

Financial Report Half Year 2022

For the period 1 January to
30 June 2022

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 Canicais

ABN: 51 000 753 640

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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 2022. 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 2022 amounted to US\$1,784,927 (2021: loss of US\$1,326,760). The loss includes non-cash finance expenses of \$1,077,485 (2021: \$776,707).

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

Significant Changes

There were no significant changes during the period.

Review of Operations

- Production from the Seram (Non-Bula) PSC averaged 1,359bopd, which equates to 6,151 barrels net to Lion, representing a decline rate of 12% 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 246,535 barrels. Lion's share of revenues arising from the lifting was USD658,259 (pre government share of USD116,775) and was received post balance date in July 2022.
- Gross crude oil available for lifting at the end of June 2022 was immaterial.
- During the period, the Seram (Non-Bula) JV continued preparation for the Lofin 2 well re-entry and test, which are now scheduled to commence during Q4 2022
- In April 2022, Lion signed a contract with one of world's largest seismic contractors, BGP, for a 200km onshore 2D seismic survey in East Seram. Mobilization commenced in May 2022 and seismic acquisition is expected to be completed by year-end 2022.
- In May 2022, Lion appointed Wasco to conduct front end engineering and design for its first hydrogen production and refuelling facility in Australia.
- During the period, Lion continued its focus on a collaborative approach with government and partners in green hydrogen production and distribution with multiple proposals being progressed with public transport bus operators in Australian states including Queensland and NSW.
- The Group had a cash balance of USD7.9 million at the end of the period, from US\$8.7 million as of 31 December 2021.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO BALANCE DATE

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.

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 2022. 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

12th September 2022
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 2022 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".

Thomas Soulsby
Executive Chairman

12th September 2022
Perth, Western Australia



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	6 months to 30 June 2022 US\$	6 months to 30 June 2021 US\$
REVENUE	3	688,259	30,000
Cost of sales	3	(253,920)	-
GROSS PROFIT		434,339	30,000
Administration expenses	3	(269,462)	(170,364)
Employee benefit expenses		(385,396)	(210,876)
Finance expenses	10	(1,077,485)	(776,707)
Foreign exchange gains		(298,955)	(23,950)
Impairment – Oil & Gas Properties	8	(11,172)	(174,876)
Other Income		997	13
LOSS BEFORE INCOME TAX		(1,607,134)	(1,326,760)
Income tax expense		(177,793)	-
LOSS AFTER INCOME TAX		(1,784,927)	(1,326,760)
LOSS FOR THE PERIOD		(1,784,927)	(1,326,760)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,784,927)	(1,326,760)
BASIC LOSS PER SHARE (CENTS PER SHARE)		(0.423)	(0.61)
DILUTED LOSS PER SHARE (CENTS PER SHARE)		(0.423)	(0.61)

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Note	30 June 2022 US\$	31 December 2021 US\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,915,911	8,683,378
Trade and other receivables	5	693,941	469,330
Inventories	6	248,542	251,490
TOTAL CURRENT ASSETS		8,858,394	9,404,198
NON-CURRENT ASSETS			
Plant and equipment		887	3,775
Receivables	5	182,250	182,250
Capitalised exploration and evaluation expenditure	7	629,614	464,362
Oil and gas properties	8	-	-
TOTAL NON-CURRENT ASSETS		812,751	650,387
TOTAL ASSETS		9,671,145	10,054,585
CURRENT LIABILITIES			
Trade and other payables	9	546,364	307,287
Convertible notes	10	-	1,367,173
TOTAL CURRENT LIABILITIES		546,364	1,674,460
NON-CURRENT LIABILITIES			
Provision for restoration	11	199,969	199,570
TOTAL NON-CURRENT LIABILITIES		199,969	199,570
TOTAL LIABILITIES		746,333	1,874,030
NET ASSETS		8,924,812	8,180,555
EQUITY			
Issued capital	12	59,092,014	56,869,909
Reserves		5,299,175	4,992,096
Accumulated losses		(55,466,377)	(53,681,450)
TOTAL EQUITY		8,924,812	8,180,555

The accompanying notes form part of this financial report



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022

	Note	6 months to 30 June 2022 US\$	6 months to 30 June 2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		463,648	326,739
Production expenditure		(250,573)	(113,909)
Payments to suppliers & employees		(415,397)	(366,516)
Income tax paid		(177,793)	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(380,115)	(153,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(453)	(808)
Exploration and evaluation expenditure		(165,252)	(29,740)
Oil and gas properties expenditure		(12,579)	(124,379)
Refund of performance bond collateral		-	225,000
NET CASH FLOWS FROM / (USED) IN INVESTING ACTIVITIES		(178,284)	70,073
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issues		89,887	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		89,887	2,016,061
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(468,512)	1,932,448
Net foreign exchange differences		(298,955)	(23,950)
Cash and cash equivalents at beginning of period		8,683,378	661,624
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	7,915,911	2,570,122

