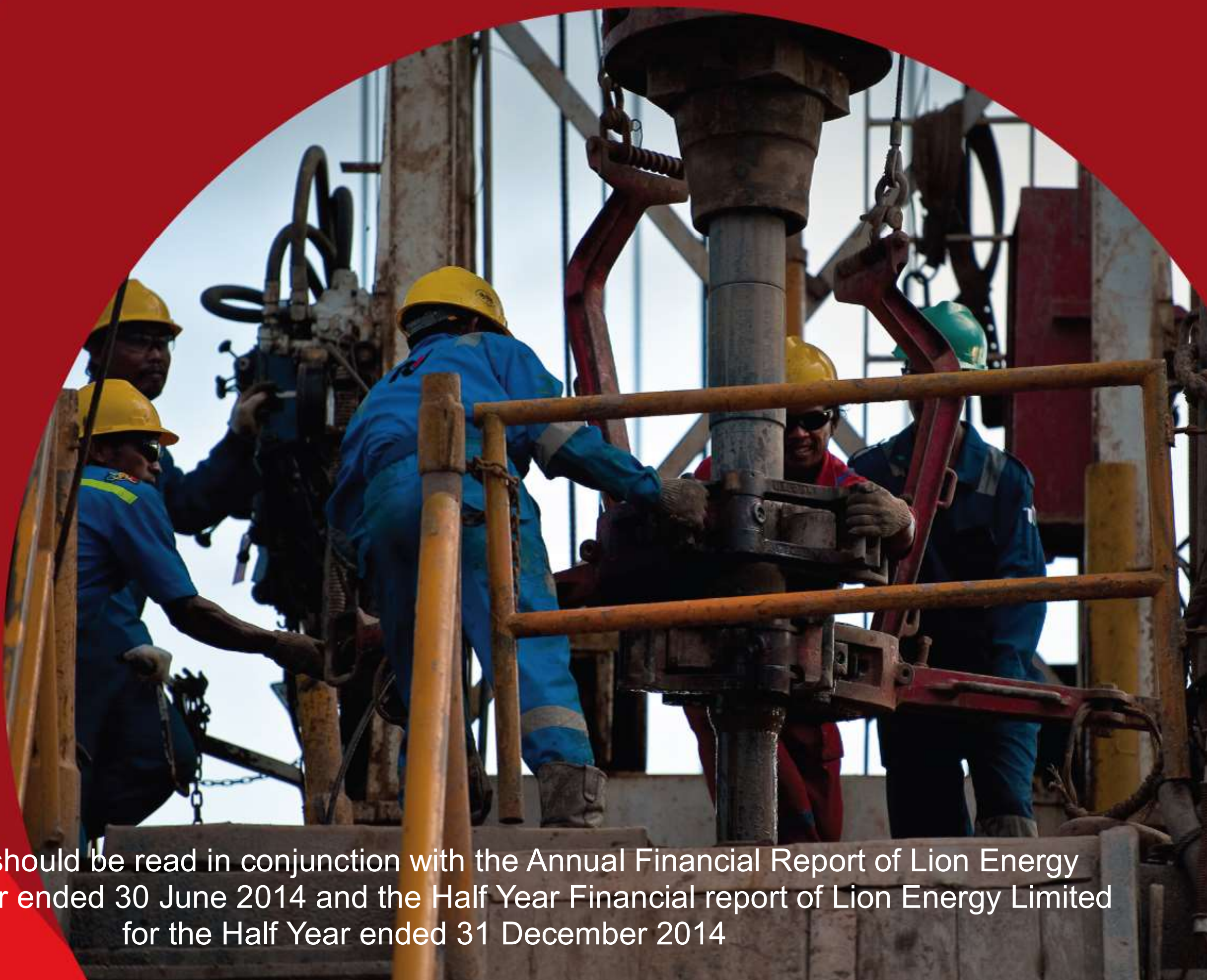
Interim Financial Report
Period Ended 30 June 2015

Lion Energy Limited
ABN 51 000 753 640



This document should be read in conjunction with the Annual Financial Report of Lion Energy Limited for the year ended 30 June 2014 and the Half Year Financial report of Lion Energy Limited for the Half Year ended 31 December 2014

