

Ocean Power Technologies, Inc.
Form 424B5
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Registration No. 333-209517

Explanatory Note

This filing amends and restates the prospectus supplement filed by Ocean Power Technologies, Inc. on June 2, 2016. The number of shares underlying our warrants offered hereunder have increased from 145,950 shares of common stock to 145,952 shares to reflect the rounding of fractional shares issuable upon exercise of our warrants. In addition, the exercise price of our warrants has increased from \$6.04 to \$6.08 as required by the rules and regulations of the Nasdaq Capital Market. Lastly, a “Recent Developments” section discussing a material agreement between the Company and a customer has been added to the prospectus supplement under the heading “Prospectus Supplement Summary.”

PROSPECTUS SUPPLEMENT

To Prospectus Dated April 26, 2016

**417,000 shares of Common Stock
Warrants to Purchase 145,952 Shares of Common Stock**

We are offering 417,000 shares of our common stock and warrants to purchase up to 145,952 shares of our common stock (and the shares of our common stock that are issuable from time to time upon exercise of the warrants). The common stock and warrants will be sold in combination, with a warrant to purchase 0.35 shares of common stock for every share of common stock sold. The combined purchase price for each share of common stock and accompanying warrant is \$4.60. The shares of common stock and warrants are immediately separable and will be issued separately. Our common stock is listed on The NASDAQ Capital Market under the symbol “OPTT.” On June 6, 2016, the last reported sale price of our common shares on The NASDAQ Capital Market was \$4.49 per share.

The warrants will not be immediately exercisable, but will become exercisable at any time on or after the six month

and one day anniversary of the date of issuance, and will remain exercisable until the fifth anniversary of the date of issuance. The exercise price for the warrants initially will be \$6.08, subject to certain adjustment.

There is no established public trading market for the warrants and we do not expect a market to develop. In addition, we do not intend to list the warrants on The NASDAQ Capital Market, any other national securities exchange or any other nationally recognized trading system.

As of the date of this prospectus supplement, the aggregate market value of our outstanding common stock held by non-affiliates, or public float, was approximately \$11,523,782 million, based on 1,907,911 shares of outstanding common stock held by non-affiliates as of the date of this prospectus supplement, at a price of \$6.04 per share, which was the last reported sale price of our common stock on The NASDAQ Capital Market on June 1, 2016. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell securities registered on the registration statement of which this prospectus supplement is a part in a primary offering with a value exceeding more than one-third of our public float in any 12-month period so long as our public float remains below \$75.0 million. During the 12 calendar months preceding the date of this prospectus supplement, excluding the securities offered by this prospectus supplement, we have offered and sold \$293,343 in value of securities pursuant to General Instruction I.B.6 of Form S-3.

Investing in our securities involves a high degree of risk. Please read “Risk Factors” beginning on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have engaged Roth Capital Partners, LLC, and Rodman and Renshaw, a unit of H.C. Wainwright & Co., LLC, or the placement agents, as our placement agents in connection with this offering. The placement agents have no obligation to buy any of the securities from us or to arrange for the purchase or sale of any specific number or dollar amount of securities. We have agreed to pay the placement agents the placement agent fees set forth in the table below, which assumes that we sell all of the common shares and warrants we are offering. See “Plan of Distribution” beginning on page S-13 of this prospectus supplement for more information regarding these arrangements.

	Per Share	
	and	Total
	Related	
	Warrants	
Public offering price	\$ 4.60	\$1,918,200

Placement agent fees (1)	\$ 0.276	\$ 115,092
Proceeds, before expenses, to us (2)	\$ 4.324	\$ 1,803,108

In addition, we have agreed to reimburse the placement agents for certain out-of-pocket expenses and we have (1) granted Roth Capital Partners certain rights to participate in future offerings of securities of the Company. See “Plan of Distribution” beginning on page S-13 of this prospectus supplement.

(2) The amount of the offering proceeds to us presented in this table does not give effect to any exercise of the warrants being issued in this offering.

