736	169,064
Foreign tax rate differential	-	37,040
Reversal of timing difference due to reclassification to held for sale asset	(369,376)	-
Under/(over) provision	-	(130,746)
Total income tax expense	(369,376)	(232,607)
Unrecognised deferred tax assets		
Deferred tax assets and liabilities not recognised relate to the following:		
Tax losses	7,009,367	6,700,095
Deferred tax assets recognised	-	246,049
Deferred tax liabilities relating to temporary differences	6,989	38,617
	7,016,357	6,984,761
Off-set	-	(246,049)
Net deferred tax assets unrecognised	7,016,357	6,738,712
Deferred tax liabilities		
Business combination	369,376	615,425
Off-set against deferred tax assets	-	(246,049)
Reversal of timing difference due to reclassification to held for sale asset	(369,376)	-
Net deferred tax liabilities	-	369,376

Significant accounting judgment

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. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary difference can be utilised.

3. SEGMENT INFORMATION

Management has determined that the Group has two reportable segments, being an interest to explore for minerals in South Korea and investment in wave energy technology. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. The Board monitors the Group based on actual versus budgeted exploration expenditure incurred by segment. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing activities, while also taking into consideration the results that has been performed to date.

	Exploration $	Wave energy technology $	Corporate activities $	Total $
For the year ended 30 June 2015				
Revenue from external sources	9	-	13,239	13,248
Reportable segment loss(1)	(3,461,860)	(414,762)	(843,857)	(4,720,479)
Reportable segment assets (2)	4,855,995	300,000	114,634	5,270,629
Reportable segment liabilities	22,071	-	114,987	137,058
For the year ended 30 June 2014				
Revenue from external sources	-	-	23,527	23,527
Reportable segment loss	(474,221)	-	(1,007,784)	(1,482,005)
Reportable segment assets (3)	7,858,199	-	147,976	8,006,175
Reportable segment liabilities	2,549	-	565,096	567,645

1 *Exploration loss includes impairment to the carrying value of the exploration assets of $3,158,967*
2 *Other corporate activities includes cash held of $34,869*
2 *Other corporate activities includes cash held of $80,935*

4. CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank	45,379	44,174
Deposits at call	-	45,586
	45,379	89,760

(a) Risk exposure

Refer to Note 15 for details of the risk exposure and management of the Group's cash and cash equivalents.

(b) Deposits at call

Deposits at call are presented as cash equivalents if they have a maturity of three months or less. Refer Note 26(i) for the Group's other accounting policies on cash and cash equivalents. During the prior year deposits at call held with Australian banks and financial institutions and are bearing interest rates between 2.00% and 3.15%.

5. OTHER RECEIVABLES

	2015 $	2014 $
Other receivables	86,194	30,881
Prepayments	7,262	7,915
	93,456	38,796

The Group has no impairments to other receivables or have receivables that are past due but not impaired. Refer to Note 15 for detail of the risk exposure and management of the Group's other receivables.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

6. NON-CURRENT ASSETS HELD FOR SALE

	Note	2015 $	2014 $
Balance 1 July		-	-
Exploration assets reclassified	7	4,814,040	-
Balance at 30 June		-	-

KORID JV, Daejon Vanadium and Uranium Project

On 18 February 2015, the Company advised it executed formal joint venture (**JV**) documentation with KOSDAQ listed Korea Resources Investment & Development Inc. (**KORID**). The transaction was subject to a number pre-conditions to completion. On 28 July 2015, the Company announced the completion of the sale of 50% of Stonehenge Korea Limited to KOSDAQ listed Korea Resources Investment & Development Inc.

The JV, created 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.

As at 30 June 2015, the Company showed the exploration assets as non-current held for sale. Immediately before transfer the Company remeasured the exploration assets in the subsidiary at fair value and recognised a loss of $3,158,967, refer Note 7. Refer to Note 15 for detail of the fair value hierarchy and details.

Impairment indicators for held-for-sale financial assets

An asset is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. Refer Note 26(h) for further details about the Group's impairment policies for financial assets.

Significant accounting estimates and assumptions

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions refer Note 15(e).

7. EXPLORATION AND EVALUATION EXPENDITURE

	Note	$
Balance at 1 July 2013		7,636,456
Exploration expenditure incurred		92,900
Foreign exchange		101,567
Balance at 30 June 2014		7,830,923
Exploration expenditure incurred		15,385
Impairment		(3,158,967)
Asset reclassified as held for sale	6	(4,814,040)
Foreign exchange		126,699
Balance at 30 June 2015		-

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

Significant accounting estimates and assumptions

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.

Refer Note 26(h) for further details about the Group's impairment policies for exploration and evaluation expenditure.

Significant accounting judgement

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis 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.

8. OTHER FINANCIAL ASSET

	30 June 2015 $	30 June 2014 $
Opening at 1 July	-	-
Option to acquire rights & licenses to the Protean™ wave energy converter technology	300,000	-
Closing at 30 June	300,000	-

During the period, the Company entered into an option to acquire 100% of the equity of Protean Energy Australia Pty Ltd (PEA) with Protean Energy Pty Ltd (formerly Limited). PEA holds the intellectual property titles, rights & licenses to the Protean™ wave energy converter technology. In consideration for the option, the Company issued 60 million shares to Protean Energy Pty Ltd. The carrying amount of the financial asset is carried at cost as its fair value cannot be reliably measured at year end as the company does not have a quoted market price.

9. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade payables	44,490	51,167
Other payables	90,055	113,640
	134,545	164,807

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

10. PROVISION

The provision for employee benefits relate to annual leave which is provided for all employees of the Group in line with their employment contracts and the balance for the year ended 30 June 2015 is expected to be settled within 12 months. The measurement and recognition criteria relating to employee benefits have been included in Note 26(q) to this report.

