

# A **New** Approach to Asian Energy



## **Company Update**

March 2015



# Important notice and disclaimer



## Forward-looking statements

Certain statements contained in this presentation, including information as to the future financial or operating performance of Lion and its projects are forward-looking statements. Such forward-looking statements:

- should or can generally be identified by the use of forward looking words such as “anticipate”, “believe”, “expect”, “forecast”, “estimate”, “will”, “could”, “may”, “target”, “plan” and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include earnings guidance and statements of intention about future matters and the outcome and effects of the equity raising. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance are also forward looking statements;
- are based upon a number of assumptions and estimates that, while considered reasonable by Lion, are beyond the control of the Company and they are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;
- involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and
- may include, among other things, statements regarding targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources and anticipated flow rates and are or may be based on assumptions and estimates related to future technical economic, market, political, social and other conditions.

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# Important notice and disclaimer (cont.)



Reserves & Resources, 1 Jan 2015 (Recoverable, net to Lion) <sup>1</sup>	Gas/Associated Gas (BCF)			Oil/Condensate (MMbbl)			Method
	1P	2P	3P	1P	2P	3P	
<b>Reserves</b>							
Total Reserves (Seram)				0.119	0.173	0.241	Deterministic
<b>Contingent Resources</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	
Total Contingent Resources (Seram)	0.357	0.678	1.399	0.040	0.084	0.990	Deterministic
<b>Prospective Resources<sup>2</sup></b>	<b>Low</b>	<b>Best</b>	<b>High</b>	<b>Low</b>	<b>Best</b>	<b>High</b>	
Prospective Resources-Seram <sup>3</sup>	0.2	0.6	2.1	0.1	0.5	1.5	Probabilistic
Prospective Resources-South Block A <sup>4</sup>	69.8	150.3	315.2	6.5	16.4	41.3	Probabilistic
Total Prospective Resources <sup>4</sup>	70.0	150.9	317.3	6.6	16.9	42.8	Probabilistic

## Reserves & Resources estimates

1. Hydrocarbon reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserves and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's operations.
2. Prospective resources: the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
3. Seram prospective resources updated 6 November 2014 (Lion estimate on Lofin structure).
4. Aggregated by arithmetic summation The aggregate Low estimate may be a very conservative estimate and the aggregate High estimate may be a very optimistic estimate due to the portfolio effects of arithmetic summation

## Competent Persons Statement: Qualified Petroleum Reserves and Resources Evaluator

Pursuant to the requirements of the ASX Listing Rules Chapter 5, the technical information, reserve and resource reporting provided in this document are based on and fairly represent information and supporting documentation that has been prepared and/or compiled by Mr Kim Morrison, Chief Executive Officer of Lion Energy Limited. Mr Morrison holds a B.Sc. (Hons) in Geology and Geophysics from the University of Sydney and has over 28 years' experience in exploration, appraisal and development of oil and gas resources - including evaluating petroleum reserves and resources. Mr Morrison has reviewed the results, procedures and data contained in this website. Mr Morrison consents to the release of this report and to the inclusion of the matters based on the information in the form and context in which it appears. Mr Morrison is a member of AAPG.

# Presentation Overview

 **Lion Update**

 **Indonesian Unconventional**

 **Our Team**

 **Strategy**

 **Assets**

 **Milestones**



# COMPANY SNAPSHOT

## Linked conventional/unconventional Indonesian strategy

### Restructuring complete

- Shares on issue: 96m
- Market cap @15c: A\$14.4 million
- Cash: A\$5.6mil (31/12/2014)
- Revenue: ~A\$2 million pa

### Major shareholders:

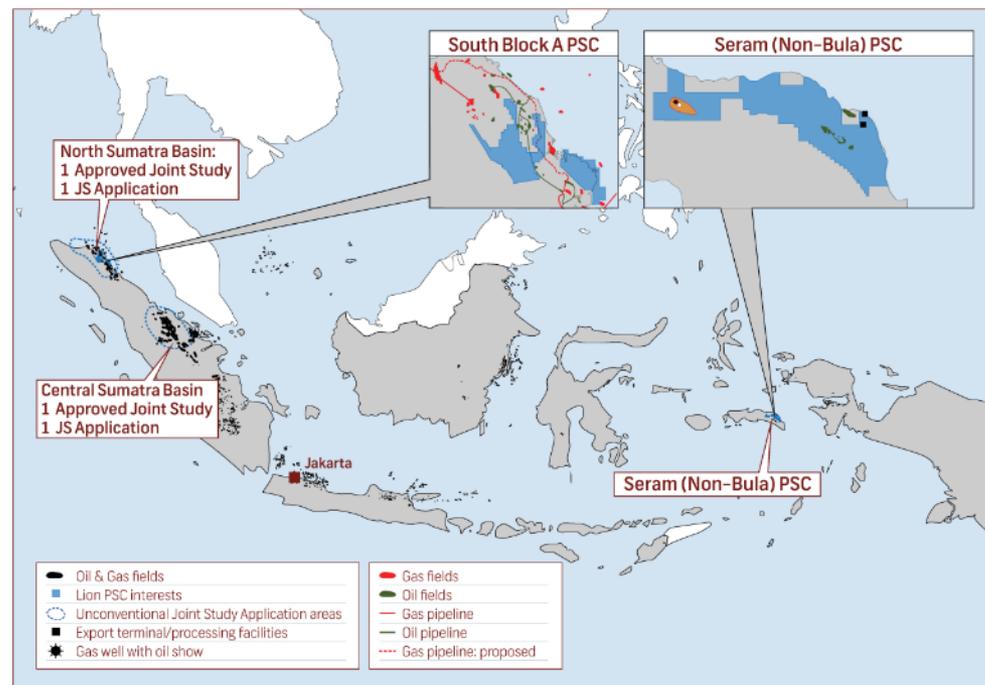
- Risco Energy Investments (54.7%)
- Tower Energy (6.6%)
- Management (13.5%)

### Assets:

- Seram PSC (2.5%) - production
- South Block A (35%) - exploration
- Two unconventional joint studies
- Two unconventional JS applications

### High-calibre team:

- Proven Indonesian track record
- Multi-skilled advisory panel including North American unconventional experts



