

28 October 2020

Capital Raising and Entitlement Offer

Protean Energy Limited (ASX: POW) (Protean or the Company) is pleased to announce that it has received firm commitments to raise \$385,000 from sophisticated investors, who are clients of CPS Capital Group Pty Ltd (**CPS**). Protean will issue 64,166,667 fully paid ordinary shares, priced at \$0.006 per share under the placement (**Placement**).

The Placement has been fully subscribed and will be issued in two tranches, being:

1. 40,000,000 fully paid ordinary shares pursuant to the Company's placement capacity under Listing Rule 7.1 (**Tranche 1**); and
2. 24,166,667 fully paid ordinary shares subject to shareholder approval at the Company's forthcoming Annual General Meeting of Shareholders (**Tranche 2**).

Fully Underwritten Rights Issue

The Company is also pleased to announce that it will undertake a fully underwritten pro rata non-renounceable entitlement offer (**Entitlement Offer**) to raise up to approximately \$1.61 million before costs. The Entitlement Offer will be underwritten by CPS pursuant to the terms of the Underwriting Agreement described below.

The Entitlement Offer will be made to Shareholders on the basis of 3 new fully paid shares (**Entitlement Shares**) for every 4 shares existing shares held at the Record Date (5:00pm AWST on 11 November 2020). Entitlement Shares will be issued on the same terms as the Placement, at an issue price of \$0.006 per Entitlement Share.

The Entitlement Offer will be available to shareholders who, as at the Record Date, have a registered address in Australia or New Zealand or are shareholders that the Company has otherwise determined are eligible to participate in the Entitlement Offer (**Eligible Shareholders**). Holders of Tranche 1 Placement Shares who are Eligible Shareholders will be entitled to participate in the Entitlement Offer. Shareholders who are not Eligible Shareholders are not eligible to participate in the Entitlement Offer (**Ineligible Shareholders**).

A maximum of 268,476,984 new Entitlement Shares will be issued under the Entitlement Offer.

Further details will be provided in a prospectus for the Entitlement Offer (**Prospectus**) which is intended to be lodged with the ASX and ASIC on or about 6 November 2020.

Use of Funds

The funds raised under the Placement and Rights Issue will be used for exploration activities primarily at the Company's Gwesan Vanadium Project in South Korea, to cover costs of the Placement, general working capital, and for identifying and evaluating any new opportunities that may complement the Company's existing projects.

Capital Structure

The indicative effect of the Placement and Entitlement Offer on the capital structure of the Company assuming full subscription under the Placement is as follows:

Shares	Number
On issue at the date of this announcement	317,969,312
Placement Tranche 1 (to be issued under Listing Rule 7.1)	40,000,000
Entitlement Offer Shares (assuming full take up)	268,476,984
Tranche 2 (to be issued subject to Shareholder approval)	24,166,667
Total Shares on issue at completion of the Placement and subject to shareholder approval at the forthcoming Annual General Meeting	650,612,963
Options	
Existing Options currently on issue	85,000,000
Lead Manager Options	40,000,000
Total Options on issue at the date of this announcement and at completion of the Placement and subject to shareholder approval at the forthcoming Annual General Meeting	125,000,000

Indicative Timetable

An indicative timetable for the Placement and Entitlement Offer is set out in the table below:

Event	Date
Company announces Placement & Entitlement Offer (Appendix 3B for Placement Tranche 1, Tranche 2, Lead Manager Options and Entitlement Offer)	28 October 2020
Issue of Tranche 1 Placement Shares and lodgement of Appendix 2A for Placement Tranche 1	3 November 2020
Lodgement of Prospectus with ASX and ASIC (prior to commencement of trading)	6 November 2020
Ex-date	10 November 2020
Record Date for determining Entitlements	11 November 2020
Prospectus sent out to Shareholders & Company announces this has been completed	12 November 2020
Opening date	12 November 2020
Last day to extend the Closing Date	24 November 2020
Closing Date (5:00 pm WST)*	27 November 2020
Securities quoted on a deferred settlement basis	30 November 2020
Notify ASX of under subscriptions	1 December 2020
Issue date of Entitlement Offer Shares and Appendix 2A/Securities entered into Shareholders' security holdings	4 December 2020
Normal trading of Securities commences*	4 December 2020
Annual General Meeting of Shareholders (including approval for Tranche 2 Placement Shares and Lead Manager Options)	11 December 2020
Lodgement of Appendix 2A for Placement Tranche 2	14 December 2020
Lodgement of Appendix 3G for Lead Manager Options	14 December 2020

The above timetable is indicative only and subject to change without notice.

