

# Annual General Meeting

## Investor Update



Perth 30 May 2017

A **New** Approach to Asian Energy

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- 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;
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## 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 presentation. 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.

# Lion Reserves and Resources



Indonesia Reserves & Resources, 31 Dec 2016 (Recoverable, net to Lion) <sup>1</sup>	Gas/Associated Gas Recoverable (BCF)			Oil/Condensate Recoverable (MMbbl)			Method
	1P	2P	3P	1P	2P	3P	
<b>Reserves<sup>1</sup></b>							
<b>Total Proven Reserves<sup>2,3</sup></b>				<b>0.087</b>	<b>0.118</b>	<b>0.182</b>	<b>Deterministic</b>
<b>Contingent Resources<sup>4</sup></b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	
<b>Total Contingent Resources</b>	<b>22.00</b>	<b>50.54</b>	<b>0.26<sup>5</sup></b>	<b>0.238</b>	<b>0.523</b>	<b>0.44<sup>5</sup></b>	<b>Deterministic</b>
<b>Prospective Resources<sup>6</sup></b>	<b>Low</b>	<b>Best</b>	<b>High</b>	<b>Low</b>	<b>Best</b>	<b>High</b>	
<b>Total Prospective Resources<sup>7</sup></b>	<b>66.9</b>	<b>180.1</b>	<b>498.5</b>	<b>3.1</b>	<b>8.7</b>	<b>24.2</b>	<b>Probabilistic</b>

## Notes:

1. Reserve estimates have been calculated using the deterministic method. Analysis of performance trends were used to estimate proved developed reserves. The performance trends associated with new well were used to assess how wells scheduled for future drilling would perform for the purpose of estimating proved undeveloped reserves as well as the probable and possible reserves associated with the future wells. Reserves were estimated only to the expiration date of the PSC.

2. Includes Undeveloped Reserves which are quantities expected to be recovered through future investments: (a) from new wells on undrilled acreage in known accumulations, (b) from deepening existing wells to a different (but known) reservoir, (c) from infill wells that will increase recovery, or where a relatively large expenditure is required to either recomplete an existing well or install production or transportation facilities for primary or improved recovery projects.

3. Undeveloped Probable and Possible reserves are included in this table however it should be noted there is uncertainty on whether these can be recovered prior to PSC expiry in 2019 as they recovery will require significant investment.

4. Contingent 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.

5. 3C contingent resources have not been calculated for the Lofin Field. The 3C number provided refers to Oseil area only.

6. Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success or GCOS) and a chance of development (economic, regulatory, market and facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is 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. For the prospective resources, an oil case has been estimated below the total depth of the existing Lofin-1 ST well.

7. Aggregation method. Prospective Resources in this Table have been estimated probabilistically at lead level but combined arithmetically to provide the portfolio number. The aggregate P90 may be a very conservative estimate and the aggregate P10 may be a very optimistic estimate due to the portfolio effects of arithmetic summation.

8. No prospective resources provided for the Unconventional Joint Studies or Joint Study Applications as these have not yet been converted to PSC's as at 31 Dec 2016.

# Lion overview - poised for major growth



15+ years in Indonesia with production and exploration assets

## Organisation

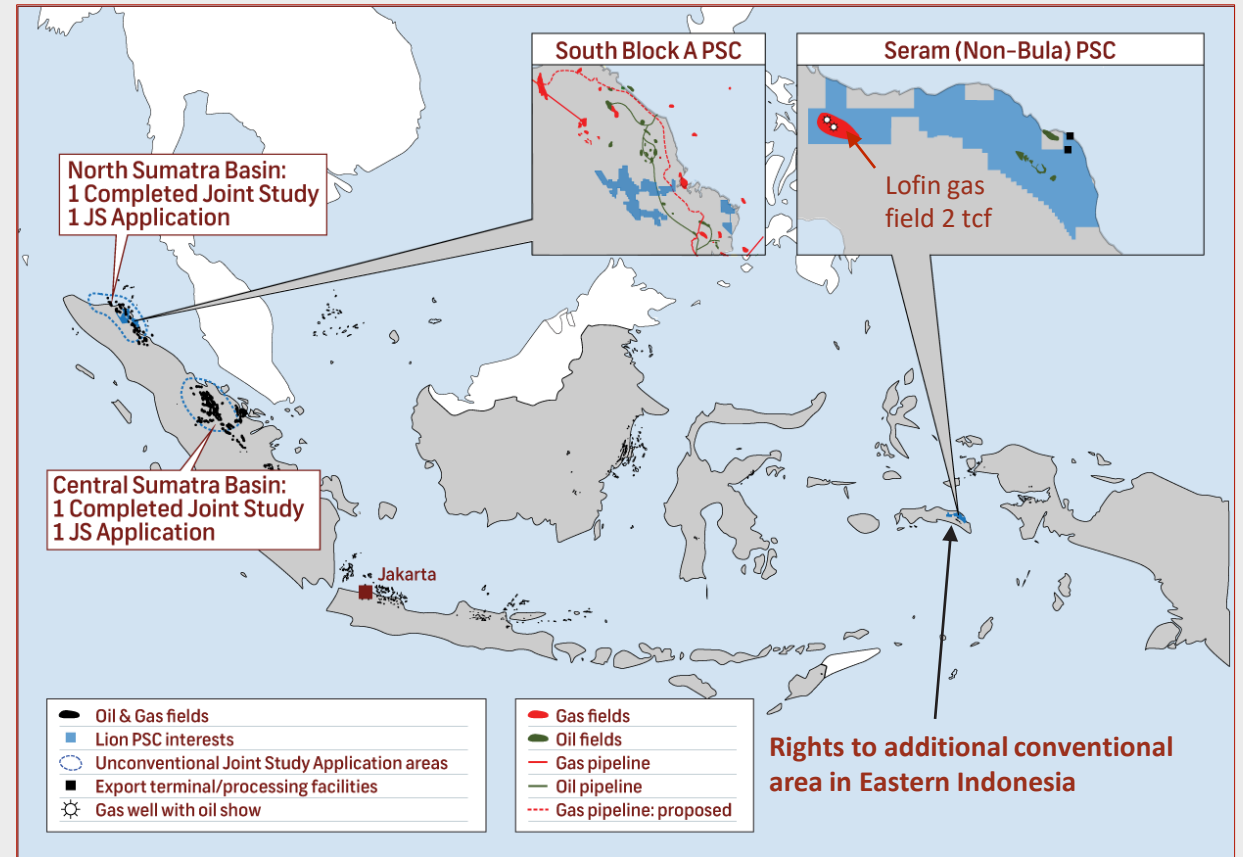
- Shares on issue 109 million
- Market cap @ A\$0.05c A\$5.5 million
- Current cash ~US\$1million
- Good cash flow from Seram production (US\$40K+ pcm)
- Low burn rate, sufficient funds for base program to Q1 2018
- Highly skilled team