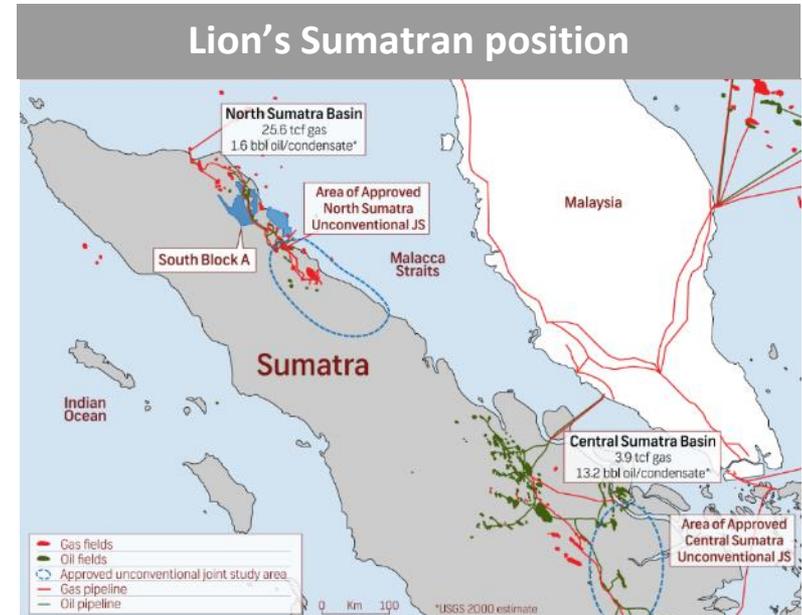
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Prospective resources: the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

# DELIVERING ON OUR PROMISES

## Joint studies, Seram production, SBA portfolio upgraded

- Building significant unconventional acreage position
  - Two joint studies awarded (~7,200 km<sup>2</sup>), others being progressed
  - Early mover position - sweet spots captured
- Lofin drilling in progress
- Strong production from Oseil field
  - ~2900 bopd (73 bopd net)
  - Development drilling anticipated to increase to ~4500 bopd (113 bopd net)
- South Block A PSC new seismic firms up high impact gas condensate and low risk oil prospects
- Active new business program
- Prudent cash management – doing more with less

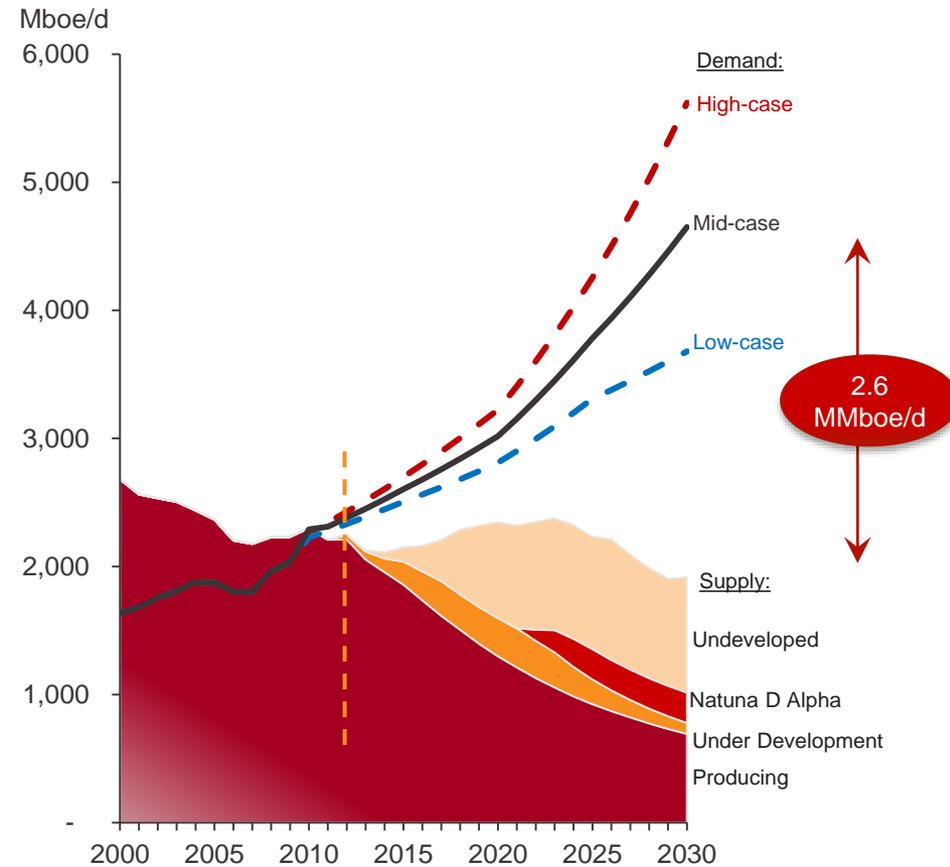


# INDONESIA'S INVESTMENT RATIONALE

## A unique opportunity in SE Asia

- New President keen to improve/simplify oil and gas bureaucracy
- World's fourth-largest population (~250mm)
- Fast-growing economy (GDP ~ 6%pa) with oil and gas demand growing at > 5%pa
- Declining conventional oil/gas supply, Indonesia approaching net BOE imports
- Rising domestic gas prices (LNG pricing link), US\$8+/mmBtu
- Regulatory changes promoting unconventional oil/ gas investment with competitive fiscal terms
- Prolific basins

### Projected Indonesian oil and gas supply/demand balance



Source: Rystad U-Cube, MEMR (2011), ASEAN Energy Outlook (2011), DEN (2011), BCG analysis

