



Lion Energy Limited

ABN 51 000 753 640

Ground Floor, 15 Rheola Street, West Perth WA 6005, Australia

Post Box 512, West Perth Business Centre WA 6872, Australia

Tel +61 8 9211 1500 | Fax +61 8 9211 1501

info@lionenergy.com.au

www.lionenergy.com.au

21 July 2014

Market Announcements Platform
Australian Securities Exchange
10th floor, 20 Bond Street
Sydney NSW 2000

UNMARKETABLE PARCEL SALE FACILITY

Lion Energy Limited (ACN 000 753 640) (**Company**) is pleased to announce that it has instituted the sale of ordinary shares for holders of unmarketable parcels of the Company's shares.

The ASX Listing Rules define an unmarketable parcel as those with a market value of less than \$500. As at 7.00pm (AEST) on 16 July 2014 (**Record Date**), an unmarketable parcel of shares is any shareholding of 2777 ordinary shares or less, based on the closing price of \$0.18 on the Record Date (**Closing Price**). This represents 589,512 ordinary shares, held by 1574 shareholders (**Minority Members**).

The Company is offering this sale to assist holders of unmarketable parcels to sell shares without having to use a broker or pay brokerage. The Company will pay for all the costs of the sale for shareholders who use this facility, excluding tax consequences from the sale which remains the shareholder's responsibility.

The Company values all of its shareholders, however, it incurs significant administrative costs maintaining such a large number of unmarketable parcels. By facilitating this sale, the Company expects to reduce the administrative costs associated with maintaining a large number of very small holdings. Lion Energy Limited shareholders who own 2778 shares or more will not be eligible to participate.

If Minority Members wish to sell shares through this facility, they do not need to take any action. If Minority Members **do not** wish to sell shares through this facility, they **must** complete and return the Notice of Retention Form to the Company's share registry, Computershare Investor Services Pty Limited, by 7pm (AEST) on 4 September 2014 (**Retention Date**).

Upon the sale of the unmarketable parcel shares by the appointed broker, proceeds shall be forwarded to eligible shareholders as soon as practicable.

Attached is a copy of the letter and the Notice of Retention Form that is currently being mailed to shareholders that are holding an unmarketable parcel in Lion Energy Limited on the Record Date.

Yours sincerely,

For and on behalf of Lion Energy Limited

Zane Lewis
Company Secretary



Lion Energy Limited

ABN 51 000 753 640

Ground Floor, 15 Rheola Street, West Perth WA 6005, Australia
Post Box 512, West Perth Business Centre WA 6872, Australia

Tel +61 8 9211 1500 | Fax +61 8 9211 1501

info@lionenergy.com.au

www.lionenergy.com.au

21 July 2014

Dear Shareholder

IMPORTANT NOTICE - Sale of your Unmarketable Parcel of Lion Energy Limited Shares

I am writing to advise you that Lion Energy Limited ("LIO" or "the Company") has established a share sale facility ("Facility") for holders of parcels of LIO shares with a market value of less than A\$500 as at close of trade on 16 July 2014 ("Unmarketable Parcels"). The Facility is being established in accordance with the ASX Listing Rules.

The Company is offering the Facility to assist holders of Unmarketable Parcels to sell their shares. Holders of Unmarketable Parcels who take advantage of the Facility will have their shares sold without having to act through a broker or pay brokerage fees. The Company will also organise payment of the other costs associated with the sale and transfer (although any tax consequences from the sale of your shares will be your responsibility).

By facilitating the sale of unmarketable parcels the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

Our records show that you held an Unmarketable Parcel of 2777 shares or less based on the LIO share price of A\$0.18 as at close of trade on 16 July 2014 ("Record Date"). Unless you advise the Company that you do NOT wish to sell your shares through the Facility within six (6) weeks from when this letter was sent, LIO intends to sell your shares through the Facility. Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable.

Please also note that the Company will not sell your shares in the event that a third party announces a takeover offer for the Company. Consistent with its continuous disclosure obligations, the Company may release to the ASX information that may be material to a shareholder's decision as to whether they wish to retain their shares. This information will, if released, be available on the ASX website www.asx.com.au (ASX code is "LIO") and on the Company's website www.lionenergy.com.au

What should you do?

If you do **NOT** wish to sell your shares through the Facility, you must complete and return the attached form to the address on the form so that it is received by 5:00pm (Perth time) on 4 September 2014. Please read the instructions on your personalised Share Retention Form carefully before completing it

If you want to sell your shares through the Facility, you do not need to take any action. By refraining from taking any action, after the expiration of the time prescribed in the ASX Listing Rules, you will be deemed to have irrevocably appointed the Company as your agent:-

- (a) to sell all of your shares at a price to be determined by when and how the shares are sold and without any cost being incurred by you; and
- (b) to deal with the proceeds of the sale as set out in the attached information pack

If you need help deciding what to do, or if you require information regarding the financial, legal or tax consequences of participating in the Facility you should consult your legal, financial or taxation adviser.

