PROTEAN WAVE ENERGY LIMITED

(FORMERLY STONEHENGE METALS LIMITED)

ABN 81 119 267 391

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

CORPORATE DIRECTORY

Directors
Brendan Hammond *Non-Executive Chairman*
Stephen Rogers *Managing Director*
Bevan Tarratt *Non-Executive Director*
Young Yu *Non-Executive Director*

Company Secretary
Mathew Foy

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

Share Registry
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Central Park, Level 4, 152 St Georges Terrace
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Bankers
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Auditor
BDO Audit (WA) Pty Ltd
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CHIARMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2016 Annual Report to Shareholders of Protean Wave Energy Limited.

2016 has been a year of significant change for Protean Wave Energy Limited (formerly Stonehenge Metals Limited), following the exercise of the option to acquire Protean Energy Australia Pty Ltd, which enabled the Company to acquire the Protean™ wave energy conversion (WEC) technology. In order to affect this acquisition, Protean completed a change in the Company's nature and scale of activities under Chapter 11 of the ASX Listing Rules.

During the period, functional ocean based testing of the fully assembled Protean™ WEC device commenced. The testing demonstrated that the Protean™ WEC functioned as anticipated and that it was responsive to wave motion even in very low wave height conditions. The testing work continued after the year end.

The Company progressed its Korean interests during the year by securing KOSDAQ listed Korea Resources Investment & Development Inc. (KORID) as a joint venture partner. The JV, completed in July 2015, establishes a strong working relationship between KORID and Protean to initially focus on:

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

Protean's activities in 2016 have set the Company up for a very exciting year in 2017 and beyond, with plans to commence a wave farm pilot program in order to progress the commercialisation of the Protean™ technology and also to further develop its vanadium and uranium assets in Korea.

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

Yours faithfully

Mr Brendan Hammond

Non-Executive Chairman

The Company presents its financial report for the consolidated entity consisting of Protean Wave Energy Limited (**Protean or Company**) and the entities it controls (**Consolidated Entity** or **Group**) at the end of, or during, the year ended 30 June 2016.

REVIEW OF OPERATIONS

PROTEAN™ WAVE TECHNOLOGY

During the Period the Company completed the acquisition of the Protean™ Wave Energy Converter Technology (**WEC**). The Protean™ WEC system is based upon an internationally patented and patent pending intellectual property. The Protean™ WEC technology has been identified as having a number of potential advantages over other wave energy technologies currently being investigated internationally.

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

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

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

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

- **refine** the scale device to produce a suitable pre-commercial model (now completed);
- **create** and test a demonstration wave farm for its potential to deliver cost effective power;
- **verify** the results, including commissioning of an independent expert to qualify the testing results; and
- **commence** commercialisation of the scalable array (wave farm) for industrial and community customers.

Company Activities

Functional Ocean Based Testing Successfully Completed

During the period, the Company advised that the fully assembled workshop testing of the core energy conversion system components of the Protean™ WEC technology was successfully concluded. Building on the success of this workshop testing, the Company commenced functional ocean based testing of a fully assembled proof of commercial applicability Protean™ WEC device.

Bunbury Demonstration

The Company advised during the period that approval had been received to deploy up to 30 Protean™ WEC buoys within the waters off the Bunbury coast of Western Australia. The plan to deploy these WEC signalled progression into the next stage of the Company's early commercialisation strategy.

On 4 May 2016 the Company confirmed that the first Protean™ WEC buoy had been successfully deployed at the Port of Bunbury. Deployment of the first buoy represented the next significant step on the Company's path to commercialisation. On 18 May 2016 the Company advised it had completed the first phase of deployment of the demonstration wave energy farm at the Port of Bunbury. The deployment enabled Protean to collect operational and environmental data ahead of furthering test deployments in advance of preparing WEC a pre-feasibility assessment.

Numerical Model Development to Optimise Performance of Protean™ WEC

On 2 June 2016 Protean advised that international renewable energy consulting firms EcoFin Solutions (**EcoFin**) and WaveEC Offshore Renewables (**WaveEC**) had been engaged to assess the potential capabilities of the Protean™ WEC technology, by way of a Numerical Model.

EcoFin is a global Renewable Energy Consultancy providing market leading financial modelling and technical advisory services to the sustainable energy industry.

In order to carry out this scope the EcoFin team will be working alongside its internationally recognised and leading global partner WaveEC in Portugal which is focused on the development of marine renewable energy.

The scope for the Numerical Model includes the development of a time domain code to enable Protean to determine the potential energy output of the WEC over time and to test potential optimisations of the WEC design.

One of the tools EcoFin and WaveEC will deploy is a "wave-to-wire model" computer simulation, which models the entire energy chain conversion, from the WEC's interaction with the hydrodynamic wave force in the ocean through to the electricity produced.

The wave-to-wire model will evaluate various Power Take Off (**PTO**) modules including electrical generation and water desalination as well as overall performance of the device in any given ocean environment. The Numerical Modelling tool will allow Protean to model the following aspects and to provide concrete data to support its economic potential:

- **Design** – analyse and identify possible design and efficiency improvements;
- **Energy Production** - estimate the energy production at any proposed location;
- **Water production** – evaluate options for water desalination;
- **Survivability** – refine understanding of the survivability characteristics of the design; and
- **From a single WEC to an array** – due to the scalable nature of the device, the model has the potential to be utilised to estimate the potential power production of an array installation once the single device is modelled and power production is defined.

The Numerical Model will feed into the Development Study, which is currently underway. The Development Study will include an evaluation of actual compressed air power production from the demonstration wave farm vs the expected output and is to be completed ahead of a pre-feasibility assessment targeting the first commercial wave farm.

Exclusive Option to Acquire 99% of Clean Energy Maldives Pvt Ltd

On 23 September 2015, the Company announced that it had entered into an exclusive option to acquire 99% of Clean Energy Maldives Pvt Ltd (**CEM**) for consideration of 250,000 ordinary fully paid shares in Protean. 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.

Calwave^{SM} Project Selected to Receive US$1.5 million Funding from US Department of Energy

During the period, the Company advised that the US Department of Energy (**DOE**) selected California Polytechnic University, San Luis Obispo (**Cal Poly**) to receive US$1.5 million in additional funding, subject to final negotiations, for the California Wave Energy Test Centre (**CalWave**) project, of which the Company is a team member.

The CalWave initiative has been funded to date by DOE, with an initial US$750,000 grant. The Cal Poly team, which includes the Company, answered a specific request by DOE for an application for an additional US$1.5 million award to continue its work on CalWave. The US$1.5 million award is targeted by the DOE to support the next phase of the CalWave initiative which will include detailed engineering, permitting and stakeholder process delineation for the CalWave Project.

Mr William Toman, President of Protean's US subsidiary (Protean Wave Energy Inc.), will continue on the CalWave team as Project Manager and will serve to provide insight into wave energy technologies, utility operations and the wave energy industry. The Company has provided a Letter of Commitment to Cal Poly for the contributed management advisory services of Mr Toman.

Agreement to Deploy WEC at Cal Policy Research Pier in California

During the period, the Company advised that it had executed an addendum to the existing Memorandum of Understanding (**MOU**) with Cal Poly. The Company has agreed to co-operate and partner with Cal Poly to plan and execute the deployment of a staged ocean wave energy and energy storage micro-grid project at Cal Poly Research Pier (**Pier**) (the **Project**).

The Cal Poly Pier is located near Avila Beach on San Luis Bay California and is 3,000ft (~1km) long and operates as a leading marine research facility providing students, faculty and researchers with unrivalled access to the marine environment.

The Project is expected to be a staged deployment program, which is to commence during 2016, with the temporary deployment of the first Protean™ WEC off the Cal Poly Pier. This first buoy deployment is the initial stage of the program to test seaworthiness and assess the environmental impact of the WEC off the coast of California.

The initial phase of the Project is expected to be funded by Protean within the existing budgeted use of funds as set out in the Prospectus dated 25 November 2015. The parties will co-operate to seek additional sources of funds in the form of grants or direct funding by Protean for later stages, as they are defined, in addition to potential cost sharing by Cal Poly.

The new additional agreement represents another step towards deployment of the first ProteanTM WEC in the United States, which is in addition to the Company's plans to deploy projects in Australia and the Maldives. The Company believes that each of these projects demonstrates the Company's ability to form partnerships across the globe with each project moving the Company further down the path to commercialisation.

Subsequent to the period on 26 July 2016, the Company advised that it planned to proceed with further deployments of its Protean™ WEC after an independent review of results was completed from the recent offshore trial, ultimately leading to deployment of a larger array to demonstrate commercial feasibility.

The Company advised it now had in place an expert team of advisors, including international renewable energy consulting firm EcoFin, its global partner WaveEC Offshore Renewables and a leading global engineering firm, to critique the Protean™ WEC technology prior to embarking on the next stages of commercialisation. The appointments have provided Protean with the advice and skill set to best determine the most effective course of action, to generate a robust plan for finalising feasibility and the next steps for development leading to commercialisation.

The Company also advised that it had now prepared and provided the information required to commence both the initial phase of an engineering development study and the numerical modelling study with EcoFin and WavEC. The outcome of the aforementioned studies, combined with performance data collected from the earlier short term deployment and the next stage of trials will form the basis of a design optimisation review process to be completed ahead of the manufacturing and deployment of a larger array of buoys.

In conjunction with the newly implemented design optimisation review process, the Company completed a transfer of key technological know-how and intellectual property relating to the current buoy design from Sean Moore and Moore Commerce, with key designs, drawings, engineering calculations and assembly requirements all transferred to Protean.

As the Company proceeds towards the front end engineering design stage necessary for commercialisation it was agreed to terminate its contracts with Sean Moore and Moore Commerce Pty Ltd for the consideration of $350,000 (excluding GST) and agreement to issue 40 million ordinary shares in settlement of the termination of all entitlements and work completed to date. Accordingly, Sean Moore stepped down as Chief Technology Officer of the Company but will continue to support the Company's commercialisation program in a consulting capacity as required.

KOREA

During the period the Company continued with its efforts to develop its world-class vanadium and uranium project in South Korea via its 50% holding in Stonehenge Korea Inc. (**Stonehenge**). The flagship Daejon Project boasts Inferred and Indicated uranium Resources of 66.7Mlbs grading 320ppm U_3O_8 and Inferred & Indicated vanadium Resources of 17Mlbs grading at 3,200ppm V_2O_5 (in accordance with JORC 2012 guidelines). Daejon is one of three (including Miwon and Gwesan) projects that Stonehenge holds in Korea and, in addition to its existing resources, offers significant exploration potential.

Company activities

Completion of sale of 50% of Stonehenge Korea Inc.

During the period the Company completed the sale of 50% of Stonehenge Korea Inc. to Korea Resources Investment & Development Inc. (**KORID**). In consideration for the sale, Protean received 4,643,497 KORID shares. The KORID shares are listed on KOSDAQ and are escrowed for 12 months, within 14 days of the last escrow day, KORID can elect to terminate the JV Agreement and Shareholders Agreement in writing with 1 months' notice too Protean. The shares may be sold to fund the activities of the Joint Venture (**JV**) after 12 months if KORID does not exercise its right to withdraw from the JV, as per the transaction terms advised to ASX on 2 December 2014.

The JV is initially focused on accelerating development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study. The JV aims to:

- secure a collaboration agreement with the Korea 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; and
- significantly upgrade the current Daejon Project resource estimates in size and or confidence.

Strategic Investment in JV by Nuclear Power Industry Player

On 19 August 2015, the Company announced that its JV partner in Korea, KORID sold 20% of its holding in the Korean JV entity, Stonehenge Korea Inc, to BHI Co Ltd (**BHI**). KORID and BHI have together agreed to be bound by the terms of the existing Stonehenge shareholder agreement. In consideration for the sale of Stonehenge shares to BHI, KORID received KRW 1 Billion (~A$1.15 million at the date of sale).

Subsequent to the period on 19 August 2016, the Company advised it had received $200,000 from KOSDAQ listed KORID and has completed the second and third placements by way of placement of shares at a price of 1.425¢ per share (**Placement**).

The Placement represented the second and third placements of $100,000 each, with the first placement of $100,000 received on 23 February 2016. The Company has to date issued a total of 18,456,977 shares to KORID, with the latest Placement being issued at a price equal to the VWAP of the shares traded on the ASX during the 15 days prior to the Placement due date of 28 July 2016.

The sale of 50% of Stonehenge Korea Inc. also saw Protean receive approximately A$2.4 million worth of shares in KORID. It is expected these shares will be released from escrow in September 2016.

The JV was created via the sale to KORID of 50% of Stonehenge Korea Inc. This cemented a strong relationship between the Company and KORID, who have been working closely together to commence activities at the Daejon Project area, owned by the JV. The Project area largely consists of vanadium and uranium commodities. Vanadium, a metal used in high strength steel making processes, is also used to store energy in batteries and has the ability to store energy created from renewable resources indefinitely. Therefore, batteries developed using vanadium have the potential to play a crucial role in revolutionising the new energy sector.

KORID develops and secures mineral and energy sources, both in Korea and internationally, and as such has strong partnerships with energy companies worldwide. As the Company progresses its commercialisation strategy for its Protean Wave Energy Convertor and establishes itself as a provider of affordable clean energy, strong partnerships in the industry are increasingly important.

Mineral Resources

On 29 August 2013, the Company advised a maiden vanadium resource and an upgrade to the existing uranium resource at the Daejon Project. The Chubu deposit resource was prepared by independent mining consultants, Optiro, by incorporating the five holes drilled in 2013 and adjusting the geological interpretation accordingly. Statistical analysis of the data was undertaken and a top-cut of 9,000ppm was applied to the V_2O_5 data. All the 2013 data is based on chemical assay for both U_3O_8 and V_2O_5, while the historic data is based on gamma-ray probe data.

The overall uranium resource is set out below:

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

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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

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

** Governance Arrangements and Internal Controls*

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

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

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

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

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

Competent Person Statement

The information contained in this report that relates to Mineral Resources and exploration results is based on information compiled by Mr. Ian Glacken of Optiro Pty Ltd (ABN 63 131 922 739), which provides geological consulting services to Protean Wave Energy Limited. Mr. Glacken is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Glacken consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

CORPORATE

Option Exercise, Name Change and Re-compliance with ASX Listing Rules

On 11 August 2015 the Company formalised its intention to complete the acquisition of 100% of the Protean™ intellectual property by exercising its rights under the option agreement (**Option**) between the Company and Protean Energy Pty Ltd (**PEL**). Pursuant to the Option, the Company entered into a Share Sale and Purchase Agreement with PEL, which specified the terms on which the Company agreed to acquire 100% of the issued capital of Protean Energy Australia Pty Ltd (**PEA**) from PEL (**Acquisition**). All conditions precedent to the completion of the acquisition were satisfied on 25 February 2016.

As part of the Acquisition, the Company sought approval of shareholders to change its name to Protean Wave Energy Limited. The Acquisition resulted in a change in the Company's nature and scale of activities, requiring shareholder approval under Chapter 11 of the ASX Listing Rules and the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules. In order to re-comply with the ASX Listing Rules, the Company sought shareholder approval to, amongst other things, issue a re-compliance prospectus to raise sufficient funds to accelerate commercialisation of the Protean WEC technology. The Company's Annual General Meeting was held on 30 November 2015 with all resolutions passed by the requisite majority of security holders.

Capital Raising - Placement

On 11 August 2015, the Company completed a placement to raise $500,000 to sophisticated investors via the issue of 12,500,000 new shares at $0.04 per share. The placement was made pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1. Funds raised under the placement were utilised to fund continuing operations, completion of the acquisition and re-compliance with ASX Listing Rules.