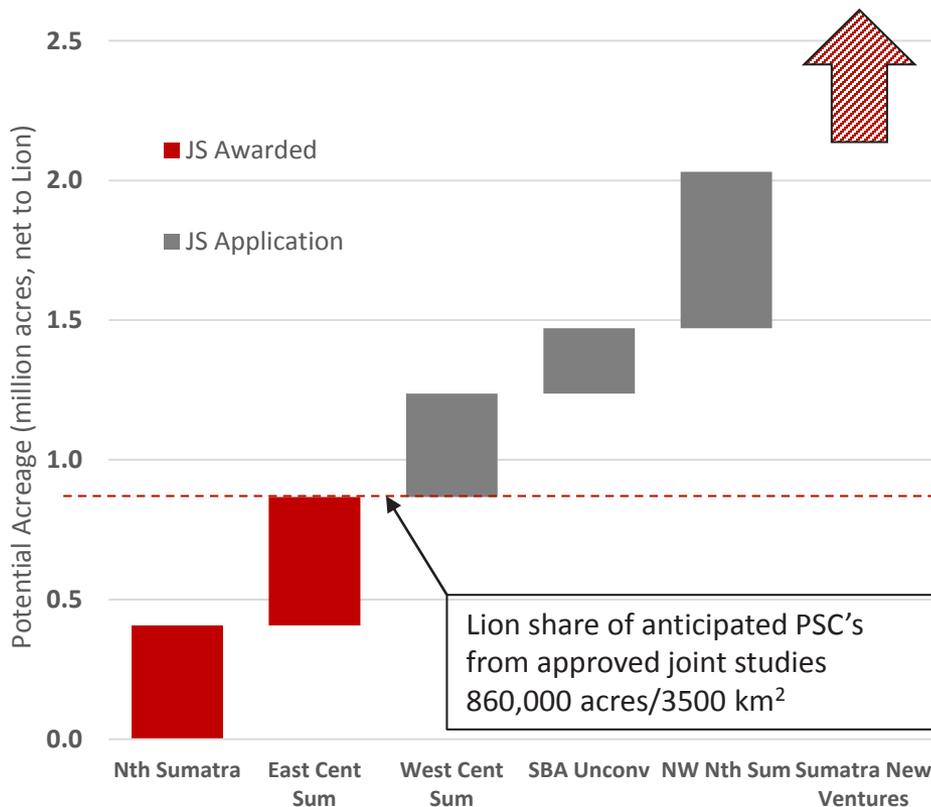
# LION'S UNCONVENTIONAL ACREAGE BUILD



Targeting 2 million plus net acres in prolific Sumatran basins

Early days but assessments point to multi-tcf gas/multi-100's mmbbl oil upside

## Lion's unconventional acreage growth staircase



## US unconventional examples

	Net acres	Proved reserves (boe)	Net production boe/d
	2,660,000	2.47 billion	640,000
	1,650,000	1.35 billion	200,000
	780,000	~1.0 billion	206,000
	570,000	83 million	32,000

Source: Company websites

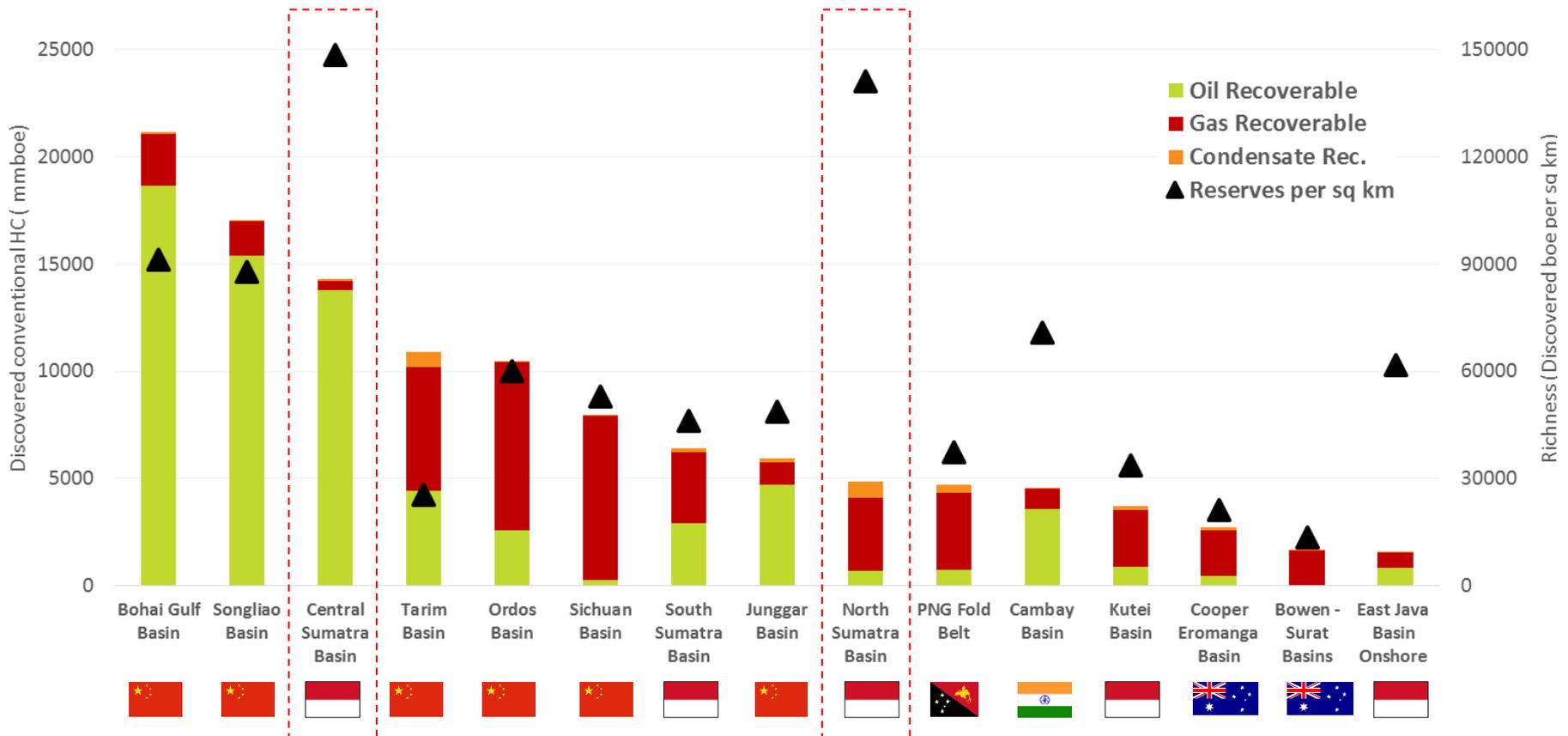
**Joint studies - cost effective process to secure large areas with material upside**

# INDONESIA'S PROLIFIC ONSHORE BASIN

5 basins in top 15 in region by discovered onshore conventional HC's

North & Central Sumatra highest hydrocarbon density (disc. HC's per km<sup>2</sup>)