## Assets

- Seram PSC - producing ~3200 bopd, Lofin discovery
- Exciting Eastern Indonesia conventional area rights
- South Block A PSC (North Sumatra) - Amanah Timur discovery, large upside gas
- Unconventional rights covering >8000 km<sup>2</sup> in Sumatra
- Pipeline of opportunities

## Major shareholders

- Risco Energy Investments (48%) – supportive, well connected, Indonesian backed
- Tower Energy (6%) - highly respected, Indonesian based
- Management (~10%) - "skin in the game"



*Lion's joint studies give priority right to enter Production Sharing Contract (PSC)*

# Since Jan 2014 restructure Lion has delivered on our promises



Outperformed forecasts, adjusted course to conventional growth strategy

## Lofin Appraisal well in Seram PSC ✓

- 2015 Lofin-2 well successful with ~1300m gas column defined and certified Contingent Resource (2C) of 2.02 tcf (50 bcf net to Lion)

## Enhance value from existing Seram PSC position ✓

- Successful Oseil development drilling, increasing production from av. 2600 bopd (31 July 2013 - 30 June 2014) to **current ~3200 bopd with solid cash flow to Lion**

## Evaluate conventional and unconventional resource potential of the South Block A PSC ✓

- South Block A PSC: 183 km 2D seismic survey high-graded portfolio; Lion takes lead in technical work
- **Drilled AMT discovery, secured 4 year extension through Jan 2021, planning appraisal well**

## Convert JS applications into PSC options, exploit synergies between conventional and unconventional exploration ✓

- Two unconventional joint studies completed post year end with positive results, **progress on other unconventional joint study applications over North and Central Sumatra Basins, provide low cost options over large areas**

## Continuously generate new portfolio opportunities ✓

- Exciting Eastern Indonesian conventional acreage rights
- Active new business initiatives with focus on acquiring production assets





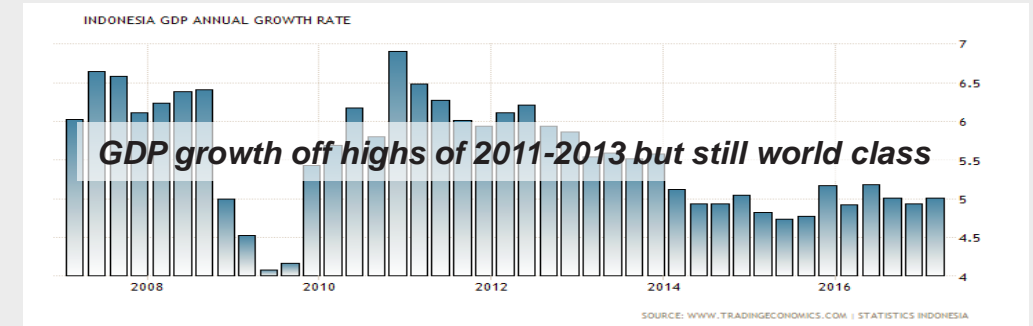
# Indonesia: opportunity rich country; low sovereign risk



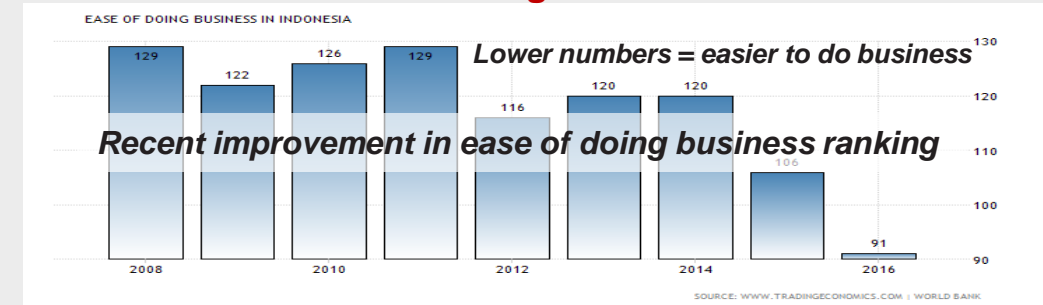
Strong, resilient economy, solid GDP growth, recent S&P credit rating upgrade

- Population 255 million (4th largest in world)
- Currently worlds 16th largest economy (GDP US\$862bill) predicted to be 7th largest economy by 2030
- Economy expanded 5.0% year-on-year Q1 2017, growth driven by rebound in government spending, rises in exports and investment
- President Joko Widodo focused on infrastructure: 2011-2025 development plan comprises US\$440 billion expenditure
- Indonesian gas consumption growth 5% pa+ (set to become gas importer), became net crude oil importer in early 2000's
- Electricity growth forecast of 8.7% pa over next 10 years
- Other metrics: Inflation 3.3%, Jobless rate 5.3%, Debt/GDP 27.9%
- May 2017 S&P raised credit rating to investment grade (BBB-) with outlook improvement to "stable" paving way for fund inflow

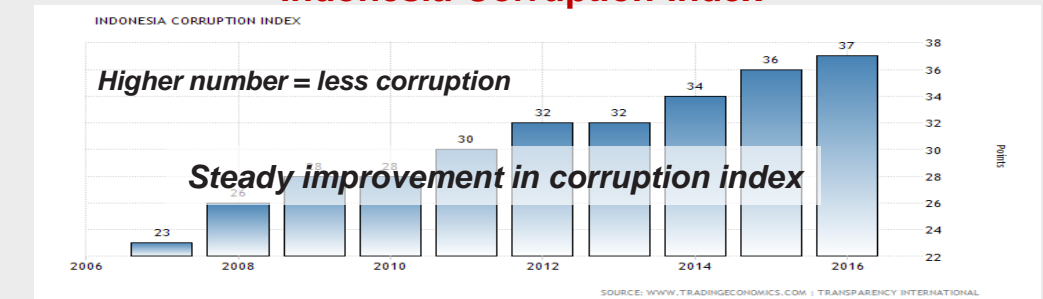
## Indonesia Annual GDP Growth



## Ease of doing business



## Indonesia Corruption Index



Source: Trading Economics, Investing in Indonesia 2015 KPMG report, Lion internal

# Lion's competitive advantages

Lion bring world class technical and commercial expertise

## Technical

- Highly experienced team, excellent reputations, hands on best-in-class skills
- Powerful combination of big company expertise with small company agility
- Advisory panel (tapping world-class drilling, geophysical, US/international unconventional knowledge)

## Commercial

- Directors involved in deals >\$1billion over past decade.
- Proven track records of creating value.

