

# Recapitalised Reskilled Repositioned

Excellence in Oil & Gas, Sydney

12 March 2014



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## Forward-looking statements

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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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# Important notice and disclaimer (cont.)



Reserves & Resources, 1 Jan 2014 (Recoverable, net to Lion) <sup>1</sup>	Gas/Associated Gas (BCF)			Oil/Condensate (MMbbl)			Method
Reserves	1P	2P	3P	1P	2P	3P	
Total Reserves (Seram)				0.163	0.270	0.378	Deterministic
Contingent Resources	1C	2C	3C	1C	2C	3C	
Total Contingent Resources (Seram)	0.348	0.645	1.140	0.004	0.007	0.011	Deterministic
Prospective Resources <sup>2</sup>	Low	Best	High	Low	Best	High	
Prospective Resources-Seram	0.0	0.2	1.2	0.0	0.1	0.9	Probabilistic
Prospective Resources-South Block A <sup>3</sup>	69.8	150.3	315.2	6.5	16.4	41.3	Probabilistic
Total Prospective Resources <sup>3</sup>	69.8	150.5	316.4	6.5	16.6	42.2	Probabilistic

## Reserves & Resources estimates

1. Hydrocarbon reserves and resource estimates are expressions of judgement 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. 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 inclusion of this announcement of the matters based on the information and context in which it appears. Mr Morrison is a member of AAPG.

**Company  
snapshot**

**Why  
Indonesia?**

**Strategy**

**Strengths**

**Assets**

**Milestones**

# COMPANY SNAPSHOT



An emerging pioneer in Indonesian unconventional oil and gas

## Restructuring Complete

- Shares on issue: 95m
- Market cap @20c: A\$19 million
- Cash: A\$7.6 million
- Revenue: ~A\$2.2 million

## Major shareholders:

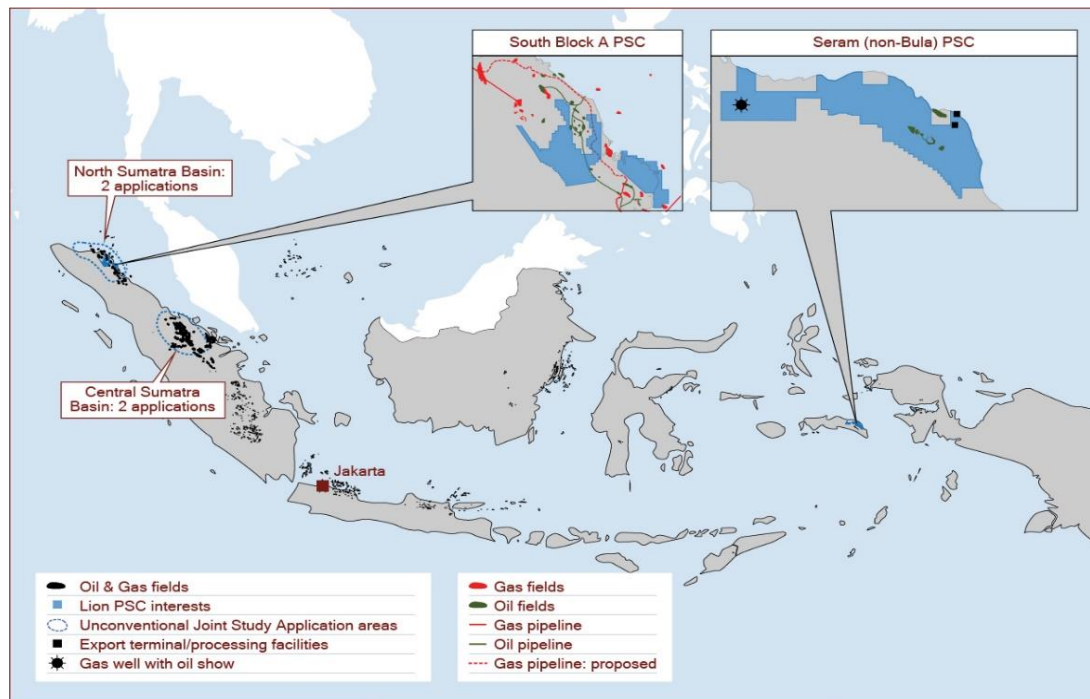
- Risco Energy Investments (47%)
- Tower Energy (14.4%)
- Management (13.3%)