Asia-Pacific top 15 onshore basins, ranked by discovered hydrocarbons

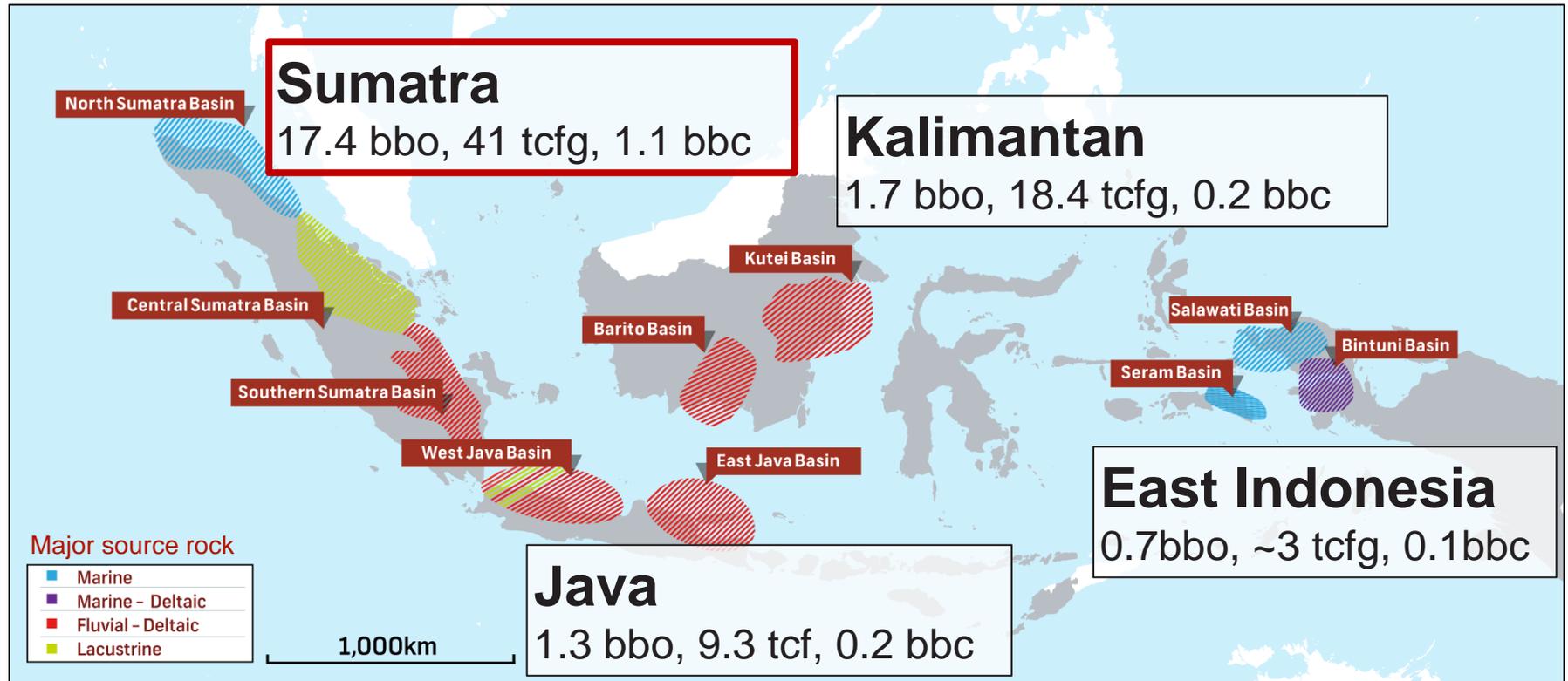


Source: IHSE, various

# INDONESIAN WORLD CLASS OIL/GAS BASINS

## Sumatra is Indonesia's most established hydrocarbon province

### Discovered hydrocarbons in Indonesian onshore provinces



Source oil and gas reserves: IHSE (Onshore volumes only shown)

- Long history of oil and gas operations
- Lion targeting Sumatran basins for linked conventional/unconventional strategy, 65% of onshore conventional reserves, gas market access & infrastructure

# BOARD & MANAGEMENT

## Well rounded team, proven track records



**Russell Brimage**

Chairman

- 35+ years experience in oil and gas
- Founder of Oilserv Australia Ltd, providing drilling, well testing and production services
- Former CEO of Western Resources NL, Entek Ltd and GM of a WA gas field operator



**Kim Morrison**

Managing Director and CEO

- Exploration geologist, 28 years of international experience including a strong SE Asian focus
- Senior roles with Woodside, Shell, Marathon
- Co-founded KRX Energy in 2010 which became part of Lion in 2014



**Tom Soulsby**

Non Executive Director

- Founding Director of Risco, former Director at PT Energi Mega Persada (EMP)
- Responsible for adding over 500mmboe 2P reserves through M&A in last 10 years
- Accounting and Investment banking background KPMG, UBS and ANZ



**Chris Newton**

Non Executive Director

- Founding Director of Risco, former CEO of EMP, President of Santos Indonesia; MD, Fletcher/Shell in Brunei & President of IPA.
- 35 years experience, 14 in Indonesia in leadership, technical and commercial roles
- Geologist background, post graduate qualifications in finance and investment



**Stuart Smith**

Executive Director

- Chartered Accountant, 20+ years in the Energy industry. Formerly Head of Oil & Gas Research for Asia Pacific with Merrill Lynch
- Leadership roles with private E&P companies, including CFO of leading Indonesian CBM company Ephindo Energy



**Sammy Hamzah**

Principal Advisor

- Founder of Tower Energy; Founder/CEO of Ephindo, Indonesia's leading CBM company
- Senior management positions at: Unocal and Chevron Indonesia; Siemens; and Lafarge
- Excellent Government/Industry relations; Board Member of IPA and KADIN

# ADVISORY BOARD



## Pre-eminent panel of industry advisors, wide-ranging skill set

### Mr Roger Whyte

Principal Advisor

- Geophysicist with extensive SE Asia exposure, Co-founder of KRX which is now a wholly owned subsidiary of Lion
- Excellent technical and management skills Indonesia Country Manager, Oilx; MD/CEO GulfX Limited; Commenced career with Shell, senior roles Union Texas, Trend Energy

### Mr Michael Ellis

Technical Advisor

- Drilling/Operations Engineer with 34 year in majors through small companies including US unconventional experience
- 20+ years in Jakarta & KL for ARCO, BP, Hess & Pexco. VP Exploitation for Maxus-YPF Repsol, responsible 150,000 bopd production

### Mr Zane Lewis

Company Secretary, Accounting

- Principal and joint-founder of corporate advisory firm SmallCap Corporate,
- Wealth of knowledge obtained from diverse financial and corporate experience
- Member of Chartered Secretaries Australia.

### Dr Andrew Cullen

Technical Advisor

- Petroleum geoscientist (BSc, MSc and PhD)
- Involved in international and Nth American discoveries/reserves additions >700 mmboe
- Senior Advisor to Chesapeake Energy working on major unconventional projects
- Nearly 20 years with Shell in Nigeria, Malaysia, the Netherlands and the US

### Dr Harold Williams

Technical Advisor

- Geochemist (BSc, MSc and a PhD) with strong unconventional expertise, Shale gas experience in Western Canada, Australia (NT) and Europe
- Senior technical positions with Caltex in Indonesia and published widely-cited papers on Sumatran petroleum systems.
- Strong operations experience with geological supervision of unconventional wells.

