Quarterly Report

1 April to 30 June 2026

Bula Karang farm-out completed, funding secured and site works underway

Lion Energy Limited (**Lion** or the **Company**) reports the following activity for Q2 2026:

Key Highlights

- **Drilling contract signed and confirmed with Silver City Drilling for the SCD-20 rig (Schramm Rotadrill TXD200) to drill the Bula Karang-1 exploration well.**
- **Indonesian Ministry of Energy and Mineral Resources (MEMR) granted final government approval for the East Seram PSC farm-out, completing the transfer of a 15% participating interest from Balam Energy to OPIC East Seram, unlocking partner funding for the Bula-Karang-1 well.**
- **Drilling team fully operational, principal well services secured and the Bula Karang -1 site construction nearing completion.**
- **Spud targeted for September 2026 to prudently allow for logistic and formality completion.**
- **Lion exits green hydrogen business.**

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Mr Tom Soulsby, Lion's Chairman, commented:

The Quarter saw a significant ramp-up of the drilling planning and execution activities for the exciting Bula Karang-1 well. We also unlocked well funding. To prudently allow completion of all required planning, logistics and formalities tasks, the well is now due to spud in September. The well has a 38% probability of success and a prospective (P50) resource[1] of 12 million barrels of oil and is a potential game changer for Lion with significant follow up in the event of success. We look forward to updating shareholders as we progress this potentially transformational Bula Karang-1 well.

The Quarter also saw Lion conclude development activities relating to the Port of Brisbane Hydrogen Project, ceasing its lease obligations at the Port of Brisbane, completing the sale of its hydrogen production and refuelling equipment for gross proceeds of A$400,000, and commencing an orderly wind-down of its remaining hydrogen-related activities.

Over the coming quarter the Company expects to complete site construction, mobilise the drilling rig and associated services, and commence drilling of the Bula Karang-1 exploration well.

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1Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success or GCOS) and a chance of development (economic, regulatory, market and facility, corporate commitment, or political risks). The chance of commerciality is the product of these two risk components. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

Lion at a glance

- ASX listed oil and gas E&P company.
- Operator of East Seram PSC containing attractive shallow oil and world-class oil and gas fold-belt prospects.

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At a Glance Bula Karang-1

- 12 MMBOE prospective resource (P50)[1]
- 38% geological chance of success
- Lion retains 45% interest
- OPIC funding 88% of drilling costs
- Spud September 2026

Oil and gas operations update

During the quarter, Lion substantially de-risked the Bula Karang-1 exploration campaign through completion of the farm-out, securing funding, finalising drilling contracts and commencing site construction.

Success at Bula Karang has the potential to establish a new producing oil hub within the East Seram PSC, with multiple nearby follow-up prospects capable of leveraging existing regional infrastructure.

Early in the quarter, Lion confirmed its drilling contract with Australian contractor Silver City Drilling for the SCD-20 rig, a 900HP Schramm Rotadrill TXD200 hydraulic unit, secured within budget. The rig, mobilised from East Java, is suited to the planned deviated well design, which will spud from an onshore location and deviate approximately 1,000m laterally offshore to test the crest of a seismically defined carbonate reef target at approximately 550m below sea level.

The most significant development of the quarter was the receipt, in late June 2026, of formal approval from the Indonesian Ministry of Energy and Mineral Resources (MEMR) for the transfer of a 15% participating interest in the East Seram PSC from Lion's subsidiary Balam Energy to OPIC East Seram Corporation. This approval was the final regulatory step required to complete the farm-out agreement first executed with OPIC in January 2026 and finalises Lion's funding position ahead of drilling.

Following completion of the farm-out, Balam Energy retains a 45% interest in the East Seram PSC and remains the operator. Under the arrangement, OPIC will fund 88% of Bula Karang-1 drilling costs, up to a cost cap of US$5.6 million, with costs above the cap shared between the parties in proportion to their respective interests. This structure preserves Lion's material exposure to exploration success while substantially reducing its net funding obligation for the well.

With the farm-out completed, pre-drilling activities have progressed to the construction phase: the drilling team is in place and principal well services including directional drilling, cementing, and drill fluids have been secured. Site construction is nearing completion at the Bula Karang-1 location (Figure 1) with spud timing now targeted for September 2026. The revised schedule reflects prudent project execution rather than technical delays and allows completion of logistics, mobilisation and regulatory formalities.