## Assets

- Seram PSC (2.5%) - production
- South Block A (35%) - exploration
- Four unconventional applications

## High-calibre board:

- Russell Brimage, Chairman
- Kim Morrison, MD and CEO
- Chris Newton, Non-Exec Director
- Tom Soulsby, Non-Exec Director



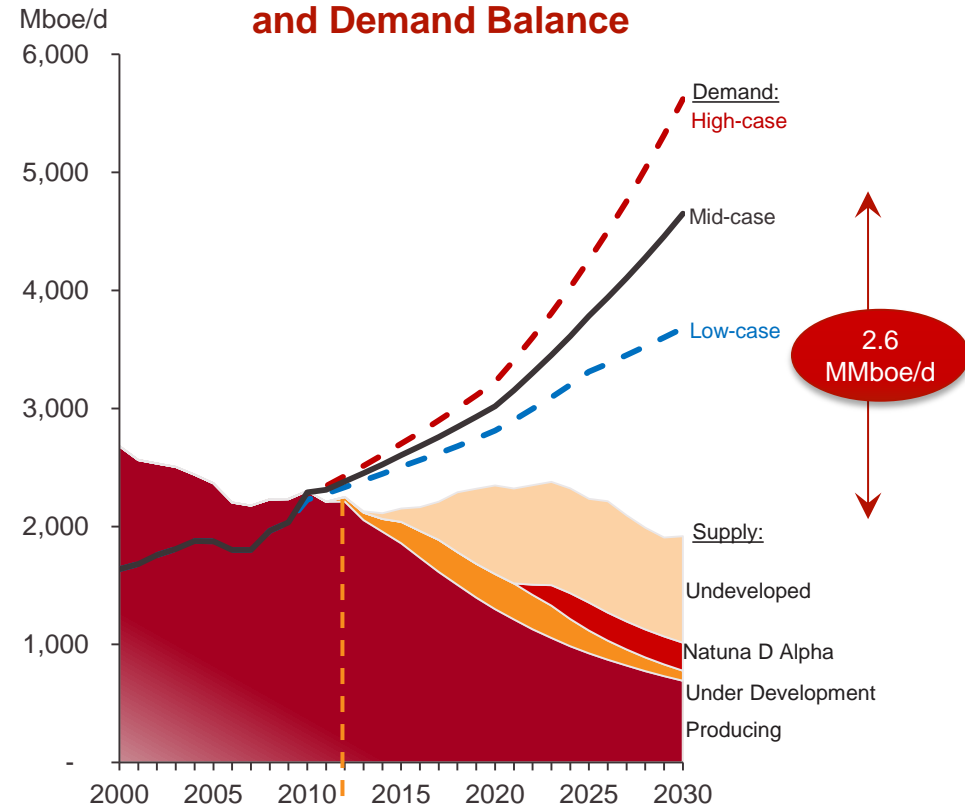
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Total Contingent Resources	0.348	0.645	1.140	0.004	0.007	0.011
Prospective Resources	Low	Best	High	Low	Best	High
Total Prospective Resources	69.8	150.5	316.4	6.5	16.6	42.2

# WHY INVEST IN INDONESIA?

## A unique opportunity in SE Asia

- 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 investment to fill supply demand gap
- Competitive fiscal terms, contrary to popular perception

### Projected Indonesian Oil and Gas Supply and Demand Balance



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



# CLEAR STRATEGY

## The leading unconventional player in Indonesia



- Focus on Sumatra in areas with prospective geology, infrastructure and markets
- The right mix of technical, commercial, operational and market skills
- Indonesia's attractive macro and industry environment
- Build significant unconventional position and exploit synergies of conventional exploration
- Portfolio attractive to investors with capital, capability and strategic intent but no early mover position