# STRENGTHS

## The right mix of skills and expertise

### Technical

- Best-in-class team
- Big company expertise, small company agility
- Advisory panel (tapping US/international unconventional knowledge)

### Commercial

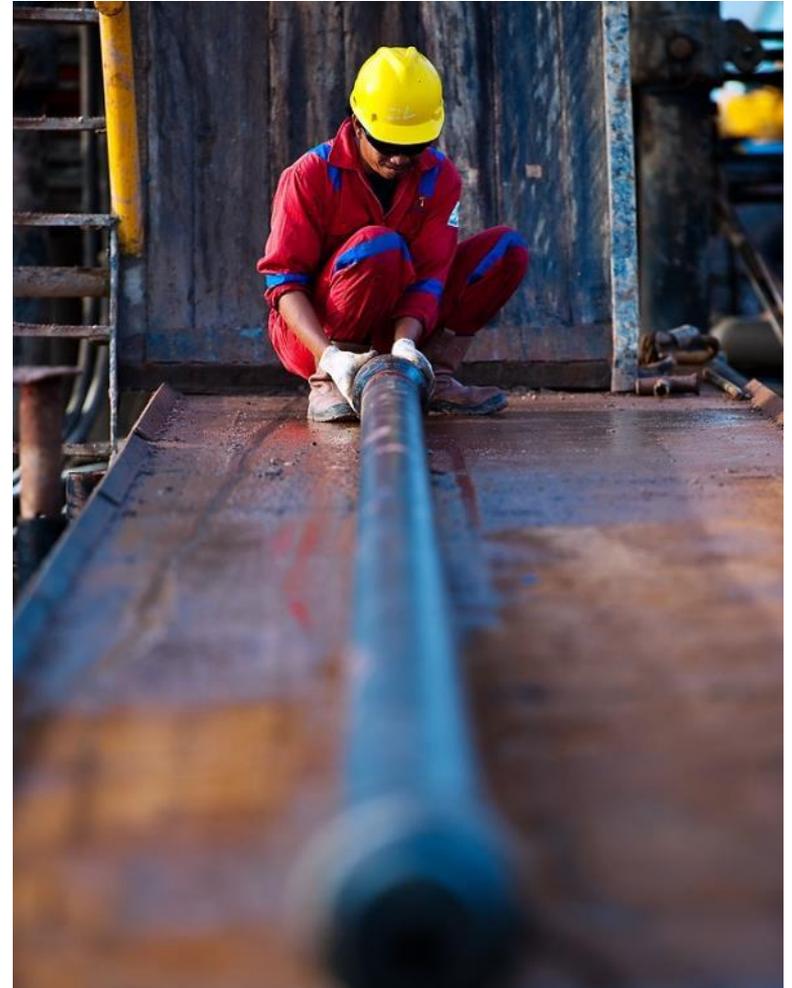
- Risco team involved in deals >\$1billion in past 10 years
- Proven track records of creating value

### Finance

- Funded through 2015 (\$5.6m cash), committed major shareholder
- Focus on governance

### Indonesian expertise

- All senior management have lived and worked in Indonesia
- Backing of major Indonesian-based investors



# CLEAR STRATEGY

## Linked conventional/unconventional approach

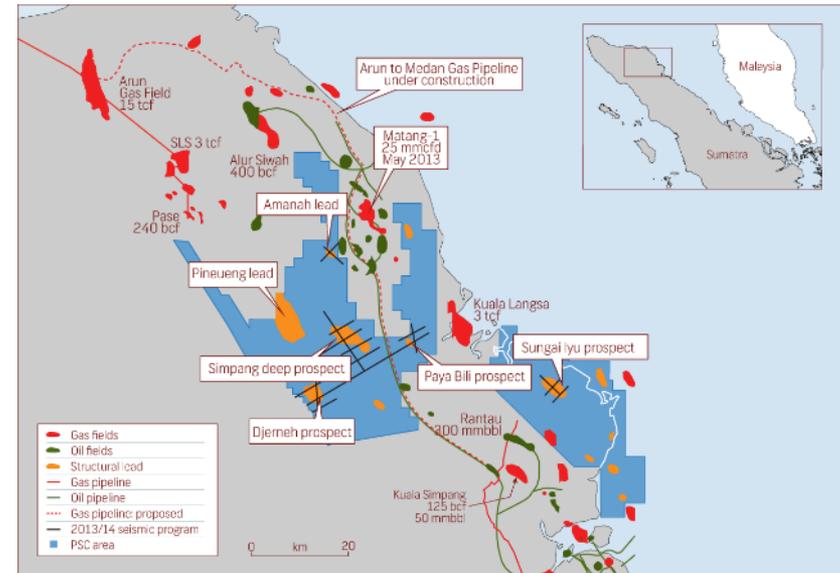
- Focus on Sumatra: prospective geology, infrastructure and markets
- Using synergies in conventional exploration to understand our unconventional potential
  - Cost efficiencies
  - Near/mid-term cash flow potential
- Adopt best practices from the US
- Apply best in-class technical, commercial, operational and market skills
- Portfolio attractive to investors with capital, capability and strategic intent but no early mover position



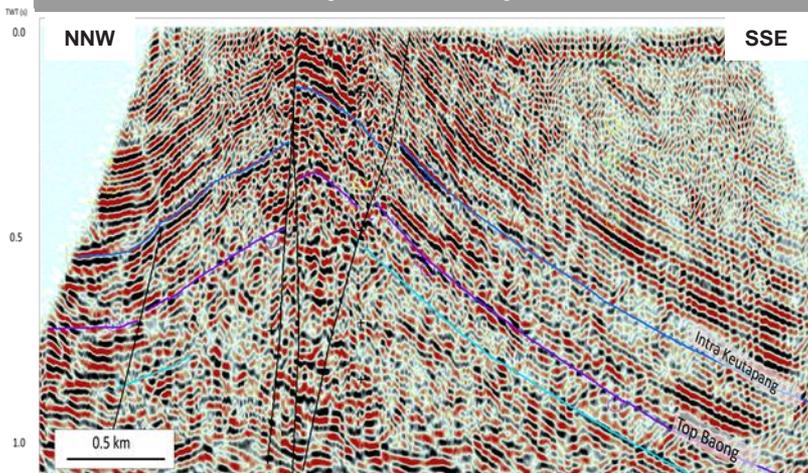
# SOUTH BLOCK A PSC (35%)

## Heartland position in prolific basin

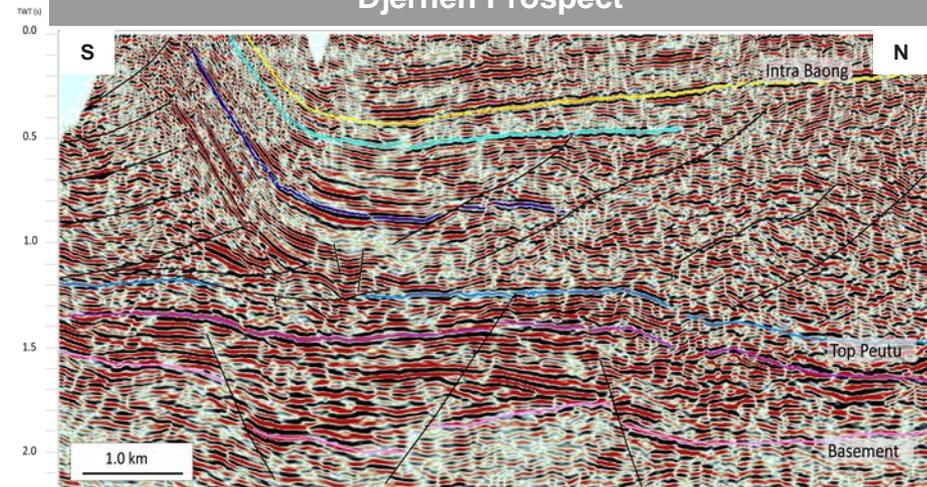
- Exciting, underexplored block (1894km<sup>2</sup>)
- 2013 Matang-1 discovery in adjacent PSC
- New pipeline through area:
  - Recent Block A gas contract - US\$9.45 mmbtu
- 183 km seismic program complete:
  - Paya Bili Prospect - low risk, shallow oil
  - Djerneh Prospect - “company maker” gas/cond
- Priority rights for unconventional JSA/PSC



