

Lofin-2 well completed following successful well testing program

Lion Energy Limited ("Lion" or "Company"; ASX: LIO) is pleased to provide the following update on the testing of the Lofin-2 gas well as part of the ongoing evaluation of the 1.5 TCF¹ (2C) Lofin gas discovery in the Seram (Non-Bula) Production Sharing Contract ("PSC") and the subsequent completion of the well, in readiness for future commerciality. Lion has a 2.5% participating interest in the PSC.

Highlights

- Testing program at Lofin-2 well in the 1.5 TCF¹ Lofin gas field completed on 4 March 2023 with flows up to 14.8mmscfd recorded.
- A final well completion (installing casing string and tubing) was carried out, followed by an acid cleanout of the producing formation, then a cleanup flow to flowback the spent acid was completed on 15 June 2023 and the rig officially released.
- The Operator is now preparing to conduct an extensive 4 rate flow test of the completed well.



Tom Soulsby,
Lion's Executive
Chairman

"The final completion of the Lofin-2 well is a major step towards commercialisation of the 1.5 TCF¹ (2C) Lofin structure and enables the Operator to move forward with negotiations with identified potential buyers. The successful well test also complements Lion's 60% exposure to look-a-like structures in our adjacent East Seram PSC. We now move to the testing phase of the completed well, commencement is expected to start soon."

Testing and Completion Overview

The objective of the Lofin-2 testing operations was to isolate the deep-water leg in the well and determine the reservoir hydrocarbon fluid characteristics and the deliverability of the target Manusela limestone. All objectives were met with successful outcomes.

The test string was run in the Lofin-2 wellbore on 4 February and the testing tool opened for an initial clean up period on 8 February. Gas to surface was achieved following controlled flow back of the water cushion/completion fluid. Rates of up to 14.8 mmscfgd were recorded on the 80/64 inch choke with 800 psi well head pressure (WHP). The final test before first shut-in period was at a 16/64 inch choke with a rate recorded of 11.53 mmscfd/58.6 bcpd (37 API), less than 1 bwpd (representing completion fluid) with 4150 psi WHP. Only 3% CO₂ was recorded in the gas. Tested interval was at 15155 feet measured depth (MD) – 16656 feet MD (4619-5077m MD).

The completion involved running a 5 inch & 7-inch chrome casing liner assembly, set at 15,217 feet and 3-1/2 inch chrome production tubing. Chrome casing and tubing are manufactured from an alloy containing a high proportion of chrome, to safely withstand corrosive fluids. The completion was successfully run.

Lofin Field Background

The discovery well, Lofin-1, was drilled in 2012 and provided encouragement for further appraisal drilling following flow rates reaching 15.7 mmscfd. The well measured depth of 4,427m (4,410m TVD) was however constrained by mechanical issues and therefore an appraisal well was planned.

The appraisal well Lofin-2 was drilled in 2015 to a measured depth of 5,861m (5,791m TVD) and confirmed a significant gas discovery, with a reservoir section of up to 1,300m.

In-place and Contingent Resources^{1,2} Lofin Field, Seram (Non-Bula) Block PSC, Seram Island, Indonesia (as at 31 December 2022)

Manusela Formation Reservoir	Gross (100%) PSC					
	In-place			Recoverable		
	1C	2C	3C	1C	2C	3C
	(P ₉₀)	(P ₅₀)	(P ₁₀)	(P ₉₀)	(P ₅₀)	(P ₁₀)
Gas (bcf)	1671	2636	2714	752	1450	1764
Condensate (mmbbl) ³				6.4	12.3	15.0
Total (mmboe) ⁴	279	439	452	132	254	309

(Contingent resources¹ for the Lofin Field net to Lion are 1C: 18.8 2C: 36.3 3C 44.1 Bcf (refer Lion ASX release 26 April 2023)).

The Lofin Field is a thrust faulted four-way dip anticline located 50-km west of the producing Oseil oil field. The field is mapped on 1990 and 2008 vintage 2D seismic lines and is approximately 4km wide and 10km in length. **While Lion has a 2.5% interest in the Seram (Non-Bula) PSC portion of the Lofin discovery, part of the field is mapped to extend into the East Seram PSC in which Lion has a 60% interest (Figure 1).** The reservoir is the fractured carbonate of the Jurassic/Triassic age Manusela formation which is the reservoir in the nearby producing Oseil oilfield.

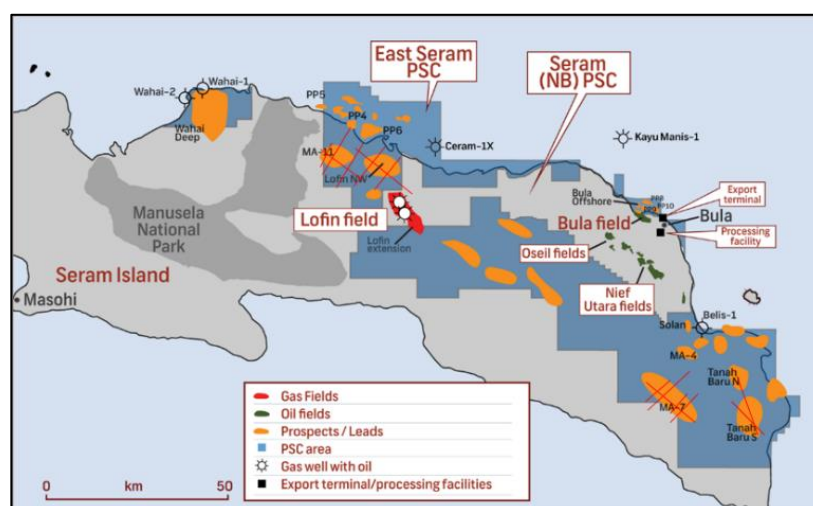


Figure 1 Lofin Field location, as well as the Seram (NB) PSC and Lion operated East Seram PSC

Notes

¹Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). These estimates have not been risked for the chance of development. There is no certainty that any portion of the contingent resources will be developed and, if 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.

The Contingent Gas resources for the Lofin Field provided in this announcement are based on analysis of Miller and Lents using a deterministic approach. Data was provided by the PSC Operator, CITIC Seram Limited.

²Conversion factor: 6 mcf = 1 bbl oil equivalent (boe).

Glossary

bbl: barrels	GIP: gas in place	PSC: Production Sharing Contract
Bcf: billion cubic feet	JV: joint venture	psi: pounds per square inch
bpd: barrels per day	KB: Kelly bushing	ss; sub sea
bcpd: barrels condensate per day	mmscfd: million cubic feet gas per day	TCF: trillion cubic feet
bopd: barrels oil per day	mmbbl: million barrels	TVD; true vertical depth
bwpd: barrels water per day	mmboe: million barrels of oil equivalent	
CO ₂ : carbon dioxide	Conversion factor: 6 mcf = 1 bbl oil equivalent (boe).	

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

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