# STRENGTHS

## The right mix of skills and expertise

### Technical

- Best-in-class team
- Leveraging big company expertise with small company agility
- Advisory panel (tapping US/international unconventional knowledge)

### Commercial

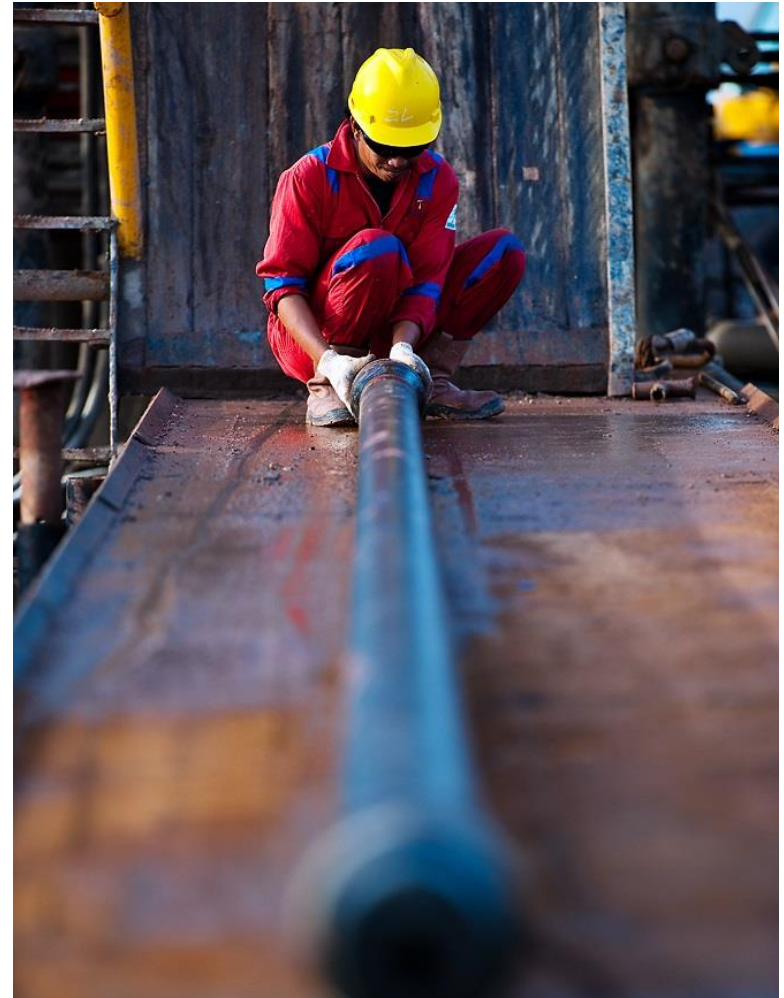
- Risco team involved in deals >\$1billion in past 10 yrs
- Entrepreneurial management, proven track records of creating value

### Finance

- Strong balance sheet - \$7.6m cash
- Focus on governance

### Indonesian expertise

- Senior management with more than 50 years combined working and living in Indonesia
- Backing of major Indonesian-based investors