The accompanying notes form part of this financial report



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

	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 2022	56,869,909	(27,070)	2,862,775	2,043,631	112,760	(53,681,450)	8,180,555
Loss for the period	-	-	-	-	-	(1,784,927)	(1,784,927)
Other comprehensive income	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	-	(1,784,927)	(1,784,927)
Transactions with owners in their capacity as owners							
Securities issued	89,887	-	-	-	-	-	89,887
Equity raising costs	(419,839)	-	-	419,839	-	-	-
Convertible notes converted to shares	2,552,057	-	-	-	(112,760)	-	2,439,297
At 30 JUNE 2022	59,092,014	(27,070)	2,862,775	2,463,470	-	(55,466,377)	8,924,812

	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 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

The accompanying notes form part of this financial report



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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 2022 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 2021, 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 2021, 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 \$1,607,134 (2021: loss of \$1,326,760), a net operating cash outflow of \$380,115 (2021: outflow of \$153,686) and spent a net investing cash outflow of \$178,284 (2021: inflow of \$70,073) for the 6 months to 30 June 2022.

The Consolidated Entity is currently in a positive net current asset position, including cash of \$7,915,911. 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 2022**

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 2022 US\$	6 months to 30 June 2021 US\$
REVENUE		
Revenue from contract with customers – oil sales	658,259	-
Management fees	30,000	30,000
	<u>688,259</u>	<u>30,000</u>
 BREAKDOWN OF EXPENSES		
Cost of goods sold:		
Production costs	253,920	-
	<u>253,920</u>	<u>-</u>
Administrative expenses		
Depreciation	-	208
Consultancy expenses	103,193	27,949
Legal expenses	1,618	2,330
Professional fees	85,697	86,737
Rental costs	2,165	2,306
Travel expenses	7,626	4,537
Other administrative expenses	69,163	46,297
	<u>269,462</u>	<u>170,364</u>

NOTE 4. CASH AND CASH EQUIVALENTS

	30 June 2022 US\$	31 December 2021 US\$
Cash at bank	7,879,848	8,614,109
Share of joint venture cash	36,063	69,269
	<u>7,915,911</u>	<u>8,683,378</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

NOTE 5. TRADE AND OTHER RECEIVABLES

	30 June 2022 US\$	31 December 2021 US\$
Current		
Trade debtors	658,261	399,496
Other debtors and prepayments	35,680	69,834
	<u>693,941</u>	<u>469,330</u>
Non-Current		
Performance bonds collateral	122,250	122,250
Deposit with SKK Migas	60,000	60,000
	<u>182,250</u>	<u>182,250</u>

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 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 dated 25 September 2019, Lion received \$40,000 from the Farm-in partner for its share of the deposit.

NOTE 6. INVENTORIES

	30 June 2022 US\$	31 December 2021 US\$
Oil in Storage	9,391	7,663
Inventory - materials	239,151	243,827
	<u>248,542</u>	<u>251,490</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

NOTE 7. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2022 US\$	31 December 2021 US\$
Capitalised exploration and evaluation expenditure	629,614	464,362
TOTAL	629,614	464,362
MOVEMENTS IN THE CARRYING AMOUNT OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE		
At the beginning of the financial period	464,362	415,211
Expenditure during the period	165,252	49,151
AT THE END OF THE FINANCIAL PERIOD	629,614	464,362

Capitalised exploration and evaluation expenditure above includes costs incurred in carrying out joint studies and submitting joint study applications to Indonesian authorities over the East Seram Joint Study, that was converted to a PSC in 2018, which continues to be carried forward at its full cost. This East Seram PSC has an initial term of six years.

