Quarterly Report

1 July to 30 September 2020

Highlights – Marine 2D seismic survey mobilisation imminent with survey now programmed for ~545km (an 82% increase)

Lion Energy Limited ("Lion" or "Company") made excellent progress towards conducting marine seismic operations in the East Seram PSC during the quarter. The Company commenced a bathymetry survey, completed seismic socialisation with provincial governments and obtained partner and Government of Indonesia ("GOI") approval to expand the offshore seismic coverage to ~545km allowing higher density coverage and more leads to be delineated. The Company also had steady production from the Oseil oil field in the Seram (Non Bula) PSC.

Highlights include:

- **In the East Seram PSC, expansion of the offshore seismic program by 82% from 300 kms to 545kms results in higher density and encapsulates more leads in the offshore Kobi and Bula Bay areas.**
- **Lion will now satisfy the PSC firm commitments well ahead of the July 2021 primary term expiry.**
- **Provincial government socialisation completed.**
- **Marine seismic contractor, PT Taka Hydrocore Indonesia's vessel, the "Barakuda", is expected to commence the estimated 10 day acquisition program in early November.**
- **Onshore seismic program has been delayed to mid 2021 due to Covid with partner seismic funding arrangements remaining in place.**
- **Farmout efforts are ongoing for a further 10% divestment of East Seram by the Company.**
- **Seram (Non-Bula) Block ("SNB") PSC production for the quarter was 3,935 bbls net to Lion.**
- **A crude oil lifting at SNB was completed 28 September 2020 with Lion's revenue share (pre-GOI share) being USD323,000 expected to be received in November, 2020.**
- **Cash at quarter end was US$0.774m (excluding joint-venture cash and latest lifting), a decrease of US$0.24m from the end of Q2, 2020.**

Despite the ongoing Covid-19 pandemic, Lion was productive in Q3 achieving a number of key milestones on its pathway to shooting its seismic program.

Production from SNB averaged 1,815 bopd for the quarter (~43 bopd net to Lion). Gross crude oil production for the quarter was 167,017 bbl (3,935 bbl net to Lion).

A crude oil lifting of 350,056 bbls was completed on 28 September 2020 at USD36.98, with Lion's share of revenue approx. USD303,650 after GOI entitlement.

Lion at a glance

- ASX listed oil and gas E&P company focused on Seram Island, East Indonesia; two conventional PSC's on gross split terms.
- Net production of around 40bopd from the Seram PSC which also contains the Lofin gas/condensate discovery.
- New focus on production opportunities in Southeast Asia, initial focus on Seram Island.
- Executive team and strategic investors with impressive track records for value creation in Indonesia.

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Mr Soulsby, Lion's Chairman said that "Our momentum continued during the quarter despite the challenges of the Covid pandemic and we have been pleased by the strong ongoing support from the relevant Central and Regional government bodies. We expect to complete our offshore seismic acquisition and initial processing in Q4 2020 and to commence seismic interpretation. This is the first step to delineating over 1 billion+ boe's of prospective resource[1] potential (P50, best estimate category) that exist in the East Seram PSC."

[1]The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer to the Company's ASX release on 04/03/2019 entitled Additional high impact leads identified at East Seram PSC release, Table 1 East Seram PSC Prospective Resources Summary.

