



## TRANSACTION SUCCESS DRIVES FOCUS ON UNCONVENTIONAL

### Highlights

- Transformational transactions and capital raising completed
- New focus on Indonesian unconventional oil and gas, leveraging synergies with conventional assets
- Raised A\$9.5million from two new strategic investors and from the public
- New leadership team with extensive experience in Indonesia

Lion Energy Limited (Lion) has successfully completed a concurrent series of transactions to reposition the company as an early mover in the Indonesian unconventional oil and gas industry, augmented by two Indonesian conventional production sharing agreements (PSCs).

Lion also welcomes two new Indonesian strategic investors and a new leadership team with extensive experience in the Indonesian oil and gas industry. Shareholders at a meeting in Perth on 12 December 2013 overwhelmingly approved the transactions. The Australian Securities Exchange (ASX) has formally approved the relisting of Lion shares, with trading to recommence on 22 January 2014. Lion has raised A\$9.5 million (before costs) and has also converted a A\$1.5 million convertible note into ordinary equity.

#### Lion's portfolio now comprises:

- a 2.5% interest in the producing Seram PSC;
- 35% equity in the South Block A PSC exploration in the heart of the North Sumatra Basin; and
- four Unconventional Joint Study applications covering more than 17,000km<sup>2</sup> in Sumatra.

Under the new portfolio Lion emerges strongly as a pioneer in Indonesia's emerging unconventional (shale gas/oil, tight gas/oil) business while simultaneously developing exciting, complementary conventional oil and gas production and exploration assets.

"The strong investor support that we have received will underpin the new recapitalised, reskilled and repositioned Lion Energy well into the future," said Lion's Executive Chairman, Russell Brimage. "We have a combination of deep experience, highly prospective assets and the requisite exploration and technical development capabilities."

### 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 our 2014 business plan.

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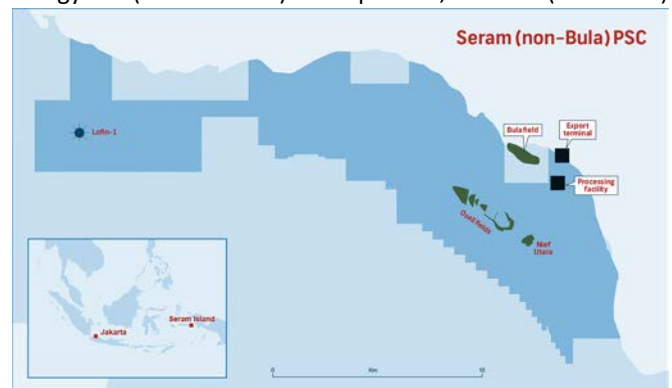


## Assets

### Seram PSC

Lion, via its wholly owned subsidiary, Lion International Investment Limited, holds a 2.5% participating interest in the conventional Seram PSC. The joint venture parties are CITIC Seram Energy Ltd (51% interest) and operator, KUFPEC (Indonesia) Ltd (30% interest) and Gulf Petroleum Investment Company (16.5% interest).

The PSC covering an area of 1,524 km<sup>2</sup> is located in an onshore, frontier setting on the island of Seram in eastern Indonesia. It contains the Oseil oilfield and surrounding satellite fields that are currently producing approximately 2400 barrels of crude oil per day (Lion's 2.5% share being 60 BOPD). The Seram Project partners are undertaking a development drilling program designed to expand existing production and in 2014, a keenly awaited appraisal of the exciting 2012 Lofin-1 discovery is planned.



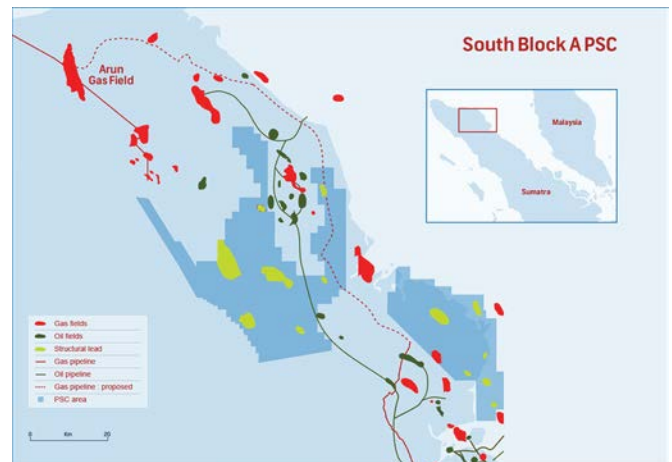
### South Block A PSC

Lion, via its wholly owned subsidiary KRX SBA Pte Ltd, holds a 35% participating interest in the SBA PSC. Other participants are PSC operator RENCO Elang Energy Pte Ltd (51% interest), and PT Prosys Oil & Gas International (14% interest).

