PROTEAN ENERGY LIMITED

ABN 81 119 267 391

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2018

CORPORATE DIRECTORY

Directors

Bevan Tarratt	*Executive Chairman*
Wayne Loxton	*Executive Director*
David Wheeler	*Non-Executive Director*
Young Yu	*Non-Executive Director*

Company Secretary
Matthew Foy

Registered and Principal Office
Level 1, 89 St Georges Terrace
Perth WA 6000

Telephone: +61 8 9481 2277
Facsimile: +61 8 9481 2355
Email: admin@proteanenergy.com
Web: www.proteanenergy.com

Share Registry
Link Market Services Limited
Central Park, Level 4, 152 St Georges Terrace
Perth WA 6000
Telephone: 1300 554 474

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

Bankers
National Australia Bank Limited
50 St Georges Terrace
Perth WA 6000

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

CONTENTS

Your Directors present their financial report for the consolidated entity consisting of Protean Energy Limited (**Protean or Company**) and the entities it controls (**Consolidated Entity** or **Group**) at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

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

Bevan Tarratt	Executive Chairman
Wayne Loxton	Executive Director
David Wheeler	Non-Executive Director
Young Yu	Non-Executive Director

PRINCIPAL ACTIVITIES

The activities of the Group and its subsidiaries during the half-year ending 31 December 2018 was mineral exploration in South Korea and commercialisation activities associated with renewal energy projects in South Korea and Australia.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year ended 31 December 2018 (31 December 2017: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $1,130,949 for the financial half-year ended 31 December 2018 (31 December 2017: loss $1,023,981). At 31 December 2018, the Group had net assets of $5,411,357 (30 June 2018: $6,969,874) and cash assets of $1,514,875 (30 June 2018: $2,419,879).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

REVIEW OF OPERATIONS

During the period, the Company achieved significant milestones in advancing its world-class vanadium and uranium project in South Korea via its 50% holding in Korea Vanadium Limited (formerly Stonehenge Korea Inc) (**Korea Vanadium**).

During the period the Company announced the completion of a Mineral Resource Estimation (**MRE**) targeting 8.3km of known strike length at it's Daejon vanadium/uranium project in South Korea. A combined Mineral Resource Estimate (JORC 2012) of 76 Mt @ 0.3% V_2O_5 (2,000ppm cut-off) and 110ppm U_3O_8 was defined for a total of 490 Mlbs V_2O_5 and 18 Mlbs U_3O_8 (Figure 1 and Table 1).

Cutoff	Classification	V_2O_5 Resource with U_3O_8 by-product					U_3O_8 Only Resource		
		Tonnes mt	V_2O_5 ppm	mlbs V_2O_5	U_3O_8 ppm	mlbs U3O8	Tonnes Mt	U_3O_8 ppm	mlbs U3O8
V_2O_5 > 2,000ppm or U_3O_8 >200ppm	Indicated	3.6	3,000	24	140	1.1	0		
	Inferred	72	3,000	470	110	17	15	250	8.1
	Indicated + Inferred	**76**	**3,000**	**490**	**110**	**18**	**15**	**250**	**8.1**

Table 1: September 2018 Daejon Mineral Resource Estimate. Indicated and Inferred categories may not sum due to rounding.

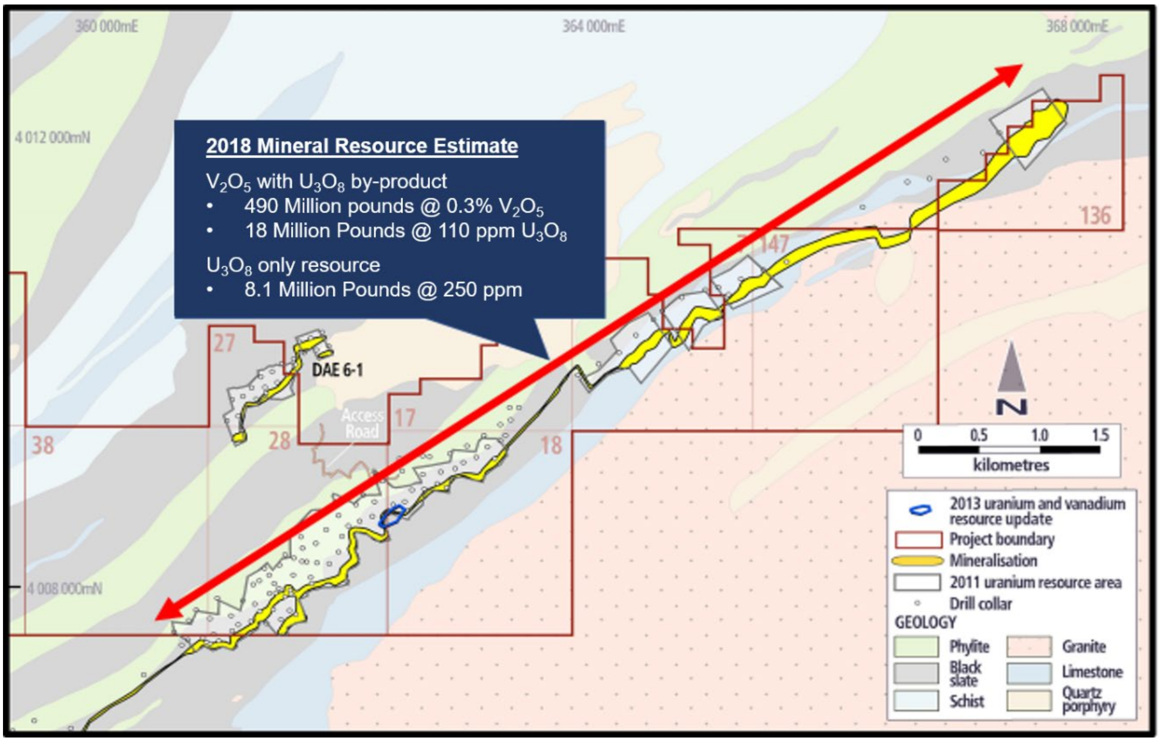

Figure 1: Strike extent of the 2018 Mineral Resource Estimate

The Daejon 2018 vanadium mineral resource estimate at a 2,000 ppm V_2O_5 cut-off comprises:

- a vanadium Indicated Mineral Resource of 3.6 Mt of 0.3% V_2O_5 and 140 ppm U_3O_8
- a vanadium Inferred Mineral Resource of 72 Mt of 0.3% ppm V_2O_5 and 110 ppm U_3O_8, with an additional uranium Inferred Mineral Resource of 15 Mt at 250 ppm U_3O_8.

The grade-tonnage data reported in the same manner as the 2018 MRE is presented in Figure 2.

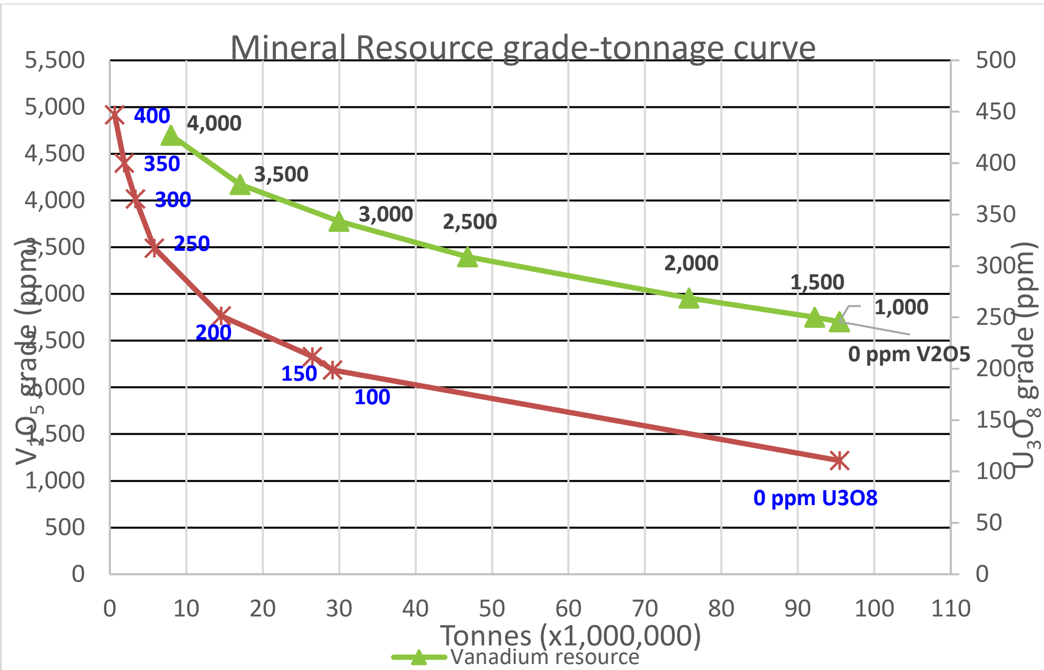

Figure 2: Daejon resource V_2O_5 and U_3O_8 grade-tonnage curves

The previous vanadium estimate was calculated over a very restricted area. Within this restricted area, the 2018 estimate predicts 13% more tonnes at 3% lower grade at a 2,000 ppm V_2O_5 cut-off, as a function of the 2018 p-XRF work demonstrating greater vanadium continuity. The previous uranium estimate was based on down hole gamma equivalent U_3O_8 grades and the ICP assays for the five Korea Vanadium holes, which provided a combined total of 1,179 samples to inform the estimate. The available p-XRF data (3,448 1.0 m composites), resulted in the 2018 estimate reporting 45% less tonnes and 23% lower grade, compared to the 2013 Mineral Resource. This is primarily a function of the previous estimate being reliant on the equivalent U_3O_8 grade that was derived from downhole gamma readings that lacked sufficient local calibration information.

Pilot Plant Access Agreement

During the period the Company advised that its 50% owned subsidiary Korea Vanadium Ltd had entered into a Technology Transfer Agreement (TTA) with the Korean Institute of Geoscience and Mineral Resources (KIGAM) to access and utilise KIGAM's patents and IP for processing of Daejon vanadium and uranium bearing black shale mineralisation.

Figure 3: Pilot Plant Facility at KIGAM, Daejon City, South Korea

KIGAM has significant minerals processing research experience, plus a suite of technologies for optimising the hydrometallurgical processing of rare metals, including vanadium.

The TTA is a watershed moment for the Company and a pivotal step in the joint Vanadium Processing Optimisation Project with KIGAM. The TTA provides access to KIGAM's patents and processing IP whilst formalising access to KIGAM's purpose built 1.2tpd pilot plant located just 20km from the Daejon Project Area (**Pilot Plant**). Access to the pilot plant provides a fast-tracked low-cost opportunity to significantly advance the Daejon exploration stage asset.

