

26 February 2020

KORID ENERGY GLOBAL LICENSING AGREEMENT UPDATE

Protean Energy Ltd (**Protean** or the **Company**) refers to its announcement of 21 February 2020 in relation to the global rights licensing agreement between its 50% owned subsidiary KORID Energy Co. Ltd (**KORID**) and TSX-V listed Margaret Lake Diamonds Inc (TSX.V:DIA) (**Margaret Lake**) (the **Agreement**).

The Company advises it had no prior knowledge about the Agreement being entered into and, following the Agreement being brought to the Company's attention, the Company sought clarity from DST and KORID on certain aspects of the Agreement.

Based on the information and advice received from DST and KORID to date, Protean provides the below additional information in relation to the Agreement that it has obtained from enquiries made with DST:

- The Agreement is dated 13 January 2020 and is subject to the following conditions:
 - o Margaret Lake obtaining shareholder and TSX approval for the Agreement, anticipated to take approximately 60 days from execution;
 - o Margaret Lake undertaking due diligence enquiries within 60 days or by the time Margaret Lake obtains shareholder approval for the Agreement, whichever is sooner;
 - o Margaret Lake completing a CAD\$5,000,000 capital raising and a consolidation of capital;
 - o Margaret Lake completing a 'reverse takeover' on the TSX-V; and
 - o The transfer of KORID technology to Margaret Lake will occur within seven days of completion of the reverse takeover on the TSX-V.
- The term of the Agreement is indefinite and will continue in effect until termination by mutual agreement in writing.
- Margaret Lake have announced that the allocation of the 20 million consideration shares as follows (**Consideration Shares**):
 - o 7.5 million to KORID Energy Co. Ltd;
 - o 7.5 million to DST Co. Ltd; and
 - o 5.0 million to LKAT Co. Ltd (**LKAT**).

DST have advised that LKAT is an unrelated entity that intends to undertake the construction of a pilot battery plant to be based in Korea at a cost of KRW1,000,000,000 (~AUD\$1.24 million) and the Consideration Shares will be allocated to LKAT by KORID as collateral for this investment. Protean has been unable to verify this information and has requested a copy of the documents evidencing this arrangement.

DST have further advised that to date, it has invested an amount of KRW1,967,000,000 (~AUD\$2.45 million) and the allocation of Consideration Shares will be utilised to off-set loans provided by it. Protean has not been able to verify the veracity of the purported invested funds and intends to undertake its own audit on the issue.

The Company cautions shareholders with ascribing any value to the Company's interest in Consideration Shares with respect to the transaction at this time. Protean was not privy to any of the discussions or negotiations between either DST, KORID, Margaret Lake or LKAT prior to the Agreement being executed. Protean has and is continuing to seek further clarification. Protean further notes that the above split of Consideration Shares has been previously modified via announcement by Margaret Lake and Protean believes there is a degree of uncertainty as to the allocation.

The Company will, in due course, provide further updates should any material information come to hand.

Daejon Excavation Licence Application Update

Protean refers to the Excavation License Application submitted in June 2019 to the Chungnam provincial office. DST have advised that, amid severe opposition from local residents to the mining plan and having regard to the depressed Vanadium commodity prices and requirement to commence mining within a finite period of time from grant, a request to withdraw the Excavation License Application has been accepted by the Chungnam provincial office. The withdrawal of the Excavation License Application does not preclude the application from being re-submitted in the future however the Company is determining the implications of the expiry date of the tenements with respect to the withdrawal of the application.

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

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

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 Co 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 between Protean and 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.