



Additional Information: Embracing the energy market disruptor: green hydrogen

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.

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Lion Energy Limited (**Lion** or the **Company**) (ASX: LIO) refers to its announcement of 5 May 2021 titled 'Embracing the energy market disruptor: green hydrogen' (**5 May Announcement**).

Hydrogen Strategy

The 5 May Announcement provided details of Lion's overall strategy for potential participation in the green hydrogen industry in Australia (**Hydrogen Strategy**), to compliment the Company's ongoing oil and gas activities as outlined in the Quarterly Report lodged April 29, 2021.

By way of clarification, Lion notes the following:

- **Stage 1:** To date, Lion has progressed its Hydrogen Strategy by assessing the hydrogen industry and growth opportunities in Australia and undertaking a preliminary and high-level review of the opportunities which may be available for Lion to participate in this industry. Lion has registered a business name (*Lion H2 Energy*) which will be used to further progress Lion's Hydrogen Strategy. No material costs have been incurred in progressing the Hydrogen Strategy to date.
- **Stage 2:** Lion is now at 'stage 2' of its Hydrogen Strategy. This stage is intended to include:
 - The establishment of a team of hydrogen experts, which will form a Hydrogen Advisory Board. No changes to the Board of Lion are anticipated at this stage.
 - The appointment of experts to systematically analyse optimal electrolyser locations in Australia and the review of the best value and fit for purpose solar, wind and electrolyser technologies.
 - The review of potential opportunities in which Lion may be able to combine its expertise and resources with a suitable market and partner to progress a green hydrogen development using the identified electrolyser locations and appropriate technologies.
 - Lion may also expand the scope of the Advisory board to review opportunities in H2 distribution and hydrogen fuel cells for heavy equipment and vehicles.

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Stage 2 is intended to cost approximately \$500,000 and be completed within a 6 month period. Stage 2 is intended to be funded using Lion's existing funds available.

- **Stage 3:** Once a suitable opportunity is identified, Lion will appoint appropriate consultants to undertake a feasibility study to ascertain the economic viability of the opportunity and the anticipated cost. As part of this process, Lion will also seek to secure any required land rights, conditional on Lion determining to proceed with the opportunity. The cost of the feasibility study and securing of land rights cannot be estimated until the nature of the opportunity Lion elects to progress is ascertained. Lion anticipates that it will require additional funding to fund Stage 3. In parallel, Lion may also seek to invest in pilot hydrogen projects including in H2 distribution and hydrogen fuel cell heavy equipment and vehicles. Lion will consult with ASX prior to commencing Stage 3 to ascertain ASX's view as to whether Listing Rule 11.1.2 and/or 11.1.3 may apply at that time.
- **Stage 4:** Subject to a positive feasibility study, Lion will seek to progress the opportunity by participating in the development of large scale solar/wind farms and relevant energy storage facilities to produce green hydrogen at a low cost for domestic and export markets. Lion currently expects this will occur through forming a joint venture with a suitably experienced and funded partner. Again, Lion will consult with ASX prior to commencing Stage 4 to ascertain ASX's view as to whether Listing Rule 11.1.2 and/or 11.1.3 may apply at that time.

The 5 May Announcement was intended to provide shareholders with a broad overview of Lion's Hydrogen Strategy. Lion cautions that there can be no certainty that a suitable hydrogen opportunity will be identified. Further, there can be no certainty that any conditions precedent to progressing such an opportunity (including, without limitation, compliance with ASX Listing Rules 11.1.2 and/or 11.1.3 to the extent applicable) will be satisfied. Investors are therefore cautioned against placing undue reliance on the Hydrogen Strategy resulting in an opportunity that Lion will successfully execute at this time.

Existing operations

Notwithstanding Lion's intention to pursue the Hydrogen Strategy, Lion remains committed to the ongoing exploration and production from its PSC's located on Seram Island, Indonesia.

The majority of the \$2.8 million placement announced on 23 April 2021 is intended to be applied towards Lion's existing projects, with the intended use of funds being comprised of the following:

Onshore seismic operations in the East Seram PSC	\$2,000,000
Studies into hydrogen production on Seram Island	\$50,000
Exploring business opportunities in green hydrogen in Australia	\$500,000
General working capital	\$164,000
Costs of the capital raising	\$86,000
TOTAL	\$2,800,000

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The above is a statement of current intentions at the date of this announcement. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including the success of exploration activities and development activities, access conditions, weather and any changes in the business and economic environment.

ENDS

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