

Amendment - Quarterly Report

1 October to 31 December 2023



Amendment to Quarterly Cash Flow Report

Lion Energy Limited (**Company**) advises that typographical errors were identified in the Quarterly Cash Flow Report – Appendix 5B lodged on the 30 January 2024.

- Items 4.6 (Cash and cash equivalents at end of period), 5.1 (Bank Balances) and 5.5 (Cash and cash equivalents at end of quarter) have been amended to US\$2.041 million (previously reported as US\$2.613 million).

An updated Quarterly Activities Report and Appendix 5B is attached.

Lion at a glance

- ASX listed oil and gas E&P company with two conventional PSCs in Seram Island, Indonesia.
- Net production of around 37bopd from the Seram PSC which also contains the Lofin gas/condensate discovery.
- New focus on green hydrogen opportunities in Australia.

Contact

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Tom Soulsby Executive Chairman
Damien Servant Executive Director
Russell Brimage Non-Executive Director
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Quarterly Report

1 October to 31 December 2023



H2 project on track, and ongoing work confirms East Seram giant-sized discovery potential

Lion Energy Limited (“Lion” or “Company”) is pleased to report good progress in its core businesses of green hydrogen and oil and gas in Q4 2023.

Highlights include:

- Lion submitted its Development Application in September 2023 and is expecting to receive Queensland Government approval in 1Q 2024 after moving into the public notification stage.
- Detailed project design commenced, and construction tender documents set to be issued in Q1 2024.
- Multiple parties have requested proposals for green hydrogen offtake.
- Potential joint venture discussions are ongoing.
- Specialist processing and modelling of the 2022 onshore 2D seismic and gravity data confirms the potential for giant-sized discoveries (greater than 500 mmboe) in the East Seram PSC.
- A crude oil lifting of 210,547 bbls was completed 30 December 2023 (Lion share 5,263 bbls pre government share, with Lion gross revenue entitlement of ~USD296,000 post government expected to be received end January 2024).
- Seram (Non-Bula) PSC production for the quarter was 99,045 bbls (Lion’s share 2,247 bbls).
- Cash at quarter-end was US\$2.0 million (excluding joint-venture cash), compared to US\$2.6 million at the end of Q3 2023.

Mr Soulsby, Lion’s Chairman, commented: “Lion has made considerable progress in hydrogen. We have moved our Port of Brisbane project development approval closer as we moved to the public notification phase. Lion is also maturing joint venture discussions with multiple parties who are currently performing due diligence on our project. At the same time, interest for green hydrogen in Queensland is gearing up, with Lion responding to multiple inquiries.

We are also excited by ongoing work in our East Seram PSC including integration of results of depth processing of selected new seismic lines and 3D modelling of the gravity data which confirmed the highly significant resource potential of the key fold-belt prospects. In December we engaged specialist advisors, Moyes and Co, to assist with bringing in a partner to fund drilling of one of our high-graded opportunities.”

Lion at a glance

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Green hydrogen update

Lion announced that it signed a milestone Heads of Agreement (HOA) with Port of Brisbane Pty Ltd (“PBPL”) for a long-term lease of land within the POB in Q1 2023, where it plans to build and operate its first hydrogen generation and refuelling hub. In Q3, we reported that Lion and PBPL have finalised lease agreement negotiations, and the parties have actively engaged on the development approval document preparation. After receiving development consent from the POB in August, we submitted our plan to the Queensland State Assessment and Referral Agency in September. We are now in the public notification stage and we expect to get project approval in Q1 2024.

The hub is geared towards heavy mobility fleets with a focus on public bus fleets, and the application of fuel cells providing onsite off-grid power to the Queensland construction and mining sectors. The POB project is the first site of a planned wider network and constitutes a major step in Lion’s hydrogen strategy and integral to a broader hub and spoke/depot supply model.

The location is strategic due to its proximity to the majority of Brisbane’s 70+ bus depots, and also the significant heavy vehicle traffic to and from the Port. The site will initially produce and dispense some 420kg/day of green hydrogen but has the ability to quickly double production to respond to increasing demand. The image below is a representation of the architects drawings for the development approval submission and should closely resemble the actual hydrogen generation and refilling station .



Image 1: Artist's impression of Lion's H2 hub at the Port of Brisbane reflecting the development plan submitted to the State Assessment and Referral Agency

Lion earlier reported that it signed a General Equipment and Procurement Agreement with various vendors for supply of electrolyzers, a refuelling package and tube trailers for the POB location. Our refuelling package has arrived in Australia and our local vendor is progressing this package to local standards as per the contract of purchase. The equipment includes 2 x 1MW alkaline electrolyser packages, a compressor, storage banks, dispenser and two tube trailers and we have used our time in Q4 2023 to progress design documents and progress local compliance requirements with each vendor.