## Finance

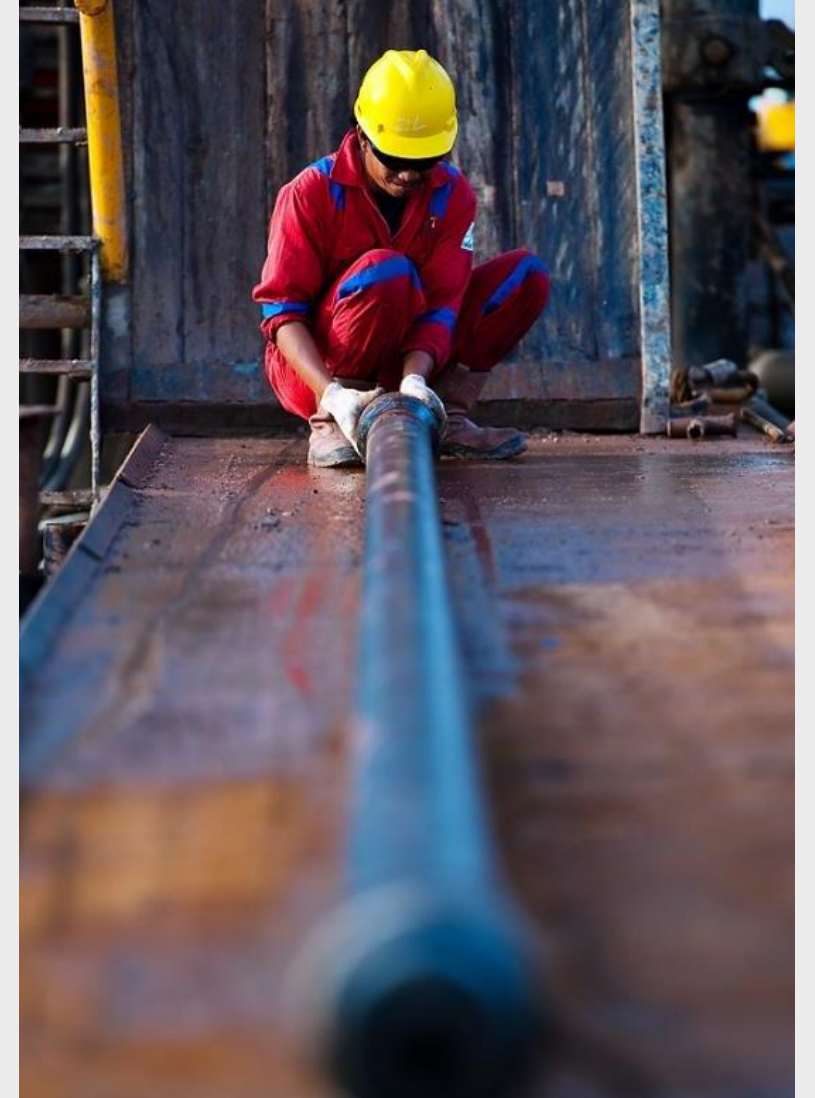
- Prudent financial/cash management.
- Focus on governance.

## Indonesian expertise

- All senior management have lived/worked in Indonesia, extensive contacts.
- Backing of major Indonesian-based investors.

## Data base

- Lion has an extensive Asia Pacific data base.
- Intimate knowledge of all productive basins in the region.
- Evaluated almost every block in Indonesia.



# Management/advisory panel: aligned with shareholders

World class talent, Indonesian expertise, proven track records, diverse skills



## Russell Brimage - Chairman



- 35+ years experience in oil and gas upstream.
- Founder of Oilserv Australia Ltd, providing production, facility design and operation, drilling, workover and well testing services.
- Senior management positions in upstream private and public companies operating in SE Asia and the US.

## 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

## Kim Morrison - Managing Director & CEO



- Exploration geologist, 30 years of international experience including a strong SE Asian focus
- Senior roles with Woodside, Shell, Marathon. Led Shell's Asia Pacific New Ventures team
- Co-founded KRX Energy in 2010 which became part of Lion in 2014

## 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 – Finance 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 Panel

### Mr Amrullah Hasyim – Advisor

- 30+ years experience in the oil & gas industry.
- Extensive operations, technology and business development experience.
- Has held senior positions with international service company, Halliburton Energy Services and Ephindo Energy Private Limited.
- Lion recently placed as GM of SBA PSC operator

### 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.

### 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

### 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: unconventional projects
- 20 years with Shell in Nigeria, Malaysia, the Netherlands and the US

## Company Secretarial/Accounting

### Mr Zane Lewis – Joint Company Secretary

- 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.

### Mr Aaron Canicais – Joint Company Secretary

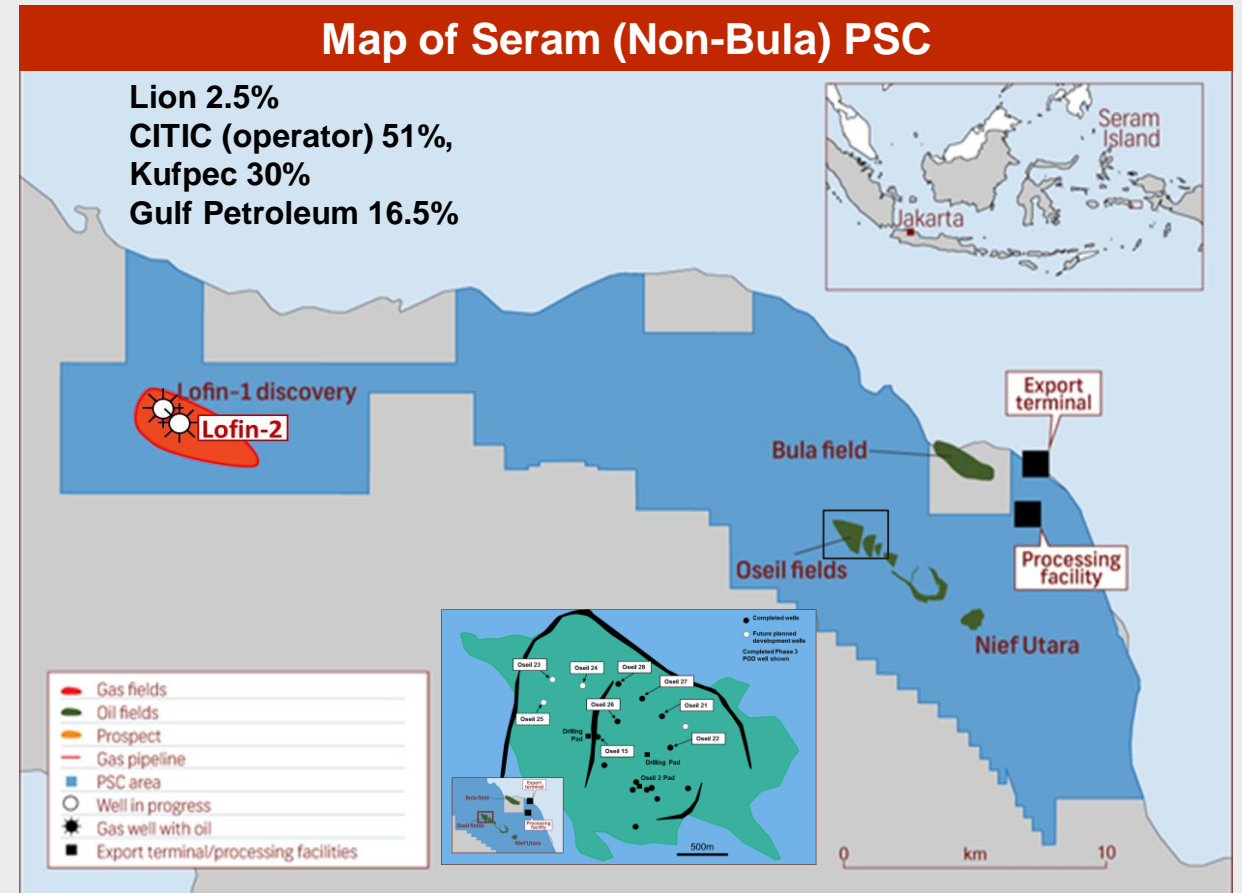
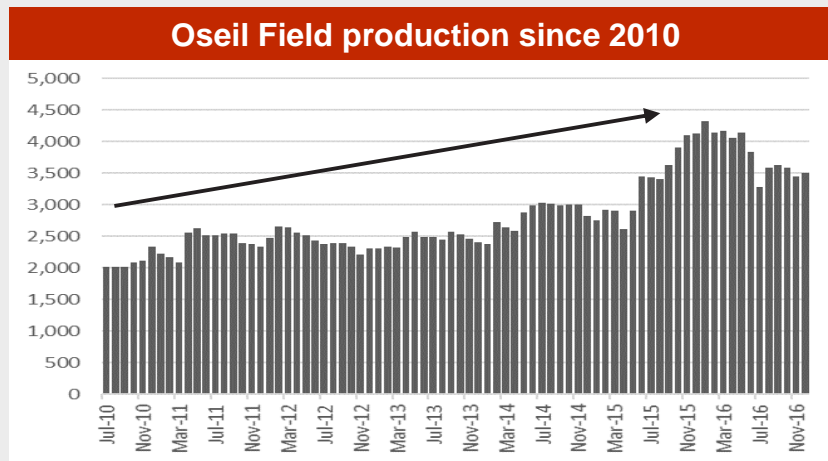
- Chartered Accountant with 10 years experience in audit, assurance and financial officer roles
- Prior to SmallCap had 5 years with Bentley Audit & Corporate
- Member of Institute of Chartered Accountants and Governance Institute of Australia