Delivery of the shares of common stock and warrants is expected to be made on or about June 7, 2016, subject to the satisfaction of certain conditions.

Roth Capital Partners

Rodman & Renshaw,

a unit of H.C. Wainwright & Co.

The date of this prospectus supplement is June 7, 2016.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying base prospectus are part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, using a “shelf” registration statement. This document contains two parts. The first part is the prospectus supplement, which describes the specific details regarding this offering, including the price, amount of common stock and warrants being offered, the risks of investing in the common stock and warrants, and other items. The second part is the accompanying base prospectus, which provides more general information about the securities Ocean Power Technologies, Inc. may offer from time to time under the registration statement, some of which may not apply to the common stock and warrants covered by this prospectus supplement. If there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying base prospectus, on the other hand, the information in this prospectus supplement will control. You should read both this prospectus supplement and the accompanying base prospectus together with the additional information described in “Where You Can Find More Information” and the documents listed in “Incorporation of Certain Information by Reference” before you decide whether to invest in the common stock.

Unless the context otherwise requires, we use the terms “Company,” “we,” “us,” and “our” to refer to Ocean Power Technologies, Inc. or to Ocean Power Technologies, Inc. and its subsidiaries.

You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement and the accompanying base prospectus. You may obtain the information incorporated by reference into this prospectus supplement and the accompanying base prospectus without charge by following the instructions under “Where You Can Find More Information” and “Incorporation of Certain Information by Reference” below. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither Ocean Power Technologies, Inc. nor either of the placement agents is making an offer to sell these securities or soliciting an offer to buy the securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus supplement and the accompanying base prospectus (SEC Registration No. 333-209517) summarize certain documents and other information, and we refer you to them for a more complete understanding of what we discuss in this prospectus supplement and the accompanying base prospectus. That registration statement, including the exhibits filed with the registration statement and the information incorporated by reference in the registration statement, can be read at the SEC’s website, www.sec.gov, or at the SEC office mentioned under the section of this prospectus supplement entitled “Where You Can Find More Information” below. In making an investment decision, you must rely on your own examination of our Company and the terms of this offering and the securities, including the merits and risks involved.

We are not making any representation to any purchaser of the securities regarding the legality of an investment in the securities by such purchaser. You should not consider any information in this prospectus supplement or the accompanying base prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor for legal, business and tax advice regarding an investment in the securities. We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement or the accompanying base prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreement, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

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WHERE YOU CAN FIND MORE INFORMATION

Ocean Power Technologies, Inc.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus supplement and the accompanying base prospectus are a part. This prospectus supplement and the accompanying base prospectus do not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our Company and the securities registered hereby, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Statements contained in this prospectus supplement and the accompanying base prospectus as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus and any accompanying base prospectus supplement are not necessarily complete and, where that contract or other document is an exhibit to the registration statement, each statement is qualified in all respects by the exhibit to which the reference relates.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. These documents contain specific information regarding us. These documents, including exhibits and schedules thereto, may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Section may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website which provides online access to reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at the address <http://www.sec.gov>. Our common stock is listed on The NASDAQ Capital Market under the ticker symbol "OPTT." Our SEC filings are also available (free of charge) from our web site at www.oceanpowertechnologies.com. Information contained on our website or any other website is not incorporated into this prospectus supplement or the accompanying base prospectus and does not constitute a part of this prospectus supplement or the accompanying base prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

In addition to historical information, this prospectus supplement and the accompanying base prospectus, including the information incorporated by reference into this prospectus supplement and the accompanying base prospectus, contain statements relating to future events or our future financial position, business strategy, pending, threatened and current litigation, liquidity, budgets, projected costs, plans and objectives of management for future operations. These statements are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Generally, words such as "may," "will," "should," "could," "would," "anticipate," "expect," "intend," "es," "plan," "project," "continue," "goal" and "believe," or other variations on these and other similar expressions identify forward-looking statements. Forward-looking statements are only predictions and, as such, are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon our assumptions as to future events or our future financial performance that may not prove

to be accurate. These statements speak only as of the date they were made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur as contemplated, and actual results could differ materially from those anticipated or implied by the forward-looking statements. The forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties, including the following:

- our estimates regarding expenses, future revenues and capital requirements;
 - the adequacy of our cash balances and our need for additional financings;
 - our ability to develop and manufacture a commercially viable PowerBuoy product;
 - that we will be successful in our efforts to commercialize our PowerBuoy or the timetable upon which commercialization can be achieved, if at all;
 - our ability to identify and penetrate markets for our PowerBuoys and our wave energy technology;
 - our ability to implement our commercialization strategy as planned, or at all;
 - our ability to maintain the listing of our common stock on The NASDAQ Capital Market;
 - the reliability of our technology and our PowerBuoys;
 - our ability to improve the power output, survivability and reliability of our PowerBuoys;
-
- the impact of pending and threatened litigation on our business, financial condition and liquidity;
 - changes in current legislation, regulations and economic conditions that affect the demand for renewable energy;

- our ability to compete effectively in the renewable energy market;
- our limited operating history and history of operating losses;
- our sales and marketing capabilities and strategy in the United States and internationally; and
- our ability to protect our intellectual property portfolio.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, investors should review the risks described in this prospectus supplement and the accompanying base prospectus and those incorporated by reference into this prospectus supplement and the accompanying base prospectus, including those risks contained in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we filed this prospectus supplement.

PROSPECTUS SUPPLEMENT SUMMARY

This summary contains basic information about us, including recent developments, our common stock, the warrants and this offering. It highlights selected information contained in or incorporated by reference in this prospectus supplement and the accompanying base prospectus. Because this is a summary, it does not contain all of the information that you should consider before investing in the common stock. Before making an investment decision, you should read carefully this entire prospectus supplement, including the section entitled “Risk Factors,” the accompanying base prospectus, our financial statements and the accompanying notes to the financial statements and the other documents incorporated by reference into this prospectus supplement and the accompanying base prospectus.

Ocean Power Technologies, Inc.

We are developing and seeking to commercialize proprietary systems that generate electricity by harnessing the renewable energy of ocean waves. Our PowerBuoy® systems use proprietary technologies to convert the mechanical energy created by the rising and falling of ocean waves into electricity. We currently continue to develop our PowerBuoy line, which consists of our autonomous PowerBuoy system. Since fiscal 2002, the U.S. Navy and other government agencies have accounted for a significant portion of our revenues. These revenues were largely for the support of our product development efforts. Our goal, over time, is that an increased portion of our revenues be from the sale of products and services, as compared to revenue to support our product development efforts. As we continue to advance our proprietary technologies and develop our products, we expect to have a net use of cash from operating activities unless and until we achieve positive cash flow from the planned commercialization of our products and services.

Our principal executive offices are located at 1590 Reed Road, Pennington, New Jersey 08534, and our telephone number is (609) 730-0400. We maintain a website at www.oceanpowertechnologies.com where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement or the accompanying base prospectus. The Company was incorporated in New Jersey in 1984 and reincorporated in Delaware in 2007.

Recent Developments

On May 31, 2016, we entered into an agreement (the “MES Agreement”) with Mitsui Engineering & Shipbuilding Co., Ltd. (“MES”) to, among other things, lease and deploy our PB3 PowerBuoy off Kozushima Island, Japan. The lease is for a six-month period anticipated to commence in March 2017. Pursuant to the MES Agreement, MES has also placed an order with us to provide certain engineering and other services. The total value of the lease and other

services to be provided by us under the MES Agreement is \$975,587.