Lion has been working closely with the bus and genset supply industries on their requirements around refuelling reliability and speed as part of its green hydrogen strategy. Lion is continuing to respond to requests for proposals for green hydrogen supply for bus operators in South East Queensland. We are also fielding enquiries for hydrogen supply to the fuel cell genset market.

Finally, we have been managing multiple prospective joint venture partners who have now started due diligence phase with an interest in joining Lion in its East Coast hydrogen strategy with an initial focus on the Port of Brisbane project. Our prospective partners have skills in power, renewable energy, transportation, large project execution and have strong balance sheets. However, there is no assurance at this stage that these discussions will result in an actual transaction. As part of recent announcements, Lion presented the following provisional roadmap and has responded to the objectives as listed in Table 1, in the quarter under review.

Table 1: Lion's provisional green hydrogen roadmap vs response (as at end December 2023)

Stated Objective	Response
Stage 1	
Publish broad green hydrogen strategy	Completed
Register business name	Completed
Stage 2	
Establish team of hydrogen experts	Completed
Appoint experts to systematically analyse optimal electrolyser locations in Australia	Completed
Review the best value and fit for purpose solar, wind, and electrolyser technologies	GPA phase 2 work completed, appointed Amarna Energy as special advisors
The review of opportunities in which Lion may be able to combine its expertise and resources with a suitable market and partner to progress a green hydrogen development using identified electrolyser locations and appropriate technologies	Partnership expanded: Wagners, Censtar H2 Technology, Foton Mobility, BLK Auto and Pulitano Group. Lion is working with public transport authorities and bus fleet operators in NSW, VIC, and NSW
Expand the scope of the Advisory Board to review opportunities in H2 distribution and hydrogen fuel cells for heavy equipment and vehicles	Advisory board have an ongoing role and involvement in the work being undertaken by Wasco, Amarna including reviewing submissions by Censtar and other equipment providers
Stage 3	
Appoint consultants to undertake a feasibility study to ascertain the economic viability of a short-listed opportunity and the anticipated cost	FEED completed, work in progress
Secure any required land rights conditional upon Lion proceeding with an opportunity	Work in progress
Investigate investing in a pilot or demonstration plant including H2 distribution and hydrogen fuel cell heavy equipment and vehicles	Submissions made to back to base fleet businesses
Stage 4	
Subject to a positive feasibility study, progress the opportunity by participating in the development of a smaller or larger solar/wind farm and relevant energy storage facilities to produce green hydrogen at low cost for domestic or export markets	Conditional upon stage3 work being completed
Form a joint venture with a suitably experienced and funded partner	Working up proposals with counterparties

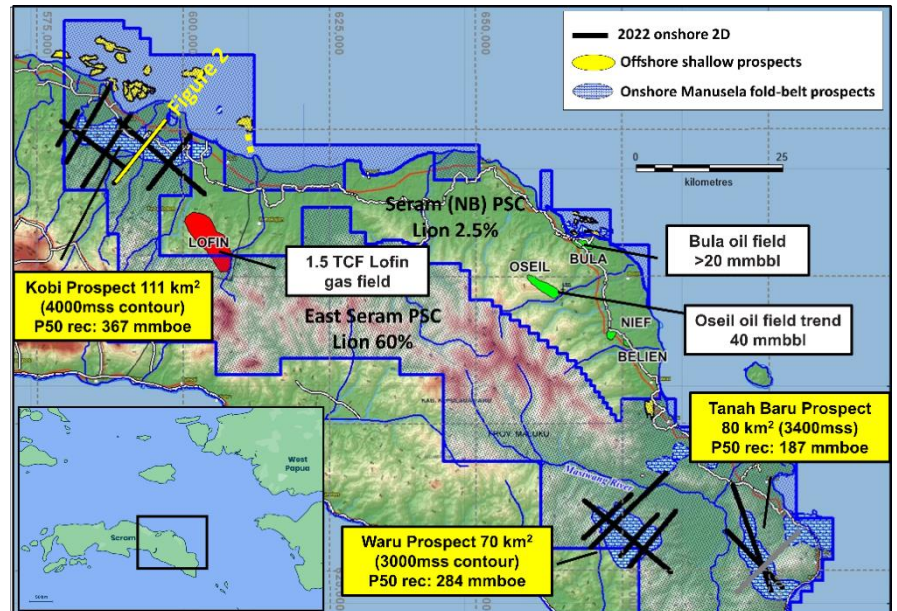
Oil and Gas Operations update

East Seram PSC

Lion holds a 60% interest and is Operator of the 4557 km² East Seram PSC.

