

30 July 2020

June 2020 Quarterly Activities Report

Protean Energy Ltd (**Protean** or the **Company**) provides shareholders its quarterly report for the three-month period ending 30 June 2020.

KORID Energy Global Licensing Agreement

During the quarter the Company provided further updates on the global rights licensing agreement with TSX-V listed Margaret Lake Diamonds Inc (TSX.V:DIA) (**Margaret Lake**) that, subject to certain conditions precedent, intends 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 recompliance 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.

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 Tenement Group Update

Following the withdrawal of the Excavation License Application from the Chungnam provincial office amid severe opposition from local residents to the mining plan, the Company's 50% subsidiary Korea Vanadium Limited has been advised that the Daejon Group Tenements (refer Schedule A) will expire on 30 September 2020. The Company's Gwesan tenement expires on 11 January 2022.

Additional ASX Information

Protean provides the following information pursuant to ASX Listing Rule requirements:

1. ASX Listing Rule 4.7C.1: Details of business activities during the June quarter are set out in this report. There was no substantive business activity expenditure during the quarter.
2. ASX Listing Rule 4.7C.3: Payment to related parties of the Company and their associates during the quarter: \$47,000 cash. The Company advises that this relates to remuneration of Directors only. Please see the Remuneration Report in the Annual Report for further details on Directors' Remuneration.

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

ENDS

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.

SCHEDULE A- 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.	Expiry Date	Area (ha)	Mineral
Gwesan	137	79161	11/01/2022	275	Uranium, Vanadium

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.	Expiry Date	Area (ha)	Mineral
	Daejeon	18	77011	30/09/2020	277	Uranium, Vanadium, Molybdenum
	Daejeon	28	77012	30/09/2020	259	Uranium, Vanadium
	Daejeon	38	77013	30/09/2020	277	Uranium, Vanadium
Daejeon Group	Daejeon	48	77014	30/09/2020	277	Uranium, Vanadium
	Okcheon	136	77010	30/09/2020	138	Uranium, Vanadium
	Okcheon	147	77038	30/09/2020	277	Uranium, Vanadium
	Daejeon	17	77039	30/09/2020	103	Uranium, Vanadium
	Daejeon	7	77114	30/09/2020	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 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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

PROTEAN ENERGY LIMITED

ABN

81 119 267 391

Quarter ended ("current quarter")

30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(4)	(56)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	(3)
(d) leased assets	-	-
(e) staff costs	(46)	(242)
(f) administration and corporate costs	(33)	(234)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(82)	(527)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	846	1,291
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(82)	(527)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	764	764

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	44	16
5.2	Call deposits	720	830
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	764	846

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments of Directors fees and salaries

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(82)
8.2 Cash and cash equivalents at quarter end (item 4.6)	764
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	764
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020

Authorised by: Matthew Foy
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.