

A photograph of an offshore oil rig deck, showing red metal railings, yellow safety equipment, and a red lifebuoy. The sea is visible in the background under a clear blue sky. The image is partially covered by a dark blue overlay with white circular patterns.

Financial Report Half Year 2021

For the period 1 January to
30 June 2021

Lion Energy Limited
ABN 51 000 753 640



**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:** Arron Canicaïs

ABN: 51 000 753 640

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Subiaco WA 6008
Australia

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AUDITORS: **Hall Chadwick WA Audit Pty Ltd**
283 Rokeby Road
Subiaco WA 6008 Australia
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SHARE REGISTRY: **Computershare Investor Services Pty Ltd**
Level 11
172 St Georges Terrace
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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 2021. 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 2021 amounted to US\$1,326,760 (2020: US\$627,411).

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

Significant Changes

Covid-19

Lion's business in the first half of 2021 was impacted by the economic shocks of significantly lower oil prices and the COVID-19 pandemic. Lion is committed to supporting government and community efforts to limit the impact of the pandemic and ensure business continuity.

The Company implemented a series of measures to protect the health and safety of its people, including changes to office working arrangements, restricting travel and implementing social distancing measures. Operations have continued at both the Seram (Non-Bula) PSC and East Seram PSC, however the impact of low oil prices and COVID-19 have resulted in delays in planned exploration and development works at both PSC's.

In the 31 December 2020 annual report, Lion fully impaired its oil & gas properties asset, relating to the Seram (Non-Bula) PSC, and the Company's assessment of the carrying value as at 30 June 2021 has not changed.

The Company did not receive the JobKeeper supplement.

Review of Operations

Operational highlights for the period:

- Production from the Seram (Non-Bula) PSC averaged 1,547 bopd, which equates to 6,999 barrels net to Lion, representing a decline rate of 10% when compared with the previous corresponding period due to natural decline and ongoing well management.
- There was no crude oil lifting in the current half year. Gross crude oil available for lifting at the end of June 2021 was 285,749 barrels and a lifting of 299,775 barrels took place after the end of the period in July 2021.
- Whilst the Seram (Non-Bula) JV approved the Lofin 2 well test to commence in 2021, this has been tentatively deferred to mid-2022.

DIRECTORS' REPORT

- Seram (Non-Bula) PSC proven and probable oil reserves increased 203% based on new reserves report effective 31 December 2020.
- Lion completed the data processing of 664km of high resolution marine seismic data in the Bula Bay and Kobi Area of Seram Island in the East Seram PSC as well as the relevant interpretation, reporting increased shallow play prospective resources by 120%.
- Lion announced a green hydrogen strategy.
- The Group completed a capital raising of AUD \$2.45 million through the placement of new shares and the issuance of a convertible note. The Convertible note was fully converted into shares in July 2021 subsequent to balance date.

EVENTS SUBSEQUENT TO BALANCE DATE

On 6 July 2021, all convertible notes outstanding as at 30 June 2021 were converted into 51,697,144 fully paid ordinary shares.

On 30 July 2021, the joint venture operator completed the sale of 299,775 barrels of oil, of which the Group's share is 7,494 barrels. Lion expects to receive approximately \$432,000 after deduction of the Indonesian government share during 3Q2021.

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 2021. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.

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

Thomas Soulsby
Executive Chairman

13th September 2021
Perth, Western Australia

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company set out on page 4 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2021 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 be "T. Soulsby", written over a horizontal line.

Thomas Soulsby
Executive Chairman

13th September 2021
Perth, Western Australia



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021**

	Note	6 months to 30 June 2021 US\$	6 months to 30 June 2020 US\$
REVENUE	3	30,000	308,628
Cost of sales	3	-	(131,821)
GROSS PROFIT		30,000	176,807
Administration expenses	3	(170,364)	(223,472)
Employee benefit expenses		(210,876)	(205,415)
Finance expenses	10	(776,707)	-
Foreign exchange gains		(23,950)	(4,438)
Impairment – Oil & Gas Properties		(174,876)	(309,164)
Other Income		13	-
LOSS BEFORE INCOME TAX		(1,326,760)	(565,682)
Income tax expense		-	(61,729)
LOSS AFTER INCOME TAX		(1,326,760)	(627,411)
LOSS FOR THE PERIOD		(1,326,760)	(627,411)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,326,760)	(627,411)
BASIC LOSS PER SHARE (CENTS PER SHARE)		(0.61)	(0.30)
DILUTED LOSS PER SHARE (CENTS PER SHARE)		(0.61)	(0.30)

