Financial Report 2023

For the period 1 January to 31 December 2023

Lion Energy Limited
ABN 51 000 753 640

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 Tel: +61 (8) 9211 1500 Fax: +61 (8) 9211 1501
AUDITORS:	**Hall Chadwick WA Audit Pty Ltd** 283 Rokeby Road Subiaco, Western Australia 6008 Tel: +61 (8) 9429 2222 Fax: +61 (8) 9429 2432
SHARE REGISTRY:	**Computershare Investor Services Pty Ltd** Level 17 221 St George's Terrace Perth, Western Australia 6000 GPO Box D182 Perth WA 6840, Australia Tel: +61 1300 850 505 Fax: +61 (8) 9323 2033

DIRECTORS REPORT

The directors of Lion Energy Limited A.C.N. 000 753 640 ("Parent Entity" or "Company" or "Lion") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity" or "the Group") for the year ended 31 December 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 in office at any time during or since the financial period and up to the date of this financial report are as follows. Directors were in office for the entire period unless otherwise stated.

Thomas Soulsby
Damien Servant
Russell Brimage
Christopher Newton
Zane Lewis

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the period were oil & gas exploration, development and production and investment in the oil & gas industry and progressing is green hydrogen strategy.

During the year the Company commenced exploring opportunities in the green hydrogen space within Australia, there were no other significant changes in the nature of the principal activities during the financial period.

OPERATING RESULTS

The net loss for the Consolidated Entity, after income tax amounted to $1,406,691 for the year ended 31 December 2023 (2022: $2,720,188).

DIVIDENDS

No dividends have been paid or declared during the financial year by the Company.

The directors have recommended that no dividend be paid by the Company in respect of the year ended 31 December 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND REVIEW OF OPERATIONS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial period.

SERAM (NON-BULA) PSC

Production for the reporting period from 1 January 2023 to 31 December 2023 for the Oseil oilfield and surrounding structures was 419,503 barrels of crude oil at an average daily rate of 1,149 bopd (Lion share 29 bopd). This compares to an average daily rate of 1,312 bopd (Lion share 33 bopd) for calendar year 2022 reporting period.

Whilst the joint venture continues to focus on operating costs, the annual production decline was 12.4%, and operating costs were US$27.60 per barrel in 2023, compared to US$23.62 per barrel in 2022. The Operator continues efforts to reduce operating expenditure whilst maximizing production.

Revenue was generated from two liftings in 2023.

Date of Lifting	Crude oil lifted (bbl)	Revenue (Net to Lion) USD
Jun-23	206,525	$274,141
Dec-23	210,547	$336,091

Loin-2 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.

The objective of the Lofin-2 testing operations was to isolate the deep-water leg in the well and determine the reservoir hydrocarbon fluid characteristics and the deliverability of the target Manusela limestone. All objectives were met with successful outcomes.

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 negotiations with prospective customers. This program has been delayed and is expected to be carried out this financial year.

EAST SERAM PSC

The East Seram PSC was signed in July 2018 with Lion having a 100% participating interest through its wholly owned subsidiary Balam Energy Pte Ltd. Lion announced in September 2019 the farming out of a 40% participating interest to OPIC East Seram Corporation (“OESC”), a subsidiary of Taiwan’s CPC Corporation.

Lion Energy and OESC safely and successfully finalised a 200km onshore seismic and gravity survey in the East Seram PSC, which covers some world-class structures with multi-100’s mmbbl, multi-TCF resource potential. Initial well planning undertaken for top ranked Kobi and Waru Prospects with efforts to secure funding ongoing in 2024.

The survey funded approximately 80% by CPC was completed in January 2023. Despite operational challenges during Covid-19, the survey was conducted on schedule within 10% of the US$7.2m pre-survey budget.

GREEN HYDROGEN

During the year, Lion progressed its green hydrogen strategy focusing on heavy mobility and fuel cell gensets. Lion is now moving to establish key refuelling infrastructure for both markets. Key activities during the year included:

- Signed a General Equipment and Procurement Agreement with various vendors for supply of electrolysers, a refuelling package and tube trailers for the POB location

- Lion submitted its Development Application in September 2023 and is expecting to receive Queensland Government approval in 1Q 2024 after completing the public notification stage without any issues raised.

- Detailed project design commenced, and construction tender documents set be issued in 2024.

- Multiple parties have requested proposals for green hydrogen offtake.

- Potential joint venture discussions are ongoing.

CORPORATE

Cash balance as of 31 December 2023 was US$2.06 million (including share of joint-venture cash).

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

In March 2024, Lion signed an agreement for lease at the Port of Brisbane and obtained Development Approval on the Port of Brisbane site from the Queensland “State Assessment and Referral Agency”.

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

LIKELY DEVELOPMENTS

In 2024, Lion aims to start construction of its first hydrogen facility with commissioning in 2H2024.

Lion will also continue to pursue its activity of oil and gas exploration and evaluation, notably the farming out of up to 30% of its participating interest in the East Seram PSC in lieu of obtaining a carried high impact exploration well. Lion also expects further technical and commercial work to be completed in relation to the Lofin Gas Field, expected to complete during 2024.

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

ENVIRONMENTAL ISSUES

The Company's operations comply with all relevant environmental laws and regulations, and have not been subject to any actions by environmental regulators.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

THOMAS LEO SOULSBY
DIRECTOR (EXECUTIVE CHAIRMAN)

Qualifications and Experience:

Mr Soulsby is the CEO of Risco Energy (Risco) and has over 20 years' experience of the oil and gas and resources sector spanning investment banking, corporate business development and management/leadership roles.

A graduate of Swinburne (B.Bus Accounting) and Monash Universities (Grad Dip Arts (Asian Studies)), he initially worked as an accountant, starting his career at KPMG and Western Mining. Mr Soulsby then moved to Potter Warburg (now UBS) in Melbourne as a resources equity research analyst. He subsequently joined ANZ in Melbourne, before being posted to Jakarta and ultimately Singapore as director of corporate finance and merchant banking. As a Director at Indonesian-listed Energi Mega Persada (EMP) from 2003 to 2008, he was responsible for the acquisition of assets which added 525 MMboe to EMP's 2P reserves – a key growth driver for the company.

Mr Soulsby has been instrumental in securing backing for Risco prior to its incorporation in 2010, as well as growing the company and its capabilities in his role of Chief Executive Officer. Under Mr Soulsby's leadership, Risco has participated in and funded over US$500m in successful transactions since 2010. He led the significant valuation creation, and subsequent monetisation, of Risco's first South East Asian oil and gas conventional and unconventional portfolio in 2013. Mr Soulsby was a key driver for strategic stakes in both Tap Oil and Lion Energy for Risco.