Convertible Loan Facility and Debt Restructure

On 1 July 2015, the Company entered into a convertible loan facility for up to $300,000 (**Loan**) with a small number of sophisticated investors (**Lenders**). The Loan was convertible, subject to shareholder approval, into ordinary shares and attaching options. On 11 August 2015, the Company entered into an additional loan facility for up to $300,000 with the same Lenders (and also one of the Company's directors, Mr Bevan Tarratt) and terms and conditions as the Loan on 1 July 2015.

On 30 October 2015, the Company advised that it had reached agreement with the providers of the Loans to amend the terms of the convertible loans in light of the terms of the proposed Prospectus and taking into account the level of risk the facility providers have assumed in the lead up to the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The repayment date of the Loans was extended from 31 December 2015 to 31 March 2016 in consideration for an additional facility fee of 2.5% of the principal amount. The conversion price of the Loans was 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**). One free attaching option was issued, for every share issued on conversion, with a strike price of $0.0375, which represents a 50% premium to the Prospectus capital raising price.

On the 22 February 2016 the Company issued 30,761,352 shares and 30,761,352 unquoted options to the holders of convertible loans in satisfaction of the outstanding convertible loan amounts.

Capital Raising – Prospectus Lodged

The Company lodged a re-compliance prospectus dated 25 November 2015 (and associated Supplementary Prospectuses) to raise up to $5 million, through the issue of up to 200,000,000 new shares with a one for one free attaching option with an exercise price of 3.75 cents, to accelerate commercialisation of the Protean WEC technology (**Public Offer**).

On 12 February 2016 the Company advised that the Public Offer had closed having met the full subscription pursuant to the Public Offer raising a total of $2,536,250 by way of issuing 101,450,000 ordinary shares at $0.025 per share and 101,450,000 free attaching options exercisable at $0.0375 on or before 31 December 2018.

On 25 February 2016 the Company confirmed that all conditions precedent to the completion of the acquisition of 100% of the issued capital in PEA had been satisfied and completed (**Acquisition**). In consideration for the Acquisition the Company issued a total of 60,000,000 fully paid ordinary shares and 120,000,000 Class A Performance Shares to the vendors of PEA.

In addition, the Company advised that the following securities had been issued pursuant to the offers made under the Prospectus dated 25 November 2015 for which the conditions had been satisfied:

- 30,761,352 shares and 30,761,352 unquoted options exercisable at $0.0375 each on or before 31 December 2018 to the holders of convertible loans in satisfaction of the outstanding convertible loan amounts which have now been extinguished (**Conversion Offer**);
- 4,424,779 ordinary shares at $0.0226 representing the 15-day VWAP prior to the issue, to KORID representing the first of three $100,000 placements under the joint venture agreement between KORID and the Company (**KORID Placement Offer**);
- 7,500,000 ordinary shares and 12,500,000 free attaching unquoted options exercisable at $0.0375 each on or before 31 December 2018 to the subscribers in the August 2015 placement (**Placement Offer**);
- 85,000,000 unquoted options at various exercise prices exercisable on or before 30 November 2018 to Directors, Mr Bruce Lane and Mr Sean Moore (**Incentive Offer**);
- 1,000,000 options to Director Mr Brendan Hammond exercisable at $0.081 on or before 30 November 2019 (**Director Offer**);
- 57,500,000 Class C Performance Rights to Director Mr Bruce Lane and Mr Sean Moore (**Executive Offer**);
- 3,375,000 unquoted options at various exercise prices exercisable on or before 30 November 2018 to senior management (**Management Incentives Offer**);
- 12,000,000 unquoted options exercisable at $0.0375 on or before 31 December 2018 to CPS Capital Group Pty Ltd (**Lead Manager Offer**); and
- 21,000,000 Class A Performance Rights and 26,400,000 Class B Performance Rights to Mr William Toman and San Marino Venture Group LLC, respectively, in consideration for the cancellation of 35,000,000 Class A options exercisable at $0.01 on or before 25 March 2020 and the cancellation of 40,000,000 Class B options exercisable at $0.014 on or before 6 April 2020 respectively.

Appointment of Mr Stephen Rogers as Managing Director

Subsequent to the period on 26 July 2016 the Company advised of the appointment of Mr Stephen Rogers as Managing Director to the Company. Mr Rogers brings strong corporate and global experience to the role having spent 20 years, of his 35 plus-year career, at the helm of both public and private companies. He has an extensive background in the energy and resource sectors and has been instrumental in the delivery of major offshore capital-intensive projects.

Mr Rogers has been appointed to spearhead the Company's strategy and lead it on its path to commercialisation. He will be responsible for driving project outcomes, implementing risk management strategies and strong commercial discipline as the Company progresses towards a pilot project that attracts power purchase customers and brings the Protean™ WEC technology to market at the earliest opportunity.

Formerly a senior executive (SVP) at Woodside Energy (ASX:WPL), Mr Rogers was responsible for leading the early stages of the development and commercialisation of a significant LNG project offshore, Western Australia. More recently, as Head of Projects he was responsible for greenfield LNG projects and brownfields LNG refurbishment, as well as multiple subsea tiebacks. In this capacity he implemented a strategic improvement plan to enhance project value propositions to combat prevailing low oil prices.

Prior to this he spent 6 years (including 4 years as CEO) at Nautilus Minerals, a TSX and AIM listed seafloor exploration and production company pioneering the extraction of seafloor resources rich in copper and gold. He was instrumental in securing over A$500 million in capital and the necessary approvals for the development of the world's first deep-water sulphide resources mining operation offshore Papua New Guinea.

His appointment provides strong external validation of the Company's WEC technology and its potential to become a key industry participant in the ocean energy sector, as it moves from being a junior developer of ocean energy technology to commercialising its technology and becoming a leading provider of clean affordable energy. Concurrently with Mr Rogers' appointment, Mr Bruce Lane resigned from the Board.

DIRECTORS

The names of Directors who held office during the year and up to the date of signing this report, unless otherwise stated are:

Brendan Hammond	Non-Executive Chairman (appointed 1 July 2015)
Stephen Rogers	Managing Director (appointed 26 July 2016)
Bruce Lane	Managing Director (resigned 26 July 2016)
Young Yu	Non-Executive Director
Bevan Tarratt	Non-Executive Director

PRINCIPAL ACTIVITIES

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

On 30 November 2015 at the Annual General Meeting the Company's securities were suspended from trading following approval by the Company's shareholders to, amongst other things, change the nature and scale of the Company's activities by approving the acquisition of Protean Energy Australia Pty Ltd (**PEA**) and a capital raising of up to 200,000,000 ordinary shares and up to 200,000,000 free attaching options to raise up to $5,000,000 (**Public Offer**).

On 25 February 2016 the Company confirmed that all conditions precedent to the completion of the acquisition of 100% of the issued capital in PEA had been satisfied and completed (**Acquisition**). In consideration for the Acquisition the Company issued a total of 60,000,000 fully paid ordinary shares and 120,000,000 Class A Performance Shares to the vendors of PEA.

Following completion of the Prospectus Offers and satisfaction of the ASX re-compliance conditions, the Company's securities were reinstated to trading on 29 February 2016.

Other than as set out above, there were no significant changes in the nature of these activities during the year.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial year (30 June 2015: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $4,718,084 for the financial year ended 30 June 2016 (30 June 2015: loss $4,720,479). At 30 June 2016, the Group had net assets of $8,815,500 (30 June 2015: $5,133,571) and cash assets of $1,239,384 (30 June 2015: $45,379).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations above.

EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

On 26 July 2016 the Company advised of the appointment of Mr Stephen Rogers as Managing Director and the resignation of Mr Bruce Lane from the Board.

In addition, on the 25 July 2016, the Company advised it had terminated its contracts with Sean Moore and Moore Commerce Pty Ltd for the cash consideration of $350,000 (excluding GST) and an agreement to issue 40 million ordinary shares in settlement of the termination of all entitlements and work completed to date. Accordingly, Sean Moore stepped down as Chief Technology Officer. The Company also advised that 14 million performance rights had converted into ordinary shares following satisfaction of performance milestones.

On 19 August 2016, the Company advised it had received $200,000 from KOSDAQ listed KORID and has completed the second and third placements by way of placement of shares at a price of 1.425¢ per share. In addition, the Company advised that 10 million performance rights had converted into ordinary shares on a one for one basis following satisfaction of performance milestones.

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

INFORMATION ON DIRECTORS

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

Mr Brendan Hammond	**Non-Executive Chairman (appointed 1 July 2015)**
Qualifications	Cit. WA
Experience	Mr Hammond has followed a distinguished career in the minerals and utilities industries. He spent some 24 years with Rio Tinto as a metallurgist at the Rossing Uranium mine in Namibia and was eventually appointed as General Manager Operations and subsequently Managing Director at Argyle Diamonds Limited where he led a turnaround to create a highly profitable business with a significantly extended open-pit and underground mine life. Brendan was subsequently appointed as Chairman of Horizon Power (WA's largest regional power company) and Dampier Port Authority Boards. He has also been a member of the Western Australian Watercorp Board and is currently both Chairman of Centric Digital International Ltd.
Committee Memberships	Remuneration Committee and Audit & Risk Committee
Equity Interests	3,500,000 options over ordinary shares exercisable at various exercise prices.
Directorships held in other listed entities	No other current directorships. In the last three years Mr Hammond has not held any listed directorships

Mr Stephen Rogers	**Managing Director and CEO (appointed 26 July 2016)**
Qualifications	BSc Eng, CE (MIMarEST), PMP and FAICD
Experience	Formerly a senior executive (SVP) at Woodside Energy (ASX:WPL), Mr Rogers was responsible for leading the early stages of the development and commercialisation of a significant LNG project offshore, Western Australia. More recently, as Head of Projects he was responsible for greenfield LNG projects and brownfields LNG refurbishment, as well as multiple subsea tiebacks. In this capacity he implemented a strategic improvement plan to enhance project value propositions to combat prevailing low oil prices. Prior to this he spent 6 years (including 4 years as CEO) at Nautilus Minerals, a TSX and AIM listed seafloor exploration and production company pioneering the extraction of seafloor resources rich in copper and gold. He was instrumental in securing over A$500 million in capital and the necessary approvals for the development of the world's first deep-water sulphide resources mining operation offshore Papua New Guinea.
Committee Memberships	N/A
Equity Interests	10,000,000 Performance Rights
Directorships held in other listed entities	No other current directorships. In the last three years Mr Rogers has not held any listed directorships.
Mr Bruce Lane	**Managing Director (appointed 10 November 2014, resigned 26 July 2016)**
Qualifications	BCom, MSc, GAICD
Experience	Mr Lane has a broad range of operational management and corporate experience involving the execution of a number of successful corporate and operational events including capital raisings, acquisitions (both in Australia and offshore), joint ventures and minerals exploration campaigns. Mr Lane has worked with numerous early stage technology companies as an advisor, investor and manager and also managed a number of successful ASX IPOs and secondary raisings for ASX companies.
Committee Memberships	N/A
Directorships held in other listed entities	No other current directorships. In the last three years Mr Lane was a for Non-Executive Director of ASX listed Kunene Resources Ltd.
Mr Bevan Tarratt	**Non-Executive Director (appointed 12 June 2007)**
Qualifications	BA (Bus), SDIA
Experience	Mr Tarratt has an extensive background in the accounting industry primarily focused on small cap resource companies. This experience has allowed Mr Tarratt to develop an in-depth understanding of the resource sector within Western Australia and globally, allowing Mr Tarratt to systematically evaluate project and corporate opportunities. Mr Tarratt has extensive equity capital markets experience with Paterson's Securities Ltd and is currently a director of a number of Australian public companies.
Committee Memberships	Remuneration Committee and Audit & Risk Committee
Equity Interests	28,261,897 ordinary shares and 14,044,290 options over ordinary shares with various exercise prices.
Directorships held in other listed entities	In the previous three years, Mr Tarratt was a director of ASX listed Pura Vida Energy NL. Mr Tarratt is currently a director of ASX listed Emergent Resources Ltd.

Mr Young Yu	**Non-Executive Director (appointed 1 May 2014)**
Qualifications	B.Bus MBA CPA
Experience	Mr Yu was previously the Regional Director/Representative for the Western Australian Trade and Investment Office in South Korea for four years. In that position he was responsible for Industry and Agribusiness, with his main areas of responsibility in the Clean Energy, Mineral & Resources and Investment sectors.
Committee Memberships	Audit & Risk Committee
Equity Interests	49,401,677 ordinary shares and 7,500,000 options over ordinary shares with various exercise prices
Directorships held in other listed entities	No other current directorships. Mr Yu has held no other directorships of ASX listed companies in the last 3 years
Mr Richard Henning	**Non-Executive Chairman (resigned 1 July 2015)**
Qualifications	B.Sc with Honors from Queens University, Belfast
Experience	Mr Henning was responsible for business and corporate relations of ASX and TSX listed Extract Resources Limited. He previously worked as a geologist in oil and gas exploration in Australia, the UK North Sea and Canada and has worked extensively in the Australian venture capital industry. He is a member of the Australian Institute of Company Directors.
Committee Memberships	N/A
Former directorships held in other listed entities	Mr Henning has held no other directorships of ASX listed companies in the last 3 years.

Company Secretary

Mr Matthew Foy, BCom, GradDipAppFin, GradDipACG, SAFin, AGIA, ACIS

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

Meetings of Directors

During the financial year, nine (9) meetings of Directors and one (1) meeting of the audit and risk committee were held. Attendances by each Director during the year were as follows:

	Directors' meetings		Audit & Risk Committee Meetings	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**
B Tarratt	9	9	1	1
Y Yu	9	9	1	1
B Lane (1)	9	9	-	-
B Hammond (2)	9	9	1	1
R Henning (3)	-	-	-	-

Resignation and election of Directors

1 Mr Lane resigned as Managing Director effective 26 July 2015

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

3 Mr Henning resigned as Non-Executive Chairman effective 1 July 2015

REMUNERATION REPORT (AUDITED)

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

A. Introduction

B. Remuneration governance

C. Key management personnel

D. Remuneration and performance

E. Remuneration structure

- Executive
- Non-executive directors

F. Service agreements

G. Details of remuneration

H. Share-based compensation

I. Other information

This report details the nature and amount of remuneration for each Director of Protean Wave Energy Limited and key management personnel.

A. INTRODUCTION

The remuneration policy of the Company has been designed to align Director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives, based on key performance areas affecting the Group's financial results. Key performance areas include cash flow management, growth in share price, successful exploration and subsequent exploitation of the Group's tenements and successful development and subsequent exploitation of the Group's wave technology. The Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

During the period the Company did not engage remuneration consultants.

B. REMUNERATION GOVERNANCE

The Board retains overall responsibility for remuneration policies and practices of the Company. The Board has established a Remuneration Committee (Committee) which operates in accordance with its charter as approved by the Board. The Committee comprises one non-executive Directors and one non-executive Chairman.

During period of recompliance with Chapters 1 and 2 of the ASX Listing rules, no meetings of the remuneration committee were held.

