



Lofin-2 drilling on-schedule, continued strong production performance from the Oseil field

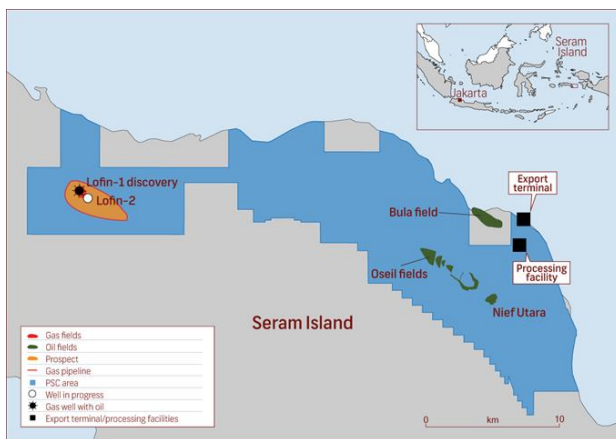
Highlights

- Lofin-2 appraisal well has run and cemented 13-3/8 inch casing
- Oseil Field continues to produce at over 3000 bopd, well ahead of forecast
- Crude oil lifting of approximately 300,000 bbl scheduled for 26-27 December 2014

Lion Energy Limited (ASX "LIO") is pleased to announce the Lofin-2 appraisal well has reached 2295m MD and 13-3/8 inch casing has been run and cemented. The well, which was spudded on 31 October 2014, has a planned total depth of 5425m MD. Lofin-2 is located in the Seram (Non-Bula) PSC in Eastern Indonesia with Lion holding a 2.5% interest.

The well, operated by CITIC Seram Energy Ltd, has progressed smoothly to date and is on-schedule. The forward program is to drill 12-1/4 inch hole to approximately 3657m MD, at which point 9-5/8 inch casing will be set, prior to drilling ahead in 8-1/2 inch hole with the top of the primary objective, the Manusela Formation, expected at approximately 4514m MD. This objective section is forecast to be penetrated in early-February 2015.

Kim Morrison, Lion's CEO noted; "We are pleased with progress on this exciting appraisal well testing the large Lofin structure. The Lofin-1ST discovery well, drilled in 2012, encountered a 160m hydrocarbon column in the Manusela carbonate objective without intersecting the water contact. Lofin-2 is designed to delineate the full extent of the hydrocarbon interval and has the potential to prove a material discovery for Lion."



Crude Oil Lifting: A final crude oil lifting for calendar year 2014 is scheduled for 26-27 December 2014, with an expected cargo of approximately 300,000bbl of crude oil. This will bring the calendar year 2014 lifting total to approximately 1,000,000 bbl. Lion has a 2.5% equity interest

Production: Average production to 30 November 2014 was 2838bopd, some 14% above Lion's internal forecast average for the calendar year of 2500 bopd.

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

Lion Energy Limited

ABN 51 000 753 640

ASX Code: LIO

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

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

For more information contact

Kim Morrison

+61 404 490 964

kmorrison@lionenergy.com.au

Stuart Smith

+65 9820 3889

ssmith@lionenergy.com.au

Zane Lewis

+61 400 007 900

zlewis@lionenergy.com.au



Lofin Structure Overview and Resource Estimates

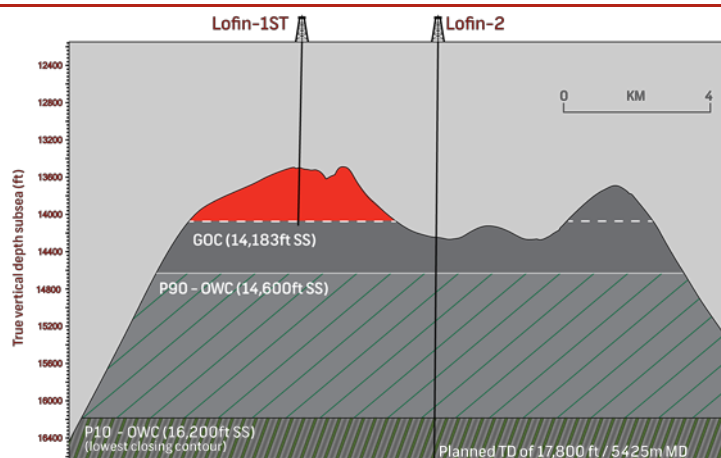
The Lofin Prospect is a thrust fold, four-way dip anticline, located 70 km to the west of the producing Oseil oilfield. The structure is approximately 4 km wide and 9 km in length with mapped vertical closure in excess of 790m.