Directorships of other listed companies in the 3 years prior to the end of the Financial Period:	None
Interest in shares and options of the Company at the date of this report:	7,330,673 Ordinary Shares 625,000 Listed Options 6,800,000 Performance Rights
Directors meetings attended:	2 of 2 held during term in financial period
Appointed:	10 January 2014

RUSSELL ERNEST BRIMAGE
DIRECTOR (NON-EXECUTIVE)

Qualifications and Experience:

Mr Brimage has in excess of 40 years' experience in the upstream oil and gas industry, in public listed Oil & Gas companies and the service industry, both onshore and offshore. In the service industry, founder and Managing Director of Oilserv Australia in 1982 – the company became a dominant service contractor providing contract field operations, testing and wire-line services, facility design and construction, drilling and work-over services. In the public company arena, demonstrated capability in capacity as CEO to secure and develop producing assets, often via industry counter-cyclical transactions, to transform companies from zero revenue to positive cash flow and profitability, with successful outcomes in Indonesia and the state and federal shallow waters of the US Gulf Coast. As CEO of an ASX listed entity, early mover in identifying shale opportunities in the US with the farm-in to approximately 60,000 acres in the Niobrara shale play in the states of Colorado and Wyoming in August 2009.

Directorships of other listed companies in the 3 years prior to the end of the Financial Period:	HyTerra Ltd: current
Special Responsibilities:	None

Interest in shares and options of the Company at the date of this report:	6,119,971 Ordinary Shares 1,275,000 Performance Rights
Directors meetings attended:	2 of 2 held during term in financial period
Director since:	2005

CHRISTOPHER BASIL NEWTON
DIRECTOR (NON-EXECUTIVE)

Qualifications and Experience:

Chris Newton has had a 40-year career in oil and gas covering the spectrum of the industry – from exploration, development, production and petroleum economics to strategic planning, business development and senior leadership. Chris has spent more than 25 years in leadership and senior resource industry roles in South East Asia. Roles included Managing Director for Fletcher Challenge Petroleum in Brunei, President and GM for Santos in Indonesia and CEO of Indonesian listed Energy Mega Persada. Chris was an active Director of the Indonesian Petroleum Association (IPA) between 2003 to 2008, including serving as President from 2004 to 2007. Chris is an oil and gas adviser to the Jakarta-based Castle Asia Group. Mr Newton currently serves as Executive Chairman of Tap Oil Ltd.

Mr Newton holds a Bachelor in Geology from Durham University, England, Mr Newton also holds a Grad Dip in Applied Finance and Investment from the Securities Institute of Australia (SIA).

Directorships of other listed companies in the 3 years prior to the end of the Financial Period:	None
Interest in shares and options of the Company at the date of this report:	2,329,007 Ordinary Shares 1,275,000 Performance Rights
Directors meetings attended:	2 of 2 held during term in financial period
Appointed:	10 January 2014

DAMIEN SERVANT
DIRECTOR (EXECUTIVE)

Qualifications and Experience:

Mr Servant has more than a decade of experience in investment banking in South-East Asia, with expertise in regional oil and gas asset debt funding.

Mr Servant's extensive regional investment banking experience is also informed by a background in engineering.

Starting his investment banking career with BNP Paribas, Mr Servant then joined Merrill Lynch as a director of Debt Capital Markets Division in Singapore. He went on to become a Director of Standard Merchant Bank's Debt Products Group before joining Risco Energy in 2013.

Mr Servant holds an engineering degree from École Nationale Supérieure des Télécommunications and a Master of Finance from University Paris Dauphine.

Directorships of other listed companies in the 3 years prior to the end of the Financial Period:	None
Interest in shares and options of the Company at the date of this report:	3,242,740 Ordinary Shares 156,250 Listed Options 4,250,000 Performance Rights
Directors meetings attended:	2 of 2 held during term in financial period
Appointed:	13 February 2019

ZANE LEWIS
DIRECTOR (NON-EXECUTIVE)

Qualifications and Experience:

Mr Lewis is a principal and joint founder of corporate advisory firm SmallCap Corporate which specialises in corporate advice and compliance administration to ASX listed companies.

Mr Lewis is a Director of Winchester Energy Limited (ASX: WEL), Kairos Minerals Limited (ASX: KAI) and Odessa Minerals Limited (ASX:ODE).

Zane provides the Board with a wealth of knowledge obtained from his diverse financial and corporate experience in previous appointments.

Mr Lewis holds a Bachelor of Economics from the University of Western Australia and is a Fellow of the Governance Institute of Australia.

Directorships of other listed companies in the 3 years prior to the end of the Financial Period:	Odessa Minerals Limited: current Kairos Minerals Limited: current Winchester Energy Limited: current Kingsland Global Limited: delisted 31 August 2023
Interest in shares and options of the Company at the date of this report:	4,577,900 Ordinary Shares 1,275,000 Performance Rights
Directors meetings attended:	2 of 2 held during term in financial period
Appointed:	13 February 2019

ROWAN HARLAND
COMPANY SECRETARY

Qualifications and Experience:

Mr Harland is a corporate advisory executive at SmallCap Corporate, a Perth based corporate advisory firm. Mr Harland is responsible for a range of services including Company Secretarial services for listed and unlisted entities.

Mr Harland holds a Master of Finance degree as well as a Bachelor of Commerce from Curtin University.

Appointed: 31 July 2023

ARRON CANICAIS
COMPANY SECRETARY

Qualifications and Experience:

Mr Canicais is a Chartered Accountant with 16 years' experience in audit and assurance and financial officer roles. He holds a Bachelor of Commerce degree from the University of Notre Dame Australia and is an associate member of the Institute of Chartered Accountants Australia and Governance Institute of Australia.

Mr Canicais worked at Bentleys Audit and Corporate, a West Perth audit firm, for 5 years which specialises in the audits of junior exploration entities in WA. He has had significant exposure to the reporting and financial requirements of exploration entities. He is currently the Company Secretary for a range of ASX listed entities.

Appointed: 1 July 2015

Resigned: 31 July 2023

DIRECTORS MEETINGS

During the year ended 31 December 2023, 2 meetings of directors were held. Previously and to date, due to the size of the company, there have been no board committees formed.

REMUNERATION REPORT (AUDITED)

The Directors present the remuneration report for the Company and the Consolidated Entity for the year ended 31 December 2023. This remuneration report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and details the remuneration arrangements for the key management personnel.

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity including all directors of the Company.

Remuneration is based on fees approved by the Board of Directors.

Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives. There is no direct relationship between remuneration and the performance of the Company.

The table below sets out information about the Consolidated Entity's earnings and share price for the past five years up to and including the current financial year.

	31/12/23 12 months	31/12/22 12 months	31/12/21 12 months	31/12/20 12 months	31/12/19 12 months
Loss after tax expenses	1,406,691	2,720,188	1,831,575	746,274	778,200
Loss per share – cents	0.33	0.64	0.68	0.36	0.38
Share price – cents (AUD)	1.65	3.30	6.60	2.50	2.30

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial period are:

Thomas Soulsby	Executive Chairman
Damien Servant	Executive Director
Russell Brimage	Non-Executive Director
Christopher Newton	Non-Executive Director
Zane Lewis	Non-Executive Director

Service Agreements

Remuneration and other terms of employment for the Executive Directors are formalised in a service agreement. For Non-Executive Directors these terms are set out in a Letter of Appointment. The major provisions of the agreements relating to remuneration per year are set out below.

