



- Therefore, the approximate recovery, after deduction of attorney’s fees, the award to Lead Plaintiff, expenses approved by the Court, and the Trustee Payment is an average of \$0.01 per share of HiEnergy Stock available for purchase by Class Members. These are estimates. Your actual recovery, if any, may vary depending on your purchase price and sales price and the number of Proof of Claim forms that are filed. See Question 8 below for a more detailed explanation.
- The maximum recoverable damages based on the \$9,997,000 default judgment obtained against HiEnergy are \$0.52 per share. Unfortunately, HiEnergy is bankrupt and no judgment is collectible against it. The only potential source of recovery for Class Members is the lawsuit against Navigators for its refusal to pay claims on the \$2.0 million directors and officers liability insurance policy it issued to HiEnergy.
- The parties dispute Navigators potential liability in the lawsuit. Plaintiffs believe maximum compensatory damages against Navigators are \$9,997,000 or \$0.52 per share of common stock. This Settlement resolves HiEnergy’s claims against Navigators for \$485,000, or \$0.03 per share (for the 19.3 million shares purchased by Class Members during the Class Period).
- Your legal rights are affected whether you act, or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
<b>SUBMIT A CLAIM FORM NO LATER THAN SEPTEMBER 7, 2010</b>	The only way to get a payment..
<b>OBJECT NO LATER THAN SEPTEMBER 13, 2010</b>	Write to the Court about why you don’t like the Settlement.
<b>GO TO A HEARING ON SEPTEMBER 27, 2010</b>	Ask to speak in Court about the fairness of the Settlement.
<b>DO NOTHING</b>	Get no payment. Give up rights.

### INQUIRIES

**Please do not contact the Court regarding this notice.** All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class Members should be directed to:

HiEnergy Technologies, Inc. Securities Litigation  
 Claims Administrator  
 c/o Strategic Claims Services  
 P.O. Box 230  
 600 N. Jackson Street, Suite 3  
 Media, PA 19063  
 Tel: (866) 274-4004  
[www.strategicclaims.net](http://www.strategicclaims.net)

### COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

#### 1. Why did you get this Notice package?

You or someone in your family may have acquired the common stock (“HiEnergy Stock”) of HiEnergy Technologies, Inc. from February 22, 2002 through July 8, 2004 (inclusive).

The Court in charge of the case is the United States District Court for the Central District of California, Western Division and the case is known as *In re HiEnergy Technologies, Inc. Securities Litigation, CV-04-01226 (VBF) (JTLx)* (“the Securities Litigation”). U.S. District Judge Valerie Baker Fairbank is in charge of this class action. The people who sued are called the plaintiffs and the plaintiff that leads the case is called the Lead Plaintiff. The company HiEnergy Technologies, Inc. is called the defendant.

The Court sent you this notice because you have a right to know about a proposed Settlement resulting from this class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and resolves any objections to the Settlement submitted by Class Members, as explained below, or appeals, then an administrator appointed by the Court will process the claims received and distribute the payments to Class Members with valid claims. You can track the progress of the settlement by visiting: <http://www.rosenlegal.com>.

This package explains the lawsuit, the settlement, your legal rights, the benefits that are available, who is eligible for them, and how to obtain them.

## **2. What is this lawsuit about?**

In the Securities Litigation, Lead Plaintiff prosecuted HiEnergy, its present and former management, along with a certain controlling shareholder for misleading investors by failing to disclose the formation of an undisclosed control group that manipulated the price of HiEnergy Stock, the negative regulatory and criminal histories of HiEnergy management and a major shareholder, and by issuing false and misleading statements to artificially inflate HiEnergy Stock.

HiEnergy sought coverage under the Policy for Loss resulting from the Securities Litigation, but Navigators declined coverage.

The Court entered a default judgment against HiEnergy in the Securities Litigation in the amount of \$9,997,000 after HiEnergy filed for Chapter 7 Bankruptcy. The Court dismissed Defendants Maglich, Alter, Gilbert, and Gurian with Prejudice.

The Settlement was made with Navigators, which issued an Insurance Policy to HiEnergy. Navigators filed a complaint against Lead Plaintiff seeking a judicial declaration that the Policy does not provide coverage for the Securities Litigation in an action now docketed in the U.S. District Court for the Central District of California, Western Division, known as CV-09-03505 (VBF) (PLA) (the "Coverage Action"). Lead Plaintiff filed a counterclaim in the Coverage Action, alleging breach of contract, breach of the covenant of good faith and fair dealing, breach of fiduciary duty and bad faith. Navigators has vigorously litigated their denial that the Policy covers the Securities Litigation, pointing to a specific exclusionary clause in the contract that provides insurance to HiEnergy. This Settlement resolves whether or not the Policy provides coverage for the Securities Litigation.