	2015 $	2014 $
Employee benefits	2,513	33,462

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Cash and short-term trade and other receivables

The carrying amounts of cash and short-term trade and other receivables approximate their fair values largely due to the short-term maturities of these payments.

Non-current assets held for sale

Information about the methods and assumptions used in determining fair value is provided in Note 15(e). The held-for-sale financial assets is not impaired.

Trade payable and other current liabilities

The carrying amounts of trade payable and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

12. ISSUED CAPITAL

(a) Contributed equity

	30 June 2015 Shares	30 June 2014 Shares	30 June 2015 $	30 June 2014 $
Fully paid ordinary shares	847,534,700	429,612,389	24,560,701	22,622,692

12. ISSUED CAPITAL (continued)

Movements in ordinary share capital

Details	Date	Number of shares	Issue price $	$
Balance at 1 July 2013		426,742,945	-	22,577,276
Director Share Plan shares issued (1)	03-Jul-13	1,434,722	0.016	22,708
Director Share Plan shares issued (1)	03-Jul-13	1,434,722	0.016	22,708
Less: Share Issue Costs				-
Balance at 30 June 2014		**429,612,389**		**22,622,692**
Issue of share capital	29-Sep-14	129,885,304	0.005	649,427
Issue of share capital	28-Oct-14	136,843,400	0.005	684,217
Option to acquire - issue of share capital(2)	10-Nov-14	60,000,000	0.005	300,000
Issue of share capital	24-Nov-14	33,999,800	0.005	169,999
Share based payment(3)	24-Nov-14	11,200,000	-	56,000
Share based payment – Director fees(4)	24-Nov-14	15,993,807	0.006	96,442
Conversion of convertible notes(5)	24-Nov-14	30,000,000	0.005	150,000
Less: Share issue costs				(168,076)
Balance at 30 June 2015		**847,534,700**		**24,560,701**

1 *1,434,722 shares were each issued to Richard Henning and Young Yu in lieu of Director fees for the period 1 January 2013 to 31 May 2013*
2 *The option agreement with Protean Energy Pty Ltd (formerly Limited) grants Stonehenge an option to acquire 100% of Protean Energy Australia Pty Ltd (**PEA**). PEA holds the intellectual property titles, rights and licenses to the Protean ™wave energy converter technology*
3 *Share based payments have been made at fair value of services received for broker and compliance manager fees*
4 *Shares issued to Richard Henning and Young Yu in accordance with the Stonehenge Director Share Plan in lieu of deferred employee entitlements as approved by shareholders on 11 November 2014. 29,693,519 shares were issued to Mr Henning and in lieu of Director fees for the 2014 financial year, totalling $58,451.92 and 6,300,288 shares were issued to Mr Yu in lieu of Director fees for the 2014 financial year, totalling $37,990.38*
5 *Conversion of convertible notes recognised at the fair value of equity on grant date. The variance between the liability amount and the fair value of equity granted ($30,000) has been recognised as a finance cost in the Consolidated Statement of Profit or Loss*

(b) Accumulated losses

	2015 $	2014 $
Balance at 1 July	(17,374,319)	(15,892,314)
Net loss attributable to owners of the Company	(4,720,479)	(1,249,398)
Balance at 30 June	(22,094,798)	(17,374,319)

12. ISSUED CAPITAL (continued)

(c) Reserves

The following table shows a breakdown of the reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided.

	2015 $	2014 $
Share-based payments reserve		
Balance at 1 July	1,875,337	1,875,337
Performance shares expense	176,767	-
Options expense	182,648	-
Balance at 30 June	2,234,752	1,875,337
Foreign currency translation reserve		
Balance at 1 July	314,820	157,660
Currency translation differences arising during the year	118,095	157,160
Balance at 30 June	432,915	314,820

Share-based payments reserve

The share-based payments reserve is used to recognise: (a) the grant date fair value of options issued but not exercised; (b) the grant date fair value of market based performance rights granted to directors, employees and consultants but not yet vested; and (c) the fair value non-market based performance rights granted to directors, employees and consultants but not yet vested.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 26(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

13. DIVIDENDS

No dividends have been paid or proposed in respect of the year ended 30 June 2015 (30 June 2014: Nil).

14. SHARE BASED PAYMENTS

Share-based payment transactions are recognised at fair value in accordance with *AASB 2 Share Based Payments*.

Significant accounting estimates and assumptions

Share-based payment transactions

The Group measures the cost of equity-settled transactions with Directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or single barrier share option pricing model taking into account the assumptions detailed within this Note.

14. SHARE BASED PAYMENTS (continued)

During the year the Group had the following share-based payments:

(a) Employee share options

The Stonehenge Metals Ltd Share options are used to reward Directors, employees and consultants for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. Options are granted 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 options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Set of below are summaries of options granted:

	2015		2014	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
As at 1 July	-	-	-	-
Granted during the year	$0.012	75,000,000	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
As at 30 June	$0.012	75,000,000	-	-
Vested and exercisable	-	-	-	-

Series	Grant date	Expiry date	Exercise price	2015 Number of options	2014 Number of options
(i)	26-Mar-15	25-Mar-20	$0.010	35,000,000	-
(ii)	07-Apr-15	06-Apr-20	$0.014	40,000,000	-
				75,000,000	-
Weighted average remaining contractual life of options outstanding at the end of the year:				4.76 years	-

The fair value of services received in return for share options granted to employees and consultants is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model. The fair value of the options are expensed over the expected vesting period.

