



PROTEAN ENERGY LIMITED

(FORMERLY PROTEAN WAVE ENERGY LIMITED)

ABN 81 119 267 391

APPENDIX 4E

FOR THE YEAR ENDED

30 JUNE 2017



APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2017

Details of the reporting period and the previous corresponding period

Current period:	1 July 2016 to 30 June 2017
Prior corresponding period:	1 July 2015 to 30 June 2016

Results for announcement to market

Key information	30 June 2017 \$	30 June 2016 \$	Change %
Revenue from continuing operations	1,584	22,406	Down 93%
Loss after tax from continuing operations attributable to members	7,107,731	4,718,084	Up 51%
Net loss attributable to members	7,107,731	4,718,084	Up 51%

Details of dividends

No dividends have been declared or paid for the year ended 30 June 2017 (30 June 2016: nil).

Net tangible assets per ordinary share

	30 June 2017 \$	30 June 2016 \$
Net assets	2,915,748	8,815,500
Less:		
- Intangibles – WEC Technology asset	-	3,455,304
- Intangibles – Battery Technology asset	33,823	-
- Investment in joint venture	2,607,351	2,542,852
- Available for sale financial assets	928,828	2,340,377
- Assets held for sale	-	-
Net tangible assets / (liabilities)	(654,254)	476,967
Ordinary shares*	44,982,884	35,682,588
Net tangible assets per security (cents)	(1.45)	1.34

* The 2016 number of ordinary shares has been adjusted for the share consolidation which occurred in 2017.

Details of entities where control has been gained or lost during the period

Name of entity where control was gained	KORID Energy Co. Ltd
Date from which control was gained	7 March 2017
Contribution to consolidated loss from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained	(240,882)
Loss from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period	N/A
KORID Energy Co. Ltd was only established in late 2016, therefore does not have any records from the previous corresponding period.	

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Details of joint venture

Name	Ownership interest	
	30 June 2017	30 June 2016
Stonehenge Korea Inc.	50%	50%
Share of net loss	(\$ 94,138)	(\$ 111,620)

Group Segment workings

	Wave Technology \$	Investment in JV \$	Investment in Battery \$	Other \$	Total \$
Revenue from external sources	-	-	28	1,556	1,584
Reportable segment profit / (loss)	(3,403,019)	(94,138)	(240,910)	(3,490,104)	(7,228,171)
Reportable segment assets	-	2,607,351	752,068	1,130,628	4,490,047
Reportable segment liabilities	(6,482)	-	(260,913)	(1,306,904)	(1,574,299)

Results for the period

The activities of the Group and its subsidiaries during the year ending 30 June 2017 were commercialisation activities associated with the Protean™ wave energy converter technology, mineral exploration in South Korea and flow batteries.

Following the successful capital raising in early 2016 the Company started the financial year with a focus on accelerating commercialisation of its WEC systems. Within the period the Company, through the engagement of an expert team of advisors completed wet and dry testing of its WEC systems, including two successful pre-commercialisation trials.

The Company also advised that it would begin to explore opportunities for renewable energy around the world to enable to the Company to grow into a broad provider of clean and affordable energy. In December 2016, the Company entered into a binding Term Sheet with KORID Inc (**KORID**), its existing Korean Joint Venture (**JV**) partner, to acquire a 50% stake in KORID's wholly owned subsidiary KORID Energy Co. Ltd (**KORID Energy**). KORID Energy has developed a suite of flow batteries from 2kW up to 25kW and owns the intellectual property behind the design. On 8 June 2017, the Company announced that KORID Energy had been rebranded as V-KOR and grant funding of approximately \$120,000 had been secured from the Korean government to be used in the development and testing of the V-KOR range of batteries in Australia.

A general meeting of shareholders was held on 17 January 2017, where approval was obtained for the acquisition to be made through the issue of 189 million Protean shares at a price of A\$0.01 per share (on a pre-consolidation basis). The shares will be escrowed for a period of 12 months from the date of issuance, representing KORID's commitment to the development and strong partnership with Protean.