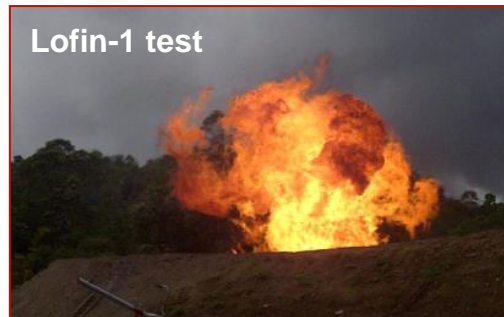
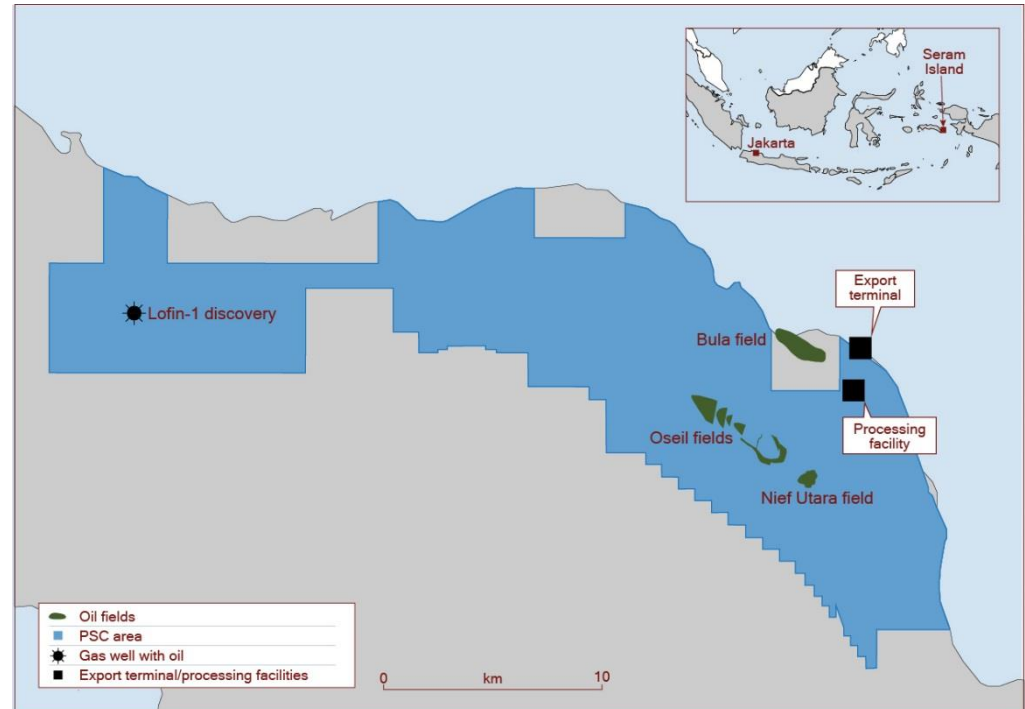




# SERAM (NON-BULA) PSC (2.5%)

## Production with exploration and exploitation upside

- 2.5% interest - CITIC is operator, Kufpec and Gulf Petroleum as co-venturers
- Annual net revenue of circa A\$2.2 mill
- Attractive fiscal terms and large sunk cost pool
- Oseil Field:
  - Gross production ~2800bopd
  - Recent development well added 500bopd; another is currently drilling
- Lofin 2012 discovery :
  - HC column 160m+
  - 2014 appraisal well to test large upside potential (P10 HC column ~ 770m)