LION ENERGY LIMITED
CORPORATE DIRECTORY

DIRECTORS:	Russell Brimage (Executive Chairman) Kim Morrison (Chief Executive) Stuart B. Smith (Executive Director) Thomas Soulsby (Non-executive Director) Christopher Newton (Non-executive Director)
JOINT COMPANY SECRETARIES:	Zane Lewis Arron Canicais
REGISTERED OFFICE:	Ground Floor 15 Rheola St West Perth WA 6005 Australia Tel: +61 (8) 9211 1500 Fax: +61 (8) 9211 1501
AUDITORS:	**Ernst & Young** 11 Mounts Bay Road Perth WA 6000 Tel: +61 (8) 9429 2222 Fax: +61 (8) 9429 2432
SHARE REGISTRY:	**Computershare Investor Services Pty Ltd** Level 11 172 St Georges Terrace Perth, Western Australia 6000 GPO Box 2975 Melbourne VIC 3001 Tel: +61 1300 787 272 Fax: +61 (3) 9473 2500

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 2015. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

As announced on the 4 June 2015 Lion Energy Limited had to change its financial year to 1 January 2015 to 31 December 2015 to be in line with its majority shareholder Risco Energy Pte Ltd as required by the Singapore Companies Act.

DIRECTORS

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

Russell Brimage (Executive Chairman)
Kim Morrison (Chief Executive)
Stuart B. Smith (Executive Director)
Thomas Soulsby (Non-executive Director)
Christopher Newton (Non-executive Director)

OPERATING RESULTS

The operating and comprehensive loss for the Consolidated Entity, after income tax for the 6 months to 30 June 2015 amounted to US$691,392 (6 months to 30 June 2014: operating loss US$932,537 and comprehensive loss of US$457,160).

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

Significant Changes

The following significant changes in the state of affairs of the Company occurred during the financial period:

- On 2 March 2015 the Company was awarded two unconventional oil & gas joint studies by the Government of Indonesia:

    - One over approx. 4700 km2 in the prolific North Sumatra Basin, in which Lion has a 55% interest; and

    - The second of approx. 2500 km2 in the world-class Central Sumatra Basin oil province, in which Lion has a 75% interest.

  By conducting the joint studies Lion gains priority rights for participation in a subsequent Production Sharing Contract (PSC).

- In the South Block A PSC (Company 35%) formal Indonesian Government approval was received on 6 May 2015 for the extension of the exploration period to 4 December 2016. During this time the joint venture is required to drill a commitment well.

- On 4 June 2015, the Company announced that it plans to change its financial year end from June to December.

Apart from the above, there were no other significant changes in the period to report.

Review of Operations

Operational highlights for the period:

- A material gas discovery in the eastern Indonesian Seram (Non-Bula) PSC (Company 2.5%) was confirmed with a successful testing program at the Lofin-2 appraisal well. A test of the fractured Triassic Manusela limestone objective section flowed gas at approx. 17.8 mmscfd with approx. 2634 bpd water and completion fluid and approx. 54 bpd of 34.9° API condensate/oil through a 52/64" choke with a flowing pressure of 2250 psi (96 hour flow period on 52/64" choke). Wireline pressure testing combined with sampling and drill stem test data, indicates a gas column in the large Lofin structure of at least 1106m and potentially up to 1300m.

- Production from the Seram (Non-Bula) PSC averaged 2,905 bopd, which equates to 13,214 barrels net to Lion

- One oil lifting totalling 8,500 bbl net to the Company (but before First Tranche Petroleum) generated sales revenue of US$464,500. As at 30 June 2015 the Company's share of crude oil available for lifting was 4806 bbl.

- In the onshore North Sumatra South Block A PSC (Company 35%) work on the 2014 seismic survey has high graded two potential drill candidates; the large gas condensate Jerneh prospect and the Paya Bili oil prospect.

- Good progress was made on the Unconventional Joint Studies with the assigned Indonesian Universities.