Operations update

East Seram PSC

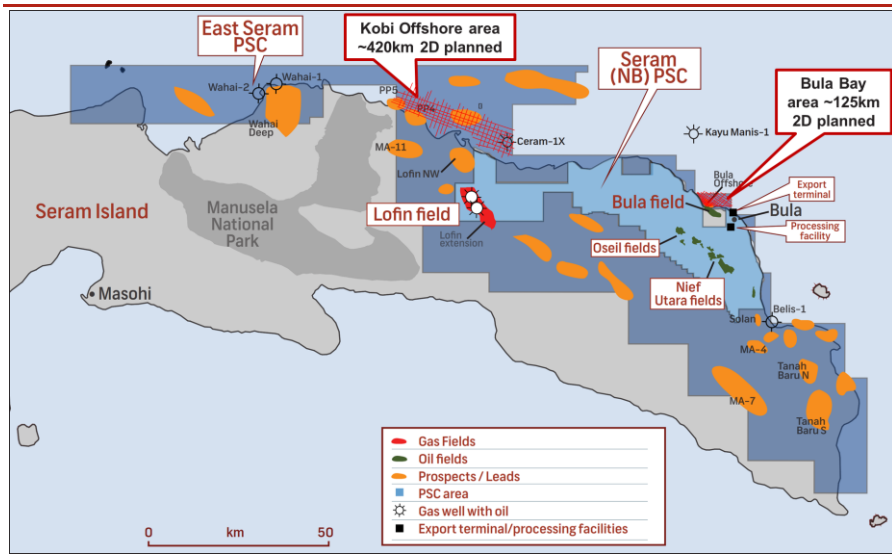
The East Seram PSC (Lion now 60%) was signed in July 2018. As noted in Lion's press release on 27 September 2019, Lion signed a farmout agreement with OESC, a subsidiary of Taiwan's CPC Corporation.

OESC has taken a 40% working interest under the farmout agreement signed with the Company on 25 September 2019.

Following completion of the deal interests in the East Seram PSC are:

Balam Energy Pte Ltd (Operator):	60%
OESC:	40%
Total:	100%

East Seram PSC – location map

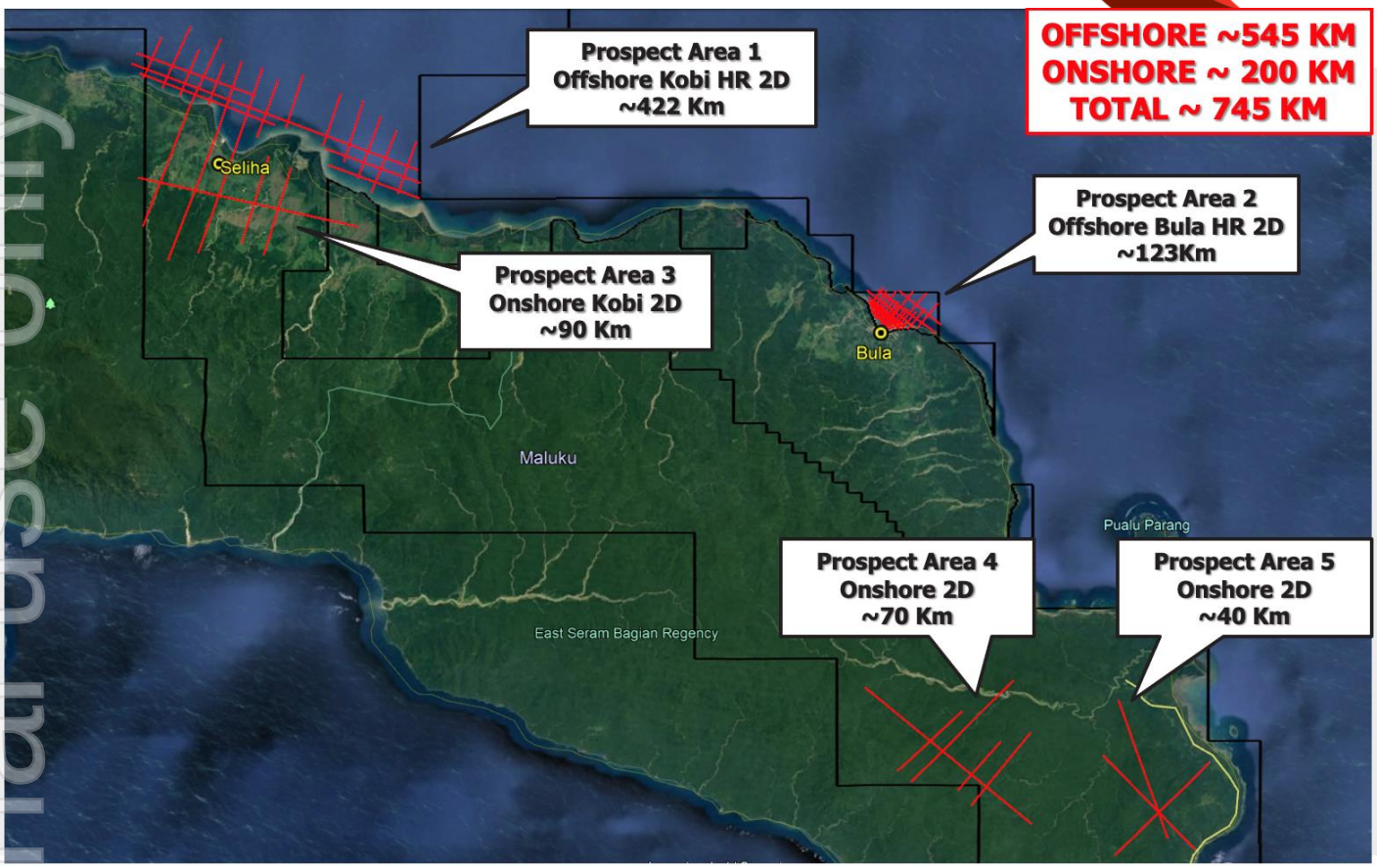


Work program update

Lion had always planned to commence shooting its 2D seismic commitment in 2020 (local Covid-19 protocols and risk assessment permitting) with a program of approximately 500 line kms. This originally consisted of an estimated 300km to be acquired offshore and approximately 200km onshore. During the quarter, the partners expanded the offshore program to approximately 545kms of 2D lines due to the need for additional line density, coverage of additional offshore leads as well as operational efficiencies. The survey will target offshore prospect areas 1 (Kobi area) and 2 (Bula Bay area) as shown on the figure below. The Kobi area has been increased from 194 to 422 line kms. The Bula Bay area was increased from 94 to 123 line kms

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Source: Updated extract of work plan and budget 2020, submitted to SKK Migas. East Seram PSC, East Indonesia

(line locations and kilometers subject to final planning).

Lion is working with its contractor PT Taka Hydrocore, to ensure the program is undertaken safely and effectively. A pre-seismic shoot bathymetry survey commenced at the end of Q3 and was completed post quarter end. The marine seismic acquisition is due to commence in early November and necessary Covid-19 protocols are in place. Lion will keep the market updated on progress of the survey.

Socialisation for the Central Maluku was finalized at the end of Q3, and Lion is pleased to report that it has strong support from the regional administrations of East Seram and Central Maluku for planned activities.

Lion has been constantly monitoring the Covid-19 situation with respect to our onshore seismic plans and related timing and is subject to Indonesia Government direction as well as our internal risk assessment.

The onshore seismic acquisition was planned for 2020, however it has been deferred due to concerns on Covid given the large numbers of personnel required in the field and it is now programmed to commence in mid 2021 (Covid-19 protocols permitting).

In Q2, Lion submitted a letter to the GOI outlining the implications of Covid-19 on its program commitments seeking an extension to both its first three year commitment expiry (currently July 2021) and to delay related relinquishment obligations. The letter was discussed with the GOI, and the partners will now satisfy PSC commitments with the expanded offshore program of approx. 545km. Lion will still apply for a deferral of its relinquishment obligations in Q2 2021.

Lion is confident the planned on and offshore seismic programs will result in a suite of drill ready targets and reinforce the East Seram PSC as one of the most high-potential exploration blocks in the South East Asian region

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Background

The 6,510 km^2 PSC covers much of the eastern part of Seram Island and surrounds the producing Seram (Non-Bula) PSC.