The model inputs for options granted during the year included:

Series	Exercise price	Expiry (years)	Share price at time of issue	Expected volatility(1)	Dividend yield	Risk free interest rate(2)	Option value
(i)	$0.010	5.00	$0.012	140%	0%	1.87%	$0.0108
(ii)	$0.014	5.00	$0.016	140%	0%	1.91%	$0.0143

1 *The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information*

2 *Risk free rate of securities with comparable terms to maturity*

14. SHARE BASED PAYMENTS (continued)

Service and performance hurdles for series (i) options

Tranche	Number of options	Performance Hurdle	Service period	Expected vesting date
1	5,000,000	Completion of a probationary period not less than six months.	1-Oct-15	1-Oct-15
2	2,500,000	Establishment of a working relationship with California Polytechnic State University, San Luis Obispo (Cal Poly).	26-Mar-16	26-Mar-16
3	2,500,000	Award of a grant, scheme or prize to a total value greater than or equal to US$250,000 and the first payment is received.	26-Mar-16	26-Mar-17
4	2,500,000	Establishment of a working relationship with any branch of the US Government.	26-Mar-16	26-Mar-17
5	2,500,000	Establishment of a working relationship with a port, oil and gas producer, oil and gas production or processing facility in the US.	26-Mar-16	26-Mar-17
6	15,000,000	Ratification of the first binding power purchase agreement or water supply agreement for at least 2MW of electric power or its economic equivalent in water supply cumulative between one or more customers within the US for purposes of deploying a demonstration of the Protean™ wave energy converter technology.	26-Mar-16	26-Mar-17
7	5,000,000	Completion of a funding event whereby funding of is achieved via avenues other than a grant, prize, endowment or Stonehenge.	26-Mar-16	26-Mar-17

Service and performance hurdles for series (ii) options

Tranche	Number of options	Performance Hurdle	Service period	Expected vesting date
1	5,000,000	Completion of a probationary period not less than six months.	6-Oct-15	6-Oct-15
2	5,000,000	Completion of a US public relations plan and US fundraising plan.	6-Apr-16	6-Apr-16
3	2,500,000	Establishment of a working relationship with California Polytechnic State University, San Luis Obispo (Cal Poly).	6-Apr-16	6-Apr-16
4	2,500,000	Award of a grant, scheme or prize to a total value greater than or equal to US$250,000 and the first payment is received.	6-Apr-16	6-Apr-17
5	2,500,000	Establishment of a working relationship with any branch of the US Government.	6-Apr-16	6-Apr-17
6	2,500,000	Establishment of a working relationship with a port, oil and gas producer, oil and gas production or processing facility in the US.	6-Apr-16	6-Apr-17
7	15,000,000	Ratification of the first binding power purchase agreement or water supply agreement for at least 2MW of electric power or its economic equivalent in water supply cumulative between one or more customers within the US for purposes of deploying a demonstration of the Protean™ wave energy converter technology.	6-Apr-16	6-Apr-17
8	55,000,000	An acceptable funding event for the US subsidiary, wherein the US subsidiary attracts funding in the US equivalent to not less than from a source other than Stonehenge, a grant, prize or endowment and in the reasonable opinion of the Company that San Marino Venture Group has been responsible for said funding event. For the avoidance of doubt, instigation of funding events is not exclusive to San Marino Venture Group.	6-Apr-16	6-Apr-17

As at 30 June 2015 management believe that all of the performance and service hurdles will be met.

14. SHARE BASED PAYMENTS (continued)

(b) Performance rights

The Company's Performance Rights Plan was approved and adopted by shareholders on 11 November 2014. Each performance right will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each performance right is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Movement in the performance rights is shown below:

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at year end	Vested and exercisable at year end
Year ended 30 June 2015								
01-Apr-14	01-Apr-19	-	-	5,000,000	-	-	5,000,000	-
10-Nov-14	10-Nov-19	-	-	15,000,000	-	-	15,000,000	-
11-Nov-14	11-Nov-19	-	-	30,000,000	-	-	30,000,000	-
Total			-	50,000,000	-	-	50,000,000	-

The weighted average remaining contractual life of performance rights outstanding at 30 June 2015 was 4.31 years (2014: nil years).

Key inputs to the single barrier share option pricing model used in the calculation of performance rights which have had an expense recognised during the year ended 30 June 2015 were as follows:

Number Granted	Expected price volatility(1)	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Risk free interest rate(2)	Fair value per performance right	Total fair value
Grant date: 01 April 2014								
5,000,000	140%	-	31-Dec-15	01-Apr-19	$0.0071	3.47%	$0.0071	$35,500
Grant date: 10 November 2014(3)(4)								
15,000,000	140%	-	24-Apr-15 to 31-Dec-16	10-Nov-19	$0.0050	3.11%	$0.0050	$75,000
Grant date: 11 November 2014(5)(6)								
30,000,000	140%	-	24-Apr-15 to 31-Dec-16	11-Nov-19	$0.0060	3.11%	$0.0060	$180,000

1 *Expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publically available information*

2 *Risk free rate of securities with comparable terms to maturity*

3 *Performance rights are split equally into three tranches. The volatility and risk free rate did not apply to tranches 1 and 2 as the hurdles for these rights were non-market based. The expected vesting dates for tranche 1 is 31 December 2016, tranche 2 is 31 March 2016 and tranche 3 has vested during the period on 24 April 2015. Tranche 3 remains unexercisable as a 30 June 2015 as a result of the service condition*

4 *Performance right have a 1 year service condition and have been split equally into 3 tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:*

Tranche 1 *successfully securing a wave resource site and customer connection agreement such that a pilot array of the Protean™ WEC technology can be deployed;*

Tranche 2 *the successful completion of a pilot demonstration plant for the Protean™ WEC technology with peak output capacity of at least 45 kW;*