# Seram (Non-Bula) PSC overview

Appraisal and development success, cash flow positive

- Over 16 mm barrels produced since production started in January 2003
- Oseil Field production now ~3200 bopd (~80 bopd net)
- 3.5 mmbbl 1P reserves (100%) as at Dec 31 2016
- Recent development success has increased production from ~2000 bopd in 2010
- Operating cost for Mar 2017 quarter ~US\$11.80 per barrel, Operator continuing to work on cost reductions
- Lofin appraisal success: 2 TCF contingent resource (2C)
- PSC expiry Dec 2019, JV working on renewal

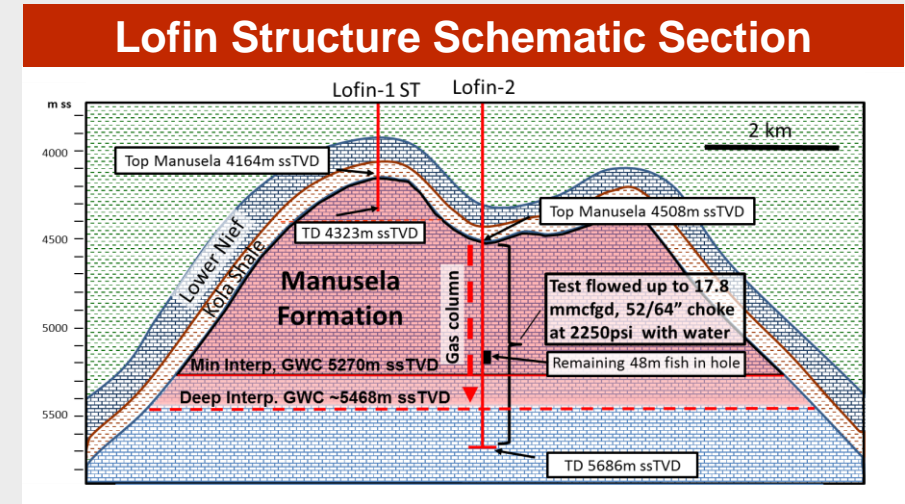


# Lofin Field - one of largest discoveries in region in recent years

2 tcf gas / 18.3 mmbbl condensate 2C contingent resource\*/Lion Share 50 bcf /0.5 mmbbl

- 2015 Lofin-2 appraisal of 2012 Lofin discovery, confirmed gas column up to 1300m thick
- Gas test at up to 17.8 mmcf/d on 52/64" choke (2250 psi flowing pressure)
- Contingent resources\* (2C Best Estimate):
  - 2020 bcf gas and 18.25 mmbbl condensate (100% basis)
  - 50 bcf gas and 0.46 mmbbl condensate (net to Lion 2.5%)
- Development options:
  - Liquefied natural gas (LNG): similar volume to Sulawesi's 2015 Senoro project (Analog), single train with capacity 2mm tonne LNG pa (equivalent to 300 mmscfd & 8000 bbl condensate per day)
  - Compressed natural gas (CNG) providing gas to Eastern Indonesian market
- Joint venture working on PSC extension post Dec 2019 to allow resources to be commercialised

