
STONEHENGE METALS LIMITED

ACN 119 267 391

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am

DATE: 30 November 2015

PLACE: Level 3
89 St Georges Terrace
PERTH WA 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 2277.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (WST) on 30 November 2015 at the Level 3, 89 St Georges Terrace, Perth WA 6000.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 28 November 2015.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Shareholders should read the Notice and the Explanatory Statement carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to this Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Defined terms

Capitalised terms in this Notice of Annual General Meeting and Explanatory Statement are defined either in the Glossary section or where the relevant term is first used.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion: The Company will disregard any votes cast this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – APPROVAL OF ACQUISITION OF PROTEAN ENERGY AUSTRALIA PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 3, 5 and 7, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 60,000,000 Shares and up to 120,000,000 Performance Shares to the Vendors (or their nominees) as consideration for the Acquisition on the terms set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by the Vendors and their nominees, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 5 and 7, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company:

- (a) to make a significant change to the nature and scale of its activities set out in the Explanatory Statement; and*
- (b) to issue Shares upon re-compliance with the ASX Listing Rules at an issue price of \$0.03 per Share.”*

Short Explanation: The proposed acquisition of Protean Energy Australia Pty Ltd (**PEA**), if successful, will result in the Company acquiring 100% of the shares of PEA, a non-trading entity that holds the Protean™ wave energy converter (**WEC**) intellectual property (**IP**). This IP underpins the Company's plan to commercialise the Protean™ WEC. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature or scale of its activities. The acquisition of PEA will result in the Company significantly changing the nature and scale of its activities. ASX has advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Refer to the Explanatory Statement for further details.

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a security holder, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 12,500,000 Placement Shares on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who participated in the prior issue. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – RE-COMPLIANCE CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2, 3 and 7, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue (with a priority participation entitlement to existing members) up to 200,000,000 Shares at an issue price of \$0.025 per share, with up to 200,000,000 attaching Public Offer Options to raise up to \$5,000,000 on the terms and conditions set out in the Explanatory Statement.”

6. RESOLUTION 6 – PARTICIPATION OF DIRECTORS IN PROPOSED RE-COMPLIANCE CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3 and 5 being passed, for the purposes of ASX Listing Rule 10.11 and for all other purposes,

approval is given for the following Directors of the Company to participate and subscribe for up to 8,000,000 Shares with up to 8,000,000 attaching Public Offer Options (in aggregate) in the Capital Raising the subject of Resolution 5 on the terms and conditions set out in the Explanatory Statement, comprising of:

- (a) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Mr Bruce Lane;
- (b) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Mr Young Yu;
- (c) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Mr Brendan Hammond; and
- (d) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Mr Bevan Tarratt

or their respective nominee/s, on the terms and conditions set out in Resolution 5 and the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of Mr Bruce Lane, Mr Young Yu, Mr Bevan Tarratt and Mr Brendan Hammond (and their respective associates). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – CHANGE OF NAME TO PROTEAN WAVE ENERGY LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3 and 5, for the purposes of sections 157(1) and 136(2) of the Corporations Act and for all other purposes, the name of the Company be changed to Protean Wave Energy Limited and for all references to the Company's name in the Constitution to be amended, on and from the Completion Date.”

8. RESOLUTION 8 – APPOINTMENT OF DIRECTOR – MR BRENDAN HAMMOND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Mr Brendan Hammond be appointed as a Director of the Company.”

9. RESOLUTION 9 – RE-ELECTION OF DIRECTOR – MR BEVAN TARRATT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Bevan Tarratt, a Director, retires by rotation, and being eligible, is re-elected as a Director”

10. RESOLUTION 10 – ADOPTION OF INCENTIVE OPTIONS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an Incentive Options Plan

and for the issue of securities under that Incentive Options Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (iii) a member of the Key Management Personnel; or
 - (iv) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 11 – GRANT OF INCENTIVE OPTIONS TO DIRECTOR UNDER INCENTIVE OPTIONS PLAN – MR BRENDON HAMMOND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3, 8 and 10, and for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Brendan Hammond (or his nominee) a total of 2,500,000 Incentive Options under the Incentive Options Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Brendan Hammond and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (v) a member of the Key Management Personnel; or
 - (vi) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 12 – GRANT OF INCENTIVE OPTIONS TO DIRECTOR UNDER INCENTIVE OPTIONS PLAN – MR YOUNG YU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3, and 10, and for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Young Yu (or his nominee) a total of 2,500,000 Incentive Options under the Incentive

Options Plan, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Young Yu and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (vii) a member of the Key Management Personnel; or
 - (viii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. RESOLUTION 13 – GRANT OF INCENTIVE OPTIONS TO DIRECTOR UNDER INCENTIVE OPTIONS PLAN – MR BEVAN TARRATT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of Resolutions 2, 3, and 10, and for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Bevan Tarratt (or his nominee) a total of 2,500,000 Incentive Options under the Incentive Options Plan, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Bevan Tarratt and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. RESOLUTION 14 – APPROVAL OF 10% PLACEMENT CAPACITY - SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy

for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. RESOLUTION 15 – ISSUE OF CLASS C OPTIONS TO DIRECTOR – MR BRENDAN HAMMOND

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That subject to and conditional upon the passing of Resolutions 8 and 10, and for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 1,000,000 Class C Options to Mr Brendan Hammond (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Brendan Hammond and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

16. RESOLUTION 16 – GRANT OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS TO DIRECTOR – MR BRUCE LANE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3 and 10, and for the purposes of section 208 of the Corporations Act ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Bruce Lane (or his nominee) a total of 17,500,000 Incentive Options under the Incentive Options Plan and 12,500,000 Performance Rights under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Bruce Lane and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

17. RESOLUTION 17 – GRANT OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS TO EXECUTIVE – MR SEAN MOORE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3 and 10, and for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to grant to Mr Sean Moore (or his nominee) a total of 45,000,000 Incentive Options under the Incentive Options Plan and 45,000,000 Performance Rights under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Sean Moore and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

18. RESOLUTION 18 – ISSUE OF CLASS D OPTIONS AS A REMUNERATION BONUS TO PREVIOUS DIRECTOR – MR RICHARD HENNING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue Mr Richard Henning (or his nominee) 5,000,000 Class D Options as a remuneration bonus, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Richard Henning and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

19. RESOLUTION 19 – GRANT OF INCENTIVE OPTIONS AS A REMUNERATION BONUS TO DIRECTOR – MR YOUNG YU

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3 and 10, for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Young Yu (or his nominee) a total of 5,000,000 Incentive Options as a remuneration bonus under the Incentive Options Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Young Yu and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

20. RESOLUTION 20 – GRANT OF INCENTIVE OPTIONS AS A REMUNERATION BONUS TO DIRECTOR – MR BEVAN TARRATT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon the passing of Resolutions 2, 3 and 10, for the purposes of section 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Bevan Tarratt (or his nominee) a total of 5,000,000 Incentive Options as a remuneration bonus under the Incentive Options Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Bevan Tarratt and his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

21. RESOLUTION 21 – RATIFICATION OF PRIOR ISSUE OF SECURITIES TO CPS CAPITAL GROUP PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 819,228 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who participated in the prior issue. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

22. RESOLUTION 22 – APPROVAL OF ISSUE OF SHARES AND ATTACHING OPTIONS TO FACILITY PROVIDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 26,917,062 Shares and 26,917,062 attaching options to the Facility Providers on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

23. RESOLUTION 23 – APPROVAL OF ISSUE OF BT SHARES AND ATTACHING OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11, and for all other purposes, Shareholders approve the issue of up to 3,844,290 Shares and 3,844,290 attaching options to Mr Bevan Tarratt on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

24. RESOLUTION 24 – APPROVAL TO ISSUE PLACEMENT BONUS SHARES AND OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 5, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 7,500,000 Placement Bonus Shares and up to 12,500,000 Placement Options on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who may participate in the proposed issue and a person (and their associates) who

might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

25. RESOLUTION 25 – APPROVAL TO ISSUE SECURITIES - MALDIVES CONSIDERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 3, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue 250,000 Shares and up to 5,000,000 Performance Rights on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who may participate in the proposed issue and a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

26. RESOLUTION 26 – APPROVAL TO CANCEL CLASS A OPTIONS FOR CONSIDERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 3 and 27, for the purpose of ASX Listing Rule 6.23.2 and for all other purposes, the Directors be permitted to cancel 35,000,000 Class A Options issued in 2015 in consideration for the issue of up to 26,250,000 Class A Performance Rights subject to the agreement of the holder of the Class A Options and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) that holds an option that is the subject of this Resolution (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

27. RESOLUTION 27 – APPROVAL TO ISSUE SECURITIES – CLASS A PERFORMANCE RIGHTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 26, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 26,250,000 Class A Performance Rights on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who may participate in the proposed issue and a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

28. RESOLUTION 28 – APPROVAL TO CANCEL CLASS B OPTIONS FOR CONSIDERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 3 and 29, for the purpose of ASX Listing Rule 6.23.2 and for all other purposes, the Directors be permitted to cancel 40,000,000 Class B Options issued in 2015 in consideration for the issue of up to 6,500,000 Class B Performance Rights subject to the agreement of the holder of the Class B Options and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) that holds an option that is the subject of this Resolution (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

29. RESOLUTION 29 – APPROVAL TO ISSUE SECURITIES – CLASS B PERFORMANCE RIGHTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 28, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 39,000,000 Class B Performance Rights on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of a person (and their associates) who may participate in the proposed issue and a person (and their associates) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

30. RESOLUTION 30 – APPROVAL TO ISSUE SECURITIES – LEAD MANAGER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 12,000,000 Lead Manager Options to CPS Capital Group Pty Ltd (or their nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice”

Voting exclusion: The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of CPS Capital Group Pty Ltd (and their associates). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 29 October 2015

BY ORDER OF THE BOARD

**MATTHEW FOY
COMPANY SECRETARY**

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement forms part of the Notice of Annual General Meeting and has been prepared for Shareholders in connection with the Meeting to be held at 10:00am on 30 November 2015.

This Explanatory Statement provides information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions contained in the Notice of Annual General Meeting.

The Meeting Materials are all important documents that should be read carefully and in their entirety before Shareholders make a decision on how to vote at the Meeting.

Capitalised terms used in this Explanatory Statement are defined either in the Glossary section or where the relevant term is first used.

2. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.stonehengemetals.com.au>.

3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

3.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

3.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution

was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

3.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3.4 Proxy Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***the Proxy Form expressly authorises the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.*** The Chair currently intends to vote all undirected proxies on, and in favour of, this Resolution.

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution.

4. GENERAL INFORMATION

4.1 Current Operations

As announced to ASX on 18 February 2015, the Company executed formal joint venture (**JV**) documentation with Korea Resources Investment & Development Inc. (**KORID**) (KOSDAQ: 033430) for the sale of 50% of its Korean subsidiary, Stonehenge Korea Ltd to KORID (**JV Agreement**). Stonehenge Korea Ltd holds 100% of the rights to three vanadium and uranium exploration projects in South Korea.

On 28 July 2015 the Company advised that settlement of the transaction had occurred and the Company now held 4,643,497 KORID shares (**JV Consideration Shares**). The JV Agreement stipulates that the proceeds from the sale of any of the JV Consideration Shares are to be re-invested in the joint venture projects or any other collaboration project agreed to by the parties. Stonehenge is obligated to contribute 100% of the costs associated with the JV until the completion of phase 1 (**Phase 1**) under the JV Agreement and thereafter, if the JV proceeds, all costs are to be shared equally or the party that does not contribute will have its proportionate ownership diluted. The Company's contribution may be met by the sale proceeds of KORID shares.

The JV, through Stonehenge Korea Ltd, is working toward:

- Securing a collaboration agreement with the Korean Institute of Geoscience and Mineral Resources (KIGAM) to test the relevant sections from within the 36,000 metres of mineralised historical drill core (from Stonehenge Korea's Daejon Project area) stored at 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.

Phase 1 under the JV Agreement stipulates that within 12 months from the date of JV Completion the JV is expected to achieve access to and complete testing of 36,000 metres of historical drill core (held by KIGAM) to upgrade the existing uranium and vanadium resources in accordance with the JORC code (2012). The Company is to provide up to a maximum of \$800,000 in cash funding during Phase 1. During Phase 1 KORID is to provide \$300,000 in cash funding to the Company (via the Placements of \$100,000 each at 3, 6 and 9 months post JV Completion) and \$200,000 of Korean in country services, assistance or facilities as requested by the JV. The Company anticipates that Phase 1 will cost approximately \$600,000 to complete.

As announced to ASX on 19 August 2015, BHI Co Ltd (BHI) has now acquired a 20% interest in the JV from KORID. The Company is committed to its contractual obligations with KORID and BHI and will continue developing the Korean projects as set out above.

Concurrent with its activities in Korea, the Company is currently funding, via a \$500,000 fixed price turnkey contract with Moore Commerce Pty Ltd, construction of 30 Protean™ wave energy converter (**WEC**) buoys. These buoys together form the core of the project to deploy and test a demonstration wave farm off the coast of Western Australia.

4.2 Call Option and Licence Agreement

On 11 August 2014, the Company announced that 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**) (the **Transaction**). PEA is a non-trading entity which holds the intellectual property titles, rights and licenses to the Protean™ **WEC** Technology.

Subsequently on 10 November 2014, the Company entered into formal documents for the Transaction, being the Call Option and Licence Agreement (which annexed the Share Purchase Agreement), which superseded and replaced the Term Sheet.

The Call Option and Licence Agreement contained the following key terms and conditions:

- (a) Subject to:
- (i) the satisfaction (or waiver) of the conditions specified in sub-clauses (b) - (h) (below); and
 - (ii) the payment by the Company of the option and license fee (60,000,000 Shares) to PEL (or its nominees) (**Option Consideration Shares**),
- then the following will occur:
- (iii) PEA grants to the Company, an exclusive, irrevocable worldwide license to use the WEC technology during the option period (being 24 months from the date of the Call Option and Licence Agreement (**Option Period**)) (**License**); and
 - (iv) PEL grants to the Company an option to acquire 100% of the issued capital of PEA on the terms and conditions specified in the Share Purchase Agreement (**Option**);
- (b) Stonehenge was required to raise at least \$1.2 million and so conducted a non-renounceable rights issue to raise up to \$1,503,643 on the basis of 7 new Stonehenge shares for every 10 existing Stonehenge shares held, at an issue price of \$0.005 per Share at the record date (**Rights Issue**). On 25 November 2014, the Company advised it had raised a total of \$1,503,643 under the Rights Issue and subsequent shortfall;
- (c) Sean Moore joining Stonehenge in the executive role of Chief Technology Officer (**CTO**) for wave energy conversion;
- (d) Stonehenge investing a minimum of \$500,000 into the Protean™ WEC Technology, under a fixed price turnkey contract, over an 18 month period post Completion;
- (e) Stonehenge engaging Moore Commerce Pty Ltd, a company controlled by Sean Moore, to deliver the pilot project as a turnkey project for a fixed price of \$500,000 within 18 months;
- (f) mutual due diligence by the parties (completed within 120 days of the Call Option and Licence Agreement);
- (g) PEA executing a general security agreement in favour of the Company to secure the Company's interests pursuant to the Call Option and Licence Agreement;
- (h) the parties obtaining all necessary shareholder and regulatory approvals and consents to implement the Transaction. Shareholder approval was sought and obtained on 11 November 2014;
- (i) Subject to the satisfaction (or waiver) of the above conditions, at completion:
- (i) Stonehenge will issue the following securities, subject to shareholder approval as required, to PEL and its advisors and nominees:
 - A. Option Consideration Shares: 60,000,000 Shares which were issued to PEL on 10 November 2014 upon settlement of the Transaction and voluntarily escrowed for 12 months from their date of issue;

- B. Broker Shares: On 24 November 2014, Stonehenge issued 10,000,000 Shares to CPS Capital Group Pty Ltd for services relating to the Rights Issue.
- (ii) PEL will deliver to the Company:
 - A. a duly executed counterpart of the Share Purchase Agreement;
 - B. an escrow agreement signed by PEL in respect of the Option Consideration Shares; and
 - C. the License in accordance with the Call Option and Licence Agreement.
- (j) The Company may exercise the Option at any time during the Option Period by delivering a signed counterpart of the Share Purchase Agreement to PEL.

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 on that same day. The key terms of the Share Purchase Agreement are as follows:

- (a) The Company agrees to acquire all of the PEA Shares from PEL subject to the following conditions being satisfied (or waived) before completion **(Conditions)**:
 - (i) all necessary third party consents required to be obtained in respect of material contracts that PEA is a party, being granted in writing and on terms satisfactory to the Company;
 - (ii) the Company obtaining all necessary Shareholder and regulatory approvals for the purpose of completing the transaction pursuant to the Share Purchase Agreement;
 - (iii) the Company spending not less than AUD\$500,000 on exploitation and development of the WEC technology within 18 months of the date of the Call Option and Licence Agreement;
 - (iv) PEA not having breached any of its obligations under the Call Option and Licence Agreement;
 - (v) The Company validly exercising the option in accordance with the Call Option and License Agreement.
- (b) Subject to the satisfaction (or waiver) of the Conditions, at completion:
 - (i) PEL must deliver to the Company:
 - A. subscription forms and escrow agreements in respect of the Consideration Shares to be issued by the Company signed by PEL and each Nominee;
 - B. an executed transfer form in favour of the Company (or its nominee), and the related share certificates, in respect of the PEA Shares;
 - C. the records and common seal of PEA;

- D. completed authorities for the operation of PEA's bank accounts¹ in favour of the Company;
 - E. the written resignations of the existing officers of PEA;
 - F. a resolution of the board of PEA resolving to transfer the PEA Shares to the Company and other related matters,
- (ii) the Company must pay the purchase price by issuing to PEL (or its nominees) 60,000,000 Shares and 120,000,000 Performance Shares (the subject of Resolution 2) that will convert into Shares in accordance with the terms outlined in Schedule A.

4.3 Change to nature and scale of activities

As announced by the Company on 14 August 2014, the Company entered into the Term Sheet (which was subsequently superseded and replaced by the Call Option and Licence Agreement on 10 November 2014) to acquire all of the issued share capital in PEA. The Company has subsequently exercised its option and has now entered into the Share Purchase Agreement to acquire 100% of the shares in PEA. This transaction will involve a significant change to the nature of the Company's main business activity, from vanadium and uranium exploration in Korea to a focus on commercialising the Protean™ WEC Technology. ASX has exercised its discretion to require the significant change to the nature and scale of the Company's main business activity to be approved by Shareholders under ASX Listing Rule 11.1.2. This approval is sought from Shareholders in Resolution 2.

The Company has obtained a waiver from ASX to condition 2 of ASX Listing Rule 2.1, which would otherwise have required that the new Shares be offered pursuant to Resolution 5, to have a minimum issue price of \$0.20 per Share.

4.4 Ratification of Prior Issue of Securities

On 11 August 2015, the Company announced it had completed an issue of Shares to raise \$500,000 by way of placement to various unrelated professional and sophisticated investors (**Placement**), comprising the issue of 12,500,000 Shares at a subscription price of \$0.04 per Share.

Resolution 4 seeks to ratify the issue of securities under the Placement.

On 30 October 2015 the Company advised that it had resolved to seek approval for the issue of up to 7,500,000 Placement Bonus Shares and up to 12,500,000 Placement Options to the participants in the Placement. The effect of the issue of the Placement Bonus Shares and Placement Options is to reduce the average price of the Placement participants to be in line with the Public Offer price of 2.5¢ together with the free attaching Public Offer Options.

Resolution 24 seeks approval for the issue of the Placement Bonus Shares and Placement Options.

4.5 Overview of Protean™ Wave Energy Converter Technology

The Protean™ wave energy converter (**WEC**) system is based upon a point-absorber wave energy converter buoy device which floats at the water surface and extracts

¹ PEA is a non-trading entity and as such does not hold any bank accounts

energy from the 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.

The Protean™ WEC design has been trialled previously at a 1.5 metre wide scale and latterly at a 1 metre (1.5kWp) scale in the ocean off Perth, proving the system can successfully convert the power from waves into usable energy.

The Protean WEC design is based upon a compact architecture which is targeting power production from a small, low cost design aimed at keeping the projected levelised cost of energy down.


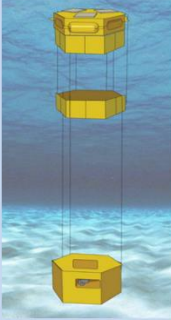
The future plans for the Protean™ WEC include utilising the recently tested 1 metre wide (1.5kWp) WEC to create a dynamic, configurable and scalable multi-WEC power array prior to moving the technology into early commercialisation.

During the Option period which commenced on 10 November 2014 the Company assessment program aimed to:

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

The Company has committed to spend \$500,000 under a fixed price agreement with Moore Commerce Pty Ltd (Sean Moore's company) to deploy a demonstration wave farm off the coast of Western Australia.

At the time of lodging this Notice a successful functional ocean test has been conducted with one 1 metre wide (1.5kWp) Protean™ WEC device (buoy). This test is considered by the Company to be a major milestone within the program to deploy the 30 buoy demonstration wave farm. The next step in the program involves the fabrication and assembly of a 30 buoy demonstration array (wave farm) prior to deployment of the demonstration wave farm off the coast of Western Australia.

PAST Successfully Tested Prototype	PRESENT AND FUTURE Deploy Demonstration Wave Farm
	
<ul style="list-style-type: none"> ➤ 1.5m wide proof-of-concept device successfully tested. ➤ Device operation validated in varied depths and sea states. ➤ Design principles verified from test results. ➤ Simple patented deployment system demonstrated. ➤ 1m wide "proof of commercial applicability" unit with key design improvements successfully demonstrated. 	<ul style="list-style-type: none"> ➤ Identify and secure deployment sites and customers. ➤ Deploy 30 buoy demonstration Protean™ wave farm. ➤ Verify Protean as scalable power/water supply solution. ➤ Commence commercial pilot project. ➤ Target remote island, port and coastal industry users

Protean™; a “New Wave” in Wave Energy Conversion

The Protean™ 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 significant advantages over other wave energy technologies currently being investigated internationally.

The most significant of these potential advantages is its capacity to harness energy from all six of the available directional wave forces. This capability has been successfully trialled.

Furthermore it is believed that the Protean™ WEC Technology is the only known wave energy system that uses all six degrees of wave movement (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 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 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.

4.6 Pro-forma Statement of Financial Position

The Pro-forma Statement of Financial Position is set out in Schedule I.

4.7 Effect of the Acquisition on the Company

The capital structure of the Company following completion of the Acquisition, issue of securities and Capital Raising is set out in the table below.