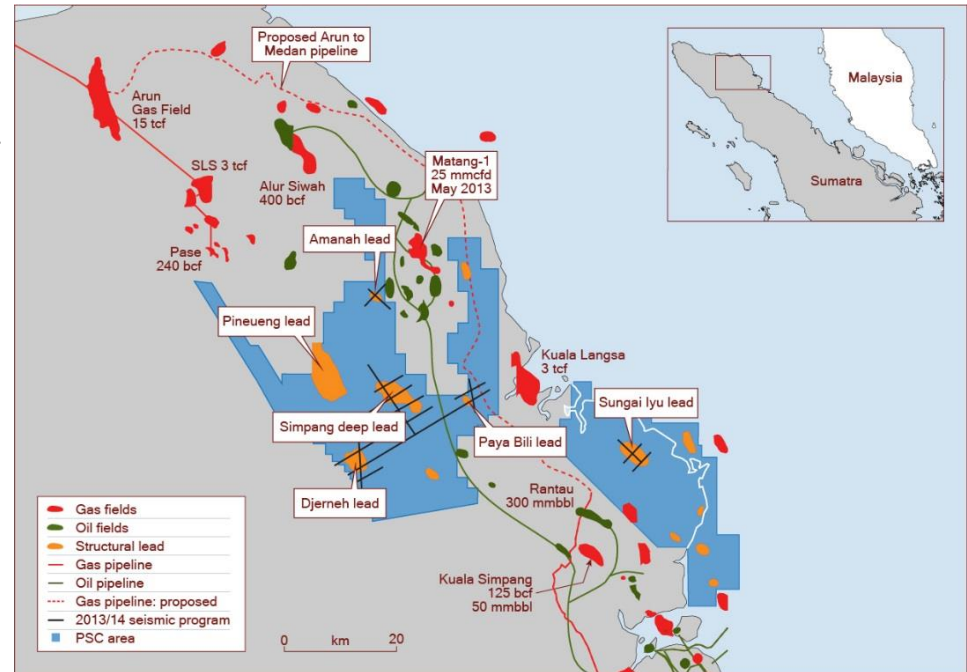
Source: CITIC 2013



# SOUTH BLOCK A PSC (35%)

## Heartland position in prolific basin

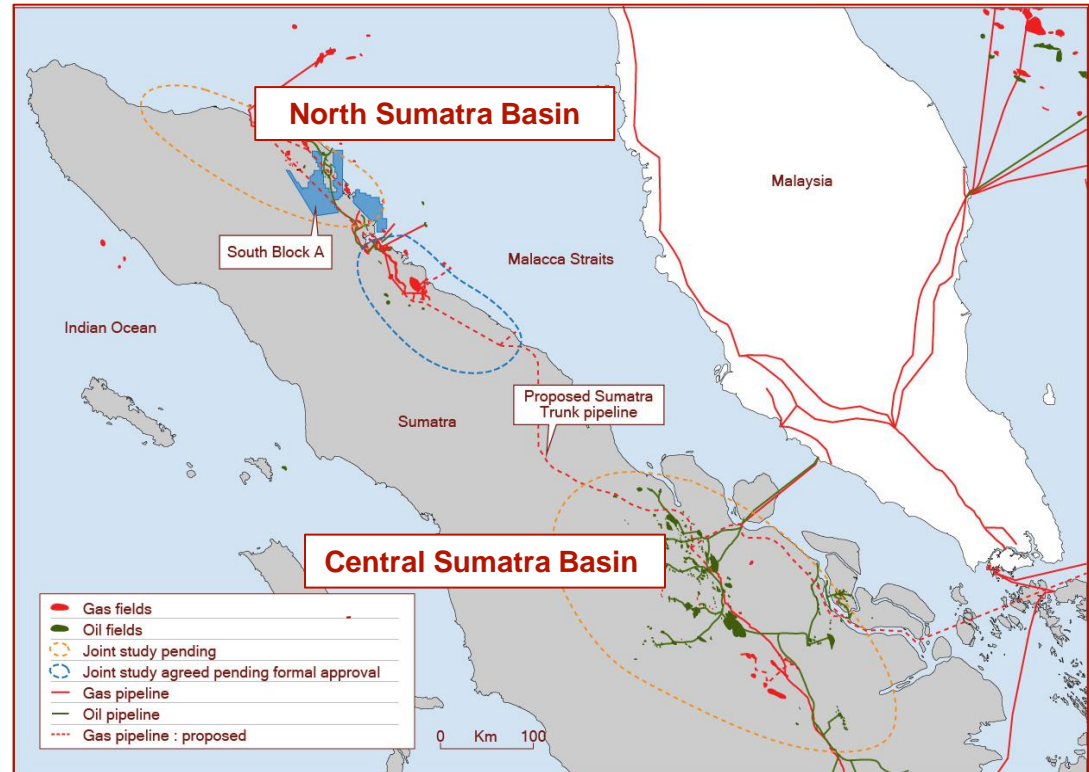
- Exciting, underexplored block (1894km<sup>2</sup>)
- Recent new play success including Matang 1 discovery in adjacent PSC, estimated by participant Premier Oil to be 100-400 bcf.
- Current 170km seismic program:
  - Targeting leads with prospective resources of 150bcf of gas and 16mmbbl of oil/cond (Net, recoverable, Best est, unrisks)
- Exploration well planned in 2014.
- Ready gas market with existing Infrastructure:
  - New Arun-Medan gas pipeline through block
- Priority rights for unconventional JSA/PSC
- Operated by Renco