Tranche 3 *the Company's market capitalisation (fully diluted) exceeding $20 million for a period of 5 consecutive trading days based on the closing price of the shares on ASX, the performance hurdle for Tranche 3 was achieved on the 24 April 2015, however due to the modification of terms, a 1 year service condition was attached to each of the rights. As such the rights have been fully expensed in the current period, however, will only become exercisable on achievement of the service condition*

14. SHARE BASED PAYMENTS (continued)

5 *Performance rights are split equally between six tranches. The volatility and risk free rate did not apply to tranches 1, 2, 4, 5 and 6 as the hurdles for these rights were non-market based. The expected vesting dates for tranche 1 is 31 December 2016, tranche 2 is 31 March 2016, tranche 4 is 31 December 2015, tranche 5 is 30 June 2016, tranche 6 is 28 July 2015 and tranche 3 has vested during the period on 24 April 2015. Tranche 3 remains unexercisable as at 30 June 2015 as a result of the service condition*

6 *Performance rights have a 1 year service condition and have been split equally into 6 tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:*

Tranche 1 *successfully securing a wave resource site and customer connection agreement such that a pilot array of the Protean™ WEC technology can be deployed;*

Tranche 2 *the successful completion of a pilot demonstration plant for the Protean ™WEC technology with a peak output capacity of at least 45 kW;*

Tranche 3 *the Company's market capitalisation (fully diluted) exceeding $20 million for a period of 5 consecutive trading days based on the closing price of the shares on ASX, the performance hurdle for Tranche 3 was achieved on the 24 April 2015, however, due to the modification of terms, a 1 year service condition was attached to each of the rights. As such the rights have been fully expensed in the current period however will only become exercisable on achievement of the service condition;*

Tranche 4 *Stonehenge successfully securing access to 36,000 metres of historical drill core stored at KIGAM in South Korea and the successful conclusion of a core analysis program designed to delineate an upgraded mineral resource;*

Tranche 5 *the successful delineation of a vanadium mineral resource in accordance with the JORC Code (2012) of at least 200Mlbs of vanadium at a grade of not less than 0.2% vanadium across any of the South Korean project areas, and*

Tranche 6 *either:*

- *upon the Company completing a positive pre-feasibility study for uranium and vanadium mining and processing on any of the South Korean project areas: or*
- *in the event that all or part of one or all of the South Korean project areas is sold or joint ventured to the value of not less than A$3 million in aggregate including the value of any consideration and or committed project expenditure*

As at 30 June 2015 management believe that all of the performance and service hurdles will be met.

(c) Expense arising from share-based payment transaction

The total expense arising from share-based payment transactions recognised during the reporting period as part of employee benefit expense were as follows:

	2015 $	2014 $
Options issued	182,648	-
Performance rights issued	176,767	-
Fully paid ordinary shares issued in lieu of Director fees	-	45,416
	359,415	45,416

(d) Share based payment to vendors

During the financial year:

- 60,000,000 shares were issued to Protean Energy Pty Ltd in consideration for entering into an option to acquire 100% of the equity of Protean Australia Pty Ltd (PEA).The fair value of the shares granted to Protean Energy Pty Ltd was determined to be $300,000. The fair value of the shares issued was determined by reference to the share price on the grant date ($0.005 per share), as the fair value of the asset acquired was unable to be determined. This asset has been recognised under ‘Other Financial Assets’ in the Statement of Financial Position;
- 10,000,000 shares were issued to CPS in consideration for share issue related costs. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the corresponding invoice received which amounted to $50,000. This amount has been recognised in the Statement of Financial Position under share issues expenses (equity); and
- 1,200,000 shares were issued to Minerva Corporate Pty Ltd in consideration for corporate service fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the corresponding invoice received which amounted to $6,000. This amount has been recognised under administration expenses in the Statement of Profit or Loss and Other Comprehensive Income.

15. FINANCIAL AND CAPITAL RISK MANAGEMENT

Overview

The financial risks that arise during the normal course of the Group's operations comprise market risk, credit risk and liquidity risk. In managing financial risk, it is policy to seek a balance between the potential adverse effects of financial risks on financial performance and position, and the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various risk management methods available to manage them.

General objectives, policies and processes

The Board is responsible for approving policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal control. The Board receives reports as required from the Managing Director in which they review the effectiveness of the processes implemented and the appropriateness of the objectives and policies it sets. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

These disclosures are not, nor are they intended to be an exhaustive list of risks to which the Group is exposed.

Financial Instruments

The Group has the following financial instruments:

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	45,379	89,760
Other receivables	86,193	30,881
	131,572	120,641
Financial liabilities		
Trade and other payables	134,545	164,807
	134,545	164,807

(a) Market Risk

Market risk can arise from the Group's use of interest bearing financial instruments, foreign currency financial instruments and exposure to commodity prices. It is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk) and fluctuations in commodity prices (commodity price risk).

(i) Interest rate risk

The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure. As at the 30 June 2015, the Group has interest-bearing assets, being cash at bank and no interest-bearing liabilities. As such, the Group's income and operating cash flows in not dependant on changes in market interest rates.

Sensitivity analysis

The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis.

The weighted average effective interest rate of funds on deposit is 0.75% (30 June 2014: 1.60%).

15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(ii) Currency risk

The Group operates in Korea and the US however, maintains a corporate listing in Australia. As a result of various operating locations, the Group is exposed to foreign exchange risk arising from fluctuations in primarily the Korean Won.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Group manages risk by matching receipts and payments in the same currency and monitoring movements in exchange rates. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2015 KRW $	2014 KRW $
Financial assets		
Cash	10,510	8,825
Trade and other receivables	7,633	15,354
Financial liabilities		
Trade and other payables	3,345	2,549

Sensitivity analysis

The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis.

(iii) Commodity price risk

As the Group has not yet entered into production, the risk exposure to changes in commodity price is not considered significant.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, as well as trade receivables. Credit risk is managed on a Group basis. For cash balances held with bank or financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's assets is more than offset by the potential benefits gained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised, none of which are impaired or past due.