The Board aims to ensure that the remuneration practices are:

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

At the 2015 annual general meeting, the Company's remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

REMUNERATION REPORT (AUDITED) (continued)

C. KEY MANAGEMENT PERSONNEL

The key management personnel in this report are as follows:

Non-Executive Directors – Current

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

Non-Executive Directors – Former

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

Executives – Current

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

Changes since the end of the reporting period

- S Moore (Chief Technology Officer - Wave Energy) – resigned on 25 July 2016
- B Lane (Managing Director) – resigned as Managing Director on 26 July 2016
- S Rogers (Managing Director) – appointed Managing Director on 26 July 2016

D. REMUNERATION AND PERFORMANCE

The following table shows the gross revenue, net losses and share price of the Group at the end of the current and previous four financial years.

	30 June 2016 $	30 June 2015 $	30 June 2014 $	30 June 2013 $	30 June 2012 $
Revenue from continuing operations	22,406	13,248	23,527	117,597	357,389
Net loss	(4,718,084)	(4,720,479)	(1,482,005)	(1,935,325)	(1,967,341)
Share price	0.012	0.039	0.004	0.012	0.030

E. REMUNERATION STRUCTURE

Executive remuneration structure

The Board's policy for determining the nature and amount of remuneration for senior executives of the Group is as follows. The remuneration policy, setting the terms and conditions for executive directors and other senior executives, was developed and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives. The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and performance rights plans. If an executive is invited to participate in an employee share or performance rights plan arrangement, the issue and vesting of any equity securities will be dependent on performance conditions relating to the executive's role in the Group and/or a tenure based milestone.

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

REMUNERATION REPORT (AUDITED) (continued)

During the 2016 financial year a one off cash bonus of 1% of total funds raised under the Re-Compliance (being the prospectus issued on the 25 November 2015) was paid to the Executives.

Non-executive remuneration structure

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

Non-executive Directors' fees and payments are reviewed annually by the Board. For the year ended 30 June 2016, remuneration for a non-executive Director was $36,000 per annum exclusive of superannuation and for a non-executive Chairman was $40,000 per annum exclusive of superannuation. There are no termination or retirement benefits paid to non-executive Directors (other than statutory superannuation). The maximum aggregate amount of fees that can be paid to non-executive Directors, which was subject to approval by shareholders as part of the replaced constitution at the annual general meeting which occurred on 26 November 2014, is $250,000 per annum.

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

F. EXECUTIVE SERVICE AGREEMENTS

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

Name	Effective date	Term of agreement	Notice period	Base salary per annum $	Termination payments
Bruce Lane, *Managing Director*	10-Nov-2014	1 year	1 month	150,000	1 months
Bruce Lane[1], *Managing Director*	29-Feb-2016	3 years	3 months	150,000	3 months
Sean Moore, *Chief Technology Officer (Wave Energy)*	10-Nov-2014	No fixed term	1 month	48,000	1 month
Sean Moore[2], *Chief Technology Officer (Wave Energy)*	29-Feb-2016	3 years	3 months	150,000	3 months
Stephen Rogers [3], Managing Director	26 July 2016	No fixed term	3 months	250,000	3 months

1 *On 10 August 2015, Mr B Lane agreed to re-contract to the Company subject to the Company's successful readmission to Official Quotation pursuant to re-compliance with ASX Listing Rules*

2 *On 11 August 2015, Mr S Moore agreed to re-contract to the Company subject to the Company's successful readmission to Official Quotation pursuant to re-compliance with ASX Listing Rules*

3 *During the initial period from commencement the notice period is three (3) months, following the closing of a capital raising of not less than $1,000,000, the Employees notice and termination becomes twelve (12) months*

Resignation of Directors and KMP subsequent to year end

1 Mr Lane resigned as Managing Director effective 26 July 2016

2 Mr Moore resigned as Chief Technology Officer effective 25 July 2016

REMUNERATION REPORT (AUDITED) (continued)

G. DETAILS OF REMUNERATION

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

Remuneration of the KMP for the 2016 financial year is set out below:

	Short-term benefits				Post-employment benefits	Share-based payments		Total
	Cash salary	Bonus[1]	Consulting fees	Non-cash benefit[2]	Super-annuation	Performance rights[3]	Options[4]	
	$		$	$	$	$		$
Non-Executive Directors – Current								
B Hammond [5]	40,000	-	2,000	-	-	-	43,252	85,252
B Tarratt [6]	32,877	-	25,000	-	3,123	-	89,743	150,743
Y Yu [7]	36,000	-	25,000	-	-	-	89,743	150,743
Non-Executive Director – Former								
R Henning [8][9]	-	-	-	-	-	-	59,829	59,829
Executives								
B Lane	150,000	25,000	-	12,874	16,625	(3,651)	209,401	410,249
S Moore	82,000	25,000	-	1,800	10,165	139,929	538,460	797,354
Total	340,877	50,000	52,000	14,674	29,913	136,278	1,030,428	1,654,170

1 During the 2016 financial year a one off cash bonus of 1% of total funds raised under the Re-Compliance was paid to the Executive KMP.
2 Other benefits include the provision of car parking and a mobile phone allowance.
3 Performance rights granted as part of remuneration package, AASB 2 – Share Based Payments requires the fair value at grant date of the performance rights granted to be expensed over the vesting period.
4 Options granted as a remuneration bonus and incentive, AASB 2 – Share Based Payments requires the fair value at grant date of the options granted to be expensed over the vesting period.
5 Mr B Hammond, Non-Executive Chairman, is a director of Seymour Associates Pty Ltd which received Mr Hammond's director and consulting fees during the period.
6 My Tarratt, Non-Executive Director, is a trustee of Blackfriar Unit Trust which received Mr Tarratt's consulting fees during the period.
7 Mr Young Yu, Non-Executive Director, is a director of JLC Corporation Pty Ltd, which received Mr Yu's director and consulting fees during the period.
8 R Henning resigned as Non-Executive Chairman on 1 July 2015.
9 Payments made to Mr Henning during the year that relate to his services as Non-Executive Chairman, as approved by shareholders on 30 November 2015.

The following table sets out each KMP's relevant interest in fully paid ordinary shares, options and performance rights to acquire share in the Company, as at 30 June 2016:

Name	Fully paid ordinary shares	Options	Performance rights
B Hammond [1]	-	3,500,000	-
B Tarratt	28,261,897	14,044,290	-
Y Yu	49,401,677	7,500,000	-
B Lane	3,172,630	18,500,000	42,500,000
S Moore	10,000,000	45,000,000	60,000,000

1 B. Hammond appointed Non-Executive Chairman on 1 July 2015

REMUNERATION REPORT (AUDITED) (continued)

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

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

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

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

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

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

REMUNERATION REPORT (AUDITED) (continued)

SHARE BASED COMPENSATION

Performance rights

During the year ended 30 June 2016, the following performance rights were granted, vested and/or lapsed to KMP:

Name	Grant date[(1)]	Grant value[(2)] $	Number of performance rights granted	Number of performance rights vested during the year	Performance rights vested but not yet exercisable[(3)]	Number of performance rights lapsed during the year	Maximum value yet to expense $
Bruce Lane - *Managing Director* [(4)]							
	30-Nov-15	232,500	12,500,000	-	2,500,000	-	3,519
Sean Moore - Chief Technology Officer (Wave Energy) [(5)]							
	30-Nov-15	837,000	45,000,000	-	9,000,000	-	12,214
Bruce Lane - *Managing Director* [(4)]							
	11-Nov-14	180,000	30,000,000	10,000,000	-	-	-
Sean Moore - Chief Technology Officer (Wave Energy) [(5)]							
	10-Nov-14	75,000	15,000,000	5,000,000	-	-	-

1 *Performance rights granted to the Managing Director were approved by shareholders at a general meeting held on 11 November 2014 and 30 November 2015.*
2 *The value of performance rights is calculated as the fair value of the rights at grant date using a single barrier share option pricing model and allocated to remuneration equally over the period from grant date to expected vesting date.*
3 *Tranche A of the performance rights has vested but are not yet exercisable, the performance hurdle has been met, however a 2-year service condition was attached to each of the rights. The rights will only become vested on achievement of both the service and performance condition, subsequent to year end the service hurdle was waived by the Board upon employee resignation and as a result vested.*
4 *B Lane was appointed as Managing Director on 10 November 2014.*
5 *S Moore was appointed as Chief Technology Officer (Wave Energy) on 10 November 2014.*

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

Type of grant	Grant date[(1)]	Expected vesting dates[(2)]	Expiry date	Exercise price	Average value per performance right[(3)(4)]	Service and performance condition	Achieved	Vested
Performance rights[(5)]	30-Nov-15	4-Mar-16 to 26-Jul-16	30-Nov-20	-	\$0.019	Both[(7)]	-	-
Performance rights[(6)]	30-Nov-15	4-Mar-16 to 25-Jul-16	30-Nov-20	-	\$0.019	Both[(7)]	-	-
Performance rights[(8)]	11-Nov-14	24-Apr-15 to 26-Jul-16	11-Nov-19	-	\$0.0060	Both[(9)]	10,000,000	33%
Performance rights[(10)]	10-Nov-14	24-Apr-15 to 25-Jul-16	10-Nov-19	-	\$0.0050	Both[(11)]	5,000,000	33%

1 *Performance rights granted to the Managing Director and CTO were approved by shareholders at a general meeting held on 11 November 2014 and 30 November 2015.*
2 *The value of performance rights is calculated as the fair value of the rights at grant date using a single barrier share option pricing model and allocated to remuneration equally over the period from grant date to expected vesting date.*
3 *Performance rights can only be converted if they have vested. Upon conversion each performance right is convertible into one ordinary share which will rank equally with all other issued ordinary shares.*
4 *The value of performance rights granted are calculated in accordance with AASB2 Share-based Payments at grant date. Refer to Note 17 of the financial statements for details of the assumptions used in calculating the value of each performance right as at their grant date.*

REMUNERATION REPORT (AUDITED) (continued)

5 *Since year end Mr Lane has resigned, on 26 July 2016, as a result the expected vesting dates at year end have been adjusted to reflect the resignation. The expected vesting date for tranche 1 is 26 July 2016, tranche 2 to 5 will lapse on 26 July 2016 due to not meeting the performance hurdle on resignation date, as a result these are not expected to vest as at 30 June 2016.*

6 *Since year end Mr Moore has resigned, on 25 July 2016, as a result the expected vesting dates at year end have been adjusted to reflect the resignation. The expected vesting date for tranche 1 is 25 July 2016, tranche 2 to 5 will lapse on 25 July 2016 due to not meeting the performance hurdle on resignation date, as a result these are not expected to vest as at 30 June 2016.*

7 *Performance rights have a 2 year service condition and have been split equally into five tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:*

Tranche 1 *successfully raising the Minimum Subscription amount under a re-compliance prospectus and successful re- admission of the company to ASX;*

Tranche 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 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX;*

Tranche 3 *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 4 *either:*

- *the Company commissioning its first commercial installation of at least 250kW; or*
- *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.; and*

Tranche 5 *the achievement of any three of the following:*

- *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 Protean™ WEC Technology; and*
- *an acceptable funding event for the Subsidiary, wherein the Subsidiary attracts funding in the US$5,000,000 equivalent to not less than from a source other than the Company, a grant, prize or endowment.*

8 *Mr Lane resigned, on 26 July 2016, as a result the expected vesting dates at year end have been adjusted to reflect the resignation. Subsequent to year end, but before resignation date the hurdles for tranche 1 and 6 was achieved and the rights vested. All remaining unvested rights are not expected to hit the vesting conditions, at reporting date, as a result these are not expected to vest.*

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

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

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

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

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

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

Tranche 6 *either:*

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

10 *Mr Moore resigned, on 25 July 2016, as a result the expected vesting dates at year end have been adjusted to reflect the resignation. Subsequent to year end, but before resignation date the hurdles for tranche 1 was achieved and the rights vested. All remaining unvested rights are not expected to hit the vesting conditions, at reporting date, as a result these are not expected to vest.*

REMUNERATION REPORT (AUDITED) (continued)

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

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

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

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

Short and long term incentives

On 30 November 2015, at the general meeting the shareholders approved the issue of performance rights to certain KMP and to the Managing Director.

The performance rights were issued to incentivise KMP as part of their remuneration package. The performance rights were issued to encourage continued improvement in the performance of the Company and individuals, as well as to provide a method to share in the added value created contributing to the attainment of the results. The issue of the performance rights is appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense for the 2016 financial year:

	Fixed remuneration		At risk STI		At risk LTI	
	2016	2015	2016	2015	2016	2015
Non-Executive Directors – Current						
B Hammond (1)	49%	-	-	-	51%	-
B Tarratt	40%	100%	-	-	60%	-
Y Yu	40%	100%	-	-	60%	-
Non-Executive Director – Former						
R Henning (2)	-	100%	-	-	100%	-
Executives						
B Lane (3)	43%	58%	5%	29%	52%	13%
S Moore (4)	12%	44%	21%	32%	67%	24%

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

REMUNERATION REPORT (AUDITED) (continued)

Reconciliation of fully paid ordinary shares held by KMP

The table below shows the aggregate numbers of fully paid ordinary shares of the Group held directly, indirectly or beneficially by Directors or KMP of the Group as at 30 June 2016.

	Balance at the start of the year	Received during the year in lieu of fees	Participation in prospectus [(3)]	Other changes during the year [(4)]	Balance at the end of the year
B Hammond [(1)]	-	-	-	-	-
B Tarratt	21,717,606	-	2,700,000	3,844,290	28,261,897
R Henning [(2)]	29,982,408	-	-	-	29,982,408
Y Yu	49,401,677	-	-	-	49,401,677
B Lane	2,172,630	-	1,000,000	-	3,172,630
S Moore	-	-	10,000,000	-	10,000,000

1 *B. Hammond appointed Non-Executive Chairman on 1 July 2015*
2 *R Henning resigned as Non-Executive Chairman on 1 July 2015*
3 *Participation in the February 2016 capital raise*
4 *Shares issued on conversion of convertible notes*

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

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Series	Grant date	Issue date [(1)]	Vesting date	Expiry date	Exercise price	Value per option	Vested
(iii)	30-Nov-15	22-Feb-16	30-Nov-15	30-Nov-18	$0.0375	$0.013	100%
(iv)	30-Nov-15	22-Feb-16	30-Nov-15	30-Nov-18	$0.050	$0.013	100%
(v)	30-Nov-15	22-Feb-16	30-Nov-15	30-Nov-18	$0.0625	$0.012	100%
(vi)	30-Nov-15	22-Feb-16	30-Nov-15	30-Nov-18	$0.075	$0.011	100%
(vii)	30-Nov-15	22-Feb-16	30-Nov-15	30-Nov-19	$0.081	$0.013	100%

1 *The securities were issued on the 22 February 2016, the Company was reinstated to official quotation on 29 February 2016, following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules*

The number of options over ordinary shares in the company provided as remuneration to key management personnel is shown in the table below. The options carry no dividend or voting rights. No conditions must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of Protean Wave Energy Limited.

REMUNERATION REPORT (AUDITED) (continued)

The table below shows a reconciliation of options provided as remuneration held by each KMP from the beginning to the end of the 2016 financial year. All vested options were exercisable.

	Year of grant	Number of options granted	Value of options (1)	Number of options vested	Vested %
Non-Executive Directors – Current					
B Hammond (2)	2016	3,500,000	43,252	3,500,000	100%
B Tarratt	2016	7,500,000	89,743	7,500,000	100%
Y Yu	2016	7,500,000	89,743	7,500,000	100%
Non-Executive Director – Former					
R Henning (3)	2016	5,000,000	59,829	5,000,000	100%
Executives					
B Lane (4)	2016	17,500,000	209,401	17,500,000	100%
S Moore (5)	2016	45,000,000	538,460	45,000,000	100%

1 *Value of options has been calculated in accordance with AASB 2: Share Based Payments*
2 *B. Hammond appointed Non-Executive Chairman on 1 July 2015*
3 *R Henning resigned as Non-Executive Chairman on 1 July 2015*
4 *Mr Lane resigned as Managing Director effective 26 July 2016*
5 *Mr Moore resigned as Chief Technology Officer effective 25 July 2016*

During the prior year, there were no options issued or provided as remuneration to Directors or key management personnel of the Group.