Since acquiring the PSC in 2018, Lion has conducted an active exploration program. A 664 km offshore 2D survey targeting the Plio-Pleistocene foreland basin play in 2020 delineated an attractive shallow oil portfolio. From June 2022 to January 2023 Lion recorded 14 2D seismic lines totalling 200km and a 1000 station gravity survey. The survey was designed to mature some highly attractive onshore fold-belt structures with the proven Jurassic fractured Manusela limestone the primary reservoir objective.

Figure 1: East Seram PSC – location map showing 2022 seismic survey



Despite the challenges with operating in the remote location the survey was conducted safely and within 10% of the pre-survey budget.

Processing, modelling and interpretation has confirmed the presence of all prospects targeted by the 2022 survey. Six (6) lines, totalling approximately 100 kms, were acquired over the Kobi prospect approximately 15km to the northwest of the 1.5 TCF Lofin gas/condensate field. The pre-stack time migrated seismic, and also pre-stack depth migration on selected lines (see Figure 2), show the Kobi Prospect to be a robust feature partly analogous to the Lofin discovery. The Lofin field at the objective Manusela level has an area of approximately 40 km² and a 1300m hydrocarbon column with top of the reservoir at approximately 4100mss. The Kobi prospect has mapped Manusela closure up to 110 km², vertical closure up to 1100m with top of the Manusela objective interpreted at approximately 3000mss. The new gravity data shows that a gravity high is present over the Kobi structure and detailed 2D and 3D gravity modelling undertaken during the Quarter aligns well with the seismic interpretation. The P50 (unrisked) prospective resource¹ potential for Kobi is 357 mmboe with upside (P10) potential over one billion boe.

In the southeast area of the PSC, which is modelled to be more oil prone, Lion recorded 5 lines over the Waru fold-belt prospect which has a clear topographic expression with elevation rising to around 400m. The new seismic confirmed the presence of a high-relief, thrust faulted anticline with areal closure up to 70 km² and mapped vertical closure of up to 1200m. A gravity high is present with 2D modelling conducted during the Quarter again confirming the overall seismic interpretation. The P50 (unrisked) prospective resource¹ potential for Waru is 284 mmboe with upside (P10) potential of 766 mmboe.

Two seismic lines and additional gravity were recorded over the Tanah Baru prospect which also has a clear topographic expression. Despite challenges in the data quality in the area, the presence of a large structure with areal closure up to 80 km² and relief of up to 1050m is confirmed by existing and new seismic and 2D modelling of the new gravity data. The P50 (unrisked) prospective resource¹ potential for Tanah Baru is 187 mmboe with upside (P10) potential of 679 mmboe.

Ongoing exploration plans include completing PSDM processing on a further 10 lines to confirm crestal locations and continuing well planning activities with the Kobi prospect currently high-graded for potential drilling in 2025.

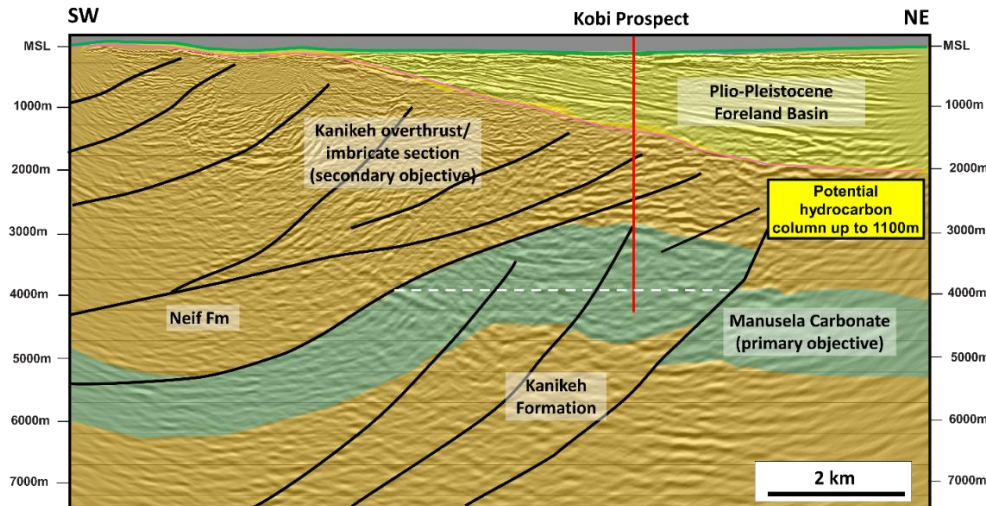


Figure 2: Geoseismic section showing interpretation on PSDM line over the Kobi Prospect

