

# Press Release

For Immediate Release 7 September 2018



## Seram (Non-Bula) PSC reserves and contingent resources update

Lion Energy Limited (“Lion” or “Company”) is pleased to report that following renewal of the Seram (Non-Bula) PSC for 20 years (as announced on June 1, 2018) and also receipt of a DeGolyer and McNaughton Reserve Certification Report prepared for CITIC Seram Energy Ltd (effective 31 December 2017), Lion has updated the Seram PSC reserve and resource. We note Lofin Gas Field resource volumes are unchanged.

The updated reserves and resources are shown on the following page (Table 2) with key movements being:

- 80% Increase in 2P developed oil reserves (1.398 to 2.509 mmbbl 100% / 0.035 to 0.063 mmbbl Lion share) due to the impact of the extension of production from existing wells beyond the PSC expiry date of October 31, 2019
- 12% increase in 2P reserves (Developed and Undeveloped) from 3.671 to 4.107 mmbbl (100%) / 0.092 to 0.103 mmbbl (Lion) due to an increase in expected production from approved Oseil 2 area development wells offset by negative adjustments by DeGolyer and McNaughton recategorizing resources from reserves to contingent resources for some fields.
- Reduction in 3C oil contingent resources from 17.6 mmbbl to 10.2 mmbbl (100%) / 0.44 to 0.26 mmbbl (Lion) primarily due to a reduction in recovery factor from 7% to 3.5% for East Nief field by DeGolyer and McNaughton and movement of contingent resource to reserves based on contract extension.

With the contact extension secured, the Seram joint venture is planning to drill the remaining 4 wells in the approved Plan of Further Development and evaluate the large 3C contingent oil resources on the Oseil trend. 3C oil-in-place resource of this trend (Table 1) is approximately 178mmbbl (100%) / 4.6 mmbbl (Lion).

While the DeGolyer and McNaughton report has generally low recovery factors (average 5.7%), Lion is confident that with the lessons from success of recent development drilling in the main Oseil field, ultimate recovery factors for the fields shown in Table 2 may approach the 22-26% currently estimated for the Oseil 2 and 1 / 4 areas.

Table 1 Contingent Resource volumes

Seram (Non-Bula) PSC Contingent Resource Volumes Details								
Field	Reservoir	Seram (Non-Bula) PSC (100%)						Assumed 3C oil recovery factor
		Oil-in-Place (mmbbl)			Recoverable (mmbbl)			
		1C	2C	3C	1C	2C	3C	
East Nief	Manusela	5.8	8.3	89.2	0.1	0.8	3.2	3.5%
Neif Utara A	Manusela	0.0	0.0	63.2	0.0	0.0	4.1	6.5%
Neif Utara A	Lower Neif	0.0	0.0	4.9	0.0	0.0	0.3	7.0%
Neif Utara B	Manusela	0.0	0.0	12.2	0.0	0.0	0.8	6.9%
Oseil Selatan	Manusela	0.0	0.0	8.8	0.0	0.0	1.7	19.8%
<b>Total</b>		<b>5.8</b>	<b>8.3</b>	<b>178.2</b>	<b>0.1</b>	<b>0.8</b>	<b>10.2</b>	<b>5.7%</b>

Source: DeGolyer & McNaughton report effective Dec 31 2017

### Lion at a glance

- ASX listed oil and gas E&P company focused on Indonesia; two conventional PSC's.
- Net production of around 50bopd from the Seram PSC which also contains the Lofin gas/condensate discovery.
- New focus on production opportunities in Southeast Asia, initial focus on Seram Island.
- Executive team and strategic investors with impressive track records for value creation in Indonesia.

### Contact

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### Directors & Officers

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<b>Damien Servant</b>	Executive Director
<b>Russell Brimage</b>	Non-Executive Director
<b>Chris Newton</b>	Non-Executive Director
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**Table 2 Lion Reserves and Resources**

Resources Updated with effective date 31 December 2017 <sup>1</sup>	100%						Lion WI Share (2.5%)					
	Gas/Associated Gas Recoverable (BCF)			Oil/Condensate Recoverable (MMbbl)			Gas/Associated Gas Recoverable (BCF)			Oil/Condensate Recoverable (MMbbl)		
<b>Reserves<sup>2</sup></b>	<b>1P</b>	<b>2P</b>	<b>3P</b>	<b>1P</b>	<b>2P</b>	<b>3P</b>	<b>1P</b>	<b>2P</b>	<b>3P</b>	<b>1P</b>	<b>2P</b>	<b>3P</b>
Oseil Area Developed <sup>3</sup>				1.831	2.509	2.784				0.046	0.063	0.070
Oseil Area Undeveloped <sup>4</sup>				0.281	1.598	2.728				0.007	0.040	0.068
<b>Total Reserves</b>				<b>2.112</b>	<b>4.107</b>	<b>5.512</b>				<b>0.053</b>	<b>0.103</b>	<b>0.138</b>
<b>Contingent Resources<sup>5</sup></b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>
Seram Oseil Area	0.39	1.34	10.36	0.14	0.83	10.18	0.01	0.03	0.26	0.004	0.021	0.255
Seram PSC Lofin Field	879.50	2020.10	NA	7.95	18.25	NA	21.99	50.50		0.199	0.456	
<b>Total Contingent Resources</b>	<b>879.89</b>	<b>2021.44</b>	<b>10.36<sup>6</sup></b>	<b>8.09</b>	<b>19.08</b>	<b>10.18</b>	<b>22.00</b>	<b>50.54</b>	<b>0.26<sup>5</sup></b>	<b>0.20</b>	<b>0.48</b>	<b>0.25<sup>6</sup></b>
<b>Prospective Resources<sup>7,8,9</sup></b>	<b>Low P90</b>	<b>Low P90</b>	<b>Best P50</b>	<b>Low P90</b>	<b>Best P50</b>	<b>High P10</b>	<b>Low P90</b>	<b>Best P50</b>	<b>High P10</b>	<b>Low P90</b>	<b>Best P50</b>	<b>High P10</b>
Bula Dangkal				1.9	8.2	25.9				0.046	0.20	0.65

**Notes:**

1. Reserve and contingent resource estimates as at 31 December 2017 based on report by DeGolyer and McNaughton prepared for CITIC Seram Energy Limited with adjustments made following renewal of Seram (Non-Bula) PSC announced on June 1, 2018. Reserves have not been modified to reflect post Dec 31, 2017 production.
2. 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 wells 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.
3. Developed reserves include production for Oseil 2 and Oseil 1/ 4 area with estimates of 1P, 2P and 3P based on forecasts of Degolyer and McNaughton (including production post Oct 31, 2019) from existing wells.
4. 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. The Oseil 2 area with approved plan for 4 additional wells is included in this Proven undeveloped category with range of outcomes based on DeGolyer and McNaughton production estimates.
5. 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.
6. 3C contingent resources have not been calculated for the Lofin Field. The 3C number provided refers to Oseil area fields only.
7. 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.
8. Prospective Resources in this table have been estimated probabilistically for Bula Dangkal Prospect in Seram (Non-Bula) PSC.
9. No prospective resources are provided as yet for Lion's East Seram PSC as work is still ongoing on characterising the prospect and lead portfolio.

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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, previous 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 30 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 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.

**ENDS**