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:

	2015 $	2014 $
Cash and cash equivalents	45,379	89,760
Other receivables	86,193	30,881
	131,572	120,641

15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 counterparty default rates.

	2015 $	2014 $
Cash at bank and short term deposits		
Held with Australian banks and financial institutions		
AA- S&P rating	34,869	80,975
A S&P rating	10,510	-
BBB S&P rating	-	8,785
Total	45,379	89,760
Other receivables		
Counterparties with external credit ratings	-	-
Counterparties without external credit ratings(1)		
Group 1	-	-
Group 2	86,193	30,881
Group 3	-	-
Total	86,193	30,881

1 Group 1 — new customers (less than 6 months)
Group 2 — existing customers (more than 6 months) with no defaults in the past
Group 3 — existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered

(c) 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. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

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 - 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount liabilities $
At 30 June 2015						
Trade and other payables	134,545	-	-	-	134,545	134,545
At 30 June 2014						
Trade and other payables	164,807	-	-	-	164,807	164,807

15. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(d) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern. This is to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from exploration.

(e) Fair value measurements

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Notes	Level 1 $	Level 2 $	Level 3 $	Total $
At 30 June 2015					
Non-current assets held for sale	6	-	4,814,040	-	4,814,040
At 30 June 2014					
Non-current assets held for sale		-	-	-	-

There were no transfers between levels during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Fair value hierarchy

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The fair value of assets classified as held for sale has been determined based on the JV consideration to be received on completion of the sale of 50% of Stonehenge Korea Limited to KOSDAQ listed Korea Resources Investment & Development Inc (KORID).

Specific valuation techniques used to value financial instrument includes the use of quoted market prices from the KOSDAQ. The fair value estimate is a non-recurring fair value measurement.

16. EARNINGS PER SHARE

	2015	2014
Basic and diluted earnings/(loss) per share		
Net profit/(loss) after tax attributable to the members of the Company	$ (4,720,479)	$ (1,482,005)
Weighted average number of ordinary shares	711,572,424	429,318,765
Basic and diluted earnings/(loss) per share	$ (0.0066)	$ (0.0034)

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity and items which are more likely to be materially adjusted. Detailed information about each of these estimates and judgements is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

Significant accounting estimates and judgements

The areas involving significant estimates or judgements are:

- Recognition of deferred tax asset for carried forward tax losses — Note 2;
- Estimation of fair value of share-based payments – Note 14;
- Impairment of capitalised exploration and evaluation assets – Note 7;
- Capitalisation of exploration and evaluation expenditure – Note 7; and
- Fair value of held for sale assets – Note 6.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

There have been no actual adjustments this year as a result of an error and of changes to previous estimates.

18. COMMITMENTS

(a) Capital commitments

Under the terms of the Moore Commerce consulting agreement, Stonehenge is to provide up to $550,000 in cash funding over 18 months from the date of completion of the acquisition of Protean Energy Australia Pty Ltd. The funding is to deliver a pilot project on the Protean™ wave energy convertor technology. (30 June 2014: Nil).

Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

	2015 $	2014 $
Within one year	182,103	-
Later than one year but no later than five years	-	-
Later than five years	-	-
	182,103	-

19. CONTINGENCIES

The Group has no contingent assets or liabilities as at 30 June 2015 (30 June 2014: Nil).

20. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entities

The ultimate parent entity and ultimate controlling party is Stonehenge Metals Limited (incorporated in Australia) which at 30 June 2015 owns 100% of the issued ordinary shares of the subsidiaries set out in Note 24.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 22.

(c) Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	288,183	393,068
Post-employment benefits	20,309	23,283
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	151,489	45,416
	459,981	461,767

Detailed remuneration disclosures are provided within the remuneration report.

(d) Transaction with other related parties

	30 June 2015 $	30 June 2014 $
During the period the following related party transactions took place with director related entities:		
Expertec Pty Ltd(1)	35,000	40,000
JLC Corporation Pty Ltd(2)	49,727	-
Tapanui Capital Pty Ltd(3)	42,500	20,000
Moore Commerce Pty Ltd(4)	381,036	-
	508,263	60,000

1 *Mr Henning is a Director of Expertec Pty Ltd which received Mr Henning's Director and consulting fees during the period*
2 *Mr Yu is a Director of JLC Corporation Pty Ltd which received Mr Yu's Director and consulting fees during the period*
3 *During the period whilst an Executive Director, Mr Lane, provided consulting services to the Company for $42,500. A formal contract was in place and all transactions were conducted on normal commercial terms*
4 *Mr Moore is a Director of Moore Commerce Pty Ltd which received project fees for the research and development of the Protean™ wave energy converter technology*

(e) Outstanding balances arising from sales/purchases of goods and services

Other than the commitments under the Moore Commerce pilot project, as disclosed in Note 18, there are no outstanding balances arising from sales/purchases of goods and services (30 June 2014: Nil).

20. RELATED PARTY TRANSACTIONS (continued)

(f) Loan to/from related parties

Loans from other related parties

	30 June 2015 $	30 June 2014 $
Beginning of the year	-	-
Loans advanced[(1)(2)(3)]	39,000	-
Loan repayments made in cash	-	-
Finance costs	9,750	-
Interest paid	-	-
Loan repayment made in equity	(48,750)	-
	-	-

1 *The wife of Mr Richard Henning (a former Director) provided short term funding to the Company to the value of $10,000*
2 *Mr Young Yu, Non-Executive Director, is a Director of JLC Corporation Pty Ltd, provided short term funding to the Company to the value of $20,000*
3 *Mr Bevan Tarratt, Non-Executive Director, is a Director Fluffy Duck Superfund Pty Ltd <Fluffy Duck Superfund>, which provided the Company with short term funding to the value of $9,000*

Term and conditions

On 21 July 2014, the Company secured short term funding of $120,000, through a convertible debt facility with various facility providers, of which $39,000 was provided by related parties to the Company. On 11 November 2014, under the terms of the debt facility, the funds advanced were substituted with convertible notes with a face value of $1.00 each, with the other terms of the facility remaining the same. The debt facility was converted into fully paid ordinary shares on 24 November 2014 at a 20% discount to the market price. The debt facility was made on normal commercial terms and conditions and at market rates.