KIGAM's IP includes the results of numerous studies on processing of Daejon style Korean Ockcheon belt vanadium and uranium bearing black shale mineralisation. These studies were undertaken at both bench and Pilot Plant scale on mineralisation from tenements immediately to the south along strike from the Daejon Project area.

Pilot Plant Circuit

The pilot plant (**Figure 3**) is housed within KIGAM's Daejon City facility, only 20km from the Company's Daejon Project Area and was commissioned in 2012 to process vanadium/uranium bearing mineralisation from within the greater Daejon area black shale belt. KIGAM conducted tests from 2012 to 2015 and registered three patents for extraction and production of V_2O_5 and U_3O_8. Work ceased in 2015 due to persistent depressed U_3O_8 pricing.

KIGAM's previous pilot plant testing focused primarily on yellowcake production and aimed to optimise for U_3O_8 extraction. Testing was conducted via a leaching and solvent extraction processing route (**Figure 4B**).

The vanadium processing optimisation project aims to optimise the processing flowsheet for the extraction of vanadium from black shale ore and its purification into battery grade V_2O_5.

Figure 4A: Pilot Plant Facility at KIGAM, South Korea

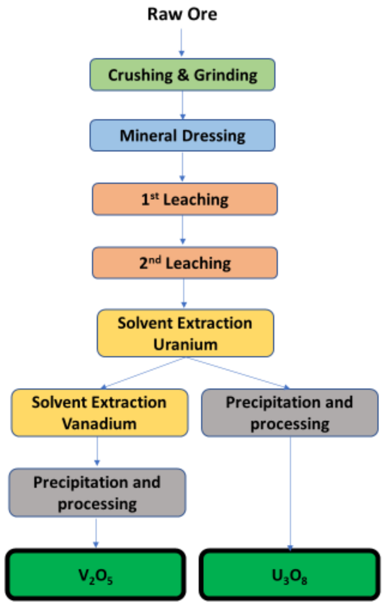

Figure 4B: Pilot Plant Process Circuit Diagram

Under the project agreement, KIGAM and the Company agree to share all historical metallurgical and processing testing data in an effort to optimise the processing approach for recovery of vanadium and the production of a high purity V2O5 end product.

Research undertaken in China has enabled the beneficiation of back shale hosted vanadium and this, in turn, has led to this style of deposit emerging as a substantial source of vanadium supply. KIGAM has identified the opportunity to leverage their existing pilot plant and IP through a systematic study on recovery of vanadium from Ockcheon black shale ore minerals.

KIGAM has significant and diverse minerals processing research experience plus a suite of technologies for optimising the wet smelting of rare metals, including vanadium. The new project will utilise KIGAM's existing patents, advanced lab equipment and experienced research manpower including a team of 7 senior engineers. In particular, KIGAM's previous work on vanadium, rare earths and uranium smelting and leaching will be invaluable to the project. KIGAM also holds inventory of Daejon style Ockcheon belt black shale mineral samples to supplement material sourced from the Daejon Project area.

Ultimately, the project aims to review the current KIGAM pilot plant design with a view to updating and optimising it for vanadium extraction. The project comprises the following study work streams:

- oxidising roasting conditions of black shale minerals
- vanadium pressure leaching technology for oxidising roasting black shale minerals
- salt roasting conditions for black shale minerals
- vanadium acid/alkali leaching technology for black shale minerals
- vanadium separation & purification solvent extraction technology from acid/alkali leachate
- V_2O_5 manufacturing technology for separation & purification solution
- pilot plant design plan.

Competent Person Statement

The information contained in this ASX release relating to exploration results and Mineral Resources has been compiled by Mr Kahan Cervoj of Optiro Pty Ltd. Mr Cervoj is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 editions of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cervoj consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Additionally, Mr Cervoj confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report

V-KOR Vanadium Redox Flow Battery

During the period the Company advised that its 50% owned subsidiary KORID Energy Limited (KORID Energy) had received a project funding commitment of AU$3.0M to install and run its patented V-KOR stack technology as part of a AU$9.7M vanadium battery project in South Korea.

The Korean Institute of Energy Technology Evaluation and Planning (**KETEP**) has administered the project and the grant, where the patented V-KOR stack technology will be integrated with a 1MW/4MWh vanadium redox flow battery (**VRFB**).

The V-KOR stack technology is an energy storage system that stacks a series of repeating cell frames to form a number of cells within the overall battery stack - improving battery performance and lowering manufacturing costs, compared to conventional VRFB technology.

KORID Energy will benefit directly from the project, which will enable the execution of further product improvements to scale the manufacturing and assembly process of V-KOR, particularly its 25kW stack.

The project aims to double the energy density of vanadium electrolyte, which could significantly reduce the physical footprint of the V-KOR battery solution.

The improvements to the 25kW could lead to substantial cost reductions as well as an enhanced assembly process - a key part of the KORID Energy's commercialisation strategy for large-scale utility applications, such as commercial and industrial use.

Following the announcement of the KETEP funding commitment, the Company advised that Mr Henry Kim had been appointed as lead Australian electrical engineer. Mr Kim, in his role as development manager, will lead the development and implementation of Protean's V-KOR battery technology

Mr. Kim is Korean-speaking and holds a masters degree in electrical engineering and has extensive experience in project management and design. Mr Kim has a proven track record in the supply of design solutions for transmission substations and electrical distribution and will be integral in the development and implementation of the 1MW/4MWh KETEP battery project.