Name	Base Salary/ Director Fees	Incentives through shares	Term of Agreement	Notice Period***
Thomas Soulsby*	US$240,012	-	No fixed term	1 month
Russell Brimage	US$43,200	-	No fixed term	N/A
Damien Servant**	US$206,780	-	No fixed term	1 month
Christopher Newton	US$43,200	-	No fixed term	N/A
Zane Lewis	US$43,200	-	No fixed term	N/A

* Of Mr Thomas Soulsby's total fees of $240,012, $141,750 of fees are paid out of the East Seram Joint Operation, which is jointly funded by the Consolidated Entity and the Joint Venture Partner. The total fees attributable to the Consolidated Entity per year is $183,312.

** Of Mr Damien Servant's total fees of $206,780, $71,250 of fees are paid out of the East Seram Joint Operation, which is jointly funded by the Consolidated Entity and the Joint Venture Partner. The total fees attributable to the Consolidated Entity per year is $178,280.

Details of Remuneration

Compensation 12 months to 31 December 2023

	Short Term Benefits[1] $	Cash bonus $	Post employment benefits (super-annuation) $	Share based payments $	Termin-ation benefits $	Total[2] $	Equity related %	Perfor-mance related %
Compensation of Directors based on fees approved by the Board of directors.								
Thomas Soulsby	183,306	30,002	-	45,534	-	258,841	17.59	11.59
Damien Servant	178,274	25,848	-	28,458	-	232,580	12.24	11.11
Russell Brimage	42,853	-	-	8,538	-	51,391	16.61	-
Christopher Newton	42,120	-	-	8,538	-	50,658	16.5	-
Zane Lewis	43,201	-	-	8,538	-	51,739	16.85	-
Total compensation – For Key Management Personnel	489,754	55,850	-	99,606	-	645,210		

Compensation 12 months to 31 December 2022

	Short Term Benefits[1] $	Cash bonus $	Post employment benefits (super-annuation) $	Share based payments $	Termination benefits $	Total[2] $	Equity related %	Perfor-mance related %
Compensation of Directors based on fees approved by the Board of directors.								
Thomas Soulsby	183,304	50,000	-	47,610	-	280,914	16.95	17.80
Damien Servant	178,271	50,000	-	29,756	-	258,027	11.53	19.38
Russell Brimage	43,200	-	-	8,927	-	52,127	17.13	-
Christopher Newton	43,186	-	-	8,927	-	52,113	17.13	-
Zane Lewis	43,200	-	-	8,927	-	52,127	17.13	-
Total compensation – For Key Management Personnel	491,161	100,000	-	104,147	-	695,308		

Notes:

1. Short-term benefits represent salaries and/or fees paid to directors both in their capacity as employees and/or as consultants to the Company.
2. The Company also reimburses validly incurred business expenses of directors. These are not included in the table above.
3. During the year, Mr Thomas Soulsby and Mr Damien Servant were paid consulting fees from the East Seram Joint Operation of $141,750 (2022: $141,750) and $71,250 (2022: $71,250) respectively. The fees attributable to Lion Energy Limited for Mr Soulsby and Mr Servant was $85,050 (2022: $85,050) and $42,750 (2022: $42,750) respectively, which has been included in their reported compensation.

SHARES HELD BY KEY MANAGEMENT PERSONNEL

	Number of Ordinary Shares			
	1 January 2023 or Appointment	Issued as Compensation	Net Change Other	31 December 2023 or Resignation
Thomas Soulsby	7,180,673	-	150,000	7,330,673
Damien Servant	3,144,434	-	98,306	3,242,740
Russell Brimage	6,119,971	-	-	6,119,971
Christopher Newton	2,329,007	-	-	2,329,007
Zane Lewis	4,577,900	-	-	4,577,900
	23,351,985	-	248,306	23,600,291

These net changes during the year relate to on-market purchases of ordinary shares.

OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

	Number of Options			
	1 January 2023 or Appointment	Issued as Compensation	Net Change Other	31 December 2023 or Resignation
Thomas Soulsby	3,958,333	-	(3,333,333)	625,000
Damien Servant	1,822,917	-	(1,666,667)	156,250
Russell Brimage	833,334	-	(833,334)	-
Christopher Newton	1,666,667	-	(1,666,667)	-
Zane Lewis	3,333,333	-	(3,333,333)	-
	11,614,584	-	(10,833,334)	781,250

These net changes during the year relate to the expiry of options.

PERFORMANCE RIGHTS HELD BY KEY MANAGEMENT PERSONNEL

	Number of Performance Rights			
	1 January 2023 or Appointment	Issued as Compensation	Net Change Other	31 December 2023 or Resignation
Thomas Soulsby	6,800,000	-	-	6,800,000
Damien Servant	4,250,000	-	-	4,250,000
Russell Brimage	1,275,000	-	-	1,275,000
Christopher Newton	1,275,000	-	-	1,275,000
Zane Lewis	1,275,000	-	-	1,275,000
	14,875,000	-	-	14,875,000

OTHER INFORMATION

There were no loans made to any Key Management Personnel during the period or outstanding at period end.

A company associated with Mr Zane Lewis provides company secretarial and accounting services to Lion Energy Limited. The total fees charged to the Group relating to these services was $105,170.

Apart from the above, there were no further transactions with Key Management Personnel during the period.

During the period the Company did not engage remuneration consultants to review its remuneration policies.

At the last AGM, the shareholders voted to adopt the remuneration report for the year ended 31 December 2022. The company did not receive any specific feedback at the AGM regarding its remuneration policies.

End of Remuneration Report (Audited)

MATERIAL BUSINESS RISK

The proposed future activities of the Consolidated Entity are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the directors and management of the Company and cannot be mitigated. An investment in the Company is not risk free and should be considered speculative.

This section provides a non-exhaustive list of the risks faced by the Consolidated Entity or by investors in the Company. The risks should be considered in connection with forward looking statements in this Annual Report. Actual events may be materially different to those described and may therefore affect the Consolidated Entity in a different way.

Investors should be aware that the performance of the Consolidated Entity may be affected by these risk factors and the value of its Shares may rise or fall over any given period. None of the directors or any person associated with the Consolidated Entity guarantee the Consolidated Entity's performance.

Business risks	Mitigating actions
Oil & Gas Exploration and Development	
- Geological, exploration and development: The exploration and development of oil & gas is a high risk, high-cost exercise with no certainty of confirming economic viability of projects.	- Oil & gas resources is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.
Commercialisation	
- The Company's ability to successfully develop and commercialise its Green Hydrogen Projects may be affected by numerous factors including but not limited to macro-economic conditions, obtaining required approvals, delays in commissioning or ramp up, the plant not performing in accordance with expectations and cost overruns.	- The Company engages a highly experienced project team in its goal to be Australia's first mover in supplying green hydrogen to the heavy mobility sector. - If the Company is unable to mitigate these factors, the result could be the delay in the development Green Hydrogen Project, which could have an adverse effect on the Company's business.