# UNCONVENTIONAL CLAIMS “STAKED”

## Four Joint Study Applications (JSAs) submitted

- Applications over 17,000km<sup>2</sup>:
  - If awarded, right to match bids on PSC
- In prolific Sumatran basins, ready access to infrastructure and markets
- Shales with suitable properties, maturity for shale gas/oil
- Tight gas/oil opportunities
- The Central Sumatra and North Sumatra basins are estimated by the EIA and KESDM to contain multi-TCF and multi-billion barrel unconventional resource potential.
- Conventional/unconventional exploration synergies



Resource Estimate	Conventional EUR (Discovered) <sup>1</sup>		Unconventional In-Place (Undiscovered)	
Basin	Oil/Cond (bil bbl)	Gas (tcf)	Oil/Cond (bil bbl)	Gas (tcf)
North Sumatra Basin	1.6	25.6	?	65 <sup>2</sup>
Central Sumatra Basin	13.2	3.9	69 <sup>3</sup>	42 <sup>3</sup>

<sup>1</sup>USGS 2000, <sup>2</sup>Badan Geologi KESDM 2013, <sup>3</sup>EIA 2013

# VIABLE UNCONVENTIONAL TARGETS

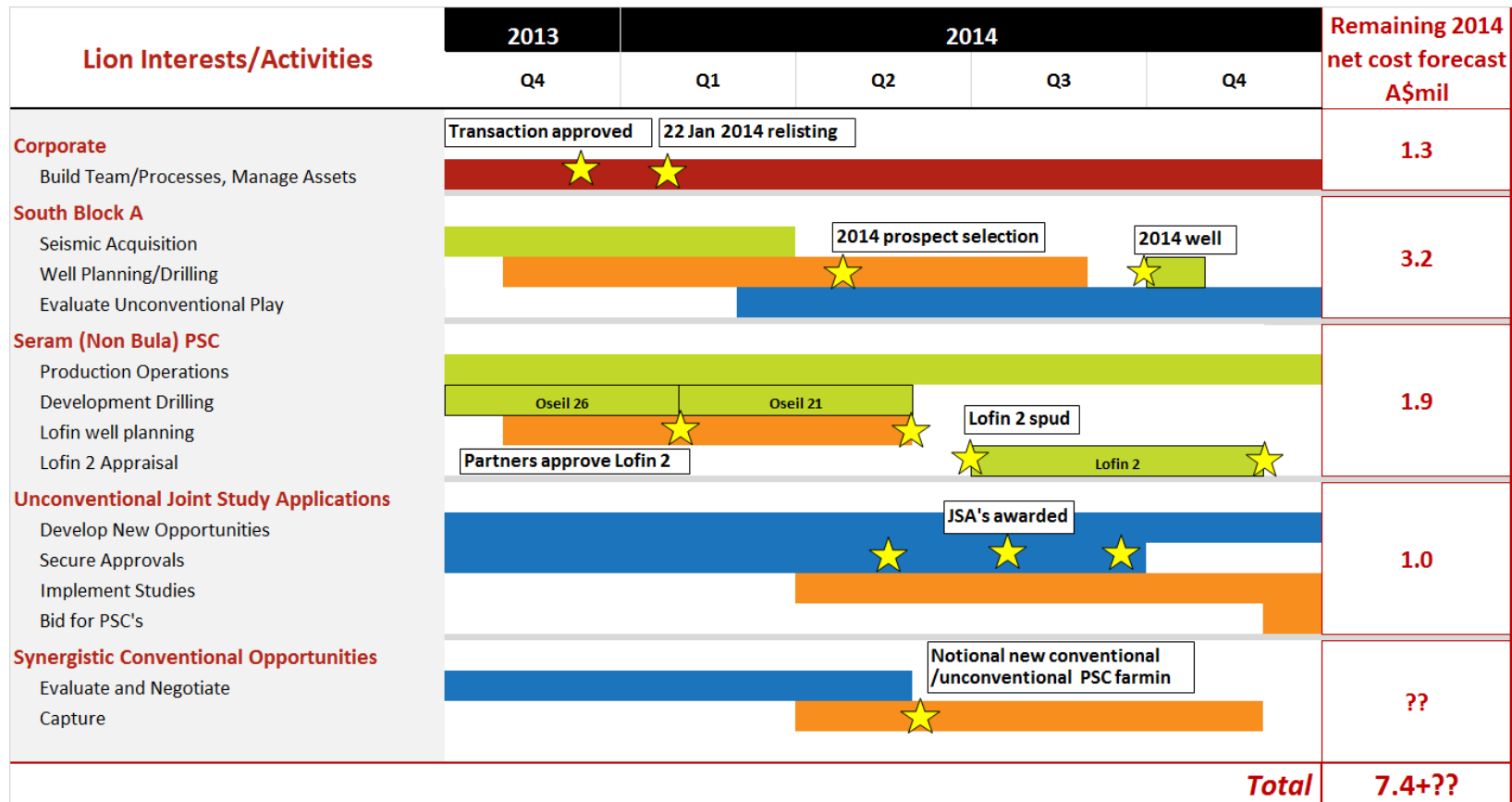
## Prospective shales in Lion JSA areas



Properties	North Sumatra			Central Sumatra	
	Lower Baong	Belumai Formation	Bampo Shale	Telisa Formation	Brown Shale/Kelesa
<b>Rock Description</b>	Marine shale with carbonate lenses deposited during global highstand event	Marine calcareous shale, carbonate and sandstone	Restricted marine black claystone, siltstone and thinly bedded sandstone	Marine brown to brownish gray shale and in fine to medium grained sandstone and siltstone.	Lacustrine black organic rich algal mudstone with carbonate rich lenses
<b>Age</b>	Middle Miocene	Early Miocene	Late Oligocene	Middle Miocene	Oligocene
