



Financial Report 2024

For the period 1 January to
30 June 2024

Lion Energy Limited
ABN 51 000 753 640

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LION H₂ energy

The image shows a modern hydrogen refueling station. A large white canopy with the LION H₂ energy logo is supported by several white pillars. Underneath the canopy, a white hydrogen fuel cell vehicle (HFCV) is parked at a refueling station. The station is located in an open area with other vehicles and buildings in the background. The sky is clear and blue.



**LION ENERGY LIMITED
CORPORATE DIRECTORY**

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

COMPANY SECRETARY: Rowan Harland

ABN: 51 000 753 640

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

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283 Rokeby Road
Subiaco, Western Australia 6008

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SHARE REGISTRY: **Computershare Investor Services Pty Ltd**
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DIRECTORS' REPORT

The directors of Lion Energy Limited A.C.N. 000 753 640 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity or Group") for the period ended 30 June 2024. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

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

Thomas Soulsby
Russell Brimage
Christopher Newton
Damien Servant
Zane Lewis

OPERATING RESULTS

The operating and comprehensive loss for the Consolidated Entity, after income tax for the 6 months to 30 June 2024 amounted to US\$661,451 (30 June 2023: loss of US\$1,044,868).

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

- Production from the Seram (Non-Bula) PSC averaged 950 bopd, which equates to 4,320 barrels net to Lion, representing a decline rate of 20% when compared with the previous year, corresponding period due to natural decline and ongoing well management.
- There was one crude oil lifting in the current half year, with gross volume lifted of 174,336 barrels. Lion's share of revenues arising from the lifting was US\$283,031 (pre government share of US\$47,075) and was partly received post balance date in July 2023. Crude oil available for lifting at the end of June 2023 was immaterial.
- In East Seram, Lion secured a 4-year extension allowing exploration tenure through July 2028 following agreed relinquishment
- During the period, Lion obtained Development Approval for its Brisbane hydrogen project and signed a 20-year lease agreement at the Port of Brisbane.
- Lion continued the engineering and procurement work required for the hydrogen project.
- Lion completed a capital raising of \$1,600,000 from key shareholders through the issuance of convertibles notes.
- The Group had a cash balance of US\$1.3 million at the end of the period, from US\$2.1 million as of 31 December 2023.

EVENTS SUBSEQUENT TO BALANCE DATE

On 1 July 2024, the Company announced a 4 year extension for the East Seram PSC to 16 July 2028.

On 26 August 2024, the Company announced that it had entered into a definitive joint development agreement with DGA Energy Solutions Australia Pty Ltd ("DGA"), a wholly owned subsidiary of Mitsubishi Corporation, and Samsung C&T Corporation ("Samsung C&T") to jointly develop its green hydrogen hub at Port of Brisbane (the "Project").



DIRECTORS' REPORT

Under the signed agreement, DGA and Samsung C&T will initially pay a total of A\$3.7m to Lion for historical and ongoing pre-construction costs. In return, DGA and Samsung C&T will each become entitled to 25% interest in the Project. Subsequently, upon the parties agreeing to start construction, DGA and Samsung will procure debt financing for a total amount of A\$6.3 million. It is expected that the overall funding commitment associated with the joint development agreement will satisfy the capital requirement to complete the Project.

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 Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company, Hall Chadwick, have provided a signed auditors independence declaration to the directors in relation to the six months ended 30 June 2024. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read "T. Soulsby", written over a horizontal line.

Thomas Soulsby
Executive Chairman

12th September 2024
Perth, Western Australia

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DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company set out on page 4 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2024 and of its performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- (b) Subject to Note 2 of the financial report there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in blue ink, appearing to read "T. Soulsby", written over a horizontal line.

Thomas Soulsby
Executive Chairman

12th September 2024
Perth, Western Australia

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2024**

	Note	6 months to 30 June 2024 US\$	6 months to 30 June 2023 US\$
REVENUE	3	273,122	304,141
Cost of sales	3	(176,435)	(168,546)
GROSS PROFIT		96,687	135,595
Other Income		844	44,899
Administration expenses	3	(343,051)	(353,486)
Employee benefit expenses		(265,067)	(422,774)
Finance expenses		(6,890)	-
Foreign exchange loss		(68,255)	(6,581)
Share based payments		(51,895)	-
Impairment – Oil & Gas Properties	9	(23,824)	(442,521)
LOSS BEFORE INCOME TAX		(661,451)	(1,044,868)
Income tax expense		-	-
LOSS AFTER INCOME TAX		(661,451)	(1,044,868)
LOSS FOR THE PERIOD		(661,451)	(1,044,868)
OTHER COMPREHENSIVE INCOME			
<i>Items that have been or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(35,438)	(20,213)
TOTAL OTHER COMPREHENSIVE INCOME		(35,438)	(20,213)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(696,889)	(1,065,081)
BASIC LOSS PER SHARE (CENTS PER SHARE)		(0.154)	(0.244)
DILUTED LOSS PER SHARE (CENTS PER SHARE)		(0.154)	(0.244)