Completion of Perth V-KOR Vanadium Battery Demonstration

During the period the Company advised that the Korean government funded trial of a 25kW/100kWh V-KOR vanadium battery deployment at OzLinc Industries site in O'Connor Perth, Western Australia had successfully concluded (the Project).

The Project successfully integrated into the Western Power operated local Western Australian electricity grid and demonstrated the ability to cycle through two charge/discharge cycles per day. This included charging from solar only, grid only and solar/grid. The Project met the requirements for release of all funds as per the grant conditions from the KETEP.

Learnings from the trial installation are being incorporated into the design of a larger single 25kW stack (as opposed to the 2 x 12.5kW configuration used in the Project), as well as informing improvements to the design of a containerised solution suitable for large scale electricity grid deployments.

Protean will now advance utilisation of the patented V-KOR stack technology for KETEP's 1MW/4Wh vanadium redox flow battery project, through which Protean received a project funding commitment of AU$3.0M. KETEP reviewed multiple VRFB producers in the space and selected V-KOR's stack technology for the 1MW/4Wh project.

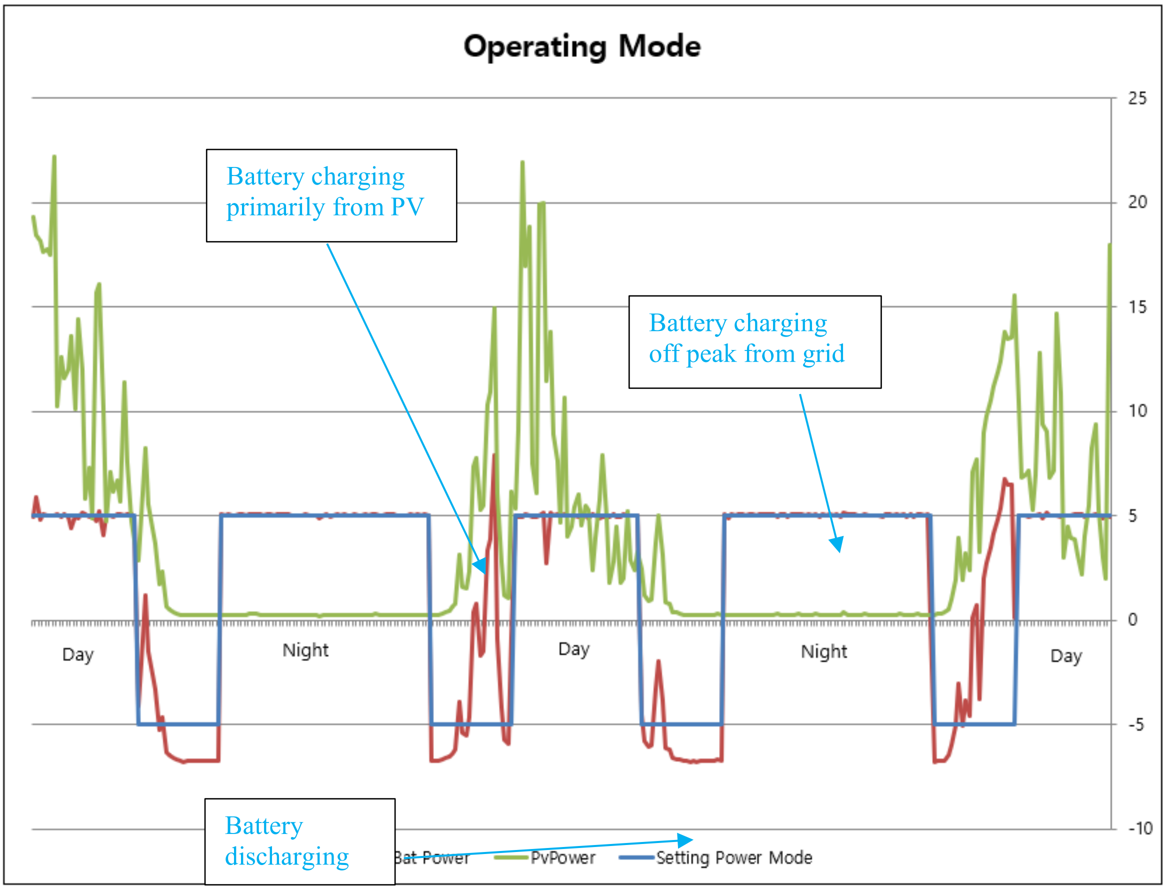

Figure 5: VKOR Battery showing two Charge/Discharge Cycles per day

Protean™ Wave Technology

During the half-year, the Company advised it had signed a binding term sheet with PEARL Clean Energy Pty Ltd (**PEARL**) whereby PEARL will acquire the Wave Energy Converter technology assets (**WEC Assets**). PEARL acquired 100% of the WEC Assets in consideration for spending a minimum $700,000 within the first five years from the date of the agreement and paying a 1.5% royalty on all future revenue generated from the WEC Assets, as sold, during the first ten years from signing the agreement.

Protean's decision to divest its interest in the WEC Assets is a result of the previously advised strategic review of assets undertaken by the Company. The decision is consistent with the Company's focus on developing its Daejon vanadium and uranium project in South Korea whilst concurrently working to commercialise the V-KOR vanadium redox flow battery technology.

CORPORATE

DST Share Sale

Subsequent to the period the Company advised it had successfully completed the sale of its shareholding in KOSDAQ listed DST Co Ltd. The total proceeds received from the sale of the shareholding was A$1.45 million (before costs) of which $494,000 (before costs) was received prior to period end.