Proforma Capital Structure	Maximum Subscription Shares \$5m	%	Minimum Subscription Shares \$2.5m	%
Shares Currently on issue	861,353,928	74.76%	861,353,928	81.87%
Vendor Shares	60,000,000	5.21%	60,000,000	5.70%
Public Offer Shares	200,000,000	17.36%	100,000,000	9.50%
Shares on Conversion of Loans ¹	30,761,352	2.67%	30,761,352	2.92%
Placement Bonus Shares ⁶	7,500,000	0.65%	7,500,000	0.71%
Total Number of Shares after Prospectus Raising and completion of Transaction	1,152,115,280	100.00%	1,052,115,280	100.00%

Effect of Performance Share Conversions and Issue of Options	Maximum Subscription Shares \$5m	%	Minimum Subscription	%
Total Number of Shares after Offer & Transaction	1,105,598,513	63.97%	1,022,265,179	65.72%
Executive Performance Rights (Existing)	54,500,000	3.03%	54,500,000	3.40%
Class F Performance Shares (Existing)	5,000,000	0.28%	5,000,000	0.31%
Vendor Performance Shares ²	120,000,000	6.66%	120,000,000	7.50%
IPO Options (1-for-1 free attaching)	200,000,000	11.10%	100,000,000	6.25%
Staff Options to be Issued ³	3,125,000	0.17%	3,125,000	0.20%
Director Incentive Options to be Issued ⁴	23,500,000	1.30%	23,500,000	1.47%
Executive Options to be Issued ⁵	62,500,000	3.47%	62,500,000	3.90%
Executive Performance Rights to be Issued ⁵	57,500,000	3.19%	57,500,000	3.59%
Issue of Placement Options ⁶	12,500,000	0.69%	12,500,000	0.78%
Class A and Class B Performance Rights in Consideration for	66,250,000	3.68%	66,250,000	4.14%

Cancellation of Class A and Class B Options ⁷				
Proposed Maldives Option Agreement ⁸	1,250,000	0.07%	1,250,000	0.08%
Options to be issued on Conversion of Loans ¹	30,761,352	1.71%	30,761,352	1.92%
Lead Manager Options ⁹	12,000,000	0.67%	12,000,000	0.75%
Total Number of Shares on a Fully Diluted Basis	1,801,001,632	100.00%	1,601,001,632	100.00%

Notes:

1. Conversion of Debt Facility to Shares and Attaching Options the subject of Resolutions 22 and 23.
2. Vendor Performance Shares the subject of Resolution 2.
3. The Directors intend to offer existing staff incentive options pursuant to the Incentive Options Plan the subject of Resolution 10. These options will be issued pursuant to listing rule 7.2 exception 9.
4. Director Incentive Options the subject of Resolutions 11 to 13, 15, 18 to 20.
5. Managing Director and Chief Technology Officer Incentive Options the subject of Resolutions 16 and 17.
6. Proposed issue of Placement Bonus Shares and Placement Options the subject of Resolution 24.
7. Proposal to cancel existing Class A and B Options for consideration, the subject of Resolutions 26 to 29.
8. Proposed CEM Options Agreement securities the subject of Resolution 25.
9. Proposed issue of Lead Manager Options the subject of Resolution 30.

4.8 Change of Name

Following completion of the Acquisition, the Company proposes to change its name to Protean Wave Energy Limited (proposed ASX code: POW).

4.9 Board and Management

The Company does not currently intend to make any changes to the Board composition.

4.10 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Acquisition represents a significant asset acquisition opportunity for the Company of a technology that has been developed and may be nearing commercialisation;
- (b) through the acquisition of the Protean™ WEC Technology, a larger market capitalisation and enhanced shareholder base should provide a more liquid stock than the Company currently has; and
- (c) the Board of Directors and management team will provide an experienced set of skills in the energy sector to guide the growth of the Company.

4.11 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Company will be changing the nature and scale of its activities, which may not be consistent with the objectives of all Shareholders;

- (b) the Acquisition will result in the issue of Shares and Performance Shares to the Vendors and the Vendor's nominees and advisors which will have a dilutionary effect on the current holdings of Shareholders; and
- (c) there are many risk factors associated with the change of nature and scale of the Company's activities, or rather associated with the Protean™ WEC's Technology. See an outline of these risks at Schedule B to the Notice.

4.12 Risk Factors

Shareholders should be aware that if the Company completes the Acquisition, the Company will be changing the nature and scale of its activities which will, because of its nature, be subject to various risk factors. These risks are both specific to the industry in which the Company operates and also relate to the general business and economic environment in which the Company will operate. An investment in the Company is not risk free and prospective new investors along with existing Shareholders should consider the risk factors described in Schedule B, together with information contained elsewhere in this Notice of Annual General Meeting. The risk factors set out in Schedule B are not intended to be an exhaustive list of the risk factors to which the Company will be exposed to from continuing activities in Korea and the acquisition of the Protean™ WEC Technology.

4.13 Plans for the Company if the Acquisition is not Completed

If, for whatever reason, Resolutions 2, 3, 5 and 7 are not all passed, the Acquisition will not proceed. In this circumstance, the Company will continue with its present activities being the development of the uranium and vanadium exploration project in Korea.

4.14 Forward Looking statements

The forward looking statements in this Notice of Meeting and Explanatory Statement are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in the Notice of Meeting and Explanatory Statement. Forward looking statements include those containing words such as: anticipate, estimates, should, will, expects, plans, or similar expressions.

4.15 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of the Resolutions other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

4.16 Directors' Recommendation in relation to Acquisition

Based on the information available, including the information contained in this Explanatory Statement, the Directors recommend that Shareholders vote in favour of Resolution 2.

All of the Directors, to the extent that they are entitled to vote, intend to vote in favour of all Resolutions.

Resolutions 2, 3, 5 and 7 are interdependent, meaning that Shareholders must pass all of Resolutions 2, 3, 5 and 7 for the Acquisition to proceed.

5. RESOLUTION 2 – APPROVAL OF ACQUISITION OF PROTEAN WAVE ENERGY AUSTRALIA PTY LTD

5.1 General

As outlined in Section 4.2 of this Explanatory Statement, the Company has exercised its option to acquire the issued capital of Protean Wave Energy Australia Pty Ltd from Protean Energy Pty Ltd.

The Call Option and Licence Agreement and Share Purchase Agreement are subject to the Conditions set out in Section 4.2 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and the Protean™ WEC Technology is outlined in Section 4 above.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the 60,000,000 Shares and 120,000,000 Performance Shares to be issued under Resolution 1 (together the **Consideration Shares**) will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Shares to the Vendors in accordance with the Share Purchase Agreement.

Resolution 2 is an ordinary resolution. Resolution 2 is subject to the approval of Resolutions 3, 5 and 7.

5.2 Specific Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) The maximum number of securities to be issued under Resolution 3 is 60,000,000 Shares and 120,000,000 Performance Shares (**Consideration Shares**).
- (b) The Consideration Shares under Resolution 2 will be issued to PEL and the nominees of PEL, as outlined in Schedule C, none of whom are a related party of the Company.
- (c) The Consideration Shares will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Shares and Performance Shares will be issued on the same date, being the Completion Date.
- (d) The Shares and Performance Shares will be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition. Accordingly no funds will be raised from the issue of the Consideration Shares.

- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) The terms and conditions of the Performance Shares are set out in Schedule A.
- (g) A voting exclusion statement is included in the Notice.

5.3 Directors' Recommendation

The Directors do not have any material personal interest in the outcome of Resolution 2 other than as a result of their interest arising solely in their capacity as Shareholders and recommend that, based on the information available, including the information contained in this Explanatory Statement, Shareholders vote in favour of Resolution 2 as they consider the Transaction to be in the best interests of Shareholders.

6. RESOLUTION 3 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

6.1 General

Resolution 3 seeks Shareholder approval under Listing Rule 11.1.2 for the significant change in the nature and scale of the Company's activities resulting from the Acquisition. Resolution 3 is subject to the approval of Resolutions 2, 5 and 7.

Resolution 3 is an ordinary resolution.

6.2 Listing Rule 11.1.2

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting (the notice of meeting must include a voting exclusion statement); and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX has indicated to the Company that given the change in the nature and scale of the Company's activities resulting from the Acquisition it requires the Company to obtain Shareholder approval. The ASX has also advised the Company that in accordance with Listing Rule 11.1.3 the Company is required to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake a capital raising pursuant to Resolution 5 to meet the requirements of re-compliance.

A voting exclusion is included in the Notice.

ASX has indicated to the Company that given the significant change in the nature and scale of the Company's activities upon completion of the Acquisition, it requires the Company to:

- (a) obtain Shareholder approval for the Acquisition; and

- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval under Resolution 3 for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2 and pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

If Resolution 3 is not passed the Company will not be allowed to change the nature and scale of its activities as proposed in this Explanatory Statement and the Acquisition will not proceed.

In accordance with the requirements of ASX, the Company's securities may be suspended from trading on ASX from the date of the General Meeting until such time that the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. If Shareholders do not approve the Acquisition, the suspension will be lifted after the Company has made an announcement.

6.3 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 3 other than what is set out in the Meeting Materials and has been previously disclosed to Shareholders.

6.4 Recommendation of Directors

The Directors do not have any material personal interest in the outcome of Resolution 3 other than as a result of their interest arising solely in the capacity as Shareholders and recommend that Shareholders vote in favour of Resolution 3 as they consider the Acquisition to be in the best interests of Shareholders.

7. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

7.1 General

On 11 August 2015, the Company announced it had completed the Placement. Pursuant to the Placement, the Company issued 12,500,000 Shares under the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 12,500,000 Shares under the Placement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.2 Technical Information Required by ASX Listing Rule 7.4

The following information is provided pursuant to ASX Listing Rule 7.5:

Number of Shares issued	12,500,000 Shares
Price at which the Shares were issued	The issue price per Share was \$0.04 to raise \$500,000.
Terms of the Shares	The Shares issued were all fully paid Ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
Names of the persons to whom the Company issued the Shares	The Shares were issued to selected institutional and sophisticated investors. No related party participated in the allotment of Shares.
Intended use of funds raised	The funds raised from the issue have been and will only be used in respect of the Company's required expenditure under the Korea JV Agreement, costs of the re-compliance and towards general working capital requirements.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

7.3 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 4 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

7.4 Directors' Recommendation

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4. The Directors recommend you vote in favour of Resolution 4.

8. RESOLUTION 5 - RE-COMPLIANCE CAPITAL RAISING

8.1 General

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for an issue of Shares, with 1 attaching Public Offer Option for every 1 Share subscribed at an issue price set out below to raise up to \$5,000,000 (**Capital Raising**). The Company will not apply for quotation of the Public Offer Options. The Company intends to undertake the Capital Raising to the general public via a prospectus issued in accordance with the Corporations Act (**Prospectus**). The Prospectus will also contain the following separate offers that are subject to resolutions of this Meeting:

- 60,000,000 Shares and 120,000,000 Performance Shares to the Vendors;
- 85,000,000 Incentive Options to Directors, Mr Sean Moore and previous Director Mr Richard Henning;
- 1,000,000 Class D Options to Director Mr Brendan Hammond;
- 57,500,000 Performance Rights to Director Mr Bruce Lane and Mr Moore;
- 30,761,352 Shares and 30,761,352 Attaching Options to the Facility Providers and Mr Tarratt;
- 7,500,000 Placement Bonus Shares and 12,500,000 Placement Options to the participants in the Placement; and
- 12,000,000 Lead Manager Options to CPS Capital.

The funds raised from the Capital Raising will be used to fund the commercialisation

of the Protean™ WEC technology and to advance Phase 1 of the JV Agreement with KORID, as well as to provide general working capital (including costs of the Capital Raising).

The Company is undertaking the Capital Raising in conjunction with the Acquisition using a Prospectus to satisfy ASX Listing Rule 1.1 condition 3 and to re-comply with ASX's admission requirements. A summary of Listing Rule 7.1 is provided in section 6.2.

The Company has obtained a waiver from ASX with respect to condition 2 of ASX Listing Rule 2.1, which would otherwise have required that the new Shares offered pursuant to Resolution 5 must have a minimum issue price of \$0.20 per Share.

Resolution 5 is an ordinary resolution and is subject to the passing of Resolutions 2, 3 and 7.

8.2 Legal Requirements

ASX Listing Rule 7.1 provides that a company must not without the approval of shareholders, subject to specified exceptions, issue or agree to issue during any 12 month period, any equity securities or other securities with rights to conversion to equity, such as an option, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The Company intends to issue the Prospectus in October 2015.

If Resolution 5 is passed it will permit the Directors to complete the Capital Raising no later than three (3) months after the date of the Meeting (or such longer period as allowed by ASX) without impacting on the Company's 15% placement limit under ASX Listing Rule 7.1. Accordingly, if Resolution 5 is approved by Shareholders and any of the Public Offer Options are subsequently exercised, the Shares issued will not be counted in the Company's 15% limit under ASX Listing Rule 7.1.

8.3 Priority Participation Entitlement for Existing Members

Of the 200,000,000 Shares being offered under the Public Offer Prospectus, 100,000,000 Shares and 100,000,000 Public Offer Options will be offered in priority to existing shareholders of the Company as at 5pm (WST) on the date of the Meeting and holding at least 50,000 Shares in the Company (**Priority Entitlement**). Existing shareholders will be assured a minimum \$2,000 allocation being a parcel of 80,000 Shares and 80,000 Public Offer Options and up to a maximum allocation of \$50,000 (inclusive of the \$2,000) being 2,000,000 Shares and 2,000,000 Public Offer Options on a first come, first serve basis and subject to availability, Listing Rule 7.3.8 and the absolute discretion of the Directors (including any scale back). The Company will retain absolute discretion regarding the allocation of Shares and Public Offer Options.

The Priority Entitlement reflects the loyalty of existing members and as such the Board has 'reserved' the allocation of 200,000,000 Shares and 200,000,000 Public Offer Options to them so that they will have priority to allotted shares out of the reserved allocation. Any shares not taken up under this allocation shall be subject to the terms of the Capital Raising. The Prospectus will explain how members will be able to apply for shares and applicable dates relevant to the opening and closing of the offer. However, having regard to ASX Listing Rule 7.3.8, the Company will limit the number of ordinary shares it issues to the higher of 5% of all the shares being offered under the priority allocation and the number the holder would be entitled to under a pro-rata issue of all those shares.

8.4 Technical information required by Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3.

Maximum number of securities to be issued by the Company	Up to 200,000,000 Shares and 200,000,000 Public Offer Options.
Date by which the Company will issue the securities	The Shares will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of ASX Listing Rules).
Issue price of the securities	The Shares will be offered pursuant to a Prospectus at a price of \$0.025 each (Issue Price). Public Offer Options will be issued for nil consideration on the basis of 1 attaching Public Offer Option for ever 1 Share subscribed for.
Names of the persons to whom the Company will issue the securities	The Shares will be issued to successful applicants under the Prospectus.
Terms of the securities	The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. Public Offer Options have the terms and conditions set out in Schedule Q.
Use of funds raised	The funds raised under the Prospectus are intended to be used for the following purposes: <ul style="list-style-type: none"> to underpin the Company's commercialisation strategy of the Protean™ WEC over the next 1-2 years; and Support the continued development of the vanadium and uranium exploration projects in Korea and otherwise pursuant to the table set out in section 8.5 below.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

8.5 Use of Funds

Item	Minimum Raising \$2.5 Million		Maximum Raising \$5 Million	
	Year 1 Amount (\$)	Year 2 Amount (\$)	Year 1 Amount (\$)	Year 2 Amount (\$)
Expenditure on Administration & Overheads	\$500,000	\$500,000	\$750,000	\$755,000
Expenditure on Protean™ WEC Technology US (Pre-Commercialisation Activities)	\$150,000	\$150,000	\$300,000	\$300,000
Expenditure on Protean™ WEC Technical Development (Post Deployment of Demonstration Wave Farm).	\$120,000	\$120,000	\$500,000	\$510,000
IP Costs	\$30,000	\$30,000	\$30,000	\$30,000
Expenditure on Protean™ WEC Commercial Project Development Opportunities, Commercial Readiness Preparation & Feasibility	\$75,000	\$80,000	\$440,000	\$490,000
Expenditure on Korean JV ⁽¹⁾	\$200,000	\$100,000	\$200,000	\$100,000
Costs of the Offer ⁽²⁾	\$295,000	-	\$295,000	-
Capital Raising Fees ⁽³⁾	\$150,000	-	\$300,000	-
Total	\$1,520,000	\$980,000	\$2,815,000	\$2,185,000

- (1) The JV Agreement with KORID requires the Company to spend up to \$800,000 under Stage 1 of the JV. The Company estimates the actual costs of Stage one will be no more than \$600,000 which is to be funded from \$300,000 of funds raised under the Prospectus plus \$300,000 from The KORID Placements. Should the Company be required to spend a further \$200,000 on Stage 1 then these funds would be drawn from administration and working capital during year 2.
- (2) Approximate amount to conduct Offer.
- (3) Up to 6% of funds raised.

8.6 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 5 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

8.7 Directors' Recommendation

Resolution 5 is an ordinary resolution and the passing of it is conditional upon and subject to Resolutions 2, 3 and 7 being approved by Shareholders. Accordingly, if you intend to vote in favour of Resolution 5, you should also vote in favour of Resolutions 2, 3 and 7.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 5.

The Directors recommend Shareholders vote in favour of Resolution 5.

9. RESOLUTION 6 – PARTICIPATION OF DIRECTORS IN PROPOSED RE-COMPLIANCE CAPITAL RAISING

9.1 General

The Directors of the Company wish to be able to participate in the Capital Raising in order to maximise the Company's ability to raise up to \$5,000,000.

Specifically, the Directors and proposed Directors may, between them, subscribe for up to a total of 8,000,000 Shares and 8,000,000 Public Offer Options to raise up to \$200,000 on the terms of the Capital Raising that will be made publicly available, provided that none of the Directors will hold a relevant interest in the Company of more than 20% as a result of the subscription.

Whether or not the Directors subscribe for Shares will be at their discretion. If Resolution 6 is approved by Shareholders, the Directors may decide to subscribe for only some of the Shares, or to not subscribe at all.

For avoidance of doubt, the 8,000,000 Shares and 8,000,000 Public Offer Options proposed to be issued under Resolution 6 are part of, and not in addition to, the Capital Raising (being the subject of Resolution 5). That is, the Company will not issue more than 200,000,000 Shares and 200,000,000 Public Offer Options under Resolutions 5 and 6.

Subject to the re-quotations of the Shares on ASX, some or all of the Shares and Public Offer Options may be classified by ASX as restricted securities pursuant to the ASX Listing Rules and may be held in escrow for up to 24 months from the date of re-quotations.

If Resolution 6 is not passed, the Directors will be unable to participate in the Capital Raising.

9.2 Legal Requirements

Resolution 6 seeks approval from the Shareholders for the purposes of ASX Listing Rule 10.11 for the issue of up to 8,000,000 Shares and 8,000,000 Public Offer Options.

ASX Listing Rule 10.11 prohibits the Company from issuing equity securities to a related party of the Company, such as a Director, without the Company obtaining Shareholder approval, unless an exception applies. None of the exceptions to ASX Listing Rule 10.11 apply in respect of Resolution 6.

ASX Listing Rule 7.1 sets out the basic prohibition on an entity issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities. ASX Listing Rule 7.2 exception 14 provides that the issue of equity securities for which Shareholder approval has been obtained under ASX Listing Rule 10.11 will be treated as having been made with Shareholder approval for the purposes of ASX Listing Rule 7.1 so long as the notice of meeting discloses this fact. This means that if Shareholder approval is obtained for the issue of Shares under ASX Listing Rule 10.11, it is not separately required under ASX Listing Rule 7.1. Accordingly, if Resolution 6 is approved by Shareholders, the issue of Shares and Public Offer Options to the Directors will not be counted in the Company's 15% limit under ASX Listing Rule 7.1.

9.3 Technical Information Required by ASX Listing Rule 10.13

For approvals under ASX Listing Rule 10.11, ASX Listing Rule 10.13 requires the Company to disclose certain information to Shareholders.

Name of person to be issued the securities	All or any of: (a) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Bruce Lane; (b) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Young Yu; (c) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Bevan Tarratt; and (d) Up to 2,000,000 Shares and up to 2,000,000 attaching Public Offer Options to Brendan Hammond or the respective nominee of any of the above persons.
Maximum number of securities to be issued by the Company	The maximum number of securities issued will be (in aggregate) 8,000,000 Shares and 8,000,000 Public Offer Options, provided that none of the persons will hold a relevant interest of more than 20% in the Company as a result of the subscription.
Date by which the Company will issue the securities	ASX Listing Rule 10.13.3 requires securities to be issued no later than one (1) month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of ASX Listing Rules). The Company will apply to ASX for a waiver of Listing Rule 10.13.3 to permit it to issue the Shares and Public Offer Options by no later than 3 months after the date of the Meeting. There is no guarantee that ASX will grant the waiver. However, if ASX grants the waiver, the Company will advise the market accordingly.

Relationship of entity	The Shares and Public Offer Options may be issued to: (a) Bruce Lane, or an entity which is a related entity or otherwise associated with him; (b) Young Yu, or an entity which is a related entity or otherwise associated with him; (c) Bevan Tarratt, or an entity which is a related entity or otherwise associated with him; and (d) Brendan Hammond, or an entity which is a related entity or otherwise associated with him.
Issue price of the securities	The Shares will be offered pursuant to the Prospectus at the Issue Price for the Prospectus as approved under this Notice (Issue Price). Public Offer Options will be issued for nil consideration on the basis of 1 Public Offer Options for every 1 Share subscribed for.
Terms of the securities	The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. Public Offer Options have the terms and conditions set out in Schedule Q.
Use of funds	The funds raised under the Prospectus are intended to be used for the following purposes: <ul style="list-style-type: none"> • to underpin the Company's commercialisation strategy of the Protean™ WEC over the next 1-2 years; and • support the continued development of the vanadium and uranium exploration projects in Korea and otherwise pursuant to the table set out in section 8.5 above.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

9.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 5 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

9.5 Director's Recommendation

The passing of Resolution 6 is conditional upon and subject to Resolutions 5 being approved by Shareholders. Accordingly, if you intend to vote in favour of Resolution 6, you should also vote in favour of Resolutions 5.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

As each Director has an interest in this matter, the Board does not believe it is appropriate to make a recommendation to the Shareholders in relation to voting on this Resolution 6.

10. RESOLUTION 7 – CHANGE OF NAME TO PROTEAN WAVE ENERGY LIMITED

10.1 General

In accordance with section 157(1)(a) of the Corporations Act, the Company submits to Shareholders for consideration and adoption by way of a special resolution for the

name of the Company to be changed to Protean Wave Energy Limited. The Company also seeks approval under section 136(2) of the Corporations Act to amend the Company's Constitution to reflect the change of name.

The Board believes that the change of name is necessary to better reflect the business of the Company on completion of the Acquisition. If Resolution 7 is approved, the change in name will only take effect upon the Acquisition being successfully completed and when ASIC alters the details of the Company's registration.

Resolution 7 is a special resolution and, therefore, requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board will also request that ASX change the Company's listing code from "SHE" to "POW" following completion of the Acquisition and the resumption of trading of the Shares on ASX. The listing code "POW" has been reserved by the Company.

10.2 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 7 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

10.3 Director's Recommendation

Resolution 7 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The passing of Resolution 7 is conditional upon and subject to Resolutions 2, 3 and 5 being approved by Shareholders. Accordingly, if you intend to vote in favour of Resolution 7, you should also vote in favour of Resolutions 2, 3 and 5.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 7.

The Directors recommend Shareholders vote in favour of Resolution 7.

