



Encouraging gas shows in Lofin-2 appraisal well

Highlights

- Lofin-2 is at 4867m MD/4763.5m TVDSS and is in the process of cutting a second core in the Manusela Formation primary objective.
- A total of 255m of the Manusela Formation primary objective has now been penetrated. Elevated formation gas readings up to 229 units (at 4722m MD with C1-C5) and some fluorescence shows have been encountered.
- Further evaluation, including electric wireline logging and planned production testing, will be required to confidently determine the fluid content and reservoir quality of the Manusela interval.

Lion Energy Ltd (ASX Code: LIO) is pleased to advise that Lofin-2 appraisal well is currently preparing to cut an 18m core to provide important rock data to assist in the evaluation of the well. Only 1.7m of core, consisting of tight limestone, was recovered in the first coring attempt due to mechanical issues.

The forward plan is to recover the core and continue drilling to the planned TD of 5425m. This will allow evaluation of the extent of the potential hydrocarbon column and whether an oil leg is present. The well may TD shallower if there are no further indications of hydrocarbons and/or a water contact is penetrated.

The top of the primary objective Manusela Formation limestone was encountered at 4615m MD/4265m TVDSS, some 345m deeper than the top Manusela Formation in the Lofin-1 discovery well. The potential hydrocarbon column is at least 600m to current TD, based on preliminary well data while drilling.

The Manusela Formation is described as predominantly limestone, with nil-to-poor visual porosity. Some mud losses have been recorded while drilling indicating fractures are likely to be present in the interval. High connection gas and trip gas have also been recorded in the well. Overall weak fluorescence shows continue to be recorded in the Manusela.

Lion's CEO Kim Morrison noted "The gas shows point to a potentially significant gas column in the large Lofin structure. The plan is to continue drilling to evaluate the extent of the potential column and whether an oil leg is present. While the presence of significant gas shows is encouraging we caution it is still too early to reach a conclusion as to the eventual outcome of the well."

Lofin-2 is located in the Seram (Non Bula) PSC in eastern Indonesia and spudded on 31 October 2014. It is being drilled to appraise the Lofin-1 discovery made in 2012, which flowed 15.7 mmscfd and 171 bpd oil/condensate from the fractured Manusela Formation. The objective of the well is to investigate the extent of the hydrocarbon column below the 160m delineated in Lofin-1 which could not be drilled deeper due to engineering issues.

Lion has a 2.5% interest in the Seram (Non Bula) PSC which is operated by CITIC Seram Energy Ltd (51%) with other co-venturers being KUFPEC (Indonesia) Ltd

Lion at a glance

- Transforming from a small Indonesian conventional oil and gas player to an Indonesian unconventional oil and gas pioneer.
- Leveraging synergies in conventional assets and access to both infrastructure and markets.
- Experienced executive team and strategic investors with impressive track records for value creation in Indonesia.
- Well-funded to execute the 2015 business plan.

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(30%) and Gulf Petroleum Investment Company (16.5%).

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 Ltd. Mr Morrison holds a B.Sc. (Hons) in Geology and Geophysics from the University of Sydney and has more than 28 years of experience in exploration, appraisal and development of oil and gas resources –including evaluating petroleum reserves and resources. Mr Morrison is a member of the American Association of Petroleum Geologists (AAPG). Mr Morrison consents to the release of this announcement and to the inclusion of the matters based on the information in the form and context in which it appears.

Glossary

bpd: barrels per day
MD: measured depth

mmscfd: million standard cubic feet of gas per day
PSC: Production Sharing Contract

TD: total depth
TVDSS: subsea true vertical depth

ENDS