<b>Environment of Deposition</b>	Outer shelf/Deepwater	Shelfal Marine	Restricted marine	Shelfal to deep marine	Lacustrine
<b>Thickness</b>	100-600m	25-600m	20-200m	100-600m	20-600m
<b>Organic Content/TOC (Traffic light)</b>					
<b>Kerogen Type</b>	Type II/III	Type II/III	Type II/III	Type II/III	Type I
<b>Recorded TOC</b>	0.5-2.3%	0.5-3.4	Generally 0.5-1.0	0.5-3%	2-23% mean of 3.7%
<b>Maturity (Traffic light)</b>					
<b>Maturity window</b>	Mid Oil to Gas window	late Oil to Gas window	Gas window	Early Oil	Peak Oil to Gas window
<b>Depth range in Lion areas of interest</b>	500-4000m	600-4500m	600-4500	100-2000m	600-3000m
<b>Mineralogy Comments</b>	Carbonate rich lenses	Calcaroues shale and tight sandstone	High maturity may contribute to fracture stimulation.	Some carbonate lenses	Relatively high clay content with some carbonate lenses and laminated sandstone (silica)
<b>Mineralogy/brittleness (Traffic light)</b>					
<b>Pressure</b>	Generally moderately to occasional highly overpressured	Normal to moderately overpressured	Normal to moderately overpressured	Normal to moderately overpressured	Normal to moderately overpressured
<b>Potential Analogues</b>	US Late Jurassic Haynesville-Bossier, Upper Cretaceous Hilliard/Baxter Formation, Lewis Shale, Uteland Butte	US Uteland Butte, Upper Cretaceous Eagleford	US Late Jurassic Haynesville-Bossier, Upper Cretaceous Hilliard/Baxter Formation, Lewis Shale, Uteland Butte	US Late Jurassic Haynesville-Bossier, Upper Cretaceous Hilliard/Baxter Formation, Cretaceous Lewis Shale	US Uteland Butte, Bakken