11. RESOLUTION 8 – APPOINTMENT OF DIRECTOR – MR BRENDAN HAMMOND (Cf.WA)

11.1 Background

Article 13.3 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

11.2 Director Profile – Brendan Hammond

Mr Brendan Hammond was appointed Chairman of the Board of the Company from 1 July 2015. Brendan initially followed a career in the minerals industry having spent some 24 years with Rio Tinto first as a metallurgist at the Rossing Uranium mine in Namibia and then at the Argyle diamond mine in Kimberley, Western Australia (WA). He was appointed as General Manager Operations and subsequently Managing Director at Argyle Diamonds Limited where he:

- led the turnaround of Argyle Diamonds in 1998 to a highly profitable business and significantly extended the open-pit life;

- led the subsequent development of the post open-pit block-cave underground mine project by establishing the necessary reserves to final investment decision and early project implementation, significantly extending the mine life; and
- was the architect of Argyle's governance position as the benchmark of sustainable practice in the Mining and Energy sectors across Australia.

Brendan was subsequently appointed as Chairman of Horizon Power (WA's largest regional power company) and the Dampier Port Authority Board. He has also been a member of 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. Brendan's early career was spent as a metallurgist with 18 years' experience at Rossing uranium mine, Namibia. Brendan holds a Diploma in Extractive Metallurgy, and has attended post-graduate programs at the Cape Town School of Business, London School of Business and the Harvard Business School.

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 8 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

11.3 Directors' Recommendation

The Board (other than Mr Brendan Hammond) recommends Shareholders vote in favour of Resolution 8. Mr Hammond declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution.

12. RESOLUTION 9 – RE-ELECTION OF DIRECTOR – BEVAN TARRATT

12.1 General

Clause 13.2 of Stonehenge's Constitution provides, subject to clause 17.4, at the Company's Annual General Meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director), must retire from office. Clause 13.2 provides that a retiring Director is eligible for re-election.

The Directors to retire at any annual general meeting must be those who have been longest in office since their last election but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

The Company has four Directors, of which two are eligible for rotation. Accordingly, one Director must retire.

Mr Bevan Tarratt, the Director longest in office since his last election, retires by rotation and seeks re-election. Details of Mr Tarratt's qualifications and experience are set out in the Company's 2015 Annual Report.

12.2 Directors' Recommendation

Resolution 9 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 9.

The Directors recommend Shareholders vote in favour of Resolution 9.

13. RESOLUTION 10 – ADOPTION OF INCENTIVE OPTIONS PLAN

Resolution 10 seeks Shareholder approval for the introduction of a new Options Plan titled the Incentive Options Plan (**Plan**) the terms and conditions of which are set out in Schedule D.

The purpose of the Plan is to align the interests of participants in the options plan with the interests of the Company's shareholders by rewarding participants for creating shareholder value.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 10 is passed, the Company will be able to issue Incentive Options (convertible into Shares) under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Incentive Options have previously been issued under the Plan as at the date of this Notice.

The objective of the Incentive Options Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Incentive Plan and the future issue of Incentive Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Incentive Options under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 11 to 13 and 15, and 18 to 20 for the issue of Incentive Options to Directors Bruce Lane, Brendan Hammond, Young Yu, Bevan Tarratt and also Sean Moore pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule D. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

14. RESOLUTIONS 11 to 13 – ISSUE OF INCENTIVE OPTIONS TO DIRECTORS UNDER INCENTIVE OPTIONS PLAN – MESSRS HAMMOND, YU AND TARRATT

14.1 Background

Resolutions 11 to 13 seek Shareholder approval for the Company to be able to issue Incentive Options in accordance with the Incentive Options Plan to Mr Brendan Hammond, the Company's Chairman, Mr Young Yu and Mr Bevan Tarratt, the Company's Non-Executive Directors (**Related Parties**).

Resolution 10 seeks approval of Shareholders for the Incentive Options Plan. The purpose of the Incentive Options Plan is to provide appropriate incentives through share ownership of eligible participants and to attract, motivate and retain eligible participants.

Terms and conditions of the Incentive Options Plan are set out in Schedule D.

14.2 Chapter 2E and ASX Listing Rule 10.14

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Incentive Options pursuant to the Incentive Options Plan constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.14 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Furthermore, the proposed issue of Incentive Options to the Related Parties requires the Company to obtain Shareholder approval pursuant to ASX Listing Rule 10.14 because it will result in the Company issuing securities to a related party of the Company under an employee incentive scheme. Accordingly, Shareholder approval is sought under both Chapter 2E of the Corporations Act and under ASX Listing Rule 10.14 (in accordance with the provisions of Listing Rule 10.15).

14.3 Technical information required by Chapter 2E and ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options to the Related Parties:

- (a) the Related Parties are Messrs Hammond, Yu and Tarratt and they are related parties by virtue of being Directors;
- (b) the maximum number of Incentive Options to be issued to each of the Related Parties (or their nominees) is 2,500,000 Incentive Options for each of Messrs Hammond, Yu and Tarratt (being a total 7,500,000 Incentive Options);
- (c) no Incentive Options have been issued under the Incentive Options Plan which is subject to approval pursuant to Resolution 10;
- (d) detail of the Incentive Options Plan is set out in Schedule D;

- (e) the Incentive Options will be issued for nil cash consideration and as such no funds will be raised from the issue, however funds may be raised by the Company in the future in the event that any of the Incentive Options are exercised by the holders;
- (f) the Company is adopting its first options plan since incorporation pursuant to Resolution 10 of this Notice and has therefore not issued any Incentive Options previously;
- (g) the terms and conditions of the Incentive Options are set out in Schedule E. The exercise prices for the Incentive Options will be set at the following premiums to the Issue Price of securities under the Prospectus:

Exercise price of the Incentive Options calculated as a % premium to the Issue Price under the Company's public offer in the re-compliance prospectus (pursuant to Resolution 5)	50%	100%	150%	200%
Proportion of the total number of Incentive Options to be issued at each exercise price	10%	20%	30%	40%
Number of Incentive Options at each exercise price	250,000	500,000	750,000	1,000,000
Total Award of Incentive Options to Director	2,500,000			

Once granted, the exercise price will be announced on the ASX;

- (h) the value of the Incentive Options and the pricing methodology is set out in Schedule H. The valuation attributed to each total award of Incentive Options to each of the Related Parties in Resolutions 11 to 13 is \$52,500 each;
- (i) details of any Incentive Options issued under the Plan will be published in each annual report of the Company relating to the period in which the Incentive Options are issued and the Company will ensure that Shareholder approval has first been obtained under Listing Rule 10.14 (including obtaining separate approval for those additional persons who may become entitled to participate under the Plan after the resolution was approved and who were not named in the notice of meeting);
- (j) all of the Company's Directors and employees are entitled to participate under the Plan;
- (k) no loans will be issued in relation to the acquisition of Incentive Options;
- (l) the Company will not issue the Incentive Options to the Related Parties later than that date which is twelve (12) months following the Meeting;
- (m) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Mr Brendan Hammond	Nil	Nil
Mr Young Yu	49,401,677	Nil

Mr Bevan Tarratt	21,717,606	Nil
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- (n) the amounts paid from the Company to the Related Parties and their associates for the previous two financial years are set out below:

Related Party	30 June 2015	30 June 2014	30 June 2013
Mr Brendan Hammond	Nil	Nil	Nil
Mr Young Yu	51,525	199,486	237,764
Mr Bevan Tarratt	36,000	36,000	36,000

- (o) if the Incentive Options issued to the Related Parties are exercised, a total of 7,500,000 Shares would be issued. This will increase the number of Shares on issue (at the date of this Notice) from 861,353,929 to 868,853,929 (assuming that no other Incentive Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.87%;
- (p) the market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at any time the Incentive Options are exercised and the Shares trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company;
- (q) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	0.060	29 May 2015
Lowest	0.004	14 October 2014
Last	0.030	12 October 2015

- (r) the primary purpose of the grant of the Incentive Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for Messrs Hammond, Yu and Tarratt;
- (s) Mr Hammond declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that Mr Hammond is to be granted Incentive Options in the Company should Resolution 10 be passed. However, in respect of Resolutions 12 to 13, Mr Hammond recommends that Shareholders vote in favour of that Resolution for the following reasons:
- (i) the grant of Incentive Options to Related Parties will align the Directors interests with those of Shareholders;
 - (ii) the grant of Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options upon the terms proposed;

- (f) Mr Yu declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution on the basis that Mr Yu is to be granted Incentive Options in the Company should Resolution 12 be passed. However, in respect of Resolutions 11 and 13, Mr Yu recommends that Shareholders vote in favour of that Resolution for the reasons set out in paragraph (s) above;
- (u) Mr Tarratt declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution on the basis that Mr Tarratt is to be granted Incentive Options in the Company should Resolution 13 be passed. However, in respect of Resolutions 11 and 12, Mr Tarratt recommends that Shareholders vote in favour of that Resolution for the reasons set out in paragraph (s) above;
- (v) with the exception of Messrs Hammond, Yu and Tarratt, no other Director has a personal interest in the outcome of Resolutions 11 to 13;
- (w) Mr Bruce Lane recommends that Shareholders vote in favour of Resolutions 11 to 13 for the reasons set out in paragraph (s) above;
- (x) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Shares to be granted as well as the exercise price of the Shares; and
- (y) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 11 to 13.

As a majority of the Directors have a material personal interest in the issue of the Incentive Options that are the subject of Resolutions 11 to 13, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

14.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolutions 11 to 13 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

15. RESOLUTION 14 – APPROVAL OF 10% PLACEMENT CAPACITY - SHARES

15.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 14, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 10.2 below).

The effect of Resolution 14 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 14 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

15.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation (undiluted) of \$25,840,617, based on the number of Shares on issue as at the date of this Notice and the last trading price of Shares on ASX on 12 October 2015 of \$0.03.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: SHE).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does

not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

15.3 Technical Information

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 14:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 15.3(a), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

(10% Placement Capacity Period).

For the avoidance of doubt, approval granted under Resolution 14 will cease to be valid in the event that shareholders approve a transaction under ASX Listing Rule 11.1.2 or rule 11.2 (this does not include Resolution 3).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 14 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement

Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.002 50% decrease in Issue Price	\$0.003 Current Issue Price	\$0.005 50% increase in Issue Price
861,353,929 (Current)	10% voting dilution	86,135,392 Shares	86,135,392 Shares	86,135,392 Shares
	Funds raised	\$129,203	\$258,406	\$387,609
1,292,030,894 (50% increase)	10% voting dilution	129,203,089 Shares	129,203,089 Shares	129,203,089 Shares
	Funds raised	\$193,805	\$387,609	\$581,414
1,722,707,858 (100% increase)	10% voting dilution	172,270,785 Shares	172,270,785 Shares	172,270,785 Shares
	Funds raised	\$258,406	\$516,812	\$775,219

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 12 October 2015.
2. The issue price set out above is the closing price of the Shares on the ASX on 12 October 2015.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1 or 7.1A.
6. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
8. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised towards the ongoing costs associated with the maintenance and exploration of its existing projects and to investigate additional acquisitions to complement these projects. Funds raised will be used to meet cash payments for potential additional acquisitions, while also being used to fund subsequent exploration activities associated with the new acquisitions; or
- (ii) as non-cash consideration for the acquisition of new projects or otherwise as consideration for services rendered by non-related third parties to the Company, where it is considered appropriate by the board to do so. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company's allocation policy will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2014 Annual General Meeting. The Company has not issued any Equity Securities pursuant to that Listing Rule 7.1A approval.

During the 12 month period preceding 30 November 2015, being the date of the Meeting, the Company otherwise issued a total of 129,885,304 Shares representing 29.31% of the total number of equity securities on issue at the commenced of that 12 month period.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 30 November 2015 is as follows:

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price 1 on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds
					If issued for non-cash consideration – a description of the consideration and the current value of the consideration
28/10/2014	136,843,400	Note 1	Placement of Shortfall arising from Non-renounceable rights issue (“Rights Issue”).	\$0.005 per share (no discount)	\$684,217 The funds were used to continue exploration and development of the Company’s Korean uranium and vanadium projects whilst supporting an assessment of the commercialisation potential of the Protean™ WEC, an innovative wave energy conversion technology.
11/11/2014	60,000,000	Note 1	Shares issued in consideration for the exclusive 24 month global licence and option to acquire 100% of the equity of PEA.	Deemed issue price of \$0.005	N/A
25/11/2014	1. 91,193,607 2. 30,000,000	1. Note 1 2. Performance Rights	1. Placement of Rights Issue Shortfall Shares, Conversion of Convertible Notes Shares, Broker & Compliance Manager Fees, Shares issued in lieu of deferred employee entitlements. 2. Performance Rights issued to Managing Director.	1. Shortfall Shares issued at \$0.005 per share, Convertible Note Shares issued at \$0.004 (20% discount). 2. N/A	1. \$289,999 Funds raised were used to assess the commercialisation potential of the Protean™, an innovative wave energy conversion technology. 2. N/A - Managing Director incentives.
30/04/2015	1. 35,000,000 2. 40,000,000	1. Options ex \$0.01 exp 25/3/2020 2. Options ex \$0.014 exp 6/4/2020	US Consultants.	Nil	No funds raised. Remuneration incentive securities issued to US Consultants.
2/07/2015	383,386	Note 1	Corporate Advisor.	\$0.0469 (20-day VWAP)	No funds raised. Shares issued in lieu of corporate advisory services.
26/08/2015	13,000,000	Note 1	Unrelated Placement participants.	\$0.04 (no discount)	\$500,000. Funds raised are to be issued to fund continuing operations, completion of the PEA acquisition and re-compliance with ASX listing rules.
30/10/2015	435,842	Note 1	Corporate Advisor.	\$0.0413 (20-day VWAP)	No funds raised. Shares issued in lieu of corporate advisory services.

Notes:

1. Fully paid ordinary shares in the capital of the Company, ASX Code: SHE (terms are set out in the Constitution).

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give ASX:

- (i) A list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and

- (ii) The information required by Listing Rule 3.10.5A for release to the market.

15.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 14.

16. RESOLUTION 15 – ISSUE OF CLASS C OPTIONS TO DIRECTOR – MR BRENDAN HAMMOND

16.1 General

On 11 June 2015, the Company announced the appointment of Mr Brendan Hammond as Chairman of the Company.

The Company has agreed, subject to obtaining Shareholder approval, to issue Mr Hammond (or his nominee) 1,000,000 Class C Options (**Class C Options**). The Class C Options will be issued to Mr Hammond as a sign-on bonus as part of his remuneration package negotiated prior to his appointment.

Resolution 15 seeks Shareholder approval for the grant of the Class C Options to Mr Hammond (or his nominee).

Resolution 15 is an ordinary resolution and is subject to the passing of Resolutions 8 and 10.

16.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Class C Options constitutes the giving of a financial benefit. Mr Hammond is also a related party of the Company by virtue of the fact that he is a proposed Director of the Company and so have reasonable grounds to believe that he will become related parties of the Company (i.e. upon becoming a Director).

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances.

16.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Class C Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

16.4 Technical information required by Chapter 2E and ASX Listing Rule 10.11

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.11, the following information is provided in relation to the proposed issue of the Class C Options to the Related Party:

- (a) the Related Party is Mr Brendan Hammond;
- (b) the maximum number of Class C Options to be issued the Related Party is 1,000,000;
- (c) the Class C Options will be issued for nil cash consideration and as such no funds will be raised from the issue, however funds may be raised by the Company in the future in the event that any of the Class C Options are exercised by the Related Party;
- (d) the terms and conditions of the Class C Options are set out in Schedule F. The exercise price for the Class C Options will be \$0.081 per Class C Option;
- (e) the value of the Class C Options and the pricing methodology is set out in Schedule H. The valuation attributed to the grant of the Class C Options to the Related Party is \$22,606;
- (f) no loans will be issued in relation to the acquisition of Class C Options;
- (g) the Company will not issue the Class C Options to the Related Party later than that date which is one (1) month following the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (h) the relevant interests of the Related Party in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Mr Brendan Hammond	Nil	Nil

- (i) the amounts paid from the Company to the Related Party and their associates for the previous two financial years are set out below:

Related Party	30 June 2015	30 June 2014	30 June 2013
Mr Brendan Hammond	Nil	Nil	Nil

- (j) if the Class C Options issued to the Related Party are exercised, a total of 1,000,000 Shares would be issued. This will increase the number of Shares on issue (at the date of this Notice) from 861,353,929 to 862,353,929 (assuming that no other Incentive Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.11%;
- (k) the market price for Shares during the term of the Class C Options would normally determine whether or not the Class C Options are exercised. If, at any time the Class C Options are exercised and the Shares trading on ASX at a

price that is higher than the exercise price of the Class C Options, there may be a perceived cost to the Company;

- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	0.060	29 May 2015
Lowest	0.004	14 October 2014
Last	0.030	12 October 2015

- (m) the primary purpose of the grant of the Class C Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for Mr Brendan Hammond;
- (n) Mr Hammond declines to make a recommendation to Shareholders in relation to Resolution 15 due to his material personal interest in the outcome of the Resolution on the basis that Mr Hammond is to be granted Class C Options in the Company should Resolution 15 be passed.
- (o) With the exception of Mr Hammond, all other Directors of the Company recommend that Shareholders vote in favour of Resolution 15 for the following reasons:
- (i) the grant of Class C Options to Related Party will align the Director's interests with those of Shareholders;
 - (ii) the grant of Class C Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Class C Options upon the terms proposed;
- (p) with the exception of Mr Brendan Hammond, no other Director has a personal interest in the outcome of Resolution 15;
- (q) in forming their recommendations, each Director considered the experience of the Related Party, the current market price of Shares, the current market practices when determining the number of Shares to be granted as well as the exercise price of the Shares; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 15.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Class C Options to the Related Party as approval is being obtained under ASX Listing Rule 10.13. Accordingly, the issue of Class C Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

16.5 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 15 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

16.6 Directors' Recommendation

Resolution 15 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 15.

The Directors, other than Mr Brendan Hammond, recommend Shareholders vote in favour of Resolution 15.

17. RESOLUTION 16 – GRANT OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS TO DIRECTOR – MR BRUCE LANE

17.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant 17,500,000 Incentive Options on the terms and conditions set out in Schedule E and 12,500,000 Performance Rights on the terms and conditions set out in Schedule G to Mr Bruce Lane (**Eligible Participant**) on the terms and conditions set out below.

17.2 Chapter 2E and ASX Listing Rule 10.14

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Incentive Options and Performance Rights pursuant to the Incentive Options Plan and Performance Rights Plan constitutes giving a financial benefit and the Related Party is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.14 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Furthermore, the proposed issue of Incentive Options and Performance Rights to the Related Party requires the Company to obtain Shareholder approval pursuant to ASX Listing Rule 10.14 because it will result in the Company issuing securities to a related party of the Company under an employee incentive scheme. Accordingly, Shareholder approval is sought under both Chapter 2E of the Corporations Act and under ASX Listing Rule 10.14 (in accordance with the provisions of Listing Rule 10.15).

17.3 Technical information required by Chapter 2E and ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options and Performance Rights to the Related Party:

- (a) the Director who is entitled to participate in the Incentive Options Plan and Performance Rights Plan is Mr Bruce Lane. The Board may also, from time to time, at its absolute discretion, declare that any other executive Director or employee of the Company is eligible to receive Performance Rights under the Performance Rights Plan;
- (a) any employee of the Company, or a subsidiary (if any), who is declared by the Board to be eligible is entitled to participate in the Incentive Options Plan.
- (b) the maximum number of the Incentive Options and Performance Rights (being the nature of the financial benefit being provided) to be granted to the Eligible Participant is 17,500,000 Incentive Options and 12,500,000 Performance Rights;
- (c) no Incentive Options have been issued under the Incentive Options Plan which is subject to approval pursuant to Resolution 10;
- (d) details of the Incentive Options Plan is set out in Schedule D;
- (e) details of the Performance Rights Plan is set out in Schedule L;
- (f) since adoption of the Performance Rights plan on 11 November 2014, the Company has issued a total of 50,000,000 Performance Rights pursuant to the Performance Rights Plan to Mr Bruce Lane and other employees.
- (g) the Incentive Options and Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised, however funds may be raised by the Company in the future in the event that any of the Incentive Options are exercised by the holder;
- (h) the Company is adopting its first Incentive Options Plan since incorporation pursuant to Resolution 10 of this Notice and has therefore not issued any Incentive Options previously. If Resolutions 10 to 12 and 15, 16, 18 and 19 are passed the Company will issue 25,000,000 Incentive Options in addition to the Options subject of Resolution 17;
- (i) the terms and conditions of the Incentive Options are set out in Schedule E. The exercise prices for the Incentive Options will be set at the following premiums to the Issue Price of securities under the Prospectus:

Exercise price of the Incentive Options calculated as a % premium to the Issue Price under the Company's public offer in the re-compliance prospectus (pursuant to Resolution 5)	50%	100%	150%	200%
Proportion of the total number of Incentive Options to be issued at each exercise price	10%	20%	30%	40%

Number of Incentive Options at each exercise price	1,750,000	3,500,000	5,250,000	7,000,000
Total Award of Incentive Options to Director	17,500,000			

Once granted, the exercise prices will be announced on the ASX;

- (j) the value of the Incentive Options and the pricing methodology is set out in Schedule H. The valuation attributed to the grant of Incentive Options and Performance Rights to the Related Party is \$367,500 and \$370,000 respectively;
- (k) the value of the Performance Rights and the pricing methodology is set out in Schedule K;
- (l) details of any Incentive Options and Performance Rights issued under the Incentive Options Plan or Performance Rights Plan will be published in each annual report of the Company relating to the period in which the Incentive Options and Performance Rights are issued and the Company will ensure that Shareholder approval has first been obtained under Listing Rule 10.14 (including obtaining separate approval for those additional persons who may become entitled to participate under the Incentive Options Plan or Performance Rights Plan after the resolution was approved and who were not named in the notice of meeting);
- (m) all of the Company's Directors and employees are entitled to participate under the Incentive Options Plan and Performance Rights Plan;
- (n) no loans will be issued in relation to the acquisition of Incentive Options or Performance Rights;
- (o) the Company will not issue the Incentive Options and the Performance Rights to the Related Party later than that date which is twelve (12) months following the Meeting;
- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options	Perf. Rights
Mr Bruce Lane	2,172,630	Nil	30,000,000

- (q) the amounts paid from the Company to the Related Party and their associates for the previous two financial years are set out below:

Related Party	30 June 2015	30 June 2014	30 June 2013
Mr Bruce Lane	\$158,794	\$20,000	Nil

- (r) if the Incentive Options and Performance Rights issued to the Related Party are exercised and vested, a total of 30,000,000 Shares would be issued. This will increase the number of Shares on issue (at the date of this Notice) from 861,353,929 to 891,353,929 (assuming that no other Incentive Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 3.48%;
- (s) the market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at

any time the Incentive Options are exercised and the Shares trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company;

- (t) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	0.060	29 May 2015
Lowest	0.004	14 October 2014
Last	0.030	12 October 2015

- (u) the primary purpose of the grant of the Incentive Options and Performance Rights to the Mr Bruce Lane is to provide a performance linked incentive component in the remuneration package for Mr Bruce Lane to motivate and reward performance of the Company's Managing Director in achieving specified vesting conditions within a specified period;
- (v) Mr Lane declines to make a recommendation to Shareholders in relation to Resolution 16 due to his material personal interest in the outcome of the Resolution on the basis that Mr Lane is to be granted Incentive Options and Performance Rights in the Company should Resolution 16 be passed.
- (w) All the Directors other than Mr Lane however, recommend that Shareholders vote in favour of Resolution 16 for the following reasons:
- (i) the grant of Incentive Options and Performance Rights to the Related Party will align the Director's interests with those of Shareholders;
 - (ii) the grant of Incentive Options and Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options and Performance Rights upon the terms proposed;
- (x) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Shares to be granted as well as the exercise price of the Shares; and
- (y) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 16.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Incentive Options and Performance Rights to the Related Party Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options and Performance Rights to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

17.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 16 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

17.5 Directors' Recommendation

- (a) Mr Bruce Lane declines to make a recommendation to Shareholders in relation to Resolution 16 due to his material personal interest in the outcome of the Resolution on the basis that Mr Bruce Lane is to be granted the Incentive Options and Performance Rights in the Company should Resolution 16 be passed. However, in respect of Resolution 16, the Directors recommend that Shareholders vote in favour of that Resolution for the following reasons:
- (i) the grant of Incentive Options and Performance Rights to Mr Bruce Lane will align the Directors interests with those of Shareholders;
 - (ii) the grant of Incentive Options and Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options and Performance Rights upon the terms proposed.

