

ASX/Media Release

For Immediate Release – 30 September 2014



Lion reports on a transformational year

Highlights

- **Completion of recompliance including acquisition of Indonesian oil and gas interests and capital raising of \$9.5 million**
- **Embarked on new strategy targeting conventional and unconventional oil & gas in Indonesia with a focus on Sumatra**
- **Good progress on existing exploration and production assets**
- **Established highly experienced management and advisory team to tap critical unconventional exploration and operation skills**

Lion has issued statutory accounts for the 2014 financial year which cover the period in which a series of transactions introduced: new management with proven Indonesian track records; new assets including rights to unconventional applications; new funding of \$9.5 million and new supportive shareholders. Largely as a result of these transactions, the market capitalisation of Lion increased from \$3.1mil as at 1 July 2013 to \$17.1mil as at 30 June 2014.

Key points include:

- Cash balance at end of June 2014 of \$6.1mil
- Net loss for the year of \$2.20mil
- Raised \$9.5 mil in new funds from new strategic investors (Risco Energy Investment and Tower Energy) and a public offering
- Lion moving from 30.77% to 100% ownership of KRX Energy Pte Ltd which has a 35% interest in the South Block A PSC in North Sumatra
- Lion gaining rights to four unconventional applications for joints studies in North and Central Sumatra
- The full details of the transactions were disclosed in a prospectus dated 6 November 2013

The Lion board was strengthened with the addition, in executive roles, of Kim Morrison (Chief Executive Officer) and Stuart Smith (Finance Director). Tom Soulsby and Chris Newton from Risco, both with proven records of creating substantial value in Indonesian energy space, were appointed as non-executive directors. The new directors joined Russell Brimage who continues as Chairman providing important continuity within the board. In addition, a highly skilled advisory panel has been established which includes North American based unconventional exploration and operation experts.

Lion's CEO Kim Morrison noted "Lion Energy has entered the 2015 financial year well positioned with a motivated management and advisory team, supportive shareholders, a focussed strategy and a strong cash position. We now look forward to a number of high impact wells and progressing some

Lion Energy Limited

ABN 51 000 753 640

ASX Code: LIO

Shares on issue (mil) 95.2

Options on issue (mil) 4.1

Market capitalisation (A\$mil) 19.0
(at 20cents per share)

Cash (at 30 June 2014) (A\$mil) 6.1

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Directors & Officers

Russell Brimage	Executive Chairman
Kim Morrison	Chief Executive Officer
Stuart B Smith	Executive Director
Tom Soulsby	Non-Executive Director
Chris Newton	Non-Executive Director
Zane Lewis	Company Secretary

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attractive acreage acquisition opportunities. I would like to take the opportunity to thank all our shareholders for their continued support.”

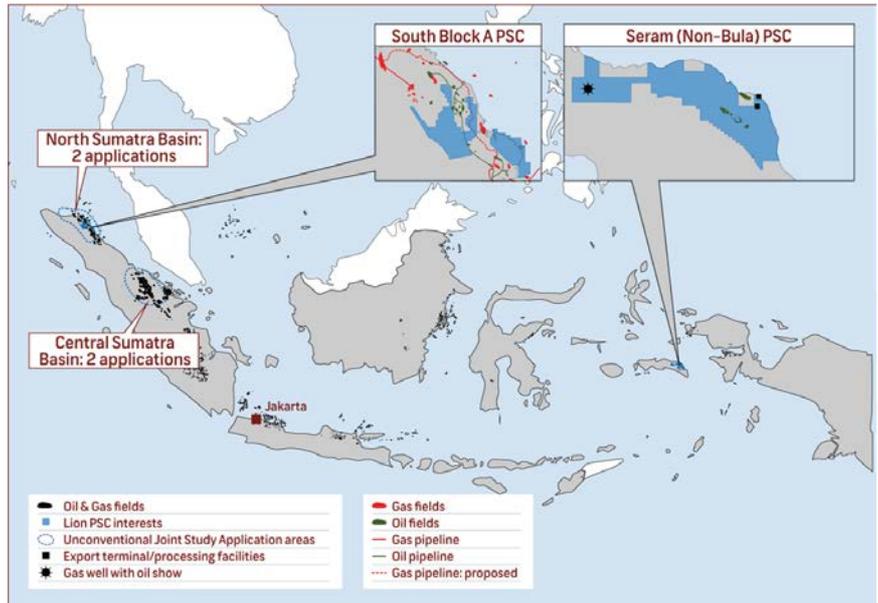
South Block A PSC (Lion 35%)

In South Block A PSC a 183 km seismic survey over key prospects and leads was completed safely, on budget. The data has been processed and interpretation that is currently underway is confirming the highly attractive prospect portfolio. Planning has commenced for a well scheduled for Q1 2015 to test a low risk, shallow oil and gas prospect.

Seram (Non-Bula) PSC (Lion 2.5%)

A successful development drilling program was completed during the year ended June 30 2014. With the impact of new wells, production from the Oseil oilfield and surrounding structures was ahead of budget at 944,968 bbls of crude oil (23,624 bbls net to Lion) at an average daily rate of 2,589 BOPD (64.7 BOPD net to Lion). Net revenue to Lion from three lifting during the year was US\$2,209,747. Current daily production, as at September 29th 2014, is 2994 BOPD (74.9 BOPD net to Lion).

Lion's Oil & Gas Projects



The joint venture now looks forward to spudding of the Lofin-2 appraisal well in October 2014 to appraise the exciting 2012 Lofin discovery.

Unconventional Joint Study Applications

Lion continues to make good progress on the unconventional joint study applications which includes negotiations on alignment with some conventional rights holders. Lion remains confident that up to three joint studies will be awarded prior to end 2014.

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 strategic investors, Risco Energy and Tower Energy, became substantial shareholders of the company.