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	30 June 2021 US\$	31 December 2020 US\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,570,122	661,624
Trade and other receivables	5	27,007	323,745
Inventories	6	412,553	298,644
TOTAL CURRENT ASSETS		3,009,682	1,284,013
NON-CURRENT ASSETS			
Plant and equipment		4,087	3,487
Receivables	5	182,250	407,250
Capitalised exploration and evaluation expenditure	7	444,951	415,211
Oil and gas properties	8	-	-
TOTAL NON-CURRENT ASSETS		631,288	825,948
TOTAL ASSETS		3,640,970	2,109,961
CURRENT LIABILITIES			
Trade and other payables	9	844,129	260,081
Convertible notes	10	1,140,481	-
TOTAL CURRENT LIABILITIES		1,984,610	260,081
NON-CURRENT LIABILITIES			
Provision for restoration	11	194,682	194,682
TOTAL NON-CURRENT LIABILITIES		194,682	194,682
TOTAL LIABILITIES		2,179,292	454,763
NET ASSETS		1,461,678	1,655,198
EQUITY			
Issued capital	12	51,021,506	50,664,973
Reserves		3,616,807	2,840,100
Accumulated losses		(53,176,635)	(51,849,875)
TOTAL EQUITY		1,461,678	1,655,198

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021**

	Note	6 months to 30 June 2021 US\$	6 months to 30 June 2020 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		326,739	308,628
Production expenditure		(113,909)	(148,924)
Payments to suppliers & employees		(366,516)	(302,082)
Income tax paid		-	(61,729)
NET CASH FLOWS FROM / (USED) IN OPERATING ACTIVITIES		(153,686)	(204,107)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(808)	-
Exploration and evaluation expenditure		(29,740)	(72,970)
Oil and gas properties expenditure		(124,379)	(309,164)
Refund of performance bond collateral		225,000	-
NET CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES		70,073	(382,134)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issues		723,728	-
Share issue costs		(75,196)	-
Proceeds from convertible notes		1,140,481	-
Share application funds received in advance		227,048	-
NET CASH FROM FINANCING ACTIVITIES		2,016,061	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,932,448	(586,241)
Net foreign exchange differences		(23,950)	(4,438)
Cash and cash equivalents at beginning of period		661,624	1,669,266
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	2,570,122	1,078,587

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

	Issued Capital US\$	Option Premium Reserve US\$	Currency Translation Reserve US\$	Share Based Payment Reserve US\$	Convertible note reserve	Accumulated Losses US\$	Total Equity US\$
At 1 JANUARY 2021	50,664,973	(27,070)	2,862,775	4,395	-	(51,849,875)	1,655,198
Loss for the period	-	-	-	-	-	(1,326,760)	(1,326,760)
Other comprehensive income	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	-	(1,326,760)	(1,326,760)
Transactions with owners in their capacity as owners							
Securities issued	723,728	-	-	-	-	-	723,728
Equity raising costs	(367,195)	-	-	-	-	-	(367,195)
Convertible notes issued	-	-	-	-	44,710	-	44,710
Options issued	-	-	-	731,997	-	-	731,997
At 30 JUNE 2021	51,021,506	(27,070)	2,862,775	736,392	44,710	(53,176,635)	1,461,678

	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 2020	50,664,973	(27,070)	2,862,775	4,395	-	(51,103,601)	2,401,472
Loss for the period	-	-	-	-	-	(627,411)	(627,411)
Other comprehensive income	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	-	(627,411)	(627,411)
Transactions with owners in their capacity as owners							
Securities issued	-	-	-	-	-	-	-
Share issue cost	-	-	-	-	-	-	-
At 30 JUNE 2020	50,664,973	(27,070)	2,862,775	4,395	-	(51,731,012)	1,774,061

The accompanying notes form part of this financial report



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

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 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Lion Energy Limited ("Company") and its controlled entities ("Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, 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 2020, except for the impact of all new or amended standards and interpretations. The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies.

NOTE 2. GOING CONCERN BASIS

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss before income tax of \$1,326,760 (2020: \$627,411), a net operating cash outflow of \$153,686 (2020: \$204,107) and spent a net investing cash inflow of \$70,073 (2020: outflow \$382,134) for the 6 months to 30 June 2021.