In addition, Protean and DST Co Ltd have mutually agreed not to proceed with the acquisition of an additional 10% of KORID Energy , therefore leaving the current 50/50 joint venture ownership proportions intact. KORID Energy is part of the $3.2 million KETEP grant scheme that provides funding to assist in progressing the development of the commercial application for battery and movement into grid scale batteries in South Korea.

Protean and DST are currently reviewing the future strategy for both Korea Vanadium Ltd (formerly Stonehenge Korea Inc) & KORID Energy in an effort to ensure that shareholder value is maximised

Option Lapse

During the period the Company advised that the following classes of options lapsed unexercised:

- 294,581 Options exercisable at $1.125 on or before 30/11/2018;
- 589,164 Options exercisable at $1.50 on or before 30/11/2018;
- 883,750 Options exercisable at $1.875 on or before 30/11/2018;
- 1,178,331 Options exercisable at $2.25 on or before 30/11/2018;
- 33,333 Options exercisable at $2.43 on or before 30/11/2018; and
- 5,223,637 Options exercisable at $1.125 on or before 30/12/2018.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 2 January 2019, the Company announced that 5,223,637 Options exercisable at $1.125 had lapsed.

On 30 January 2019 the Company advised it had successfully completed the sale of its shareholding in KOSDAQ listed DST Co Ltd. The total proceeds received from the sale of the shareholding was A$1.45 million (before costs) of which $494,000 (before costs) was received prior to period end.

Subsequent to period end Protean and DST Co Ltd have mutually agreed not to proceed with the acquisition of an additional 10% of KORID Energy, therefore leaving the current 50/50 joint venture ownership proportions intact. KORID Energy is part of the $3.2 million KETEP grant scheme that provides funding to assist in progressing the development of the commercial application for battery and movement into grid scale batteries in South Korea.

On 25 February 2019, the Company announced that 3,999,996 Class A Performance Shares had lapsed.

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on the following page for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors.

Bevan Tarratt
Executive Chairman

Perth, Western Australia

28 February 2019

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor for the review of Protean Energy Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 $	31 December 2017 $
Revenue from continuing operations			
Interest income		15,366	16,912
Expenses			
Research and development expense	1	(68,581)	(24,977)
Assaying expense		(290,650)	(52,578)
Depreciation and amortisation expense		(7,670)	(2,240)
Administrative expense		(637,197)	(612,720)
Finance costs		-	(52,369)
Share based payment expense	11	(8,506)	(5,254)
Loss on deconsolidation of subsidiary		-	(202,479)
Share of net loss of joint venture accounted using the equity method	4	(133,711)	(88,276)
Loss before income tax		(1,130,949)	(1,023,981)
Income tax benefit		-	-
Loss after income tax		(1,130,949)	(1,023,981)
Loss after income tax attributable to members of the Company		(1,130,949)	(1,023,981)
Loss per share for loss from continuing operations attributable to the ordinary equity holders			
Basic and diluted loss per share (cents per share)		(0.37)	(0.45)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 $	31 December 2017 $
Other comprehensive income			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		(1,958)	63,958
Reclassified exchange difference on deconsolidation of subsidiary		-	(1,810)
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income (FVOCI)	5	(434,116)	-
Other comprehensive income/(loss) for the period, net of tax		(436,074)	62,148
Total comprehensive loss for the period		(1,567,023)	(961,833)
Total comprehensive loss for the period attributable to members of the Company		(1,567,023)	(961,833)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents	3	1,514,875	2,419,879
Trade and other receivables		104,143	62,310
Financial assets at FVOCI	5	967,194	-
Total current assets		2,586,211	2,482,189
Non-current assets			
Plant and equipment		46,994	50,095
Interest in joint venture – Korea Vanadium	4	3,005,242	2,847,045
Interest in associate – KORID Energy		-	-
Available for sale financial assets		-	1,899,226
Total non-current assets		3,052,237	4,796,366
Total assets		**5,638,448**	**7,278,555**
Current liabilities			
Trade and other payables	7	218,547	307,413
Provisions		8,543	1,268
Total current liabilities		227,091	308,681
Total liabilities		**227,091**	**308,681**
Net assets		**5,411,357**	**6,969,874**
Equity			
Issued capital	9	34,918,095	34,918,095
Reserves		7,768,367	9,641,754
Accumulated losses		(37,275,226)	(37,590,096)
Capital and reserves attributable to owners		5,411,236	6,969,753
Non-controlling interest		121	121
Total equity		**5,411,357**	**6,969,874**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Issued Capital $	Reserves $	Accumulated Losses $	Non-controlling interest $	Total Equity $
As at 1 July 2017		29,807,643	6,781,207	(33,920,613)	247,511	2,915,748
Loss for the half-year		-	-	(1,023,981)	-	(1,023,981)
Other comprehensive income		-	63,958	-	-	63,958
Total comprehensive income/loss for the half-year		-	63,958	(1,023,981)	-	(960,023)
Transactions with owners in their capacity as owners						
Shares issued during the period		4,217,880	-	-	-	4,217,880
Share issue expenses		(188,928)	-	-	-	(188,928)
Deconsolidation of subsidiary		-	(1,810)	-	(247,388)	(249,198)
Performance rights expense recognised during the half-year	11	-	5,254	-	-	5,254
As at 31 December 2017		**33,836,595**	**6,848,609**	**(34,944,594)**	**123**	**5,740,734**
As at 1 July 2018 as originally presented		34,918,095	9,641,754	(37,590,096)	121	6,969,874
Change in accounting policy	17	-	(1,445,819)	1,445,819	-	-
Restated total equity as at 1 July 2018		34,918,095	8,195,935	(36,144,277)	121	6,969,874
Loss for the half-year		-	-	(1,130,949)	-	(1,130,949)
Other comprehensive income/(loss)		-	(436,074)	-	-	(436,074)
Total comprehensive income/loss for the half-year		-	(436,074)	(1,130,949)	-	(1,567,023)
Transactions with owners in their capacity as owners						
Shares issued during the period	9	-	-	-	-	-
Share issue expenses	9	-	-	-	-	-
Performance rights expense recognised during the half-year	11	-	8,506	-	-	8,506
As at 31 December 2018		34,918,095	7,768,367	(37,275,226)	121	5,411,357