Further information may be found in the Company's reports for the March 2015 and June 2015 quarters, released to the ASX on 30 April 2015 and 30 July 2015, respectively.

EVENTS SUBSEQUENT TO BALANCE DATE

On 10 July 2015 3,666,667 unlisted options exercisable at $0.26 each expired.

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, Ernst & Young, have provided a signed auditors independence declaration to the directors in relation to the six months ended 30 June 2015. 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.

Russell Brimage
Director

9th September 2015
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of Lion Energy Limited A.C.N. 000 753 640 ("Company") declare that:

a) in their opinion the accompanying financial statements and notes of the Consolidated Entity;

   i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   ii) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and its performance for the period ended on that date; and

b) In their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. Subject to the conditions set out in Note 2 to the financial statements.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Russell Brimage
Director

9th September 2015
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015

	Note	6 months to 30 June 2015 US$	6 months to 30 June 2014 (Restated) US$
SALES REVENUE	3	**464,501**	**618,846**
Cost of sales	3	(430,096)	(141,844)
GROSS PROFIT		**34,405**	**477,002**
Other operating income		61,748	-
Financing income	3	3,484	11,812
Administration expenses		(571,096)	(668,903)
Employee benefit expenses		(182,557)	(145,946)
Finance costs		-	(220,644)
Foreign exchange losses		(13,378)	(351,795)
Share of losses of associates accounted for using the equity method		-	583
LOSS BEFORE INCOME TAX		**(667,394)**	**(897,891)**
Income tax expense		(23,998)	(34,646)
LOSS AFTER INCOME TAX		**(691,392)**	**(932,537)**
LOSS FOR THE PERIOD		**(691,392)**	**(932,537)**
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		-	475,377
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX		**-**	**475,377**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(691,392)**	**(457,160)**
BASIC LOSS PER SHARE (CENTS PER SHARE)		**(0.72)**	**(0.52)**
DILUTED LOSS PER SHARE (CENTS PER SHARE)		**(0.72)**	**(0.52)**

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	30 June 2015 US$	31 December 2014 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,649,789	4,697,885
Trade and other receivables	5	301,138	643,373
Inventories		401,493	351,959
TOTAL CURRENT ASSETS		**4,352,420**	**5,693,217**
NON-CURRENT ASSETS			
Plant and equipment		20,291	22,567
Receivables		131,250	131,250
Capitalised exploration and evaluation expenditure		7,844,217	7,392,813
Oil & gas properties		1,180,845	612,653
TOTAL NON-CURRENT ASSETS		**9,176,603**	**8,159,283**
TOTAL ASSETS		**13,529,023**	**13,852,500**
CURRENT LIABILITIES			
Trade and other payables	6	995,995	751,981
TOTAL CURRENT LIABILITIES		**995,995**	**751,981**
TOTAL NON-CURRENT LIABILITIES		**-**	**-**
TOTAL LIABILITIES		**995,995**	**751,981**
NET ASSETS		**12,533,028**	**13,100,519**
EQUITY			
Issued capital	7	47,398,189	47,274,288
Reserves		2,835,705	2,835,705
Accumulated losses		(37,700,866)	(37,009,474)
TOTAL EQUITY		**12,533,028**	**13,100,519**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015

	Note	6 months to 30 June 2015 US$	6 months to 30 June 2014 (Restated) US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		915,916	1,410,071
Receipts from legal settlement		61,748	-
Production expenditure		(271,970)	(309,356)
Payments to suppliers & employees		(657,768)	(670,992)
Interest received		3,484	11,812
NET CASH FROM OPERATING ACTIVITIES		**51,410**	**441,535**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(591)	(1,871)
Exploration, development and production expenditure		(1,093,546)	(2,551,973)
NET CASH USED IN INVESTING ACTIVITIES		**(1,094,137)**	**(2,553,844)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		-	8,509,591
Share issue costs		-	(664,679)
Borrowings		-	(229,467)
NET CASH FROM FINANCING ACTIVITIES		**-**	**7,615,445**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,042,727)	5,503,136
Net foreign exchange differences		(5,369)	2,508
Cash and cash equivalents at beginning of period		4,697,885	316,614
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	**3,649,789**	**5,822,258**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015