Paya Bili Prospect



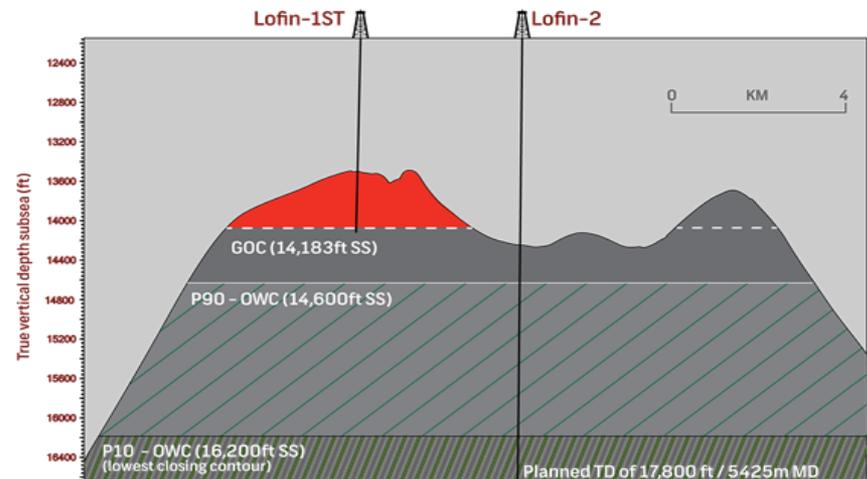
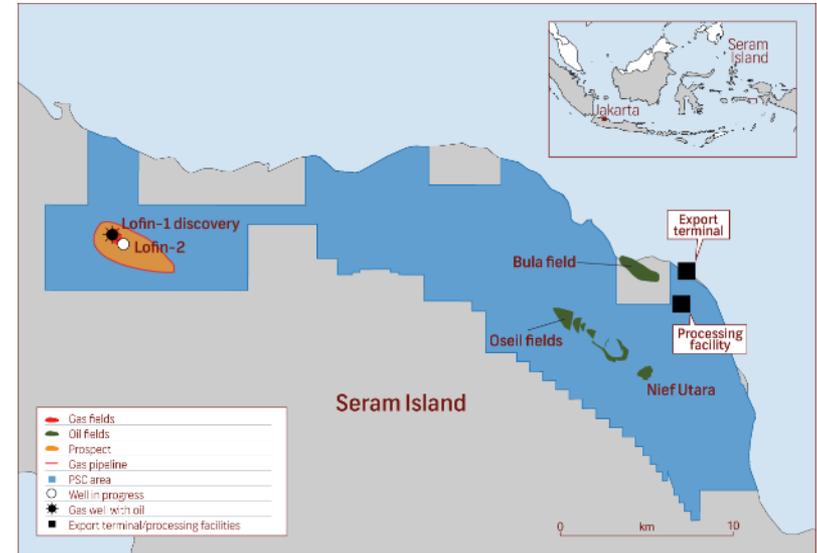
Djerneh Prospect



# SERAM (NON-BULA) PSC (2.5%)

## Lofin currently drilling, Oseil development drilling

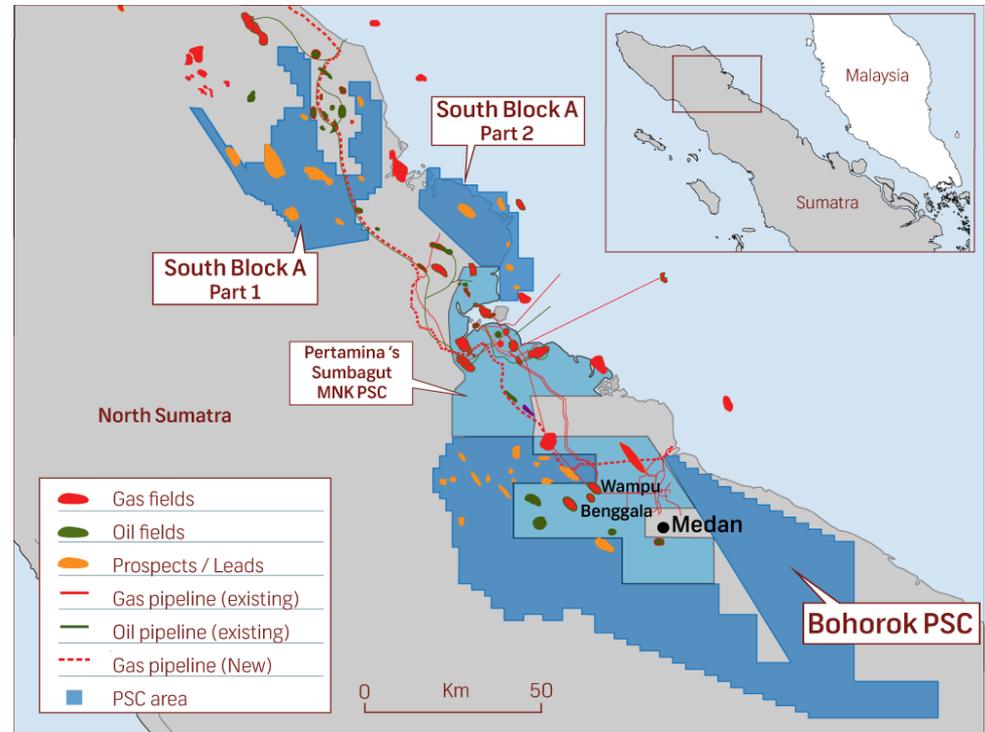
- 2.5% interest - CITIC (operator), Kufpec and Gulf Petroleum as co-venturers
- Annual net revenue of circa A\$2 mil
- Attractive fiscal terms/large sunk cost pool
- Oseil Field:
  - Gross production ~2900 bopd
  - 2014 Oseil-21 and 26 development wells currently producing ~1200 bopd combined
  - Additional development phase in 2015 anticipated to increase production ~4500bopd
- Appraisal of Lofin discovery underway
  - 2012 Lofin-1 15.7 mmscfpd gas and 171 bpd of 36.1 API oil/condensate
  - Testing potential HC column below Lofin-1 TD