The underexplored block is centrally located in the prolific North Sumatra Basin and consists of western Area 1, that covers an area of 1,256.5 km<sup>2</sup>, and Area 2 to the east covering 637 km<sup>2</sup>.

#### Lion's technical interest in South Block A is driven by:

- the presence of large structures and attractive gas and oil plays which are currently being targeted by the joint venture with a new 170km 2D seismic survey;
- recent significant drilling success in nearby areas;
- a ready gas market and existing infrastructure with the new Arun-Medan pipeline traversing the block and linking to growth markets; and
- the unconventional potential of the acreage.



### Unconventional Joint Study Applications

Lion has submitted Joint Study Applications for potential oil and gas unconventional areas in onshore Indonesia covering a total area of circa 17,000 km<sup>2</sup>. Lion's initial technical assessment has identified potential of multi-tcf scale gas and multi-hundred million barrels of oil in the areas of the applications.

The emerging interest in Indonesia's unconventional shale oil and shale gas follows on from the significant CBM activity in recent years. The Indonesian Government has actively promoted CBM investment since 2006 and has enacted legislation facilitating the development of unconventional oil and gas by providing procedures for the award of unconventional oil and gas working areas. This resulted in the award of 54 CBM PSCs from 2008 to 2013. Under these procedures, entities may make applications to the Indonesian Government for areas to study the unconventional potential. Each application may cover an area of up to 5000km<sup>2</sup>, which can lead to award of an unconventional PSC across an area of up to 3000 km<sup>2</sup>.

Additional details on each of these projects can be found in the Lion prospectus dated 6 November 2013 and the company's new website ([www.lionenergy.com.au](http://www.lionenergy.com.au)).



