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Financial Report

Half Year 2023

For the period 1 January to
30 June 2023

Lion Energy Limited
ABN 51 000 753 640



LION
energy



**LION ENERGY LIMITED
CORPORATE DIRECTORY**

DIRECTORS: Thomas Soulsby (Executive Chairman)
Damien Servant (Executive Director)
Russell Brimage (Non-executive Director)
Christopher Newton (Non-executive Director)
Zane Lewis (Non-executive Director)

**COMPANY
SECRETARY:** Rowan Harland

ABN: 51 000 753 640

REGISTERED OFFICE: Suite 1, 295 Rokeby Road
Subiaco WA 6008, Australia

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AUDITORS: **Hall Chadwick WA Audit Pty Ltd**
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SHARE REGISTRY: **Computershare Investor Services Pty Ltd**
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DIRECTORS' REPORT

The directors of Lion Energy Limited A.C.N. 000 753 640 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the period ended 30 June 2023. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company who held office during or since the end of the period are:

Thomas Soulsby
Russell Brimage
Christopher Newton
Damien Servant
Zane Lewis

OPERATING RESULTS

The operating and comprehensive loss for the Consolidated Entity, after income tax for the 6 months to 30 June 2023 amounted to US\$1,044,868 (2022: loss of US\$1,784,927).

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

Significant Changes

There were no significant changes during the period, other than the announcement of the first green hydrogen project at Port of Brisbane.

Review of Operations

- Production from the Seram (Non-Bula) PSC averaged 1,186bopd, which equates to 5,367 barrels net to Lion, representing a decline rate of 13% when compared with the previous year, corresponding period due to natural decline and ongoing well management.
- There was one crude oil lifting in the current half year, with gross volume lifted of 206,525 barrels. Lion's share of revenues arising from the lifting was US\$274,141 (pre government share of US\$37,475) and was received post balance date in July 2023. Crude oil available for lifting at the end of June 2023 was immaterial.
- During the period, the Seram (Non-Bula) JV completed the Lofin 2 well re-entry and test, with flows up to 14.8mmscfg/d recorded. A prolonged test is scheduled for 2H23.
- Lion completed the processing of the 2022 onshore seismic survey in Lion's East Seram PSC, resulting in promising results from interpretation of the new data, with all structures targeted by the new data confirmed with closure potential up to 90 square kilometres and hydrocarbon column potential up to 1200m.
- During the period, Lion announced its first green hydrogen project at Port of Brisbane, consisting of 2MW electrolyzers and dispensing equipment for buses and trucks. Major equipment have been ordered and development approval documentation completed during the period.
- The Group had a cash balance of US\$3.6 million at the end of the period, from US\$6.5 million as of 31 December 2022.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

DIRECTORS' REPORT

AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Hall Chadwick, have provided a signed auditors independence declaration to the directors in relation to the six months ended 30 June 2023. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read "T. Soulsby".

Thomas Soulsby
Executive Chairman

12th September 2023
Perth, Western Australia

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Lion Energy Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company set out on page 4 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2023 and of its performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) Subject to Note 2 of the financial report there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Thomas Soulsby
Executive Chairman

12th September 2023
Perth, Western Australia

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023**

	Note	6 months to 30 June 2023 US\$	6 months to 30 June 2022 US\$
REVENUE	3	304,141	688,259
Cost of sales	3	(168,546)	(253,920)
GROSS PROFIT		135,595	434,339
Other Income		44,899	997
Administration expenses	3	(353,486)	(269,462)
Employee benefit expenses		(422,774)	(385,396)
Finance expenses		-	(1,077,485)
Foreign exchange gains		(6,581)	(298,955)
Impairment – Oil & Gas Properties	9	(442,521)	(11,172)
LOSS BEFORE INCOME TAX		(1,044,868)	(1,607,134)
Income tax expense		-	(177,793)
LOSS AFTER INCOME TAX		(1,044,868)	(1,784,927)
LOSS FOR THE PERIOD		(1,044,868)	(1,784,927)
OTHER COMPREHENSIVE INCOME			
<i>Items that have been or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(20,213)	-
TOTAL OTHER COMPREHENSIVE INCOME		(20,213)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,065,081)	(1,784,927)
BASIC LOSS PER SHARE (CENTS PER SHARE)		(0.244)	(0.423)
DILUTED LOSS PER SHARE (CENTS PER SHARE)		(0.244)	(0.423)