\* see Slide 3 for definition



# South Block A PSC (Lion 40.7%)

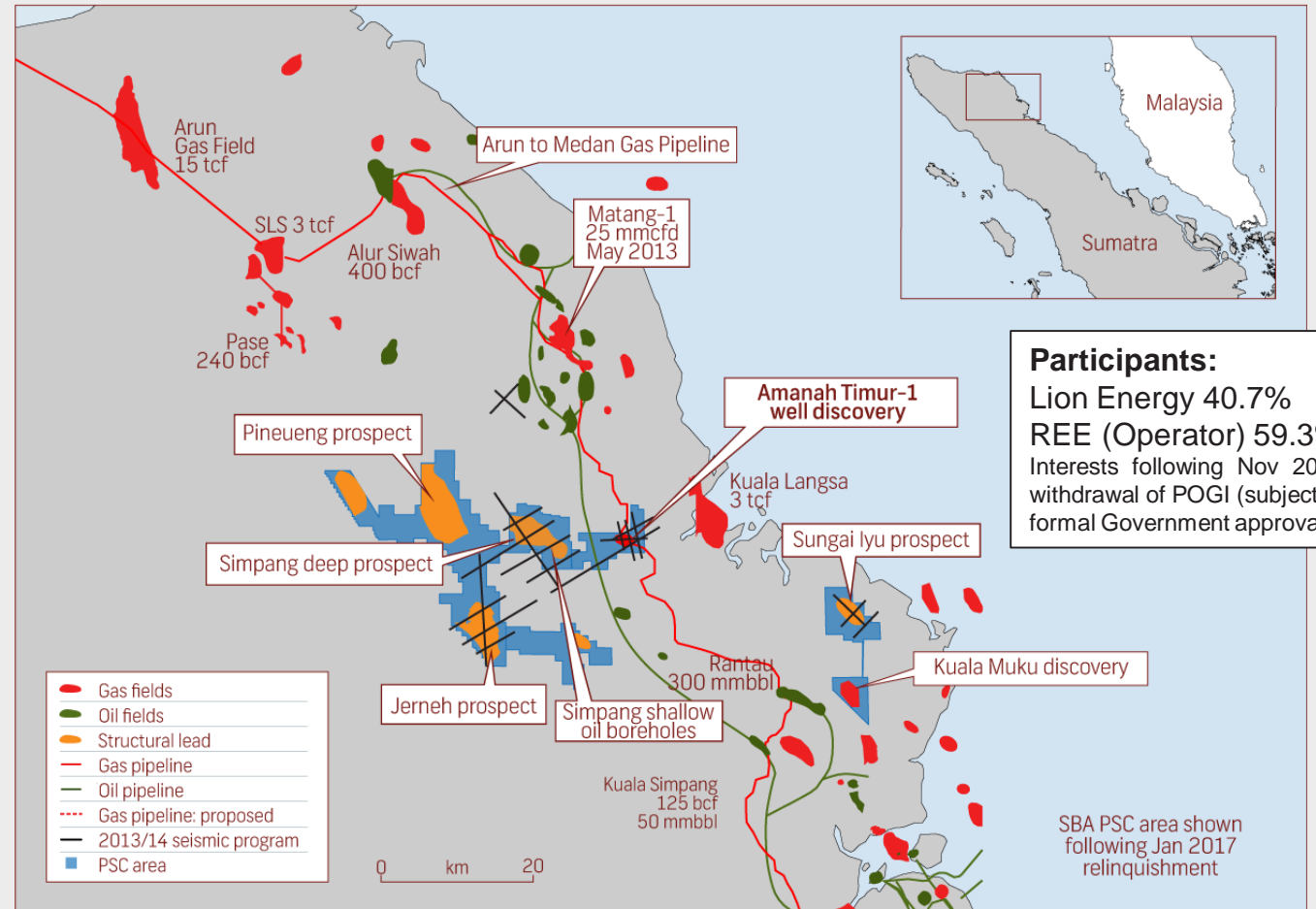
Company maker potential, Amanah Timur-1 discovery

- Exciting, underexplored block (1579km<sup>2</sup>), multiple plays
- PSC signed 2009, Regulator has just approved 4 year extension to Jan 22, 2021
- On trend with major fields
- New 400 mmscfd pipeline through SBA (Arun LNG regas terminal to Medan)
- 2014 183km seismic program high-graded portfolio

## Key prospects:

- **Amanah Timur-1:** 2017 discovery, appraisal planned for Q3 2017
- **Jerneh:** large upside gas/condensate, planned Q2 2018 (Prospective resource: 60-760 bcf)

**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.

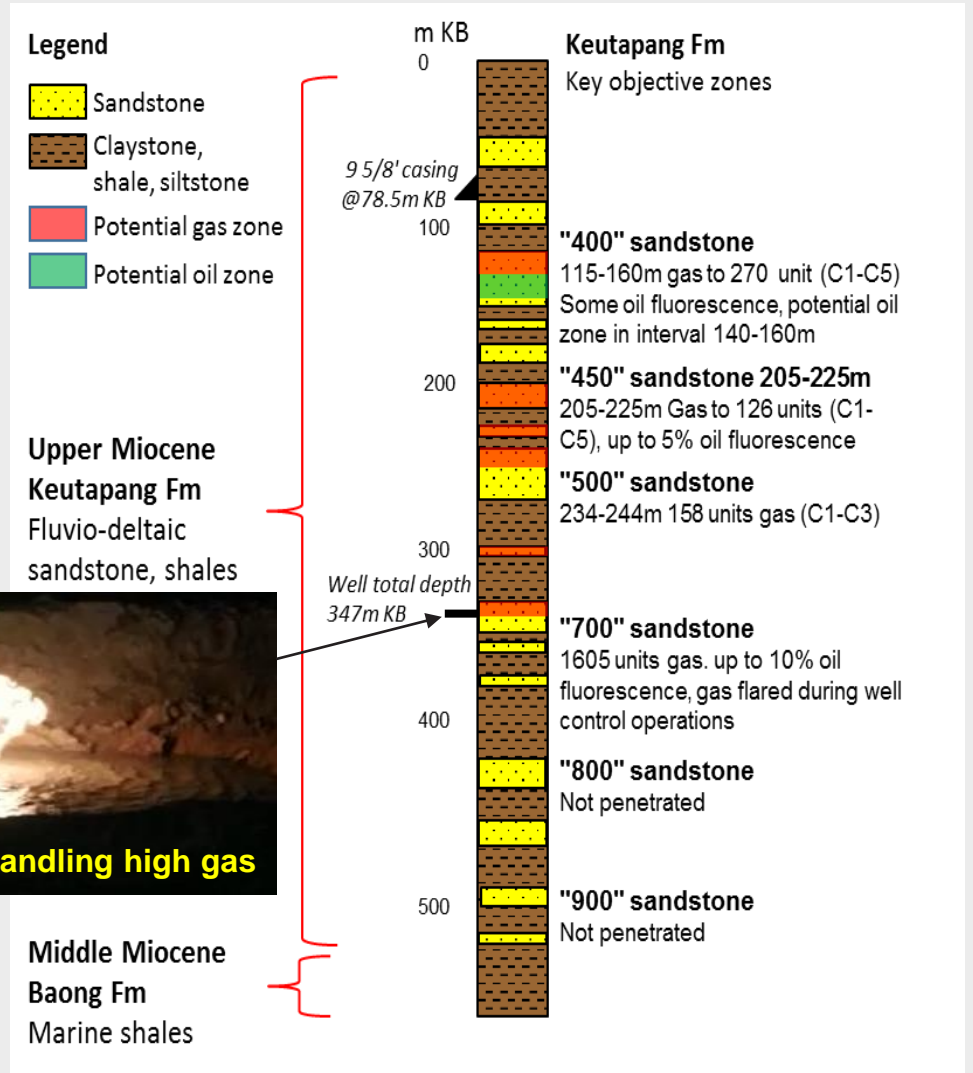
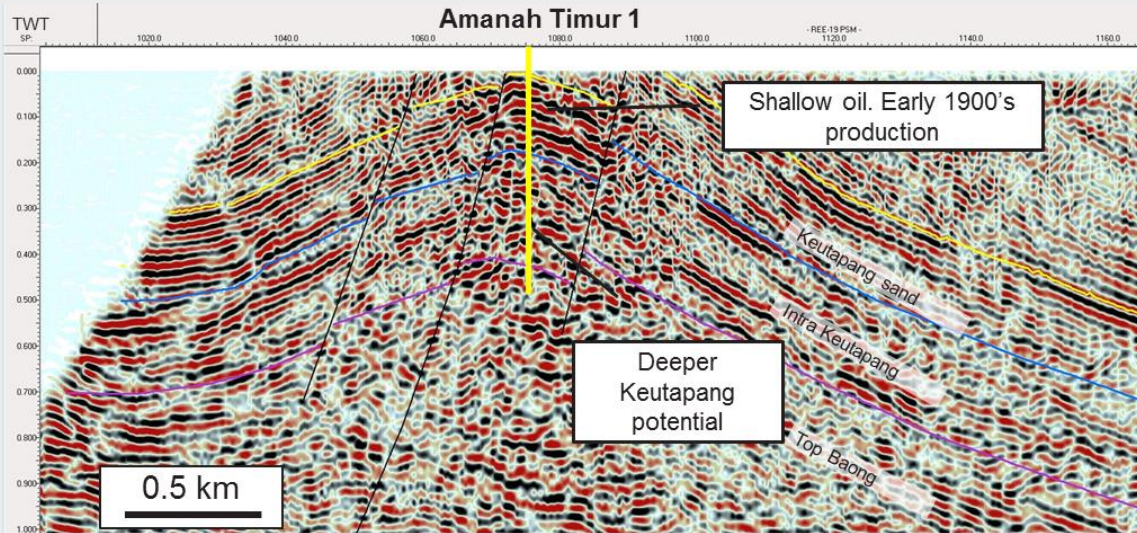