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 $	31 December 2017 $
Cash flows from operation activities			
Payments in the normal course of business		(1,130,834)	(852,168)
Interest received		15,366	16,912
Finance costs		-	(445)
Net cash outflow from deconsolidated subsidiary		-	(172,659)
Net cash used in operating activities		(1,115,468)	(1,008,360)
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		(4,569)	(55,000)
Proceeds from disposal of financial assets at FVOCI (after costs)	5	490,185	-
Investment in joint venture	4	(289,950)	(183,500)
Net cash provided/(used) in investing activities		195,666	(238,500)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,148,795
Share issue costs		-	(188,928)
Net cash inflow from deconsolidated subsidiary		-	269,464
Net cash inflow from financing activities		-	3,229,331
Net (decrease)/increase in cash and cash equivalents		(919,803)	1,982,471
Cash and cash equivalents at the beginning of the period		2,419,879	167,216
Net cash outflow from deconsolidation of subsidiary		-	(100,465)
Effects of exchange rate changes on cash and cash equivalents		14,798	-
Net cash and cash equivalents at the period	3	1,514,875	2,049,222

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

1. EXPENSES

	31 December 2018 $	31 December 2017 $
Loss before income tax includes the following specific items:		
Research and development:		
Research and development costs (1)	68,581	24,977
Total research and development expense	68,581	24,977

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

2. SEGMENT INFORMATION

Management has determined that the Group has four reportable segments, being exploration in South Korea, investment in Battery Technology, Other exploration activities and investment in Wave Technology. The Group's exploration in South Korea is funded through its joint venture investment in Korea Vanadium Limited and exploration activity undertaken by the Group. The Group's development of Battery Technology is funded through its investment in associate and direct spend undertaken by the Group. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. The Board monitors the Group based on actual versus budgeted expenditure incurred by segment. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing activities, while also taking into consideration the results that has been performed to date.

	Revenue from external sources $	Reportable segment loss $	Reportable segment assets (1) $	Reportable segment liabilities $
For half-year ended 31 December 2018				
Wave technology	-	7,595	-	-
Exploration – South Korea				
Investment in Joint Venture	-	(133,711)	3,005,242	-
Exploration activity	-	(167,104)	44,130	(22,745)
Battery technology				
Investment in Associate	-	-	-	-
Battery Technology	-	(76,175)	-	(344)
Exploration Other	-	(123,546)	-	-
Corporate activities	15,366	(638,007)	2,589,075	(204,002)
Total	15,366	(1,130,949)	5,638,448	(227,091)

2. SEGMENT INFORMATION (continued)

	Revenue from external sources $	Reportable segment loss $	Reportable segment assets [2] $	Reportable segment liabilities $
	For half-year ended 31 December 2017		*For year ended 30 June 2018*	
Wave technology	-	(17,254)	-	(13,493)
Exploration – South Korea				
Investment in Joint Venture	-	(88,276)	2,847,045	-
Exploration activity	-	(52,578)	50,081	(52,030)
Battery technology				
Investment in Associate	-	-	-	-
Battery Technology	-	(202,479)	-	(7,522)
Corporate activities	16,912	(663,394)	4,381,429	(180,437)
Total	16,912	(1,023,981)	7,278,555	(308,681)

1 *Other corporate activities includes cash held of $1,514,875*
2 *Other corporate activities includes cash held of $2,419,879*

3. CASH AND CASH EQUIVALENTS

	31 December 2018 $	30 June 2018 $
Cash at bank	1,514,875	2,419,879

4. INTEREST IN JOINT VENTURE

	31 December 2018 $	30 June 2018 $
Opening balance	2,847,045	2,607,351
Additional investment at cost [1]	289,950	393,500
Share of net loss of joint venture accounted using the equity method	(133,711)	(167,469)
Foreign exchange gain/(loss) recognised in other comprehensive income	1,958	13,663
Closing balance	3,005,242	2,847,045

1 *The JV Agreement with DST requires that the Company and DST share the cost of Stage 2. Funding is provided by way of additional investment to Korea Vanadium Limited to accelerate the development of the Daejon vanadium and uranium project by conducting work to contribute to the preparation of a pre-feasibility study.*

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income comprise of listed equity securities in KOSDAQ listed DST Co. Ltd (**DST**).