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	30 June 2024 US\$	31 December 2023 US\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,320,264	2,061,547
Trade and other receivables	5	807,010	1,175,451
Inventories	6	266,109	260,972
TOTAL CURRENT ASSETS		2,393,383	3,497,970
NON-CURRENT ASSETS			
Plant and equipment	7	3,246,460	2,047,833
Receivables	5	182,250	182,250
Capitalised exploration and evaluation expenditure	8	2,449,664	2,424,051
Oil and gas properties	9	-	-
TOTAL NON-CURRENT ASSETS		5,878,374	4,654,134
TOTAL ASSETS		8,271,757	8,152,104
CURRENT LIABILITIES			
Trade and other payables	10	588,726	897,374
Convertible notes	11	865,056	-
TOTAL CURRENT LIABILITIES		1,453,782	897,374
NON-CURRENT LIABILITIES			
Provision for restoration	12	205,489	203,725
TOTAL NON-CURRENT LIABILITIES		205,489	203,725
TOTAL LIABILITIES		1,659,271	1,101,099
NET ASSETS		6,612,486	7,051,005
EQUITY			
Issued capital	13	59,278,537	59,278,537
Reserves		3,466,454	3,243,522
Accumulated losses		(56,132,505)	(55,471,054)
TOTAL EQUITY		6,612,486	7,051,005

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024**

	Note	6 months to 30 June 2024 US\$	6 months to 30 June 2023 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		385,264	345,973
Production expenditure		-	(116,220)
Payments to suppliers & employees		(840,271)	(508,481)
Interest received		844	44,899
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(454,163)	(233,829)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(1,198,627)	(1,056,635)
Exploration and evaluation expenditure		(25,613)	(894,768)
Oil and gas properties expenditure		(23,824)	(443,550)
Payment of deposits		-	(255,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,248,064)	(2,649,953)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from convertible notes		1,064,642	-
NET CASH FROM FINANCING ACTIVITIES		1,064,642	-
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange differences		(103,698)	(26,794)
Cash and cash equivalents at beginning of period		2,061,547	6,512,364
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	1,320,264	3,601,788

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024**

	Issued Capital US\$	Option Premium Reserve US\$	Currency Translation Reserve US\$	Share Based Payment Reserve US\$	Convertible note reserve US\$	Accumulated Losses US\$	Total Equity US\$
AT 1 JANUARY 2024	59,278,537	(27,070)	2,932,387	338,205	-	(55,471,054)	7,051,005
Loss for the period	-	-	-	-	-	(661,451)	(661,451)
Other comprehensive income	-	-	(35,438)	-	-	-	(35,438)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(35,438)	-	-	(661,451)	(696,889)
Issuance of convertible notes	-	-	-	-	206,475	-	206,475
Securities issued	-	-	-	-	-	-	-
Vesting of share based payments	-	-	-	51,895	-	-	51,895
AT 30 JUNE 2024	59,278,537	(27,070)	2,896,949	390,100	206,475	(56,132,505)	6,612,486

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

The accompanying notes form part of this financial report

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

NOTE 1. BASIS OF PREPARATION OF THE PERIOD FINANCIAL REPORT

These general purpose interim financial statements for the interim 6-month reporting period ended 30 June 2024 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Lion Energy Limited ("Company") and its controlled entities ("Group" or "Consolidated Entity"). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, together with any public announcements made during the period.

Statement of compliance

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

Significant Accounting Policies

These consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2023, except for the impact of all new or amended standards and interpretations. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

NOTE 2. GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss before income tax of \$661,451 (30 June 2023: loss of \$1,044,868), a net operating cash outflow of \$454,163 (30 June 2023: \$233,829) and spent a net investing cash outflow of \$1,248,064 (30 June 2023: \$2,649,953) for the 6 months to 30 June 2024.