## **3. Why is this a class action?**

In a class action, one or more persons and/or entities called class representative(s) sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to as a Class, or individually, as Class Members. One court resolves all of the issues for all Class Members.

## **4. Why is there a settlement?**

The Court in the Coverage Action did not decide in favor of Lead Plaintiff or Navigators. Instead, Lead Plaintiff and Navigators have agreed to settle the lawsuit. Lead Plaintiff has agreed to settle the lawsuit based on the facts he discovered during litigation, the risks that will be involved in seeking to take the case against Navigators to trial, and his conclusions that the proposed settlement is fair, reasonable and adequate, and serves the best interests of the litigation and Class Members. Counsel for Lead Plaintiff have determined that by settling, the Class avoids the cost and risks of a trial, while at the same time providing substantial compensation to the Class. The Lead Plaintiff and the Counsel for the Class believe that the Settlement is best for all Class Members.

Lead Plaintiff and Navigators do not agree on whether the Policy provides coverage for the Securities Litigation. While Lead Plaintiff's Counsel were prepared to go to trial, and were confident in the merits of their case, they recognize that litigation and a trial are risky propositions and that Lead Plaintiff and the Class may not have prevailed on their claim against Navigators. In addition, Lead Plaintiff's Counsel believe that this Settlement provides a substantial cash recovery to the Class, and believe that they may not have obtained a greater recovery even if they had gone to trial. Throughout the settlement negotiations, Navigators continued to deny that the Policy provides coverage for the Securities Litigation. In a trial, Lead Plaintiff could end up recovering nothing or substantially less than the amount of the Settlement. Further, even assuming that Lead Plaintiff could end up prevailing at trial, any verdict would inevitably be the subject of appeal, and the Class' recovery would remain uncertain and be further delayed.

## **5. How do I know if I am part of the settlement?**

Judge Fairbank decided that everyone who fits the following description is a Class Member:

All persons who acquired the common stock of HiEnergy (whether directly or indirectly) during the period from February 22, 2002 through July 8, 2004, inclusive.

## **6. Are there exceptions to being included?**

You are not a Class Member if you were a defendant in the Securities Litigation. Defendants in the Securities Litigation were Bogdan Maglich, Gregory Gilbert, Barry Alter, and Philip Gurian.

## **7. I'm still not sure if I am included.**

If you are still not sure whether you are included in the Class, you can ask for free help, by calling Strategic Claims Services at (866) 274-4004 for more information. Or you can fill out and return the claim form attached to this Notice to see if you qualify.

## THE SETTLEMENT BENEFITS – WHAT YOU GET

### 8. What does the Settlement provide?

On May 7, 2010, Lead Plaintiff and Navigators arrived at a proposed Settlement of the lawsuit and made a Settlement Agreement and Release (“Settlement Agreement”). The Settlement Agreement, by itself, is not sufficient for the Settlement to be official – the proposed Settlement requires the Judge’s approval. The terms of the proposed Settlement are summarized below, and the full Settlement terms are contained in the Settlement Agreement.

#### a. What is the Settlement Fund?

The proposed Settlement calls for total payments by HiEnergy to the Settlement Fund in the amount of \$485,000.

Subject to the Court’s approval, a portion of the Settlement Fund will be used to pay Lead Plaintiff’s attorney’s fees, an award to Lead Plaintiff and reasonable litigation expenses. A portion of the Settlement Fund will also be used to pay taxes due on interest earned by the Settlement Fund if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining is the “Net Proceeds.”

25% of the Net Proceeds will be paid to the Trustee pursuant to the Previous Settlement, which was finally approved by the Court. After the foregoing deduction from the Net Proceeds, the remaining amount (the “Net Settlement Fund”) will be distributed to Class Members who submit valid claims.

#### b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will depend on: (1) the number of claims filed; (2) when during the Class Period you purchased your HiEnergy Stock; (3) whether you sold your HiEnergy Stock during the Class Period, or held your HiEnergy Stock past the end of the Class Period; (4) the amount of administrative costs, including the costs of notice; and (5) the amount awarded by the Court for attorney’s fees, costs and expenses and award to Lead Plaintiff.