The term of the MES Agreement will at a minimum include the duration of the project, as well as the lease of any materials, machinery, equipment, article, item, drawings, service or work, including but not limited to the lease of the PowerBuoy, provided for in the MES Agreement. The term of the MES Agreement commenced in March 2016 and is expected to extend at least through the term of the PB3 PowerBuoy lease, currently expected to be through August 2017. Our total liability under the MES Agreement shall not exceed the total contract value. The MES Agreement is terminable by either party in the event of the bankruptcy or similar proceedings of the other party, and can be terminated by either party upon notice and failure by the other party to correct any default under the MES Agreement within a reasonable period. In addition, MES has the right to cancel all or any separable part of the MES Agreement for convenience upon 30 days written notice to us, but may not cancel the MES Agreement after the Goods (as defined in the MES Agreement) have left our facility for shipment to MES. The MES Agreement includes a number of other standard contract terms and conditions, including without limitation, provisions relating to inspection and testing, packing and delivery, warranties, indemnities and limit of liabilities, and risk of loss and insurance. The MES Agreement is governed by the laws of Japan.

Summary of the Offering

Summary details of the offering of our common stock under this prospectus supplement and the accompanying base prospectus are set forth below.

Issuer	Ocean Power Technologies, Inc. 417,000 shares Warrants to purchase up to 145,952 shares of common stock.
Common stock offered by us pursuant to this prospectus supplement	The warrants will be exercisable beginning on the date that is six months and one day after the date of issuance, and will expire on the fifth anniversary of the date of issuance. Each warrant will have an exercise price of \$6.08 per share.
Warrants offered by us	For more information, see the section entitled “Description of Securities We Are Offering” on page S-10 of this prospectus supplement. This prospectus supplement also relates to the offering of the shares of common stock issuable upon exercise of the warrants.

Shares of Common Stock to be Outstanding Immediately After this Offering 2,505,504 shares (assuming none of the warrants issued in this offering are exercised).

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Use of Proceeds

We intend to use the net proceeds of this offering for general corporate purposes, which may include additional development, testing and demonstrations of our PowerBuoy system. Accordingly, we will retain broad discretion over how the net proceeds are used. See “Use of Proceeds” on page S-10 of this prospectus supplement.

Our common stock is listed on The NASDAQ Capital Market under the symbol “OPTT.”

The Nasdaq Capital Market Symbol for the Common Stock

We do not intend to list the warrants on The NASDAQ Capital Market, any other national securities exchange or any other nationally recognized trading system.

Risk Factors

This investment involves a high degree of risk. See “Risk Factors” on page S-6 of this prospectus supplement.

The number of shares of common stock to be outstanding after this offering is based on 2,088,504 shares outstanding as of the date of this prospectus supplement and excludes options outstanding as of that date representing the right to purchase a total of 88,648 shares of common stock at a weighted average exercise price of approximately \$42.7605 per share and 380,000 shares of common stock that may be issued in the future pursuant to a settlement agreement of certain pending securities litigation, which is subject to court approval and other requirements. See “Risk Factors” on page S-6 of this prospectus supplement and “Risk Factors – Risks Related to our Common Stock” in our most recent Annual Report on Form 10-K, as supplemented by subsequent Quarterly Reports on Form 10-Q.

RISK FACTORS

Investing in our common stock and warrants involves substantial risk. You should carefully consider the risk factors disclosed below as well as those contained in our most recent Annual Report on Form 10-K and our subsequent Quarterly Report on Form 10-Q, which are incorporated by reference herein, as updated by our subsequent filings under the Exchange Act and the other information contained in this prospectus supplement and the accompanying base prospectus, before acquiring any of our common stock. These risks could have a material adverse effect on our business, results of operations or financial condition and cause the value of our common stock to decline. You could lose all or part of your investment.

This prospectus supplement and the accompanying base prospectus also contain or incorporate by reference forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks faced by us described or incorporated by reference in this prospectus supplement and accompanying base prospectus. See “Cautionary Statement Regarding Forward-Looking Information.”

Risks Related to this Offering

We may issue or sell shares of our common stock or securities convertible or exchangeable for our common stock in the future and this may depress our stock price.