# Amanah Timur discovery

Keutapang Fm discovery, gas flared & good oil shows, appraisal planned

- Pre-war field produced (~200,000 bbls)
- Well spudded Jan 3 2017, TD at 347m on 11 Jan 2017
- Key objectives had strong gas, good oil shows, gas flared at surface
- 3-4 productive zones interpreted, results in line with pre-drill prospective resource estimates
- Pipe stuck while dealing with high gas and well plugged and abandoned
- Well completed PSC commitment and 4 year extension granted
- Appraisal well planning for Q3 2017 to allow fast track development





# Jerneh Prospect

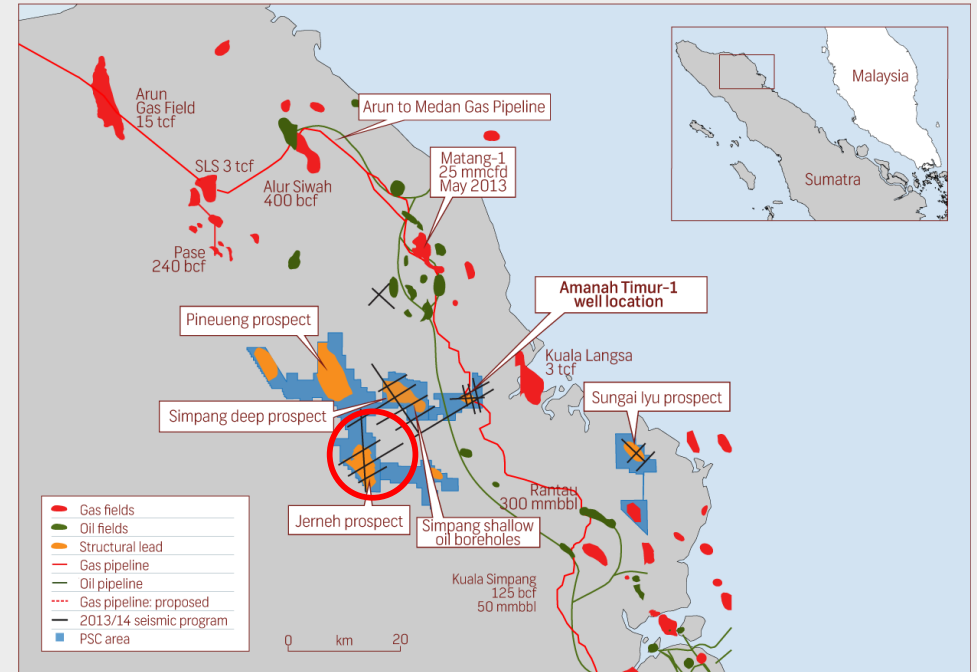
Largest undrilled structure in onshore North Sumatra, world-class potential (64-760 bcf)

- 7.9 km<sup>2</sup> 4-way, up to 63 km<sup>2</sup> sub thrust closure
- Analogue with PASE (~240 bcf) and Matang (up to 400 bcf) fields
- Primary objectives: Early Miocene Peutu Lst and Belumai sst
- Well to 1900m would test structure

**Prospective resource<sup>1</sup> unrisked (100%): POS 34%**

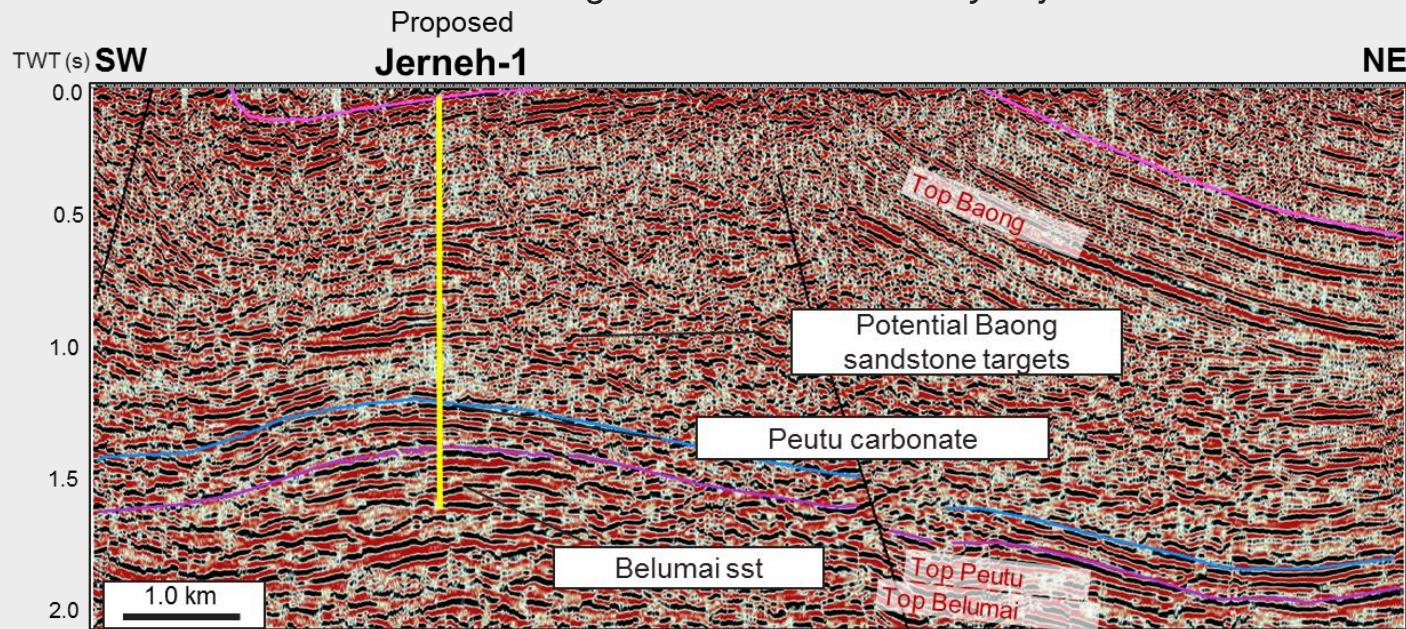
- Gas (bcf) P90: 64 P50: 223 Mean: 329 P10: 760
- Cond (mmbbl) P90: 1.5 P50: 5.3 Mean: 7.5 P10: 17.6