By reviewing the Plan of Allocation at the end of this notice, you can calculate your “Recognized Loss.” The Claims Administrator will distribute the Net Settlement Fund, according to the Plan of Allocation, after the deadline for submission of Proof of Claim has passed and all claims have been processed.

## HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM

### 9. How can I get a payment?

To qualify for payment, you must send in a Proof of Claim and Release form. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at [www.strategicclaims.net](http://www.strategicclaims.net). Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than September 7, 2010 to:

HiEnergy Technologies, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063

The Claims Administrator will process your claim and determine whether you are an “Authorized Claimant”—meaning that your claim satisfies the requirements approved by the Court.

### 10. Am I giving up anything by getting a payment?

Because the Court already certified the Class, you cannot exclude yourself from the Class. That means that if the Settlement is approved and Navigators pay \$485,000 to the Settlement Fund—regardless of whether or not you file a Proof of Claim form—you and all Class Members will release (can’t sue, continue to sue, or be part of any other lawsuit) Navigators and its affiliates, parent corporations, subsidiaries, directors, officers, agents, brokers, employees, attorneys, insurers, reinsurers, predecessors, successors, executors, administrators, representatives and assigns (the “Releasees”) from any liability based upon, arising out of, in connection with or in any way relating to the Securities Litigation, the Coverage Action, and/or the facts and events alleged by Lead Plaintiff in the Securities Litigation and/or the Coverage Action, as described in full in the Settlement Agreement (the “Settled Claims”). It also means that all of the Court’s orders will apply to you and legally bind you.

If you sign Proof of Claim form, you are agreeing to a "Release of Claims," attached to the claim form, which describes exactly the legal claims that you give up if you receive settlement benefits. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of HiEnergy Stock during the Class Period.

If the Settlement is approved but you do not file a Proof of Claim form, you will not receive a share of the Net Settlement Fund, and you will not be able to sue Navigators or the Releasees based on the Settled Claims.

## THE LAWYERS REPRESENTING YOU

### 11. Do I have a lawyer in this case?

The Court appointed the law firms The Rosen Law Firm, P.A. and The Catanzarite Law Corporation to represent you and the other Class Members. These lawyers are called Lead Plaintiff's Counsel or Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

### 12. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorney's fees in advance of this Settlement with the expectation that if they are successful in recovering money for the Class, they will receive attorney's fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorney's fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Fairness Hearing to make an award of attorney's fees in an amount not to exceed one-quarter the Settlement amount, for reimbursement of reasonable litigation expenses not to exceed \$65,000, and an award to the Lead Plaintiff in an amount not to exceed \$4,500. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

## OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement, any part of the Settlement, or the motion for attorney's fees.

### 13. How do I tell the Court that I do not like the Settlement?

If you are a Class Member, you can object to the Settlement if you do not like any part of it. You can state why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter stating that you object to the Settlement in *In re HiEnergy Technologies, Inc. Securities Litigation*, CV-04-01226 (VBF) (JTLx). Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of HiEnergy Stock in order to indicate your membership in the Class, and all of the reasons for your objection to the Settlement. Be sure to mail the objection to the two different places stated below, postmarked no later than September 13, 2010.

COURT	CLASS COUNSEL
Clerk of the Court United States District Court Central District of California Western Division 312 N. Spring Street Los Angeles, CA 90012	Laurence Rosen, Esq. The Rosen Law Firm, P.A. 350 Fifth Avenue, Suite 5508 New York, NY 10118

## THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak.

### 14. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 1:30 p.m. on September 27, 2010, at the United States District Court for the Central District of California, Western Division, 312 N. Spring Street, Courtroom 9, Los Angeles, CA 90012. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Fairbank will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Lead Plaintiff's Counsel for attorney's fees and expenses and how much to award to the Lead Plaintiff.

### 15. Do I have to come to the hearing?

No. Class Counsel will answer any questions Judge Fairbank may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but you do not need to.

## IF YOU DO NOTHING

### 16. What happens if I do nothing at all?

If you do nothing, you will not receive any money from this Settlement. As the Court has already certified the Class, you may not choose to exclude yourself from the Class. Because you cannot exclude yourself from the Class, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Navigators or the Releasees about the legal issues in this case, ever again.