The Consolidated Entity is currently in a positive net current asset position, including cash of \$2,570,122. As at the date of this report, the Directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

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 2021 US\$	6 months to 30 June 2020 US\$
REVENUE		
Revenue from contract with customers – oil sales	-	233,628
Management fees	30,000	75,000
	<u>30,000</u>	<u>308,628</u>
 BREAKDOWN OF EXPENSES		
Cost of goods sold:		
Production costs	-	131,821
	<u>-</u>	<u>131,821</u>
 Administrative expenses		
Depreciation	208	208
Consultancy expenses	27,949	21,432
Legal expenses	2,330	39,239
Professional fees	86,737	71,840
Rental costs	2,306	1,981
Travel expenses	4,537	3,604
Other administrative expenses	46,297	85,168
	<u>170,364</u>	<u>223,472</u>

NOTE 4. CASH AND CASH EQUIVALENTS

	30 June 2021 US\$	31 December 2020 US\$
Cash at bank	2,304,926	632,864
Share of joint venture cash	265,196	28,760
	<u>2,570,122</u>	<u>661,624</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

NOTE 5. TRADE AND OTHER RECEIVABLES

	30 June 2021 US\$	31 December 2020 US\$
Current		
Trade debtors	-	297,676
Other debtors and prepayments	27,007	26,069
	<u>27,007</u>	<u>323,745</u>
Non-Current		
Performance bonds collateral	122,250	347,250
Deposit with SKK Migas	60,000	60,000
	<u>182,250</u>	<u>407,250</u>

Performance bonds collateral:

Lion lodged collateral to support its exploration commitments in the East Seram PSC and production commitments in the Seram (Non-Bula) PSC. The original performance bonds collateral were for \$375,000 for East Seram and \$122,250 for Seram (Non-Bula).

As result of the farmout of East Seram PSC completed on 13 April 2020, Lion received \$150,000 from the Farm-in partner for its share of the deposit.

During the period, the remaining East Seram performance bond cash collateral totalling \$225,000 was refunded back to Lion.

Lion expects that the remaining Seram (Non-Bula) PSC bond collateral will be refunded in 2024.

Deposit with SKK Migas:

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

As a result of the farmout of East Seram PSC completed on 13 April 2020, Lion received \$40,000 from the Farm-in partner for its share of the deposit.

NOTE 6. INVENTORIES

	30 June 2021 US\$	31 December 2020 US\$
Oil in Storage*	147,422	10,242
Inventory - materials	265,131	288,402
	<u>412,553</u>	<u>298,644</u>

* On 30 July 2021, the joint venture operator completed the sale of 299,775 barrels of oil, of which the Group's share is 7,494 barrels. Lion expects to receive approximately \$432,000 after deduction of the Indonesian government share during 3Q2021.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

NOTE 7. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2021 US\$	31 December 2020 US\$
Capitalised exploration and evaluation expenditure	444,951	415,211
TOTAL	444,951	415,211

**MOVEMENTS IN THE CARRYING AMOUNT OF CAPITALISED EXPLORATION AND
EVALUATION EXPENDITURE**

At the beginning of the financial period	415,211	1,359,160
Expenditure during the period	29,740	244,417
Disposal – 40% interest in East Seram PSC	-	(1,188,366)
AT THE END OF THE FINANCIAL PERIOD	444,951	415,211

Included in exploration and evaluation expenditure are costs associated with Group's interest in the East Seram PSC.

NOTE 8. OIL AND GAS PROPERTIES

	30 June 2021 US\$	31 December 2020 US\$
Oil and gas properties at cost	2,832,859	2,657,983
Accumulated depreciation, depletion, amortisation and impairment	(2,832,859)	(2,657,983)
TOTAL	-	-

MOVEMENTS IN THE CARRYING AMOUNT OF OIL AND GAS PROPERTIES

At the beginning of the financial period	-	-
Expenditure during the period	174,876	370,528
Depreciation, depletion & amortisation	-	(76,821)
Impairment	(174,876)	(293,707)
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 (2020: 2.5%). The Group previously impaired the entire oil & gas properties asset as at 31 December 2020 and 30 June 2021, when it identified that the carrying value exceeded its recoverable value and have therefore impaired the entire asset. The impairment assessment resulted in this conclusion due to the volatile oil price environment and forecasted exploration related expenditure required to maintain the PSC in good standing.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

NOTE 9. TRADE AND OTHER PAYABLES

	30 June 2021 US\$	31 December 2020 US\$
Trade and other payables	617,081	260,081
Share Application funds received in advance*	227,048	-
	844,129	260,081

* Share application funds received in advance relate to share applications received before 30 June 2021 for the placement completed on 6 July 2021 (following obtaining shareholder approval at the Company's Annual General Meeting on 5 July 2021).

