Quarterly Report

1 July to 30 September 2026

Bula Karang-1 mobilisation underway and Seram (Non-Bula) sale completed

Lion Energy Limited (**Lion** or the **Company**) reports the following activity for Q3 2026:

Key Highlights

- **Key approvals secured, well pad and access road works completed, all major drilling and support service contracts in place, drilling equipment QA/QC completed and rig mobilisation commenced.**
- **Sale of Lion's 2.5% Seram (Non-Bula) PSC interest completed, with the balance of approximately US$0.97m received, firming funding for Bula Karang-1. Lion had AUD $2.3m at the end of the quarter.**
- **Lion continued its transition to a focused upstream oil and gas company, progressing the exit from its hydrogen business and concentrating its resources on its Indonesian portfolio.**
- **Rig departed West Java on 13 October 2026; Bula Karang-1 now scheduled to spud on 10 November 2026, with drilling and evaluation due for completion in early December.**
- **Lion retains 45% interest; OPIC funds 88% of drilling costs.**

Mr Tom Soulsby, Lion's Chairman, commented:

The September quarter saw Lion complete key preparations for Bula Karang-1, progress our strategic focus on upstream oil and gas and continue our exit from the hydrogen business. Completion of the Seram (Non-Bula) sale has strengthened our funding position, with a further $1.39m AUD (US$0.97m) in proceeds received expected to cover Lion's share of drilling costs, including expenditure above the OPIC funding cap. Rig mobilisation is underway, with the revised spud date of 10 November reflecting LCT availability and mobilisation scheduling.

With a 38% geological chance of success and a P50 prospective resource of approximately 12 million barrels of oil, Bula Karang-1 represents a potentially transformational opportunity for Lion, with significant follow-up potential in the event of success. We look forward to updating shareholders as drilling progresses.



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 10 November 2026

[1]Prospective 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.

Oil and gas operations update

During the quarter, Lion completed the sale of its 2.5% indirect interest in the Seram (Non-Bula) PSC to Vista Energy Pte Ltd following final Indonesian Government approval. The total headline sale consideration was US$1.2 million. The sale completes Lion's exit from this non-core interest and firms funding for Lion's share of the initial Bula Karang-1 drilling operations.

Following receipt of the final regulatory approvals required for mobilisation, the drilling rig and associated equipment commenced mobilisation to the well site, as announced on 18 September 2026. Well pad and access road works are complete, all major drilling and support service contracts are in place, equipment QA/QC is complete and the project HSE and emergency response plans have been finalised.

Lion retains a 45% interest in the East Seram PSC and remains the operator. OPIC will fund 88% of Bula Karang-1 drilling costs up to a US$5.6 million cap, with costs above the cap shared in proportion to the parties' interests. The current estimated well cost is approximately US$6.7 million.

Subsequent to quarter end, three landing craft tank barges (LCTs) departed to deliver the rig, equipment and materials to Bula. The first LCT, carrying Silver City Drilling Rig 20, departed Patimban Port, West Java on 13 October 2026 and is due at Bula on 27 October, with two further LCTs due on 1 and 8 November. Bula Karang-1 is now scheduled to spud on 10 November 2026, with drilling and evaluation expected to be completed by early December, subject to vessel arrivals and operational conditions.

The well will evaluate the primary carbonate reservoir, secondary sandstone objectives and potential hydrocarbons in the historic Bula Field interval, using logging-while-drilling data and drill cutting analysis. Subject to positive indications, initial testing is planned using the drilling rig and, depending on results, a smaller workover rig already in the Bula area would be used for completion and an extended well test in early 2027 (current planning case March 2027, subject to results and equipment availability).



Figure 1: Bula Karang wellsite, ahead of drilling

The Bula Karang prospect has a shallow carbonate reef target with a best-estimate (P50) prospective resource[1] of 12 million barrels of oil 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 location is close to existing Bula and Oseil field infrastructure that could support early monetisation of any discovery. Including the nearby PP3 and PP10 prospects, a combined P50 unrisked prospective resource[1] of over 30 mmbbl recoverable is estimated for the carbonate play in the Bula Bay area, with an additional approximately 20 mmbbl unrisked P50 prospective resource[1] estimated for sandstone targets in the area.