In this offering, we are selling an additional 417,000 shares of our common stock and warrants to purchase an additional 145,952 shares of our common stock pursuant to this prospectus supplement. As of the date of this prospectus supplement, 2,088,504 shares of our common stock were outstanding, excluding options outstanding as of that date representing the right to purchase a total of 88,648 shares of common stock at a weighted average exercise price of approximately \$42.7605 per share.

Also, the Company has entered into a Stipulation and Agreement of Class Settlement (the “Stipulation”) to settle the securities class action litigation captioned *In re Ocean Power Technologies, Inc. Securities Litigation*, Case No. 14-3799 (FLW)(LHG) (District of New Jersey) (the “Securities Class Action”), which is pending against it in the United States District Court for the District of New Jersey (the “Court”). If approved by the Court, the Stipulation will resolve the claims asserted in the Securities Class Action against us, the underwriter of our April 4, 2014 public offering, and one of our former officers and directors, by a class consisting of investors in the Company from January 14, 2014 through July 29, 2014, and investors who purchased our securities pursuant to and/or traceable to our April 4, 2014 offering of shares of our Common Stock. The Stipulation provides, among other things, for the issuance by the Company of an additional 380,000 shares of our Common Stock (the “Settlement Shares”) to the class members. The

terms of the Stipulation, including the settlement payment and the issuance of the Settlement Shares, are subject to approval by the Court following notice to all class members. The issuance of the Settlement Shares is expected to be exempt from registration pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended.

Our stockholders may experience substantial dilution in the value of their investment or their ownership interest as a result of this offering or if we issue additional shares of our capital stock in the future.

Our certificate of incorporation currently authorizes us to issue up to 50,000,000 shares of our common stock and to issue and designate the rights of, without stockholder approval, up to 5,000,000 shares of preferred stock. We are offering 417,000 shares of our common stock and warrants to purchase 145,952 shares of our common stock in this offering pursuant to this prospectus supplement. In the future, in order to raise additional capital, we may offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that may not be the same as the price per share paid by other investors, and dilution to our stockholders in the value of their investment and their ownership and voting interest in the Company could result. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by existing investors, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by other investors.

In addition, we have a significant number of stock options and warrants outstanding. To the extent that outstanding stock options or warrants have been or may be exercised or other shares issued, investors purchasing our common stock in this offering may experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our shareholders or result in downward pressure on the price of our common stock.

We may not be able to raise sufficient capital to continue to operate our business.

We have incurred negative operating cash flows since our inception. We will require additional equity and/or debt financing to continue our operations as a going concern. If we are unable to raise additional funds when needed, our ability to operate and grow our business could be impaired. We do not know whether we will be able to secure additional funding or funding on terms favorable to us. Our ability to obtain additional funding will be subject to a number of factors, including market conditions, our operating performance, pending litigation and investor sentiment. These factors may make additional funding unavailable, or the timing, amount, terms and conditions of additional funding unattractive. If we issue additional equity securities, our existing stockholders would experience dilution or may be subordinated to any rights, preferences or privileges granted to the new equity holders.

There is no public market for the warrants to purchase shares of our common stock being offered in this offering.

There is no established public trading market for the warrants being offered in this offering, and we do not expect a market to develop. In addition, we do not intend to apply to list the warrants on any securities exchange or nationally recognized trading system, including The NASDAQ Capital Market. Without an active market, the liquidity of the warrants will be limited.

Management will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.

Our management will have broad discretion as to the application of the net proceeds from this offering, and could spend the proceeds in ways that do not necessarily improve our operating results or enhance the value of our common stock or warrants.

Holders of warrants will have no rights as common stockholders until such holders exercise their warrants and acquire our common stock.

Until holders of warrants acquire shares of our common stock upon exercise of the warrants, holders of warrants will have no rights with respect to the shares of our common stock underlying such warrants. Upon exercise of the warrants, the holders will be entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the exercise date.