The attached information pack sets out further details of the Facility, which you should read before making any decision.

If you have any queries about lodging your form or the practical operation of the Facility please contact the undersigned on telephone: +61 (0)8 9211 1500, by facsimile to +61 (0)8 9211 1501 or by email to info@lionenergy.com.au

Yours sincerely

Kim Morrison
Chief Executive Officer
Lion Energy Limited

1. What is an Unmarketable Parcel of Shares?

An unmarketable parcel of share is a holding of LIO shares valued at less than A\$500 as at close of trade on the Record Date. Based on the price of LIO shares at the Record Date, this is a holding of 2777 shares or less.

2. What price will I receive for shares sold through the Facility?

The price that you receive for your shares under the Facility will be determined by when and how the shares are sold. Lion Energy Limited (“LIO”) directors may sell your shares on market or in any other way they consider fair and reasonable in the circumstances. If the shares are sold on market the price will depend on a number of factors, including market conditions at the time of sale. You will not have control over the time at which your shares are sold, the price you receive may be different from the price appearing in the newspaper or quoted by ASX on any day, may not be the best price on the day that your shares are sold and may be an average price per share based on the price obtained for all the shares sold under the Facility. If the LIO directors sell your shares other than on market, the price will be the price that the LIO directors have been able to negotiate with the acquirer or acquirers.

3. What is the price of Lion Energy shares?

The last sale price of LIO shares on 16 July 2014 was A\$0.18. The share price changes frequently and more recent prices are available in newspapers and from the ASX website (www.asx.com.au) under the ASX code “LIO”.

4. When will the proceeds from the sale of shares be sent to me?

Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable. Payment will be made in Australian dollars by cheque. You will be notified by way of a transaction confirmation statement of the number of your shares sold, and the price and total sale proceeds. The cheque will be sent by post to your address as shown in the share register at the time the share sale payment is run.

5. If I buy more shares, will I retain my holding?

Yes, LIO will treat any purchase of additional shares to increase the value of a LIO shareholding to more than A\$500 as an indication that you do not want your shares to be sold through the Facility. For a purchase to be an effective notification that you wish to retain your shares, any additional shares must be registered by 5:00pm (Perth time) on Thursday 4 September 2014 under the same name and address and with the same holder number (SRN or HIN) as set out in this letter.

6. What if my shares are held in a CHESS holding?

If your Shares remain in a CHESS holding at 5:00pm on Thursday 4 September 2014, the Company may move those Shares to an issuer sponsored holding and the Shares will be sold through the Facility.

7. Where can I get further information?

If you have any questions concerning your shareholding or how the Facility please contact the undersigned on telephone: +61 (0)8 9211 1500, by facsimile to +61 (0)8 9211 1501 or by email to info@lionenergy.com.au

8. Important notes

LIO reserves the right to change any of the dates referred to in this letter by notice to the ASX.

The letter does not constitute advice nor a recommendation to buy, sell or hold shares nor that the Facility is the best way to sell LIO shares.

If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.

NOTE:

If you currently have more than one holding on the LIO share register, you may wish to consider amalgamating them. This may result in your amalgamated holding no longer being an Unmarketable Parcel. Under these circumstances your shares will not be sold as part of this Facility.



Lion Energy Limited
ABN 51 000 753 640

Return your Form to the Company's share registry:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

Phone:



(within Australia) 08 9211 1500
(Outside Australia) +61 8 9211 1500

Web:



Email: info@lionenergy.com.au

SHARE RETENTION FORM



**If you wish to retain your shares, your form must be received by
5:00pm (Perth time) on 4 September 2014**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholder Details

Use this form if you wish to retain your shares in Lion Energy Limited ("**LIO**" or "**the Company**"). If you have recently bought or sold shares your holding may differ from that shown overleaf. If you have already sold all your shares in LIO do not complete or return this form. If you have more than one holding on the Company's register and you do not sell your shares under the Small Shareholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited ("**CIS**") on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. If you have a CHESS sponsored holding, please contact your Controlling Participant (usually your Stockbroker) to notify a change of address.

Step 2: Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of the Death Certificate and Will must accompany this form.


Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →

SHARE RETENTION FORM

STEP 1

Shareholder Details

 For your security keep your SRN/
HIN confidential.



Change of Address

If incorrect, mark this box and make the correction
in the space to the left.

If you have a CHESS sponsored holding, please
contact your Controlling Participant to notify a
change of address.

Shares held as at 7:00pm (AEST) on 16 July 2014 (**Record Date**):

STEP 2

Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, I/we confirm that I/we understand that my/our shares will NOT be sold under the share sale facility

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact
Name

Contact
Daytime
Telephone

Date / /

Email
Address

Privacy Statement

Personal information is collected on this form by CIS as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email privacy@computershare.com.au