



Successful capital raising positions Lion for growth

Highlights

- Successful capital raising secures A\$600,000 (before costs)
- Amanah Timur-1 scheduled to spud on or around 12 December 2016
- Well targets low-risk prospect with prospective resource¹ up to 10.7 mmboe (Lion share 4.5mmboe) and near term production potential
- Continued solid Seram production at 3550 bopd (~90 bbl net to Lion) with ~500,000 bbl (12,500 bbl net) lifting scheduled by month end
- Joint study progress with planned high impact PSC's in 2017

Lion Energy Limited ("Lion" ASX: LIO), has completed a successful capital raising to sophisticated investors and management which has raised A\$600,000 before costs. The funds will underpin an exciting exploration and development program with the aim to position Lion for major growth in 2017.

The Amanah Timur-1 well in the South Block A PSC (Lion 40.7% interest) is now scheduled to spud on 12 December 2016. The well has a planned total depth of approximately 530m and will test sandstone reservoirs in a crestal location that were oil productive in a pre-WWII field in the same area, as well as deeper reservoirs not previously drilled. Prospective resources¹ (100%) range from 2.0mmboe (P90) to 10.7mmboe (P10).

The cost of drilling and testing is estimated at US\$1.3mil (US\$0.53mil net to Lion). The prospect is located close to oil and gas infrastructure and the joint venture will work to accelerate development in event of success. In addition, the Joint Venture continues to advance plans for testing the highly attractive Jerneh gas/condensate prospect in 2017.

In our Seram PSC (Lion 2.5%) production continues at ~3550 bopd and a lifting of at least 500,000 bbl (12,500 bbl net) is scheduled in late-December 2016. At current oil prices, this is anticipated to deliver approximately US\$450,000 cash net to Lion. Progress is ongoing by the Joint Venture to secure the PSC extension post 2019 which would enable the 2tcf Lofin discovery to move towards development.

Lion's CEO, Kim Morrison, noted "We are delighted with the support received in our capital raising which is an endorsement of Lion's clear growth plans. The imminent spud of the Amanah Timur well in the prolific North Sumatran Basin is another step on our path to transform Lion to becoming a major regional player. We also continue to pursue new production opportunities; progress our joint studies to PSC's; advance the world class Jerneh prospect for 2017 drilling; and work on extension of the Seram PSC."

¹**Prospective resources:** the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Lion at a glance

- ASX listed oil and gas E&P company focused on Indonesia; two conventional PSC's.
- Net production of around 90bopd from the Seram PSC which also contains the Lofin gas/condensate field.
- An early mover in Indonesia's fledgling unconventional oil & gas industry.
- Leveraging synergies in conventional assets and access to both infrastructure and markets.
- Executive team and strategic investors with impressive track records for value creation in Indonesia.

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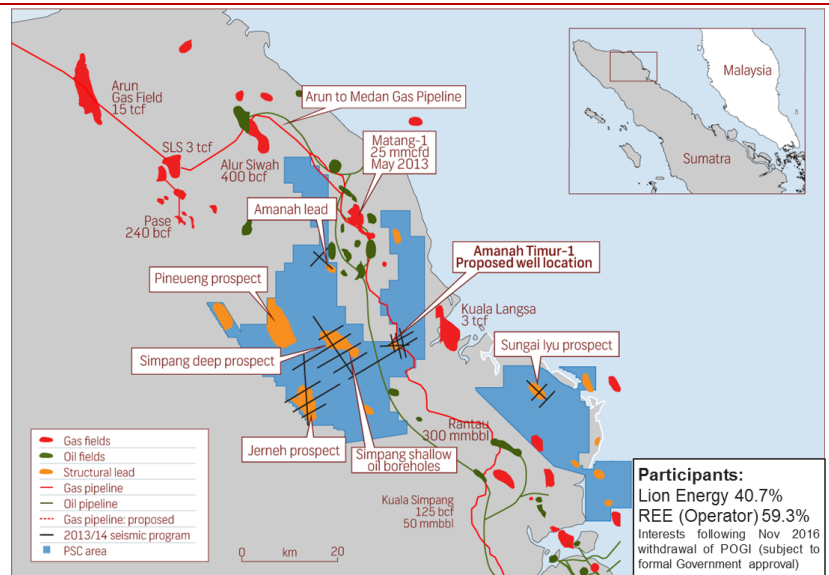
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South Block A PSC

The South Block A PSC, an underexplored block centrally located in the prolific North Sumatra Basin. This PSC contains large structures within proven oil and gas fairways. The region has a high priced gas market with strong demand and a new open access pipeline connected to Medan (Indonesia's 3rd largest city) extends through the PSC. Lion has a 40.7% interest in the South Block A PSC with the other participant being RENCO Elang Energy Pte Ltd (59.3% interest and Operator).