The Lofin-1ST discovery well reached a total depth of 4427m MD and intersected 160m of the Manusela carbonate reservoir. After acidizing, the well flowed 15.7 mmscfd of gas and 171 bopd of 36.1° API oil or condensate, with a flowing wellhead pressure of 4750 psi

Lofin-2 is a vertical well with planned total depth of approximately 5425m (17,800 feet) MD to fully penetrate the potential hydrocarbon column.

Resource estimates for the Lofin Prospect are set out below. Contingent resources are calculated for the section penetrated by Lofin-1ST. Prospective resources are calculated for the section below the Lofin-1ST TD with an oil and associated solution gas case shown.

Lofin Structure – Schematic Cross-section



LOFIN PROSPECT – RESOURCES (Manusela Formation)	Gross (100%) PSC			Lion Net Working Interest ⁷		
	(P ₉₀)	(P ₅₀)	(P ₁₀)	(P ₉₀)	(P ₅₀)	(P ₁₀)
Contingent Resources^{1,2}	1C	2C	3C	1C	2C	3C
Cond (mmbbl)	0.14	0.26	0.45	0.004	0.007	0.011
Gas (bcf)	13.9	25.8	45.6	0.348	0.645	1.14
Total Contingent Resources (mmboe) ^{5,6}	2.46	4.56	8.04	0.062	0.114	0.201
Prospective Resources^{3,4}	Low (P₉₀)	Best (P₅₀)	High (P₁₀)	Low (P₉₀)	Best (P₅₀)	High (P₁₀)
Oil (mmbbl)	5.5	18.7	61.1	0.14	0.47	1.53
Gas (bcf)	7.5	24.9	81.8	0.19	0.62	2.05
Total Prospective Resources (mmboe) ^{5,6}	6.8	22.9	74.7	0.17	0.57	1.87

Notes:

- 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.
- Contingent Resources as at 31 December 2013 from third party independent analysis and validated by Lion. Probabilistic method applied.
- 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.
- Prospective Resources as at 30 October 2014 are based on Lion's internal assessment using parameters from the Lofin-1ST discovery well. Probabilistic method applied.
- mmboe is millions of barrels of oil equivalent, converted at a ratio of 6 Mcf:1 bbl.
- Statistically aggregated.
- Lion holds a 2.5% working interest, the net number shown is before Government 5.625% First Tranche Petroleum share

ASX/Media Release

For Immediate Release – 24 December 2014



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, Chief Executive Officer of Lion Energy Ltd. Mr Morrison holds a B.Sc. (Hons) in Geology and Geophysics from the University of Sydney and has more than 28 years of experience in exploration, appraisal and development of oil and gas resources –including evaluating petroleum reserves and resources. Mr Morrison is a member of the American Association of Petroleum Geologists (AAPG). Mr Morrison consents to the release of this announcement and to the inclusion of the matters based on the information in the form and context in which it appears.

Glossary

bbl: barrels

bcf: billion cubic feet

bopd: barrels oil per day

MD: measured depth

mbbl: thousand barrels

mmbbl: million barrels

mmboe: million barrels oil equivalent

mmscfd: Million standard cubic feet of gas per day

PSC: Production Sharing Contract

ST: sidetrack

tcf: trillion cubic

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 January 2014 recapitalisation, two Indonesian strategic investors, Risco Energy and Tower Energy, became substantial shareholders of the company.