In forming their recommendations, each Director considered the experience of the Eligible Participant and current market practices when determining the number of Incentive Options and Performance Rights to be granted.

18. RESOLUTION 17 – GRANT OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS TO EXECUTIVE – MR SEAN MOORE

18.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant 45,000,000 Incentive Options on the terms and conditions set out in Schedule E and 45,000,000 Performance Rights on the terms and conditions set out in Schedule G to Mr Sean Moore (**Eligible Participant**) on the terms and conditions set out below.

The primary purpose of the grant of the Incentive Options and Performance Rights to the Mr Sean Moore is to provide a performance linked incentive component in the remuneration package for Mr Sean Moore to motivate and reward performance as the Company's Chief Technology Officer in achieving specified vesting conditions within a specified period.

The Company believes it is prudent to seek Shareholder approval for the grant of the Incentive Options and Performance Rights to Mr Sean Moore due to its material nature.

18.2 ASX Listing Rule Requirements

ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its issued capital in any 12 month period without first obtaining shareholder approval. Under ASX Listing

Rule 7.2 (Exception 9), shareholders may approve issues of securities under an employee incentive scheme as an exception to Listing Rule 7.1, in which case issues of securities under the employee incentive scheme will not be considered for the purposes of calculating the capacity of the Company to issue securities under Listing Rule 7.1 without shareholder approval.

Exception 9(b) of ASX Listing Rule 7.2 provides that equity securities may be issued under an employee incentive scheme that has been approved by shareholders for that purpose within the last three years. The Company's Performance Rights Plan was approved by Shareholders on 11 November 2014 with the Company's Incentive Option Plan to be approved under this Notice.

The effect of this Resolution will be to allow the Company to grant the Incentive Options and Performance Rights pursuant to this Resolution in the period of three (3) months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

18.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of the Incentive Options and Performance Rights to be granted are 45,000,000 Incentive Options on the terms and conditions set out in Schedule E and 45,000,000 Performance Rights on the terms and conditions set out in Schedule G;
- (b) the Incentive Options and Performance Rights will be granted no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Incentive Options and Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised; and
- (d) the Incentive Options and Performance Rights will be granted to Mr Sean Moore (or his nominee), who is not a related party of the Company.

18.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 17 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

18.5 Directors' Recommendation

Resolution 17 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 17. The Directors recommend Shareholders vote in favour of Resolution 17.

19. RESOLUTION 18 – ISSUE OF CLASS D OPTIONS AS A REMUNERATION BONUS TO PREVIOUS DIRECTOR – MR RICHARD HENNING

19.1 Background

Resolution 18 seeks Shareholder approval for the Company to be able to issue 5,000,000 Class D Options as a remuneration bonus to Mr Richard Henning, the Company's former Chairman (**Related Party**). The Class D Options would be issued under its ASX Listing Rule 7.1, subject to shareholder approval in accordance ASX Listing Rule 10.11.

The purpose of the grant of Options to the Related Party is as a remuneration bonus in lieu of Directors fees following the cost saving measures implemented by the Company in 2013.

19.2 Chapter 2E and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Class D Options constitutes giving a financial benefit and the Related Party is a related party of the Company by virtue of being a Director within the last six (6) months.

In addition, ASX Listing Rule 10.11 provides that an entity must not issue, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Furthermore, the proposed issue of Class D Options to the Related Party requires the Company to obtain Shareholder approval pursuant to ASX Listing Rule 10.11 because it will result in the Company issuing securities to a related party of the Company. Accordingly, Shareholder approval is sought under both Chapter 2E of the Corporations Act and under ASX Listing Rule 10.11 (in accordance with the provisions of Listing Rule 10.13).

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not issue during a 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the total ordinary shares on issue at the commencement of that 12 month period. The Class D Options proposed to be issued pursuant to this Resolution will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1, if Shareholder approval to Resolution 2 is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

19.3 Technical information required by Chapter 2E and ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in

relation to the proposed issue of the Class D Options to the Related Party:

- (a) the Related Party is Mr Richard Henning, being a related party by virtue of being a Director of the Company within the last six (6) months;
- (b) the maximum number of Class D Options to be issued to the Related Party (or their nominee) is 5,000,000 Class D Options;
- (c) the Company will not issue the Class D Options to the Related Party later than that date which is one (1) month following the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (d) the Class D Options will be issued for nil cash consideration and as such no funds will be raised from the issue, however, funds may be raised by the Company in the future in the event that any of the Class D Options are exercised by the holder;
- (e) the terms and conditions of the Class D Options are set out in Schedule E. The exercise price for the Class D Options will be set at the following premiums to the Issue Price of securities under the Prospectus:

Exercise price of the Incentive Options calculated as a % premium to the Issue Price under the Company's public offer in the re-compliance prospectus (pursuant to Resolution 5)	50%	100%	150%	200%
Proportion of the total number of Incentive Options to be issued at each exercise price	10%	20%	30%	40%
Number of Incentive Options at each exercise price	500,000	1,000,000	1,500,000	2,000,000
Total Award of Incentive Options to Director	5,000,000			

Once granted, the exercise prices will be announced on the ASX;

- (f) the value of the Class D Options and the pricing methodology is set out in Schedule H. The valuation attributed to the grant of the Class D Options to the Related Party is \$105,000;
- (g) no loans will be issued in relation to the acquisition of Class D Options;
- (h) the relevant interests of the Related Party in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Mr Richard Henning	28,232,408	Nil

- (i) the amounts paid from the Company to the Related Party and their associates for the previous two financial years are set out below:

Related Party	30 June 2015	30 June 2014	30 June 2013
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Mr Richard Henning	\$38,241	\$206,281	\$310,000
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- (j) if the Class D Options issued to the Related Party are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue (at the date of this Notice) from 861,353,929 to 866,353,929 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.58%;
- (k) the market price for Shares during the term of the Class D Options would normally determine whether or not the Class D Options are exercised. If, at any time the Class D Options are exercised and the Shares trading on ASX at a price that is higher than the exercise price of the Class D Options, there may be a perceived cost to the Company;
- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	0.060	29 May 2015
Lowest	0.004	14 October 2014
Last	0.030	12 October 2015

- (m) the primary purpose of the grant of the Class D Options to the Related Party is as a remuneration bonus;
- (n) Mr Henning declines to make a recommendation to Shareholders in relation to Resolution 18 due to his material personal interest in the outcome of the Resolution on the basis that Mr Henning is to be granted Class D Options in the Company should Resolution 18 be passed; and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 18.

19.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 18 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

20. RESOLUTIONS 19 AND 20 – ISSUE OF INCENTIVE OPTIONS AS A REMUNERATION BONUS TO DIRECTORS UNDER INCENTIVE OPTIONS PLAN – MESSRS YU AND TARRATT

20.1 Background

Resolutions 19 and 20 seek Shareholder approval for the Company to be able to issue Incentive Options as a remuneration bonus in accordance with the Incentive Options Plan to Mr Young Yu and Mr Bevan Tarratt, the Company's Non-Executive Directors (**Related Parties**).

The purpose of the grant of Incentive Options to the Related Parties is as a remuneration bonus in lieu of Directors fees following the cost saving measures implemented by the Company in 2013.

Terms and conditions of the Incentive Options Plan are set out in Schedule D.

20.2 Chapter 2E and ASX Listing Rule 10.14

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Incentive Options pursuant to the Incentive Options Plan constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.14 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Furthermore, the proposed issue of Incentive Options to the Related Parties requires the Company to obtain Shareholder approval pursuant to ASX Listing Rule 10.14 because it will result in the Company issuing securities to a related party of the Company under an employee incentive scheme. Accordingly, Shareholder approval is sought under both Chapter 2E of the Corporations Act and under ASX Listing Rule 10.14 (in accordance with the provisions of Listing Rule 10.15).

20.3 Technical information required by Chapter 2E and ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options to the Related Parties:

- (a) the Related Parties are Mr Young Yu and Mr Bevan Tarratt and they are related parties by virtue of being Directors;
- (b) the maximum number of Incentive Options to be issued to each of the Related Parties (or their nominees) is 5,000,000 Incentive Options for each of Messrs Yu and Tarratt (being a total 10,000,000 Incentive Options);
- (c) no Incentive Options have been issued under the Incentive Options Plan which is subject to approval pursuant to Resolution 10;
- (d) details of the Incentive Options Plan is set out in the Schedule D;
- (e) the Incentive Options will be issued for nil cash consideration and as such no funds will be raised from the issue, however funds may be raised by the Company in the future in the event that any of the Incentive Options are exercised by the holders;
- (f) the Company is adopting its first options plan since incorporation pursuant to Resolution 10 of this Notice and has therefore not issued any Incentive Options previously;

- (g) the terms and conditions of the Incentive Options are set out in Schedule E. The exercise prices for the Incentive Options will be set at the following premiums to the Issue Price of securities under the Prospectus:

Exercise price of the Incentive Options calculated as a % premium to the Issue Price under the Company's public offer in the re-compliance prospectus (pursuant to Resolution 5)	50%	100%	150%	200%
Proportion of the total number of Incentive Options to be issued at each exercise price	10%	20%	30%	40%
Number of Incentive Options at each exercise price	500,000	1,000,000	1,500,000	2,000,000
Total Award of Incentive Options to each Director	5,000,000			

Once granted, the exercise prices will be announced on the ASX;

- (h) the value of the Incentive Options and the pricing methodology is set out in Schedule H. The valuation attributed to each total award of Incentive Options to each of the Related Parties in Resolutions 19 and 20 is \$105,000 each;
- (i) details of any Incentive Options issued under the Plan will be published in each annual report of the Company relating to the period in which the Incentive Options are issued and the Company will ensure that Shareholder approval has first been obtained under Listing Rule 10.14 (including obtaining separate approval for those additional persons who may become entitled to participate under the Plan after the resolution was approved and who were not named in the notice of meeting);
- (j) all of the Company's Directors and employees are entitled to participate under the Plan;
- (k) no loans will be issued in relation to the acquisition of Incentive Options;
- (l) the Company will not issue the Incentive Options to the Related Parties later than that date which is twelve (12) months following the Meeting;
- (m) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options
Mr Young Yu	49,401,677	Nil
Mr Bevan Tarratt	21,717,606	Nil

- (n) the amounts paid from the Company to the Related Parties and their associates for the previous two financial years are set out below:

Related Party	30 June 2015	30 June 2014	30 June 2013
Mr Young Yu	\$51,525	\$199,486	\$237,764
Mr Bevan Tarratt	\$36,000	\$36,000	\$36,000

- (o) if the Incentive Options issued to the Related Parties are exercised, a total of 10,000,000 Shares would be issued. This will increase the number of Shares on issue (at the date of this Notice) from 861,353,929 to 871,353,929 (assuming that no other Incentive Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 1.16%;
- (p) the market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at any time the Incentive Options are exercised and the Shares trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company;
- (q) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	0.060	29 May 2015
Lowest	0.004	14 October 2014
Last	0.030	12 October 2015

- (r) the primary purpose of the grant of the Incentive Options to the Related Parties is as a remuneration bonus in lieu of Directors fees following the cost saving measures implemented by the Company in 2013;
- (s) Mr Yu declines to make a recommendation to Shareholders in relation to Resolution 19 due to his material personal interest in the outcome of the Resolution on the basis that Mr Yu is to be granted Incentive Options in the Company should Resolution 19 be passed. However, in respect of Resolution 20, Mr Yu recommends that Shareholders vote in favour of that Resolution for the reason set out in paragraph (r) above;
- (t) Mr Tarratt declines to make a recommendation to Shareholders in relation to Resolution 20 due to his material personal interest in the outcome of the Resolution on the basis that Mr Tarratt is to be granted Incentive Options in the Company should Resolution 20 be passed. However, in respect of Resolution 19, Mr Tarratt recommends that Shareholders vote in favour of that Resolution for the reasons set out in paragraph (r) above;
- (u) with the exception of Messrs Yu and Tarratt, no other Director has a personal interest in the outcome of Resolutions 19 and 20;
- (v) Mr Bruce Lane recommends that Shareholders vote in favour of Resolutions 19 and 20 for the reasons set out in paragraph (r) above;
- (w) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Shares to be granted as well as the exercise price of the Shares; and

- (x) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 19 and 20.

As a majority of the Directors have a material personal interest in the issue of the Incentive Options that are the subject of Resolutions 1 to 13 and 19 and 20, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

20.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolutions 19 and 20 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

21. RESOLUTION 21 – RATIFICATION OF PRIOR ISSUE OF SECURITIES - CPS CAPITAL GROUP PTY LTD

21.1 General

On 2 July 2015 and 20 October 2015, the Company issued 383,386 Shares and 435,842 Shares respectively, pursuant to an advisory mandate between the Company and CPS Capital Group Pty Ltd (**Advisory Mandate**). Pursuant to the Advisory Mandate, the Company issued 819,228 Shares under the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 21 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 819,228 Shares under the Advisory Mandate.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

21.2 Technical Information Required by ASX Listing Rule 7.5

The following information is provided pursuant to ASX Listing Rule 7.5:

Number of Shares issued	819,228 Shares
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Price at which the Shares were issued	The Shares were issued in lieu of services relating to the Advisory Mandate dated 25 February 2015. 383,386 Shares were issued at a deemed issue price of 4.96¢ per Share and 435,842 Shares were issued at a deemed issue price of 4.13¢ per Share.
Terms of the Shares	The Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
Names of the persons to whom the Company issued the Shares	The Shares were issued to CPS Capital Group Pty Ltd, an unrelated entity to the Company.
Intended use of funds raised	No funds were raised from the issue of Shares as the Shares are being issued to CPS Capital Group Pty Ltd in consideration for corporate advisory services pursuant to the Advisory Mandate.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

21.3 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 21 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

21.4 Directors' Recommendation

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 21. The Directors recommend you vote in favour of Resolution 21.

22. RESOLUTIONS 22 AND 23 – APPROVAL OF ISSUE OF SHARES AND ATTACHING OPTIONS TO FACILITY PROVIDERS AND BEVAN TARRATT

22.1 General

The Facility Providers and Mr Bevan Tarratt have in aggregate provided \$600,000 to the Company through a convertible debt facility (**Debt Facility**), as was announced to ASX on 1 July 2015. An initial \$300,000 was provided on 1 July 2015 (**First Tranche Debt**) and a second \$300,000 was provided on 11 August 2015 (**Second Tranche Debt**).

The principal amount advanced to the Company under the Debt Facility together with any accrued interest is repayable by 31 December 2015. Funds advanced under the Debt Facility accrue interest at 9.25% per annum payable in cash quarterly, within 7 days of the last business day of each quarter, based on the value of the drawn down amount. If interest is not paid within 7 days of last business day of each quarter, the interest rate payable for the remainder of the interest period will increase to 12% per annum.

In consideration for the provision of the funds pursuant to the Debt Facility, the Company agreed to pay the Facility Providers and Mr Bevan Tarratt a facility fee of 5% of funds advanced under the Debt Facility payable in cash.

This short term funding was used to ensure that the Company has sufficient working capital to meet the costs of re-complying with chapters 1 and 2 of the ASX Listing Rules and to meet its obligations under phase 1 of the KORID JV. Under the terms of the Debt Facility, it is proposed that the funds advanced by the Facility Providers and Mr Tarratt be converted into ordinary shares in accordance with the Listing Rules.

If Resolutions 22 and 23 are approved by Shareholders, the principal amount advanced to the Company under the Debt Facility together with any accrued interest will be

converted into Shares from the Convertibility Date, at the election of the Facility Providers and Mr Tarratt, at a price equal to the lower of \$0.025 or a 15% discount to the 10-day volume weighted average of Shares on the ASX for the 10 traded days prior to the date that a notice of conversion is received by the Company, but no lower than \$0.02 (the **Conversion Price**)

Subject to Shareholder approval, the Company has also agreed to issue to the Facility Providers and Mr Bevan Tarratt one Attaching Option for every one share issued on conversion of the Debt Facility. Attaching Options issued upon Conversion are exercisable at a 50% premium to the Conversion Price on or before 31 December 2018 (**Attaching Options**).

The key terms of the Debt Facility is set out in Schedule K. The terms and conditions of Attaching Options are set out in Schedule J. The issue of shares and Attaching Options upon conversion of the Debt Facility will form a separate offer under the Prospectus and be issued as such.

22.2 Issue of Shares and Attaching Options to Facility Providers

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 22 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Shares and Attaching Options upon conversion of the Debt Facility.

Resolution 22 is an ordinary resolution.

22.3 Listing Rule 7.3 Disclosure

For the purposes of Listing Rule 7.3, information regarding the Shares and Attaching Options to be issued upon conversion of the Debt Facility is provided as follows:

- (a) Up to 26,917,062 Shares and 26,917,062 Attaching Options will be issued to the Facility Providers upon conversion of the Debt Facility together with any accrued interest.
- (b) The Company will issue the Shares and Attaching Options as soon as practicable after, and in any event by no later than 3 months after the Meeting.
- (c) No funds will be raised by the issue of Shares and Attaching Options. Funds raised by the Debt Facility were used to meet the costs of re-complying with chapters 1 and 2 of the ASX listing rules and to meet its obligations under phase 1 of the KORID JV.
- (d) The Shares will be issued on the same terms as the Company's existing Shares. Further terms and conditions of the Debt Facility is set out in Schedule K. The terms and conditions of the Attaching Options are set out in Schedule J.
- (e) The Shares and Attaching Options will be issued to the Facility Providers all of whom are unrelated parties to the Company.
- (f) A voting exclusion statement is included in the Notice.

22.4 Issue of Shares and Attaching Options to Bevan Tarratt

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Mr Bevan Tarratt is a related party of the Company as he is a Director of the Company.

Resolution 23 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of the BT Shares together with one Attaching Option for every one share issued on conversion.

If Shareholder approval is given under Listing Rule 10.11 for the issue of the BT Shares and Attaching Options, approval is not required under Listing Rule 7.1.

Resolution 23 is an ordinary resolution.

22.5 Listing Rule 10.13 Disclosure

For the purposes of Listing Rule 10.13 information regarding the BT Shares and Attaching Options is provided as follows:

- (a) The BT Shares and Attaching Options will be issued to Mr Bevan Tarratt.
- (b) Up to 3,844,290 BT Shares and 3,844,290 Attaching Options will be issued to Mr Bevan Tarratt on conversion of \$75,000 of debt facility provided together with any accrued interest.
- (c) The Company will issue the BT Shares and Attaching Options as soon as practicable after, and in any event by no later than 1 month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Mr Bevan Tarratt is a related party of the Company as he is a Director of the Company.
- (e) No funds will be raised by the issue of BT Shares and Attaching Options. Funds raised by the Debt Facility were used to meet the costs of re-complying with chapters 1 and 2 of the ASX listing rules and to meet its obligations under phase 1 of the KORID JV
- (f) The BT Shares will be issued on the same terms as the Company's existing Shares. Further terms and conditions of the Debt Facility is set out in Schedule K. The terms and conditions of the Attaching Options are set out in Schedule J.
- (g) A voting exclusion statement is included in the Notice.

23. RESOLUTION 24 – APPROVAL TO ISSUE PLACEMENT BONUS SHARES AND OPTIONS

23.1 General

On 11 August 2015, the Company announced it had completed the Placement to sophisticated and professional investors. Pursuant to the Placement, the Company issued 12,500,000 Shares under the Company's 15% placement capacity under ASX Listing Rule 7.1.

On 30 October 2015 the Company advised that it had resolved to seek approval for the issue of up to 7,500,000 Placement Bonus Shares and up to 12,500,000 Placement Options to the participants in the Placement. The effect of the issue of the Placement Bonus Shares and Placement Options is to reduce the average price of the Placement participants to be in line with the Public Offer price of 2.5¢ together with a free attaching options exercisable at \$0.0375 on or before 31 December 2018, subject to the Company's successful re-compliance with Chapters 1 and 2 of the Listing Rules.

Resolution 24 seeks Shareholder approval pursuant to Listing Rule 7.3 for the issue of up to 7,500,000 Placement Bonus Shares and 12,500,000 Placement Options to the participants in the Placement.

A summary of Listing Rules 7.1 and 7.3 is set out in section 7.1 above.

Resolution 24 is an ordinary resolution.

23.2 Technical information required by Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3.

Maximum number of securities to be issued by the Company	Up to 7,500,000 Placement Bonus Shares and 12,500,000 Placement Options.
Date by which the Company will issue the securities	The Placement Bonus Shares and Options will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of ASX Listing Rules).
Issue price of the securities	The Placement Bonus Shares and Options will be issued for nil cash consideration and as a bonus to the participants in the Placement the subject of Resolution 4.
Names of the persons to whom the Company will issue the securities	The Placement Bonus Shares and Options will be issued to the Participants in the Placement who are selected institutional and sophisticated investors. No related party participated in the Placement.
Terms of the securities	The Placement Bonus Shares will rank equally with existing ordinary shares and the Placement Options have the terms set out in Schedule M.
Use of funds raised	No funds will be raised by the issue of the Placement Bonus Shares and Options.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

23.3 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 24 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

23.4 Directors' Recommendation

Resolution 24 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 24.

24. RESOLUTION 25 – APPROVAL TO ISSUE SECURITIES – MALDIVES CONSIDERATION

24.1 General

On 23 September 2015, the Company announced it had entered into an exclusive option to acquire 99% of Clean Energy Maldives Pvt Ltd (**CEM**) (the **CEM Option Agreement**). The management of CEM has the approval and local support to facilitate the establishment of a commercial wave energy converter power generation and seawater desalination facility off the coast of Hanimaadhoo Island, Maldives. This project has been designed to provide up to an estimated peak power potential of up to 2,000 kW and a desalination potential of up to 50kL per day (**Wave Farm Project**).