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	30 June 2023 US\$	31 December 2022 US\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,601,788	6,512,364
Trade and other receivables	5	1,159,689	898,393
Inventories	6	260,076	310,864
TOTAL CURRENT ASSETS		5,021,553	7,721,621
NON-CURRENT ASSETS			
Plant and equipment	7	1,129,825	1,445
Receivables	5	182,250	182,250
Capitalised exploration and evaluation expenditure	8	2,342,607	1,447,839
Oil and gas properties	9	-	-
TOTAL NON-CURRENT ASSETS		3,654,682	1,631,534
TOTAL ASSETS		8,676,235	9,353,165
CURRENT LIABILITIES			
Trade and other payables	10	1,265,547	1,055,259
TOTAL CURRENT LIABILITIES		1,265,547	1,055,259
NON-CURRENT LIABILITIES			
Provision for restoration	11	201,976	200,438
TOTAL NON-CURRENT LIABILITIES		201,976	200,438
TOTAL LIABILITIES		1,467,523	1,255,697
NET ASSETS		7,208,712	8,097,468
EQUITY			
Issued capital	12	59,163,749	59,092,014
Reserves		5,491,469	5,407,092
Accumulated losses		(57,446,506)	(56,401,638)
TOTAL EQUITY		7,208,712	8,097,468

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023**

	Note	6 months to 30 June 2023 US\$	6 months to 30 June 2022 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		345,973	462,651
Production expenditure		(116,220)	(250,573)
Payments to suppliers & employees		(508,481)	(415,397)
Interest received		44,899	997
Income tax paid		-	(177,793)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(233,829)	(380,115)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(1,056,635)	(453)
Exploration and evaluation expenditure		(894,768)	(165,252)
Oil and gas properties expenditure		(443,550)	(12,579)
Payment of deposits		(255,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,649,953)	(178,284)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issues		-	89,887
NET CASH FROM FINANCING ACTIVITIES		-	89,887
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,883,782)	(468,512)
Net foreign exchange differences		(26,794)	(298,955)
Cash and cash equivalents at beginning of period		6,512,364	8,683,378
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	3,601,788	7,915,911

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023**

	Issued Capital US\$	Option Premium Reserve US\$	Currency Translation Reserve US\$	Share Based Payment Reserve US\$	Convertible note reserve US\$	Accumulated Losses US\$	Total Equity US\$
At 1 JANUARY 2023	59,092,014	(27,070)	2,863,272	2,570,890	-	(56,401,638)	8,097,468
Loss for the period	-	-	-	-	-	(1,044,868)	(1,044,868)
Other comprehensive income	-	-	(20,213)	-	-	-	(20,213)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(20,213)	-	-	(1,044,868)	(1,065,081)
Transactions with owners in their capacity as owners							
Securities issued	71,735	-	-	-	-	-	71,735
Vesting of share based payments	-	-	-	104,590	-	-	104,590
At 30 JUNE 2023	59,163,749	(27,070)	2,843,059	2,675,480	-	(57,446,506)	7,208,712

	Issued Capital US\$	Option Premium Reserve US\$	Currency Translation Reserve US\$	Share Based Payment Reserve US\$	Convertible note reserve US\$	Accumulated Losses US\$	Total Equity US\$
At 1 JANUARY 2022	56,869,909	(27,070)	2,862,775	2,043,631	112,760	(53,681,450)	8,180,555
Loss for the period	-	-	-	-	-	(1,784,927)	(1,784,927)
Other comprehensive income	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	-	(1,784,927)	(1,784,927)
Transactions with owners in their capacity as owners							
Securities issued	89,887	-	-	-	-	-	89,887
Equity raising costs	(419,839)	-	-	419,839	-	-	-
Convertible notes converted to shares	2,552,057	-	-	-	(112,760)	-	2,439,297
At 30 JUNE 2022	59,092,014	(27,070)	2,862,775	2,463,470	-	(55,466,377)	8,924,812

The accompanying notes form part of this financial report

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 1. BASIS OF PREPARATION OF THE PERIOD FINANCIAL REPORT

These general purpose interim financial statements for the interim 6-month reporting period ended 30 June 2023 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Lion Energy Limited ("Company") and its controlled entities ("Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2022, together with any public announcements made during the period.

Statement of compliance

The interim financial report complies with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Significant Accounting Policies

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2022, except for the impact of all new or amended standards and interpretations. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

NOTE 2. GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss before income tax of \$1,044,868 (2022: loss of \$1,607,134), a net operating cash outflow of \$233,829 (2022: outflow of \$380,115) and spent a net investing cash outflow of \$2,649,953 (2022: outflow of \$178,284) for the 6 months to 30 June 2023.

