

30 April 2020

March 2020 Quarterly Activities Report

Protean Energy Ltd (**Protean** or the **Company**) provides shareholders its quarterly report for the three-month period ending 31 March 2020.

KORID Energy Global Licensing Agreement

During the quarter the Company's joint venture partner DST Co Ltd (DST) advised that KORID Energy Co Ltd (**KORID**) has entered into an global rights licensing agreement with TSX-V listed Margaret Lake Diamonds Inc (TSX.V:DIA) (**Margaret Lake**) to enable Margaret Lake to construct a factory in the United States for the purpose of producing Vanadium Redox Flow Batteries and energy storage systems using KORID's patented battery technology (**Agreement**).

The Agreement grants exclusive global rights, with the exception of Korea and Australia, to KORID's proprietary vanadium redox battery technology to Margaret Lake. In addition, KORID will provide technical assistance for design, construction, integration and operation of the battery. The Agreement is subject to Margaret Lake obtaining shareholder approval, completing a CAD\$5,000,000 capital raising and a consolidation of capital. In consideration for the exclusive rights, Margaret Lake will issue 20,000,000 (post-consolidation shares) at a deemed value of CAD\$5,000,000 anticipated to represent approximately 40% of Margaret Lake's issued capital following recapitalisation.

About Margaret Lake Diamonds

Margaret Lake Diamonds Inc. (TSX.V: DIA) is a Canadian technology and strategic metals exploration company focused on construction of Vanadium Redox Flow Battery Factory and Vanadium Exploration in the United States. The Company continues to maintain an interest in its mining properties.

Margaret Lake has announced it intends to incorporate a United States subsidiary to operate the proposed joint venture obligations of Margaret Lake (**DIA US**). The board of directors of DIA US will be comprised of two nominees of Margaret Lake and two nominees of KORID.

Based on 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**), Protean is seeking clarification from DST in relation to the allocation of the Consideration Shares:

- 7.5 million to KORID Energy Co. Ltd;
- 7.5 million to DST Co. Ltd; and
- 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

During the quarter the Protean provided an update on the Excavation License Application submitted in June 2019 to the Chungnam provincial office aimed to convert the Daejon tenements into mining and production status. DST 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 had 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, and the Company is determining the implications of the expiry date of the tenements with respect to the withdrawal of the application.

Quarterly Cashflow Report

The Company will also today lodge its quarterly cashflow report for the quarter ended 31 March 2020. Included in those cashflows are non-executive directors' fees of approximately \$28,000 settled in cash.

This release 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 Daejeon Vanadium Project.

Korean Tenement Schedule (100% held directly by SK Energy Metals Pty Ltd which is in turn 50% owned by Korea Vanadium Ltd)

There were no changes in the ownership status of the tenements during the quarter.

Tenement Name	ID	Registration No.	Registration Date	Area (ha)	Mineral
Gwesan	137	79161	12/01/2011	275	Uranium, Vanadium
Daejeon Group	various	various	various	2,282	Uranium

Daejeon Group – detailed information

Daejeon Group includes Okcheon -136, -147, Daejeon -18, -28, -38, -48, -17, -7 in total 8 tenements. This group is considered as one tenement for exploration and mining to MRO under the Korean mining law.

Tenement Name	Area	ID	Registration No.	Registration Date	Area (ha)	Mineral
Daejeon Group	Daejeon	18	77011	11/06/2008	277	Uranium, Vanadium, Molybdenum
	Daejeon	28	77012	11/06/2008	259	Uranium, Vanadium
	Daejeon	38	77013	11/06/2008	277	Uranium, Vanadium
	Daejeon	48	77014	11/06/2008	277	Uranium, Vanadium
	Okcheon	136	77010	11/06/2008	138	Uranium, Vanadium
	Okcheon	147	77038	20/06/2008	277	Uranium, Vanadium
	Daejeon	17	77039	20/06/2008	103	Uranium, Vanadium
	Daejeon	7	77114	04/07/2008	190	Uranium, Vanadium, Molybdenum
1,798						

Competent Person Statement

The information contained in this ASX release relating to exploration results and Mineral Resources has been compiled by Mr Kahan Cervo of Optiro Pty Ltd. Mr Cervo 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 Cervo 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 Cervo 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.