Settlement of the CEM Option Agreement is conditional upon the following:

1. CEM entering into an executive services agreement with Mr Mohamed Shujaau with effect from settlement (the **Executive**);
2. Stonehenge obtaining all Australian and Maldivian regulatory and shareholder approvals required to complete the acquisition of CEM including completing the acquisition of PEA and being readmitted to trading on ASX.
3. Assignment of approvals for the Wave Farm Project held by the Executive to CEM.
4. Stonehenge completing its "rights to operate", financial and legal due diligence on CEM; and
5. Stonehenge completing a feasibility study and due diligence (legal and financial), on the Wave Farm Project.

Pursuant to the CEM Option Agreement, the Company has the right to acquire up to 99% of the issued capital in CEM on exercise of the CEM Option Agreement for consideration of 250,000 Shares. The Company will also provide the Executive with performance based incentive remuneration in the form of Performance Rights detailed in Schedule N.

Resolution 25 seeks Shareholder approval pursuant to Listing Rule 7.3 for the issue of 250,000 Shares to the shareholders of CEM (including the Executive) and up to 5 million Performance Rights to the Executive.

A summary of Listing Rules 7.1 and 7.3 is set out in section 7.1 above.

Resolution 25 is an ordinary resolution.

24.2 Technical information required by Listing Rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3.

Maximum number of securities to be issued by the Company	250,000 Shares and up to 5,000,000 Performance Rights.
Date by which the Company will issue the securities	The Shares and Performance Rights will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of ASX Listing Rules).
Issue price of the securities	The Shares and Performance Rights will be issued for nil cash consideration.

Names of the persons to whom the Company will issue the securities	The Shares and Performance Rights to the shareholders of CEM and the Executive who are not related parties.
Terms of the securities	The Shares will rank equally with Shares currently on issue. The Performance Rights have the terms set out in Schedule N.
Use of funds raised	No funds will be raised by the issue of the Shares or Performance Rights.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

24.3 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 25 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

24.4 Directors' Recommendation

Resolution 25 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 25.

25. RESOLUTIONS 26 & 27 – APPROVAL TO CANCEL CLASS A OPTIONS FOR CONSIDERATION OF CLASS A PERFORMANCE RIGHTS

25.1 General

On 30 April 2015 the Company advised it had issued 35,000,000 Class A Options to Mr William Toman, President of the Company's US subsidiary, Protean Wave Energy Inc. The Class A Options had an exercise price that was determined by a 20% premium to the 10-day VWAP prior to the date of Mr Toman's appointment (26 March 2015). The exercise price of the Class A Options was set at \$0.01 and have an expiry of 25 March 2020.

The Class A Options remain restricted until the following vesting conditions have been satisfied:

Class A Options			
	Performance Hurdle (Vesting Conditions)	Tenure Requirement Period	Vesting Options
1	Completion of a probationary period not less than six months.	1 October 2015	5,000,000
2	Establishment of a working relationship with California Polytechnic State University, San Luis Obispo (Cal Poly).	26 March 2016	2,500,000
3	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 March 2016	2,500,000
4	Establishment of a working relationship with any branch of the U.S Government.	26 March 2016	2,500,000
5	Establishment of a working relationship with a port, oil and gas producer, oil and gas production or processing facility in the USA.	26 March 2016	2,500,000
6	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™ WEC Technology.	26 March 2016	15,000,000
7	Completion of a funding event whereby funding of US\$5,000,000 is achieved via avenues other than a grant, prize, endowment or Stonehenge.	26 March 2016	5,000,000
		Total	35,000,000

	Exercise Price	\$0.01
	Expiry date	25/3/2020

For the reasons outlined below, the Directors wish to cancel these Class A options and issuer a lesser number of new Class A Performance Rights on terms summarised in Schedule O. The cancellation of the Class A Options will be subject to the agreement of Mr Toman.

25.2 Grant of ASX Waiver

As detailed in section 8.1 above, the Company has obtained a waiver from Listing Rule 2.1 condition 2 to offer securities, the subject of Resolution 5, at a price less than the minimum issue price of 20 cents in cash.

Listing Rule 1.1 condition 11 requires that if an entity has options on issue at the time of admission then the exercise price for each underlying security must be at least 20 cents in cash. Section 3.10 of Guidance Note 12 to the Listing Rules states that, in the context of a re-compliance with Chapters 1 and 2 of the Listing Rules, if an entity is proposing to issue options over ordinary securities then the exercise price of the options must be not less than two cents and be specifically approved by security holders.

The Class A Options have an exercise price less than two cents. The Company is therefore proposing to cancel all Class A Options on issue in consideration for the issue of a lesser number of Class A Performance Rights on the terms summarised in Schedule O.

Listing Rule 6.23.3 prohibits a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise. The proposed new Class A Performance Rights will have a nil exercise price and will convert into ordinary shares upon satisfaction of the performance hurdles detailed in the table below. The Company has obtained a waiver from Listing Rule 6.23.3 to permit the Company to cancel the Class A Options for consideration on the condition that shareholders approve the cancellation and issue of new Class A Performance Rights. ASX granted the waiver from Listing Rule 6.23.3 on the basis that the proposed new Class A Performance Rights represented a small percentage of the Company's issued share capital and the securities will not be quoted.

Listing Rule 6.23.2 states that a change which has the effect of cancelling an option for consideration can only be made if holders of ordinary securities approve the change. Resolution 27 seeks approval for the issue of new Class A Performance Rights proposed to be issued to Mr Toman in consideration for his agreement to cancel the Class A Options on issue.

The proposed new Class A Performance Rights conversion milestones are summarised in the table below. The terms and conditions of the Class A Performance Rights are set out in Schedule O.

Class A Performance Rights		
	Conversion Milestones	Number of Rights
1	William Toman remaining engaged by the Company for not less than 12 months from the date or the Company's readmission to the Official List on ASX.	3,750,000
2	Establishment of a working relationship between the Company (or a subsidiary of the Company) and California Polytechnic State University, San Luis Obispo (Cal Poly), to the Company's satisfaction (acting reasonably); and William Toman remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	1,875,000

3	Award of a grant, scheme or prize to the Company (or a subsidiary of the Company) a total value greater than or equal to US\$250,000 and the first payment is received; and William Toman remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	1,875,000
4	Establishment of a working relationship between the Company (or a subsidiary of the Company) and any branch of the U.S Government, to the Company's satisfaction (acting reasonably); and William Toman remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	1,875,000
5	Establishment of a working relationship between the Company (or a subsidiary of the Company) and a port, oil and gas producer, oil and gas production or processing facility in the USA, to the Company's satisfaction (acting reasonably). William Toman remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	1,875,000
6	Ratification of a binding power purchase agreement(s) or water supply agreement(s) for at least 2MW of electric power or its economic equivalent in water supply (calculated on a cumulative basis) between one or more customers within the US for purposes of deploying a demonstration of the Protean™ WEC Technology; and William Toman remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	11,250,000
7	Subject to the agreement of the Company, Protean Wave Energy Inc, the Company's US subsidiary (Subsidiary) successfully completing a capital raising, wherein the Subsidiary attracts funding in the U.S. equivalent to not less than USD\$5,000,000 from a source other than Stonehenge, a grant, prize or endowment and in the reasonable opinion of the Company that William Toman has been responsible for said funding event; and William Toman remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	3,750,000
	Total	26,250,000
	Expiry date	25/3/2020

25.3 Technical Information required by listing rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3.

Maximum number of securities to be issued by the Company	The Company will issue a maximum of 26,250,000 Class A Performance Rights in consideration for the cancellation of 35,000,000 Class A Options.
Date by which the Company will issue the securities	The Class A Performance Rights will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of ASX Listing Rules).
Issue price of the securities	The Class A Performance Rights will be issued for nil cash consideration.
Names of the persons to whom the Company will issue the securities	Mr William Toman, an unrelated party to the Company.
Terms of the securities	The Class A Performance Rights have the terms set out in Schedule O.
Use of funds raised	No funds will be raised by the issue of the Shares or Performance Rights.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

25.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 27 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

25.5 Directors' Recommendation

Resolution 27 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 27.

26. RESOLUTIONS 28 & 29 – APPROVAL TO CANCEL CLASS B OPTIONS FOR CONSIDERATION OF CLASS B PERFORMANCE RIGHTS

26.1 General

On 30 April 2015 the Company advised it had issued 40,000,000 Class B Options to California-based San Marino Venture Group LLC (**SMVG**). The Company further advised it had agreed to issue SMVG (or its nominee) with a further 50,000,000 (to a total of 90 million) Class B Options, subject to shareholder approval. The Class B Options had an exercise price that was determined by a 20% premium to the 10-day VWAP prior to the date of appointment of SMVG (7 April 2015). The exercise price of the Class B Options was set at \$0.014 and have an expiry of 6 April 2020.

The Class B Options remain restricted until the following vesting conditions have been satisfied:

Class B Options			
	Performance Hurdle (Vesting Conditions)	Tenure Requirement Period	Vesting Options
1	Completion of a probationary period not less than six months.	6 October 2015	5,000,000
2	Completion of a US public relations plan and US fundraising plan.	6 April 2016	5,000,000
3	Establishment of a working relationship with California Polytechnic State University, San Luis Obispo (Cal Poly).	6 April 2016	2,500,000
4	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 April 2016	2,500,000
5	Establishment of a working relationship with any branch of the U.S Government.	6 April 2016	2,500,000
6	Establishment of a working relationship with a port, oil and gas producer, oil and gas production or processing facility in the USA.		2,500,000
7	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™ WEC Technology.	6 April 2016	15,000,000
8	An acceptable funding event for the Subsidiary, wherein the Subsidiary attracts funding in the U.S. equivalent to not less than USD\$5,000,000 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 April 2016	55,000,000
		Total	90,000,000
		Exercise Price	\$0.014
		Expiry date	6/4/2020

For the reasons outlined below, and because one of the option holders (Mr William Lyte) is now deceased, the Directors wish to cancel these Class B options and issuer a lesser number of new Class B Performance Rights on terms summarised in Schedule P. The cancellation of the Class B Options will be subject to the agreement of SMVG.

26.2 Grant of ASX Waiver

As detailed in section 8.1 above, the Company has obtained a waiver from Listing Rule 2.1 condition 2 to offer securities, the subject of Resolution 5, at a price less than the minimum issue price of 20 cents in cash.

A summary of Listing Rule 1.1 condition 11 and Section 3.10 of Guidance Note 12 is set out in section 25.2 above.

The Class B Options have an exercise price less than two cents. The Company is therefore proposing to cancel all Class B Options on issue (and proposed to be issued) in consideration for the issue of a lesser number of Class B Performance Rights on the terms summarised in Schedule P.

A summary of Listing Rule 6.23.3 is set out in section 25.2 above. The proposed new Class B Performance Rights will have a nil exercise price and will convert into ordinary shares upon satisfaction of the performance hurdles detailed in the table above.

The Company has obtained a waiver from Listing Rule 6.23.3 to permit the Company to cancel the Class B Options for consideration on the condition that shareholders approve the cancellation and issue of new Class B Performance Rights. ASX granted the waiver from Listing Rule 6.23.3 on the basis that the proposed new Class B Performance Rights represented a small percentage of the Company's issued share capital and the securities will not be quoted.

A summary of Listing Rule 6.23.2 is set out in section 25.2 above. Resolution 29 seeks approval for the issue of new Class B Performance Rights proposed to be issued to SMVG (or its nominee) in consideration for agreement to cancel the Class B Options on issue.

The proposed new Class B Performance Rights conversion milestones are summarised in the table below. The terms and conditions of the Class B Performance Rights are set out in Schedule P.

Class B Performance Rights		
	Conversion Milestones	Number of Rights
1	Successful completion of the Company's acquisition of Protean Energy Australia Pty Ltd.	3,750,000
2	Completion of a US public relations plan and US fundraising plan to the Company's satisfaction (acting reasonably); and SMVG remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	3,750,000
3	Subject to the agreement of the Company, Protean Wave Energy Inc, the Company's US subsidiary (Subsidiary) successfully completing a capital raising, wherein the Subsidiary attracts funding in the U.S. equivalent to not less than USD\$5,000,000 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; and SMVG remaining engaged by the Company for not less than 12 months from the date of the Company's readmission to the Official List on ASX.	32,500,000
	Total	39,000,000
	Expiry date	6/4/2020

26.3 Technical Information required by listing rule 7.3

The following additional information is provided pursuant to the requirements of ASX Listing Rule 7.3.

Maximum number of securities to be issued by the Company	The Company will issue a maximum of 39,000,000 Class B Performance Rights. Of this amount and in consideration for the cancellation of 40 million Class B Options currently on issue, the Company will issue 6,500,000 Class B Performance Rights.
Date by which the Company will issue the securities	The Class B Performance Rights will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of ASX Listing Rules).
Issue price of the securities	The Class B Performance Rights will be issued for nil cash consideration.
Names of the persons to whom the Company will issue the securities	SMVG (or its nominee), an unrelated party to the Company.
Terms of the securities	The Class B Performance Rights have the terms set out in Schedule P.
Use of funds raised	No funds will be raised by the issue of the Shares or Performance Rights.
Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

26.4 No Other Material Information

There is no other material information known to the Company's Directors which may reasonably be expected to affect Shareholders' decision making as to whether or not to vote in favour of Resolution 29 other than what is set out in these Meeting Materials and has been previously disclosed to Shareholders.

26.5 Directors' Recommendation

Resolution 29 is an ordinary resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 29.

27. RESOLUTION 30 – APPROVAL TO SECURITIES - LEAD MANAGER OPTIONS

27.1 Issue of Lead Manager Options to CPS Capital

The Company has appointed CPS Capital as Lead Manager to raise up to \$5,000,000 by way of issuing up to 200,000,000 Shares at 2.5¢ per Share (**Public Offer**). The Company has agreed to issue CPS Capital up to 12,000,000 Lead Manager Options exercisable at 3.75¢ on or before 31 December 2018.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 30 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of Lead Manager Options to CPS Capital Group Pty Ltd pursuant to the terms and conditions of the Lead Manager Options set out in Schedule R.

If Shareholder approval is given under Listing Rule 7.1 for the issue of the Lead Manager Options the Company's 15% annual placement capacity will not be utilised for the issue of options to CPS Capital Group Pty Ltd.

Resolution 30 is an ordinary resolution.

27.2 Listing Rule 7.3 Disclosure

For the purposes of Listing Rule 7.3, information regarding the Lead Manager Options is provided as follows:

- (a) The Lead Manager Options will be issued to the CPS Capital Group Pty Ltd (or their nominee), an unrelated entity to the Company.
- (b) A maximum of 12,000,000 Lead Manager Options will be issued.
- (c) The Lead Manager Options will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) No funds will be raised from the issue of the Lead Manager Options as the Lead Manager Options are being issued to CPS Capital in consideration for services related to completion of the Public Offer.
- (e) The Lead Manager Options have the terms and conditions set out in Schedule R.
- (f) It is intended that the Lead Manager Options will be issued on one date.

27.3 Recommendations of Directors

The Directors do not have any material personal interests in the outcome of Resolution 30 other than as a result of their interest arising solely in the capacity as Shareholders and recommend that Shareholders vote in favour of the Resolution as they consider the Transaction to be in the best interests of Shareholders.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given to that term in section 15.1 of the Explanatory Statement.

Acquisition means the proposed acquisition of the Protean™ WEC Technology intellectual property (via the acquisition of PEA) by the Company pursuant to the terms of the Call Option and Licence Agreement and the Share Purchase Agreement.

Advisory Mandate has the meaning set out in Section 19.1

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Attaching Option(s) has the meaning set out in Section 20.1.

Board means the current board of directors of the Company.

BT Shares means the Shares to be issued to Mr Bevan Tarratt upon conversion of \$75,000 of Debt Facility provided by Mr Bevan Tarratt with the key terms set out in Section 20.1, Schedule K and Schedule J.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Call Option and Licence Agreement means the formal agreement to acquire an exclusive 24 month unrestricted licence with an option to acquire 100% of the equity of Protean Energy Australia Pty Ltd from Protean Energy Pty Ltd dated 10 November 2014 and which superseded the Term Sheet.

CEM has the meaning set out in Section 24.1.

CEM Option Agreement has the meaning set out in Section 24.1.

Chair means the chair of the Meeting.

Class A Options are those options set out in Section 25.1.

Class A Performance Rights are those performance rights on the terms and conditions set out in Schedule O.

Class B Options are those options set out in Section 26.1.

Class B Performance Rights are those performance rights on the terms and conditions set out in Schedule P.

Class C Options are those options on the terms and conditions set out in Schedule F.

Class D Options are those options on the terms and conditions set out in Schedule E.

Closely Related Party of a member of the Key Management Personnel means:

- i. A spouse or child of the member;
- ii. A child of the member's spouse;
- iii. A dependent of the member or the member's spouse;
- iv. Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- v. A company the member controls; or
- vi. A person prescribed by the *Corporations Regulations 2001 (Cth)*.

Completion Date means the date on which the Share Purchase Agreement is complete.

Company or **Stonehenge** means Stonehenge Metals Limited (ACN 119 267 391).

Consideration Shares means the Shares and Performance Shares to be issued under the Share Purchase Agreement as described in section 2.2.

Constitution means the Company's constitution.

Conversion Price has the meaning given in Section 20.1.

Convertibility Date means at any time after the Company has completed a capital raising of at least \$2 million and no later than 31 December 2015.

Corporations Act means the Corporations Act 2001 (Cth).

Debt Facility has the meaning in section 20.1.

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Executive has the meaning set out in Section 24.1.

Explanatory Statement means the explanatory statement accompanying the Notice.

Facility Providers means certain sophisticated and professional investors arranged by CPS Capital Group Pty Ltd.

First Tranche Debt has the meaning set out in Section 20.1.

General Meeting or **Meeting** means the meeting convened by the Notice.

Incentive Option means an option to be issued under the Incentive Options Plan pursuant to Resolutions 10 to 13, 15, 16, 18 and 19 on the terms and conditions in Schedule E.

Incentive Options Plan means the Company's proposed option plan pursuant to Resolution 9 and on the terms set out in Schedule D.

Issue Price has the meaning set out in Section 6.3.

JV has the meaning set out in Section 2.1.

JV Agreement means the formal shareholders agreement between the Company and Korea

Resources Investment & Development Inc. (**KORID**) for the sale of 50% of Stonehenge Korea Ltd to KORID and the ongoing funding and development of Stonehenge Korea Ltd's vanadium and uranium exploration project.

JV Completion means 28 July 2015 being the date that the JV Agreement was settled.

JV Consideration Shares means 4,643,497 KORID shares issued to Stonehenge as consideration for the acquisition of 50% of the issued capital in Stonehenge Korea Limited.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KORID means Korea Resources Investment & Development Inc.

Lead Manager Options have the terms and conditions set out in Schedule R.

Notice, Notice of Annual General Meeting or Meeting Materials means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire 100% of the issued capital of PEA on the terms and conditions specified in the Share Purchase Agreement.

Option Consideration Shares has the meaning set out in Section 2.2a(ii).

PEA means Protean Energy Australia Pty Ltd (ACN 143 809 803).

PEL means Protean Energy Pty Ltd (ACN 142 254 466).

Performance Right means a performance right issued on the terms set out in Schedule G.

Performance Rights Plan means the performance rights plan summarised in Schedule L.

Performance Share means a performance share issued on the terms set out in Schedule A.

Placement has the meaning set out in Section 2.4.

Placement Bonus Shares has the meaning set out in Section 4.4.

Placement Options has the meaning set out in Section 4.4 and the terms set out in Schedule M.

Prospectus has the meaning set out in Section 8.1.

Protean Wave Energy Inc. means the Company's wholly owned subsidiary registered in the state of Delaware in United States of America.

Proxy Form means the proxy form accompanying the Notice.

Public Offer has the meaning set out in Section 8.1.

Public Offer Options means free attaching options in the capital of the Company having the rights set out in Schedule Q, issued to subscribers under the Prospectus on the basis of 1 free attaching option for every 1 Share subscribed for.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Second Tranche Debt has the meaning set out in Section 20.1.

Section means a section in this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Purchase Agreement means the share purchase agreement, which is an annexure to the Call Option and License Agreement, between the Company and PEL to acquire 100% of PEL's wholly owned subsidiary, Protean Energy Australia Pty Ltd.

SMVG means San Marino Venture Group LLC.

Spill Meeting has the meaning set out in Section 3.2.

Stonehenge Korea Ltd means a company duly incorporated and existing under the laws of the Republic of Korea), of Level 15, Kyobo Building, 1 Jongno, Jongno-gu, Seoul, Korea.

Term Sheet has the meaning specified in Section 2.2.

Transaction means the transaction under the Call Option and Licence Agreement, as described in Section 2.2.

Variable A means "A" as set out in the calculation in section 15.3 of the Explanatory Statement.

Vendors means shareholders and nominees of PEL as set out in Schedule C.

Wave Farm Project has the meaning set out in Section 24.1.

WEC, Protean™ WEC Technology and **WEC Technology** has the meaning set out in Section 2.1.

WST means Western Standard Time as observed in Perth, Western Australia.

Yellow Sun Shareholders means the holders of the Class F Performance Shares.

SCHEDULE A – TERMS AND CONDITIONS OF PERFORMANCE SHARES

The terms of the Performance Shares (the **Performance Shares**) are subject to ASX approval and the holders agree and acknowledge that these terms may change to ensure compliance with the ASX Listing Rules.

- (a) **(Performance Shares)** Subject to clause (l), each Performance Share will convert into one fully paid ordinary share in the capital of Stonehenge upon achievement of any one of the following performance milestones within 3 years following the issue of the Performance Shares:
- (i) Other than through an ASX re-compliance prospectus raising: Completion of financing of not less than \$5,000,000 to fund further development of the WEC Technology, in aggregate, via equity, debt, government grant, joint venture or partnership (or any combination thereof); or
 - (ii) Commissioning of a WEC Technology facility of 45 Kilowatts or greater in a jurisdiction outside Australia; or
 - (iii) Commissioning of a WEC Technology facility or facilities of cumulative 500 Kilowatts or greater; or
 - (iv) Execution of a fully funded agreement to install a WEC Technology facility or facilities of cumulative 1 Megawatt or greater on commercial terms; or
 - (v) Execution of a bona fide arm's length third party licensing, co-operation or collaboration agreement or agreements valued cumulatively at not less than A\$5,000,000, at the time of signing, for the whole or part of the Protean™ WEC Technology for assessment, development or commercialisation. Value to be determined by an independent valuer using generally accepted valuation methodologies.
- (b) **(General Meetings)** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders of the Company (**Shareholders**). The Holder has the right to attend general meetings of Shareholders.
- (c) **(No Voting Rights)** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (d) **(No Dividend Rights)** The Performance Shares do not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up)** The Performance Shares participate in the surplus profits or assets of the Company upon winding up of the Company only to the extent of \$0.000001 per Performance Share.
- (f) **(Not Transferable)** The Performance Shares are not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of the Company is reconstructed, all rights of the Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into fully paid ordinary shares (Ordinary Shares) the Company must within 7 days after the conversion, apply for the official quotation of the Ordinary Shares arising from the conversion on ASX.