The Consolidated Entity is currently in a positive net current asset position, including cash of \$3,601,788. As at the date of this report, the Directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Group not be able to continue as a going concern.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

NOTE 3. REVENUE AND EXPENSES

The loss before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Group:

	6 months to 30 June 2023 US\$	6 months to 30 June 2022 US\$
REVENUE		
Revenue from contract with customers – oil sales	274,141	658,259
Management fees	30,000	30,000
	<u>304,141</u>	<u>688,259</u>
 BREAKDOWN OF EXPENSES		
Cost of goods sold:		
Production costs	168,546	253,920
	<u>168,546</u>	<u>253,920</u>
Administrative expenses		
Consultancy expenses	151,007	103,193
Legal expenses	2,541	1,618
Professional fees	84,381	85,697
Rental costs	2,348	2,165
Travel expenses	44,424	7,626
Other administrative expenses	68,785	69,163
	<u>353,486</u>	<u>269,462</u>

NOTE 4. CASH AND CASH EQUIVALENTS

	30 June 2023 US\$	31 December 2022 US\$
Cash at bank	3,490,974	5,954,047
Share of joint venture cash	110,814	558,317
	<u>3,601,788</u>	<u>6,512,364</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 5. TRADE AND OTHER RECEIVABLES

	30 June 2023 US\$	31 December 2022 US\$
Current		
Trade debtors	274,141	354,509
Other debtors and prepayments	885,548	543,884
	1,159,689	898,393
Non-Current		
Performance bonds collateral	122,250	122,250
Deposit with SKK Migas	60,000	60,000
	182,250	182,250

Performance bonds collateral:

Lion has lodged collateral to support its exploration commitments in the production commitments in the Seram (Non-Bula) PSC of \$122,250. Lion expects the collateral will be refunded in 2024.

Deposit with SKK Migas:

Under the East Seram PSC, Lion provided a \$100,000 deposit to SKK Migas for administrative and technical purposes.

As a result of the farmout of East Seram PSC dated 25 September 2019, Lion received \$40,000 from the Farm-in partner for its share of the deposit.

NOTE 6. INVENTORIES

	30 June 2023 US\$	31 December 2022 US\$
Oil in Storage	16,238	12,517
Inventory - materials	243,838	298,347
	260,076	310,864

NOTE 7. PROPERTY, PLANT & EQUIPMENT

	30 June 2023 US\$	31 December 2022 US\$
Assets under construction	1,128,557	-
Plant and equipment	1,268	1,445
	1,129,825	1,445

Assets under construction:

Assets under construction represents the directly attributable costs of constructing the Group's Hydrogen Generation and Refuelling Hub at the Port of Brisbane during the construction phase for the asset. Depreciation on the asset will begin when the asset is available for use.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 8. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2023 US\$	31 December 2022 US\$
Capitalised exploration and evaluation expenditure	2,342,607	1,447,839
TOTAL	2,342,607	1,447,839

	6 months to 30 June 2023	12 months to 31 December 2022
MOVEMENTS IN THE CARRYING AMOUNT OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE		
At the beginning of the financial period	1,447,839	464,362
Expenditure during the period	894,768	983,477
AT THE END OF THE FINANCIAL PERIOD	2,342,607	1,447,839

Capitalised exploration and evaluation expenditure above includes costs incurred in carrying out joint studies and submitting joint study applications to Indonesian authorities over the East Seram Joint Study, that was converted to a PSC in 2018, which continues to be carried forward at its full cost. This East Seram PSC has an initial term of six years.

NOTE 9. OIL AND GAS PROPERTIES

	30 June 2023 US\$	31 December 2022 US\$
Oil and gas properties at cost	3,545,774	3,102,224
Accumulated depreciation, depletion, amortisation and impairment	(3,545,774)	(3,102,224)
TOTAL	-	-

	6 months to 30 June 2023	12 months to 31 December 2022
MOVEMENTS IN THE CARRYING AMOUNT OF OIL AND GAS PROPERTIES		
At the beginning of the financial period	-	-
Expenditure during the period	443,550	179,308
Depreciation, depletion & amortisation	(1,029)	(12,960)
Impairment	(442,521)	(166,348)
AT THE END OF THE FINANCIAL PERIOD	-	-

This asset relates to the Seram (Non-Bula) PSC. The PSC was originally due to expire on 31 October 2019. An extension was granted for an additional 20 years. Lion Energy holds 2.5% of this PSC (2022: 2.5%). As part of the Group's assessment of impairment of oil & gas properties for the 6 month period to 30 June 2023, it identified that the carrying value exceeded its recoverable value and have therefore impaired the entire asset as at that balance date. The impairment assessment resulted in this condition due to the volatile oil price environment and forecasted exploration related expenditure required to maintain the PSC in good standing.