Corporate activity

- On 28 February 2017, the Company advised it had entered into a share purchase agreement with a sophisticated Korean investor to sell 1,250,000 KORID Inc shares (pre-consolidation) at a price of 350 Korean Won (**KWON**) per share providing net proceeds of approximately \$500,000.
- On the 18 April 2017, the Company obtained shareholder approval to undertake a share consolidation to reduce the number of shares on issue. The consolidation occurred on the basis that every existing thirty (30) ordinary shares were consolidated into one (1) ordinary share held in the Company. The Consolidation was completed 1 May 2017.
- On 28 February 2017, the Company signed a mandate agreement, whereby the Company launched a fully underwritten renounceable rights issue to raise up to \$3.1 million (before costs). In addition to the rights issue, the mandate sought to raise up to \$650,000 through a convertible note with a small number of existing shareholders (**Convertible Note**). Subsequent to the year end the convertible note was converted into ordinary shares on 25 July 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2017

- On 17 May 2017, the Company announced a Non-Renounceable Rights Issue (**Offer**). The Offer was an offer to all shareholders of the Company on its register of members at 5.00pm (AWST) on the Record Date of 2 June 2017 who have a registered address in Australia and New Zealand, on the basis of seven (7) New Shares for every two (2) existing Shares held at an issue price of \$0.02 per new share.
- The Offer closed on the 26 June 2017, and raised \$673,333.52 with valid applications received for 33,666,676 new shares.
- The Offer was fully underwritten by CPS Capital Group Pty Ltd and subsequent to the period on 25 July 2017, Protean announced that in accordance with the terms of the underwriting agreement, the shortfall of 123,773,027 shares was successfully placed by the underwriter. Total funds raised under the Offer were \$3,148,794.06 before costs.
- Following completion of the Offer, the Company advised on 25 July 2017 that the Convertible Notes (and accrued interest) had converted into a total of 47,893,921 ordinary shares.

Event subsequent to the end of the reporting period

On 25 July 2017, the Company advised that its previously announced fully underwritten Rights Issue Shortfall of 123,773,027 shares had been fully placed with CPS Capital Group Pty Ltd, bringing the total funds raised under the Offer to \$3,148,794.06 before costs. Following completion of the underwritten Rights Issue, the Company advised on 25 July 2017 that outstanding Convertible Notes (and accrued interest) with a face value of \$650,000 had converted into a total of 47,893,921 ordinary shares.

Protean announced on 27 July 2017 that it had successfully signed a project cooperation agreement (**PCA**) with KEPKO Plant Service and Engineering Co Ltd (**KPS**) a leading provider of power plant build and maintenance services in Korea and across the world to jointly pursue renewable energy projects in Australia, Korea and across the Asia Pacific region.

On 11 August 2017, the Company advised it had accepted the resignation of Mr Rogers, following a twelve-month period of diligently progressing the Company's development and commercialisation efforts of the Protean Wave Energy Converter and acquiring a stake in an energy storage business which meets the demands of a growing renewable energy sector.

Other disclosure requirements

The document has been prepared in accordance with ASX listing rule 4.3A, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Group Interpretations and the *Corporations Act 2001*. The document is presented in Australian dollars and has been prepared on the basis of historical costs except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies. The accounting policies adopted in this report are the same as those disclosed in the annual financial report for the year ended 30 June 2016.

The accounting policies adopted in this report have been consistently applied by each entity in the Consolidated Entity and are consistent with the those of the previous year.