We may issue debt and equity securities or securities convertible into equity securities, any of which may be senior to our common stock as to distributions and in liquidation, which could negatively affect the value of our common stock.

In the future, we may attempt to increase our capital resources by entering into debt or debt-like financing that is unsecured or secured by some or all of our assets, or by issuing additional debt or equity securities, which could include issuances of secured or unsecured commercial paper, medium-term notes, senior notes, subordinated notes, guarantees, preferred stock, hybrid securities, or securities convertible into or exchangeable for equity securities, any of which may rank senior to our common stock. In the event of our liquidation, our lenders and holders of our debt and preferred securities would receive distributions of our available assets before distributions to the holders of our common stock. Because our decision to incur debt and issue securities in future offerings may be influenced by market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or debt financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

The market price of our common stock may be volatile and could decline substantially.

The market price of our common stock has been subject to wide fluctuations. From January 1, 2014, to June 6, 2016, the closing price of our common stock ranged from a low of \$1.32 on January 19, 2016 to a high of \$54.50 on March 11, 2014. The market price of our common stock in the future is likely to continue to be subject to wide fluctuations in response to various factors, including, but not limited to, the following:

variations in our operating results, liquidity and financial condition;

our success in commercializing our PowerBuoys;
the results of the pending and threatened class action securities litigation;
general conditions in the energy market; and
worldwide economic and financial conditions.

In addition, the public stock markets have experienced price and volume fluctuations that have particularly affected the market price for many technology companies and that have often been unrelated to the operating performance of these companies. The broad market fluctuations and other factors may continue to adversely affect the market price of our common stock.

We have a pending SEC investigation that has caused us to incur significant costs and expenses and has diverted our management time, and could have a material adverse effect on our business, financial condition, results of operations, cash flow and our ability to raise capital in the future.

As disclosed in our periodic reports filed with the SEC, the Company has received a subpoena from the SEC arising out of public disclosures related to a now-terminated agreement between Victorian Wave Partners Pty. Ltd. (VWP), a second tier Australian subsidiary of the Company, and the Australian Renewable Energy Agency (ARENA), for the development of a wave power station. The Company has provided information to the SEC in response to that subpoena, and the Company continues to cooperate with the SEC in this investigation. We have incurred and expect to continue to incur significant professional fees and other costs related to the SEC investigation. We are unable to predict what action, if any, might be taken by the SEC or its staff as a result of this investigation or what impact, if any, the cost of responding to the SEC's investigation or its ultimate outcome might have on our financial position, results of operations or liquidity. We have not established any provision for losses relating to this matter. If the SEC were to conclude that enforcement action is appropriate, we could be required to pay civil penalties and fines, and the SEC could impose other sanctions against us or against our current and former officers and directors. In addition, our Board of Directors, management and employees may expend a substantial amount of time on the SEC investigation, diverting resources and attention that would otherwise be directed toward our operations and implementation of our business strategy, all of which could materially adversely affect our business, financial condition, results of operations or cash flows.

We are the subject of pending and threatened securities and other litigation, which is costly and time-consuming to defend, and if decided against us, could require us to pay substantial judgments or settlements. We may be the subject of future securities or other litigation, which could adversely affect our company, our business and our liquidity.

We are the subject of pending and threatened litigation certain of which arises, in part, out of a securities offering that we conducted in April 2014 and other activities of the Company. Although we have entered into the Stipulation