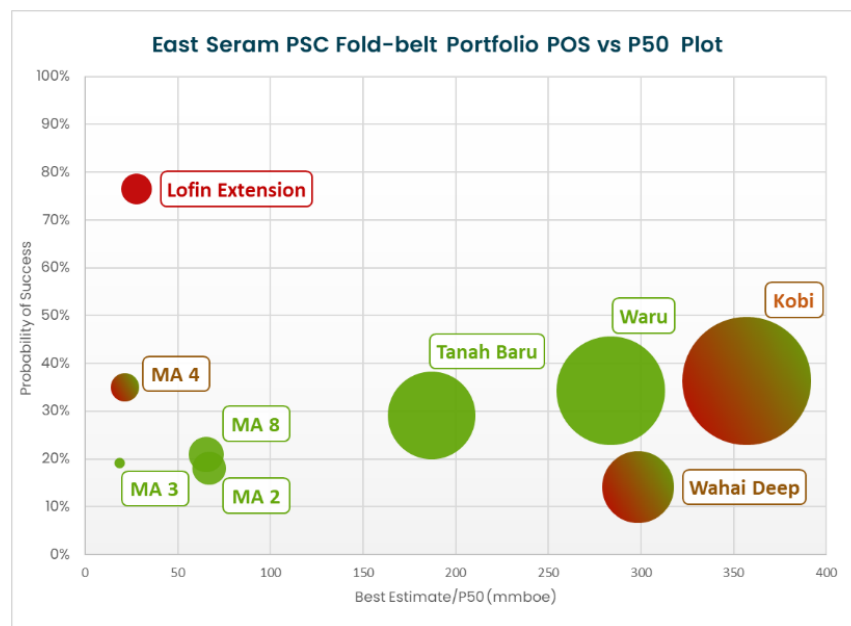


Figure 3: East Seram Fold-Belt Prospects and leads P50 Prospective Resource¹ vs Probability of Success plot (Bubble size is comparative EMV)

Notes:

¹Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success or GCOS) and a chance of development (economic, regulatory, market and facility, corporate commitment, or political risks). The chance of commerciality is the product of these two risk components. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

Seram (Non-Bula) PSC

Lion, via its wholly owned subsidiary Lion International Investment Ltd, holds a 2.5% participating interest in the Seram (Non-Bula) PSC (“SNB PSC”), located onshore Seram Island in eastern Indonesia.

Lion expects the divestment of 0.25% interest in Seram (Non-Bula) PSC to be finalized in 2024. At completion, Lion’s participating interest in the Seram (Non-Bula) PSC will reduce to 2.25% from 2.5% currently.

As previously reported by Lion, in 2015, the Lofin-2 appraisal well confirmed a highly material gas discovery in the SNB PSC. The Lofin Gas Field has Contingent Resources (2C) of 1450 bcf (100%), Lion share 36.3 bcf at current equity holding of 2.5%.

Re-entry and testing of the Lofin-2 well commenced on 18 December 2022. The testing completed on 4 March 2023, with completion of the final pressure build-up. The land rig remained on location to complete the well ready for production. The running of the completion was completed, and the rig was released on 15 June 2023.

For details of the Lofin-2 testing and completion, refer to the Company’s ASX release of 11 July 2023 “Lofin-2 well completed following successful well testing program”.

The Operator is currently preparing to conduct an extensive 4 rate flow test of the completed well, the results of which are required as part of imminent commerciality negotiations with prospective customers.