No options were exercised during the year.

H. OTHER INFORMATION

Convertible debt facility

Mr Bevan Tarratt, Non-Executive Director, provided the Company with short term funding to the value of $75,000, as announced 1 July 2015. The principal amount advanced to the Company under the debt facility was converted into fully paid ordinary shares on 22 February 2016. The loan agreement was on the same term and conditions as offered to other lenders, which was made on normal commercial terms and conditions and at market rates.

	2016 $	2015 $
Face value of the notes issued	75,000	-
Fair value adjustment - options	50,971	-
Fair value adjustment – issue of share capital	(3,844)	-
Interest payable	4,697	-
Facility fee payable	5,625	-
Repayment of loans – issue of share capital	(73,042)	
Issue of options	(50,971)	-
Interest and facility fees paid (1)	(8,436)	
	-	-

1 *Loan repayment made in cash included the facility fees and a portion of the interest, which was unable to be converted due to the issued capital restrictions.*

REMUNERATION REPORT (AUDITED) (continued)

Other transactions with key management personnel

Mr Young Yu, Non-Executive Director, is a director of JLC Corporation Pty Ltd, which received Mr Yu's director and consulting fees during the period.

Mr B Hammond, Non-Executive Chairman, is a director of Seymour Associates Pty Ltd which received Mr Hammond's director and consulting fees during the period.

Mr Tarratt, Non-Executive Director, is a trustee of Blackfriar Unit Trust which received Mr Tarratt's consulting fees during the period. At year end the Company had an outstanding payable balance of $27,500 owing to Blackfriar Unit Trust.

Mr Sean Moore, Chief Technology Officer (Wave Energy), is a Director of Moore Commerce Pty Ltd (**Moore Commerce**) and had the capacity to significantly influence decision making of the Company. The Company entered into a consulting agreement with Moore Commerce to execute projects relating to the Protean™ wave energy convertor technology. The consulting agreement was on normal commercial terms and conditions. Moore Commerce received project fees for the research and development of the Protean™ wave energy converter technology, which were unrelated to KMP remuneration. During the year, Moore Commerce was engaged on two projects. Firstly, to provide a Desktop Demonstrator of the Protean™ WEC and secondly to deliver a pilot project on the Protean™ WEC. The contract and projects were based on normal commercial terms and conditions. During the year amounts paid or payable to Moore Commerce were $1,073,476. At year end the Company had an outstanding payable balance of $585,292.

This concludes the Remuneration Report which has been audited.

ENVIRONMENTAL REGULATIONS

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

INDEMNIFYING OFFICERS

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

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2016 has been received and can be found on page 26.

AUDITOR'S REMUNERATION

During the financial period the following fees were paid or payable for services provided by related entities of BDO (Audit) WA Pty Ltd.

	2016 $	2015 $
Taxation services		
BDO Tax (WA) Pty Ltd		
Tax compliance services	6,127	7,854
International tax consulting and tax advice	2,175	8,480
Total remuneration for taxation services	8,302	16,334
Other services		
BDO Corporate Finance (WA) Pty Ltd		
Valuation report for Annual General Meeting	-	1,530
Investigating Accountants Report	8,160	-
Total remuneration for other services	8,160	1,530
Total remuneration for non-audit services	16,462	17,864

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors have considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

Stephen Rogers
Managing Director

Perth, Western Australia

31 August 2016

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF PROTEAN WAVE ENERGY LIMITED

As lead auditor of Protean Wave Energy Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Protean Wave Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 June 2016 $	30 June 2015 $
Revenue from continuing operations			
Interest income		10,157	12,979
Other income		12,249	269
Expenses			
Research and development expense	1	(1,425,100)	(414,762)
Depreciation and amortisation expense	1	(270,234)	(24,290)
Administrative expense	1	(1,303,664)	(1,115,748)
Finance costs	1	(461,149)	(30,000)
Share based payment expense	1	(1,638,730)	(359,415)
Impairment of exploration assets		-	(3,158,967)
Gain on sale of subsidiary	8	470,005	-
Share of net loss of joint venture accounted using the equity method	1	(111,620)	-
Foreign exchange gain		-	79
Loss before income tax		(4,718,086)	(5,089,855)
Income tax benefit	3	-	369,376
Loss after income tax attributable		(4,718,086)	(4,720,479)
Loss after income tax attributable to:			
Members of the Company		(4,718,084)	(4,720,479)
Non-controlling interest		(2)	-
		(4,718,086)	(4,720,479)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders			
Basic and diluted loss per share (cents per share)	19	(0.51)	(0.66)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	30 June 2016 $	30 June 2015 $
Loss after income tax attributable	(4,718,086)	(4,720,479)
Other comprehensive income		
Items that may be reclassified to the profit or loss		
Exchange differences on translation of foreign operations	(80,868)	118,095
Reclassified exchange differences on translation of foreign operations on sale of subsidiary	(470,005)	-
Changes in the fair value of available for sale assets	53,768	-
Other comprehensive income/(loss) for the period, net of tax	(497,105)	118,095
Total comprehensive loss for the period	(5,215,191)	(4,602,384)
Total comprehensive loss for the period attributable to:		
Members of the Company	(5,215,189)	(4,602,384)
Non-controlling interest	(2)	-
	(5,215,191)	(4,602,384)

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	30 June 2016 $	30 June 2015 $
Current assets			
Cash and cash equivalents	4	1,239,384	45,379
Trade and other receivables	5	118,962	93,456
Total current assets		1,358,346	138,835
Non-current assets			
Plant and equipment		6,304	17,754
Intangibles	7	3,455,304	-
Other financial asset	6	-	300,000
Investment in joint venture	10	2,542,852	-
Available for sale financial assets	9	2,340,377	-
Assets held for sale	8	-	4,814,040
Total non-current assets		8,344,837	5,131,794
Total assets		**9,703,183**	**5,270,629**
Current liabilities			
Trade and other payables	11	886,677	134,545
Provisions		1,006	2,513
Borrowings	13	-	-
Total current liabilities		887,683	137,058
Total liabilities		**887,683**	**137,058**
Net assets		**8,815,500**	**5,133,571**
Equity			
Issued capital	15(a)	28,975,566	24,560,701
Reserves	15(c)	6,652,693	2,667,668
Accumulated losses	15(b)	(26,812,882)	(22,094,798)
Capital and reserves attributable to owners		8,815,377	5,133,571
Non-controlling interest		123	-
Total equity		**8,815,500**	**5,133,571**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Issued Capital $	Reserves $	Accumulated Losses $	Non-controlling interest $	Total Equity $
As at 1 July 2014		22,622,692	2,190,158	(17,374,319)	-	7,438,530
Loss for the year		-	-	(4,720,479)	-	(4,720,479)
Other comprehensive income		-	118,095	-	-	118,095
Total comprehensive income/loss for the year		-	118,095	(4,720,479)	-	(4,602,384)
Transactions with owners in their capacity as owners						
Shares issued during the year	15(a)	2,106,085	-	-	-	2,106,085
Share issue expenses	15(a)	(168,076)	-	-	-	(168,076)
Performance rights expense recognised during the year	17	-	359,415	-	-	359,415
As at 30 June 2015		24,560,701	2,667,668	(22,094,798)	-	5,133,571
Loss for the year		-	-	(4,718,084)	(2)	(4,718,086)
Other comprehensive loss		-	(497,105)	-	-	(497,105)
Total comprehensive loss for the year		-	(497,105)	(4,718,084)	(2)	(5,215,191)
Transactions with owners in their capacity as owners						
Shares issued during the year	15(a)	4,916,716	-	-	-	4,916,716
Share issue expenses	15(a)	(501,851)	-	-	-	(501,851)
Non-controlling interest on acquisition		-	-	-	125	125
Performance rights/options expense recognised during the year	17	-	4,482,130	-	-	4,482,130
As at 30 June 2016		**28,975,566**	**6,652,693**	**(26,812,882)**	**123**	**8,815,500**

This above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Payments in the normal course of business		(1,849,740)	(1,481,404)
Other payments		(67,222)	(29,854)
Interest received		8,290	11,413
Other income		12,500	-
Finance costs		(15,763)	-
Net cash used in operating activities	24	(1,911,935)	(1,499,845)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,850)
Payments for exploration and evaluation expenditure		-	(15,385)
Investment in joint venture	10	(245,000)	(31,867)
Net cash used in investing activities		(245,000)	(50,102)
Cash flows from financing activities			
Proceeds from borrowings	13	600,000	120,000
Cost of borrowings	13	(45,000)	-
Proceeds from issue of shares		3,136,250	1,503,642
Share issue costs		(340,310)	(118,076)
Net cash inflow from financing activities		3,350,940	1,505,566
Net increase in cash and cash equivalents		1,194,005	(44,381)
Cash and cash equivalents at the beginning of the period		45,379	89,760
Net cash and cash equivalents at the period	4	1,239,384	45,379

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

1. EXPENSES

	Note	2016 $	2015 $
Loss before income tax includes the following specific items:			
Research and development expense			
Research and development costs [(1)]		1,671,007	414,762
Research and development tax rebate [(2)]		(245,907)	-
Total research and development expense		1,425,100	414,762
Share-based payments expense			
Options	17(a)	1,068,906	182,648
Performance rights	17(c)	569,824	176,767
Total share-based payments expense		1,638,730	359,415
Finance costs			
Fair value adjustment - options	13	407,859	30,000
Fair value adjustment – issue of share capital	13	(30,761)	-
Facility fee	13	45,000	-
Interest expense		39,051	-
Total finance cost		461,149	30,000
Administrative expenses			
Employee benefits expense		21,901	87,346
Director benefits expense		355,625	232,060
Regulatory expense		100,495	49,481
Travelling expenses		72,229	94,046
Accounting expense		66,539	60,211
Advertising and marketing expense		169,032	98,639
Audit expense		43,682	40,632
Rent expense		32,576	26,820
Corporate advisory fees		78,000	76,500
Legal fees		57,729	152,955
Loan forgiveness		35,427	-
Other administrative expenses		270,428	197,058
		1,303,664	1,115,748

1 *Expenditure incurred for research and development activities in relation to Protean ™ wave energy convertor technology*

2 *Research and development tax incentive relating to expenditure on research and development activities in relation to Protean ™ wave energy convertor technology incurred in the 2015 financial year*

1 EXPENSES (continued)

	Note	2016 $	2015 $
Depreciation and amortisation expense			
Depreciation expense		5,538	24,290
Amortisation expense	7	264,696	-
Total depreciation and amortisation expense		270,234	24,290
Gain on sale of subsidiary [3]		(470,005)	-
Impairment of exploration assets [4]		-	3,158,967
Unrealised foreign exchange loss/(gain) [5]		-	(79)
Share of net loss of joint venture accounted using the equity method [6]	10	111,620	-

3 Gain on sale of 50% of its fully owned subsidiary, Stonehenge Korea Inc, on 28 July 2015, this includes the realised foreign exchange gain on translation of foreign operations previously recognised in other comprehensive income
4 Impairment to the carrying value of the exploration assets
5 Foreign exchange gain was recognised in relation to the retranslation of United States and Korean Won denominated balances
6 Share of loss from Stonehenge Korea Inc joint venture

2. SEGMENT INFORMATION

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

	Wave energy technology $	Investment in Joint Venture $	South Korea [1] $	Other $	Total $
For the year ended 30 June 2016					
Revenue from external sources	-	-	-	22,406	22,406
Reportable segment loss	(2,783,912)	(111,620)	(103,042)	(1,719,512)	(4,718,086)
Reportable segment assets [2]	3,455,304	2,542,852	-	3,705,028	9,703,183
Reportable segment liabilities	(648,414)	-	-	(239,039)	(887,683)
For the year ended 30 June 2015					
Revenue from external sources	-	-	9	13,239	13,248
Reportable segment loss	(414,762)	-	(3,461,860)	(843,857)	(4,720,479)
Reportable segment assets [3]	300,000	-	4,855,995	114,634	5,270,629
Reportable segment liabilities	-	-	(22,071)	(114,987)	(137,058)

1 On the 28 July 2015 the Company disposed of 50% of its fully owned subsidiary Stonehenge Korea Inc, this subsidiary holds the exploration licences to the vanadium and uranium projects of the Group
2 Other corporate activities include cash held of $1,239,384
3 Other corporate activities include cash held of $34,869

3. TAXATION

	2016 $	2015 $
Income tax benefit		
Current tax	-	-
Deferred tax	-	(369,376)
Income tax benefit	-	(369,376)
Reconciliation of income tax to prima facie tax payable		
Loss before income tax	(4,718,086)	(5,089,855)
Income tax benefit at 30% (30 June 2015: 30%)	(1,415,426)	(1,526,957)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	491,619	107,824
Impairment of held for sale asset	-	947,691
Other	141,542	156,706
Tax losses and other timing differences not recognised	782,265	314,736
Reversal of timing difference due to reclassification to held for sale asset	-	(369,376)
Total income tax benefit	-	(369,376)
Unrecognised deferred tax assets		
Deferred tax assets and liabilities not recognised relate to the following:		
Tax losses	7,736,966	7,009,367
Deferred tax assets recognised	-	-
Deferred tax liabilities relating to temporary differences	-	6,989
Other	83,101	-
Net deferred tax assets unrecognised	7,820,067	7,016,357
Deferred tax liabilities		
Business combination	-	369,376
Reversal of timing difference due to reclassification to held for sale asset	-	(369,376)
Net deferred tax liabilities	-	-

Significant accounting judgment

Deferred tax assets

The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary difference can be utilised.

4. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	1,239,384	45,379

(a) Risk exposure

Refer to Note 18 for details of the risk exposure and management of the Group's cash and cash equivalents.

(b) Deposits at call

Deposits at call are presented as cash equivalents if they have a maturity of three months or less. Refer Note 29(i) for the Group's other accounting policies on cash and cash equivalents.

5. TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Other receivables	112,350	86,194
Prepayments	6,612	7,262
	118,962	93,456

The Group has no impairments to other receivables or have receivables that are past due but not impaired.

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

Receivables are generally due for settlement within 30 days and are therefore classified as current.

Refer to Note 18 for details of the risk exposure and management of the Group's trade and other receivables.

6. OTHER FINANCIAL ASSET

	2016 $	2015 $
Opening balance	300,000	-
Option to acquire rights & licenses to the Protean WEC Technology	-	300,000
Reclassification to intangibles	(300,000)	-
Closing balance	-	300,000

During the prior period the Company entered into an option to acquire the exclusive 24 month global licence and 100% of the equity of Protean Energy Australia Pty Ltd (PEA) with Protean Energy Limited. PEA holds the intellectual property titles, rights & licenses to the Protean Wave Energy Converter Technology. In consideration for the option the Company issued 60 million shares to Protean Energy Limited on 10 November 2014.

At the 2015 Annual General Meeting the Directors recommended to shareholders to approve the acquisition of the Wave Energy Converter Technology, the resolution was approved at the meeting. The acquisition was finalised on 25 February 2016, and as a result the asset was reclassified to intangibles (see Note 7) as part of the acquisition consideration.