This document should be read in conjunction with the 2016 Annual Report and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules. The 2017 Annual Report covers Protean Energy Limited and its controlled entities, and is based on separately lodged consolidated financial statements and financial report which is in the process of being audited by BDO Audit (WA) Pty Ltd.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 \$	30 June 2016 \$
Revenue from continuing operations		
Interest income	1,584	10,157
Other income	-	12,249
Expenses		
Research and development expense	(33,390)	(1,425,100)
Depreciation and amortisation expense	(881,802)	(270,234)
Administrative expense	(1,663,999)	(1,303,664)
Finance costs	(288,681)	(461,149)
Share based payment expense	(77,425)	(1,638,730)
Impairment of available for sale assets	(1,445,819)	-
Impairment of WEC Technology assets	(2,712,118)	-
Gain on sale of subsidiary	-	470,005
Share of net loss of joint venture accounted using the equity method	(94,138)	(111,620)
Foreign exchange gain / (loss)	(32,383)	-
Loss before income tax	(7,228,171)	(4,718,086)
Income tax benefit	-	-
Loss after income tax attributable	(7,228,171)	(4,718,086)
Loss after income tax attributable to:		
Members of the Company	(7,107,731)	(4,718,084)
Non-controlling interest	(120,440)	(2)
	(7,228,171)	(4,718,086)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders		
Basic and diluted loss per share (cents per share)	(17.66)	(15.15)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 \$	30 June 2016 \$
Loss after income tax attributable	(7,228,171)	(4,718,086)
Other comprehensive income / (loss)		
<i>Items that may be reclassified to the profit or loss</i>		
Exchange differences on translation of foreign operations	(869)	26,668
Reclassified exchange differences on translation of foreign operations on sale of subsidiary	-	(470,005)
Changes in the fair value of available for sale assets	53,768	(53,768)
Other comprehensive income/(loss) for the period, net of tax	52,899	(497,105)
Total comprehensive loss for the period	(7,175,272)	(5,215,191)
Total comprehensive loss for the period attributable to:		
Members of the Company	(7,056,642)	(5,215,189)
Non-controlling interest	(118,630)	(2)
	(7,175,272)	(5,215,191)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	30 June 2017 \$	30 June 2016 \$
Current assets		
Cash and cash equivalents	167,216	1,239,384
Trade and other receivables	41,695	118,962
Total current assets	208,911	1,358,346
Non-current assets		
Plant and equipment	669,102	6,304
Trade and other receivables	42,032	-
Intangibles – WEC Technology	-	3,455,304
Intangibles – Battery Technology	33,823	-
Investment in joint venture	2,607,351	2,542,852
Available for sale financial assets	928,828	2,340,377
Total non-current assets	4,281,136	8,344,837
Total assets	4,490,047	9,703,183
Current liabilities		
Trade and other payables	534,509	886,677
Provisions	21,644	1,006
Borrowings	1,018,146	-
Total current liabilities	1,574,299	887,683
Total liabilities	1,574,299	887,683
Net assets	2,915,748	8,815,500
Equity		
Issued capital	29,807,643	28,975,566
Reserves	6,781,207	6,652,693
Accumulated losses	(33,920,613)	(26,812,882)
Capital and reserves attributable to owners	2,668,237	8,815,377
Non-controlling interest	247,511	123
Total equity	2,915,748	8,815,500

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Non-controlling interest \$	Total Equity \$
As at 1 July 2015	24,560,701	2,667,668	(22,094,798)	-	5,133,571
Loss for the year	-	-	(4,718,084)	(2)	(4,718,086)
Other comprehensive income	-	(497,105)	-	-	(497,105)
Total comprehensive income/loss for the year	-	(497,105)	(4,718,084)	(2)	(5,215,191)
Transactions with owners in their capacity as owners					
Shares issued during the year	4,916,716	-	-	-	4,916,716
Share issue expenses	(501,851)	-	-	-	(501,851)
Non-controlling interest on acquisition	-	-	-	125	125
Performance rights/options expense recognised during the year	-	4,482,130	-	-	4,482,130
As at 30 June 2016	28,975,566	6,652,693	(26,812,882)	123	8,815,500
Loss for the year	-	-	(7,107,731)	(120,440)	(7,228,171)
Other comprehensive loss	-	51,089	-	1,810	52,899
Total comprehensive loss for the year	-	51,089	(7,107,731)	(118,630)	(7,175,272)
Transactions with owners in their capacity as owners					
Shares issued during the year	851,602	-	-	-	851,602
Share issue expenses	(19,525)	-	-	-	(19,525)
Non-controlling interest on acquisition	-	-	-	366,018	366,018
Performance rights/options expense recognised during the year	-	77,425	-	-	77,425
As at 30 June 2017	29,807,643	6,781,207	(33,920,613)	247,511	2,915,748

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities		
Payments in the normal course of business	(1,786,509)	(1,849,740)
Other payments	-	(67,222)
Interest received	1,584	8,290
Other income	-	12,500
Finance costs	(49,580)	(15,763)
Net cash used in operating activities	(1,834,505)	(1,911,935)
Cash flows from investing activities		
Payments for property, plant and equipment	1,669	-
Payments for exploration and evaluation expenditure	-	-
Loan to other entities	60,458	-
Cash acquired as part of asset acquisition	45,735	-
Investment in joint venture	(176,000)	(245,000)
Net cash used in investing activities	(68,138)	(245,000)
Cash flows from financing activities		
Proceeds from borrowings	650,000	600,000
Cost of borrowings	(19,525)	(45,000)
Proceeds from issue of shares	200,000	3,136,250
Share issue costs	-	(340,310)
Net cash inflow from financing activities	830,475	3,350,940
Net increase/(decrease) in cash and cash equivalents	(1,072,168)	1,194,005
Cash and cash equivalents at the beginning of the period	1,239,384	45,379
Net cash and cash equivalents at the period	167,216	1,239,384

APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2017

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

A handwritten signature in black ink, appearing to read 'Bevan Tarratt', with a stylized, cursive script.

Bevan Tarratt
Non-Executive Chairman

Perth, Western Australia

31 August 2017