	Issued Capital US$	Option Premium Reserve US$	Currency Translation Reserve US$	Accumulated Losses US$	Total Equity US$
At 1 January 2014 (Restated)	33,484,475	(277,322)	2,387,398	(36,623,855)	(1,029,304)
Loss for the period	-	-	-	(932,537)	(932,537)
Other comprehensive income	-	-	475,377	-	475,377
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (RESTATED)	**-**	**-**	**475,377**	**(932,537)**	**(457,160)**
Transactions with owners in their capacity as owners					
Securities issued	13,849,197	-	-	-	13,849,197
Capital raising costs	(95,285)	-	-	-	(95,285)
Share based payments	-	250,252	-	-	250,252
AT 30 JUNE 2014 (RESTATED)	**47,238,387**	**(27,070)**	**2,862,775**	**(37,556,392)**	**12,517,700**

	Issued Capital US$	Option Premium Reserve US$	Currency Translation Reserve US$	Accumulated Losses US$	Total Equity US$
At 1 January 2015	47,274,288	(27,070)	2,862,775	(37,009,474)	13,100,519
Loss for the period	-	-	-	(691,392)	(691,392)
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**-**	**(691,392)**	**(691,392)**
Transactions with owners in their capacity as owners					
Securities issued	127,694	-	-	-	127,694
Capital raising costs	(3,793)	-	-	-	(3,793)
AT 30 JUNE 2015	**47,398,189**	**(27,070)**	**2,862,775**	**(37,700,866)**	**12,533,028**

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 2015 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 30 June 2014 and half year financial statements of the Group for the half year ended 31 December 2014, 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 30 June 2014, except as noted below.

Change in 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. During the financial year 2014 the Company completed a major reorganisation, acquiring three new US dollar denominated subsidiaries and became a subsidiary of Risco Energy Unconventional Pte Ltd. Consequently, the directors had determined that the functional currency of the company and each of its subsidiaries is US dollars, as the US dollar is the currency that mainly influences the revenues and costs of both the parent entity and each of its subsidiaries, and is therefore the currency of the primary economic environment in which they operate. The parent entity's functional currency was previously Australian dollars. The change in functional currency of the parent entity has been applied prospectively with effect from 1 July 2014 in accordance with the requirements of the accounting standards.

Following the change in functional currency, the Company has elected to change its presentation currency from Australian dollars to US dollars. The directors believe that changing the presentation currency to US dollars will enhance comparability with its industry peer group, a majority of which report in US dollars. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

To give effect to the change in functional and presentation currency, the assets and liabilities of the company, which had an Australian dollar functional currency at 30 June 2014 were converted into US dollars at a fixed exchange rate on 1 July 2014 of US$1:A$1.0594 and the contributed equity, reserves and retained earnings were converted at applicable historical rates. In order to derive US dollar opening balances, the Australian dollar functional currency assets and liabilities at 1 July 2013 were converted at the spot rate of US$1:A1.0934 on the reporting date; revenue and expenses for the twelve months ended 30 June 2014 were converted at the average exchange rates of US$1:A$1.0895 for the reporting period, or at the exchange rates ruling at the date of the transaction to the extent practicable, and equity balances were converted at applicable historical rates.

The above stated procedures resulted in the recognition of a foreign currency translation reserve of US$2,245,831 on 1 July 2013, as set out in the interim financial report for the period ending 31 December 2014.

New and amended accounting standards and interpretations

The Company has adopted all Australian Accounting Standards and Interpretations effective from 1 January 2015, including:

Reference	Title	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities* AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 1031	*Materiality* The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	^^	^^
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.	1 July 2014	1 July 2014

Reference	Title	Application date of standard*	Application date for Group*
	► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.		

^^ The application dates of AASB 2013-9 are as follows:

Part A – periods ending on or after 20 Dec 2013 — Application date for the Group: period ending 30 June 2014,

Part B - periods beginning on or after 1 January 2014 — Application date for the Group: period beginning 1 July 2014,

Part C - reporting periods beginning on or after 1 January 2015 — Application date for the Group: period beginning 1 July 2015.