7. INTANGIBLES

	Note	2016 $	2015 $
Opening balance		-	-
Reclassification of other financial assets		300,000	-
Acquisition of the Protean WEC Technology	17(e)	3,420,000	-
Amortisation charge		(264,696)	-
Closing net and book balance		3,455,304	-

During the prior period the Company entered into an option to acquire the exclusive 24 month global licence and 100% of the equity of Protean Energy Australia Pty Ltd (**PEA**) with Protean Energy Limited. PEA holds the intellectual property titles, rights & licenses to the Protean Wave Energy Converter Technology. In consideration for the option the Company issued 60 million shares to Protean Energy Limited on 10 November 2014.

At the 2015 Annual General Meeting the Directors recommended to shareholders to approve the acquisition of the Wave Energy Converter Technology, the resolution was approved at the meeting.

On 25 February 2016 the Company confirmed that all conditions precedent to the completion of the acquisition of 100% of the issued capital in PEA had been satisfied and completed (**Acquisition**). In consideration for the Acquisition the Company issued a total of 60,000,000 fully paid ordinary shares and 120,000,000 Class A Performance Shares to the vendors of PEA, for the acquisition of the Protean WEC technology, see Note 17 for further details on the fair value of assets acquired.

Management have not identified any impairment indicators during the period.

Protean is continuing the research and development of the WEC Technology that improve and change the current device. It has incurred research and development expenses of $1,671,007 in the current year (2015 - $414,762) which are included in Research and Development cost in the statement of profit or loss.

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Patents, trademark and licences 5 years

See Note 29(n) for the other accounting policies relevant to intangible assets, and Note 29(h) for the Group's policy regarding impairments.

Significant accounting estimates, assumptions and judgements

Available for use

The Group has recently completed the acquisition of the patents, rights & licenses to the Protean WEC Technology. The patents, rights & licences acquired have been deemed available for use upon acquisition. Given the patents, rights & licences are currently being utilised to continue the research and development of the WEC Technology, these have been deemed available for use.

The useful life is the period over which an asset is expected to be available for use by the Group.

Estimate of useful life

As at 30 June 2016, the carrying amount of rights & licences acquired to the Protean WEC Technology was $3,455,304 (2015 – nil). The Group estimates the useful life of the rights and licences to be at least 5 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on technical innovations and competitor actions. If it were only 3 years, the carrying amount would be $3,278,759 as at 30 June 2016. If the useful life were estimated to be 8 years, the carrying amount would be $3,554,497.

7. INTANGIBLES (continued)

Asset acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

Management determined that the acquisition of PEA was an asset acquisition.

Carrying value of asset acquisition

During the financial year 60,000,000 shares and 120,000,000 performance shares were issued to Protean Energy Pty Ltd in consideration for the Protean™ intellectual property by exercising its rights under the option agreement (Option) between the Company and Protean Energy Pty Ltd (PEL). As the fair value of the assets acquired couldn't be reliably measured, the fair value was deemed to be the fair value of the equity instruments issued. The fair value of the shares granted to Protean Energy Pty Ltd was determined to be $1,140,000.

The fair value of the shares issued was determined by reference to the share price on grant date, based on the recommencement trading price ($0.019 per share), refer to Note 15 for details. The fair value of the performance shares was determined using a share option pricing model and determined to be $2,280,000. Management assigned a 100% probability of achievement in relation to the performance hurdles. These assets have been recognised as an intangible asset in the Statement of Financial Position, refer to Note 17(c) for details.

8. NON-CURRENT ASSETS HELD FOR SALE

	Note	2016 $	2015 $
Balance 1 July		4,814,040	-
Exploration assets reclassified		-	4,814,040
Investment in KORID Inc.	9	(2,407,020)	-
Investment in joint venture	10	(2,407,020)	-
Balance at 30 June		-	4,814,040

KORID JV, Daejon Vanadium and Uranium Project

On 18 February 2015, the Company advised it executed formal joint venture (**JV**) documentation with KORID Inc. (KORID). The transaction was subject to a number pre-conditions to completion. On 28 July 2015, the Company announced the completion of the sale.

The JV, created via the sale to KORID of 50% of Stonehenge Korea Inc., will cement a strong working relationship between KORID and Protean. The JV will initially focus on accelerating development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study.

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

8. NON-CURRENT ASSETS HELD FOR SALE (continued)

Details of sale of the subsidiary

	2016 $	2015 $
Consideration received or receivable		
Investment in KORID Inc.	2,407,020	-
Investment in joint venture	2,407,020	-
Total disposal consideration	4,814,040	-
Net assets of subsidiary – 28 July 2015	1,014,530	
Fair value uplift on acquisition	3,799,510	
Carrying amount of net assets sold	4,814,040	
Gain on disposal of subsidiary	-	
Foreign exchange gain reclassified	470,005	-
Gain on sale	470,005	-

9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSET

Available-for-sale financial assets comprise of listed equity securities in KOSDAQ listed Korea Resources Investment & Development Inc. (**KORID**). The equity holding in KORID is subject to a voluntary escrow of 12 months, within 14 days of the day, KORID can elect to terminate the JV Agreement and Shareholders Agreement in writing with 1 months' notice to Protean. It is expected these shares will be released from escrow in September 2016. Proceeds from the sale of any of the KORID Shares are to be re-invested by the Company into the Stonehenge Korea projects or any other collaboration project agreed to by the parties.

	2016 $	2015 $
Opening balance	-	-
Investment in KORID Inc.	2,407,020	-
Revaluation loss recognised in other comprehensive income	(53,768)	-
Foreign exchange loss recognised	(12,875)	-
Closing balance	2,340,377	-

Significant accounting estimates, assumptions and judgements

Classification of financial assets as available-for-sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long- term. Financial assets that are not classified into any of the other categories (at FVPL loans and receivables or held-to-maturity investments) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

9. NON-CURRENT AVAILABLE FOR SALE FINANCIAL ASSET (continued)

Impairment indicators for available-for-sale financial assets

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost.

No impairment indicators existed at year end.

Fair value

Information about the methods and assumptions used in determining fair value is provided in Note 14. The available-for-sale financial assets in not considered to be impaired.

The available-for-sale financial asset is denominated in Korean Won.

10. INTEREST IN JOINT VENTURE

During the period, Protean completed a formal joint venture with KORID. The JV was created via the sale to KORID of 50% of Stonehenge Korea Inc, resulting in a loss of control of the subsidiary for the Group.

	2016 $	2015 $
Opening balance	-	-
Investment in Joint Venture	2,407,020	-
Additional investment at cost [1]	245,000	-
Share of net loss of joint venture accounted using the equity method	(111,620)	-
Foreign exchange gain recognised in other comprehensive income	2,452	-
Closing balance	2,542,852	-

1 *The Group is committed to its contractual obligations in respect of the JV and will continue developing the Korean projects. The JV Agreement with KORID requires the Company to fully fund Stage 1 of the JV. The JV Agreement with KORID requires the Company to spend up to $800,000 during Stage 1 of the JV. The Company estimates the actual cost of Stage 1 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 Placement Funding is provided by way of a loan to Stonehenge Korea Inc to accelerate the development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study.*

Interests in joint ventures

Set out below is the JV of the Group as at 30 June 2016 which, in the opinion of the directors, is material to the Group. The entity listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2016 %	% of ownership interest 2015 %	Measurement method	Quoted fair value 2016 $	Quoted fair value 2015 $	Carrying amount 2016 $	Carrying amount 2015 $
Stonehenge Korea Inc [1]	Korea	50	100 [3]	Equity method	N/A [2]	N/A [2]	2,542,852	-

1 *Stonehenge Korea Inc is focused on accelerating development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study*
2 *As the entity is a private entity no quote prices are available*
3 *Entity was previously consolidated into the Group, during the period, the Company completed a formal joint venture with KORID*

10. INTEREST IN JOINT VENTURE (continued)

Summarised financial information

The tables below provide summarised financial information for the JV. The information disclosed reflects the amounts presented in the financial statements of the relevant JV and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position	**30 June 2016 $**
Total current assets	6,996
Total non-current assets	1,322,777
Total current liabilities	16,352
Total non-current liabilities	517,227
Net assets	796,194
Reconciliation to carrying amounts	
Closing net assets – 28 July 2015	1,014,530
Loss for the period	(223,240)
Other comprehensive income	4,904
Closing net assets	796,194
Groups share in	50%
Groups share	398,097
Fair value uplift on acquisition	1,899,755
Additional investment at cost	245,000
Carrying amount	2,542,852

Summarised statement of profit or loss and other comprehensive income	**30 June 2016 $**
Revenue	
Interest income	9
Depreciation and amortisation	(3,063)
Interest expense	-
Income tax expense	-
Loss from continuing operations	(223,240)
Profit from discontinuing operations	-
Loss for the period	(223,240)
Other comprehensive income	4,904
Total comprehensive loss	(218,336)
Dividends received	-

Significant accounting estimates, assumptions and judgements

Impairment

Given the nature of the assets held by the JV, management have, in accordance with AASB 6, performed a review of impairment indicators was undertaken on the Investment in the Joint Venture. The future recoverability of the project is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

No impairment indicators existed at year end.

As a result of this assessment, the directors have determined that there is no impairment required as at 30 June 2016.

An impairment loss would be recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The Directors believe that the recoverable amount of the Investment in the Joint Venture is supported by the fair value of the Joint Ventures underlying asset, being the vanadium and uranium project.

11. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade payables	878,616	44,490
Other payables	8,061	90,055
	886,677	134,545

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

The carrying value of trade and other payables are assumed to be the same as their fair value, due to their short term nature

Refer to Note 18 for details of the risk exposure and management of the Group's trade and other receivables.

12. PROVISION

The provision for employee benefits relate to annual leave which is provided for all employees of the Group in line with their employment contracts and the balance for the year ended 30 June 2016 is expected to be settled within 12 months. The measurement and recognition criteria relating to employee benefits have been included in Note 29(r) to this report.

	2016 $	2015 $
Employee benefits	1,006	2,513

13. BORROWINGS

In July 2015, the Group entered into short term convertible loan facilities for up to $300,000, with a small number of sophisticated investors to provide working capital during the company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Subsequently on 11 August 2015, the Company announced it had secured additional loan facilities.

The total available amount under the facility was $600,000, of which all was drawn down during the year and was converted into ordinary shares and attaching options upon completion of the re-compliance process.

The loan was a fixed rate Australian-dollar denominated loan and was carried at fair value through profit and loss.

Facility fees of 5% were payable to the lenders upon signing the loan agreements, with a further 2.5% payable on extension of the loan facilities in December 2015. These costs were debited as transaction costs to the loan account and amortised over the life of the loans.

The parent entity issued 600,000 convertible notes, at an interest rate of 9.25% (increased to 12% following the accrual of the first interest payment) for $600,000 during the year. The notes converted into ordinary shares of the Company, at the option of the holder or repayable on 31 March 2016. The notes may be converted at the conversion price, being the lower of 2.5 cents or 15% discount to the 10 traded day VWAP, subject to a minimum price of 2 cents.

On 22 February the Company issued 30,761,352 Shares at a fair value on grant date of $0.019/share and 30,761,352 unquoted options exercisable at $0.0375 each on or before 31 December 2018 to the holders of convertible loans in satisfaction of the outstanding convertible loan amounts which have now been extinguished.

13. BORROWINGS (continued)

The convertible notes are as follows:

	Note	2016 $	2015 $
Face value of the notes issued		600,000	-
Fair value adjustment - options		407,859	-
Fair value adjustment – issue of share capital		(30,761)	-
Interest payable		37,715	-
Facility fee payable [1]		45,000	-
Repayment of loans – issue of share capital	15(a)	(584,466)	-
Issue of options	17(f)	(407,859)	-
Interest paid		(22,488)	-
Facility fee paid		(45,000)	-
		-	-

The Company internally measured the fair value of the options granted by adopting a Black-Scholes option pricing model of $407,859. The model inputs are shown in Note 17(f).

Certain convertible notes issued by the Group, which include embedded derivatives (option to convert to a variable number of shares in the Group), are recognised as financial liabilities at fair value through profit or loss. On initial recognition, the fair value of the convertible note will equate to the proceeds received and subsequently the liability is measured at fair value at each reporting period until settlement. The fair value movements are recognised in the profit or loss as finance costs.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table. The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015 on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 30 June 2016				
Available for sale financial assets – Equity securities	2,340,377	-	-	2,340,377
As at 30 June 2015				
Non-current assets held for sale	-	4,814,040	-	4,814,040

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

Available for sale financial assets – equity securities

The fair value has been determined based on the quoted market prices from the KOSDAQ.

Non-current assets held for sale

The fair value has been determined based on the JV consideration to be received on completion of the sale of 50% of Stonehenge Korea Inc to KOSDAQ listed KORID Inc.

Specific valuation techniques used to value financial instrument includes the use of quoted market prices from KOSDAQ.

15. ISSUED CAPITAL

(a) Issued capital

	2016 Shares	2015 Shares	2016 $	2015 $
Fully paid	1,070,477,653	847,534,700	28,975,566	24,560,701

Movements in ordinary share capital during the current and prior financial period are as follows:

Details	Date	Number of shares	Issue price/share $	$
Balance at 1 July 2014		429,612,389		22,622,692
Issue of share capital	29-Sep-14	129,885,304	0.005	649,427
Issue of share capital	28-Oct-14	136,843,400	0.005	684,217
Option to acquire - issue of share capital (1)	10-Nov-14	60,000,000	-	300,000
Issue of share capital	24-Nov-14	33,999,800	0.005	169,999
Share based payment (2)	24-Nov-14	11,200,000	-	56,000
Share based payment – Director fees (3)	24-Nov-14	15,993,807	-	96,442
Conversion of convertible notes	24-Nov-14	30,000,000	0.005	150,000
Less: Share issue costs				(168,076)
Balance at 30 June 2015		**847,534,700**		**24,560,701**
Share based payment (Note 17(d)) (2)	1-Jul-15	383,386	-	18,000
Share based payment (Note 17(d)) (4)	18-Aug-15	500,000	-	20,000
Issue of share capital	25-Aug-15	12,500,000	0.04	500,000
Share based payment (Note 17(d)) (2)	30-Aug-15	435,842	-	18,000
Issue of shares on conversion of performance rights	22-Feb-16 (5)	4,987,594	-	-
Issue of share capital	22-Feb-16 (5)	101,450,000	0.025	2,536,250
Issue of share capital – Asset acquisition of Protean technology (Note 7)	22-Feb-16 (5)	60,000,000	0.019	1,140,000
Conversion of convertible notes (Note 13)	22-Feb-16 (5)	30,761,352	0.019	584,466
Issue of share capital – Placement bonus shares	22-Feb-16 (5)	7,500,000	-	-
KORID JV placement	22-Feb-16 (5)	4,424,779	0.023	100,000
Less: Share issue costs				(501,851)
Balance at 30 June 2016		**1,070,477,653**		**28,975,566**

1 *The option agreement with Protean Energy Limited grants the Company an exclusive 24 month global licence and an option to acquire 100% of the equity of Protean Energy Australia Pty Ltd (PEA). PEA holds the intellectual property titles, rights and licenses to the Protean Wave Energy Converter Technology, the Company advised the acquisition completed on 25 February 2016.*

2 *Share based payments have been made at fair value of services received for broker and compliance manager fees.*

3 *Shares issued to Mr Henning and Mr Yu in accordance with the Protean Director Share Plan in lieu of deferred employee entitlements as approved by shareholders on 11 November 2014.*

4 *Share based payments have been made at fair value of services received for marketing and advertising.*

5 *The securities were issued on the 22 February 2016, the Company was reinstated to official quotation on 29 February 2016, following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules.*

15. ISSUED CAPITAL (continued)

(b) Accumulated losses

	2016 $	2015 $
Balance at 1 July	(22,094,798)	(17,374,319)
Net loss attributable to owners of the Company	(4,718,084)	(4,720,479)
Balance at 30 June	(26,812,882)	(22,094,798)

(c) Reserves

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

	Note	2016 $	2015 $
Share-based payments reserve			
Balance at 1 July		2,234,752	1,875,337
Performance rights expense – asset acquisition	17(e)	2,280,000	-
Performance rights expense – directors and employees	17(c)	569,824	176,767
Options expense – employee share options	17(a)	1,068,906	182,648
Options expense – vendors (share issue costs)	17(d)	155,541	-
Options expense – settlement of convertible loans	17(f)	407,859	-
Balance at 30 June		6,716,883	2,234,752
Available for sale reserve			
Balance at 1 July		-	-
Movement during the period	9	(53,768)	-
Balance at 30 June		(53,768)	-
Foreign currency translation reserve			
Balance at 1 July		432,915	314,820
Currency translation differences arising during the year		(443,337)	118,095
Balance at 30 June		(10,422)	432,915
Total reserves		**6,652,693**	**2,667,668**

Share-based payments reserve

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

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 29(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

16. DIVIDENDS

No dividends have been declared or paid for the year ended 30 June 2016 (30 June 2015: nil).