South Block A PSC – location map



Amanah Timur-1 (AMT-1)

AMT-1 will be a shallow, low-cost well testing a well-defined anticline which has existing shallow oil reservoirs that produced approximately 200,000 barrels of oil in a period prior to WWII. The well will test this oil productive sequence and as well as deeper reservoir within the objective late Miocene Keutapang section. Importantly, it has near-term commercialisation potential with good infrastructure in close proximity.

The prospect is material for Lion with prospective resources shown in the table below and the prospect has an overall probability of success (POS²) of 46%.

Amanah Timur Prospect	Prospective Resources ¹					
	100%			Lion Share (40.7%)		
	P90	P50	P10	P90	P50	P10
Oil (mmbbl)	1.8	4.1	9.3	0.7	1.7	3.8
Gas(bcf)	2.0	4.5	10.0	0.8	1.8	4.1
Combined (mmboe)	2.0	4.8	10.7	0.9	2.0	4.5

Volumes for stacked late Miocene Keutapang objectives. Individual targets calculated probabilistically and then summed arithmetically.

Jerneh-1

Work has progressed on well planning for drilling the Jerneh gas condensate prospect in 2017. Located in the west of our PSC, this prospect, covering an area up to 60 km², is arguably the largest undrilled structure in North Sumatra. In 2015 it was anticipated to cost approximately US\$6.5mil to drill on a dry hole basis. However, in the current drilling services market and as a result of identified efficiencies, we now expect the cost will be at least 20% less than this. The Peutu limestone and Belunai sandstone, which are major reservoirs in the basin, are the primary objectives and the new Arun to Medan gas pipeline is within 20km of the prospect. The prospect is a company maker for Lion with prospective resources shown in the table below. The prospect has an overall probability of success (POS²) of 34%.

Jerneh Prospect	Prospective Resources ¹					
	100%			Lion Share (40.7%)		
	P90	P50	P10	P90	P50	P10
Gas(bcf)	63.7	222.8	760.2	25.9	90.7	309.4
Condensate (mmbbl)	1.5	5.3	17.6	0.6	2.2	7.2
Combined (mmboe)	12.1	42.4	144.3	4.9	17.30	58.7

Volumes for both Miocene Peutu limestone and Belunai sandstone objectives. Individual targets calculated probabilistically and then summed arithmetically.

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²**POS:** Probability of Success, the chance of encountering a flow hydrocarbons on production testing an exploration well on the prospect.



Seram (Non-Bula) Block PSC

Lion, via its wholly owned subsidiary Lion International Investment Ltd, holds a 2.5% participating interest in the producing Seram (Non-Bula) Block PSC, located onshore Seram Island in eastern Indonesia. The major equity holder and operator of the joint venture is CITIC Seram Energy Ltd (51%). Other partners are KUFPEC (Indonesia) Ltd (30%) and Gulf Petroleum Investment (16.5%).

The block currently delivers net cash of approximately US\$40,000 per calendar month to Lion.

The block contains the Oseil oilfield and surrounding structures that have yielded cumulative crude oil production of 15,611,838 barrels since production started in January 2003. The result of a successful 2014 to 2016 development drilling program is shown on the production chart improving production from around 2500 bopd to the current 3600 bopd. A number of attractive development drilling locations targeting material reserves and resources remain to be drilled on the Oseil oil trend.

The operator continues to make good progress on reducing cost. Operating costs for the September quarter equate to US\$11.85/bbl, down from the calendar year operating cost at US\$13.85/bbl.

Total oil stock as of 4 December 2016 was 465,451 bbl (11,636 bbl net to Lion). A lifting is planned in late December 2016 of at least 500,000bbl (12,500 bbl net to Lion).

In 2015 the Lofin-2 appraisal well confirmed a highly material gas discovery with contingent resources¹ (2C) of 2.02 tcf and 18.3 mmbbl condensate (Lion share 50 bcf gas and 0.5 mmbbl condensate). Work is ongoing on development options for this resource which include a potential LNG development.

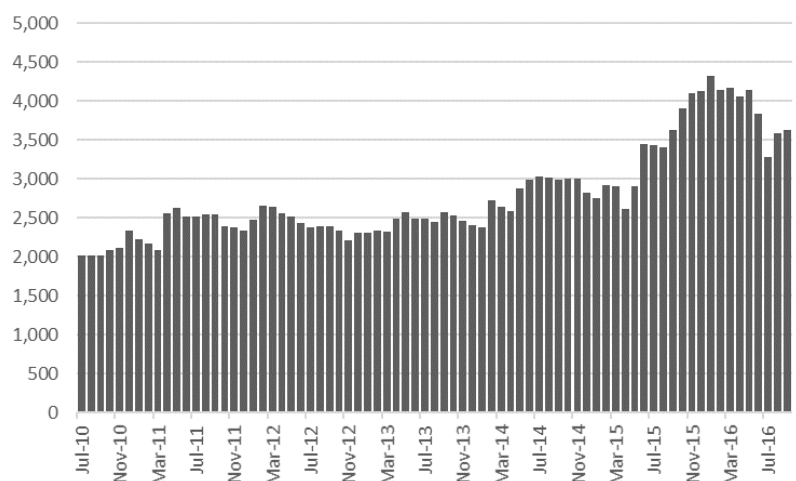
The PSC expires end October 2019 and the joint venture is having ongoing discussions with Government authorities on securing a renewal of the PSC over the area.