## UNDERSTANDING YOUR PAYMENT—THE PLAN OF ALLOCATION

1. The Net Settlement Fund will be allocated among the Authorized Claimants in accordance with this "Plan of Allocation." The Plan of Allocation is based upon Lead Plaintiff's Counsel's assessment of the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the members of the Class. In developing this Plan of Allocation, Lead Plaintiff's Counsel have considered, among other things, the following: (a) the amount of alleged inflation in the price of HiEnergy Stock during the Class Period caused by the misrepresentations and omissions alleged to have been made by defendants in the Securities Litigation; (b) the dates at which Class Members purchased and sold HiEnergy Stock relative to the amount of alleged inflation on such dates; and (c) the likelihood that Stock price drops on specific dates during the Class Period were directly related to adverse news released publicly on such dates.

2. For Class Members who conducted multiple transactions in HiEnergy Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.

3. If any calculation of Recognized Loss pursuant to this Plan of Allocation results in a loss less than zero, that Recognized Loss will be zero.

4. "Aggregate Recognized Loss" in HiEnergy Stock during the Class Period is the sum total of the Claimant's Recognized Losses per share multiplied by the number of shares associated with each purchase during the Class Period as described below.

5. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Aggregate Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the Aggregate Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Aggregate Recognized Loss bears to the sum total of all Authorized Claimants' Aggregate Recognized Losses.

## HOW TO CALCULATE YOUR RECOGNIZED LOSS UNDER THE PLAN OF ALLOCATION

- I. If any calculation of Recognized Loss, as set forth in this Plan of Allocation, results in a loss less than zero, that loss will be zero.
- II. Recognized Loss will be as follows:
  1. For those shares purchased between February 22, 2002 and February 24, 2003, inclusive, and sold on or before May 23, 2003, the Recognized Loss will be the lesser of:
    - A. The price paid less the price on date of sale set forth in Table A.
    - B. The price paid less the price received.
    - C. \$0.59.
  2. For those shares purchased between February 22, 2002 and February 24, 2003, inclusive, the Recognized Loss, for those shares sold after May 23, 2003 and on or before July 7, 2004 will be the lesser of:
    - A. The price paid less \$0.70.
    - B. \$0.59.
  3. For those shares purchased between February 22, 2002 and February 24, 2003, inclusive, and sold on or after July 8, 2004 and on or before October 5, 2004, the Recognized loss will be the lesser of:
    - A. The price paid less the price on the date of sale set forth in Table B.
    - B. The price paid less the price received.
    - C. \$0.84.
  4. For those shares purchased between February 22, 2002 and February 24, 2003, inclusive, and held after October 5, 2004, the Recognized Loss will be the lesser of:
    - A. \$0.84
    - B. The price paid less \$0.91.
  5. For shares purchased between February 25, 2003 and July 8, 2004, inclusive, and sold on or before October 5, 2004, the Recognized Loss will be the lesser of:
    - A. The price paid less the price on the date of sale set forth in Table B.
    - B. The price paid less the price received.
    - C. \$0.25.
  6. For shares purchased between February 25, 2003 and July 8, 2004, inclusive, and held after October 5, 2004, the Recognized Loss will be the lesser of:
    - A. The price paid less \$0.91.
    - B. \$0.25.

**TABLE A**

24-Feb-03	0.88	09-Apr-03	0.81
25-Feb-03	0.83	10-Apr-03	0.82
26-Feb-03	0.87	11-Apr-03	0.82
27-Feb-03	0.94	14-Apr-03	0.82
28-Feb-03	0.94	15-Apr-03	0.83
03-Mar-03	0.96	16-Apr-03	0.83
04-Mar-03	0.96	17-Apr-03	0.83
05-Mar-03	0.95	21-Apr-03	0.83
06-Mar-03	0.94	22-Apr-03	0.83
07-Mar-03	0.92	23-Apr-03	0.82
10-Mar-03	0.91	24-Apr-03	0.81
11-Mar-03	0.88	25-Apr-03	0.80
12-Mar-03	0.87	28-Apr-03	0.79
13-Mar-03	0.86	29-Apr-03	0.79
14-Mar-03	0.84	30-Apr-03	0.77
17-Mar-03	0.84	01-May-03	0.77
18-Mar-03	0.84	02-May-03	0.76
19-Mar-03	0.83	05-May-03	0.76
20-Mar-03	0.83	06-May-03	0.76
21-Mar-03	0.83	07-May-03	0.75
24-Mar-03	0.83	08-May-03	0.75
25-Mar-03	0.82	09-May-03	0.74
26-Mar-03	0.82	12-May-03	0.74
27-Mar-03	0.82	13-May-03	0.73
28-Mar-03	0.81	14-May-03	0.73
31-Mar-03	0.81	15-May-03	0.73
01-Apr-03	0.81	16-May-03	0.72
02-Apr-03	0.81	19-May-03	0.72
03-Apr-03	0.81	20-May-03	0.71
04-Apr-03	0.81	21-May-03	0.71
07-Apr-03	0.81	22-May-03	0.70
08-Apr-03	0.81	23-May-03	0.70