17. SHARE BASED PAYMENTS

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

The total movement arising from share-based payment transactions recognised during the year were as follows:

	Note	2016 $	2015 $
As part of share based payment expense:			
Options issued	17(a)	1,068,906	182,648
Performance rights issued	17(c)	569,824	176,767
As part of finance costs:			
Options issued	17(f)	407,859	-
As part of administrative expense			
Shares issued	17(d)	56,000	-
Capitalised to the Statement of financial position:			
Performance rights issued	17(e)	2,280,000	-
Shares issues	17(e)	1,140,000	
Recognised in equity as a capital raising cost:			
Options issued	17(d)	155,541	-
		5,678,130	359,415

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

(a) Share options

The Protean Wave Energy Limited Share options are used to reward Directors, employees, consultants and vendors for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. Options are granted at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

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

Set out below are summaries of options granted:

	30 June 2016		30 June 2015	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	$0.0120	75,000,000	-	-
Granted during the period	$0.0572	101,375,000	$0.0120	75,000,000
Exercised during the period	-	-	-	-
Modified during the period (1)	$0.0120	(45,000,000)	-	-
Forfeited during the period (2)	$0.0120	(30,000,000)	-	-
Closing balance	$0.0572	101,375,000	$0.0120	75,000,000
Vested and exercisable	-	-	-	-

17. SHARE BASED PAYMENTS (continued)

Series	Grant date	Expiry date	Exercise price	30 June 2016 Number of options	30 June 2015 Number of options
(i)	26-Mar-15	25-Mar-20	$0.010	- (1)	35,000,000
(ii)	07-Apr-15	06-Apr-20	$0.014	- (1)(2)	40,000,000
(iii)	30-Nov-15	30-Nov-18	$0.0375	8,500,000	-
(iv)	30-Nov-15	30-Nov-18	$0.050	17,000,000	-
(v)	30-Nov-15	30-Nov-18	$0.0625	25,500,000	-
(vi)	30-Nov-15	30-Nov-18	$0.075	34,000,000	-
(vii)	30-Nov-15	30-Nov-19	$0.081	1,000,000	-
(viii)	22-Feb-16 (3)	31-Dec-18	$0.0375	12,000,000	-
(ix)	22-Feb-16 (3)	30-Nov-18	$0.0375	337,500	-
(x)	22-Feb-16 (3)	30-Nov-18	$0.050	675,000	-
(xi)	22-Feb-16 (3)	30-Nov-18	$0.0625	1,012,500	-
(xii)	22-Feb-16 (3)	30-Nov-18	$0.075	1,350,000	-
				101,375,000	75,000,000
Weighted average remaining contractual life of options outstanding at the end of the year:				2.43 years	4.76 years

1 *Options were replaced with Performance rights on similar terms at the Annual General Meeting of shareholder held on 30 November 2015, refer to Note 17(b) for further details.*
2 *Options were forfeited due to unforeseen circumstances resulting in the inability of the holder to complete the performance hurdles, the expense associated with these options has been reversed in the Statement of Profit or Loss, refer to Note 17(b) for further detail.*
3 *The securities were issued on the 22 February 2016, the Company was reinstated to official quotation on 29 February 2016, following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules.*

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

Series	Exercise price	Expiry (years)	Share price at time of issue	Expected volatility(1)	Dividend yield	Risk free interest rate(2)	Option value
(iii)	$0.0375	3.00	$0.019	140%	0%	2.30%	$0.013
(iv)	$0.050	3.00	$0.019	140%	0%	2.30%	$0.013
(v)	$0.0625	3.00	$0.019	140%	0%	2.30%	$0.012
(vi)	$0.075	3.00	$0.019	140%	0%	2.30%	$0.011
(vii)	$0.081	4.00	$0.019	140%	0%	2.30%	$0.013
(viii)	$0.0375	2.86	$0.019	140%	0%	1.73%	$0.013
(ix)	$0.0375	2.77	$0.019	140%	0%	1.73%	$0.013
(x)	$0.050	2.77	$0.019	140%	0%	1.73%	$0.013
(xi)	$0.0625	2.77	$0.019	140%	0%	1.73%	$0.012
(xii)	$0.075	2.77	$0.019	140%	0%	1.73%	$0.011

1 *The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information*
2 *Risk free rate of securities with comparable terms to maturity*

17. SHARE BASED PAYMENTS (continued)

The total expense arising from options recognised during the reporting period as part of share based payments expense was as follows:

	2016 $
Director, employee and consultant share options	1,068,906

(b) Modification of options to performance rights

During the period options were replaced with performance rights on similar terms, which were approved at the Annual General Meeting of shareholders held on 30 November 2015. The modifications were undertaken to ensure that the Company would comply with the requirements of Chapters 1 & 2 of the ASX Listing Rules.

Series	Grant date	Expiry date	Exercise price	Number of options as at 30 November 2015	Number of options forfeited (1)	Number of options modified	Number of new performance rights granted
(i)	26-Mar-15	25-Mar-20	$0.010	35,000,000	-	(35,000,000)	21,000,000
(ii)	07-Apr-15	06-Apr-20	$0.014	40,000,000	(30,000,000)	(10,000,000)	4,400,000
				75,000,000	(30,000,000)	(45,000,000)	25,400,000

1 *Options were forfeited due to unforeseen circumstances resulting in the inability of the holder to complete the performance hurdles*

AASB 2 requires that, irrespective of any modifications to the terms and conditions on which the equity instruments were granted or a cancellation or settlement of that grant of equity instruments, the entity should recognise, as a minimum the services received measured at the grant date fair value of the equity instruments granted unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, the entity should recognise the effects of modifications that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the suppliers.

If there is an increase in the fair value, the company measures the fair value of the equity instruments granted immediately before and after the modification. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

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

Inputs used to fair value the modified options at modification date:

Series	Number	Exercise price	Expiry (years)	Share price at time of issue	Expected volatility(1)	Dividend yield	Risk free interest rate(2)	Option value	Total fair value
(i)	35,000,000	$0.010	4.07	$0.019	140%	0%	2.30%	$0.017	$592,967
(ii)	10,000,000	$0.014	4.10	$0.019	140%	0%	2.30%	$0.017	$165,557

1 *The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information*
2 *Risk free rate of securities with comparable terms to maturity*

17. SHARE BASED PAYMENTS (continued)

Key inputs to the replacement performance rights is as follows:

Number	Expected price volatility(1)(3)	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Risk free interest rate (1)(3)	Fair value per performance right	Total fair value
Grant date: 30 November 2015 (1)(2)								
21,000,000	140%	-	28-Feb-17 to 26-Mar-17	25-Mar-20	$0.019	2.30%	$0.019	$399,000
Grant date: 30 November 2015 (3)(4)								
4,400,000	140%	-	1-Mar-16 to 28-Feb-17	6-Apr-20	$0.019	2.30%	$0.019	$83,600

1 *Performance rights are split equally between seven tranches, tranche 1 and 7: 3,000,000, tranche 2, 3, 4 and 5: 1,500,000 and tranche 6: 9,000,000. The volatility and risk free rate did not apply to any of the tranches as the hurdles for these rights were non-market based. The expected vesting dates for tranche 1 and 2 is 28 February 2017 and tranche 3, 4, 5, 6 and 7 is 26 March 2017.*

2 *Performance rights have a 12-month service condition and shall convert to fully paid ordinary shares upon:*
- *Tranche 1 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;*
- *Tranche 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);*
- *Tranche 3 Award of a grant, scheme or prize to the Company (or a subsidiary of the Company) to a total value greater than or equal to US$250,000 and the first payment is received;*
- *Tranche 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);*
- *Tranche 5 Establishment of a working relationship between the Company (or a subsidiary of the Company) and a port, oil and gas producer or an oil and gas production or processing facility in the USA, to the Company's satisfaction (acting reasonably);*
- *Tranche 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*
- *Tranche 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 US$5,000,000 from a source other than Protean, a grant, prize or endowment and in the reasonable opinion of the Company that William Toman has been responsible for said funding event.*

3 *Performance rights are split equally into two tranches. The volatility and risk free rate did not apply as the hurdles for these rights were non-market based. The expected vesting dates for tranche 1 is 1 March 2016 and tranche 2 is 28 February 2017.*

4 *Performance rights shall convert to fully paid ordinary shares upon:*
- *Tranche 1 Successful completion of the Company's acquisition of Protean Energy Australia Pty Ltd, Tranche 1 was achieved in February 2016 and accordingly the full expense has been recognized in the current period; and*
- *Tranche 2 Completion of a US public relations plan and US fundraising plan to the Company's satisfaction (acting reasonably), Tranche 2 has a 12-month service condition*

Summary of modification date fair value:

As at 30 November 2015					
Modified options	**Fair value**	**Performance rights**	**Fair Value**	**Incremental fair value**	**Original Fair value**
35,000,000	$592,967	21,000,000	$399,000	-	$377,148
10,000,000	$165,557	4,400,000	$83,600	-	$143,273

The total expense arising from share options recognised during the period as part of performance rights share based payment expense was $173,622, including a net effect of $58,205 for the reversal in share based payments expense in relation to the forfeiture of 30,000,000 options. Refer to Note 17(c) for further details.

(c) Performance rights

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

17. SHARE BASED PAYMENTS (continued)

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

Movement in the performance rights for the current period is shown below:

Grant date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Vested during the period	Forfeited during the period	Balance at period end	Vested at period end [2]
01-Apr-14	01-Apr-19	-	5,000,000	-	-	-	5,000,000	-
10-Nov-14	10-Nov-19	-	15,000,000	-	-	-	15,000,000	5,000,000
11-Nov-14	11-Nov-19	-	30,000,000	-	-	-	30,000,000	10,000,000
30-Nov-15	25-Mar-20	-	-	21,000,000 [1]	-	-	21,000,000	-
30-Nov-15	06-Apr-20	-	-	4,400,000 [1]	-	-	4,400,000	-
30-Nov-15	06-Apr-20	-	-	22,000,000	-	-	22,000,000	-
30-Nov-15	30-Nov-20	-	-	12,500,000	-	-	12,500,000	-
30-Nov-15	30-Nov-20	-	-	45,000,000	-	-	45,000,000	-
22-Feb-16[3]	22-Feb-21	-	-	4,500,000	-	-	4,500,000	-
22-Feb-16[3]	22-Feb-21	-	-	100,000	-	-	100,000	-
22-Feb-16[3]	22-Feb-19	-	-	120,000,000	-	-	120,000,000	-
Total			50,000,000	229,500,000	-	-	279,500,000	15,000,000

1 *Options replaced with performance rights on similar terms at the Annual General Meeting of shareholder on 30 November 2015.*
2 *Performance rights vested during the current period due to the performance conditions being satisfied, as a result the full expense was recognised in the current period, with the shares issued subsequent to year end.*
3 *The securities were issued on the 22 February 2016, the Company was reinstated to official quotation on 29 February 2016, following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules.*

The weighted average remaining contractual life of performance rights outstanding at 30 June 2016 was 3.35 years (30 June 2015: 4.31 years).

Key inputs to the share option pricing model used in the calculation of performance rights which have been granted during the year ended 30 June 2016 were as follows:

Number Granted	Expected price volatility[1]	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Risk free interest rate[2]	Average fair value per performance right	Total fair value
Grant date: 30 November 2015 [3]								
21,000,000	140%	-	28-Feb-17 to 26-Mar-17	25-Mar-20	$0.012 [4]	2.30%	$0.017[4]	$377,148[4]
Grant date: 30 November 2015 [3]								
4,400,000	140%	-	1-Mar-16 to 28-Feb-17	6-Apr-20	$0.016 [4]	2.30%	$0.033[4]	$143,273[4]
Grant date: 30 November 2015 [5]								
22,000,000	140%	-	28-Feb-17	6-Apr-20	$0.019	2.30%	$0.019	$418,000
Grant date: 30 November 2015 [6][9]								
12,500,000	140%	-	4-Mar-16 to 26-Jul-16	30-Nov-20	$0.019	2.30%	$0.019	$232,500
Grant date: 30 November 2015 [6][10]								
45,000,000	140%	-	4-Mar-16 to 25-Jul-16	30-Nov-20	$0.019	2.30%	$0.019	$837,000

17. SHARE BASED PAYMENTS (continued)

Number Granted	Expected price volatility(1)	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Risk free interest rate(2)	Average fair value per performance right	Total fair value
Grant date: 22 February 2016 (7)(12)								
4,500,000	140%	-	1-Mar-16 to 31-Dec-17	28-Feb-21	\$0.019	1.73%	\$0.019	\$85,500
Grant date: 22 February 2016 (8)(12)								
100,000	140%	-	4-Mar-16 to 30-Nov-20	28-Feb-21	\$0.019	1.73%	\$0.019	\$1,860
Grant date: 22 February 2016 (11)(12)								
120,000,000	140%	-	28-Feb-19	28-Feb-19	\$0.019	1.73%	\$0.019	\$2,280,000

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

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

3 *Refer to Note 17(b) for modification details. Fair value is based on the fair value of the original equity instrument given the fair value of new equity instruments granted modification was lower, in accordance with AASB2.*

4 *As the performance rights arose from the modification of options already on issue, the total fair value for the equity instrument is based on the original fair value. The fair value per right has been calculated using the original fair value divided by the new number of instrument issued.*

5 *Performance rights have a 15 month service condition and shall convert to fully paid ordinary shares upon:*

Tranche 1 *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 US$ 5,000,000 from a source other than Protean, 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.*

6 *Performance rights have a 2 year service condition and have been split equally into five tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:*

Tranche 1 *successfully raising the Minimum Subscription amount under a re-compliance prospectus and successful re- admission of the company to ASX;*

Tranche 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 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX;*

Tranche 3 *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 4 *either:*

- *the Company commissioning its first commercial installation of at least 250kW; or*
- *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.; and*

Tranche 5 *the achievement of any three of the following:*

- *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 Protean™ WEC Technology; and*
- *an acceptable funding event for the Subsidiary, wherein the Subsidiary attracts funding in the US$5,000,000 equivalent to not less than from a source other than the Company, a grant, prize or endowment.*

17. SHARE BASED PAYMENTS (continued)

7 Performance rights have been split equally into three tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:

Tranche 1 successfully concluding a core analysis program designed to delineate an upgraded mineral resource

Tranche 2 successful delineation of a vanadium mineral resource in accordance with the JORC Code (2012) of at least 200Mtbs of vanadium at a grade of not less than 0.2% vanadium across any of the South Korean project areas; and

Tranche 3 the achievement of one of the following:

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

8 Performance rights have an 18-month service condition and have been split equally into five tranches with the following performance hurdles and shall convert to fully paid ordinary shares upon:

Tranche 1 successfully raising the Minimum Subscription amount under a re-compliance prospectus and successful re- admission of the company to ASX;

Tranche 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 100% for a period of 20 consecutive trading days based on the closing price of the shares on ASX;

Tranche 3 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 4 either:

- *the Company commissioning its first commercial installation of at least 250kW; or*
- *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.; and*

Tranche 5 the achievement of any three of the following:

- *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 Protean™ WEC Technology; and*
- *an acceptable funding event for the Subsidiary, wherein the Subsidiary attracts funding in the US$5,000,000 equivalent to not less than from a source other than the Company, a grant, prize or endowment.*

9 Since year end Mr Lane has resigned, on 26 July 2016, as a result the expected vesting dates at year end have been adjusted to reflect the resignation. The expected vesting date for tranche 1 is 26 July 2016, tranche 2 to 5 will lapse on 26 July 2016 due to not meeting the performance hurdle on resignation date, as a result these are not expected to vest as at 30 June 2016.