- (i) **(No Other Rights)** The Performance Shares give the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (j) **(Participation in Entitlements and Bonus Issues)** Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Ordinary Shares such as bonus issues and entitlement issues.
- (k) **(Reconstruction)**
 - (i) If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for adjustment of the conversion of Performance Shares into Ordinary Shares will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Holder which are not conferred on the Shareholders, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Performance Shares will remain unchanged.
 - (ii) The adjustments of this term will, subject to the ASX Listing Rules, be determined by the Company.
- (l) **(Redemption if Milestones not Achieved)** If the Milestones in relation to Performance Shares, as set out in clause (a), are not achieved within a 36 month period commencing on the date of issue of the Performance Shares (**Class A Milestone Determination Date**), then the 120 million Performance Shares held by the Holders will automatically consolidate into one Performance Share and will then convert into one Share;
- (m) **(Conversion Procedure)** the Company will issue new holding statements for Ordinary Shares as soon as practicable following the conversion of the Performance Shares into Ordinary Shares in accordance with clause (a).
- (n) **(Ranking of Shares)** The Ordinary Shares into which the Performance Shares will convert will rank pari passu in all respects with existing Ordinary Shares.
- (o) **(Conversion on Change in Control)** Subject to clause (p) below, if prior to the Milestone A Determination Date a Change in Control Event occurs, then each Performance Share will convert into 1 Ordinary Share.

For the purpose of this clause (o), Change of Control means:

- (i) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
or
 - (ii) a court approves under Section 411(4)(b) of the Corporations Act 2001 (Cth) (Act) a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies.
- (p) **(Takeover Provisions)**
 - (i) If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of Section 606(1) of the Act then the conversion

of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of Section 606(1) of the Act.

- (ii) The Holders shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) of the Act failing which the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of Section 606(1) of the Act.

- (iii) The Company shall (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within 7 days if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) of the Act. If the Holders do not give notification to the Company within 7 days that they consider the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) of the Act then the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of Section 606(1) of the Act.

SCHEDULE B – KEY RISKS

The following table sets out a summary of risks that the Company is exposed to and other key risks associated with the acquisition of the Protean™ WEC Technology. This list of risks is not exhaustive.

Risk area	Risks
Capital Raising and Transaction Settlement	If the Company does not raise at least \$2,500,000 being the Minimum Subscription under the Offer and achieve re-admission to trading on ASX then it will not be able to settle the Share Purchase Agreement to acquire 100% of PEA. Whilst, in the event this occurs, the Company will make every effort to proceed with the Transaction, this may result in the failure of the Transaction. Failure of the Transaction may impact the success of the Company. If the Transaction fails then the Company will attempt to continue to fund the development of its South Korean projects and it will continue to evaluate further new investment opportunities.
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	The ASX has informed the Company that the exercise of the option to acquire PEA will constitute a change to the nature of the Company's activities. Pursuant to ASX Listing Rule 11.1.3, the ASX therefore has stipulated that if the Company exercises the option to acquire 100% of PEA it will need to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules, as if applying for admission to the Official List. Accordingly, the Company has exercised the Option to acquire PEA and therefore lodged this Notice to obtain Shareholder approval to perform all of the necessary actions in order for a prospectus to be issued for the purpose of satisfying Chapters 1 and 2 of the ASX Listing Rules. There is no guarantee that Shareholders will approve the required actions or that the Company will successfully re-comply with Chapters 1 and 2 of the ASX Listing Rules.
Commercialisation, technology, third party service provider reliance, competition	During the Option Period and after the Option is exercised the Company will rely on third parties including Moore Commerce Pty Ltd, to successfully deliver the Protean™ Pilot Project. Furthermore, in the event that the Company completes the 100% acquisition of PEA, the Company's success will depend, in part, on its ability to commercialise the Protean™ WEC Technology. Failure to either deliver the Protean™ WEC Pilot Project or commercialise the Protean™ WEC Technology may impact the success of the Company.
Protean (PEL) insolvency or administration	Protean has agreed to allow the Company to register a security interest over the Protean™ WEC Technology to protect the Company's interest under the Call Option and Licence Agreement. The Company has registered this security interest. However, in the event that Protean becomes insolvent or enters administration during the Option Period, the Company may not be able to enforce its rights to acquire PEA.
Limited Operating History	If the Company completes the acquisition under the Call Option and Licence Agreement, the unproven potential of the Protean™ WEC Technology and any proposed business model makes any evaluation of the business or its prospects difficult.

Risk area	Risks
Reliance on Key Management	<p>The Company will be heavily reliant upon the technical abilities of the inventor of the Protean™ Technology, Mr Sean Moore. Mr Moore is engaged by the Company as a consultant via Moore Commerce Pty Ltd to develop the Protean™ WEC Technology and also as the Company's Chief Technology Officer (WEC). The departure of Mr Moore in the short term would be likely to have an adverse effect on the Company's performance and its ability to achieve its objectives. In order to mitigate this risk, the Company has agreed to provide Mr Moore with significant incentives to remain with the Company and has also executed a Consultancy Agreement with Mr Moore's company Moore Commerce Pty Ltd (for example the issue of Performance Rights and Options which will only convert into Shares once the Company achieves certain Milestones).</p> <p>Furthermore, there can be no assurance given that there will be no detrimental impact on the Company if one or more of its senior management and its key personnel cease their employment.</p>
Market Risk	<p>There is a risk that even after the Protean™ WEC Technology has been successfully developed that it is not taken up by customers to the degree the Company anticipates.</p>
Development and Commercialisation of Technologies	<p>There are many risks inherent in the development of technology products like the Protean™ WEC Technology, particularly as these products are in the early stages of development. The development of the Protean™ WEC Technology can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.</p> <p>The Company can make no representation that any of its research into or development of the full scale prototype will be successful, that the development milestones will be achieved, or that the Protean™ WEC Technology will be developed into products that are commercially exploitable. A failure to successfully develop and commercialise its Protean™ WEC Technology is likely to lead to a loss of opportunities and adversely impact on the Company's operating results and financial position.</p>
Technology rights	<p>During the Option Period and if the Company completes the acquisition under the Call Option and Licence Agreement; securing rights to technologies, and in particular patents, is an integral part of securing potential product value in the outcomes of technology research and development. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.</p> <p>The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop competing technologies that circumvents such patents. The Company's success depends, in part, on its and or PEA's ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Because the patent position of technology companies can be highly uncertain and frequently involve complex legal and scientific evaluation, neither the breadth of claims allowed in technology patents nor their enforceability can be predicted.</p>

Risk area	Risks
	<p>There can be no assurance that any patents that PEA or the Company may own or control or licence now and in the future will afford the Company commercially significant protection of the technologies, or that any of the projects that may arise from the technologies will have commercial applications.</p> <p>Although the Company is not aware of any third party interests in relation to the rights to PEA's technologies, and has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect the Company.</p> <p>Although the Company will implement all reasonable endeavours to protect PEA's technologies, there can be no assurance that these measures have been, or will be sufficient.</p> <p>Furthermore, PEA has numerous patents pending (i.e. an application for a patent has been made but the patent has not yet been granted). There is no guarantee that all applications for patents will be successful.</p>
Research and development	<p>The Company can make no representation that any of its research into or development of the Protean Technology will be successful or that the Protean™ WEC Technology will be developed into products that are commercially exploitable.</p> <p>There are many risks inherent in the development of renewable energy technologies, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.</p>
Technology risks	<p>There is a risk of technology failure in the technologies used in a wave power project. If this occurs, it could have a material adverse effect on that project and in turn on the Company. There is also a risk of technology redundancy due to the long-term nature of the Company's projects. This risk is mitigated by the use of technology and materials from leading international suppliers and manufacturers; this ensures that regular maintenance is undertaken and contracting operations and maintenance is undertaken by experienced industry practitioners.</p>
Other renewable energy technologies	<p>Other renewable energy technologies may be developed or emerge which supersede the Protean™ WEC Technology or make it obsolete, which may cause loss to the Company.</p>
Wave Variability	<p>Although wave energy projects may be more predictable than other renewable energy projects like wind or solar energy projects, fluctuations in the level of waves occur on a short term basis (examples include daily, monthly and seasonal variations). These fluctuations will affect the amount of energy produced by the Protean™ WEC Technology and the revenue generated by it, and if the amount of energy produced is reduced, this is likely to be to the detriment of the Company.</p>

Risk area	Risks
Public attitude	<p>Public attitude towards the visual and environmental impact of renewable energy projects, including wave technology, affects the renewable energy targets set by governments and other interested parties which may in turn affect the location and number of WEC units in any given area. The attitude of communities to these and other aspects of renewable energy projects, including wave technology, may change over time. These changes, and any consequential changes to government policy and the regulatory environment, may be positive or negative for the Company.</p>
Product Liability and Uninsured Risks	<p>Through its intended business, the Company may be exposed to potential product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products or products developed with future co-development alliance partners. It will be necessary to secure insurance to help manage such risks. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.</p> <p>Although the Company will work to rigorous standards, there is still the potential for the Protean™ WEC Technology to contain defects which may result in system failures. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to the Company's reputation or increased insurance costs.</p> <p>If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages.</p> <p>Further, the Company is exposed to the risk of catastrophic loss to necessary equipment, computer equipment or other facilities which would have a serious impact on the Company's operations. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.</p>
Renewable Energy Regulatory Risks	<p>Wave energy projects may be dependent on mandatory or voluntary renewable energy or emissions trading schemes and other government initiatives for economic viability. Typically these government initiatives or programmes are available for a specified period of time, at the end of which there is no guarantee that the relevant initiative or programme will be extended. Equally, during the term of the initiative or programme, changes in political or other activities may result in changes to, suspension or abolition of those initiatives or programmes, which could have a positive or negative effect on the Company.</p>
General Working capital	<p>The Directors believe the funds raised from the Offer will give the Company sufficient working capital to achieve its immediate objectives as stated in this Investment Overview section. However, funds raised under this Prospectus are unlikely to be sufficient to enable the Company to satisfy its longer term objective to fully commercialise its projects and technologies.</p>
Funding Risk	<p>There is the risk that if or when the Company requires additional</p>

Risk area	Risks
	funding that it may not be able to raise these funds. This would likely have a detrimental effect on the Company.
General Operation Risk	Renewable energy projects are exposed to numerous operational risks including the impact of force majeure events, plant breakdowns, electricity network and other utility service failures, and other unanticipated events. The cost of repairing or replacing damaged assets may be considerable, while repeated or prolonged interruption may result in termination of contracts, substantial litigation and damages or penalties for regulatory or contractual non-compliance, reduced cash flows and increased funding costs. Moreover, such amounts may not be recoverable under insurances and, in relation to network failures, network service providers and market operators may also benefit from limitations of liability reducing the quantum of any recovery of damages from them. If the operation expenditure is different from that projected for the wave power project, it will affect the cash flow available from the project which may have a detrimental impact on the Company.
Market Price of Electricity and Renewable Energy Rights is Volatile	Demand for electricity is dependent on numerous factors including economic conditions, population growth, government policy, weather, availability and price of alternative fuels or energy sources. Demand for products such as the Protean WEC may be dependent on mandatory requirements for electricity to come from renewable energy sources, market demand for electricity and renewable energy, and their availability. Given the kinds of factors which affect demand, demand has inherent volatility. This may impact on the price of electricity and renewable energy positively or negatively.
Management of Growth	There is a risk that management of the Company will not be able to implement the Company's strategy. The capacity of management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

Careful consideration should be given to all matters raised in this notice and the relative risk factors.

SCHEDULE C – VENDORS

Subscriber	Stonehenge Shares	Performance Shares
Protean Energy Pty Ltd ACN 142 254 466	60,000,000	Nil

Nominees

Subscriber	Stonehenge Shares	Performance Shares
Moore Commerce Pty Ltd	Nil	15,000,000
CPS Capital Group Pty Ltd	Nil	16,851,852
Raccuia Resources Pty Ltd	Nil	17,500,000
Solequest Pty Ltd	Nil	17,500,000
Sitting Bull Capital Pty Ltd	Nil	5,000,000
Rowan Hall Pty Ltd	Nil	1,000,000
MRB (NSW) Pty Ltd	Nil	32,148,148
Fairfield Capital Pty Ltd	Nil	15,000,000
Total	Nil	120,000,000

SCHEDULE D – SUMMARY OF TERMS AND CONDITIONS OF INCENTIVE OPTIONS PLAN

- (a) The Directors, at their discretion, may issue Incentive Options to Eligible Participants at any time, having regard to relevant considerations such as the Participant's past and potential contribution to the Company, and their period of employment with the Company.
- (b) Eligible Participants in the Incentive Option Plan are Employees and Directors of the Company, or of a related body corporate. The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
- (c) The Incentive Option Plan is administered by the Directors of the Company, who have the power to:
 - (i) determine appropriate procedures for administration of the Incentive Options Plan consistent with its terms;
 - (ii) resolve conclusively all questions of fact or interpretation in connection with the Incentive Options Plan;
 - (iii) delegate the exercise of any of its powers or discretions arising under the Incentive Options Plan to any one or more persons for such period and on such conditions as the Board may determine; and
 - (iv) suspend, amend or terminate the Incentive Options Plan.
- (d) Incentive Options will be issued for no consideration.
- (e) The exercise price of the Incentive Options shall be determined by the Board in its absolute discretion.
- (f) The Company acknowledges that offers made under the Scheme will only be made in accordance with the requirements of ASIC Class Order 14/1000. If the Company makes an offer of Incentive Options where:
 - (i) the total number of Shares to be received on exercise of the Incentive Options the subject of that offer, exceeds the limit set out in the ASIC Class Order 14/1000; or
 - (ii) the offer does not otherwise comply with the terms and conditions set out in the ASIC Class Order 14/1000,the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.
- (g) The Shares to be issued on exercise of the Incentive Options will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.
- (h) The Board may determine the time periods or exercise condition after which the Incentive Options will vest. The Incentive Options provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company.

- (i) Incentive Options must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Incentive Options have vested. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with the terms of the Incentive Options Plan.
- (j) Incentive Options will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on exercise of the Incentive Options as soon as practicable after their Issue Date.
- (k) The Incentive Options are not transferable once issued subject to compliance with the Corporations Act.

SCHEDULE E – TERMS AND CONDITIONS OF CLASS D AND INCENTIVE OPTIONS

- (a) Each Option entitles the holder to subscribe for one ordinary share (Share) in the Company.
- (b) Each Option entitles the holder to subscribe for one Share in the Company with an exercise price to be determined from the date of Re-Compliance with an expiry date of 30 November 2018.
- (c) The Options are exercisable at any time on or before 5:00pm (Australian Western Standard Time) on the third anniversary of the date of grant of the Options by completing a notice of exercise and delivering it to the Company's share registry together with the payment for the number of shares in respect of which the Options are exercised.
- (d) All Shares issued upon exercise of Options will be allocated within ten (10) Business Days (as defined in the Listing Rules of the ASX) of delivery of the option certificate, notice of exercise and the application monies in respect of the exercise.
- (e) Shares issued pursuant to the exercise of Options will rank *pari passu* in all respects with the then existing Shares. Subject to the Listing Rules, the Company will apply to ASX for official quotation of all Shares issued upon exercise of the Options.
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made available to shareholders of the Company in respect of their Options.
- (g) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of holders of Options will be changed to the extent necessary to comply with the Listing Rules of the ASX at the time of the reorganisation.
- (h) Options not exercised by 5:00pm (Australian Western Standard Time) on the third anniversary of the date of grant of the Options will lapse. There is no obligation to exercise Options.
- (i) The Shares will either be issued with a disclosure document (within the meaning of the Corporations Act) or, if the Company meets the requirements of section 708A(5) of the Corporations Act, with a notice that complies with section 708A(6) of the Corporations Act.

SCHEDULE F – TERMS AND CONDITIONS OF CLASS C OPTIONS

- (a) Each Class C Option entitles the holder to subscribe for one Share upon exercise of the Class C Option at an Exercise Price of \$0.081 per Class C Option (Exercise Price).
- (b) Each Class C Option will expire at 5.00pm (WST) on the date that is four (4) years after the date the Options are granted (Expiry Date). A Class C Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Class C Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).
- (d) The Class C Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Class C Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Class C Option being exercised in cleared funds (Exercise Date).
- (f) Within 15 Business Days after the later of the following:
 - (i) the Exercise Date; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information, but in any case no later than 20 Business Days after the Exercise Date, the Company will:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Class C Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (g) If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (h) Shares issued on exercise of the Class C Options rank equally with the then issued shares of the Company.

- (i) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) There are no participation rights or entitlements inherent in the Class C Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class C Options without exercising the Class C Options.
- (k) A Class C Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Class C Option can be exercised.
- (l) The Company will not apply for quotation of the Class C Options on ASX.
- (m) The Class C Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE G – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

- (a) Under the Performance Rights Plan, the Board may grant Performance Rights to eligible employees (including Executive Directors) of Stonehenge (or any of its subsidiaries) determined by the Board.
- (b) The Board may determine the number and value of any Performance Rights to be granted under the Plan. Without limiting its discretion, the Board may also determine the exercise price, vesting conditions, exercise conditions, exercise period and any other terms applicable to a particular grant of Performance Rights in an invitation to an eligible employee.
- (c) Subject to paragraph (m) below, the Performance Rights shall vest and convert to Shares within 5 years from the date of issue as follows:

# of Rights	Vesting Condition	Tenure Period (years post the date of readmission to ASX)
Mr. B Lane: 2,500,000	Performance Rights shall convert to Shares upon successfully raising the Minimum Subscription amount under a recompliance prospectus and successful re-admission of the company to ASX.	2
Mr. S Moore: 9,000,000		
Mr. B Lane: 2,500,000	Performance Rights shall convert to Shares upon the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the company at re-admission (based on the prospectus raising share price) by 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.	2
Mr. S Moore: 9,000,000		
Mr. B Lane: 2,500,000	Performance Rights shall convert to Shares upon the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the Company at re-admission (based on the prospectus raising share price) by 150% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.	2
Mr. S Moore: 9,000,000		
Mr. B Lane: 2,500,000	Performance rights shall convert to ordinary shares upon either: 1. the Company commissioning its first commercial installation of at least 250kW; or 2. the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the Company at re-admission (based on the prospectus raising share price) by 200% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.	2
Mr. S Moore: 9,000,000		

Mr. B Lane: 2,500,000	Performance rights shall convert to ordinary shares upon the achievement of any three of the following:	2
Mr. S Moore: 9,000,000	<ol style="list-style-type: none"> 1. ratification of a working relationship between California Polytechnic State University, San Luis Obispo (Cal Poly), or a sub-entity thereof, and the Subsidiary (Protean Wave Energy Inc.). By way of example a suitable relationship may be in the form of a memorandum of understanding or heads of agreement to implement a Protean™ WEC demonstration array off the coast of California or some other acceptable relationship; 2. when the Subsidiary receives the first payment under any prize or grant scheme in the US; 3. the Subsidiary receives the first payment of a grant scheme or prize or some other endowment with a total value greater than or equal to US\$250,000; 4. ratification of a working relationship between the Subsidiary and any branch of the U.S. Government either military or civilian; 5. ratification of a working relationship between the Subsidiary and a significant port (or its subsidiary) or an oil/gas producer or an oil/gas production or oil/gas processing facility within the US; 6. ratification of the first binding power purchase agreement or water supply agreement for least 2 MW of electric power or its economic equivalent in water supply cumulative between one or more customers and the Subsidiary, within the US for purposes of deploying a demonstration of the Protean™ WEC Technology; and 7. An acceptable funding event for the Subsidiary, wherein the Subsidiary attracts funding in the US equivalent to not less than USD\$5,000,000 from a source other than the Company, a grant, prize or endowment. 	

- (d) Each Performance Right which has vested and not lapsed or expired entitles the participating employee to one fully paid ordinary share in the Company on exercise. Subject to the terms of grant, the Company may issue new shares or arrange a transfer or purchase of existing shares.
- (e) The Company may determine to issue shares to the participant or a trustee (to be held for and then transferred to the participant) or alternatively, it may acquire, or procure the trustee acquire shares to be held for the participant's benefit before it is transferred to the participant.
- (f) Without the prior approval of the Board, Performance Rights cannot be transferred, disposed of or be dealt with by a participant.
- (g) Shares to be delivered upon exercise of a Performance Right may be subject to disposal restrictions or forfeiture conditions determined by the Board at the time of grant.
- (h) Unless the exercise period set by the board expires at an earlier date or the Board determines otherwise in an invitation, Performance Rights will lapse on the latest of:
- (i) expiry of 12 months after the participant's death, if death occurs before the Performance Rights would otherwise lapse;

- (ii) expiry of 6 months after the date the participant ceases to be employed due to total and permanent disablement or redundancy;
 - (iii) expiry of 3 months after the date the participant's employer ceases to be a subsidiary of the Company;
 - (iv) the date the participant ceases to be employed for any other reason; or
 - (v) if the Board extends the time during which the Performance Right may be exercised (which cannot be later than the expiry of the exercise period), the expiry of that time.
- (i) Unexercised Performance Rights will also lapse if in the opinion of the Company, the participant has acted fraudulently or dishonestly.
 - (j) Performance Rights do not carry entitlements to participate in new issues of securities made by Stonehenge, until the participant has validly exercised the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which Performance Rights relate or the exercise price, to take into account changes to the capital structure of Stonehenge that occur by way of a pro rata issue or bonus issue respectively.
 - (k) In any reorganisation of Stonehenge's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.
 - (l) The Board may determine that any Performance Rights will become vested and may be exercised in any period, whether or not any or all applicable exercise conditions have been satisfied, including if there is a change of control of or takeover of Stonehenge.
 - (m) Subject to paragraph (l), a Performance Right may only be exercised if:
 - (i) where the participant is an employee at the time of exercise, the Performance Right has vested at the time of exercise;
 - (ii) where:
 - A. the Participant's employment with a Stonehenge Group company ceases due to death, total and permanent disablement, redundancy or retirement; or
 - B. the Participant's employer (being a company other than the Company) ceases to be a Stonehenge Group company, whether or not after the cessation the Participant remains an employee of that company,

the Performance Right has vested on the employee's last employment date;
 - (iii) at the time of exercise:
 - A. the exercise period has commenced;
 - B. the Performance Right has not lapsed;
 - C. the exercise price (if any) has been paid; and

- D. each exercise condition (if any) has been satisfied or waived; and
- (iv) where the Participant is an individual, the Participant is not bankrupt and has not committed an act of bankruptcy and where the Participant is deceased, the Participant's estate is not bankrupt.

SCHEDULE H – VALUE OF DIRECTOR INCENTIVE OPTIONS AND PERFORMANCE RIGHTS



STONEHENGE METALS LIMITED
Valuation of options and
performance rights

26 October 2015



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26 October 2015

Stonehenge Metals Limited
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PERTH WA 6000

Dear Sirs

VALUATION OF UNLISTED OPTIONS AND PERFORMANCE RIGHTS

This report (“**Report**”) has been prepared by BDO Corporate Finance (WA) Pty Ltd (“**BDO Corporate Finance**”) in connection with the valuation of unlisted options (“**the Options**”) and Performance Rights (“**the Rights**”) intended to be granted by Stonehenge Metals Limited (“**Stonehenge**” or “**the Company**”) for a Notice of Meeting.