seeking to settle the Securities Class Action, that Stipulation is subject to approval by the Court and other requirements which have not been obtained, are not within our control, and may not be obtained. We cannot assure you that we will be able to settle the Securities Class Action pursuant to the terms set forth in the Settlement, or at all. We also are the subject of other pending and threatened litigation. This litigation is costly and time-consuming to defend and may distract our management from the daily operations of our business. We have received other requests for documents from other potential plaintiffs arising out of this securities offering, and we may be the subject of additional future securities litigation, which could adversely affect our company, our business and our liquidity. Although we maintain directors' and officers' insurance coverage, we cannot assure you that this insurance coverage will be sufficient to cover the substantial fees of lawyers and other professional advisors relating to this pending or any future litigation, our obligations to indemnify our officers and directors who may become parties to such pending and any future actions, or the amount of any judgments or settlements that we may be obligated to pay in connection with these lawsuits. In addition, these actions have caused our insurance premiums to increase, and we may be subject to additional increases in the future. Further, given the volatility of the market price of our common stock, we may be subject to future class action securities and other litigation. Accordingly, we have incurred and may continue to incur substantial legal expenses, judgments and/or settlements relating to pending, threatened and future litigation and our management time and attention may be diverted from the operation of our business, which could materially and adversely affect our business.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the common stock and warrants offered pursuant to this prospectus supplement and accompanying base prospectus will be approximately \$1,618,000, after deducting placement agent fees and the estimated offering expenses payable by us and excluding the proceeds, if any, from the exercise of the warrants issued in this offering.

We intend to use the net proceeds from this offering for working capital and general corporate purposes, which may include additional development, testing and demonstrations of our PowerBuoy system. The amounts and timing of these expenditures will depend on a number of factors, such as the timing, scope, progress and results of our research and development efforts, the timing and progress of any partnering efforts, and the regulatory and competitive environment. As of the date of this prospectus supplement, we have not determined the amount of net proceeds to be used specifically for any particular purpose or the timing of any expenditures. Accordingly, our management will retain broad discretion and flexibility in applying the net proceeds from the sale of the securities. Pending any use of the net proceeds, we intend to invest the net proceeds in repurchase contracts or deposit them in checking accounts at financial institutions.

DILUTION

If you invest in this offering, your ownership interest may be diluted to the extent of the difference between the public offering price per share and the as adjusted net tangible book value per share after giving effect to this offering. Our net tangible book value as of January 31, 2016, was approximately \$6,765,000, or approximately \$3.52 per share of common stock. Net tangible book value per share represents the amount of total tangible assets (total assets less intangible assets) less total liabilities, divided by the number of shares of our common stock outstanding as of January 31, 2016.

Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers in this offering and the net tangible book value per share of our common stock immediately after this offering. After giving effect to the sale of 417,000 shares of our common stock in this offering at \$4.60 per share, and after deduction of commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of January 31, 2016 would have been approximately \$8,383,000, or \$3.58 per share of common stock. This represents an immediate increase in net tangible book value of \$0.06 per share of common stock to our existing stockholders and an immediate decrease in net tangible book value of \$1.02 per share of common stock to investors in this offering.

The amounts above are based on 1,924,234 shares of common stock outstanding as of January 31, 2016 and do not reflect the exercise of outstanding options or the exercise of the warrants issued in this offering because the effect of such exercise would be anti-dilutive.

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DESCRIPTION OF SECURITIES WE ARE OFFERING

In this offering, we are offering 417,000 shares of our common stock and warrants to purchase 145,952 shares of common stock. The shares of common stock and the warrants will be issued separately. The shares of common stock issuable from time to time upon exercise of the warrants, if any, are also being offered pursuant to this prospectus supplement and the accompanying prospectus.

Authorized and Outstanding Capital Stock

The following description of our common stock and provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to our certificate of incorporation and bylaws, which have been incorporated by reference as exhibits to the registration statement of which this prospectus supplement forms a part.

Our authorized capital stock consists of 50,000,000 shares of common stock, par value \$0.001 per share, and 5,000,000 shares of preferred stock, par value \$0.001 per share, all of which are undesignated.

As of the date of this Prospectus Supplement, there were 2,088,504 shares of common stock issued and outstanding, and no shares of preferred stock were issued or outstanding.

Description of Common Stock

Voting. Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election.

Dividends. Holders of common stock are entitled to receive proportionately any dividends that may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

Liquidation and Distribution. Upon our liquidation, dissolution or winding up