10 Since year end Mr Moore has resigned, on 25 July 2016, as a result the expected vesting dates at year end have been adjusted to reflect the resignation. The expected vesting date for tranche 1 is 25 July 2016, tranche 2 to 5 will lapse on 25 July 2016 due to not meeting the performance hurdle on resignation date, as a result these are not expected to vest as at 30 June 2016.

11 Each Performance Share will convert into one fully paid ordinary share in the capital of Protean 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 $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.

12 The securities were issued on the 22 February 2016, the Company was reinstated to official quotation on 29 February 2016, following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules.

17. SHARE BASED PAYMENTS (continued)

Management note that subsequent to year end, on the 25 July 2016 and 26 July 2016, Mr Sean Moore and Mr Bruce Lane, respectively, resigned from the Company. As a result, performance rights granted that have not met their performance hurdles at year end are not expected to vest. The Company has adjusted the expenditure recognised during the year.

As at 30 June 2016 management believe that all other performance and service hurdles will be met and accordingly have recognised a share based payment expense over the respective vesting periods.

The total expense arising from performance rights recognised during the reporting period as part of share based payment expense were as follows:

	2016 $
Director, employee and consultant share performance rights expensed	569,824

(d) Share capital to vendors

During the financial year:

- On 1 July 2015,383,386 share were issued to CPS Capital Group in consideration for broker and compliance manager fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the corresponding invoice received which amounted to $18,000. This amount has been recognised in the Statement of Financial Position under share issues expenses (equity);
- On 18 August 2015, 500,000 share were issued to Stocks Digital in consideration for advertising and marketing fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the corresponding invoice received which amounted to $20,000. This amount has been recognised in the Statement of Financial Position under share issues expenses (equity);
- On 30 August 2015, 435,842 share were issued to CPS Capital Group in consideration for broker and compliance manager fees. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the corresponding invoice received which amounted to $18,000. This amount has been recognised in the Statement of Financial Position under share issues expenses (equity); and
- On 22 February 2016, 12,000,000 options were issued to CPS Capital Group in consideration for share issue related costs. The fair value of services received in return for share options granted to employees and consultants is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology which amounted to $155,541. The life of the options and early exercise option are built into the option model. The fair value of the options is expensed and has been recognised in the Statement of Financial Position under share issues expenses (equity).

(e) Share based payments: asset acquisition

During the financial year 60,000,000 shares and 120,000,000 performance shares were issued to Protean Energy Pty Ltd in consideration for the Protean™ intellectual property by exercising its rights under the option agreement (Option) between the Company and Protean Energy Pty Ltd (PEL). As the fair value of the assets acquired couldn't be reliably measured, the fair value was deemed to be the fair value of the equity instruments issued. The fair value of the shares granted to Protean Energy Pty Ltd was determined to be $1,140,000.

The fair value of the shares issued was determined by reference to the share price on grant date, based on the recommencement trading price ($0.019 per share), refer to Note 15 for details. The fair value of the performance shares was determined using a share option pricing model and determined to be $2,280,000. Management assigned a 100% probability of achievement in relation to the performance hurdles. These assets have been recognised as an intangible asset in the Statement of Financial Position, refer to Note 17(c) for details.

(f) Share based payment: settlement of convertible notes

Protean issued 30,761,352 shares and 30,761,352 unquoted options to the holders of convertible loans in satisfaction of the outstanding convertible loan amounts.

17. SHARE BASED PAYMENTS (continued)

Details of the options issued are as follows

Grant date	Expiry date	Exercise price	2016 Number of options
22-Feb-16 (1)	31-Dec-18	$0.0375	30,761,352

1 *The securities were issued on the 22 February 2016, the Company was reinstated to official quotation on 29 February 2016, following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules.*

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

The model inputs for options granted during the period included:

Exercise price	Expiry (years)	Share price at time of issue	Expected volatility (1)	Dividend yield	Risk free interest rate (2)	Option value
$0.0375	2.84	$0.019	140%	0%	1.73%	$0.013

1 *The expected price volatility is based on historical volatility (based on the remaining life of the option), adjusted for any expected changes to future volatility due to publicly available information.*
2 *Risk free rate of securities with comparable terms to maturity.*

The total expense arising from share options recognised during the period as part of finance cost was $407,859.

Significant accounting estimates, assumptions and judgements

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within this note.

Probability of vesting conditions being achieved

Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement.

Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified Increase in the entity's profit over a specified period of time).

The Company recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information Indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting condition is reassessed every reporting period.

18. FINANCIAL AND CAPITAL RISK MANAGEMENT

Overview

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

18. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

General objectives, policies and processes

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

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

Financial Instruments

The Group has the following financial instruments:

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	1,239,384	45,379
Other receivables	112,350	86,193
	1,351,734	131,572
Financial liabilities		
Trade and other payables	886,677	134,545
	886,677	134,545

(a) Market Risk

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

(i) Interest rate risk

The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure. As at the 30 June 2016, the Group has interest-bearing assets, being cash at bank and no interest-bearing liabilities. As such, the Group's income and operating cash flows in not dependant on changes in market interest rates.

Sensitivity analysis

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

The weighted average effective interest rate of funds on deposit is 0.65% (30 June 2015: 0.75%).

(ii) Currency risk

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

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

18. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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

	2016 KRW $	2016 USD $	2015 KRW $	2015 USD $
Financial assets				
Cash	-	-	10,510	-
Trade and other receivables	-	-	7,633	-
Available for sale asset	2,340,377	-	-	-
Financial liabilities				
Trade and other payables	-	3,412	3,345	-

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in KRW/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from KWR denominated financial instruments.

	Impact on pre tax loss		Impact on other components of equity	
	2016 $	2015 $	2016 $	2015 $
KRW/AUD exchange rate – increase 5% (1)	117,019	740	117,019	740
KRW/AUD exchange rate – decrease 5% (1)	(111,447)	(705)	(111,447)	(705)

1 Assumes all other variables are held constant

The Groups exposure too other foreign exchange movements is not material.

(iii) Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position as available-for-sale (Note 9). The equity holding KOSDAQ-listed KORID is subject to a voluntary escrow of 12 months, within 14 days of the day, KORID can elect to terminate the JV Agreement and Shareholders Agreement in writing with 1 months' notice to Protean. It is expected these shares will be released from escrow in September 2016.

To manage its price risk arising from investments in equity securities, management monitors the price movements of the investment and ensures that the investment risk falls within the Groups framework for risk management.

The group's only equity investments is publicly traded on the KOSDAQ.

Sensitivity analysis

The table below summarises the impact of increases/decreases of the KOSDAQ on the Group's equity and pre-tax loss for the period. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

	Impact on post tax loss		Impact on other components of equity	
	2016 $	2015 $	2016 $	2015 $
KOSDAQ increase 10%	-	-	234,037	-
KOSDAQ decrease 10%	-	-	(234,037)	-

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

18. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The amounts recognised in other comprehensive income in relation to the investment held by the group are disclosed in Note 9.

(iv) Commodity price risk

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

(b) Credit risk

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

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

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

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2016 $	2015 $
Cash and cash equivalents	1,239,384	45,379
Other receivables	112,350	86,194
	1,351,734	131,573

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2016 $	2015 $
Cash at bank and short term deposits		
Held with Australian banks and financial institutions		
AA- S&P rating	1,239,384	34,869
A S&P rating	-	10,510
BBB S&P rating	-	-
Total	1,239,384	45,379
Other receivables		
Counterparties with external credit ratings	109,874	-
Counterparties without external credit ratings(1)		
Group 1	-	-
Group 2	2,476	86,194
Group 3	-	-
Total	112,350	86,194

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

18. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months $	6 - 12 months $	1 - 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount liabilities $
At 30 June 2016						
Trade and other payables	886,677	-	-	-	886,677	886,677
At 30 June 2015						
Trade and other payables	134,545	-	-	-	134,545	134,545

(d) Capital risk management

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

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

(e) Fair value measurements

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

	Notes	Level 1 $	Level 2 $	Level 3 $	Total $
At 30 June 2016					
Available for sale financial asset	9	2,340,377	-	-	2,340,377
Non-current assets held for sale		-	-	-	-
At 30 June 2015					
Non-current assets held for sale	8	-	4,814,040	-	4,814,040

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

18. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Fair value hierarchy

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

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

Valuation techniques used to determine fair values

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

Specific valuation techniques used to value the available for sale financial asset includes the use of quoted market prices from the KOSDAQ using spot exchange rates at year end.

19. EARNINGS PER SHARE

	2016	2015
Basic and diluted loss per share		
Net loss after tax attributable to the members of the Company	$ (4,718,084)	$ (4,720,479)
Weighted average number of ordinary shares	934,125,713	711,572,424
Basic and diluted loss per share	$ (0.0051)	$ (0.0066)

20. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Significant accounting estimates and judgements

The areas involving significant estimates or judgements are:

- Recognition of deferred tax asset for carried forward tax losses — Note 3;
- Available for use Rights and Patents – Note 7;
- Estimate of useful life of WEC technology asset – Note 7;
- Asset acquisition versus business combination – Note 7;
- Carrying value of assets acquired – Note 7;
- Classification of held for sale asset - Note 9;
- Fair value of held for sale assets – Note 9;
- Carrying value of Joint Venture – Note 10; and
- Estimation of fair value of share-based payments – Note 17;

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

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

21. COMMITMENTS

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

	2016 $	2015 $
Within one year	555,000 (1)	182,103 (2)
Later than one year but no later than five years	-	-
Later than five years	-	-
	555,000	182,103

1 *Commitment under the JV agreement*
2 *Commitment under the Moore Commerce agreement*

Stonehenge Korea Inc.

The Company also has an interest in vanadium and uranium exploration projects in Korea via a 50% ownership position in Stonehenge Korea Inc. The Company executed formal joint venture documentation with KORID for the sale of 50% of Stonehenge Korea Inc. to KORID (JV) on 28 July 2015.

The Company is committed to its contractual obligations in respect of the JV and will continue developing the Korean projects. The JV Agreement with KORID requires the Company to spend up to $800,000 during Stage 1 of the JV. The Company estimates the actual cost of Stage 1 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 Placement, as required under the Agreement. As at 30 June 2016, the Group had already contributed $245,000 towards Stage 1, see Note 10.

22. CONTINGENCIES

The Group has no contingent assets or liabilities as at 30 June 2016 (30 June 2015: nil).

23. RELATED PARTY TRANSACTIONS

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

Parent entities

The ultimate parent entity and ultimate controlling party is Protean Wave Energy Limited (incorporated in Australia).

Subsidiaries

Interests in subsidiaries are set out in Note 25.

Key management personnel compensation

	2016 $	2015 $
Short-term employee benefits	457,551	288,183
Post-employment benefits	29,913	20,309
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	1,166,706	151,489
	1,654,170	459,981

Detailed remuneration disclosures are provided within the remuneration report.

23. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties

During the year the following related party transactions took place:

- Mr Young Yu, Non-Executive Director, is a director of JLC Corporation Pty Ltd, which received Mr Yu's director and consulting fees during the period.
- Mr B Hammond, Non-Executive Chairman, is a director of Seymour Associates Pty Ltd which received Mr Hammond's director and consulting fees during the period.
- Mr Tarratt, Non-Executive Director, is a trustee of Blackfriar Unit Trust which received Mr Tarratt's consulting fees during the period. At year end the Company had an outstanding payable balance of $27,500 owing to Blackfriar Unit Trust.
- Mr Sean Moore, Chief Technology Officer (Wave Energy), is a Director of Moore Commerce Pty Ltd (**Moore Commerce**) and had the capacity to significantly influence decision making of the Company. The Company entered into a consulting agreement with Moore Commerce to execute projects relating to the Protean™ wave energy convertor technology. The consulting agreement was on normal commercial terms and conditions. Moore Commerce received project fees for the research and development of the Protean™ wave energy converter technology, which were unrelated to KMP remuneration. During the year, Moore Commerce was engaged on two projects. Firstly, to provide a Desktop Demonstrator of the Protean™ WEC and secondly to deliver a pilot project on the Protean™ WEC. The contract and projects were based on normal commercial terms and conditions. During the year amounts paid or payable to Moore Commerce were $1,073,476. At year end the Company had an outstanding payable balance of $585,292.

Share based payments

During the period, it was approved at the company's Annual General Meeting that:

- Mr Lane be granted 12.5 million performance rights and 17.5 million incentive options;
- Mr Hammond be granted 2.5 million incentive options and 1 million Class C options;
- Mr Yu be granted 2.5 million incentive options and 5 million incentive options as a remuneration bonus for cost saving measures implemented by the company in 2013;
- Mr Bevan Tarratt be granted 2.5 million incentive options and 5 million incentive options as a remuneration bonus for cost saving measures implemented by the company in 2013; and
- Mr Henning has been granted 5 million incentive options as a remuneration bonus for cost saving measures implemented by the company in 2013 for services whilst he was a Director of the company.
- Mr Moore be granted 45 million performance rights and 45 million incentive options;

Details of the valuation pertaining to the above mentioned equity instruments are set out in Note 17.

23. RELATED PARTY TRANSACTIONS (continued)

Loans to/from related parties

Short term funding

	2016 $	2015 $
Beginning of the year	-	-
Loans advanced [1][2][3]	-	39,000
Finance costs	-	9,750
Interest paid	-	-
Loan repayments made in cash	-	-
Loan repayment made in equity	-	(48,750)
	-	-

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

Term and conditions

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

Convertible debt facility

Mr Bevan Tarratt has provided $75,000 to the Company through a convertible debt facility. The debt facility has been provided on an arm length basis on the same terms as the facilities identified in Note 13.

	2016 $	2015 $
Face value of the notes issued	75,000	-
Fair value adjustment - options	50,971	-
Fair value adjustment – issue of share capital	(3,844)	-
Interest payable	4,697	-
Facility fee payable	5,625	-
Repayment of loans – issue of share capital	(73,042)	
Issue of options	(50,971)	-
Interest and facility fees paid [1]	(8,436)	
	-	-

1 *Loan repayment made in cash included the facility fees and a portion of the interest, which was unable to be converted due to the issued capital restrictions*

Term and conditions

In 1 July 2015, the group entered into short term convertible loan facilities for up to $300,000, with a small number of sophisticated investors to provide working capital during the company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Subsequently on 11 August 2015 the Company announced it had secured additional loan facilities.