# NORTH SUMATRAN UNCONVENTIONAL

## February approval of 4684 km<sup>2</sup> Joint Study

- Lion 55% with partners of overlapping conventional Bohorok PSC (Bukit, NZOG, SBL) 45%
- Adjacent to PERTAMINA's unconv. Sumbagut MNK PSC (first unconv. PSC awarded in Indonesia)
- Suitable geology: Key targets have properties analogous to successful US unconventional plays
- Access to infrastructure and markets: Recent gas at a price of US\$9.45/mmBtu
- Attractive operational environment
- Multi-tcf / multi-100's mmbbl potential

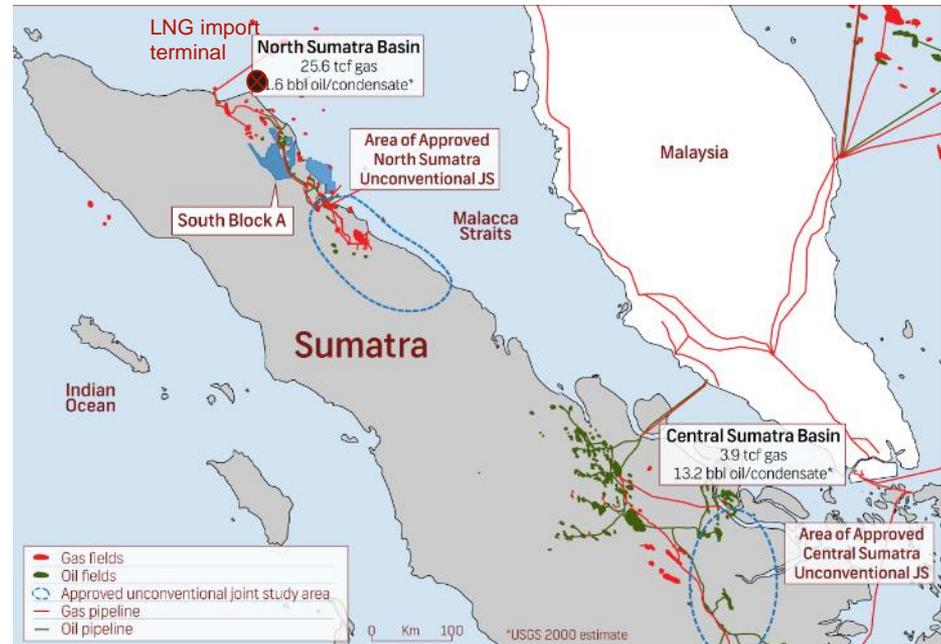


**Early mover advantage has allowed Lion to stake claim over some of the most prospective parts of North and Central Sumatran Basins**

# CENTRAL SUMATRA UNCONVENTIONAL

## Unconventional JS in Bengkalis Graben area (2,478 km<sup>2</sup>)

- Lion 75% and operator of joint study, with conventional PSC holder at 25%
- Bengkalis Graben located in the east of the prolific Central Sumatra Basin, hosts major discoveries
- Prospective source rocks at a suitable maturity and depositional setting to be attractive unconventional targets
- Lion evaluation indicates significant shale gas/oil & tight gas/oil potential
- Additional Joint Study Application in Central Sumatra being progressed and actively reviewing new opportunities

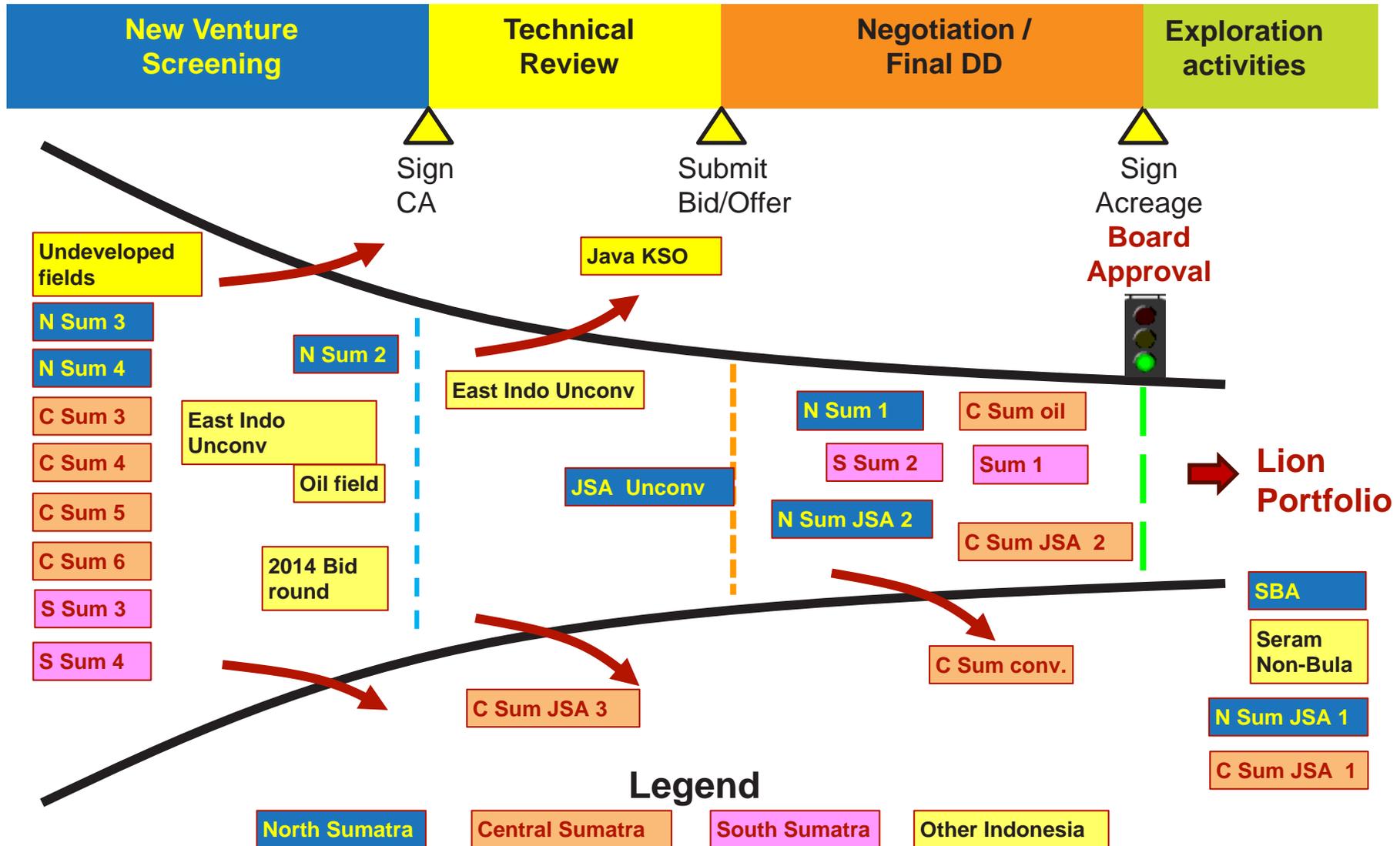


**Joint study process provides cost effective mechanism (US\$300-400K) to gain priority rights for subsequent PSC gazettal over large areas**