Business risks	Mitigating actions
Human Resources and Occupational Health and Safety - Oil and gas exploration and development involves a variety of risks which may impact the health and safety of the Company's personnel.	- Strong human resources and employee relations framework. - Competitive remuneration structure focused on attracting diverse, engaged and suitably qualified employees and consultants. - Industry standard safety management system. - Embedded safety culture. - Regular review safety management system.
Finance - The need to fund exploration and evaluation and Hydrogen development activities. - Future funding risk: Continued exploration, evaluation and development is dependent on the Company being able to secure future funding. The successful development of a project will dependent on the capacity to raise funds from equity and debt markets.	- The Company may need to engage in equity/debt markets for continued exploration, evaluation and development. Any additional equity financing may be dilutive to Shareholders, as pricing of the Company's shares are dependent on endogenous and exogenous outcomes. - There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.
Regulatory Approvals and Social Licence to Operate - The Company's exploration activities and major projects depend on regulatory approvals (e.g. tenure, environmental licences and permits, etc). There is a risk that required approvals may be delayed or declined. Maintenance of positive relationships with stakeholders and the community is important in ensuring the Company retains its social licence to operate.	- The Company has engaged expert consultants to undertake required baseline environmental assessments and to prepare major approval application documents to ensure it meets regulatory requirements. The Company considers potential environmental impacts as a key factor in it project design and evaluation and will ensure impacts are reduced to as low as reasonably practicable.
Changes in Government Regulations - Changes in Government policies or legislation may impact royalties, tenure, land access and labour relations.	- The Board regularly assesses developments in Government legislation and policies and regularly engages with Government Departments.

SHARE OPTIONS ISSUED AND OUTSTANDING

As at 31 December 2023, there were 75,000,000 options on issue and 15,342,500 performance rights on issue.

SHARE OPTIONS EXERCISED

During the year there were no share options exercised.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the financial period, the Company paid premiums of AU$36,925 (2022: AU$27,298) in respect of a contract insuring all the directors and officers of the Company and the Consolidated Entity against legal costs incurred in defending proceedings for conduct other than (a) a wilful breach of duty and (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

Except as disclosed above, the Company and the Consolidated Entity have not, during or since the financial period, in respect of any person who is or has been an officer or director of the Company or a related body corporate:

a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001* section 307C the auditors of the Company have provided a signed Auditor's Independence Declaration to the directors in relation to the period ended 31 December 2023. A copy of this declaration appears at the end of this report.

NON-AUDIT SERVICES

There were no non-audit services provided to the Company by the Company's auditors.

Signed in accordance with a resolution of the directors.

Thomas Soulsby
Executive Chairman
28 March 2024
Perth, Western Australia

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of Lion Energy Limited for the financial year ended 31 December 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 28th day of March 2024
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		Consolidated Entity	
	Note	31 December 2023 $	31 December 2022 $
Revenue	4	670,232	1,072,768
Cost of goods sold	4	(373,576)	(439,999)
GROSS PROFIT		**296,656**	**632,769**
Other income	4	66,570	17,419
Administration expenses	4	(1,305,484)	(1,470,281)
Finance costs		-	(1,071,929)
Foreign exchange loss		(754)	(471,452)
Impairment – Oil & Gas Properties	11	(463,679)	(166,348)
LOSS BEFORE INCOME TAX EXPENSE		**(1,406,691)**	**(2,529,822)**
Income tax expense	5	-	(190,366)
LOSS AFTER RELATED INCOME TAX EXPENSE		**(1,406,691)**	**(2,720,188)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
- Exchange differences on translating foreign operations		69,115	497
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX		**69,115**	**497**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(1,337,576)**	**(2,719,691)**
LOSS PER SHARE			
BASIC LOSS PER SHARE (CENTS PER SHARE)	6	(0.33)	(0.64)
DILUTED LOSS PER SHARE (CENTS PER SHARE)	6	(0.33)	(0.64)

The above Consolidated Statement of Profit of Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Consolidated Entity 31 December 2023 $	31 December 2022 $
CURRENT ASSETS			
Cash and cash equivalents	17	2,061,547	6,512,364
Trade and other receivables	7	1,175,451	898,393
Inventories	8	260,972	310,864
TOTAL CURRENT ASSETS		**3,497,970**	**7,721,621**
NON-CURRENT ASSETS			
Trade and other receivables	7	182,250	182,250
Plant and equipment	9	2,047,833	1,445
Capitalised exploration and evaluation expenditure	10	2,424,051	1,447,839
Oil & gas properties	11	-	-
TOTAL NON-CURRENT ASSETS		**4,654,134**	**1,631,544**
TOTAL ASSETS		**8,152,104**	**9,353,165**
CURRENT LIABILITIES			
Trade and other payables	12	897,374	1,055,259
TOTAL CURRENT LIABILITIES		**897,374**	**1,055,259**
NON-CURRENT LIABILITIES			
Provision for restoration	13	203,725	200,438
TOTAL NON-CURRENT LIABILITIES		**203,725**	**200,438**
TOTAL LIABILITIES		**1,101,099**	**1,255,697**
NET ASSETS		**7,051,005**	**8,097,468**
EQUITY			
Issued capital	14	59,278,537	59,092,014
Reserves	15	3,243,522	5,407,092
Accumulated losses		(55,471,054)	(56,401,638)
TOTAL EQUITY		**7,051,005**	**8,097,468**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated Entity 31 December 2023 $	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		688,649	638,704
Payments to suppliers and employees		(2,044,775)	(1,095,436)
Income tax paid		-	(190,366)
Interest received		66,570	17,419
NET CASH USED IN OPERATING ACTIVITIES	17	**(1,289,556)**	**(629,679)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,715,884)	-
Exploration and evaluation expenditure		(976,212)	(984,498)
Expenditure on oil and gas properties		(476,141)	(175,966)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**(3,168,237)**	**(1,160,464)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		-	90,081
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**-**	**90,081**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(4,457,793)**	**(1,700,062)**
Net foreign exchange differences		6,976	(470,952)
Cash and cash equivalents at beginning of period		6,512,364	8,683,378
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	**2,061,547**	**6,512,364**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