Subject to the requirements of the Corporations Act and the ASX Listing Rules, Protean reserves the right to amend this timetable at any time.

Lead Manager and Underwriter

CPS was appointed as lead manager to the Placement with a lead management fee of 6% payable. Additionally, subject to shareholder approval, CPS will receive 40,000,000 unquoted options exercisable at \$0.01 on or before the date that is three years from the date of issue at an issue price of \$0.00001 (**Lead Manager Options**).

CPS has also been appointed as Underwriter to the Entitlement Offer will receive an Underwriting fee of 6% (plus GST) for underwriting the Entitlement Offer. Further key material terms of the Underwriting Agreement is set out in Appendix 1 below.

CPS has also been appointed as the Company's Corporate advisor and will receive a corporate advisory fee of \$6,000 (plus GST) per month for 12 months.

Additionally, CPS will also receive a corporate fee of 6% for any funds raised by the Company in the event the Lead Manager Options are exercised.

This announcement has been authorised for release by the Board of the Company.

For further information, see www.proteanenergy.com or phone: + 61 8 9481 2277.

ABOUT PROTEAN ENERGY LIMITED (ASX: POW)

Protean is developing a multi-energy mineral project in South Korea through its 50% holding in Korea Vanadium Limited (**KV**). KV is a JV company between Protean and KOSDAQ-listed DST Co Ltd (**DST**). KV owns 100% of the rights to 3 projects in South Korea, including the Company's flagship Daejon Vanadium Project (subject to a 12-month extension of term application).

Protean is also focused on the commercialisation of the V-KOR vanadium battery energy storage systems via its Korean joint venture subsidiary, KORID Energy Co Ltd (**KORID**).

APPENDIX 1: TERMINATION EVENTS IN RESPECT OF THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Company has appointed CPS Capital Group Pty Ltd (**Underwriter**) as the Underwriter to the Entitlement Offer. The Underwriter will be paid an underwriting fee of 6% of the total gross amount underwritten by the Underwriter (equating to a maximum of up to approximately \$96,651). The Company will also reimburse the Underwriter for its reasonable costs and expenses incidental to the Offer. The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any one of the following events occur:

- a) (**Indices fall**): Dow Jones, S&P 500, Nasdaq, Russell 2000, FTSE, Nikkei, or Shanghai SE Comp close on any 2 consecutive trading days following the Closing Date 10% or more below its respective level as at the close of business on the date on which the Offer is announced;
- b) (**Prospectus**): the Company does not lodge the Prospectus in accordance with the lodgement date indicated in the indicative timetable (**Lodgement Date**) or the Prospectus or the Offer is withdrawn by the Company;
- c) (**No Listing Approval**): the Company fails to lodge an Appendix 3B in relation to the Underwritten Shares with ASX within 7 days of the Lodgement Date;
- d) (**Restriction on issue**): the Company is prevented from issuing the Underwritten Shares by any statute, regulation or order of a court of competent jurisdiction by any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- e) (**Takeovers Panel**): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt. 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a material adverse effect;
- f) (**Authorisation**): any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- g) (**Indictable offence**): a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the Offer; and
- h) (**Other Termination Events**) The Underwriting Agreement contains other termination events that are considered standard for an agreement of this type, including (but not limited to):
 - i. an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Egypt, Australia, New Zealand, Indonesia, Japan, Russia, Iran, Israel, the United Kingdom, the United States of America, India, Pakistan, the People's Republic of China, or any member of the European Union, other than hostilities involving Libya, Afghanistan, Iraq, Syria, or Lebanon;
 - ii. default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking which is incapable of remedy or is not remedied by the required date; and
 - iii. the Company alters its capital structure in any manner not contemplated by the Prospectus.

If any of the events set out in (h) occur, the Underwriter may only terminate the Underwriting Agreement if that event has a material adverse effect.

The Underwriting Agreement otherwise contains further terms, conditions, warranties and representations considered standard for an agreement of this nature.