

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Lion Energy Limited

ABN

51 000 753 640

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	845	1,283
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(4) (226) (280) (296)	(15) (493) (552) (637)
1.3 Dividends received	—	—
1.4 Interest and other items of a similar nature received	—	—
1.5 Interest and other costs of finance paid	—	—
1.6 Income taxes paid	—	—
1.7 Other (provide details if material)	—	—
Net Operating Cash Flows	39	(414)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	— — —	— — —
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	— — —	— — —
1.10 Loans to other entities (KRX Energy Pte Ltd)	(51)	(311)
1.11 Loans repaid by other entities	—	—
1.12 Other (provide details if material)	—	—
Net investing cash flows	(51)	(311)
1.13 Total operating and investing cash flows (carried forward)	(12)	(725)

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1.13	Total operating and investing cash flows (brought forward)	(12)	(725)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	—	—
1.15	Proceeds from sale of forfeited shares	—	—
1.16	Proceeds from borrowings	100	850
1.17	Repayment of borrowings	—	—
1.18	Dividends paid	—	—
1.19	Other (provide details if material)	—	—
	Net financing cash flows	100	850
	Net increase (decrease) in cash held	88	125
1.20	Cash at beginning of quarter/year to date	143	122
1.21	Exchange rate adjustments to item 1.20	8	(8)
1.22	Cash at end of quarter	239	239

Note: In January 2014, the Company completed a capital raising for A\$9.5 million and also converted an A\$1.5 million convertible loan to ordinary equity.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	14
1.24	Aggregate amount of loans to the parties included in item 1.10	—

1.25 Explanation necessary for an understanding of the transactions

Fees for directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	—	1,500
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	200
4.3 Production	150
4.4 Administration	1,500
Total	2,850

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	239	143
5.2 Deposits at call	—	—
5.3 Bank overdraft	—	—
5.4 Other (provide details)	—	—
Total: cash at end of quarter (item 1.22)	239	143

Note: In January 2014, the Company completed a capital raising for A\$9.5 million and also converted an A\$1.5 million convertible loan to ordinary equity.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	16,001,016	16,001,016		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	During the quarter, the capital of the Company was consolidated on a 1 for 8 basis reducing the number of shares on issue from 128,004,729 to 16,001,016.			
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter	5,748 see notes below	5,748	24 cents	31-Dec-2013
7.10 Expired during quarter	324,180	324,180	24 cents	31-Dec-2013
7.11 Debentures (totals only)				

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7.12	Unsecured notes (<i>totals only</i>)		
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Notes

- During the quarter, the capital of the Company was consolidated on a 1 for 8 basis reducing the number of options on issue from 90,759,864 options exercisable at 3 cents each and expiring on 31 December 2013 to 11,345,047 options exercisable at 24 cents each and expiring on 31 December 2013.
- Subsequent to the end of the quarter, 1,835,041 ordinary shares (on a post consolidation basis) were issued on 10 January 2014 pursuant to the Listed Options Offer in consideration for the cancellation of 88,120,763 pre-consolidation options (which equates to 11,015,119 post consolidation options).
- Subsequent to the end of the quarter, 5,748 ordinary shares were issued on 10 January 2014 pursuant to the exercise of 5,748 post consolidation options exercisable at 24 cents each and expiring on 31 December 2013.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Jack Toby
(~~Director~~/Company secretary)

Date: 31 January 2014

Print name: Jack Toby

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

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- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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