Figure 2: East Seram PSC with key prospects highlighted

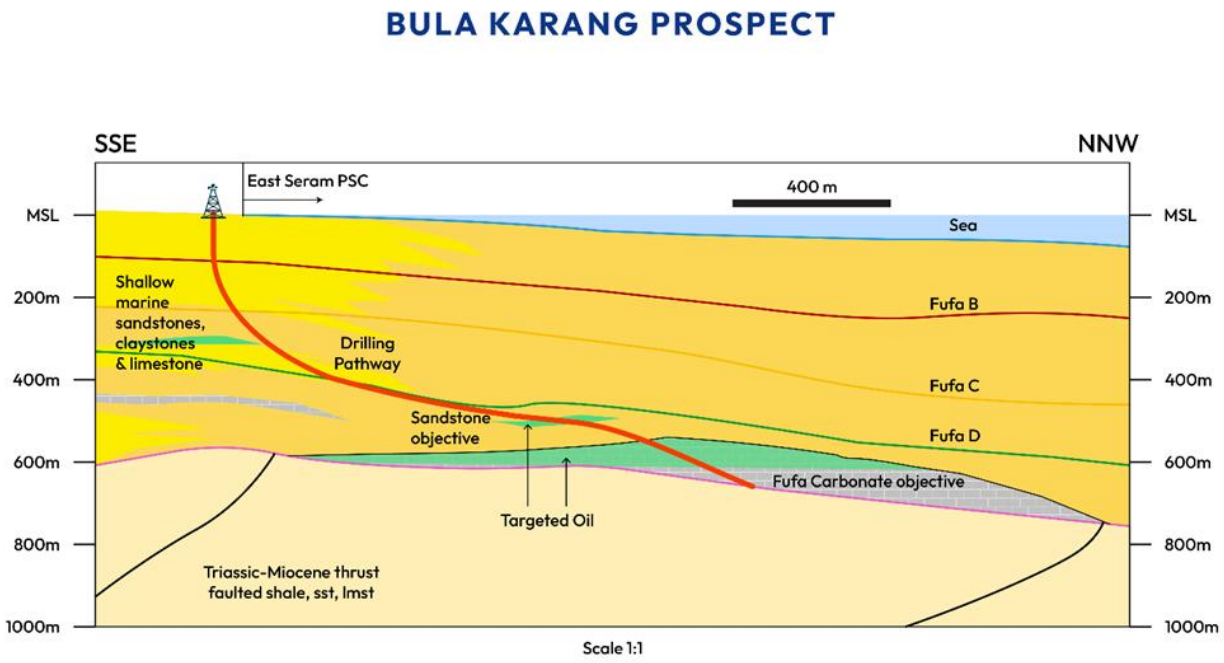


Figure 3: Section showing well plan to drill the attractive Bula Karang Reef Prospect with the well spudding onshore and deviated to test the offshore target