ATTRIBUTABLE TO MEMBERS OF THE COMPANY	Issued Capital $	Option Premium Reserve $	Share Based Payment Reserve $	Currency Translation Reserve $	Convertible Note Reserve $	Accumulated Losses $	Total Equity $
AT 31 DECEMBER 2021	**56,869,909**	**(27,070)**	**2,043,631**	**2,862,775**	**112,760**	**(53,681,450)**	**8,180,555**
Loss for the year	-	-	-	-	-	(2,720,188)	(2,720,188)
Other comprehensive income	-	-	-	497	-	-	497
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**-**	**-**	**-**	**497**	**-**	**(2,720,188)**	**(2,719,691)**
Transactions with owners in their capacity as owners:							
Securities issued	89,887	-	-	-	-	-	89,887
Issue of share capital (net of capital raising cost)	(419,839)	-	419,839	-	-	-	-
Convertible notes issued	2,552,057	-	-	-	(112,760)	-	2,439,297
Convertible notes converted	-	-	107,420	-	-	-	107,420
AT 31 DECEMBER 2022	**59,092,014**	**(27,070)**	**2,570,890**	**2,863,272**	**-**	**(56,401,638)**	**8,097,468**
Loss for the year	-	-	-	-	-	(1,406,691)	(1,406,691)
Other comprehensive income	-	-	-	69,115	-	-	69,115
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**-**	**-**	**-**	**69,115**	**-**	**(1,406,691)**	**(1,337,576)**
Transactions with owners in their capacity as owners:							
Securities issued	186,523	-	-	-	-	-	186,523
Share based payments vesting	-	-	104,590	-	-	-	104,590
Expiry of share based payments	-	-	(2,337,275)	-	-	2,337,275	-
AT 31 DECEMBER 2023	**59,278,537**	**(27,070)**	**338,205**	**2,932,387**	**-**	**(55,471,054)**	**7,051,005**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

NOTE 1. CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The consolidated financial statements of Lion Energy Limited ("Parent Entity" or "Company") and its controlled entities (collectively as "Consolidated Entity" or "the Group") for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors. The Parent Entity is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group is principally engaged in oil & gas exploration, development and production and investment in the oil & gas industry, and has also started the development of a green hydrogen production and dispensing facility. Further information on nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure and other related party relationships are provided in notes 22 and 23.

The Group's registered office is in Suite 1, 295 Rokeby Road, Subiaco, WA 6008 Australia.

Basis of Preparation of Accounts

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the *Corporations Act 2001*. The consolidated financial report of the Group also complies with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board. The company is a For-Profit entity for the purpose of preparing these financial statements.

The financial report has been prepared on an accruals basis and is based on a historical cost basis. The presentation currency used in this financial report is United States Dollars.

This financial report is issued in accordance with a resolution of the directors of the Company on the same date as the Directors' Declaration above.

Since 1 January 2023, the Consolidated Entity has adopted all Accounting Standards and Interpretations effective from 1 January 2023. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. The Consolidated Entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and Revised Standards that are effective for these Financial Statements

The Group has adopted all new and revised Standards that are effective for these financial statements. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

Standards issued but not yet effective and not early adopted by the Group

The new and amended standards and interpretations that are issued, but not yet effective have not been early adopted by the Group. The Group intends to adopt new and amended standards and interpretations, if applicable, when they become effective.

a) Functional and presentation currency of Lion Energy Limited

An entity's functional currency is the currency of the primary economic environment in which the entity operates. Both the functional and presentation currency of the Company is US Dollars.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

c) Foreign currency translation

The presentation currency of the Company and its subsidiaries is United States Dollars. The functional currency of the Company and its subsidiaries is United States Dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences in the consolidated financial report are taken to the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

d) Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised using the full liability balance sheet approach. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss.

e) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees and directors rendering services up to the reporting date. These benefits include wages, salaries, and director fees. Employee benefits, expenses and revenues arising in respect of wages. salaries, and director fees are charged against profits on a gross basis.

f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with original maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with original maturity date of three months or less.

g) Revenue

Revenue from contracts with customers

Revenue from oil sales from contracts with customers is recognised at a point in time when the control of the product is transferred to the customer, which is typically upon completion of the lifting (i.e. loading of the oil onto the tanker) by the customer, at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for those products.

Interest revenue

Interest revenue is recognised on a proportional basis using the effective interest rates method.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except: where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

i) Impairment of non current assets other than receivables

The Group assesses at each reporting date whether there is an indication that a non current asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

j) Leases

<u>The Group as lessee</u>

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

k) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the comp any. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Property, Plant and Equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred:

Plant and equipment – over 2 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

m) Oil & Gas Properties

Oil & Gas Properties are stated at cost less accumulated depreciation, depletion and amortisation and impairment. Cost includes expenditure that is directly attributable to the development of the oil and gas properties.

Depreciation, depletion and amortisation is calculated based on a unit of production basis over recoverable reserves. Recoverable reserves are subject to review annually. The recoverable reserves are estimates calculated from available production and reservoir data and are subject to change. A significant change in estimate could give rise to a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period.

n) Trade and other receivables

Trade receivable (without a significant financing component) are initially recognised at their transaction price and all other receivables are initially measured at fair value. Receivables are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model with the objective to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purposes of the assessment whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non recourse features).

The Group recognises an allowance for expected credit losses ("ECLs") for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate ("EIR").

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

o) Trade and other payables

Trade payables and other payables are recognised initially at fair value.

Subsequent measurement is at amortised cost and is done using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

p) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Crude oil inventories: cost of direct materials, direct labour, transportation costs, and variable and fixed overhead costs relating to production activities.
- Raw materials: purchase cost on a first-in/first-out basis

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area; or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are moved to oil and gas properties, and are then amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

On farm-out transactions during the exploration and evaluation phase of the asset, the Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Farm-outs and carried interest— in the exploration and evaluation phase

For carried interests Lion recognises the expenditure when they are providing the carry to the other parties. Where the Group are being carried Lion does not recognise any expenditure paid or to be paid for on their behalf.

s) Provision for site restoration

A provision is made for the obligation to restore operating locations. The provision is first recognised in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

Restoration provisions are updated annually, with the corresponding movement recognised against the related oil and gas properties.

Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset.

Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

t) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares, options or performance rights over shares (‘equity-settled transactions’). There is currently an Employee Share Option Plan (ESOP) in place to provide these benefits, which provides benefits to directors and executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model for options and a Monte Carlo simulation model for performance rights.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (‘market conditions’). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

v) Interests in Joint Arrangements

Joint ventures represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of the joint operations are included in the respective line items of the financial statements. Information about the joint arrangements is set out in Note 23.

All of the Group's current joint arrangements are treated as joint operations.

w) Business Combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

x) Convertible Notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

y) Significant accounting judgements, estimates and assumptions

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out above. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best judgments of directors. These judgments take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best judgment, pending an assessment by the Australian Taxation Office.

Joint arrangements

Judgement is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements relate to the operating and capital decisions of the arrangement, such as: the approval the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel of, or service providers to, the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement as either a joint operation or joint venture. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, it considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
    - The legal form of the separate vehicle
    - The terms of the contractual arrangement
    - Other facts and circumstances (when relevant)

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key Estimates – Impairment of oil & gas properties

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows. For oil and gas assets, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the oil & gas assets.

Key Estimates – Reserves estimates

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the income statement and the calculation of inventory.

Key Estimates - Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. An estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Key Estimates - Equity settled transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of ordinary shares is determined with reference to the Company's share price on the ASX. The Group measures the fair value of options at the grant date using a Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

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 $1,406,691 (2022: $2,529,822) and expended a net operating cash outflow of $1,289,556 (2022: $629,679) for the year to 31 December 2023.