The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new accounting standards and interpretations.

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 US$691,392, received a net operating cash inflow of US$51,410 and expended a net investing cash outflow of US$1,094,137 for the 6 months to 30 June 2015.

The Consolidated Entity is currently in a positive net current asset position, including cash of $3,649,789. The Directors are confident that the Group has sufficient cash to fund its share of currently approved joint venture activities and will be able to meet existing commitments as they fall due. The Directors will also continue to carefully manage discretionary expenditure in line with the Group’s cash flow. However, if proposed development drilling is approved by the Seram Joint Venture partners and the development drilling schedule proceeds as currently envisioned, the company may need further funding to meet its share of the expenditure. The Directors are confident of being able to raise the required funding, but note that it has not been secured at the date of this report. Should the proposed development drilling be approved and the Group not achieve the additional funding required, there is uncertainty 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 report does not include adjustments relating to the recoverability or classification of the recorded assets amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

	6 months to 30 June 2015 US$	6 months to 30 June 2014 (Restated) US$

NOTE 3. REVENUE AND EXPENSES

The profit/(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 2015 US$	6 months to 30 June 2014 (Restated) US$
REVENUE		
Oil sales	464,501	618,846
FINANCE INCOME		
Interest income	3,484	11,812
BREAKDOWN OF EXPENSES		
Cost of goods sold:		
Production costs	222,436	124,092
Depreciation, depletion & amortisation	207,660	17,752
	430,096	141,844
Administrative expenses		
Depreciation	2,867	1,960
Consultancy expenses	186,446	197,329
Legal expenses	38,824	59,002
Professional fees	77,897	52,751
Rental costs	17,979	21,015
Cost of share based payments	123,901	-
Travel expenses	54,004	34,490
Other administrative expenses	69,178	302,356
	571,096	668,903

NOTE 4. CASH AND CASH EQUIVALENTS

	30 June 2015 US$	31 December 2014 US$
Cash at bank	3,501,916	4,538,882
Share of joint venture cash	147,873	159,003
	3,649,789	4,697,885

	30 June 2015 US$	31 December 2014 US$
NOTE 5. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade debtors	-	408,118
Other debtors and prepayments	301,138	235,255
	301,138	643,373
NOTE 6. TRADE AND OTHER PAYABLES (CURRENT)		
Sundry creditors and accrued expenses	458,726	328,277
Share of joint venture payables	537,269	423,704
	995,995	751,981

	30 June 2015 US$	31 December 2014 US$
NOTE 7. ISSUED CAPITAL		
ORDINARY SHARES		
96,039,242 (30 June 2014: 95,029,377) fully paid ordinary shares	47,398,189	47,274,288
	47,398,189	47,274,288
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	47,274,288	
795,769 shares issued on 25 February 2015	123,901	
AT THE END OF THE FINANCIAL PERIOD	47,398,189	

NOTE 8. 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 9. EVENTS SUBSEQUENT TO BALANCE DATE

On 10 July 2015 3,666,667 unlisted options exercisable at $0.26 each expired.

No 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 10. FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the Group's financial assets and liabilities at 30 June 2015 was considered to approximate their fair value.

NOTE 11. RELATED PARTY TRANSACTIONS

On the 25 February 2015 Lion Energy Limited issued 250,000 Lion Energy Limited shares at an issue price of $0.20 for a total value of $50,000 to director Stuart Smith. The issue of the shares was approved at the Lion Energy Limited 2014 AGM held 25 November 2014. The Incentive Shares are deemed to be fully paid and rank pari passu with all other Lion Energy Limited shares on issue.

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To the members of Lion Energy Limited

Report on the interim financial report

We have reviewed the accompanying interim financial report of Lion Energy Limited, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the period.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lion Energy Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 30 June 2015 financial report of Lion Energy Limited 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 2015 and of its performance for the period ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

D A Hall

D A Hall
Partner
Perth
09 September 2015

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Auditor's Independence Declaration to the Directors of Lion Energy Limited

In relation to our review of the financial report of Lion Energy Limited for the period ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

D A Hall
Partner
Perth
09 September 2015