NOTE 10. CONVERTIBLE NOTES

	30 June 2021 US\$	31 December 2020 US\$
Convertible notes	1,140,481	-
	1,140,481	-

MOVEMENTS IN THE CARRYING AMOUNT OF CONVERTIBLE NOTES

	Number	\$
At the beginning of the financial period	-	-
Initial recognition of convertible notes (net of transaction costs)	1,517,000	398,209
Finance expense accretion of convertible notes to face value	-	776,707
Impact of foreign exchange	-	(34,435)
	1,517,000	1,140,481

AT THE END OF THE FINANCIAL PERIOD

On 22 April 2021 1,517,000 convertible notes with a face value of AUD \$1,517,000 were issued to investors (announced 23 April 2021). Each note was issued with the following terms:

- Face value of AUD \$1 per note
- Maturity date: 31 December 2021
- Security: Unsecured
- Conversion: subject to approval at a General Meeting (completed 5 July 2021)
- Conversion price of AUD \$0.03 per share
- Each share issued from the convertible notes will include a 1:1 Option
- Interest: 12% per annum

The option terms include a AUD \$0.04 exercise price with an expiry of 2 years from the issue date.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

The options were valued using the Black-Scholes methodology with the following assumptions:

Underlying share price (\$)	0.038
Exercise price (\$)	0.04
Expected volatility	94%
Life of the options (years)	2
Expected dividends	Nil
Risk free rate	0.07%

The convertible notes are classified as compound financial instruments for accounting purposes. On initial recognition, the debt component of USD \$1,130,206. Finance expenses totalling USD \$731,997 were capitalised against the debt, with a net carrying value of \$398,209 recognised on issue date. \$44,710 was attributed to the residual equity component of the convertible notes and an initial financing expense of \$776,707 was recognised upon the issue of the convertible notes.

On 6 July 2021, all convertible notes were fully converted into shares.

NOTE 11. PROVISION FOR RESTORATION (NON-CURRENT)

	30 June 2021 US\$	31 December 2020 US\$
Provision for restoration	194,682	194,682
	<u>194,682</u>	<u>194,682</u>

NOTE 12. ISSUED CAPITAL

	30 June 2021 US\$	31 December 2020 US\$
ORDINARY SHARES		
238,501,790 (31 December 2020: 207,401,790) fully paid ordinary shares	51,313,506	50,664,973
	<u>51,313,506</u>	<u>50,664,973</u>
	Number of shares	US\$
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	207,401,790	50,664,973
Issue of shares	31,100,000	723,728
Share issue expenses	-	(367,195)
AT THE END OF THE FINANCIAL PERIOD	<u>238,501,790</u>	<u>51,021,506</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

NOTE 13. SEGMENT INFORMATION

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

Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

NOTE 14. EVENTS SUBSEQUENT TO BALANCE DATE

On 6 July 2021, all convertible notes as described in Note 10 were converted into 51,697,144 fully paid ordinary shares.

On 30 July 2021, the joint venture operator completed the sale of 299,775 barrels of oil, of which the Group's share is 7,494 barrels. Lion expects to receive approximately \$432,000 after deduction of the Indonesian government share during 3Q2021.

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 15. FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the Group's financial assets and liabilities as at 30 June 2021 were considered to approximate their fair value.

NOTE 16. RELATED PARTY TRANSACTIONS

There has been no change in related party transactions since the last annual reporting period

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

Conclusion

We have reviewed the accompanying half-year financial report of Lion Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

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

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Basis for Conclusion

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

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

Responsibility of the Directors for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2021 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 WA AUDIT PTY LTD



MARK DELAURENTIS CA

Partner

Dated at Perth this 13th day of September 2021

To the Board of Directors

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

As lead audit partner for the review of the financial statements of Lion Energy Limited for the half year ended 30 June 2021, 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
Partner

Dated at Perth this 13th day of September 2021