

POW increases ownership stake in Korea-based KORID Energy to drive opportunities in growing vanadium market

- Protean moves to 60% of KORID by acquiring additional 10% from DST in all script deal
 - Completion secures a controlling interest in the V-KOR battery technology
 - V-KOR battery technology positions Protean at the forefront of vanadium battery innovation
 - KORID recently awarded ~AU\$3m funding over 3 years from KETEP as part of 1MW/4MWh KETEP backed vanadium battery project in Korea with total funding of ~AU\$10m
 - DST agreement facilitates the sale of Protean's shareholding (current value ~AU\$1.52m¹) in KOSDAQ listed DST Co Ltd
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Protean Energy Ltd (**Protean, POW** or the **Company**) is pleased to advise that it has entered into an agreement with DST Co Ltd (**DST**) through which the Company will acquire an additional 10% ownership in subsidiary KORID Energy Co Ltd (**KORID**).

This follows recent confirmation that KORID has been awarded approximately AU\$3 million in funding commitments for its part in a significant multiparty 1MW/4MWh vanadium battery project in Korea (**Project**), from the Korean Institute of Energy Technology Evaluation and Planning (**KETEP**) (refer ASX announcement 19/9/2018).

The Project, that comprises total funding of approximately AU\$10 million from KETEP, is aiming to develop an industry standard for vanadium batteries in Korea, by bringing several participants together.

It is anticipated that the project will significantly reduce costs and improve the energy density of the battery, which could reduce the physical footprint of the V-KOR battery, enabling further scaling of the technology.

Protean's energy expert Scott Davis said the Company was pleased to increase its ownership in KORID during an exciting time for the Company and strong growth in the global battery market.

"KORID's selection by the South Korean government as the lead developer and supplier of the stack component² of the battery is significant validation of KORID's expertise in stack technology" Mr Davis said.

"This increased stake in KORID gives Protean Energy a controlling interest in the V-KOR battery technology."

¹ Price is based on the last traded day price of DST shares (KRW1,060) prior to the date of this announcement and an average exchange rate of KRW815 to AUD1 being the average over the 90 days prior to the date of this announcement.

² The stack is the primary cost component of a vanadium flow battery and determines the rate to which the battery can charge/discharge.

The global vanadium market is expected to grow at a Compound Annual Growth Rate (CAGR) of 11.24% during the 2017-2021 period, with vanadium redox flow batteries a key driver.³

“There is significant potential emerging in the vanadium battery storage market and Protean is now placed to capitalise on further advancements in this technology” Mr Davis said.

The increased ownership stake in KORID will also facilitate the sale of Protean’s 1,160,870 shares in KOSDAQ-listed DST (currently valued at ~AU\$1.524m⁴) at the volume-weighted average price (VWAP) for the 10 traded days prior to completion.

“With \$1.5 million in additional funding from the sale of DST shares, a further \$3 million from the recent KETEP grant and a cash balance of over \$2 million, Protean is in a strong position to progress quickly towards commercialisation of our unique vanadium battery solution,” Protean Director Bevan Tarratt said.

“We are pleased to now have further control over the direction of KORID and believe the next 12 months hold tremendous opportunity in the large-scale battery energy storage market.”

In consideration for the additional 10% equity in KORID, the Company will issue the equivalent of AU\$750,000 worth of stock at a deemed issue price of the greater of the 10 traded day VWAP for POW shares prior to completion or AU\$0.03 per share. The transaction will result in Protean securing control of KORID. Protean also has the right to appoint the Chairman and MD of KORID.

Protean and DST have also entered into variation letter deeds to the JV agreements covering both KORID and Stonehenge Korea Ltd (**SHK**), owner of the Daejon vanadium/uranium projects (**Deed/s**).

The variation Deed to the SHK agreement confirms that, as a result of completing an updated mineral resource based on accessing and testing core held by the Korean Institute of Geoscience and Minerals (KIGAM), the project has now progressed to Stage 2 (feasibility) under the SHK JV agreement. This Deed confirms that an estimated initial spend of AU\$237,373 of the Stage 2 expenditure will be funded by DST. Thereafter, the JV expenditure will be shared 50/50 as per the existing SHK JV agreement.

The variation Deed to the KORID shareholders agreement outlines that the Company will provide an estimated AU\$456,835 to KORID, being 50% of the estimated funding previously provided by DST to fund KORID, within 28 days of execution. The Company expects to satisfy this expenditure obligation from funds received when its DST shares are sold. Thereafter, JV expenditure is intended to be shared 60/40 in accordance with the new shareholdings.

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ABOUT PROTEAN ENERGY LIMITED (ASX: POW)

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

Protean is also developing a multi-energy mineral project in South Korea through its 50% holding in Stonehenge Korea Limited (**SHK**). SHK is a JV company with KOSDAQ-listed DST Co Ltd (**DST**). SHK owns 100% of the rights to 3 projects in South Korea, including the Company’s flagship Daejon Vanadium Project.

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

³ TechNavio. Global Vanadium Market 2017-2021. Research and Markets. November 2017. <https://www.researchandmarkets.com/reports/4424936/global-vanadium-market-2017-2021>

⁴ Price is based on the last traded day price of DST shares (KRW1,060) prior to the date of this announcement and an average exchange rate of KRW815 to AUD1 being the average over the 90 days prior to the date of this announcement.