23. RELATED PARTY TRANSACTIONS (continued)

The total available amount under the facility was $600,000 of which all was drawn down and during the year and was converted into ordinary shares and attaching options upon completion of the re-compliance process.

The loan is a fixed rate Australian-dollar denominated loan which is carried at fair value through profit and loss.

Facility fees of 5% were payable to the lenders upon signing the loan agreements, with a further 2.5% payable on extension of the loan facilities in December 2015. These costs were debited as transaction costs to the loan account and amortised over the life of the loans.

The parent entity issued 600,000 convertible notes at an interest rate of 9.25% (increased to 12% following the accrual of the first interest payment) convertible notes for $600,000 during the year. The notes converted into ordinary shares of the parent entity, at the option of the holder or repayable on 31 March 2016. The notes may be converted at the conversion price, being the lower of 2.5 cents or 15% discount to the 10 traded day VWAP, subject to a minimum price of 2 cents.

There are no outstanding loans arising to or from related parties as at 30 June 2016 (30 June 2015: Nil).

There were no other related party transactions during the period.

24. RECONCILATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Note	2016 $	2015 $
Loss for the period		(4,718,086)	(4,720,479)
Add/(less) non-cash items:			
Depreciation and amortisation	1	270,234	24,290
Write off of plant and equipment		5,912	9,294
Non-cash employee/consultants benefits expense		-	96,442
Impairment of exploration and evaluation expenditure		-	3,158,967
Share-based payments – Directors, employees and consultants	17	1,638,730	359,415
Share-based payments in lieu of compliance service fees	17(d)	56,000	6,000
Share of JV loss	10	111,620	-
Unrealised foreign exchange loss		37,090	(9,643)
Gain on sale of subsidiary		(32,639)	-
Finance costs		478,818	30,000
Income tax expense		-	(369,376)
Add/ (less) items classified as invested/financing activities:			
Gain on sale of subsidiary		(437,243)	-
Changes in assets and liabilities during the financial year:			
Decrease/(increase) in receivables		(58,939)	(23,545)
Increase/(decrease) in payables		738,072	(30,262)
Increase/(decrease) in employee provision		(1,507)	(30,948)
Increase/(decrease) in deferred tax liability		-	-

Net cash outflow from operating activities	(1,911,935)	(1,499,845)

25. CONSOLIDATED ENTITIES

(a) Investments in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 29(a):

Name of entity	Country of incorporation	2016 Equity holding	2015 Equity holding
SK Energy Metals Pty Ltd (1)	Australia	100%	100%
Ginja Minerals Pty Ltd (2)	Australia	100%	100%
Protean Wave Energy Inc. (3)	United States	100%	100%
Protean Power Pty Ltd (4)	Australia	99.79%	-
Protean Energy Australia Pty Ltd (5)	Australia	100%	-

1 *Holding company of Stonehenge Korea Inc.*
2 *Dormant subsidiary*
3 *Incorporated on 24 March 2015*
4 *Subsidiary acquired on 20 August 2015*
5 *Subsidiary acquired on 25 February 2016 and is the holder of the rights and trademarks to the Protean WEC Technology*

26. REMUNERATION OF AUDITORS

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

	2016 $	2015 $
(a) BDO Australia		
Audit and assurance services		
Audit and review of financial statements	51,456	24,548
Taxation services		
Tax compliance services	6,127	7,854
International tax consulting and tax advice	2,175	8,480
Total remuneration for taxation services	8,302	16,334
Other services		
Report for Notice of Meeting	-	1,530
Investigating Accountant's report	8,160	-
Total remuneration for BDO Australia	67,918	42,412
(b) Network firms of BDO		
Audit and assurance services		
Audit and review of financial statements for the year ended 30 June 2014	-	11,766
Total auditors remuneration	67,918	54,178

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

27. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Protean Wave Energy Limited as at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 29.

(a) Summary of financial information

The individual aggregate financial information for the parent entity is shown in the table.

	Company	
	2016 $	2015 $
Financial position		
Current assets	1,358,306	100,530
Total assets	**9,702,861**	**5,270,629**
Current liabilities	887,361	96,672
Total liabilities	**887,361**	**96,672**
Equity		
Contributed equity	28,975,566	24,560,701
Reserves	6,716,883	2,234,752
Accumulated losses	(26,876,949)	(21,538,967)
Total equity	**8,815,500**	**5,274,487**
Financial performance		
Loss for the year	(5,337,982)	(4,479,467)
Total comprehensive loss	**(5,337,982)**	**(4,479,467)**

(b) Guarantees entered into by the parent entity

The parent entity did not have any guarantees as at 30 June 2016 or 30 June 2015.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015.

(d) Contractual commitments for the acquisition of property, plant and equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2016 or 30 June 2015.

28. EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

On 26 July 2016 the Company advised of the appointment of Mr Stephen Rogers as Managing Director and the resignation of Mr Bruce Lane from the Board.

In addition, on the 25 July 2016, the Company advised it had terminated its contracts with Sean Moore and Moore Commerce Pty Ltd for the cash consideration of $350,000 (excluding GST) and an agreement to issue 40 million ordinary shares in settlement of the termination of all entitlements and work completed to date. Accordingly, Sean Moore stepped down as Chief Technology Officer. The Company also advised that 14 million performance rights had converted into ordinary shares following satisfaction of performance milestones.

On 19 August 2016, the Company advised it had received $200,000 from KOSDAQ listed KORID and has completed the second and third placements by way of placement of shares at a price of 1.425¢ per share. In addition, the Company advised that 10 million performance rights had converted into ordinary shares on a one for one basis following satisfaction of performance milestones.

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

29. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements of Protean Wave Energy Limited for the year ended 30 June 2016 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Group Interpretations and the *Corporations Act 2001*. Protean Wave Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

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

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 20.

New and amended standards adopted by the Group

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

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

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

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

New standards and interpretations not yet adopted

AASB 9 Financial Instruments

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

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

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

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

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

AASB 15 Revenue from Contracts with Customers

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

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

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

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

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

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

Accounting policies

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

(a) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company at the end of the reporting period. Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 25 to the financial statements.

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

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

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

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 29(h).

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Protean Wave Energy Limited.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Going concern

During the year the consolidated entity incurred a net loss of $4,718,086 (2015: $4,720,479) and incurred net cash outflows from operating activities of $1,911,935 (2015: $1,499,845). The consolidated entity held cash assets at 30 June 2016 of $1,239,384 (2015: $45,379). Subsequent to year end, cash assets have decreased to $665,802.

The ability of the consolidated entity to continue as a going concern is dependent on securing additional funding through equity and/or debt and successful receipt of research and development claims, in order for the consolidated entity to continue to fund its operations and further develop its wave energy converter technology.

These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the consolidated entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- management is in the process of evaluating the option to raise capital through either equity or debt; and
- receipt of research and development claims (currently in the process of submitting)

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

(c) Segment Reporting

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

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency). The consolidated financial statements are presented in Australian dollars, which is Protean's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the year.

Group companies

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

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

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

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

(e) Revenue Recognition

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

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

Interest income

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

(f) Income Tax and Other Taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Protean Wave Energy Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Goods and Services Tax (GST)

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(j) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months.

(k) Non-current assets held for sale

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

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

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

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

(l) Investments and other financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivate financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivable are included in trade and other receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to old them for the medium to long term.

(i) Recognition and de-recognition

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(ii) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

(iii) Impairment

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

Assets classified as available-for-sale

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

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

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

(m) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

(n) Intangible Assets

(i) Trademarks, licences and patents

Separately acquired trademarks, licences and patents are shown at historical cost. Trademarks, licenses and customer contracts acquired are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Separately acquired trademarks, licences and patents are available for use when acquired.

(ii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (i) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation methods and periods

Refer to Note 7 for details about amortisation methods and periods used by the Group for intangible assets.

(o) Share Based Payment Transactions

Benefits to Employees and consultants (including Directors)

The Group provides benefits to employees and consultants (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares or options ("equity-settled transactions").

The costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted is determined using the single barrier share option pricing model. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 17.

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

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

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

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

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

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

Benefits to Vendors

The Group provides benefits to vendors of the Group in the form of share based payment transactions, whereby the vendor has render services in exchange for shares or rights over shares or options ("equity-settled transactions").

The fair value is measured by reference to the value of the goods or services received. If these cannot be reliably measured, then by reference to the fair value of the equity instruments granted.

The cost of these equity-settled transactions is recognised over the period in which the service was received.

(p) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(q) Employee Entitlements

The Group's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

(s) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(t) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(u) Dividends

No dividends were paid or proposed during the year.

(v) Comparatives

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

(w) Parent entity financial information

The financial information for the parent entity, Protean Wave Energy Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements except as set out below:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated entity.

2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3. The Group has included in the notes to the financial statements and explicit an unreserved statement of compliance with International Financial Reporting Standards.

4. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

S Rogers

Stephen Rogers

Managing Director

Perth, Western Australia

31 August 2016

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Protean Wave Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Protean Wave Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 29, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Protean Wave Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Protean Wave Energy Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 29.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 29(b) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity and/or debt, and the successful receipt of research and development claims. These conditions, along with other matters as set out in Note 29(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 24 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Protean Wave Energy Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue

Director

Perth, 31 August 2016

ADDITIONAL INFORMATION

Information as at 19 August 2016

(a) Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 – 1,000	57
1,001 – 5,000	137
5,001 – 10,000	195
10,001 – 100,000	912
100,001 – and over	734
	2,035

The number of shareholdings held in less than marketable parcels is 911.

(b) Voting rights

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

Ordinary Share

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

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

Performance Shares

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

(c) 20 Largest Shareholders — Ordinary Shares as at 19 August 2016

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	CONCANNON CAPITAL PTY LTD	120,000,000	11.13%
2	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	68,153,058	6.32%
3	JLC CORPORATION PTY LTD	34,401,677	3.19%
4	R H HENNING PTY LTD <RATHMORE SUPER FUND A/C>	27,482,408	2.55%
5	MOORE COMMERCE PTY LTD	19,000,000	1.76%
6	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY SUPERFUND A/C>	15,035,376	1.39%
7	JLC CORPORATION PTY LTD <THE YCY SUPER FUND A/C>	15,000,000	1.39%
8	FLUFFY DUCK SUPER PTY LTD <FLUFFY DUCK SUPER FUND A/C>	13,200,000	1.22%
9	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	13,070,830	1.21%
10	MISS ELIZABETH ANNE MCCREADIE	12,173,679	1.13%
11	MR JOHN PHILLIP WAY	11,726,000	1.09%
12	MR JAMES DAVID TAYLOR & MRS MARION AMY TAYLOR <ITS MANAGEMENT S/F A/C>	10,990,263	1.02%
13	MAGNA EQUITIES II LLC	10,000,000	0.93%
14	FENCOURT ENTERPRISES PTY LTD <P & Y GREENWOOD S/F A/C>	9,123,034	0.85%
15	LOK HUNG NOMINEES PTY LTD <SF SUPERANNUATION FUND A/C>	9,078,209	0.84%
16	MR ROHAN CHARLES EDMONDSON	8,875,000	0.82%
17	FLUFFY DUCK SUPER PTY LTD <FLUFFY DUCK SUPER FUND A/C>	8,593,904	0.80%
18	MR LACHLAN PETER WINNER	8,011,522	0.74%
19	TIRENI PTY LTD	8,000,000	0.74%
20	MRS LINDA HELEN PEDLER	7,816,477	0.72%
	Total	**429,731,437**	**37.31%**
	Balance of register	**721,926,288**	**62.69%**
	Grand total	**1,151,657,725**	**100.00%**

ADDITIONAL INFORMATION

(d) Substantial Shareholders

As at 19 August 2016, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

Shareholder	No. of Shares	%
Concannon Capital Pty Limited	120,000,000	11.13%
Slade Technologies Pty Ltd <Embrey Family S/Fund A/C>	68,153,058	6.32%

(e) Unquoted Securities – as at 19 August 2016

Set out below are the classes of unquoted securities currently on issue:

Number	Class
8,837,500	Options exercisable at $0.0375 on or before 30/11/2018
155,911,352	Options exercisable at $0.0375 on or before 31/12/2018
17,675,000	Options exercisable at $0.05 on or before 30/11/2018
26,512,500	Options exercisable at $0.0625 on or before 30/11/2018
35,350,000	Options exercisable at $0.075 on or before 30/11/2018
1,000,000	Options exercisable at $0.081 on or before 30/11/2018
120,000,000	Class A Performance Shares subject to vesting conditions
26,400,000	Class B Performance Rights subject to vesting conditions
21,000,000	Class C Performance Rights subject to vesting conditions
9,500,000	Class D Performance Rights subject to vesting conditions

(f) Securities Subject to Escrow

Set out below is are the securities currently subject to escrow restrictions:

Number	Class
844,290	Ordinary shares held in escrow for two years from 29/02/2016
77,167,062	Ordinary shares held in escrow until 22/02/2017
12,844,290	Options exercisable at $0.0375 on or before 31/12/2018 held in escrow for two years from 29/02/2016
667,062	Options exercisable at $0.0375 on or before 31/12/2018 held in escrow until 22/02/2017
4,000,000	Options exercisable at $0.0375 on or before 30/11/2018 held in escrow for two years from 29/02/2016
4,500,000	Options exercisable at $0.0375 on or before 30/11/2018 held in escrow until 22/02/2017
8,000,000	Options exercisable at $0.05 on or before 30/11/2018 held in escrow for two years from 29/02/2016
9,000,000	Options exercisable at $0.05 on or before 30/11/2018 held in escrow until 22/02/2017
12,000,000	Options exercisable at $0.0625 on or before 30/11/2018 held in escrow for two years from 29/02/2016
13,500,000	Options exercisable at $0.0625 on or before 30/11/2018 held in escrow until 22/02/2017
16,000,000	Options exercisable at $0.075 on or before 30/11/2018 held in escrow for two years from 29/02/2016
18,000,000	Options exercisable at $0.075 on or before 30/11/2018 held in escrow until 22/02/2017
1,000,000	Options exercisable at $0.081 on or before 30/11/2018 held in escrow for two years from 29/02/2016
18,351,852	Class A Performance Shares held in escrow for two years from 29/02/2016
101,648,148	Class A Performance Shares held in escrow until 22/02/2017
26,400,000	Class B Performance Rights held in escrow for two years from 29/02/2016
21,000,000	Class C Performance Rights held in escrow for two years from 29/02/2016

(g) ASX Listing Rule 4.10.19 Confirmation

Pursuant to ASX Listing Rule 4.10.19 the Company confirms that from the period of reinstatement of 29 February 2016 to 30 June 2016 the Company used its cash and assets in a form readily convertible into cash, in line with its stated business objectives.

ADDITIONAL INFORMATION

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

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

<u>Gwesan Group – detailed information</u>

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

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

<u>Miwon Group – detailed information</u>

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

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

ADDITIONAL INFORMATION

Daejeon Group – detailed information

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

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

Corporate Governance

Pursuant to the ASX Listing Rules, the Company’s Corporate Governance Statement will be released in conjunction with this report. The Company’s Corporate Governance Statement is available on the Company’s website at: http://www.proteanwaveenergy.com/corporate-profile/corporate-governance/