# LION OPPORTUNITY FUNNEL – NEW BUSINESS



Active negotiation, near-mid term exploration & production in Sumatra

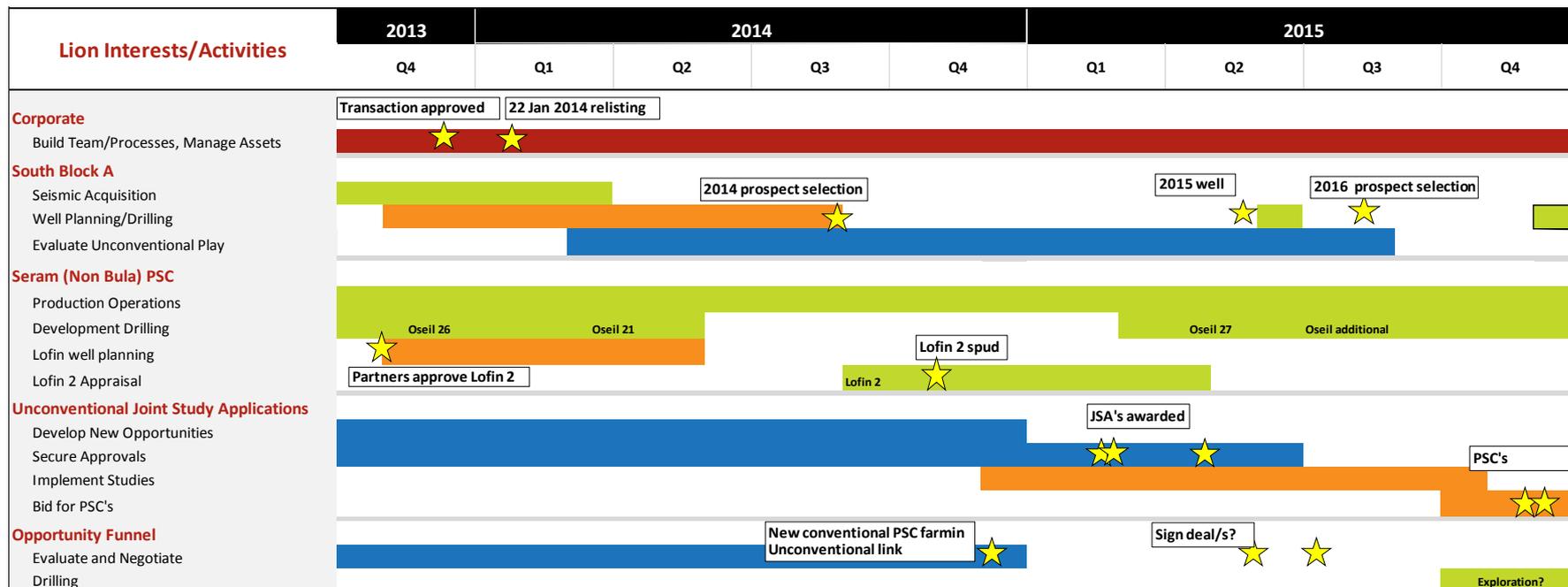


# MILESTONES



## Active program - good news flow, funded through 2015

### Lion activity and key event timeline (4Q-2013 to end-2015)

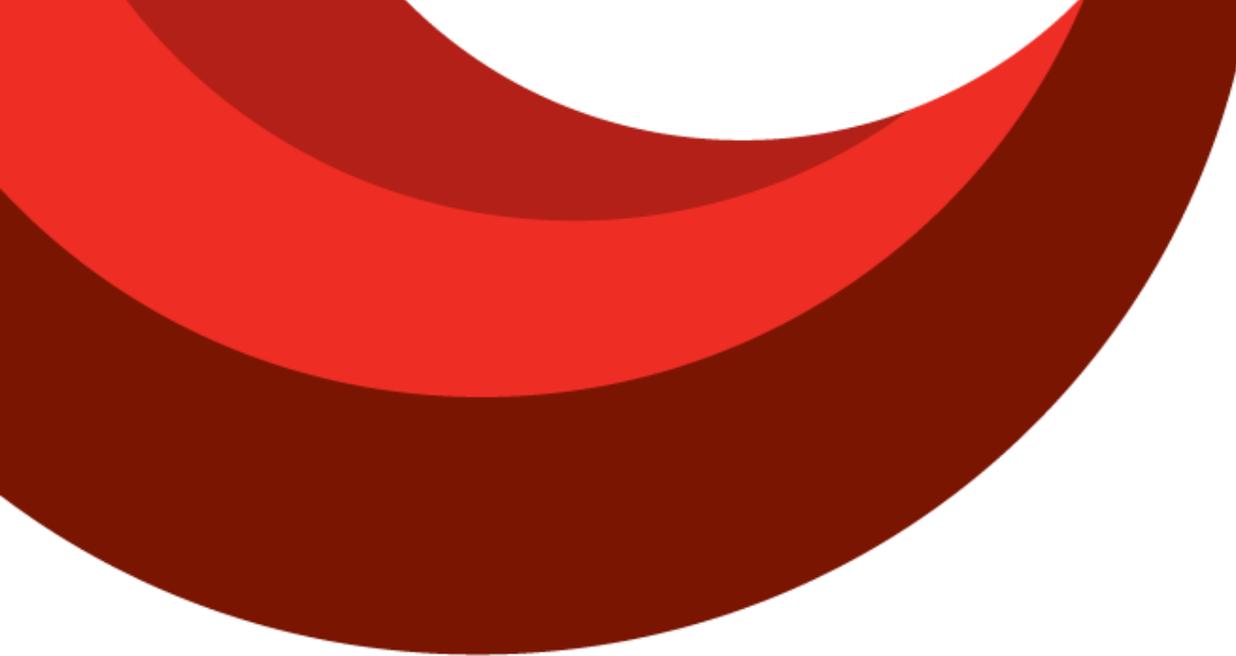


#### Legend

<b>Code</b>	<b>Activity type</b>
Red	Lion Corporate
Orange	Held Assets General Exploration
Green	Held Asset Field Activities (Drilling/Seismic)
Blue	Lion New Business Activities

#### Forecast Key Event /News flow ★

(Note: There is no guarantee that activities shown will occur. In addition, the timing of anticipated activities is indicative only. They are dependant on factors such as Government of Indonesia and Joint Venture approval, rig availability and unforeseen delays)  
As of Jan 15 2015



# Thank you

**For more information please contact:**

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