This document has been prepared for the directors of Stonehenge, and Shareholders who will vote on the resolutions contained in the notice of meeting, for the purpose stated herein and should not be relied upon for any other purpose. Corporate Finance accepts no duty of care to any third party for this report. This report is not prepared for taxation purposes and individuals should seek their own tax advice.

The information used by BDO Corporate Finance in preparing this report has been obtained from a variety of sources as indicated within the report. While our work has involved analysis of financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly we assume no

responsibility and make no representations with respect to the accuracy or completeness of any information provided to us by and on your behalf.

Yours faithfully
BDO Corporate Finance (WA) Pty Ltd

Adam Myers
Director



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1. INTRODUCTION

BDO Corporate Finance has been engaged by Stonehenge to undertake a valuation of the Options and the Rights intending to be granted, for inclusion in the Company's Notice of Meeting.

The key information we have received and used in our valuation is set out in Appendix 1.

2. TERMS OF THE INCENTIVE OPTIONS, CLASS C OPTIONS AND CLASS D OPTIONS

We understand the terms of the Incentive Options to be issued are as follows:

Item	Tranche A Incentive Options	Tranche B Incentive Options	Tranche C Incentive Options	Tranche D Incentive Options
Number of Options	3,500,000	7,000,000	10,500,000	14,000,000
Exercise price	\$0.0375	\$0.050	\$0.0625	\$0.075
Issue date	2 December 2015	2 December 2015	2 December 2015	2 December 2015
Expiry date	30 November 2018	30 November 2018	30 November 2018	30 November 2018
Expiration period (years)	3 years	3 years	3 years	3 years
Exercise Conditions	None	None	None	None



We understand the terms of the Class C Options to be issued are as follows:

Item	Class C Options
Number of Options	1,000,000
Exercise price	\$0.081
Issue date	2 December 2015
Expiry date	30 November 2019
Expiration period (years)	4 years
Exercise Conditions	None

We understand the terms of the Class D Options to be issued are as follows:

Item	Tranche A Class D Options	Tranche B Class D Options	Tranche C Class D Options	Tranche D Class D Options
Number of Options	500,000	1,000,000	1,500,000	2,000,000
Exercise price	\$0.0375	\$0.050	\$0.0625	\$0.075
Issue date	2 December 2015	2 December 2015	2 December 2015	2 December 2015
Expiry date	30 November 2018	30 November 2018	30 November 2018	30 November 2018
Expiration period (years)	3 years	3 years	3 years	3 years
Exercise Conditions	None	None	None	None



3. VALUATION METHODOLOGY

Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a binomial option pricing model.

Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

We have used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model.

Under AASB 2 'Share Based Payments' and option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.



4. VALUATION OF INCENTIVE OPTIONS, CLASS C OPTIONS AND CLASS D OPTIONS

In valuing the Incentive Options, Class C Options and Class D Options, we made the following assumptions regarding the inputs required for our option pricing model:

4.1 Current Price of the Underlying Shares

As at the date of this report, the share price of Stonehenge was \$0.030.

The valuation of the Options is for inclusion in a notice of meeting, and as such, the latest market share price of Stonehenge is the most up to date value of the Company's shares. We have adopted this price for our valuation.

4.2 Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued.

The exercise price of the Incentive Options and the Class D Options is calculated as a premium to the subscription share price under which the Company's Offer in the re-compliance prospectus.

	Tranche A	Tranche B	Tranche C	Tranche D
Underlying share price	\$0.030	\$0.030	\$0.030	\$0.030
Premium	25%	66%	108%	150%
Implied exercise price	\$0.0375	\$0.050	\$0.0625	\$0.075

For the Class C Options, the exercise price is \$0.081.



4.3 Valuation Date

The Options are intended to be issued at the Company's shareholder meeting, which is to be held at a future date. Therefore, for the purpose of our valuation we are valuing the Incentive Options, Class C Options and Class D Options as at 26 October 2015.

4.4 Life of the Options

We have estimated the life of the Options for the purpose of our valuation. The minimum life of the Options is the length of any vesting period. The maximum life is based on the expiry date, which is approximately 3 years for the Incentive Options, 4 years for the Class C Options and 3 years for the Class D Options.

Under AASB 2 "Share Based Payments", the expected life of the Incentive Options, Class C Options and Class D Options needs to reflect the potential for early exercise. The potential for early exercise tends to reduce the effective life, and consequently the value of options.

With consideration for this, there are many factors that determine the rationale for exercising options and therefore, the effective life of those options.

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- if the options are deep in the money as it is profitable for the holder of the option to exercise the options;
- if the stock pays a dividend as the opportunity cost of holding the option is high;
- if the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock; and
- when the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of valuing the Incentive Options, Class C Options and Class D Options, we have estimated an exercise date as the expiry date giving effective lives for the Incentive Options of 3 years, Class C Options of 4 years and Class D Options of 3 years, which we have input into the Binomial option pricing model.

4.5 Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen;
- The exponential weighted moving average model adopts the closing share price of the Company in a give time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future; and
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Stonehenge was calculated by Hoadley's volatility calculator for 1, 2 and 3 year periods, using data extracted from Bloomberg. For the purpose of our valuation, we used a future estimated volatility level of 140% for Stonehenge in our pricing model.



4.6 Risk-Free Rate of Interest

We have used the Australian Government 5-year bond rate of 2.07% as at the date of this report as inputs to our option pricing model for the valuation of the Class C Options.

In valuing the Class D and Incentive Options, we have used the Australian Government 3-year bond rate of 1.82% as at the date of this report as inputs to our option pricing model.

4.7 Dividends Expected on the Shares

Stonehenge is currently unlikely to pay a dividend during the life of the Options.

4.8 Vesting Conditions

There are no vesting conditions associated with the options.

The valuation of these options assumes that all options eventually will vest to the option holder.

We are not aware of any other performance hurdles that must be achieved that would otherwise potentially dilute the value of the options to the holder on the assumption that they may not vest. Under AASB 2 “Share Based Payments”, no adjustment is made for non market vesting conditions.



5. CONCLUSION

We set out below our conclusions as to the value of the Incentive Options:

Item	Tranche A Incentive Options	Tranche B Incentive Options	Tranche C Incentive Options	Tranche D Incentive Options
Underlying Security spot price	\$0.030	\$0.030	\$0.030	\$0.030
Exercise price	\$0.0375	\$0.050	\$0.0625	\$0.075
Issue date	2 December 2015	2 December 2015	2 December 2015	2 December 2015
Expiration date	30 November 2018	30 November 2018	30 November 2018	30 November 2018
Life of the Options	3 years	3 years	3 years	3 years
Volatility	140%	140%	140%	140%
Risk free rate	1.82%	1.82%	1.82%	1.82%
Number of Options	3,500,000	7,000,000	10,500,000	14,000,000
Valuation per Option	\$0.023	\$0.022	\$0.021	\$0.020
Valuation per Tranche	\$79,270	\$151,111	\$217,483	\$279,548



We set out below our conclusions as to the value of the Class C Options:

Item	Class C Options
Underlying Security spot price	\$0.030
Exercise price	\$0.081
Issue date	2 December 2015
Expiration date	30 November 2019
Life of the Options	4 years
Volatility	140%
Risk free rate	2.07%
Number of Options	1,000,000
Valuation per Option	\$0.023
Valuation per Tranche	\$22,606



We set out below our conclusions as to the value of the Class D Options:

Item	Tranche A Class D Options	Tranche B Class D Options	Tranche C Class D Options	Tranche D Class D Options
Underlying Security spot price	\$0.030	\$0.030	\$0.030	\$0.030
Exercise price	\$0.0375	\$0.050	\$0.0625	\$0.075
Issue date	2 December 2015	2 December 2015	2 December 2015	2 December 2015
Expiration date	30 November 2018	30 November 2018	30 November 2018	30 November 2018
Life of the Options	3 years	3 years	3 years	3 years
Volatility	140%	140%	140%	140%
Risk free rate	1.82%	1.82%	1.82%	1.82%
Number of Options	500,000	1,000,000	1,500,000	2,000,000
Valuation per Option	\$0.023	\$0.022	\$0.021	\$0.020
Valuation per Tranche	\$11,324	\$21,587	\$31,069	\$39,935

6. TERMS OF THE PERFORMANCE RIGHTS

We understand the terms of the Rights to be issued are as follows:

Item	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E
Number of Rights	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Issue date	2 December 2015	2 December 2015	2 December 2015	2 December 2015	2 December 2015
Expiry date	30 November 2020	30 November 2020	30 November 2020	30 November 2020	30 November 2020
Tenure condition (years)	2 years	2 years	2 years	2 years	2 years
Vesting Conditions	Note 1	Note 2	Note 3	Note 4	Note 5

Notes:

1. Tranche A Rights shall vest upon successful re-admission of the Company to ASX and raising a minimum of \$5m.
2. Tranche B Rights shall vest upon the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the Company at re-admission (based on the prospectus raising share price) by 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.
3. Tranche C Rights shall vest upon the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the company at re-admission (based on the prospectus raising share price) by 150% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.
4. Tranche D Rights shall vest upon the Company commissioning its first commercial installation of at least 250kW or upon the Company's market capitalization (fully diluted) exceeding the market capitalization of the Company at re-admission (based on the prospectus raising share price) by 200% for a period of 20 consecutive trading days based on the closing price of the shares in the ASX.
5. Tranche E Rights shall vest upon:
 - ratification of a working relationship between California Polytechnic State University, San Luis Obispo (Cal Poly), or a sub-entity thereof, and the Subsidiary (Protean Wave Energy Inc.). By way of example a suitable relationship may be in the form of a memorandum of understanding or heads of agreement to implement a Protean WEC demonstration array off the coast of California or some other acceptable relationship;
 - when the Subsidiary receives the first payment under any prize or grant scheme in the US;

- the Subsidiary receives the first payment of a grant scheme or prize or some other endowment with a total value greater than or equal to US\$250,000;
- ratification of a working relationship between the Subsidiary and any branch of the U.S. Government either military or civilian;
- ratification of a working relationship between the Subsidiary and a significant port (or its subsidiary) or an oil/gas producer or an oil/gas production or oil/gas processing facility within the US;
- ratification of the first binding power purchase agreement or water supply agreement for least 2 MW of electric power or its economic equivalent in water supply cumulative between one or more customers and the Subsidiary, within the US for purposes of deploying a demonstration of the Proteanä WEC Technology; and
- An acceptable funding event for the Subsidiary, wherein the Subsidiary attracts funding in the US equivalent to not less than USD\$5,000,000 from a source other than the Company, a grant, prize or endowment.

7. VALUATION METHODOLOGY

According to AASB 2 paragraph 19, “Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods and services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.”

7.1 Non-market based vesting conditions

Rights without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a binomial option pricing model.

Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

Under AASB 2 ‘Share Based Payments’ and option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.

The Tranche A, Tranche D, Tranche E and Tranche F Performance Rights have non-market based vesting conditions.

7.2 Market based vesting conditions

Rights with market based vesting conditions can only be exercised following the satisfaction of these exercise conditions. The value of the performance rights is adjusted for the probability of these market conditions being met.



The valuation of rights assumes that the exercise of a right does not affect the value of the underlying asset.
Tranche B and Tranche C Performance Rights have market based vesting conditions.



7.3 Methodology Adopted

The vesting conditions associated with the Tranche A, Tranche D and Tranche E Performance Rights, as described under section 2 of the report, are considered to be non-market based. It is for this reason that we have adopted the methodology described under section 7.1 in performing our valuation.

We have valued Tranche B and Tranche C Performance Rights with the market based performance conditions using an up and in single barrier share option pricing model. The model takes into consideration that the rights will vest at any time during the performance period, given that the share price exceeds the determined barrier.



8. VALUATION OF PERFORMANCE RIGHTS

We made the following assumptions in valuing the Rights:

8.1 Current Price of the Underlying Shares

As at the valuation date the share price of Stonehenge was \$0.030, which we have input into our pricing model.

8.2 Exercise price

In the event that the performance conditions are met, there is no consideration required for exercising the Rights.

8.3 Valuation Date

We have adopted 26 October 2015 as our valuation date.

8.4 Life of the Performance Rights

The terms and conditions of the Rights state that the vesting criteria will be assessed over the life of the Rights. The life of the Rights is to be five years from the date of re-admission to the ASX. We have assumed this occurs on our valuation date, therefore the life of the rights is 5.00 years, which we have used in our pricing model.

8.5 Volatility

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen;
- The exponential weighted moving average model adopts the closing share price of the Company in a give time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future; and
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Stonehenge was calculated by Hoadley's volatility calculator for 1 and 2 year periods, using data extracted from Bloomberg. For the purpose of our valuation, we used a future estimated volatility level of 140% for Stonehenge in our pricing model.

8.6 Risk-free rate of interest

We have used the Australian Government 5-year bond rate of 2.07% as at the date of the valuation of the Rights.

8.7 Dividends Expected on the Rights

Stonehenge is currently unlikely to pay a dividend during the life of the Rights.



8.8 Vesting Conditions

The vesting conditions associated with the Rights are summarised in the table below:

Rights	Performance Conditions
Tranche A	The Rights shall vest upon successful re-admission of the Company to ASX and raising a minimum of \$5 million.
Tranche B	The Rights shall vest upon the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the Company at re-admission (based on the prospectus raising share price) by 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.
Tranche C	The Rights shall vest upon the Company's market capitalisation (fully diluted) exceeding the market capitalisation of the company at re-admission (based on the prospectus raising share price) by 150% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.
Tranche D	The Rights shall vest upon the Company commissioning its first commercial installation of at least 250kW or upon the Company's market capitalization (fully diluted) exceeding the market capitalization of the Company at re-admission (based on the prospectus raising share price) by 200% for a period of 20 consecutive trading days based on the closing price of the shares in the ASX.
Tranche E	The Rights shall vest upon the achievement of any two of the Class A & Class B US Option vesting conditions.

We are not aware of any other performance hurdles that must be achieved that would otherwise potentially dilute the value of the Rights to the holder on the assumption that they may not vest. Under AASB 2 "Share Based Payments", no adjustment is made for non market vesting conditions.

8.9 Share price barrier

Tranche B

According to Tranche B vesting conditions, the Tranche B Rights will vest on the date that the market capitalisation (fully diluted) of the Company exceeds the market capitalisation of the Company at re-admission (based on the prospectus raising share price) by 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.

Share price barrier	
Underlying share price as at 8 October 2015	\$0.030
Market Capitalisation target	100% increase
Implied share price barrier	\$0.060

Tranche C

According to Tranche C vesting conditions, the Tranche C Rights will vest on the date that the market capitalisation (fully diluted) of the Company exceeds the market capitalisation of the Company at re-admission (based on the prospectus raising share price) by 150% for a period of 20 consecutive trading days based on the closing price of the shares on ASX.

Share price barrier	
Underlying share price as at 8 October 2015	\$0.030
Market Capitalisation target	150% increase
Implied share price barrier	\$0.075



Tranche D

According to Tranche D vesting conditions, the Tranche D Rights will vest upon the Company commissioning its first commercial installation of at least 250kW or upon the Company's market capitalization (fully diluted) exceeding the market capitalization of the Company at re-admission (based on the prospectus raising share price) by 200% for a period of 20 consecutive trading days based on the closing price of the shares in the ASX. We consider using the market based vesting condition of the Company reaching 200% of its market capitalisation at re-admission the most appropriate method to value the Tranche D options as the probability of this condition occurring is observable and readily calculated as part of the Black Scholes option pricing model.

Share price barrier	
Underlying share price as at 8 October 2015	\$0.030
Market Capitalisation target	200% increase
Implied share price barrier	\$0.090

9. CONCLUSION

We set out below our conclusions as to the value of the Rights:

Item	Tranche A	Tranche B	Tranche C	Tranche D (Market based)	Tranche E
Underlying Security spot price	\$0.030	\$0.030	\$0.030	\$0.030	\$0.030
Exercise price	Nil	Nil	Nil	Nil	Nil
Valuation date	2 December 2015	2 December 2015	2 December 2015	2 December 2015	2 December 2015
Share price barrier	N/A	\$0.060	\$0.075	\$0.090	N/A
Expiration date	30 November 2020	30 November 2020	30 November 2020	30 November 2020	30 November 2020
Tenure component (years)	2.00	2.00	2.00	2.00	2.00
Volatility	140%	140%	140%	140%	140%
Risk free rate	2.07%	2.07%	2.07%	2.07%	2.07%
Number of Rights	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Valuation per Right	\$0.030	\$0.030	\$0.029	\$0.029	\$0.030
Valuation per Tranche	\$75,000	\$75,000	\$72,500	\$72,500	\$75,000



APPENDIX 1 - SOURCES OF INFORMATION

The key information we have relied upon in our valuation includes:

- Confirmation of the terms of the Options from Management;
- Price, volatility and volume traded of the Company's shares obtained from Bloomberg;
- Australian Government bond yield obtained from Reserve Bank of Australia; and
- Discussions with Management.

SCHEDULE I – PROFORMA STATEMENT OF FINANCIAL POSIITON

	Audited 30-Jun-15	Proforma Adjustments			Proforma 30-Jun-15
		Contributed funding Note (a)	Acquisition of Protean Note (b)	Execution of KORID JV Note (c)	
Current assets					
Cash assets	45,379	3,061,000	-	(10,510)	3,095,869
Receivables and prepayments	93,456	-	-	(16,175)	77,281
Total current assets	138,835	3,061,000	-	(26,685)	3,173,150
Non-current assets					
Mineral exploration and evaluation expenditure	-	-	-	1,734,708	1,734,708
Property, plant and equipment	17,754	-	-	(5,547)	12,207
Investment in Joint venture	-	-	-	662,634	662,634
Investment in KORID	-	-	-	2,407,020	2,407,020
Other financial asset	300,000	-	4,500,000	-	4,800,000
Held for sale asset	4,814,040	-	-	(4,814,040)	-
Total non-current assets	5,131,794	-	4,500,000	(15,225)	9,616,569
Total assets	5,270,629	3,061,000	4,500,000	(41,910)	12,789,719
Current liabilities					
Trade and other payables	134,545	-	-	(22,701)	111,844
Borrowings	-	600,000	-	-	600,000
Provisions	2,513	-	-	-	2,513
Total current liabilities	137,058	600,000	-	(22,701)	714,357
Non-current liabilities					
Deferred tax liabilities	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-
Total liabilities	137,058	600,000	-	(22,701)	714,357
Net assets	5,133,571	2,461,000	4,500,000	(19,209)	12,075,362
Equity					
Issued capital	24,560,701	2,650,000	4,500,000	-	31,710,701
Reserves	2,667,668	-	-	-	2,667,668
Accumulated losses	(22,094,798)	(189,000)	-	(19,209)	(22,303,007)
Total equity	5,133,571	5,140,000	4,500,000	(19,209)	12,075,362

Notes:

(a) Contributed funding comprising of:

Contributed Equity

- \$500,000 placement at \$0.04 per share on 11 August 2015, less 6% placement costs
- Capital raising of \$2,500,000 at \$0.025 per share pursuant to Resolution 5, less 6% placement costs

Loans

- \$600,000 of loan facilities pursuant to the First and Second Tranche Debt facilities, less 5% facility fee

(b) Issue of Consideration Shares on acquisition of PEA

(c) Sale of 50% of SHK

SCHEDULE K – TERMS AND CONDITIONS OF THE DEBT FACILITY (FACILITY)

1.	Principal Amount	\$600,000
2.	Term	Until 31 December 2015 or 31 March 2016 by mutual agreement.
3.	Repayment Date	At any time prior to the end of the Term.
4.	Interest	9.25% per annum, payable in cash quarterly, within 7 days of the last business day of each quarter, based on the value of the drawn down amount. If Interest is not paid within 7 days of last business day of each quarter, the interest rate payable for the remainder of the interest period will increase to 12% per annum.
5.	Conversion Price	<p>Means the lower of \$0.025 or a 15% discount to the 10-day volume weighted average of Shares on the ASX for the 10 traded days prior to the date that a notice of conversion is received by the Company, but no lower than \$0.02 (Conversion Price).</p> <p>Subject to shareholder and regulatory approval by no later than the Repayment Date, the Lender may at any time during the drawdown period and after the Company has completed a capital raising of at least \$2 million, convert the outstanding balance in whole or in part into shares issued at the Conversion Price together with one Attaching Option for every one share issued on conversion by delivery to the Borrower of a notice duly executed by the Lender, completed as to the amount outstanding to be converted (Conversion Amount) and the number of Shares (together with Attaching Options) to be issued on Conversion (Notice).</p>
6.	Facility Fee	5% of the Principal Amount, payable in cash within 14 days of entering into this agreement on any portion of the Principal amount that is made available for the Borrower to draw. If the Term is extended to 31 March 2016 an additional 2.5% of the Principal Amount is payable in cash within 14 days of extension.
7.	Security	The Facility will not be secured.
8.	Negative Pledge	The Company nor any of its subsidiaries shall, without the prior consent in writing of the Facility Providers, create or purport or attempt to create any encumbrance of any nature whatsoever over any assets of the Company or any of its subsidiaries whilst any of the Principal Amount or Interest remain outstanding, other than certain permitted encumbrances arising in the ordinary course of business.
9.	Events of Default	<p>The Principal Amount and outstanding Interest (calculated on the date of the relevant default) will immediately become due and payable if any of the following events shall occur and written notice of the occurrence of such event is given to the Company:</p> <ul style="list-style-type: none"> (a) an order is made for or an effective resolution is passed for the winding up of the Company (unless for the purpose of amalgamation or reconstruction whilst solvent, the terms of which shall previously have been approved by the Facility Providers in writing); (b) a receiver (which shall include a receiver and manager) or an official manager or administrator is appointed to the undertaking, property or assets of any part of the Company; (c) any action is taken with respect to or for the bankruptcy or insolvency of the Company; (d) the Company stops payment generally or ceases or threatens to cease to carry on business or the major part thereof; (e) execution or distress is issued against the Company in excess of \$100,000 which is not withdrawn or satisfied within 14 days from the issue thereof; or (f) if the Company or any of its subsidiaries contravene Note term 8 (negative pledge).

SCHEDULE J – TERMS AND CONDITIONS OF ATTACHING OPTIONS

- (a) Each Option entitles the holder to subscribe for one ordinary (Share) in the
- (b) Each First Tranche Debt Option entitles the holder to subscribe for one Share in the Company with a strike price of \$0.0375 expiring on 31 December 2018.
- (c) Each Second Tranche Debt Option entitles the holder to subscribe for one Share in the Company with a strike price of \$0.0375 expiring on 31 December 2018.
- (d) The Options are exercisable at any time on or before 5:00pm (Australian Western Standard Time) on the third anniversary (31 December 2018) of the date of grant of the Options by completing a notice of exercise and delivering it to the Company's share registry together with the payment for the number of shares in respect of which the Options are exercised.
- (e) All Shares issued upon exercise of Options will be allocated within five (5) Business Days (as defined in the Listing Rules of the ASX) after receipt of a properly executed notice of exercise and the application monies in respect of the exercise.
- (f) Shares issued pursuant to the exercise of Options will rank pari passu in all respects with the then existing Shares. Subject to the Listing Rules, the Company will apply to ASX for official quotation of all Shares issued upon exercise of the Options.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made available to shareholders of the Company in respect of their Options.
- (h) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of holders of Options will be changed to the extent necessary to comply with the Listing Rules of the ASX at the time of the reorganisation.
- (i) Options not exercised by 5:00pm (Australian Western Standard Time) on the third anniversary (31 December 2018) of the date of grant of the Options will lapse. There is no obligation to exercise Options.
- (j) The Shares will either be issued with a disclosure document (within the meaning of the Corporations Act) or, if the Company meets the requirements of section 708A(5) of the Corporations Act, with a notice that complies with section 708A(6) of the Corporations Act.