# MILESTONES

## An active program for 2014 with high impact potential



### Legend

Code	Activity type
	Lion Corporate
	Held Assets General Exploration
	Held Asset Field Activities (Drilling/Seismic)
	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 March 5 2014

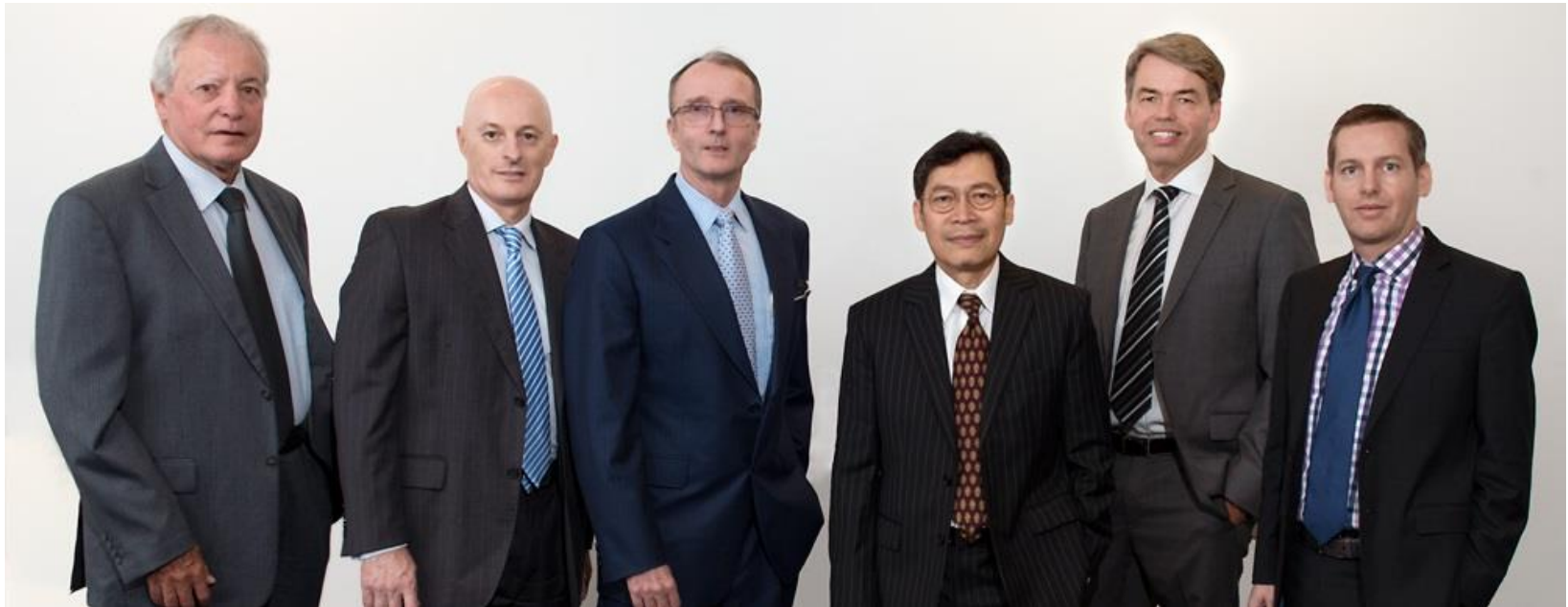


# WHY INVEST IN LION?



## Early mover in Indonesia's emerging unconventional business

- Management
- Existing conventional assets
- Priority rights via Joint Study Applications
- Material upside potential
- Attractive operating environment



**Russell Brimage**  
Chairman

**Tom Soulsby**  
Non-Exec Director

**Chris Newton**  
Non-Exec Director

**Sammy Hamzah**  
Principal Advisor

**Kim Morrison**  
CEO

**Stuart Smith**  
CFO (designate)





# Thank you

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