**TABLE B**

08-Jul-04	0.80	20-Aug-04	1.04
09-Jul-04	1.01	23-Aug-04	1.03
12-Jul-04	1.06	24-Aug-04	1.01
13-Jul-04	1.12	25-Aug-04	1.01
14-Jul-04	1.15	26-Aug-04	1.00
15-Jul-04	1.16	27-Aug-04	1.00
16-Jul-04	1.16	30-Aug-04	1.00
19-Jul-04	1.15	31-Aug-04	0.99
20-Jul-04	1.14	01-Sep-04	0.99
21-Jul-04	1.12	02-Sep-04	0.98
22-Jul-04	1.11	03-Sep-04	0.98
23-Jul-04	1.09	07-Sep-04	0.97
26-Jul-04	1.09	08-Sep-04	0.97
27-Jul-04	1.08	09-Sep-04	0.96
28-Jul-04	1.07	10-Sep-04	0.96
29-Jul-04	1.06	13-Sep-04	0.96
30-Jul-04	1.06	14-Sep-04	0.96
02-Aug-04	1.07	15-Sep-04	0.95
03-Aug-04	1.07	16-Sep-04	0.95
04-Aug-04	1.08	17-Sep-04	0.95
05-Aug-04	1.08	20-Sep-04	0.95
06-Aug-04	1.08	21-Sep-04	0.94
09-Aug-04	1.07	22-Sep-04	0.94
10-Aug-04	1.07	23-Sep-04	0.94
11-Aug-04	1.07	24-Sep-04	0.93
12-Aug-04	1.07	27-Sep-04	0.93
13-Aug-04	1.07	28-Sep-04	0.92
16-Aug-04	1.07	29-Sep-04	0.92
17-Aug-04	1.06	30-Sep-04	0.92
18-Aug-04	1.06	01-Oct-04	0.92
19-Aug-04	1.05	04-Oct-04	0.91
		05-Oct-04	0.91

DATED: JUNE 25, 2010

BY ORDER OF THE DISTRICT COURT:  
HON. VALERIE BAKER FAIRBANK



**IN UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA,  
WESTERN DIVISION**

In re:

HIENERGY TECHNOLOGIES, INC.  
SECURITIES LITIGATION

Master File No.  
CV-04-01226 (VBF) (JTLx)

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HiEnergy Technologies, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063

**PROOF OF CLAIM AND RELEASE**

**Deadline for Submission: September 7, 2010**

IF YOU PURCHASED COMMON STOCK OF HIENERGY TECHNOLOGIES, INC. (“HiEnergy”) DURING THE PERIOD FROM FEBRUARY 22, 2002 THROUGH JULY 8, 2004, INCLUSIVE (THE “CLASS PERIOD”) AND WERE DAMAGED THEREBY, YOU ARE A “CLASS MEMBER” AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

IF YOU ARE A CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN SEPTEMBER 7, 2010 TO THE FOLLOWING ADDRESS:

HiEnergy Technologies, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063

YOUR FAILURE TO SUBMIT YOUR CLAIM BY SEPTEMBER 7, 2010 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOUR RECEIVING ANY MONEY IN CONNECTION WITH THIS SETTLEMENT. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

**CLAIMANT’S STATEMENT**

1. I (we) purchased common stock in HiEnergy and was (were) damaged thereby. (Do not submit this Proof of Claim if you did not purchase HiEnergy common stock during the designated Class Period).

2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Class Member as defined above and in the Notice of Pendency and Settlement of Class Action (the “Notice”), or am (are) acting for such person(s); that I am (we are) not a person or entity that is or was a defendant in the HiEnergy Technologies, Inc. Securities Litigation (the “Securities Litigation”) or anyone excluded from the Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; and that I (we) elect to participate in the proposed Settlement described in the Notice. (If you are acting in a representative capacity on behalf of a Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)

3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Securities Litigation or Settlement in connection with processing of the Proof of Claim.