The Consolidated Entity is currently in a positive net current asset position of $2,600,596 (2022: $6,666,362).

Management has prepared a cash flow forecast for a period of 12 months beyond the sign off date of this financial report and the forecast indicates that it may need to secure additional funding within this period. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group has a proven history of successfully raising capital;
- The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities; and
- Cash spending can be reduced or slowed below its current rate if required.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are satisfied of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to raise sufficient funds, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

NOTE 3. GLOSSARY

The following abbreviations are used throughout this report:

the Company or Parent Entity	Lion Energy Limited
Consolidated Entity or the Group	Lion Energy Limited and its controlled entities

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $

NOTE 4. 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:

REVENUE

	31 December 2023 $	31 December 2022 $
Revenue from contracts with customers - Oil sales	610,232	1,012,768
Management fees	60,000	60,000
	670,232	1,072,768

The oil sales revenue relates to liftings from the Seram (Non-Bula) PSC located in Indonesia are recognised at point in time.

	31 December 2023 $	31 December 2022 $
Other income:		
Interest income	66,570	17,419
	66,570	17,419

EXPENSES

	31 December 2023 $	31 December 2022 $
Cost of goods sold:		
Production costs	361,114	427,039
Depreciation, Depletion & Amortisation	12,462	12,960
	373,576	439,999
Administration and employee benefit expenses:		
Consultants	170,430	324,773
Legal expenses	16,357	8,118
Professional fees	191,374	191,058
Rental costs	4,317	4,167
Travel	56,586	40,082
Wages, salaries and directors fee	578,413	640,305
Share based payment expense	104,590	107,420
Other administration expenses	183,417	154,358
	1,305,484	1,470,281

	Consolidated Entity 31 December 2023 $	Consolidated Entity 31 December 2022 $

NOTE 5. INCOME TAX

A reconciliation between the tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	31 December 2023 $	31 December 2022 $
LOSS FROM CONTINUING OPERATIONS	(1,406,691)	(2,529,822)
Prima facie income tax benefit on operating loss calculated at 25% (2022:25%)	(351,673)	(632,456)
Non-deductible expenses	75,764	320,151
Amortisation of convertible note transaction costs	-	267,982
Difference of effective foreign income tax rates	169	163
Income tax benefit not brought to account	275,740	205,227
Prior year under provision	-	29,299
INCOME TAX EXPENSE FROM CONTINUING OPERATIONS	-	190,366

Deferred tax balances as at 31 December 2023 were not recognised in the statement of financial position. These relate to the deferred tax assets from the following accounts:

	31 December 2023 $	31 December 2022 $
Unrecognised deferred tax asset – temporary differences	9,370	8,336
Unrecognised deferred tax asset – equity	5,284	126,538
Unrecognised deferred tax asset – revenue losses	4,241,395	3,624,539
Unrecognised deferred tax asset – capital losses	371,949	371,949
DEFERRED TAX ASSET NOT BROUGHT TO ACCOUNT	4,627,998	4,131,362

The Group's unused tax losses that arose from revenue primarily relates to those incurred by the parent company based in Australia of AUD $13,933,836 (2022: AUD $12,716,028) that are available indefinitely for offsetting against future taxable profits of the parent, subject to the parent entity meeting the required tax loss recoupment rules at that time.

The Group has unused capital losses of US $1,487,796 (2022: US $1,487,796) that arose mainly from the loan related transactions in the prior years and are available for offsetting against future taxable capital gains of parent company, subject to the parent entity meeting the required tax loss recoupment rules at that time.

NOTE 6. LOSS PER SHARE

	31 December 2023 $	31 December 2022 $
Both basic and diluted EPS have been calculated using the following variables:		
Loss used in the calculation of basic/diluted EPS	(1,406,691)	(2,720,188)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic/diluted earnings per share	426,110,223	423,804,439

	Consolidated Entity	
	2023 $	2022 $

NOTE 7. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Current		
Trade debtors	336,091	354,509
Deposits – Equipment	755,000	500,000
Other debtors	84,360	43,884
	1,175,451	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 2025.

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.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. No receivables were found to be past due or impaired.

NOTE 8. INVENTORIES

	2023 $	2022 $
Oil in Storage	12,008	12,517
Inventory - materials	248,964	298,347
TOTAL	260,972	310,864

NOTE 9. PROPERTY, PLANT & EQUIPMENT

	2023 $	2022 $
Assets under construction	2,046,752	-
Plant & equipment	1,081	1,445
TOTAL	2,047,833	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.

	Consolidated Entity 2023 $	2022 $
NOTE 10. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE		
Capitalised exploration and evaluation expenditure	2,424,051	1,447,839
TOTAL	2,424,051	1,447,839
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	976,212	983,477
AT THE END OF THE FINANCIAL PERIOD	2,424,051	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 11. OIL AND GAS PROPERTIES

	2023 $	2022 $
Oil and gas properties at cost	3,578,365	3,102,224
Accumulated depreciation, depletion, amortisation and impairment	(3,578,365)	(3,102,224)
TOTAL	-	-
MOVEMENTS IN THE CARRYING AMOUNT OF OIL AND GAS PROPERTIES		
At the beginning of the financial period	-	-
Expenditure during the period	476,141	179,308
Depreciation, Depletion & Amortisation	(12,462)	(12,960)
Impairment	(463,679)	(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 in 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.

NOTE 12. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade and other payables	897,374	1,055,259
TOTAL	897,374	1,055,259

NOTE 13. PROVISION FOR RESTORATION (NON-CURRENT)

	2023 $	2022 $
Provision for restoration	203,725	200,438
TOTAL	203,725	200,438

	Consolidated Entity 2023 $	Consolidated Entity 2022 $

NOTE 14. ISSUED CAPITAL

	2023 $	2022 $
436,986,759 (2022: 426,110,223) fully paid ordinary shares	59,278,537	59,092,014

MOVEMENTS IN ISSUED CAPITAL

	Shares		$	
	2023	2022	2023	2022
At the beginning of the period	426,110,223	382,360,223	59,092,014	56,869,909
Director participation in placement issued 19 January 2022	-	1,562,500	-	89,887
Conversion of convertible notes issued	-	42,187,500	-	2,552,057
Shares issued to consultants in lieu of cash	10,876,536	-	186,523	-
Share issue expenses	-	-	-	(419,839)
AT THE END OF THE FINANCIAL PERIOD	**436,986,759**	**426,110,223**	**59,278,537**	**59,092,014**

CAPITAL MANAGEMENT

Management controls the capital of the Group comprising the liquid assets held by the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves. The Group includes within net debt, trade and other payables. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

NOTE 15. RESERVES

	Consolidated Entity 2023 $	Consolidated Entity 2022 $
Option premium reserve	(27,070)	(27,070)
Share based payment reserve	338,205	2,570,890
Currency translation reserve	2,932,387	2,863,272
TOTAL	3,243,522	5,407,092

MOVEMENTS IN SHARE BASED PAYMENT RESERVE

	2023 $	2022 $
At the beginning of the financial period	2,570,890	2,043,631
Options issued for the financial year	-	419,839
Vesting of share based payments for the financial year	104,590	107,420
Expiry of share based payments	(2,337,275)	
AT THE END OF THE FINANCIAL PERIOD	338,205	2,570,890

MOVEMENTS IN CURRENCY TRANSLATION RESERVE

	2023 $	2022 $
At the beginning of the financial period	2,863,272	2,862,775
Addition/transfer	69,115	497
AT THE END OF THE FINANCIAL PERIOD	2,932,387	2,863,272

The option premium reserve is used to accumulate the fair value of options issued and premiums received on the issue of options.