There are no outstanding loans arising to or from related parties as at 30 June 2015 (30 June 2014: Nil).

21. RECONCILATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Note	2015 $	2014 $
Profit/(loss) for the period		(4,720,479)	(1,161,183)
Add/(less) non-cash items:			
Depreciation		24,290	28,027
Loss on disposal of assets		-	160,440
Write off of plant and equipment		9,294	-
Non-cash employee/consultants benefits expense		96,442	45,417
Impairment of exploration and evaluation expenditure		3,158,967	-
Share-based payments – Directors, employees and consultants	14(c)	359,415	-
Share-based payments in lieu of compliance service fees		6,000	-
Unrealised foreign exchange loss		(9,643)	-
Finance costs		30,000	
Income tax expense		(369,376)	
Changes in assets and liabilities during the financial year:			
Decrease/(increase) in receivables		(23,545)	100,143
Increase/(decrease) in payables		(30,262)	(87,197)
Increase/(decrease) in employee provision		(30,948)	2,845
Increase/(decrease) in deferred tax liability		-	(101,861)
Net cash outflow from operating activities		(1,499,845)	(798,188)

22. CONSOLIDATED ENTITIES

(a) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 26(a):

Name of entity	Country of incorporation	2015 Equity holding	2014 Equity holding
SK Energy Metals Pty Ltd(1)	Australia	100%	100%
Stonehenge Korea Inc.(2)	South Korea	100%	100%
Ginja Minerals Pty Ltd(3)	Malaysia	100%	100%
Protean Wave Energy Inc.(4)	United States	100%	-

1 *Holding company of Stonehenge Korea Inc.*
2 *Holder of all exploration licences*
3 *Dormant subsidiary*
4 *Incorporated on 24 March 2015*

23. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related parties and non-related audit firms:

	2015 $	2014 $
(a) BDO Australia		
Audit and assurance services		
Audit and review of financial statements	24,548	38,226
Taxation services		
Tax compliance services	7,854	10,030
International tax consulting and tax advice	8,480	-
Total remuneration for taxation services	16,334	48,256
Other services		
Report for Notice of Meeting	1,530	-
Total remuneration for BDO Australia	42,412	48,256
(b) Network firms of BDO		
Audit and assurance services		
Audit and review of financial statements for the year ended 30 June 2014	11,766	-
Total auditors remuneration	54,178	48,256

From time to time the Consolidated Entity may decide to employ an external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important. These assignments are principally tax advice and due diligence on acquisitions, which are awarded on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects. The Board is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Stonehenge Metals Limited as at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 26.

(a) Summary of financial information
The individual aggregate financial information for the parent entity is shown in the table.

(b) Guarantees entered into by the parent entity
The parent entity did not have any guarantees as at 30 June 2015 or 30 June 2014.

(c) Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

(d) Contractual commitments for the acquisition of property, plant and equipment
The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2015 or 30 June 2014.

	Company	
	2015 $	2014 $
Financial position		
Current assets	100,530	86,546
Total assets	5,270,629	6,233,901
Current liabilities	96,672	195,720
Total liabilities	96,672	195,720
Equity		
Contributed equity	24,578,701	22,622,692
Share-based payment reserve	2,234,752	1,875,337
Accumulated losses	(21,538,967)	(18,373,302)
Total equity	5,274,487	6,124,728
Financial performance		
Loss for the year	(4,479,467)	(3,875,448)
Total comprehensive loss	(4,479,467)	(3,875,448)

25. EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

- On 1 July 2015, the Company advised that it had entered into a convertible loan facility for up to $300,000 with a small number of sophisticated investors. The loan is convertible into ordinary shares with attaching options. The loan will be drawn down as required and can be converted at any point following the Company completing a capital raising of at least $2 million and between the granting of shareholder approval and the repayment date of 31 December 2015.
- On 28 July 2015, the Company announced the completion of the sale of 50% of Stonehenge Korea Limited to KOSDAQ listed Korea Resources Investment & Development Inc.
- On 11 August 2015, the Company announced:
  - it had formalised its intention to complete the acquisition of 100% of the Protean™ intellectual property by exercising its rights under the option agreement between the Company and Protean Energy Pty Ltd;
  - that functional ocean based testing of the fully assembled proof of commercial applicability Protean™ wave energy converter device had been successfully completed;
  - it had completed a placement to raise $500,000 to sophisticated investors via the issue of 12,500,000 new shares at $0.04;
  - it had entered into an additional loan facility for up to $300,000 with a small number of sophisticated investors including one of the Company's directors, Mr Bevan Tarratt. The loan is convertible subject to shareholder approval and the material terms and conditions are the same as the existing loan facility advised on 1 July 2015; and
  - that Bruce Lane (Managing Director), Sean Moore (Protean™ WEC Inventor & Chief Technology Officer) and Scott Davis (General Manager Business Development) have agreed to re-contract to the Company subject to the completion of the 100% acquisition of Protean Energy Australia Pty Ltd and successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
- On 19 August 2015, the Company announced that its JV partner in Korea, Korea Resources Investment & Development Inc. (**KORID**) sold 20% of its holding in the Korean JV entity, Stonehenge Korea Ltd (**SHK**), to BHI Co Ltd (**BHI**). KORID and BHI have together agreed to be bound by the terms of the existing SHK shareholder agreement. In consideration for the sale of SHK shares to BHI, KORID will receive KWON 1 Billion (~A$1.15 million).
- On 10 September 2015, the Company advised that formal approval had been received to deploy 30 Protean™ WEC buoys within the waters controlled by Bunbury Port, off the coast of Western Australia.
- On 23 September 2015, the Company announced that it had entered into an exclusive option with Clean Energy Maldives Pty Ltd (**CEM**) that allows Stonehenge or its nominee to acquire 99% of the shares in CEM for consideration of 250,000 Stonehenge shares. CEM has approval to establish a wave energy converter power generation and seawater desalination facility off the coast of Hanimaadhoo Island, Maldives.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or its state of affairs in subsequent financial years.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stonehenge Metals Limited (**Company** or **Stonehenge**) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Stonehenge is the ultimate parent entity of the Group.