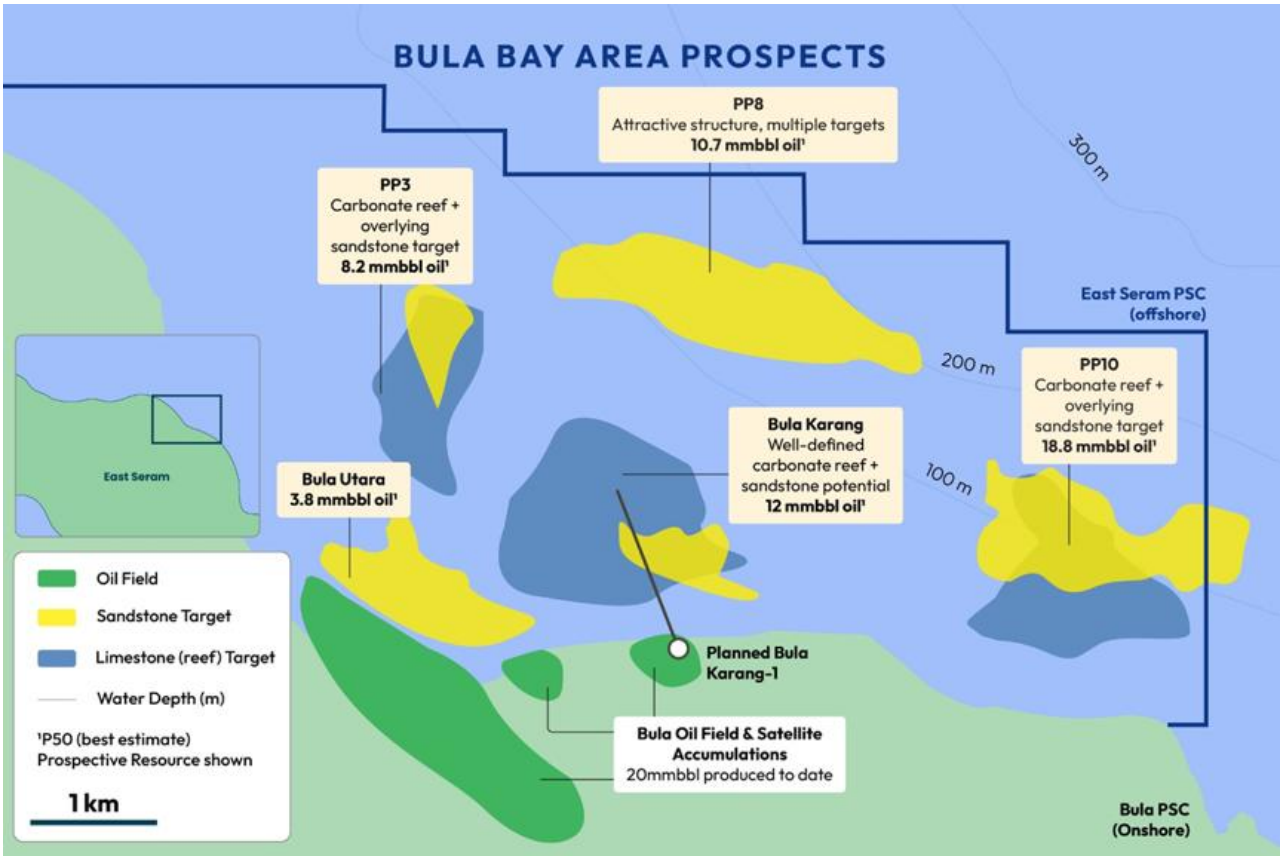


Figure 4: Bula Bay area existing oil fields and location of Bula Karang prospects and follow up prospects in the event of success.

Corporate strategy and hydrogen business exit

During the quarter, Lion continued implementing its strategic decision, announced on 24 July 2026, to refocus the Company on its core upstream oil and gas business, with particular emphasis on progressing its Indonesian exploration portfolio.

As part of this strategic refocus, Lion discontinued its green hydrogen development activities, including the Port of Brisbane hydrogen project. The Company has progressed the orderly disposal of hydrogen-related equipment and assets and the exit from associated project commitments, with the objective of reducing ongoing expenditure and eliminating future funding obligations associated with the hydrogen business. Lion has no remaining material exposures to this business.

The strategic refocus allows Lion to concentrate its financial and management resources on the Bula Karang-1 exploration well and the broader exploration and development potential of the East Seram PSC.

Lion will continue to evaluate upstream oil and gas investment opportunities in Southeast Asia, with an emphasis on opportunities offering near-term production potential, attractive commercial terms and disciplined capital deployment.

Corporate funding and financial position

During the quarter, Lion completed the divestment of its 2.5% indirect interest in the Seram (Non-Bula) PSC for headline consideration of approximately US$1.2 million, strengthening the Company's financial position ahead of the Bula Karang-1 drilling programme. Lion received a balance of consideration of US$0.97m, or 1.39m AUD. As at September 30, 2026, Lion had approximately AUD 2.3m in cash.

Under the Bula Karang-1 joint venture funding arrangements, OPIC is responsible for funding 88% of qualifying drilling costs up to the agreed US$5.6 million expenditure cap. Expenditure above this cap will be shared between Lion and OPIC in accordance with their respective 45% and 55% participating interests.

Based on the current estimated gross well cost of approximately US$6.7 million, Lion's share of expenditure above the cap is estimated at approximately US$495,000. The proceeds from the Seram (Non-Bula) PSC divestment are sufficient to cover this additional contribution, providing important financial support for the Company's participation in the drilling programme.

The divestment proceeds, together with the substantial drilling cost contribution from OPIC, place Lion in a stronger position to execute Bula Karang-1 while maintaining financial flexibility.

Related Party Payments

During the quarter, the Company made payments of AUD$206,000 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 September 2026

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

*2.5% interest sold to Vista Energy Pte Ltd; sale completed during the quarter following Indonesian Government approval.

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
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

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