

# ASX Announcement

23 April 2021



**LION**  
energy

## Lion raises \$2.8 million, pursues green hydrogen strategy

### Lion at a glance

- ASX listed oil and gas company with conventional PSC's in Indonesia.
- Focus on conventional oil and gas production and development, appraisal and step out exploration risk opportunities
- Net production of around 40bopd from the Seram PSC which also contains the 1.5TCF Lofin gas/condensate discovery.
- Leveraging synergies in conventional assets and access to both infrastructure and markets.
- Exploring green energy opportunities in Australia
- Executive team and strategic investors with impressive track records for value creation in Asia.

### Contact

#### Lion Energy Limited

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### Directors & Officers

<b>Tom Soulsby</b>	Executive Chairman
<b>Damien Servant</b>	Executive Director
<b>Russell Brimage</b>	Non-Executive Director
<b>Chris Newton</b>	Non-Executive Director
<b>Zane Lewis</b>	Non Executive Director
<b>Arron Canicais</b>	Company Secretary

### For more information contact

#### Tom Soulsby

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### Highlights:

- Lion commits to explore opportunities in green hydrogen in Australia and to undertake studies into hydrogen production on Seram Island, Indonesia
- Lion appoints leading Melbourne boutique Peak Asset Management to act as Corporate Advisor and Lead Manager for a capital raising
- Lion receives commitments for \$0.933 million from professional and sophisticated investors by way of a placement at 3.0 cents per share
- Subject to shareholder approval, the Board has committed to \$350,000 under the same terms as the placement
- Subject to shareholder approval, a further \$1.517 million has been committed under the same terms of the placement via convertible notes to sophisticated investors, that will convert into shares subject to shareholder approval
- All shares will include a 1:1 option with a strike price of 4.0 cents per share and an expiry of two years from issue date, subject to shareholder approval
- Funds are to be applied to complete the onshore seismic operations in the East Seram PSC, undertake hydrogen studies in Indonesia, working capital and to explore business opportunities in green hydrogen in Australia.

### Capital Raise

Lion Energy Limited ("Lion" or "Company"; ASX: LIO) is pleased to announce that it has appointed Peak Asset Management (**Peak**) to act as Corporate Advisor and Lead Manager for a capital raising (**Peak Engagement**) and that it has received firm commitments for \$2.8 million at 3.0 cents per ordinary share from sophisticated investors and directors. All shares will include a 1:1 option with a strike price of 4.0 cents per share with an expiry of 2 years from the issue date, subject to shareholder approval (**Options**). Key material terms of the Peak Engagement are noted in Appendix 1.

Tom Soulsby, Lion's Executive Chairman, said "we are pleased to work with the team at Peak to support Lion's legacy business and related new hydrogen studies and our potential foray into the Australian clean energy space. Peak brings a wealth of experience in supporting companies with green hydrogen and renewable investment businesses in Australia".

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The capital raise will be completed in three tranches, with the first tranche of 31.1 million shares at 3.0 cents per ordinary share for a total of \$933,000 being issued today utilizing the Company's 15% placement capacity under ASX Listing Rule 7.1 (**Placement**). The 1:1 Options attached to the Placement will be issued subject to the receipt of shareholder approval at a general meeting to be held in or before July 2021 (**General Meeting**).

The second tranche has been committed via convertible notes from certain existing shareholders of Lion amounting to \$270,000 and by new investors amounting to \$1,247,000 (**Convertible Notes**). The Convertible Notes will convert at 3.0 cents per share and include a 1:1 Option, subject to shareholder approval at the General Meeting. Key terms of the Convertible Notes are as follows:

- Total face value: \$1,517,000
- Maturity date: 31 December 2021.
- Security: the convertible notes are unsecured.
- Conversion: subject to Company shareholder approval at the General Meeting.
- Conversion Price: 3.0 cents per share.
- Each share issued from the Convertible Notes will include a 1:1 Option.
- Interest: 12% per annum.

The third tranche has been committed by directors, or their nominees, under the same terms as the Placement amounting to \$350,000 and is subject to approval by shareholders at the General Meeting. The breakdown of the directors' participation is as follows:

Director	Amount
Mr Thomas Soulsby or his nominee	\$100,000
Mr Damien Servant or his nominee	\$50,000
Mr Chris Newton or his nominee	\$50,000
Mr Zane Lewis or his nominee	\$100,000
Mr Russell Brimage or his nominee	\$50,000
Total	\$350,000

Investors are advised that while it is the Company's current intention to seek quotation of the Options, the Company provides no certainty that quotation of the Options will be granted. The quotation of the Options will be subject to the Company offering the Options under a prospectus prepared in accordance with Chapter 6D of the *Corporations Act 2001* (Cth) and lodged with ASIC and satisfying the quotation conditions set out in the ASX Listing Rules.

Use of funds are to be applied to complete the onshore seismic operations in the East Seram PSC, studies into hydrogen production on Seram Island, working capital and to explore business opportunities in green hydrogen in Australia.

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## Performance rights

The Board of Lion has agreed, subject to obtaining all necessary shareholder approvals, to issue a total of 18,050,000 performance rights to the Directors and Officers (or their respective nominees) in the following proportions as part of their remuneration (**Performance Rights**):

Director/Officer	Number of total Performance Rights
Thomas Soulsby	8,000,000
Damien Servant	5,000,000
Russell Brimage	1,500,000
Christopher Newton	1,500,000
Zane Lewis	1,500,000
Arron Canicais	550,000

Each Performance Right that vests will entitle the holder to one fully paid ordinary share of the Company. The Performance Rights will be issued for nil consideration and will vest in the following proportion upon satisfaction of certain milestones as follows:

Tranche	Proportion of total Performance Rights	Target Share Price (cents per share)
A	15%	4.0
B	15%	8.0
C	20%	12.0
D	25%	16.0
E	25%	20.0

The milestone for each tranche shall be deemed achieved at the close of the trading day on which the average closing price of all trading days in the 30-day period ending on that day exceed the applicable Target Share Price for the tranche.

Any unvested Performance Right will immediately lapse on the earlier to occur of the following: (a) three (3) years from the date of grant of the Performance Rights; and (b) the Performance Rights holder is no longer a Director or Officer of the Company.

The Performance Rights provide an incentive component to the Directors and Officer's respective remuneration packages and align their interests with those of Shareholders. The Board considers that the number of Performance Rights to be granted to each of the Directors is an appropriate method to provide cost effective remuneration.

*ENDS*

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

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## Appendix 1 - Key material terms of the Peak Engagement

- (i) A 6% capital raising fee on all funds raised under the placement of shares by Peak;
- (ii) A 2% capital raising fee on all investors brought into the Convertible Notes; and
- (iii) 10 million options, having the same terms as the Options granted to investors under the Placement.