The consolidated financial statements of Stonehenge Metals Limited for the year ended 30 June 2015 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

Statement of compliance

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.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 17.

New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the first time for the annual reporting period commencing 1 July 2014 that are relevant to the Group include:

- AASB 2013-3 Amendment to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets; and
- AASB 2014-1 Amendments to Australian Accounting Standards.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years. However, the above standards have affected the disclosures in the notes to the financial statements.

New standards and interpretations not yet adopted

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* (AASB 9) addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013 it also sets out new rules for hedge accounting.

When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The Group does not have any such assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Adoption of AASB 9 is only mandatory for the year commencing 1 January 2017.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

There will be no impact on the Group's accounting as currently the Group does not have any contract with customers.

Adoption of AASB 15 is only mandatory for the year commencing 1 January 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Accounting policies

In order to assist in the understanding of the accounts, the following summary explains the principle accounting policies that have been adopted in the preparation of the financial report. These policies have been applied consistently to all of the periods presented, unless otherwise stated.

(a) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company at the end of the reporting period. 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. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 23 to the financial statements.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

(b) Going concern

During the year the Group incurred a net loss of $4,720,479 (2014: $1,482,005) and incurred net cash outflows from operating activities of $1,499,845 (2014: $798,188). The consolidated entity held cash assets at 30 June 2014 of $45,379 (2014: $89,760).

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.

The Directors recognise that the ability of the consolidated entity to continue as a going concern is dependent on the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements and/or successful development and subsequent exploitation of the consolidated entity's wave technology.

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 funding, as discussed above, there is a material uncertainty which may cast significant doubt whether the consolidated entity will 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. 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.

(c) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker, which has been identified by the company as the Managing Director and other members of the Board.

(d) 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.

No dividends were paid or proposed during the year..

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue Recognition

Revenue is measured as the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured it is probable that future economic benefits will flow to the entity.

Revenue for other business activities is recognised on the following basis:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) 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.

(g) Goods and Services Tax (GST)

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

- 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
- 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.

(h) 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 values 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.

(i) 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.

(j) 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.

(k) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(l) 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.

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.

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 old them for the medium to long term.

(i) 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.

(ii) 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.

(iii) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(m) 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%.

(n) 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:

- 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
- 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.

(o) Share Based Payment Transactions

The Group provides benefits to employees and consultants (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 costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted is determined using the single barrier share option pricing model. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 14.

The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of: (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded are contingent and will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is valued as if it will vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

(p) 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.

(q) 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.

(r) Earnings per share

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.

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.

(s) 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.

(t) 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.

(u) Dividends

No dividends were paid or proposed during the year.

(v) Comparatives

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

(w) Parent entity financial information

The financial information for the parent entity, Stonehenge Metals Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements except as set out below:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

DIRECTORS' DECLARATION

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 2015 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:

Bruce Lane
Managing Director

Perth, Western Australia

30 September 2015

Tel: +61 8 6382 4600
Fax: +61 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 2015, 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 26, 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.

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 2015 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 26.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 26(b) 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, and/or successful development and subsequent exploitation of the consolidated entity's wave technology. These conditions, along with other matters as set out in Note 26(b), 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 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 30 September 2015

ADDITIONAL INFORMATION

Information as at 16 September 2015

(a) Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 – 1,000	52
1,001 – 5,000	142
5,001 – 10,000	202
10,001 – 100,000	969
100,001 – and over	711
	2,076

The number of shareholdings held in less than marketable parcels is 525.

(b) Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary Share

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 are on issue.

Performance Shares

There are no voting rights attached to any class of Performance Shares that are on issue.

(c) 20 Largest Shareholders — Ordinary Shares as at 16 September 2015

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	PROTEAN ENERGY LIMITED	60,000,000	6.97
2	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	57,733,058	6.71
3	JLC CORPORATION PTY LTD	39,401,677	4.58
4	R H HENNING PTY LTD <RATHMORE SUPER FUND A/C>	27,482,408	3.19
5	MR PAUL JACKSON	16,000,000	1.86
6	FLUFFY DUCK SUPER PTY LTD <FLUFFY DUCK SUPER FUND A/C>	10,200,000	1.18
7	JLC CORPORATION PTY LTD <THE YCY SUPER FUND A/C>	10,000,000	1.16
8	MR ROHAN CHARLES EDMONDSON	9,875,000	1.15
9	LOK HUNG NOMINEES PTY LTD <SF SUPERANNUATION FUND A/C>	9,578,209	1.11
10	MR JAMES DAVID TAYLOR & MRS MARION AMY TAYLOR <ITS MANAGEMENT S/F A/C>	9,000,000	1.05
11	MR LACHLAN PETER WINNER	8,011,522	0.93
12	MISS ELIZABETH ANNE MCCREADIE	7,305,000	0.85
13	MR MICHAEL GROVE & MRS JANE GROVE <GLADGROVE SUPER FUND A/C>	7,000,000	0.81
14	YENCITY PTY LTD	6,900,000	0.80
15	MR PAUL ANTHONY GREENWOOD	6,717,500	0.78
16	FENCOURT ENTERPRISES PTY LTD <P & Y GREENWOOD S/F A/C>	6,398,487	0.74
17	MRS LINDA HELEN PEDLER	6,308,987	0.73
18	FLUFFY DUCK SUPER PTY LTD <FLUFFY DUCK SUPER FUND A/C>	5,893,904	0.68
19	MR ROGER GOES	5,850,000	0.68
20	TILPA PTY LTD <SUPER FUND A/C>	5,750,000	0.67
	TOTAL	**315,405,752**	**36.64**
	Balance of Register	**545,512,334**	**63.36**
	Grand TOTAL	**860,918,086**	**100.00**