	31 December 2018 $	30 June 2018[(1)] $
Opening balance	1,899,226	-
Sale of shares	(494,000)	-
Revaluation loss recognised in other comprehensive income	(514,302)	-
Foreign exchange gain recognised in other comprehensive income	76,270	-
Closing balance	967,194	-

1 *These investments were classified as available-for-sale in 2018, see Note 6 below.*

On disposal of these equity investments, any related balance within the FVOCI reserve remain within other comprehensive income.

Significant accounting estimates, assumptions and judgements

Classification of financial assets at fair value through other comprehensive income

Investments are designated at fair value through other comprehensive income where management have made the election in accordance with *AASB 9: Financial Instruments*.

Fair value for financial assets at fair value through other comprehensive income

Information about the methods and assumptions used in determining fair value is provided in Note 8.

The financial assets at fair value through other comprehensive income is denominated in Korean Won.

6. FINANCIAL ASSETS PREVIOUSLY CLASSIFIED AS AVAILABLE FOR SALE FINANCIAL ASSET

Available for sale financial assets comprise of listed equity securities in Korea Securities Dealers Automated Quotations (**KOSDAQ**) listed DST Co. Ltd (formerly Korea Resources Investment & Development Inc.) (**DST**). Proceeds from the sale of any of the DST shares are to be re-invested by the Company into the Korea Vanadium Limited. projects or any other collaboration project agreed to by the parties.

	31 December 2018 $	30 June 2018 $
Opening balance	-	928,828
Revaluation gain recognised in other comprehensive income	-	913,373
Foreign exchange gain/(loss) recognised	-	57,025
Closing balance	-	1,899,226

7. TRADE AND OTHER PAYABLES

	31 December 2018 $	30 June 2018 $
Trade payables	218,547	307,413
Provisions	8,543	-
	227,091	307,413

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

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

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table. The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2018 and 30 June 2018 on a recurring basis:

	Level 1 $	Level 2 $	Level 3 $	Total $
As at 31 December 2018				
Financial assets at FVOCI – Equity securities	967,194	-	-	967,194
As at 30 June 2018				
Available for sale financial assets – Equity securities	1,899,226	-	-	1,899,226

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

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

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

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

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

The groups policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to determine fair values

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

Financial assets at fair value through other comprehensive income – equity securities

The fair value of the equity holdings held in DST Co. Ltd is based on the quoted market prices from the KOSDAQ on 28 December 2018, being the last traded price prior to half-year end.

9. ISSUED CAPITAL

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 $	30 June 2018 $
Fully paid	307,129,007	304,312,341	34,918,095	34,918,095

Movements in ordinary share capital during the current half-year financial period are as follows:

Details	Note	Date	Number of shares	Issue price $	$
Balance at 30 June 2018			**304,312,341**		**34,918,095**
Issue of shares on conversion of performance rights		2-Nov-18	2,816,666	-	-
Balance at 31 December 2018			**307,129,007**		**34,918,095**

10. DIVIDENDS

No dividends have been declared or paid for the half-year ended 31 December 2018 (31 December 2017: nil).

11. SHARE BASED PAYMENTS

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

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

	Note	31 December 2018 $	31 December 2017 $
As part of share based payment expense:			
Performance rights issued – prior period	13(a)	8,506	5,254
As part of administrative expense:			
Shares issued		-	120,000
		8,506	125,254

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

(a) Performance rights (prior period)

The Company's Performance Rights Plan was approved and adopted by shareholders on 11 November 2014. Each performance right will vest as an entitlement to one fully paid ordinary share upon achievement of certain performance milestones. If the performance milestones are not met, the performance rights will lapse and the eligible participant will have no entitlement to any shares. Further details of these performance rights were disclosed in the 30 June 2018 audited accounts of the Group.

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

11. SHARE BASED PAYMENTS (continued)

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

Grant date	Expiry date	Balance at start of the period	Granted during the period	Converted during the period	Forfeited during the period	Balance at period end	Vested at period end
01-Apr-14	01-Apr-19	166,666	-	(166,666)	-	-	-
22-Feb-16	22-Feb-21	150,000	-	(150,000)	-	-	-
22-Feb-16	22-Feb-19	4,000,000	-	-	-	4,000,000	-
05-Dec-17	05-Dec-20	1,250,000	-	(1,250,000)	-	-	
06-Dec-17	06-Dec-20	1,250,000	-	(1,250,000)	-	-	-
Total		6,816,666	-	2,816,666	-	4,000,000	-

Total expense arising from vesting and accelerating vesting of the above performance rights is $8,506.

12. CONTINGENT ASSETS AND LIABILITIES

During the half-year, PEARL Clean Energy Pty Ltd (PEARL) Acquired the Wave Energy Converter technology assets (WEC Assets). PEARL acquired 100% of the WEC Assets in consideration for spending a minimum $700,000 within the first five years from the date of the agreement and paying a 1.5% royalty on all future revenue generated from the WEC Assets, as sold, during the first ten years from signing the agreement. There is a potential contingent asset attached to the royalty, however no amount has been recognised at 31 December 2018 as provided the technology is still in the research and development phase it is not yet probable that revenue will be generated from the WEC Assets

There have been no other changes to contingent assets or liabilities since the last annual reporting date, 30 June 2018.

13. COMMITMENTS

Korea Vanadium Limited

The Company also has an interest in vanadium and uranium exploration projects in Korea via a 50% ownership position in Korea Vanadium Limited. The Company executed formal joint venture documentation with DST for the sale of 50% of Korea Vanadium Limited. to DST (JV) on 28 July 2015. During the period the Company announced the completion of Stage 1 and commencement of Stage 2 of the JV, which will be funded based on the ownership percentage.