The PSC contains the southeast extension of the 2 TCF Lofin field, which was appraised by Seram (Non-Bula) PSC participants in 2015, and the offshore extension of the 20 mmbbl Bula Field of which Lion was operator from 2000-2005.

Lion's extensive knowledge and database of the area delivers the Company a competitive advantage and has proved critical in high grading and subsequently obtaining the East Seram acreage.

The East Seram PSC was awarded under Indonesia's new Gross Split PSC system which significantly reduces the bureaucratic burden on companies while providing internationally competitive fiscal terms with company profit share of at least 75% before corporate income tax. A modest commitment for the 3-year firm program consists of 500km 2D seismic (to be acquired either onshore or offshore) as well as geological and geophysical studies. No commitment wells are included in the primary 3-year term.

Seram (Non-Bula) Block PSC

Lion, via its wholly owned subsidiary Lion International Investment Ltd, holds a 2.5% participating interest in the Seram (Non-Bula) Block PSC, located onshore Seram Island in eastern Indonesia.

The block contains the Oseil oilfield and surrounding structures that have yielded cumulative crude oil production of 18,558,599 barrels since production started in January 2003 through to 30 September 2020.

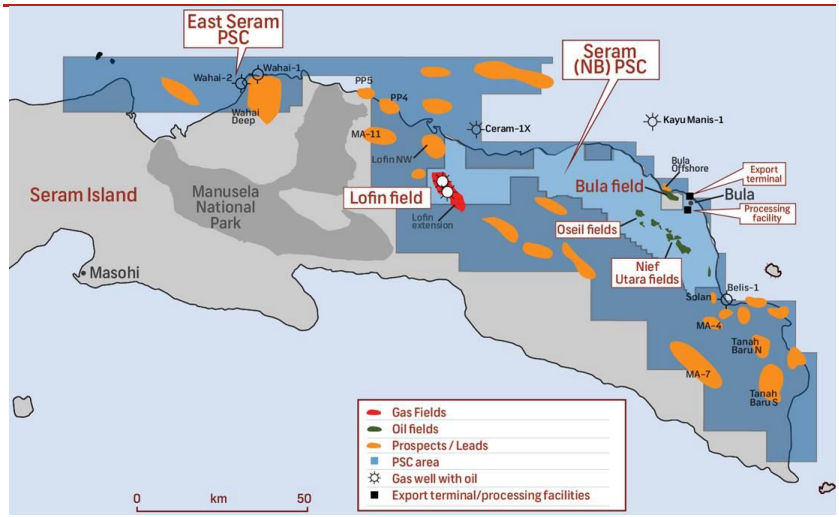
As previously reported by Lion, in 2015 the Lofin-2 appraisal well confirmed a highly material gas discovery in the SNB PSC.

The renewal of the SNB as a new gross split PSC, was executed with the official signing of the extension for a further 20 year term on 31 May 2018, between the joint venture partners and the Ministry of Minerals Resources of the Republic of Indonesia. The new contract became effective 1st November 2019.

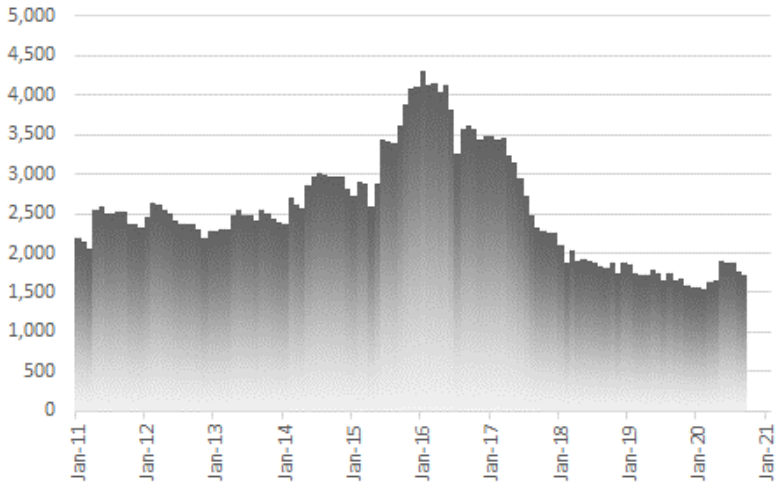
This significant milestone provides the joint venture participants:

- The opportunity to proceed with further appraisal and development of the significant Lofin gas discovery resource of in excess of 2 TCF. The Lofin-2 well test was scheduled for 2020 but has been deferred and will likely be part of the 2021 work program, subject to rig availability

Seram (Non-Bula) Block PSC - location map



Seram (Non-Bula) Block - daily production per calendar month (bopd)



and supply and contractor availability issues arising from the COVID-19 health crisis.

- The opportunity to complete the full drilling program of the Plan of Further Development (‘”POFD”) approved by the Indonesian regulatory body SKK Migas, on 5 May 2015. Only six of the 10 wells approved in the POFD were drilled due to the uncertainty of the SNB renewal, with the pending expiry of the block limiting the time for recovery of the drilling expenditure. The first of the remaining 4 POFD wells, Oseil-29 was drilled in 2020 and has produced 37,811 bbls since coming on stream in May 2020. The seven wells drilled in the POFD have produced 3.934 million barrels of crude oil up to 30 September 2020, since production commenced in January 2014. Of the 26 wells drilled in the Oseil oilfield, 13 are located in the Oseil-2 fault block and 7 of the 12 are POFD wells, with the remaining 3 approved under the POFD to be drilled in the Oseil-2 fault block. Drilling of the remaining three POFD wells is being continually assessed with respect to oil price and Covid-19 issues.

Production

During the quarter, gross crude oil production from Oseil and surrounding oilfields was 167,017 bbls (Lion’s net share 3,935 bbls). Daily production averaged 1,815 bopd (Lion’s net interest being 43 bopd). No well services were carried out in the Quarter. Preparations are underway to carry out a well service on the Oseil-22 well during the 4th Quarter.

Crude oil available for lifting at 30 September 2020 was 119,060 bbls.

The Gross Split terms for the SNB PSC calculate the contractor entitlement using what is termed a Progressive Component. This Progressive Component comprises various “Characteristics” as defined in the Production Sharing Contract, one of which is the crude oil price. The price used to calculate the Contractor entitlement is the ICP in the month of the lifting or the realized price of the sale, The Company is therefore reporting net production entitlement that may vary slightly as a result of the GOI entitlement confirmed at the next lifting, currently scheduled in the 1st quarter 2021.

Corporate

The Company continues to maintain a focus on costs, whilst pursuing an active new business program in Indonesia, initially focussed on Seram Island. Lion expect G&A costs to track steady year on year below US$1m.

Related Party Payments

During the quarter, the Company made payments of $114,000 to related parties and their associates. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors.

Summary of petroleum tenements held as at 30 June 2020

	% interest	Tenement	Location
Held at end of quarter	60%	East Seram PSC	Seram Island, Indonesia
	2.5%	Seram Non Bula PSC	Seram Island, Indonesia

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Qualified petroleum reserves and resources evaluator requirements

In accordance with ASX Listing Rule 5.43 the Company confirms that references to petroleum reserves, contingent resources and prospective resources have previously been announced (7/9/2018, 10/9/2018 and 04/03/2019). The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all the material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

Glossary

bbl: barrels
bcf: billion cubic feet
bopd: barrels oil per day
BOP: blow out preventer
ESP: Electric submersible pump
FTP: first tranche petroleum
JV: joint venture
KB: Kelly bushing
mmscfgd: million standard cubic feet of gas per day
mmbbl: million barrels
MD: measured depth
POS: probability of success
PSC: Production Sharing Contract
psi: pounds per square inch
tcf: trillion cubic feet
Sq.km: square kilometres
ss TVD: sub-sea true vertical depth
TD: total depth

END

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