

Completion of South Block A Seismic Survey

Highlights

- Acquisition phase of 183km 2D seismic survey completed on-budget, processing and interpretation now underway
- Objective is to mature prospects for planned drilling of a shallow oil target in late-2014, and deeper gas/condensate targets in 2015
- New gas pipeline infrastructure, currently under construction, runs through the block and close to prospects
- High quality live oil observed from shallow hand drilled wells supports the prospectivity of the acreage

Lion Energy Limited (ASX Code: LIO) is pleased to report the completion of acquisition of the 183km 2D seismic survey which covers key prospects and leads in our North Sumatran Basin, South Block A (SBA) PSC.

The survey, conducted by SBA operator Renco Elang Energy Pte Ltd (majority controlled by Peak Oil and Gas Ltd), is currently being processed. Interpretation is expected to confirm an attractive shallow oil target, with near term commercialisation potential, for the planned 2014 drill program. A deeper gas/condensate target is expected to be confirmed for a planned 2015 drilling campaign.

Mr Morrison, Lion's CEO, noted "The completion of the SBA seismic is an important milestone for Lion. The survey was well conducted by the operator and came in on budget. The field processed data is encouraging and we look forward to the final processed lines to enable us to choose the best prospect for our planned drilling program, targeting shallow oil, in late 2014. We are also encouraged by the construction of the gas pipeline which we hope to leverage with our expectation of finding substantial gas in our acreage."

In further developments, a 400 mmscfd gas pipeline is being constructed through SBA (Figure 1) that will transport gas from the Aceh region to Medan. The pipeline is reported to be an open access pipeline with approximately 200 mmscfd spare capacity. This provides the potential for early commercialisation of any gas that might be discovered by the SBA joint venture.

In addition, the operator, through a Peak press release on April 15 2014, has reported high quality oil has been produced from hand drilled wells in the area of our high graded Simpang prospect. This shallow oil validates the presence of an active petroleum system in the immediate locality.

Lion has a 35% interest in the highly prospective SBA PSC with operator Renco having 51% and PT Prosys Oil and Gas the remaining 14%.

Lion at a glance

- Transforming from a small Indonesian conventional oil and gas player to an Indonesian unconventional oil and gas pioneer.
- Leveraging synergies in conventional assets and access to both infrastructure and markets.
- New executive team and strategic investors with impressive track records for value creation in Indonesia.
- Well-funded to execute the 2014 business plan.

Contact

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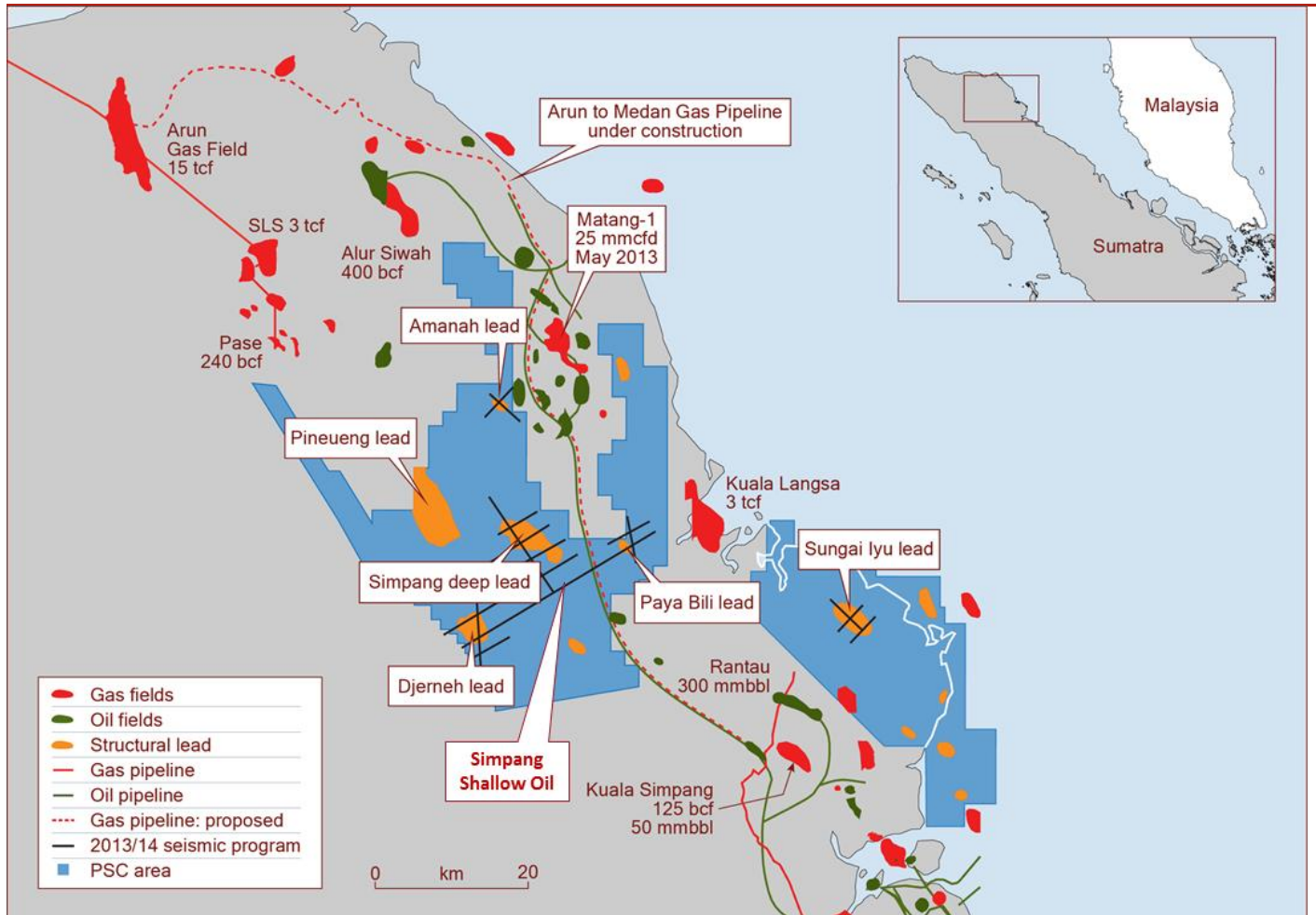
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ASX/Media Release

For Immediate Release – 16 April 2014



Figure 1: South Block A PSC with location of key prospects and leads, new seismic, the gas pipeline under construction and location of the analysed oil



ENDS

Glossary

mmscfd: million standard cubic feet gas day

About Lion

Lion Energy Ltd is an ASX listed oil & gas exploration & production company focused on Indonesia, where it has been operating for some 15 years. It has two existing conventional Production Sharing Contracts (PSC's) – Seram and South Block A - and an early mover position in the fledgling Indonesian unconventional industry via four Joint Study Applications.

Lion's leadership team has vast experience in the south-east Asian oil and gas industry, particularly Indonesia. In its recent recapitalisation, two Indonesian focussed strategic investors, Risco Energy and Tower Energy, became substantial shareholders of the company.