SCHEDULE L – SUMMARY OF PERFORMANCE RIGHTS PLAN

- (a) Under the Performance Rights Plan, the Board may grant Performance Rights to eligible employees (including Executive Directors) of Stonehenge (or any of its subsidiaries) determined by the Board.
- (b) The Board may determine the number and value of any Performance Rights to be granted under the Plan. Without limiting its discretion, the Board may also determine the exercise price, vesting conditions, exercise conditions, exercise period and any other terms applicable to a particular grant of Performance Rights in an invitation to an eligible employee.
- (c) Each Performance Right which has vested and not lapsed or expired entitles the participating employee to one fully paid ordinary share in the Company on exercise. Subject to the terms of grant, the Company issue new shares or arrange a transfer or purchase of existing shares.
- (d) The Company may determine to issue shares to the participant or a trustee (to be held for and then transferred to the participant) or alternatively, it may acquire, or procure the trustee to acquire shares to be held for the participant's benefit before it is transferred to the participant.
- (e) Without the prior approval of the Board, Performance Rights cannot be transferred, disposed of or be dealt with by a participant.
- (f) Shares to be delivered upon exercise of a Performance Right may be subject to disposal restrictions or forfeiture conditions determined by the Board at the time of grant.
- (g) Unless the exercise period set by the Board expires at an earlier date or the Board determines otherwise in an invitation, Performance Rights will lapse on the latest of:
 - i. Expiry of 12 months after the participant's death, if death occurs before the Performance Rights would otherwise lapse;
 - ii. Expiry of 6 months after the date the participant ceases to be employed due to total and permanent disablement or redundancy;
 - iii. Expiry of 3 months after the date the participant's employer ceases to be a subsidiary of the Company;
 - iv. The date the participant ceases to be employed for any other reason; or
 - v. If the Board extends the time during which the Performance Right may be exercised (which cannot be later than the expiry of the exercise period), the expiry of that time.
- (h) Unexercised Performance Rights will also lapse if in the opinion of the Company, the participant has acted fraudulently or dishonestly.
- (i) Performance Rights do not carry entitlements to participate in new issues of securities made by Stonehenge, until the participant has validly exercised the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which Performance Rights relate or the exercise price, to take into account changes to the capital structure of Stonehenge that occur by way of pro rata issue or bonus issue respectively.
- (j) In any reorganisation of Stonehenge's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganization of capital.

- (k) The Board may determine that any Performance Rights will become vested and may be exercised in any period, whether or not any or all applicable exercise conditions have been satisfied, including if there is a change of control of or takeover of Stonehenge.
- (l) Subject to paragraph (k), a Performance Right may only be exercised if:
- i. Where the participant is an employee at the time of exercise, the Performance Right has vested at the time of exercise;
 - ii. Where:
 - A. The Participant's employment with a Stonehenge Group company ceases due to death, total and permanent disablement, redundancy or retirement; or
 - B. The Participant's employer (being a company other than the Company) ceases to be a Stonehenge Group company, whether or not after the cessation the Participant remains and employee of that company;
 - C. the Performance Right has vested on the employee's last employment date;
 - iii. At the time of exercise:
 - A. The exercise period has commenced;
 - B. The Performance Right has not lapsed;
 - C. The exercise price (if any) has been paid; and
 - D. Each exercise condition (if any) has been satisfied or waived; and
 - iv. Where the Participant is an individual, the Participant is not bankrupt and has not committed an act of bankruptcy and where the Participant is deceased, the Participant's estate is not bankrupt.

A copy of the Stonehenge Performance Rights Plan rules will be available on the Company's website: www.stonehengemetals.com.au, if and when it is approved under this Notice.

SCHEDULE M – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

- (a) Each Placement Option entitles the holder to subscribe for one ordinary (**Share**) in the
- (b) Each Placement Option entitles the holder to subscribe for one Share in the Company with a strike price of \$0.0375 expiring on 31 December 2018 (**Expiry Date**).
- (c) The Placement Options are exercisable at any time on or before 5:00pm (Australian Western Standard Time) on the Expiry Date by completing a notice of exercise and delivering it to the Company's share registry together with the payment for the number of shares in respect of which the Placement Option are exercised.
- (d) All Shares issued upon exercise of Placement Options will be allocated within five (5) Business Days (as defined in the Listing Rules of the ASX) after receipt of a properly executed notice of exercise and the application monies in respect of the exercise.
- (e) Shares issued pursuant to the exercise of Placement Options will rank pari passu in all respects with the then existing Shares. Subject to the Listing Rules, the Company will apply to ASX for official quotation of all Shares issued upon exercise of the Placement Options.
- (f) There are no participating rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered or made available to shareholders of the Company in respect of their Placement Options.
- (g) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of holders of Placement Options will be changed to the extent necessary to comply with the Listing Rules of the ASX at the time of the reorganisation.
- (h) Placement Options not exercised by 5:00pm (Australian Western Standard Time) on the Expiry Date will lapse. There is no obligation to exercise Placement Options.
- (i) The Shares will either be issued with a disclosure document (within the meaning of the Corporations Act) or, if the Company meets the requirements of section 708A(5) of the Corporations Act, with a notice that complies with section 708A(6) of the Corporations Act.

SCHEDULE N – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS – CEM OPTION AGREEMENT

(a) Subject to:

- (i) the Company obtaining all necessary shareholder and regulatory approvals;
- (ii) the Company receiving conditional approval for its re-admission to the Official List of ASX;
- (iii) completion of the Company's proposed acquisition of Protean Energy Australia Pty Ltd;
- (iv) the recipient being engaged by the Company at the time of conversion; and
- (v) the terms and conditions set out in paragraphs (b) to (k) below,

the Performance Rights shall convert to Shares upon achievement of the following performance hurdles (**Performance Hurdles**) within 5 years from the date of issue:

Performance Hurdles	Performance Rights to be issued to the Executive at Settlement
Confirmation of the assignment of the Approvals to CEM	250,000
Establishing a physical place of business for CEM on Hanimaadhoo with all fixed costs covered for the initial 12 month period commencing from Settlement.	500,000
Registration of CEM as a foreign investment company with authority to construct and operate the Wave Farm Project.	250,000
Securing for CEM, Hanimaadhoo customer Offtake Expressions of Interest (Offtake EOI) for power or desalinated water up to a maximum power requirement of 2,000kW. This Performance Milestone applies only to Hanimaadhoo Island.	2,000 rights per kilowatt of accepted and agreed Offtake-EOI by Stonehenge to a maximum of 4 million rights.

(b) Each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to achievement of the Performance Hurdles set out above and these terms and conditions.

(c) The Performance Rights are not transferable.

(d) The Performance Rights must convert, subject to satisfaction of the relevant Performance Hurdles on or before the expiry dates set out in paragraph (a) above. The Performance Rights are otherwise subject to lapse in accordance with paragraph (e).

(e) The Performance Rights will lapse on the earliest of:

- (i) the expiry dates set out in paragraph (a) above;
- (ii) the holder's death or total permanent disablement;
- (iii) the holder ceases to be engaged due to a breach or termination of the holder's consultancy agreement with the Company (or genuine redundancy); and
- (iv) in the reasonable opinion of the Company, the holder's misconduct or if the holder acts fraudulently or dishonestly.

(f) Performance Rights do not carry entitlements to participate in new issues of securities made by the Company, until the holder is issued shares on conversion of the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which

Performance Rights relate, to take into account changes to the capital structure of the Company that occur by way of a pro rata issue or bonus issue respectively.

- (g) In any reorganisation of the Company's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.
- (h) Subject to the Corporations Act and the Listing Rules, in the event there is a change of control of or takeover of the Company the Board may determine that any Performance Rights will convert, whether or not any or all applicable Performance Hurdles have been satisfied.
- (i) Prior to conversion into ordinary shares, the Performance Rights carry no voting rights, dividend rights or other capital rights.
- (j) The Performance Rights will not be quoted on ASX. Upon conversion of the Performance Rights into ordinary shares, the Company will, within 7 days after the conversion, apply for official quotation of the shares arising from conversion on ASX.
- (k) The Performance Rights will convert into ordinary shares in the capital of the Company as follows:
 - (i) upon achievement of each Performance Hurdle, the holder must notify the Company in writing of achievement of the Performance Hurdle (Conversion Notice);
 - (ii) subject to any necessary shareholder and regulatory approvals, if, in the Company's reasonable opinion, the Performance Hurdle has been satisfied, the Company must, within 10 business days of receipt of the Conversion Notice:
 - A. issue the relevant number of shares;
 - B. do all such acts, matters and things to procure the issue of the shares; and
 - C. if able, issue a notice in accordance with section 708A(6) of the Corporations Act (Cleansing Statement).
- (l) In the event the Company is unable to issue a Cleansing Statement (for any reason) at the time of issue of shares on conversion of Performance Rights, the holder and the Company agree the Company is not obliged to issue a prospectus or other disclosure document in accordance with section 708A(11) of the Corporations Act. In this respect, the holder (if requested to do so by the Company):
 - (i) agrees to enter into a voluntary restriction agreement in the form prescribed by Appendix 9A of the Listing Rules for a period of 12 months from the date of issue of the shares; and
 - (ii) consents to the Company procuring that the Company's share registry places a holding lock over the shares for a period of 12 months from their date of issue.
- (m) The holder and the Company agree that the Performance Rights and shares issued on conversion of the Performance Rights are be subject to any ASX imposed escrow period in accordance with Chapter 9 of the Listing Rules (as applicable). In this respect, if requested to do so by ASX, the holder and the Company agree:
 - (i) to enter into a restriction agreement in the form prescribed by Appendix 9A of the Listing Rules; and
 - (ii) to procure that the Company's share registry places a holding lock is over the Performance Rights (and/or shares on conversion) for the relevant period required by ASX.

SCHEDULE O – TERMS AND CONDITIONS OF CLASS A PERFORMANCE RIGHTS

(a) Subject to:

- (i) the Company obtaining all necessary shareholder and regulatory approvals;
- (ii) the Company receiving conditional approval for its re-admission to the Official List of ASX;
- (iii) completion of the Company's proposed acquisition of Protean Energy Australia Pty Ltd;
- (iv) the recipient being engaged by the Company at the time of conversion; and
- (v) the terms and conditions set out in paragraphs (b) to (k) below,
the Performance Rights shall convert to Shares upon achievement of the performance hurdles (**Performance Hurdles**) set out in section 25.2 of these Meeting documents within five years from the date of issue.

(b) Each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to achievement of the Performance Hurdles set out above and these terms and conditions.

(c) The Performance Rights are not transferable.

(d) The Performance Rights must convert, subject to satisfaction of the relevant Performance Hurdles on or before the expiry dates set out in paragraph (a) above. The Performance Rights are otherwise subject to lapse in accordance with paragraph (e).

(e) The Performance Rights will lapse on the earliest of:

- (i) the expiry dates set out in paragraph (a) above;
- (ii) the holder's death or total permanent disablement;
- (iii) the holder ceases to be engaged due to a breach or termination of the holder's consultancy agreement with the Company (or genuine redundancy); and
- (iv) in the reasonable opinion of the Company, the holder's misconduct or if the holder acts fraudulently or dishonestly.

(f) Performance Rights do not carry entitlements to participate in new issues of securities made by the Company, until the holder is issued shares on conversion of the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which Performance Rights relate, to take into account changes to the capital structure of the Company that occur by way of a pro rata issue or bonus issue respectively.

(g) In any reorganisation of the Company's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.

(h) Subject to the Corporations Act and the Listing Rules, in the event there is a change of control of or takeover of the Company the Board may determine that any Performance Rights will convert, whether or not any or all applicable Performance Hurdles have been satisfied.

(i) Prior to conversion into ordinary shares, the Performance Rights carry no voting rights, dividend rights or other capital rights.

(j) The Performance Rights will not be quoted on ASX. Upon conversion of the Performance Rights into ordinary shares, the Company will, within 7 days after the conversion, apply for official quotation of the shares arising from conversion on ASX.

(k) The Performance Rights will convert into ordinary shares in the capital of the Company as follows:

- (i) upon achievement of each Performance Hurdle, the holder must notify the Company in writing of achievement of the Performance Hurdle (Conversion Notice);
- (ii) subject to any necessary shareholder and regulatory approvals, if, in the Company's reasonable opinion, the Performance Hurdle has been satisfied, the Company must, within 10 business days of receipt of the Conversion Notice:
 - A. issue the relevant number of shares;
 - B. do all such acts, matters and things to procure the issue of the shares; and
 - C. if able, issue a notice in accordance with section 708A(6) of the Corporations Act (Cleansing Statement).

(l) In the event the Company is unable to issue a Cleansing Statement (for any reason) at the time of issue of shares on conversion of Performance Rights, the holder and the Company agree the Company is not obliged to issue a prospectus or other disclosure document in accordance with section 708A(11) of the Corporations Act. In this respect, the holder (if requested to do so by the Company):

- (i) agrees to enter into a voluntary restriction agreement in the form prescribed by Appendix 9A of the Listing Rules for a period of 12 months from the date of issue of the shares; and
- (ii) consents to the Company procuring that the Company's share registry places a holding lock over the shares for a period of 12 months from their date of issue.

(m) The holder and the Company agree that the Performance Rights and shares issued on conversion of the Performance Rights are to be subject to any ASX imposed escrow period in accordance with Chapter 9 of the Listing Rules (as applicable). In this respect, if requested to do so by ASX, the holder and the Company agree:

- (i) to enter into a restriction agreement in the form prescribed by Appendix 9A of the Listing Rules; and
- (ii) to procure that the Company's share registry places a holding lock over the Performance Rights (and/or shares on conversion) for the relevant period required by ASX.

SCHEDULE P – TERMS AND CONDITIONS OF CLASS B PERFORMANCE RIGHTS

- (a) Subject to:
- (i) the Company obtaining all necessary shareholder and regulatory approvals;
 - (ii) the Company receiving conditional approval for its re-admission to the Official List of ASX;
 - (iii) completion of the Company's proposed acquisition of Protean Energy Australia Pty Ltd;
 - (iv) the recipient being engaged by the Company at the time of conversion; and
 - (v) the terms and conditions set out in paragraphs (b) to (k) below,
the Performance Rights shall convert to Shares upon achievement of the performance hurdles (**Performance Hurdles**) set out in section 26.2 of these Meeting documents.
- (b) Each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to achievement of the Performance Hurdles set out above and these terms and conditions.
- (c) The Performance Rights are not transferable.
- (d) The Performance Rights must convert, subject to satisfaction of the relevant Performance Hurdles on or before the expiry dates set out in paragraph (a) above. The Performance Rights are otherwise subject to lapse in accordance with paragraph (e).
- (e) The Performance Rights will lapse on the earliest of:
- (i) the expiry dates set out in paragraph (a) above;
 - (ii) the holder's death or total permanent disablement;
 - (iii) the holder ceases to be engaged due to a breach or termination of the holder's consultancy agreement with the Company (or genuine redundancy); and
 - (iv) in the reasonable opinion of the Company, the holder's misconduct or if the holder acts fraudulently or dishonestly.
- (f) Performance Rights do not carry entitlements to participate in new issues of securities made by the Company, until the holder is issued shares on conversion of the Performance Rights and become a shareholder of the Company prior to the record date for the new issue. However, subject to the Listing Rules, adjustments may be made to the number of shares to which Performance Rights relate, to take into account changes to the capital structure of the Company that occur by way of a pro rata issue or bonus issue respectively.
- (g) In any reorganisation of the Company's issued capital, the number of Performance Rights may be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.
- (h) Subject to the Corporations Act and the Listing Rules, in the event there is a change of control of or takeover of the Company the Board may determine that any Performance Rights will convert, whether or not any or all applicable Performance Hurdles have been satisfied.
- (i) Prior to conversion into ordinary shares, the Performance Rights carry no voting rights, dividend rights or other capital rights.
- (j) The Performance Rights will not be quoted on ASX. Upon conversion of the Performance Rights into ordinary shares, the Company will, within 7 days after the conversion, apply for official quotation of the shares arising from conversion on ASX.
- (k) The Performance Rights will convert into ordinary shares in the capital of the Company as follows:

- (i) upon achievement of each Performance Hurdle, the holder must notify the Company in writing of achievement of the Performance Hurdle (Conversion Notice);
- (ii) subject to any necessary shareholder and regulatory approvals, if, in the Company's reasonable opinion, the Performance Hurdle has been satisfied, the Company must, within 10 business days of receipt of the Conversion Notice:
 - A. issue the relevant number of shares;
 - B. do all such acts, matters and things to procure the issue of the shares; and
 - C. if able, issue a notice in accordance with section 708A(6) of the Corporations Act (Cleansing Statement).
- (l) In the event the Company is unable to issue a Cleansing Statement (for any reason) at the time of issue of shares on conversion of Performance Rights, the holder and the Company agree the Company is not obliged to issue a prospectus or other disclosure document in accordance with section 708A(11) of the Corporations Act. In this respect, the holder (if requested to do so by the Company):
 - (i) agrees to enter into a voluntary restriction agreement in the form prescribed by Appendix 9A of the Listing Rules for a period of 12 months from the date of issue of the shares; and
 - (ii) consents to the Company procuring that the Company's share registry places a holding lock over the shares for a period of 12 months from their date of issue.
- (m) The holder and the Company agree that the Performance Rights and shares issued on conversion of the Performance Rights are be subject to any ASX imposed escrow period in accordance with Chapter 9 of the Listing Rules (as applicable). In this respect, if requested to do so by ASX, the holder and the Company agree:
 - (i) to enter into a restriction agreement in the form prescribed by Appendix 9A of the Listing Rules; and
 - (ii) to procure that the Company's share registry places a holding lock is over the Performance Rights (and/or shares on conversion) for the relevant period required by ASX.

SCHEDULE Q– TERMS AND CONDITIONS OF PUBLIC OFFER OPTIONS

The terms and conditions attaching to the Public Offer Options are set out below:

- (a) Each Public Offer Option (**Option**) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) at an exercise price of \$0.0375 (**Exercise Price**).
- (b) The Options are exercisable at any time on or before 5.00pm Eastern Standard Time on 31 December 2018 (**Expiry Date**). Options may only be exercised in multiples of 5,000. Any Options not exercised by the Expiry Date shall lapse.
- (c) Options may not be exercised if the effect of such exercise and subsequent allotment of the Shares would be to create a holding of less than a marketable parcel of Shares, unless the allottee is already a Shareholder at the time of exercise.
- (d) Exercise of the Option is affected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of \$0.0375 per Option exercised.
- (e) The Options will be listed on the ASX and are freely transferable prior to the Expiry Date subject to restrictions under the Listing Rules and Corporations Act.
- (f) All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with the Company's then existing Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of the Options within the time period required by ASX.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new entitlement issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of Options which each holder is entitled or the Exercise Price of the Options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on Option holders which are not conferred on Shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of Shareholders approving the reconstruction of capital but in all other respects the terms of exercise of the Options will remain unchanged. The rights of an Option holder may be changed to comply with the Listing rules applying to a reorganisation of capital at the time of the reconstruction.
- (i) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.

SCHEDULE R- TERMS AND CONDITIONS OF LEAD MANAGER OPTIONS

The terms and conditions attaching to the Lead Manager Options are set out below:

- (a) Each Lead Manager Option (**Option**) entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) at an exercise price of \$0.0375 (**Exercise Price**).
- (b) The Options are exercisable at any time on or before 5.00pm Eastern Standard Time on 31 December 2018 (**Expiry Date**). Options may only be exercised in multiples of 5,000. Any Options not exercised by the Expiry Date shall lapse.
- (c) Options may not be exercised if the effect of such exercise and subsequent allotment of the Shares would be to create a holding of less than a marketable parcel of Shares, unless the allottee is already a Shareholder at the time of exercise.
- (d) Exercise of the Option is affected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of \$0.0375 per Option exercised.
- (e) The Options will be listed on the ASX and are freely transferable prior to the Expiry Date subject to restrictions under the Listing Rules and Corporations Act.
- (f) All Shares issued upon exercise of the Options and payment of the Exercise Price will rank equally in all respects with the Company's then existing Shares. The Company will apply for quotation by ASX of all Shares issued upon exercise of the Options within the time period required by ASX.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new entitlement issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of Options which each holder is entitled or the Exercise Price of the Options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on Option holders which are not conferred on Shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of Shareholders approving the reconstruction of capital but in all other respects the terms of exercise of the Options will remain unchanged. The rights of an Option holder may be changed to comply with the Listing rules applying to a reorganisation of capital at the time of the reconstruction.
- (i) Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the Options exercised.



Stonehenge

METALS LTD
ACN 119 267 391

LODGE YOUR VOTE



BY MAIL

Stonehenge Metals Limited
PO Box 7653 Cloisters Square
Perth WA 6850



BY FAX

+61 8 9486 4799



BY HAND

Stonehenge Metals Limited
Level 2, Office J
1139 Hay Street
West Perth WA 6005

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (WST) on Saturday, 28 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

PROXY FORM

I/We being a member(s) of Stonehenge Metals Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Monday, 30 November 2015 at Level 3, 89 St Georges Terrace, Perth WA 6000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 10–13, and 15–20: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 10–13, and 15–20, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions	For	Against	Abstain*	For	Against	Abstain*	
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Grant of Incentive Options and Performance Rights to Director – Mr Bruce Lane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of Acquisition of Protean Energy Australia Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Grant of Incentive Options and Performance Rights to Executive – Mr Sean Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Issue of Class D Options as a Rem Bonus to Previous Director – Mr Richard Henning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Prior Issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Grant of Incentive Options as a Rem Bonus to Director – Mr Young Yu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-Compliance Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Grant of Incentive Options as a Rem Bonus to Director – Mr Bevan Tarratt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Participation of Directors In Proposed Re-Compliance Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Ratification of Prior Issue of Securities to CPS Capital Group Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Change of Name to Protean Wave Energy Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Approval of Issue of Shares and Attaching Options to Facility Providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Appointment of Director – Mr Brendan Hammond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23 Approval of Issue of BT Shares and Attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Re-election of Director – Mr Bevan Tarratt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24 Approval to Issue Placement Bonus Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Adoption of Incentive Options Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	25 Approval to Issue Securities – Maldives Consideration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Grant of Incentive Options to Director Under Incentive Options Plan – Mr Brendon Hammond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	26 Approval to Cancel Class A Options for Consideration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Grant of Incentive Options to Director Under Incentive Options Plan – Mr Young Yu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	27 Approval to Issue Securities – Class A Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Grant of Incentive Options to Director Under Incentive Options Plan – Mr Bevan Tarratt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	28 Approval to Cancel Class B Options for Consideration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Approval of 10% Placement Capacity – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	29 Approval to Issue Securities – Class B Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 Issue of Class C Options to Director – Mr Brendan Hammond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	30 Approval to Issue Securities – Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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