



Evaluation of promising Lofin-2 with testing planned

Highlights

- Lofin-2 has reached temporary total depth of 5471m MD/5128m SSTVD within the Manusela Formation objective.
- Wireline logging is currently underway, to be followed by open-hole flow testing to evaluate the shows encountered in the Manusela limestone section.
- Should logging and testing confirm that the well is still in hydrocarbons at the bottom of the hole, it is likely that the well will be deepened further.

Lion Energy Ltd (ASX Code: LIO) is pleased to advise that the Lofin-2 appraisal well has reached a depth of 5471m MD/ 5128m TVDSS, slightly below its initial planned total depth of 5425m MD, as the well continues to encounter hydrocarbon shows. Wireline logging is currently underway to evaluate the 861m open-hole section of the Manusela primary objective.

Since Lion's last update on the well on 25 March 2015, further coring was undertaken prior to a resumption of drilling 6 inch hole in the Manusela limestone objective from 4870m to the current total depth of 5871m MD.

On completion of wireline logging, the well will be flow tested and, subject to a successful flow period and shut-in pressure build up, production logging tools will be run to determine potential productive zones within the extensive Manusela Formation limestone section.

Should the evaluation confirm that the well is still in hydrocarbons at the current depth, it is likely the well would be deepened beyond the initial planned total depth to fully appraise the extent of the potential hydrocarbon column.

Lion's CEO Kim Morrison noted "We continue to be encouraged by results from Lofin-2 with positive geological indications with respect to hydrocarbon shows and reservoir within the Manusela limestone objective, although we caution that performance of limestone reservoirs can be uncertain. We compliment the Operator, CITIC, on the successful engineering outcome thus far on the well and now look forward to results of the wireline logging and testing program."

Lofin-2, which spudded on 31 October 2014, is located in the Seram (Non Bula) PSC in eastern Indonesia and is being drilled to appraise the Lofin-1 discovery made in 2012. Lofin-1 flowed 15.7 mmscfd and 171 bpd oil/condensate from the fractured Manusela Formation encountered from 4267m MD/4164m SSTVD through to total depth 4427m MD/4324m SSTVD. 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 (30%) and Gulf Petroleum Investment Company (16.5%).

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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ASX/Media Release

For Immediate Release – 15 April 2015



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

TVDKB: total vertical depth referenced to the drill floor

TVDSS: total vertical depth referenced to sea level

ENDS