As described in Note 15, the Group announced that it had entered into a definitive joint development agreement with DGA Energy Solutions Australia Pty Ltd ("DGA"), a wholly owned subsidiary of Mitsubishi Corporation, and Samsung C&T Corporation ("Samsung C&T") to jointly develop its green hydrogen hub at Port of Brisbane (the "Project"). Under the signed agreement, DGA and Samsung C&T will initially pay a total of A\$3.7m to Lion for historical and ongoing pre-construction costs. Furthermore, upon the parties agreeing to start construction, DGA and Samsung will procure debt financing for a total amount of A\$6.3 million. Should the Group not receive the funds described above, the ability of the Group to continue as a going concern would be principally dependent on completing a capital raising.

The Consolidated Entity is currently in a positive net current asset position, including cash of \$1,320,264 (31 December 2023: \$2,061,547). As at the date of this report, the Directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern. If the Group is not successful with regard to the above, there is material uncertainty as to whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 3. REVENUE AND EXPENSES

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

	6 months to 30 June 2024 US\$	6 months to 30 June 2023 US\$
REVENUE		
Revenue from contract with customers – oil sales	198,122	274,141
Management fees	75,000	30,000
	<u>273,122</u>	<u>304,141</u>
BREAKDOWN OF EXPENSES		
Cost of goods sold:		
Production costs	174,060	168,546
Depreciation, depletion & amortisation	2,375	-
	<u>176,435</u>	<u>168,546</u>
Administrative expenses		
Consultancy expenses	49,357	151,007
Legal expenses	17,047	2,541
Professional fees	125,692	84,381
Rental costs	1,638	2,348
Travel expenses	40,251	44,424
Other administrative expenses	109,066	68,785
	<u>343,051</u>	<u>353,486</u>

NOTE 4. CASH AND CASH EQUIVALENTS

	30 June 2024 US\$	31 December 2023 US\$
Cash at bank	1,171,740	2,046,509
Share of joint venture cash	148,524	15,038
	<u>1,320,264</u>	<u>2,061,547</u>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 5. TRADE AND OTHER RECEIVABLES

	30 June 2024 US\$	31 December 2023 US\$
Current		
Trade debtors	198,122	336,091
Deposits - Equipment	502,197	755,000
Other debtors and prepayments	106,691	84,360
	807,010	1,175,451
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.

NOTE 6. INVENTORIES

	30 June 2024 US\$	31 December 2023 US\$
Oil in Storage	9,908	12,008
Inventory - materials	256,201	248,964
	266,109	260,972

NOTE 7. PROPERTY, PLANT & EQUIPMENT

	30 June 2024 US\$	31 December 2023 US\$
Assets under construction	3,245,511	2,046,752
Plant and equipment	949	1,081
	3,246,460	2,047,833

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.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 8. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2024 US\$	31 December 2023 US\$
Capitalised exploration and evaluation expenditure	2,449,664	2,424,051
TOTAL	2,449,664	2,424,051

MOVEMENTS IN THE CARRYING AMOUNT OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE	6 months to 30 June 2024	12 months to 31 December 2023
At the beginning of the financial period	2,424,051	1,447,839
Expenditure during the period	25,613	976,212
AT THE END OF THE FINANCIAL PERIOD	2,449,664	2,424,051

Capitalised exploration and evaluation expenditure above includes all exploration and evaluation costs relating to the East Seram PSC (and the prior joint studies), which continues to be carried forward at its full cost. This East Seram PSC has an initial term of six years and has been extended to 16 July 2028 as announced on 1 July 2024.

NOTE 9. OIL AND GAS PROPERTIES

	30 June 2024 US\$	31 December 2023 US\$
Oil and gas properties at cost	3,596,343	3,578,365
Accumulated depreciation, depletion, amortisation and impairment	(3,596,343)	(3,578,365)
TOTAL	-	-

MOVEMENTS IN THE CARRYING AMOUNT OF OIL AND GAS PROPERTIES	6 months to 30 June 2024	12 months to 31 December 2023
At the beginning of the financial period	-	-
Expenditure during the period	26,199	476,141
Depreciation, depletion & amortisation	(2,375)	(12,462)
Impairment	(23,824)	(463,679)
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 (2023: 2.5%). As part of the Group's assessment of impairment of oil & gas properties for the 6 month period to 30 June 2024, it identified that the carrying value exceeded its recoverable value and have therefore impaired the entire asset as at that balance date. The impairment assessment resulted in this condition due to the volatile oil price environment and forecasted exploration related expenditure required to maintain the PSC in good standing.