ADDITIONAL INFORMATION

Substantial Shareholders

As at 16 September 2015, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

Shareholder	No. of Shares	%
Protean Energy Limited	60,000,000	6.97%
Slade Technologies Pty Ltd <Embrey Family S/Fund A/C>	57,733,058	6.71%
JLC Corporation Pty Ltd	49,401,677	5.74%

Unquoted Securities – as at 16 September 2015

Options over un-issued Fully Paid Ordinary Shares

- 35,000,000 options exercisable at $0.01 on or before 25 March 2020
- 40,000,000 options exercisable at $0.014 on or before 6 April 2020

Performance Rights

- 50,000,000 Performance Rights

Fully Paid Ordinary Shares not quoted

- 13,000,000 fully paid ordinary shares

Securities Subject to Escrow

- 60,000,000 fully paid ordinary shares are escrowed until 6 November 2015

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

Options exercisable at $0.01 on or before 25 March 2020

Percentage Held %	Name	Number of Securities held
100%	Mr William I Toman	35,000,000

Options exercisable at $0.014 on or before 6 April 2020

Percentage Held %	Name	Number of Securities held
87.5%	Mr William F Lyte	35,000,000
12.5%	Mr San Marino Joint Venture Group LLC	5,000,000

Performance Rights

Percentage Held %	Name	Number of Securities held
60%	Mr Bruce Lane	30,000,000
20%	Mr Sean Moore	15,000,000

ADDITIONAL INFORMATION

Korean Tenement Schedule (held directly by Stonehenge Metals Korea – 50% owned by Stonehenge Metals Ltd)

Tenement Name	ID	Registration No.	Registration Date	Area (ha)	Mineral
Gwesan	137	79161	12/01/2011	275	Uranium, Vanadium
Gwesan Group	various	various	various	2,200	Uranium
Miwon Group	various	various	various	1,656	Uranium
Daejeon Group	various	various	various	2,282	Uranium
Daejeon	59	200204	18/12/2012	228	Uranium, Vanadium, Molybdenum

Gwesan Group – detailed information

Gwesan Group includes Gwesan-125, -115, -124, -117, -118, -114, -126, -128 in total 8 tenements. This group is considered as one tenement for exploration and mining to MRO under the Korean mining law.

Tenement Name	Area	ID	Registration No.	Registration Date	Area (ha)	Mineral
Gwesan Group	Gwesan	115	76942	15/05/2008	275	Uranium
	Gwesan	125	76941	15/05/2008	275	Uranium
	Gwesan	114	76967	29/05/2008	275	Uranium
	Gwesan	117	76965	29/05/2008	275	Uranium
	Gwesan	118	76966	29/05/2008	275	Uranium
	Gwesan	124	76964	29/05/2008	275	Uranium
	Gwesan	126	76968	29/05/2008	275	Uranium
	Gwesan	128	76969	29/05/2008	275	Uranium
					2,200	

Miwon Group – detailed information

Miwon Group includes Miwon-36, -46, -58, -37, -47, -57 in total 6 tenements. This group is considered as one tenement for exploration and mining to MRO under the Korean mining law.

Tenement Name	Area	ID	Registration No.	Registration Date	Area (ha)	Mineral
Miwon Group	Miwon	36	77018	12/06/2008	276	Uranium
	Miwon	46	77019	12/06/2008	276	Uranium
	Miwon	58	77020	12/06/2008	276	Uranium
	Miwon	37	77225	22/08/2008	276	Uranium
	Miwon	47	77291	24/09/2008	276	Uranium
	Miwon	57	77292	24/09/2008	276	Uranium
					1,656	

ADDITIONAL INFORMATION

Daejeon Group – detailed information

Daejeon Group includes Okcheon-136, -147, Daejeon-18, -28, -38, -48, -17, -7, -27, -47, -57 in total 11 tenements. This group is considered as one tenement for exploration and mining to MRO under the Korean mining law.

Tenement Name	Area	ID	Registration No.	Registration Date	Area (ha)	Mineral
Daejeon Group	Daejeon	18	77011	11/06/2008	277	Uranium
	Daejeon	28	77012	11/06/2008	259	Uranium
	Daejeon	38	77013	11/06/2008	277	Uranium
	Daejeon	48	77014	11/06/2008	277	Uranium
	Okcheon	136	77010	11/06/2008	138	Uranium
	Okcheon	147	77038	20/06/2008	277	Uranium
	Daejeon	17	77039	20/06/2008	103	Uranium
	Daejeon	7	77114	04/07/2008	190	Uranium
	Daejeon	27	77115	04/07/2008	56	Uranium
	Daejeon	47	77363	17/10/2008	242	Uranium
	Daejeon	57	77364	17/10/2008	186	Uranium
					2,282	

Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: http://www.stonehengemetals.com.au/she_corporate_governance.aspx