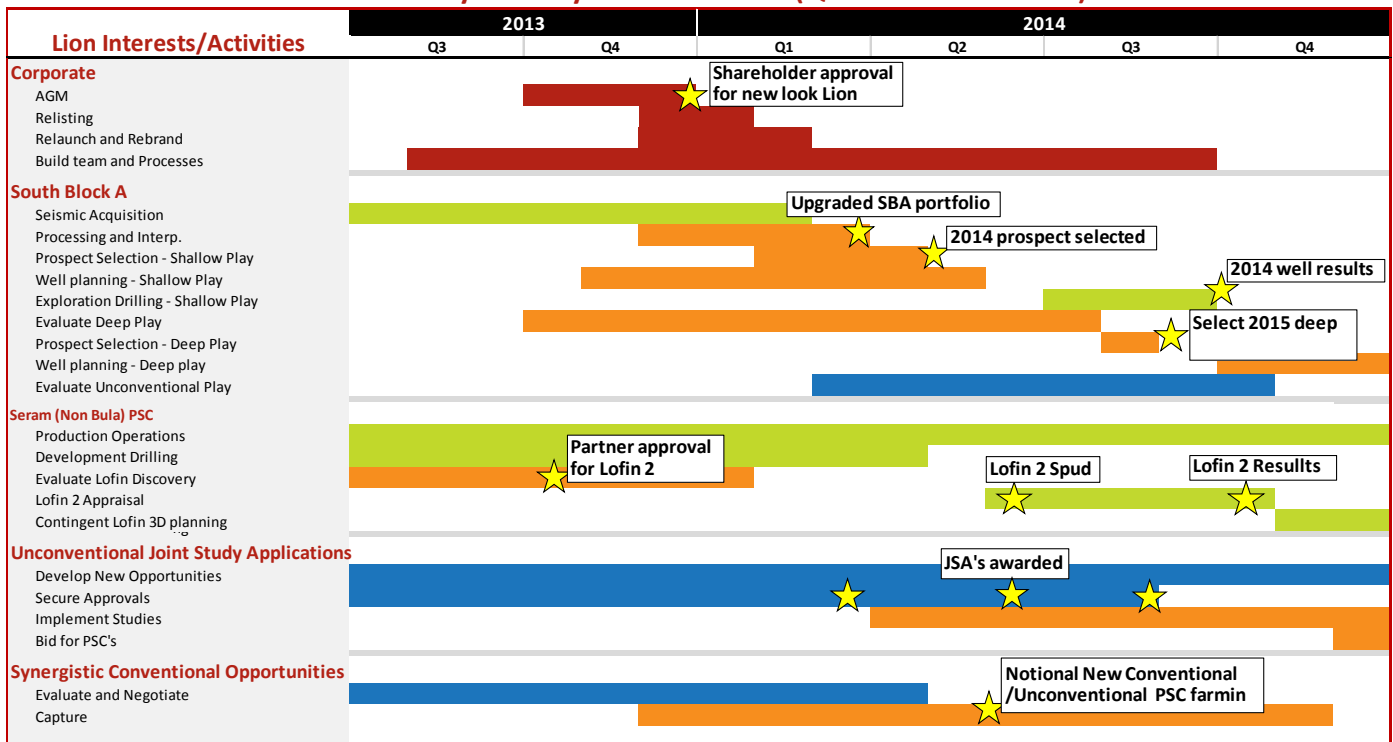
## Capital raising and use of funds

Lion has raised a total of A\$9.5 million (before costs) with \$7.5 million of this coming from Risco and Tower and A\$2 million from the Public Offer (of which A\$816,125 was taken up by Risco). Shares for the Public Offer were issued on 16 January 2014. Lion's securities will be reinstated to official quotation on the ASX at the commencement of normal trading on 22 January 2014.

The A\$9.5 million raised will help to fund an active 2014 exploration schedule including:

- completion of South Block A seismic;
- drilling of South Block A exploration well;
- drilling in Seram PSC with the large upside Lofin 2 appraisal well and additional development wells;
- conducting up to four Unconventional Joint Studies; and
- conducting new business activities in Indonesia.

### Lion Activity and Key Event Timeline (Q3 2013 to end 2014)



#### Legend

Code	Activity type
Red	Lion Corporate
Orange	Held Assets General Exploration
Green	Held Asset Field Activities (Drilling/Seismic)
Blue	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 January 17 2014



## New leadership team

The transactions essentially comprise the merger of four companies with complementary interests and strengths:

- Lion's existing Indonesian presence including oil production from the Seram PSC;
- Risco Energy Investments' financial, technical and transactional expertise;
- Tower Energy's relationships and experience in Indonesians unconventional business via coalbed methane (CBM); and
- KRX Energy's technical skills and existing South Block A PSC exploration asset.

Lion's senior management team of directors and advisors now includes a combination of experience selected from Risco, Tower and KRX executives: Russell Brimage, Kim Morrison, Chris Newton, Tom Soulsby, Roger Whyte, and Sammy Hamzah.

The team members have impressive track records in creating value in Indonesia's oil and gas business. Additional background information is provided on the Lion website.

## New strategic partners

Risco is a private energy investment company registered in Singapore whose founders and management have a strong track record in South-east Asia energy investments, particularly Indonesia. This experience covers management, operational, financial and technical roles in both the listed and unlisted environments. Established in June 2010, Risco has an experienced and competent management team housing more than 150 years of collective practice, with skill sets spanning technical, commercial, transactional and financial markets in an oil and gas context.

In 2013, the team achieved significant value creation and subsequent monetisation of its first South East Asian oil and gas conventional and unconventional portfolio. In addition to its proven track record, Risco's management team has strong ties to Asia Pacific capital markets to support its activities in the region. Risco is the largest capital contributor committing A\$7.94 million to the Lion recapitalisation transactions.

Tower is an investment holding company founded in 2012 by Mr Sammy Hamzah to pursue early entry into unconventional exploration (non-CBM) opportunities in Indonesia. Mr Hamzah is one of the pioneers of the Indonesian unconventional oil and gas industry and has more than 20 years of general management experience. He was the former Senior Vice President of Unocal Indonesia Company (now Chevron Indonesia Company) in Indonesia, and is the founding shareholder and Chief Executive Officer of Ephindo Energy Private Ltd, Indonesia's leading first-mover CBM company. Tower is providing A\$1.87 million to Lion as part of the Lion recapitalisation transactions.

**ENDS**