Refer to Note 17 for further information in relation to the Seram (Non-Bula) PSC.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 10. TRADE AND OTHER PAYABLES

	30 June 2024 US\$	31 December 2023 US\$
Trade and other payables	588,726	897,374
	<u>588,726</u>	<u>897,374</u>

NOTE 11. CONVERTIBLE NOTES

	30 June 2024 US\$	31 December 2023 US\$
Convertible Notes	865,056	-
	<u>865,056</u>	<u>-</u>

MOVEMENTS IN THE CARRYING AMOUNT OF CONVERTIBLE NOTES

	Number	\$
At the beginning of the financial period	1,600,000	849,855
Finance expense accretion	-	6,890
Impact of foreign exchange	-	8,321
AT THE END OF THE FINANCIAL PERIOD	<u>1,600,000</u>	<u>865,055</u>

During the year, the Company issued 1,600,000 convertible notes with a face value of AUD \$1,600,000 to investors (announced 28 May 2024). Each note was issued with the following terms:

- Face value of AUD \$1 per note
- Maturity date: 31 December 2025
- Security: Unsecured
- Conversion: At the option of the holders, subject to applicable laws including the ASX listing rules
- Conversion price of AUD \$0.027 per share
- Interest: Nil

NOTE 12. PROVISION FOR RESTORATION (NON-CURRENT)

	30 June 2024 US\$	31 December 2023 US\$
Provision for restoration	205,489	203,725
	<u>205,489</u>	<u>203,725</u>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 13. ISSUED CAPITAL

	30 June 2024 US\$	31 December 2023 US\$
ORDINARY SHARES		
436,986,759 (31 December 2023: 436,986,759) fully paid ordinary shares	59,278,537	59,278,537
	<u>59,278,537</u>	<u>59,278,537</u>
	Number of shares	US\$
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	436,986,759	59,278,537
AT THE END OF THE FINANCIAL PERIOD	<u>436,986,759</u>	<u>59,278,537</u>

NOTE 14. 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. The Board of Directors review its green hydrogen (Australia) and oil & gas (Indonesia) segments separately.

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.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

	As at 30 June 2024				
	Oil & Gas US\$	Green Hydrogen US\$	Total Reportable Segments US\$	Other US\$	Total US\$
Segment Assets and Liabilities					
SEGMENT ASSETS	3,255,037	3,377,826	6,632,863	1,638,894	8,271,757
SEGMENT LIABILITIES	(642,189)	(87,731)	(729,920)	(929,351)	(1,659,271)
	As at 30 June 2023				
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)	(86,899)	(1,101,099)

NOTE 15. EVENTS SUBSEQUENT TO BALANCE DATE

On 1 July 2024, the Company announced a 4 year extension for the East Seram PSC to 16 July 2028.

On 26 August 2024, the Company announced that it had entered into a definitive joint development agreement with DGA Energy Solutions Australia Pty Ltd ("DGA"), a wholly owned subsidiary of Mitsubishi Corporation, and Samsung C&T Corporation ("Samsung C&T") to jointly develop its green hydrogen hub at Port of Brisbane (the "Project").

Under the signed agreement, DGA and Samsung C&T will initially pay a total of A\$3.7m to Lion for historical and ongoing pre-construction costs. In return, DGA and Samsung C&T will each become entitled to 25% interest in the Project. Subsequently, upon the parties agreeing to start construction, DGA and Samsung will procure debt financing for a total amount of A\$6.3 million. It is expected that the overall funding commitment associated with the joint development agreement will satisfy the capital requirement to complete the Project.

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 Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

NOTE 16. FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the Group's financial assets and liabilities as at 30 June 2024 were considered to approximate their fair value.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

NOTE 17. 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 Arrangement	Principal Place of Business	Principal Activity	Proportion of Ownership Interests Held by the Group	
			30 June 2024	31 December 2023
Seram (Non-Bula) Joint Operation ¹	Indonesia	Production, exploration and development	2.5%	2.5%
East Seram Joint Operation	Indonesia	Exploration and development	60%	60%

¹ In January 2021, CITIC Seram, the operator of the Seram (Non-Bula) PSC, was requested by the Government of Indonesia, in accordance with the terms of the PSC, to offer a 10% participating interest to a Regional-Owned Company appointed by the Local Government of Maluku. The 10% would be transferred by the existing participants in the PSC pro-rata to their respective participating interests.

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

NOTE 18. RELATED PARTY TRANSACTIONS

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

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

Conclusion

We have reviewed the accompanying half-year financial report of Lion Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

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

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

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 \$661,451 during the half year ended 30 June 2024. 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 conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated 12th day of September 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 review of the financial statements of Lion Energy Limited for the half year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated 12th day of September 2024
Perth, Western Australia

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