The share based payment reserve was used to record the value of performance rights issued to key management personnel.

The foreign currency translation reserve was used to record the exchange differences arising from the translation of functional currencies to the presentation currency of USD.

MOVEMENTS IN OPTIONS AND PERFORMANCE RIGHTS

	Options		Performance Rights	
	2023	**2022**	**2023**	**2022**
At the beginning of the period	**177,926,689**	**102,926,689**	**15,342,500**	**15,342,500**
Quoted options issued – 19 January 2022	-	75,000,000	-	-
Expiry of options	(102,926,689)	-	-	-
AT THE END OF THE FINANCIAL PERIOD	**75,000,000**	**177,926,689**	**15,342,500**	**15,342,500**

NOTE 16. PARENT ENTITY

FINANCIAL INFORMATION ON THE PARENT ENTITY AS AT THE END OF THE FINANCIAL PERIOD:

	Company 2023 $	Company 2022 $
CURRENT ASSETS		
Cash and cash equivalents	1,813,365	5,953,936
Trade and other receivables	765,423	518,846
TOTAL CURRENT ASSETS	**2,578,788**	**6,472,782**
NON-CURRENT ASSETS		
Investments in subsidiaries	756,222	756,222
TOTAL NON-CURRENT ASSETS	**756,222**	**756,222**
TOTAL ASSETS	**3,335,010**	**7,229,004**
CURRENT LIABILITIES		
Trade and other payables	86,898	115,808
Amounts owing to subsidiaries	8,019,563	8,002,032
TOTAL CURRENT LIABILITIES	**8,106,461**	**8,117,840**
TOTAL LIABILITIES	**8,106,461**	**8,117,840**
NET ASSETS	**(4,771,451)**	**(888,836)**
EQUITY		
Issued capital	59,278,358	59,092,016
Reserves	5,408,094	5,252,080
Accumulated losses	(69,458,083)	(65,232,932)
TOTAL EQUITY	**(4,771,451)**	**(888,836)**

FINANCIAL INFORMATION ON THE PARENT ENTITY FOR THE FINANCIAL PERIOD:

	2023 $	2022 $
Loss after related income tax expense	(4,225,151)	(3,440,467)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**(4,225,151)**	**(3,440,467)**

There are no contingent liabilities of the Parent Entity as at the reporting date. There are no contractual commitments of the Parent Entity as at the reporting date. The Parent Entity has not entered into any guarantees in relation to the debts of its subsidiaries.

NOTE 17. CASH FLOW INFORMATION

	Consolidated Entity 2023 $	Consolidated Entity 2022 $
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX		
LOSS AFTER TAX	(1,406,691)	(2,720,188)
Non-cash flow items in loss		
Depreciation, Depletion & Amortisation of development expenditure	12,462	12,960
Foreign exchange	754	471,452
Impairment of oil & gas properties	463,679	163,006
Share based payments	104,590	107,420
Finance costs	-	1,071,929
Changes in assets and liabilities		
Decrease/(increase) in trade debtors	(359,644)	(429,064)
Increase/(decrease) in inventories	49,892	(59,374)
Increase/(decrease) in other creditors and accruals	(157,885)	752,180
Increase/(decrease) in provision	3,287	-
NET CASH USED IN OPERATING ACTIVITIES	**(1,289,556)**	**(629,679)**

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial period is shown in the accounts as:

	2023 $	2022 $
Cash and cash equivalents	2,046,509	5,954,047
Share of joint operations cash	15,038	558,317
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**2,061,547**	**6,512,364**

NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing or investing activities that occurred during the year.

NOTE 18. EXPENDITURE COMMITMENTS

EXPLORATION COMMITMENTS

The Group has exploration commitments pursuant to its Production Sharing Contracts with the Government of Indonesia. At year end these totalled $694,100 (2022: $841,300). The Group has provided security bond of US$122,250 in respect of this commitment.

	Consolidated Entity	
	2023	**2022**
	$	**$**
NOTE 19. AUDITORS' REMUNERATION		
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report – Australia	30,408	32,065
TOTAL	30,408	32,065

NOTE 20. KEY MANAGEMENT PERSONNEL

REMUNERATION OF KEY MANAGEMENT PERSONNEL	2023 $	2022 $
Short term employee benefits	545,604	591,161
Post-employment benefits	-	-
Share based payments	99,606	104,147
Termination benefits	-	-
TOTAL	645,210	695,308

Other Transactions:

A company associated with Mr Zane Lewis provides company secretarial and accounting services to Lion Energy Limited. The total fees charged to the Group relating to these services was $105,170 (2022: $77,112).

During the year, $233,781 of consulting fees were paid by the East Seram Joint Operation to Mr Thomas Soulsby and Mr Damien Servant (2022: $213,000). The proportion attributable to the Group totalling $127,800 has been included in short term employee benefits (2022: $127,800).

Apart from the above, there were no other transactions with key management personnel.

NOTE 21. 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 financial year ending 31 December 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 year, 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.

Accordingly, for the current 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

	12 months to 31 December 2023				
	Oil & Gas US$	**Green Hydrogen US$**	**Total Reportable Segments US$**	**Other US$**	**Total US$**
REVENUE					
External revenue	610,232	-	610,232	229,070	839,302
Inter-segment revenue	-	-	-	-	-
	610,232	**-**	**610,232**	**229,070**	**839,302**
RESULT	**(518,007)**	**(316,013)**	**(834,020)**	**-**	**(834,020)**
Unallocated corporate costs	-	-	-	(572,671)	(572,671)
LOSS BEFORE INCOME TAX	**(518,007)**	**(316,013)**	**(834,020)**	**(572,671)**	**(1,406,691)**

	As at 31 December 2023				
Segment Assets and Liabilities					
SEGMENT ASSETS	3,228,249	2,345,067	5,573,316	2,578,787	8,152,103
SEGMENT LIABILITIES	(650,621)	(363,579)	(1,014,200)	(86,898)	(1,101,098)

NOTE 22. CONTROLLED ENTITIES

	Country of Incorporation	**Principal Activity**	**Group Ownership Interest 2023 %**	**2022 %**
Entities controlled by Lion Energy Limited				
Lion International Investment Limited	Cayman Islands	Oil & gas exploration and production	100%	100%
Balam Energy Pte Ltd	Singapore	Oil & gas exploration and production	100%	100%
Seram Energy Pte Ltd	Singapore	Dormant holding entity	100%	100%
Lion H2 Energy Pty Ltd	Australia	Hydrogen development	100%	100%

NOTE 23. 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	
			31 December 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%

There are no contingent assets or contingent liabilities arising from these joint operations, apart from as discussed in note 24.

