ASX Announcement

29 June 2026

Indonesian Government approves East Seram farmout, unlocking funding arrangement for Bula Karang-1 well

Highlights

- The Government of Indonesia has formally approved the transfer of a 15% Participating Interest in the East Seram PSC from Lion's wholly owned subsidiary Balam Energy Pte Ltd to OPIC East Seram Corporation.
- Approval represents the final key regulatory requirement to complete the Farm-Out Agreement (FOA) announced on 6 January 2026.
- Following completion, Balam will hold 45% and OPIC 55% of the East Seram PSC.
- OPIC will fund 88% of the BK-01 exploration well cost up to a cap of US$5.6 million.
- Lion retains significant exposure to exploration success through its 45% interest while materially reducing future funding obligations.
- Pre-spud activities continue to advance, with the drilling team in-place, all key services procured and well location construction commenced for the planned August 2026 spud date.

Lion Energy Limited (ASX: LIO) ("Lion" or the **"Company")** is pleased to announce that the Indonesian Minister of Energy and Mineral Resources ("MEMR") has formally approved the transfer of a 15% Participating Interest in the East Seram Production Sharing Contract ("PSC") from Lion subsidiary Balam Energy Pte Ltd ("Balam") to OPIC East Seram Corporation ("OPIC"), a 100% indirect subsidiary of Taiwanese based CPC Corporation.

Following the approval and completion of the farmout, interests in the PSC are:

Balam Energy Pte Ltd (100% owned by Lion Energy)	45%
OPIC East Seram Corporation	55%

Lion at a glance

- ASX listed oil and gas E&P company with a conventional PSC on Seram Island, Indonesia.
- Drilling an oil exploration well in Q3, 2026

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The East Seram PSC contains the Bula Karang ("BK-01") exploration prospect, which is planned to be drilled in August 2026. The shallow well will target the Bula Karang prospect, a high-ranked Plio-Pleistocene carbonate build-up located offshore Bula Bay. The P50 prospective resource[1] is estimated at 12 million barrels of oil.

Mr Tom Soulsby, Lion's Chairman, commented: *"We are pleased to receive formal approval from MEMR for the East Seram farm-out. This completes the Government approval process for the transaction and represents an important milestone for the East Seram project. The transaction materially improves Lion's funding position ahead of the BK-01 exploration well, while allowing the Company to retain a substantial 45% interest in a highly attractive exploration opportunity targeting a 12 mmbo[1] oil field with access to existing production infrastructure."*

Key features of the Bula Karang prospect:

- Onshore drilling, offshore target: The well will be drilled from an onshore location to an offshore target, significantly reducing cost compared to a typical offshore well.
- Shallow vertical depth: The well has a relatively shallow vertical depth and with deviated well drilling allowing onshore production, any potential development is expected to require minimal capital.
- Early oil production potential: The well plan supports early production in the event of success, facilitating rapid monetisation.
- Existing Infrastructure: Bula Karang is close to the producing Bula Oil Field (over 20mmbbl produced) and the Oseil Field (also over 20mmbbl produced). This proximity to established storage, processing and export facilities, provides an expedient and low cost route to market for any discoveries.
- Planned spud date: Drilling is targeted for August 2026, meeting the PSC's well commitment requirements.
- Long-term potential: a commercial discovery and approved plan of development will extend the PSC term by 20 years, enabling further appraisal and exploration in the highly prospective PSC.

The farmout deal:

- Secures majority funding for the Bula Karang well, significantly reducing Lion's exposure
- Leverages OPIC's technical and financial capability.
- Targets a material low risk 12 mmbo[1] oil field with access to existing production infrastructure.
- Retains significant upside exposure for Lion through its 45% interest in the PSC.

Key terms of the agreement:

- Transfer: Balam to transfer 15% interest in East Seram PSC to OPIC
- Consideration: OPIC to fund 88% of the Bula Karang well to a cap of US$5.6 million (100% basis). Cost beyond US$5.6 million to be funded 45%-55% by Balam-OPIC
- Effective date: 1 Oct 2025
- Condition: approval from the Governement of Indonesia
- Operatorship: Balam to remain operator, with OPIC entitled to request operatorship at any time so long as it has 50% equity or more of the PSC

About East Seram PSC and the Bula Karang prospect

Since acquiring the PSC in 2018, Lion has conducted an active exploration program. A 664 km offshore 2D survey targeting the Plio-Pleistocene foreland basin play in 2020 delineated an attractive shallow oil portfolio. Of significance, a well-defined reefal carbonate build-up, the Bula Karang prospect (previously named PP9), emerged from this seismic data.

Work continues on preparation for the Bula Karang well to test this highly attractive prospect which has a P50 (unrisked) prospective resource[1] of 12 mmbbl oil in the primary objective reef target with significant follow up in event of success. The chance of success is estimated at 38%. Additional secondary objective potential exists with possible oil in overlying sandstone reservoirs. The current plan consists of drilling a deviated well from an onshore location targeting the offshore crest of the Bula Karang structure. This will allow rapid commercialisation in the event of success leveraging existing oil infrastructure on Seram Island.

Carbonate reef potential also exists with the nearby PP3 and PP10 prospects and combined P50 Prospective Resource[1] of over 30 mmbbl recoverable (unrisked) is calculated for the play.