Volumes not estimated for Baong sandstones secondary objective



Planned 2018 well cost est. 100% ~US\$6.5mm (Lion share ~US\$2.3mm)

**<sup>1</sup>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.



# Unconventional update - rights to highly prospective areas

Lion holds rights to over 8,000 km<sup>2</sup> (net) in Sumatra prolific basins

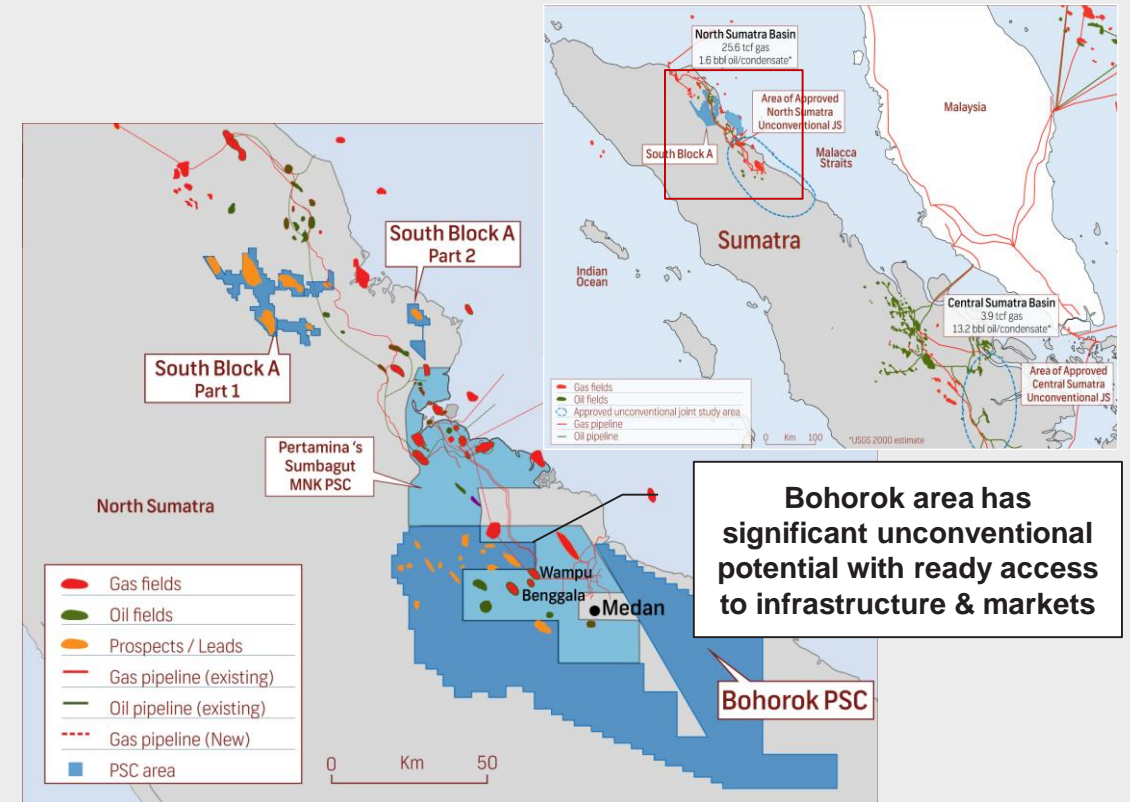
**North Sumatra - Bohorok area** (Lion 55%) Joint Study with Bukit, NZOG complete, proposed PSC area ~3000 sq km

- Adjacent to PERTAMINA unconventional Sumbagut MNK PSC where Indonesia's first unconventional well, Melecut-1, currently being drilled
- Field trip obtained >300 surface cores, analysis positive
- Significant shale/tight gas and oil potential indicated
- Waiting on finalisation of new terms prior to gazettal

**Central Sumatra - Bengkalis** (Lion 75%) Joint Study with well established Indonesia company complete

- Bengkalis Graben located in the east of the prolific Central Sumatra Basin, hosts major discoveries.
- Confirmed significant unconventional potential in graben areas, currently seeking approval to add additional prospective areas
- Waiting on finalisation of new terms prior to gazettal

**Lion has two other Joint Study application in Sumatra including unconventional rights over South Block A PSC - low cost options over large prospective areas**



**Bohorok area has significant unconventional potential with ready access to infrastructure & markets**

**Current unconventional PSC's 40-50% Contractor profit. Government in process of releasing new unconventional contracts with improved flexibility/better terms. Cooperation/alignment encouraged between conventional and unconventional licences.**