There have been no other changes to commitments since the last annual reporting date, 30 June 2018.

14. RELATED PARTY TRANSACTIONS

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

Joint Venture

On 21 November 2018, the Group's 50% joint venture company Stonehenge Korea Inc changed its name to Korea Vanadium Limited.

Remuneration

Related parties have continued to receive remuneration on the terms described in the Remuneration Report in the Company's last Annual Financial Report.

14. RELATED PARTY TRANSACTIONS (continued)

Payment of fees

During the period the following related party transactions took place:

- Mr Young Yu, Non-Executive Director, is a director of JLC Corporation Pty Ltd, which received Mr Yu's director and consulting fees during the period. At period end the Company had an outstanding payable balance of $16,500 (30 June 2018: $ 8,800).
- Mr David Wheeler, Non-Executive Director, is a director of Pathways Corporate Pty Ltd which received Mr Wheeler's director fees during the period. At period end the Company had an outstanding payable balance of $3,300 (30 June 2018: nil).

15. EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD

Subsequent to period end:

- On 2 January 2019, the Company announced that 5,223,637 Options exercisable at $1.125 had lapsed;
- On 30 January 2019 the Company advised it had successfully completed the sale of its shareholding in KOSDAQ listed DST Co Ltd. The total proceeds received from the sale of the shareholding was A$1.45 million (before costs) of which $494,000 (before costs) was received prior to period end;
- Subsequent to period end Protean and DST Co Ltd have mutually agreed not to proceed with the acquisition of an additional 10% of KORID Energy, therefore leaving the current 50/50 joint venture ownership proportions intact. KORID Energy is part of the $3.2 million KETEP grant scheme that provides funding to assist in progressing the development of the commercial application for battery and movement into grid scale batteries in South Korea; and
- On 25 February 2019, the Company announced that 3,999,996 Class A Performance Shares had lapsed.

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

16. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide a full understanding of financial performance, financial position and financing and investing activities of the consolidated entity as full year financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Protean Energy Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period expect for the new policies adopted in Note 17.

16. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes to accounting estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which may have an effect on the amounts recognised in the financial statements. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. Key estimates and assumptions may have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities. Key estimates and judgements are consistent with 30 June 2018,

17. CHANGES IN ACCOUNTING POLICIES

This note explains the changes in the Group's accounting policies as a result of the adoption of AASB 9 Financial instruments and AASB 15 Revenue from Contracts with Customers, however the prior year financial statements did not have to be restated as a result.

(a) AASB 9 Financial Instruments ("AASB 9")

AASB 9 replaces the provisions of AASB 139 Financial Instruments: Measurement and Recognition ("AASB 139") that relate to the recognition, classification and measurement of financial assets and liabilities, recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 resulted in minimal changes in accounting policies. The new accounting policies are set out below. Transitional adjustments were however required, as set out below, which were recognised on 1 July 2018, in accordance with the transitional provisions of AASB 9.

(b) AASB 15 Revenue from Contracts with Customers ("AASB 15")

The adoption of AASB 15 resulted in no impact, or changes in accounting policies.

AASB 9 - Impact of adoption

Classification and measurement of financial assets

On the date of initial application, 1 July 2018, the financial instruments of the Group were as follows, with any reclassifications noted.

	Measurement category		Carrying amount		
			Original	New	Difference
	Original (AASB 139)	New (AASB 9)	$	$	$
Financial Assets					
Trade and other receivables	Amortised cost	Amortised cost	62,310	62,310	-
Equity instruments	Available-for-sale	FVOCI	1,899,226	1,899,226	-

As a result of the adoption of AASB 9, assets with a fair value of $1,899,226 were reclassified from available-for-sale financial assets, to financial assets at FVOCI in the statement of financial position. In addition, $1,445,819 was reclassified from Accumulated Losses to the FVOCI Reserve (included within 'Reserves'), reflecting impairment charges from prior financial periods recognised in Accumulated Losses in accordance with AASB 139.

The adoption of AASB 9 on the Group's trade and other receivables did not have a material impact.

The following tables show the above noted adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

17. CHANGES IN ACCOUNTING POLICIES (continued)

Impact on statement of financial position (Financial Assets)

Consolidated statement of financial position (condensed extract)	30 June 2018 As originally presented $	AASB 9 $	1 July 2018 $
Financial Assets			
Financial assets at fair value through other comprehensive income	-	1,899,226	1,899,226
Available-for-sale financial assets	1,899,226	(1,899,226)	-
	1,899,226	-	1,899,226

Impact on statement of financial position (Equity)

The total impact on the Group's Accumulated Losses and Reserves as at 1 July 2018 is as follows:

Consolidated statement of financial position (condensed extract)	30 June 2018 As originally presented $	AASB 9 $	1 July 2018 $
Equity			
Accumulated Losses	(37,590,096)	1,445,819	(36,144,277)
Reserves	9,641,754	(1,445,819)	8,195,935
	27,948,342	-	27,948,342

AASB 9 - Accounting policies applied from 1 July 2018

Investments and other financial assets

Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

17. CHANGES IN ACCOUNTING POLICIES (continued)

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 July 2018, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements, and accompanying notes set out above, are in accordance with the *Corporations Act 2001* and:

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

   (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date.

2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Bevan Tarratt
Executive Chairman

Perth, Western Australia

28 February 2019

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Protean Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Protean Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth 28 February 2019