

ASX/Media Release

For Immediate Release – 14 September 2015



Seram oil production further boosted

Highlights

- Oseil-28 development well on-line and producing in-excess of 640 bopd, exceeding expectations
- Oseil-28 drilled 23% under budget cost
- Field production lifted to over 4000 bopd (Lion share approx. 100 bopd), an increase of 18%
- Crude oil lifting of 400,000 bbl completed

Lion Energy Ltd (ASX Code: LIO) advises that the Oseil-28 development well has been completed as a producer with final clean-up rates prior to rig release of approximately 640 bopd on a 20/64" choke. Total field production has been boosted by 18% to approx. 4000 bopd. The Oseil-22 development well is the next well planned in the ongoing development drilling program.

The Oseil-28 well was spudded on 18 July 2015 and the rig was released 9 September 2015. Excluding mobilization and rig up time, the well was drilled, completed and tested in 53 days, 34 days less than the well program projection.

Preliminary well costs indicate the well was drilled approximately US\$2.25mil under the budget projection of US\$9.955mil.

Commenting on the outcome of the Oseil-28 well, Lion CEO Kim Morrison commented: "This is a very good outcome for the Seram joint venture, continuing the positive results of drilling on the north flank of the Oseil-2 field area and setting a new benchmark for future development drilling cost. The operator CITIC Seram Energy Ltd is to be congratulated on the outcome."

Oseil-28 reached TD of 2347m MD (1949m TVD) in the Manusela limestone objective and was completed with an ESP. This is the fifth well of the approved 10 well Phase 3 development plan approved for the Oseil-2 area, and follows the completion of the successful fourth well in the program, the Oseil-27 well, which is now flowing at a stabilised rate of in excess of 700 bopd.

Production from the Oseil and surrounding fields lifted to approximately 4010 bopd (Lion equity share 100 bopd) with Oseil-28 on stream. This rate has been temporarily reduced to approximately 3820 bopd due to the requirement for an ESP replacement on Oseil-12. This work is expected to be completed shortly.

The next planned well in the development program is Oseil-22, also within the Oseil-2 field area.

A crude oil lifting of 400,119 bbl was completed on 8 September 2015 (Lion share 10,003 bbl). Lion share of gross lifting revenue, estimated at approximately US\$0.33mil, is expected to be received approx. 35 days post the lifting.

The Seram (Non-Bula) PSC is located on Seram Island in eastern Indonesia and is operated by CITIC Seram Energy Ltd (51%) with other co-venturers being KUFPEC (Indonesia) Ltd (30%) and Gulf Petroleum Investment Company (16.5%).

Lion at a glance

- ASX listed oil and gas E&P company focused on Indonesia, with two conventional PSC's.
- Net production approximately 100 bopd
- An early mover in Indonesia's fledgling unconventional oil & gas industry.
- 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 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

ASX/Media Release

For Immediate Release – 14 September 2015



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

bopd: barrels oil per day

MD: measured depth

mbbl: thousand barrels

mmscfd: million standard cubic feet of gas per day

PSC: Production Sharing Contract

TD: total depth

TVDKB: total vertical depth referenced to the drill floor

ssTVD: total vertical depth referenced to sea level

ENDS