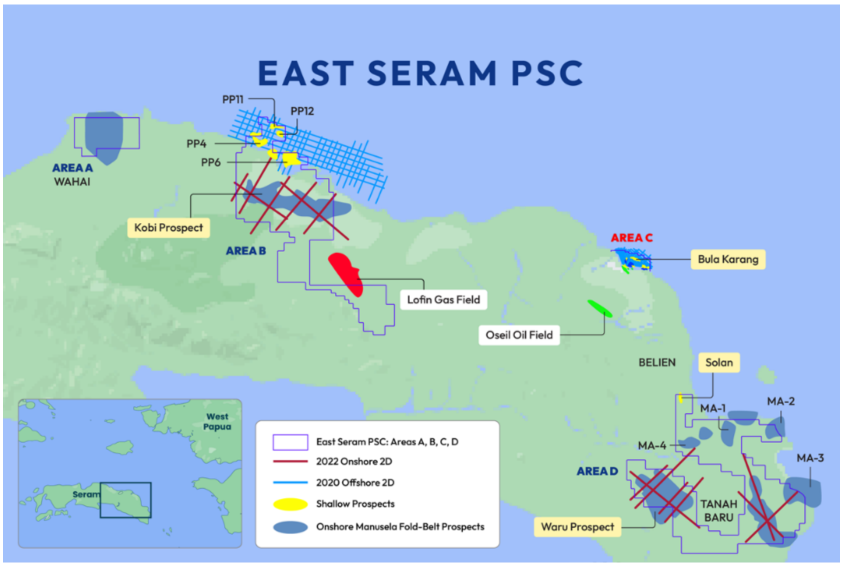

Figure 1: East Seram PSC with key prospects highlighted

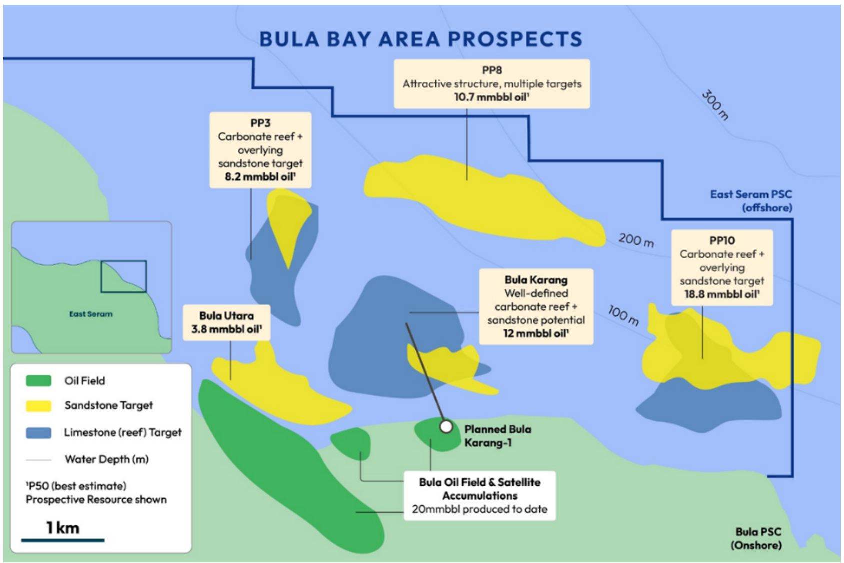

Figure 2: Bula Bay area existing oil fields and location of Bula Karang prospect and follow up prospects in the event of success.

BULA KARANG PROSPECT

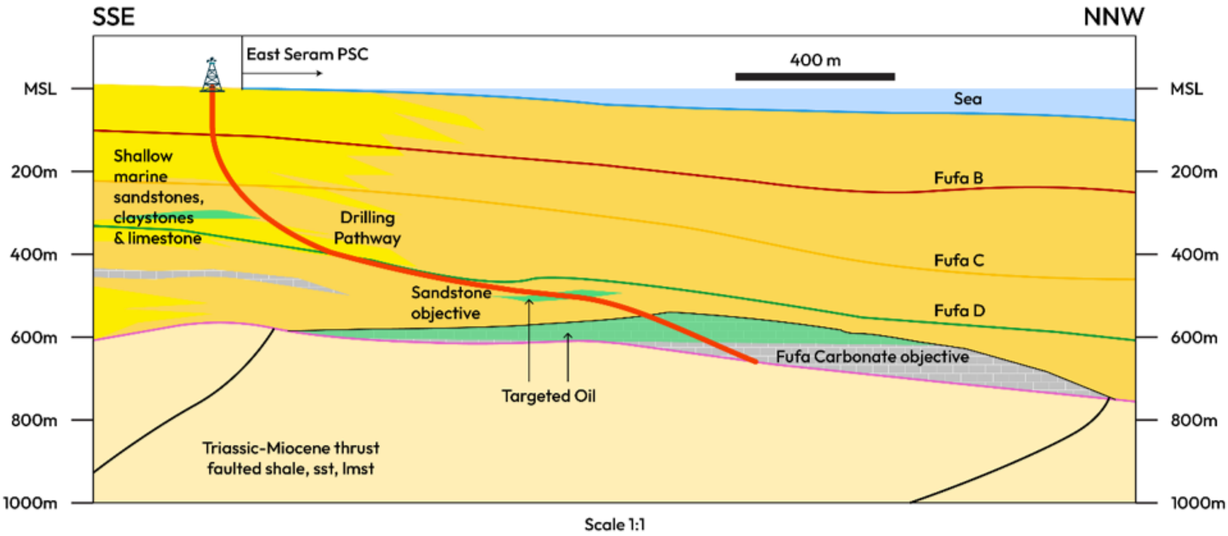

Figure 3: Section showing well plan to drill the attractive Bula Karang Reef Prospect with the well spudding onshore and deviated to test the offshore target

This announcement has been authorised for release by the Board of Lion Energy Limited.

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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 / day
mmbbl: million barrels
mmboe: million barrels oil equivalent
mss: metres subsea
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

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.