



Lion Energy

May 28th 2015

Lion Energy reveals material discovery at Lofin-2 well

Indonesian focussed Lion Energy (ASX:LIO) has revealed that the Lofin-2 well appraising the 2012 Lofin-1 discovery has met key pre-drill objectives.

Lofin-2 tests gas at up to 17.8mmcfpd from the Manusela limestone, and results support a gas column of at least 1106 metres, and up to 1300 metres.

Combined with the size of the structure, this points to a potentially sizable gas/condensate accumulation.

Lion has a 2.5% interest.

The well is operated by CITIC Seram Energy Ltd (51%) with other coventurers being KUFPEC (Indonesia) Ltd (30%) and Gulf Petroleum Investment Company (16.5%).

Kim Morrison, CEO, commented: "The test results confirm the significant gas potential in the Lofin feature.

"Valuable data has been obtained and we look forward to working with the operator in the evaluation and integration of well results on this material discovery for Lion."

The results not only extended the proven gas column but also provide valuable geological and engineering data including fluid samples, core data and wireline log data.

Testing ongoing

Lion Energy said testing of an open hole section of Lofin-2 is ongoing with the well flowing gas at up to 17.8 mmcfpd through a 52/64" choke at 2250psi flowing pressure.

The well is also flowing some water interpreted to be from the lower part of well below the substantial gas column.

The well is currently undergoing a multi-rate test to provide valuable reservoir engineering data. The forward plan is currently under discussion within the joint venture.

The plan for Lofin-2

Lofin-2 had a planned total depth of 5425m MD (5321m ssTVD) with the primary objective Manusela Formation projected at 4488m MD (4384m ssTVD).

The primary objective was intersected at 4615m MD (4508m ssTVD), some 125m deeper than prognosed.

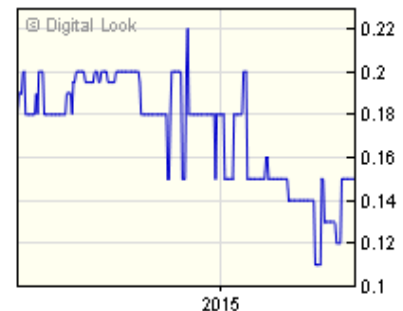
Wireline logging of the open-hole section above 5471m MD (5348m ssTVD), including pressure measurements, provide strong evidence that the hydrocarbon column continues deeper and therefore the well was drilled to a revised total depth of 5861m MD (5686m ssTVD).

Encouraging gas shows were encountered to approximately 5595m MD (5463m TVD) and some oil shows continued to be recorded while drilling through to the revised total depth within the Manusela limestone.

Price: A\$0.15

Market Cap: A\$12.062M

1 Year Share Price Graph



Share Information

Code: LIO

Listing: ASX

Sector: Oil and Gas Exploration and Production

Website: www.lionenergy.com.au

Company Synopsis:

Lion Energy (ASX:LIO) is focused on the emerging unconventional oil & gas market in Indonesia.

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Current Status of Lofin-2

- The well spudded 31 October 2014.
- 13 3/8 inch casing was run and cemented at 2291m MD.
- 9 5/8 inch casing was run and cemented at 3661m MD.
- 7 inch liner casing was run and cemented at 4619m MD.
- Wireline electric logs have been run across the open hole section from 4619m MD to 5471m MD.
- Wireline formation testing using a Modular Formation Dynamics Tester has been run at several intervals in the open hole Manusela Formation section to acquire accurate pressure data and formation samples.
- Well drilled to 5861m MD.
- Drill string stuck on pulling out of hole and parted leaving pipe in hole. Top of stuck pipe is 5066m MD.
- Flow test well, results indicate entire open hole Manusela interval is being evaluated.

Costs of deepening program

Lion Energy added that due to the additional deepening program, the estimated well cost had been revised from approximately US\$33 million to approximately US\$38 million (Lion share US\$0.95 million), inclusive of provision for completion, stimulation and flow testing.

The operational issues of stuck drill string is likely to further impact the well cost. Upon agreement by the JV partners of the forward program, a further revision will be made.

Analysis

Today's test results confirm the significant gas potential in the Lofin feature.

This is a material discovery for Lion Energy, which holds a 2.5% interest.

Lion's conventional oil and gas exploration will help de-risk its unconventional assets.

The company is progressing joint studies over North and Central Sumatra areas as well as the unconventional applications.

Lion is well-funded with \$4.1 million in cash as at 31st March 2015.

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