4. I (we) have set forth where requested below all relevant information with respect to each purchase of HiEnergy common stock during the Class Period, and each sale, if any, of such securities. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.

5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each purchase, sale or retention of HiEnergy common stock listed below in support of my (our) claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)

6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your recognized claim. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivative securities such as options.)

7. Upon payment of \$485,000 by Navigators Insurance Company ("Navigators") to the Settlement Fund, as defined in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns) of each of the "Releasees" of all "Settled Claims," as defined in the Notice.

8. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants **MUST** submit a manually signed paper Proof of Claim listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-274-4004 or visit their website at [www.strategicclaims.net](http://www.strategicclaims.net) to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

**CLAIMANT INFORMATION:**

Name:

Address:

City:  State:  Zip Code:  -

Foreign Province:  Foreign Country:

Email:

-   
Area Code Telephone No. (Day)

-   
Area Code Telephone No. (Evening)

Social Security Number (for individuals) <input type="text"/> - <input type="text"/> - <input type="text"/>	OR	Taxpayer Identification Number (for estates, trusts, corporations, etc.) <input type="text"/> - <input type="text"/>
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**SCHEDULE OF TRANSACTIONS IN HIENERGY TECHNOLOGIES, INC. SECURITIES**

**HIENERGY TECHNOLOGIES, INC. COMMON STOCK TRANSACTIONS**

**Beginning Holdings:**

A. State the total number of shares of HiEnergy common stock owned at the close of trading on February 21, 2002, long or short (*must be documented*):

**Purchases:**

B. Separately list each and every open market purchase of HiEnergy common stock during the period from February 22, 2002 through October 5, 2004, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month / Day / Year)	Number of Shares Purchased	Price	Total Cost (Excluding Commissions, Taxes, and Fees)
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>

**Sales:**

C. Separately list each and every sale of HiEnergy common stock during the period from February 22, 2002 through October 5, 2004, inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month / Day / Year)	Number of Shares Sold	Price	Total Proceeds (Excluding Commissions, Taxes, and Fees)
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>
<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/>	\$ <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/>

**Ending Holdings:**

D. State the total number of shares of HiEnergy common stock owned at the close of trading on October 5, 2004, long or short (*must be documented*).

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

**SUBSTITUTE FORM W-9**

**Request for Taxpayer Identification Number:**

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service ("I.R.S.") requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals) <input type="text"/> - <input type="text"/> - <input type="text"/>	OR	Taxpayer Identification Number (for estates, trusts, corporations, etc.) <input type="text"/> - <input type="text"/>
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**CERTIFICATION**

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding, or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

**NOTE:** If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.) Check here if proof of authority to file is enclosed. (See Item 2 on Page 9 for instructions)

Date: \_\_\_\_\_

**THIS PROOF OF CLAIM MUST BE SUBMITTED NO LATER THAN SEPTEMBER 7, 2010 AND MUST BE MAILED TO:**

HiEnergy Technologies, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by September 7, 2010 and if a postmark is indicated on the envelope and it is mailed first class and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

#### **REMINDER CHECKLIST**

- Please be sure to sign this Proof of Claim on page 12. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do **NOT** send any stock certificates. Keep copies of everything you submit.
- Do **NOT** use highlighter on the Proof of Claim or any supporting documents.
- If you move after submitting this Proof of Claim, please notify the Claims Administrator of the change in your address.

#### **NOTE: RECEIPT ACKNOWLEDGMENT NEEDED**

The Claims Administrator will send a written confirmation of its receipt of your Proof of Claim. Do not assume your claim is submitted until you receive written confirmation of its receipt. Your claim is not deemed fully filed until the Claims Administrator sends you written confirmation of its receipt of your Proof of Claim. If you do not receive an acknowledgement postcard within thirty (30) days of your mailing the Proof of Claim, then please call the Claims Administrator toll free at 1-866-274-4004.

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HiEnergy Technologies, Inc. Securities Litigation  
Claims Administrator  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson Street, Suite 3  
Media, PA 19063

FIRST CLASS MAIL  
U.S. POSTAGE  
PAID  
PERMIT NO. 138  
PHILADELPHIA, PA

**PLEASE FORWARD**

**FIRST CLASS MAIL**

**PLEASE FORWARD—IMPORTANT LEGAL NOTICE**