# Lion active on new business front

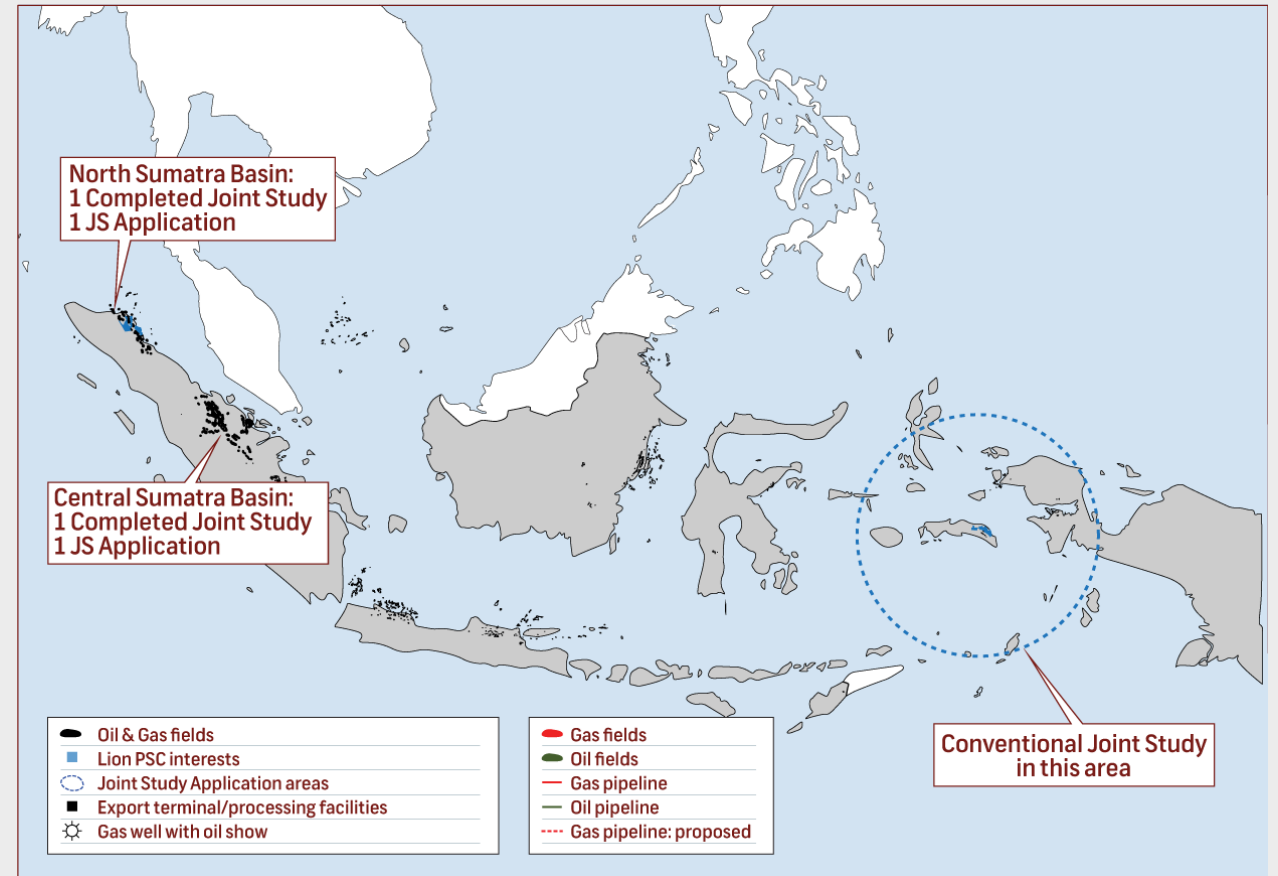
Rights to high profile area with oil, large gas potential, targeting production opportunities

## Eastern Indonesian acreage

- Lion gains 100% rights to area of over 6,500 km<sup>2</sup> through joint study process
- Highly attractive shallow oil and deeper gas plays
- Reached Agreement to acquire Transform Exploration's (private company run by ex- Woodside management) 50% interest in exchange for 4.8 million Lion shares (May 17<sup>th</sup> 2017 announcement)
- Positions Lion as major participant in Eastern Indonesia

## Other new business

- Targeting attractive production opportunities in core areas
- Advanced negotiations on a number of deals



*Lion targeting production opportunities in Indonesia and elsewhere in Asia-Pacific*

# Lion's major growth upside: team, assets, opportunities

Significant near-to-mid-term catalysts to drive share price appreciation

## Solid fundamentals

### Seram PSC

- Steady cash flow
- Significant oil appraisal potential
- Major upside with Lofin gas field (LNG/CNG development)

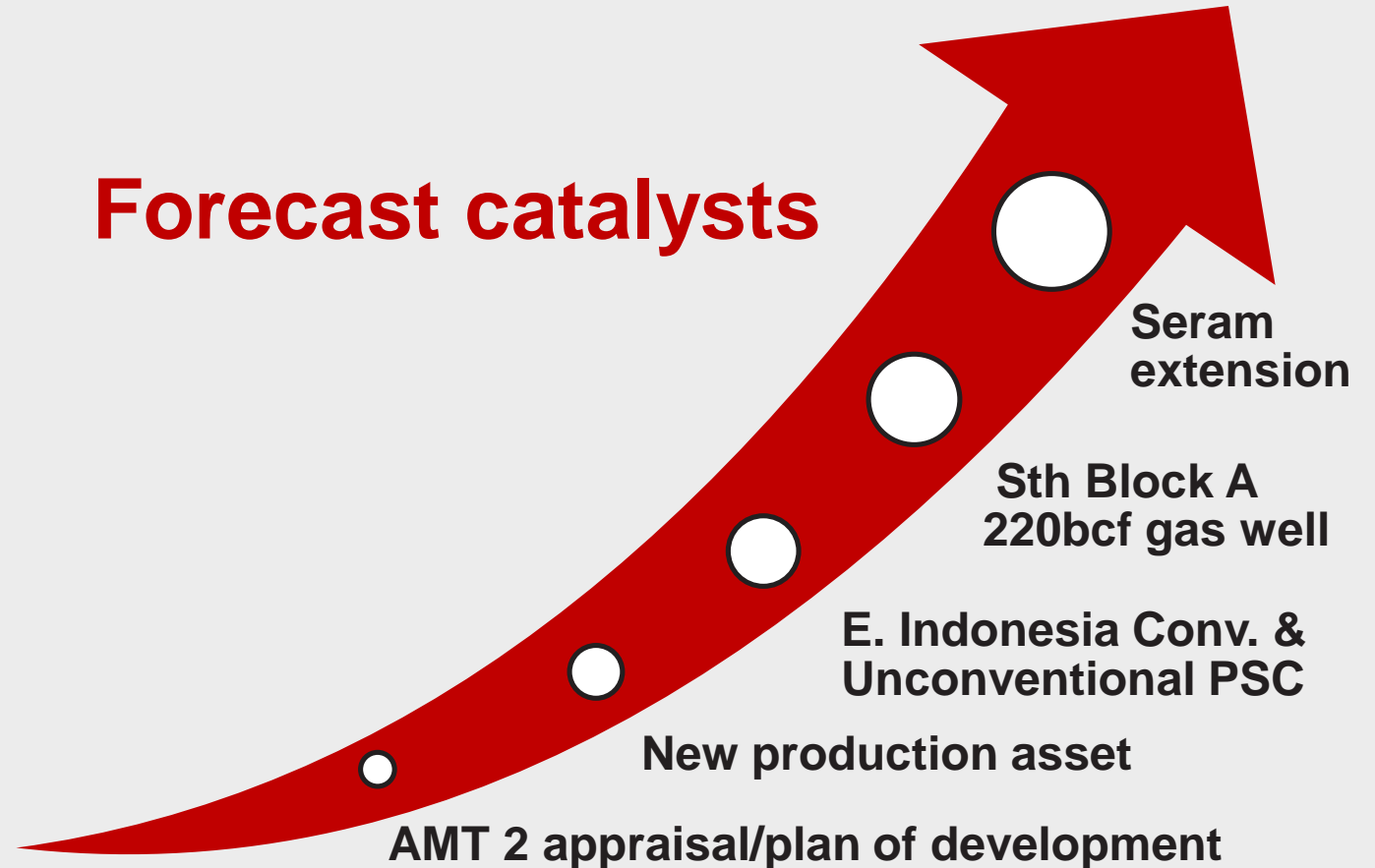
### South Block A PSC

- Near term drilling, on trend with major fields
- Established oil and gas infrastructure
- World class gas prospects with high demand gas market

### New business

- Exciting joint studies - multi-tcf gas / multi-100s' mmbbl oil potential
- Opportunity rich environment for acquiring oil and gas production

## Forecast catalysts







# Thank you

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