Figure 1: Bula Karang well location with site construction near completion (photo taken mid-July 2026)

The Bula Karang prospect has a shallow carbonate reef target with a best-estimate (P50) prospective resource[1] of 12 million barrels of oil equivalent and an estimated geological chance of success of 38%. The well targets the Plio-Pleistocene carbonate and clastic play within the Bula Bay area offering additional follow-up potential in the event of exploration success (Figure 4). The well locations is close to existing Bula and Oseil field infrastructure that could support early monetisation of any discovery.

Figure 2: East Seram PSC with key prospects highlighted

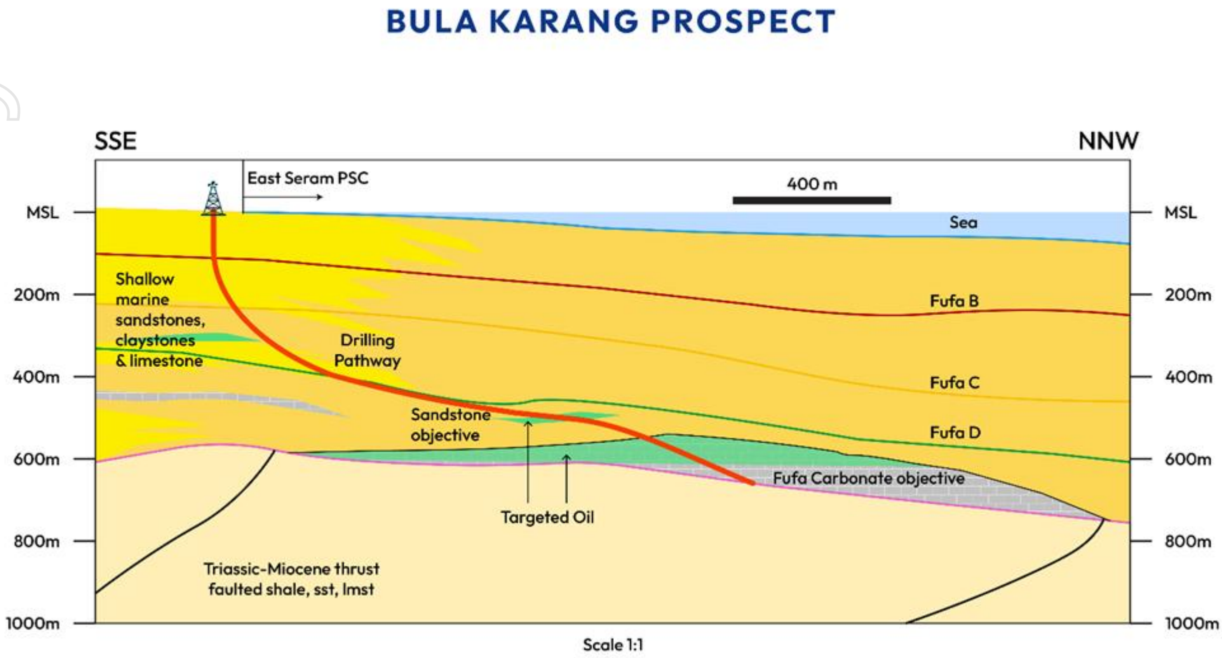

Figure 3: Section showing well plan to drill the attractive Bula Karang Reef Prospect with the well spudding onshore and deviated to test the offshore target