Refer to Note 16 for further information in relation to the Seram (Non-Bula) PSC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 10. TRADE AND OTHER PAYABLES

	30 June 2023 US\$	31 December 2022 US\$
Trade and other payables	1,265,547	1,055,259
	1,265,547	1,055,259

NOTE 11. PROVISION FOR RESTORATION (NON-CURRENT)

	30 June 2023 US\$	31 December 2022 US\$
Provision for restoration	201,976	200,438
	201,976	200,438

NOTE 12. ISSUED CAPITAL

	30 June 2023 US\$	31 December 2022 US\$
ORDINARY SHARES		
429,131,830 (31 December 2022: 426,110,223) fully paid ordinary shares	59,163,749	59,092,014
	59,163,749	59,092,014
	Number of shares	US\$
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	426,110,223	59,092,014
Issue of shares to suppliers in lieu of cash	3,021,607	71,735
	429,131,830	59,163,749

NOTE 13. SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM are the board of directors, and prior to the current six-month period ending 30 June 2023, all information was reported to the CODM based on the consolidated results of the Group as one operating segment, as the Group's activities related only to oil & gas exploration, development and production in Indonesia.

During the current period, given the progression of the Group's activities in developing its green hydrogen production and distribution capability in Australia, the CODM now reviews its green hydrogen (Australia) and oil & gas (Indonesia) segments separately.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

Accordingly, for the current half year the Group has two reporting segments.

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Unallocated items are included in Other - which includes corporate assets, liabilities, revenue (including interest) and costs.

Segment Financial Performance

	6-month period to 30 June 2023				
	Oil & Gas US\$	Green Hydrogen US\$	Total Reportable Segments US\$	Other US\$	Total US\$
REVENUE					
External revenue	304,141	-	304,141	44,899	349,040
Inter-segment revenue	-	-	-	-	-
	304,141	-	304,141	44,899	349,040
RESULT	(480,985)	(232,266)	(713,251)	-	(713,251)
Unallocated corporate costs	-	-	-	(331,617)	(331,617)
LOSS BEFORE INCOME TAX	(480,985)	(232,266)	(713,251)	(331,617)	(1,044,868)
	As at 30 June 2023				
	Oil & Gas	Green Hydrogen	Total Reportable Segments	Other	Total
Segment Assets and Liabilities					
SEGMENT ASSETS	3,189,331	1,230,060	4,419,391	4,256,844	8,676,235
SEGMENT LIABILITIES	(686,293)	(725,034)	(1,411,327)	(56,196)	(1,467,523)

NOTE 14. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

NOTE 15. FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the Group's financial assets and liabilities as at 30 June 2023 were considered to approximate their fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 16. JOINT ARRANGEMENTS

The Group has interests in the following joint operations. The consolidated financial statements reflect the Group's share of all jointly held assets, liabilities, revenues and expenses of these joint operations.

Name of the Joint Operation	Principal Place of Business	Principal Activity	Proportion of Ownership Interests Held by the Group	
			30 June 2023	31 December 2022
Seram (Non-Bula) Joint Operation ¹	Indonesia	Production, exploration and development	2.5%	2.5%
East Seram Joint Operation	Indonesia	Exploration and development	60%	60%

¹ In January 2021, CITIC Seram, the 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.

On 2 June 2023, Lion's subsidiary executed a transfer agreement with an entity belonging to the Local Government of Maluku for the transfer of 0.25% participating interest, as required by law. The transfer is now pending approval by the Government of Indonesia. At completion, Lion's participating interest in the Seram (Non-Bula) PSC will reduce to 2.25% from 2.5% currently.

NOTE 17. RELATED PARTY TRANSACTIONS

There has been no change to the nature of related party transactions since the last annual reporting period.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LION ENERGY LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Lion Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lion Energy Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Lion Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA

Director

Dated at Perth this 12th day of September 2023

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Director for the review of the financial statements of Lion Energy Limited for the half year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 12th day of September 2023

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