[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 24. CONTINGENT LIABILITIES

As at 31 December 2023 the Group had no contingent liabilities, except for the portion of the performance bond in East Seram PSC of $1,125,000 (2022: $1,125,000) that was paid through a guarantee arrangement (Note 7). This portion of the performance has been included in expenditure commitments as per Note 18.

NOTE 25. FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables, which arise directly from its operations. The Group's policy is that no trading in financial instruments shall be undertaken. The main purpose of non-derivative financial instruments is to finance Group operations. Derivatives are not used by the Group and the Group does not speculate in the trading of derivative instruments.

Treasury Risk Management

The Board considers the Group's financial risk exposure and treasury management strategies in the context of the Group's operations. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. The Board reviews each of these risks on an on-going basis.

INTEREST RATE RISK

The Company has a policy of minimising its exposure to interest payable on debt. The Group has no debt that requires the payment of interest. The Group has exposure to interest rate risk through its cash balances; however, this exposure is not considered to be significant.

FOREIGN CURRENCY RISK

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's functional currency. The Group also exposed to fluctuations in foreign currencies arising from deposits with banks denominated in foreign currencies. The Group does not seek to hedge this exposure as it keeps the bulk of its cash reserves in US Dollars, being the currency in which most of its joint venture costs are denominated.

The following table outlines the amounts in the statement of financial position denominated in a foreign currency:

	AMOUNTS IN AUD 2023 $	**AMOUNTS IN AUD 2022 $**
Financial Assets		
Cash assets	2,453,226	2,854,732
Receivables	-	-
Financial Liabilities		
Payables	39,539	31,575

LIQUIDITY RISK

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available.

CREDIT RISK

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There are no material amounts of collateral held as security at 31 December 2023. Credit risk is managed on a group basis and reviewed by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only banks are utilised for deposits and all potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. The counterparties included in trade and other receivables at 31 December 2023 are not rated, however given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk for the Group. There are no significant concentrations of credit risk within the Group. All trade receivables disclosed in the financial statements were fully received subsequent to the reporting date.

MAJOR CUSTOMERS

The Group's share of crude oil from its Indonesian production items is sold via an open tender each time a lifting is made; therefore it is not exposed to any major customer price risk.

PRICE RISK

The Group is exposed to commodity price risk through its share of oil sales from the Seram (Non-Bula) joint operation. The Group does not currently hedge the price at which it sells oil.

FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The tables below reflect the undiscounted contractual settlement terms for financial liabilities. As such, the amounts may not reconcile to the statement of financial position.

	Consolidated Entity 2023 $	Consolidated Entity 2022 $
TRADE AND SUNDRY PAYABLES MATURING AS FOLLOWS:		
Less than 6 months	897,374	1,055,259
6 months to 1 year	-	-
Later than 1 year but not later than 5 years	-	-
Over 5 years	-	-
	897,374	1,055,259

FAIR VALUES

Cash assets and financial assets are carried at amounts approximating fair value because of their short-term nature to maturity. Receivables and payables are carried at amounts approximating fair value. The Group does not carry any derivative financial instruments at 31 December 2023.

SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at reporting date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in these risks.

FOREIGN CURRENCY RISK SENSITIVITY ANALYSIS

At 31 December 2023, the effect on profit and equity as a result of changes in the exchange rate, with all other variables remaining constant would be as follows:

	Consolidated Entity 2023 $	Consolidated Entity 2022 $
INCREASE/(DECREASE) IN PROFIT DUE TO:		
Improvement in USD to AUD by 5%	80,011	92,796
Decline in USD to AUD by 5%	(80,011)	(92,796)
INCREASE/(DECREASE) IN EQUITY DUE TO:		
Improvement in USD to AUD by 5%	80,011	92,796
Decline in USD to AUD by 5%	(80,011)	(92,796)

NOTE 26. RELATED PARTY TRANSACTIONS

During the year, Lion Energy Limited charged a management fee to the East Seram joint arrangement of $150,000. The total revenue attributable to the group was $60,000 (2022: $60,000).

Apart from the above, all related party transactions have been outlined in the KMP remuneration report, found in the director’s report, and Note 20. Key Management Personnel.

NOTE 27. DIVIDENDS

No dividends have been paid or proposed during the period.

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

In March 2024, Lion signed an agreement for lease at the Port of Brisbane and obtained Development Approval on the Port of Brisbane site from the Queensland “State Assessment and Referral Agency”.

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Lion Energy Limited A.C.N. 000 753 640 ("Company"), I state that:

A. In the opinion of the directors:

1) the financial statements and notes of the Company and its controlled entities ("Consolidated Entity") are in accordance with the *Corporations Act 2001* including:

   a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of the performance for the year ended on that date; and

   b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

2) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1; and

3) subject to the matter set out in Note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

B. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2023.

On behalf of the Board of Directors.

Thomas Soulsby
Executive Chairman
28 March 2024
Perth, Western Australia

HALL CHADWICK

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lion Energy Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Consolidated Entity incurred a net loss of $1,406,691 during the year ended 31 December 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition	
During the year ended 31 December 2023, Lion Energy Limited generated sales revenue of $670,232 (2022: $1,072,768). Revenue recognition has been included as a key audit matter in the audit report due to its financial significance and the significant increase in revenue during the year.	• Evaluated the appropriateness of recognition of revenue; • Enquired with the key managerial personnel and executives of the company to the sales process and their application to revenue recognition; • Performing substantive audit procedures by verifying revenue to relevant supporting documentation including underlying agreements with customers, bill of ladings, sales invoices, verification of receipts to Lion Energy and ensuring the revenue was recognised in the correct period. • We assessed the appropriateness of the related disclosures in Note 4 to the financial statements.
Capitalised exploration and evaluation expenditure	
As at balance date the Consolidated Entity had an exploration balance of $2,424,051 (2022: $1,447,839). Exploration and evaluation is a key audit matter due to: • The significance of the balance to the Consolidated Entity's financial position.	Our procedures included, amongst others: • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements. • For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;

Key Audit Matter	How our audit addressed the Key Audit Matter
• The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. • The assessment of impairment of exploration and evaluation expenditure being inherently difficult.	• We tested the exploration and evaluation expenditure incurred during the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6; • We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets. • We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: ○ the licenses for the right to explore expiring in the near future or are not expected to be renewed; ○ substantive expenditure for further exploration in the specific area is neither budgeted or planned ○ decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and ○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full of successful development or sale. • We assessed the appropriateness of the related disclosures in Note 10 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 31 December 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Lion Energy Limited, for the year ended 31 December 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 28th day of March 2024
Perth, Western Australia