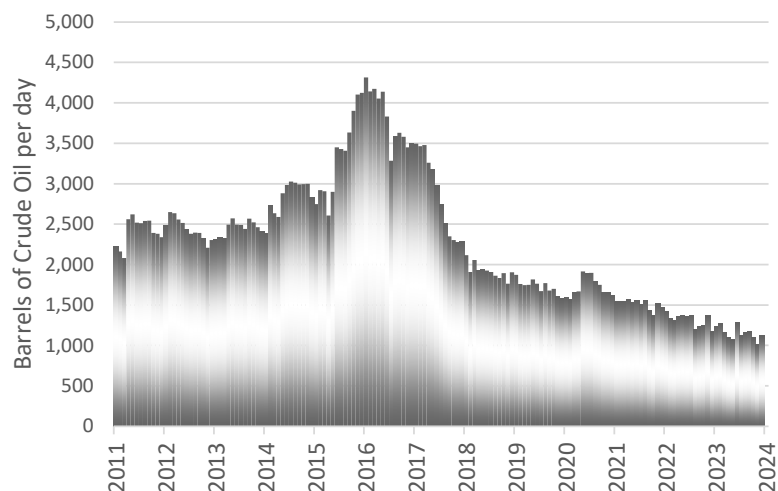
Production

During the quarter, gross crude oil production from Oseil and surrounding oilfields was 99,045 bbls (Lion’s gross share 2,476 bbls). Daily production averaged 1,077 bopd (Lion’s interest being 27 bopd). Crude oil available for lifting as of 31 December 2023 was only 4,872 bbls following the crude lifting completed 30 December 2023. The next crude oil lifting is scheduled for late June 2024 and expected to be approximately 200,000 bbls. Operating costs were US\$30.49 per barrel for the Quarter, higher than the annualised operating cost (\$27.60/bbl for 2023).

Figure 4: Seram (Non-Bula) Block PSC – location map



Chart 1: Seram (NB) Block – daily production per calendar month (bopd)



Regulatory update

In January 2021, CITIC Seram, as operator of the Seram (Non-Bula) PSC, was requested by the Government of Indonesia, in accordance with the terms of the PSC, to offer a 10% participating interest to a Regional-Owned Company appointed by the local Government of Maluku. The 10% would be transferred by the existing participants in the PSC pro-rata to their respective participating interests.

The process remains unresolved as the Seram (Non-Bula) joint venture continues negotiations with the Government of Indonesia to resolve the issue to the satisfaction of all parties. At completion, Lion's participating interest in the Seram (Non-Bula) PSC will reduce to 2.25% from 2.5% currently.

Related Party Payments

During the quarter, the Company made payments of US\$158,000 to related parties and their associates. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors.

Summary of petroleum tenements held as of 31 December 2023

	% interest	Tenement	Location
Held at end of quarter	60%	East Seram PSC	Seram Island, Indonesia
	2.5%	Seram Non-Bula PSC	Seram Island, Indonesia

ENDS

This ASX announcement was approved and authorised for release by the Board of Directors.

Qualified petroleum reserves and resources evaluator requirements

In accordance with ASX Listing Rule 5.43 the Company confirms that references to petroleum reserves, contingent resources and prospective resources have previously been announced (7/9/2018, 10/9/2018, 04/03/2019, 13/04/2021 and 16/06/2021). The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all the material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

Glossary

bbl: barrels	JV: joint venture	PSC: Production Sharing Contract
bcf: billion cubic feet	KB: Kelly bushing	psi: pounds per square inch
bopd: barrels oil per day	mmscfd: million standard cubic feet of gas / day	tcf: trillion cubic feet
BOP: blow out preventer	mmbbl: million barrels	Sq.km: square kilometres
ESP: Electric submersible pump	mmboe: million barrels oil equivalent	ss TVD: sub-sea true vertical depth
FTP: first tranche petroleum	mss: metres subsea	TD: total depth

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lion Energy Limited

ABN

51 000 753 640

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	38	793
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(10)	(16)
(c) production	(56)	(312)
(d) staff costs	(97)	(428)
(e) administration and corporate costs	(175)	(690)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	65
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	(300)	(588)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(353)	(1,937)
(d) exploration & evaluation	(21)	(1,388)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	(374)	(3,325)

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	2,613	6,005
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(300)	(588)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(374)	(3,325)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	102	(51)
4.6	Cash and cash equivalents at end of period	2,041	2,041

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	2,041	2,613
5.2	Call deposits	-	-
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)	2,041	2,613

Not included in the balance shown above is Lion Energy's share of joint venture cash held in operators accounts – as at the end of the current quarter this was a balance of USD \$14,000.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$US'000
158
-

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.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'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	\$US'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(588)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(21)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(609)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,041
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,041
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.35
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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	
8.8.2 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	
8.8.3 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 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 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 January 2024.....

Authorised by:The Board of Lion Energy Limited.....
(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 6: Exploration for and Evaluation of Mineral Resources* and *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 standards apply 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.