NOTE 8. OIL AND GAS PROPERTIES

	30 June 2022 US\$	31 December 2021 US\$
Oil and gas properties at cost	2,888,340	2,875,761
Accumulated depreciation, depletion, amortisation and impairment	(2,888,340)	(2,875,761)
TOTAL	-	-
MOVEMENTS IN THE CARRYING AMOUNT OF OIL AND GAS PROPERTIES		
At the beginning of the financial period	-	-
Expenditure during the period	12,579	217,778
Depreciation, depletion & amortisation	(1,407)	(69,626)
Impairment	(11,172)	(148,152)
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 (2021: 2.5%). The Group previously impaired the entire oil & gas properties asset as at 31 December 2021 and 30 June 2022, 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 2022**

NOTE 9. TRADE AND OTHER PAYABLES

	30 June 2022 US\$	31 December 2021 US\$
Trade and other payables	546,364	307,287
	<u>546,364</u>	<u>307,287</u>

NOTE 10. CONVERTIBLE NOTES

	30 June 2022 US\$	31 December 2021 US\$
Convertible notes	-	1,367,173
	<u>-</u>	<u>1,367,173</u>

MOVEMENTS IN THE CARRYING AMOUNT OF CONVERTIBLE NOTES

	Number	US\$
At the beginning of the financial period	3,375,000	1,367,173
Finance expense accretion of convertible notes to face value	-	1,077,485
Impact of foreign exchange	-	(5,360)
Conversion of convertible notes	(3,375,000)	(2,439,298)
	<u>-</u>	<u>-</u>
AT THE END OF THE FINANCIAL PERIOD	-	-

On 15 November 2021 3,375,000 convertible notes with a face value of AUD \$3,375,000 were issued to investors (announced 17 November 2021). Each note was issued with the following terms:

- Face value of AUD \$1 per note
- Maturity date: 31 December 2022
- Security: Unsecured
- Conversion: subject to approval at a General Meeting (completed 12 January 2022)
- Conversion price of AUD \$0.08 per share
- Each share issued from the convertible notes will include a 1:2 Option
- Interest: 12% per annum

The option terms include an AUD \$0.12 exercise price with an expiry of 2 years and 6 months from the issue date.

On 19 January 2022, the convertible notes were converted into 42,187,500 fully paid ordinary shares.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

NOTE 11. PROVISION FOR RESTORATION (NON-CURRENT)

	30 June 2022 US\$	31 December 2021 US\$
Provision for restoration	199,969	199,570
	<u>199,969</u>	<u>199,570</u>

NOTE 12. ISSUED CAPITAL

	30 June 2022 US\$	31 December 2021 US\$
ORDINARY SHARES		
426,110,223 (31 December 2021: 382,360,223) fully paid ordinary shares	59,092,014	56,869,909
	<u>59,092,014</u>	<u>56,869,909</u>

	Number of shares	US\$
MOVEMENTS IN ORDINARY SHARES		
At the beginning of the period	382,360,223	56,869,909
Director participation in placement issued 19 January 2022	1,562,500	89,887
Conversion of convertible notes issued	42,187,500	2,552,057
Equity raising costs ¹	-	(419,839)
AT THE END OF THE FINANCIAL PERIOD	<u>426,110,223</u>	<u>59,092,014</u>

¹ Equity raising costs during the period are in relation to 15,000,000 options with an exercise price of \$0.12 expiring 31 July 2024 to Peak Asset Management as part consideration for the provision of lead manager services.

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

Underlying share price (\$)	0.071
Exercise price (\$)	0.12
Expected volatility	116%
Life of the options (years)	2.5
Expected dividends	Nil
Risk free rate	0.61%

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

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 15. FINANCIAL INSTRUMENTS

Due to their short-term nature, the carrying amounts of the Group's financial assets and liabilities as at 30 June 2022 were considered to approximate their fair value.

NOTE 16. 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 Operation	Principal Place of Business	Principal Activity	Proportion of Ownership Interests Held by the Group	
			30 June 2022	31 December 2021
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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

In March 2021, CITIC Seram received a first Letter of Intent from the Regional-Owned Company requesting to start a due diligence process. In January 2022, the Regional-Owned Company advised it had completed its due-diligence and intends to acquire the 10% participating interest subject to commercial terms to be agreed. Based on a letter issued by the Minister of Energy and Mineral Resources in the Republic of Indonesia, the price for the 10% participating interest will be 10% of the performance bond provided by the PSC at the time of PSC extension in 2019.

The process is expected to complete by Q3 2022. At completion, Lion's participating interest in Seram (Non-Bula) PSC will reduce to 2.25% from 2.5% currently.

NOTE 17. RELATED PARTY TRANSACTIONS

The Company agreed to the following remuneration changes for Executive Chairman Thomas Soulsby and Executive Director Damien Servant effective for the 2022 financial year:

- An increase in base fee for Mr Thomas Soulsby to USD \$240,000 per annum, along with a short-term incentive of USD \$50,000; and
- An increase in base fee for Mr Damien Servant to USD \$206,800 per annum, along with a short-term incentive of USD \$50,000.

Other than the above, 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 2022, 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 2022 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 2022 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
Director

Dated at Perth this 12th day of September 2022

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 2022, 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 at Perth this 12th day of September 2022