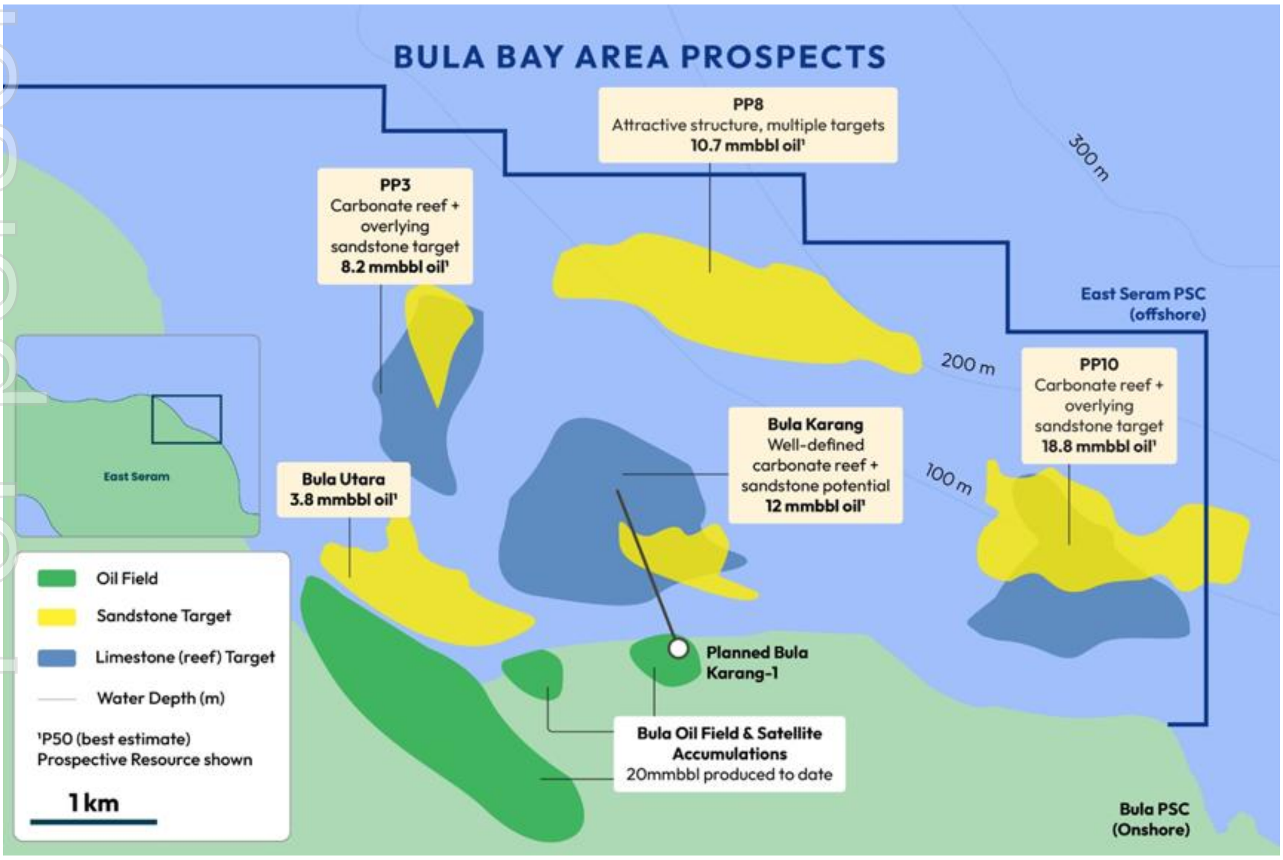

Figure 4: Bula Bay area existing oil fields and location of Bula Karang prospects and follow up prospects in the event of success.

Hydrogen update

Lion to Discontinue Hydrogen Business Division

Following a strategic review of its hydrogen business, Lion has resolved to discontinue the Port of Brisbane Hydrogen Project, reflecting the Board's commitment to disciplined capital allocation and a refocus of capital and management resources on the Company's core upstream oil and gas portfolio.

As announced to the ASX on 24 July 2026, Lion has ceased its lease obligations at the Port of Brisbane, is completing the sale of its hydrogen production and refuelling equipment for expected net proceeds of approximately A$400,000 and has commenced an orderly wind-down of its remaining hydrogen-related activities.

The decision follows a material change in market conditions for green hydrogen infrastructure and the decision by Lion's development partners not to proceed with the next phase of the project. Lion is now fully focused on advancing its upstream oil and gas portfolio, led by the imminent drilling of the Bula Karang-1 exploration well in the East Seram PSC, directing capital and management resources towards opportunities with the greatest potential to create long-term shareholder value.

Related Party Payments

During the quarter, the Company made payments of A$190,000 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 of 30 June 2026

	% interest	Tenement	Location
Held at end of quarter	45%	East Seram PSC	**Seram Island, Indonesia**
	2.5%*	**Seram Non-Bula PSC**	**Seram Island, Indonesia**

*Divestment announced pending Government approval, expected H2 2026

ENDS

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

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, 04/03/2019, 13/04/2021 and 16/06/2021). 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	JV: joint venture	PSC: Production Sharing Contract
bcf: billion cubic feet	KB: Kelly bushing	psi: pounds per square inch
bopd: barrels oil per day	mmscfgd: million standard cubic feet of gas / day	tcf: trillion cubic feet
BOP: blow out preventer	mmbbl: million barrels	Sq.km: square kilometres
ESP: Electric submersible pump	mmboe: million barrels oil equivalent	ss TVD: sub-sea true vertical depth
FTP: first tranche petroleum	mss: metres subsea	TD: total depth

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