¹Contingent 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.

Seram (Non Bula) Block PSC - location map



Seram (Non Bula) Block - daily production per calendar month (bopd)





Joint Studies and New Business

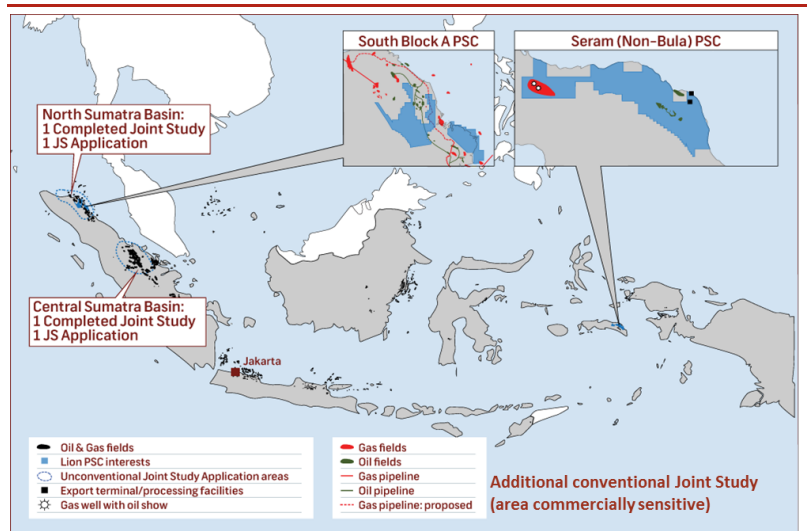
Production opportunities

Lion is currently has an active new business program aimed at securing new production and low-risk appraisal projects. With our extensive network and database Lion is able to rapidly and effectively evaluate potential target assets. With the industry anticipated to pick-up in 2017 we believe the timing is right for acquiring production assets and Lion is currently evaluating a number of attractive opportunities.

Conventional Eastern Indonesian Joint Study

In mid-2016 Lion was awarded a new Conventional Joint Study over a highly prospective area in Eastern Indonesia. Lion has a 50% interest and is co-operating in the Study with a well-respected private Australian company. The study is being conducted with an Indonesian university assigned by the Indonesian regulator MIGAS, and is anticipated to be completed in Q1/Q2 2017. At this point Lion and its co-venture partner will have a priority right to match the highest bid when the block is put up for gazettal.

Indonesia map showing area of Lion projects



Unconventional Joint Studies

Lion has identified substantial potential in Indonesia, and in particular in Sumatra for unconventional resources of shale gas, shale oil, tight gas and tight oil. With the encouragement of the Government of Indonesia and a framework of new regulations, Lion has built on its first mover position to consolidate an impressive unconventional acreage position with two completed studies and two pending joint study applications over 17,000 km² while prudently managing commitments and expenditures.

In 2016 Lion completed two unconventional Joint Studies. The first was in the North Sumatra Basin, one of the major onshore basins in the SE Asian region with ~25tcf of gas and over 1.3 billion barrels of oil and condensate discovered. The area covering ~4800 km² is adjacent to PERTAMINA's Unconventional Sumagut PSC. Lion holds a 55% interest and operated the joint study, undertaken with partly overlapping conventional PSC holders (Bukit, New Zealand Oil and Gas and SBL) holding a 45% interest. The joint study, undertaken with Padjadjaran University in Bandung was completed in February 2016 and highlighted the highly material potential within the joint study area with the key prospective intervals in Lower to Middle Miocene Belumai and Lower Baong formations. The timing of the release of the resultant PSC for tender will be dependent upon MIGAS, at which time Lion and its consortium members will have a right to match the highest offer for the block (if any).

The second completed unconventional joint study, covering ~2480km², is located in the Bengkalis Graben of the Central Sumatra Basin. The Central Sumatra Basin is a world class petroleum province with over 13 billion barrels of oil discovered. The Bengkalis Graben, located in the east of the basin hosts major discoveries and has proven oil prone source rocks.

Lion has a 75% interest in this joint study with the conventional rights holders in the area of the joint study having an option to participate at a 25% interest level in the resultant PSC,

The joint study was conducted with the Institute of Technology Bandung which integrated regional geological and geophysical information was completed in February 2016. The evaluation indicates the prospective source rocks in the area are at a suitable maturity and depositional setting to be highly attractive unconventional targets. As a result of the study Lion has subsequently recommended adding additional proximate areas to the study area and this is being considered by MIGAS. The timing of the release of the resultant PSC for tender will be dependent upon MIGAS, at which time Lion and its consortium members will have a right to match the highest offer for the block (if any).

ASX/Media Release

For Immediate Release – 6 December 2016

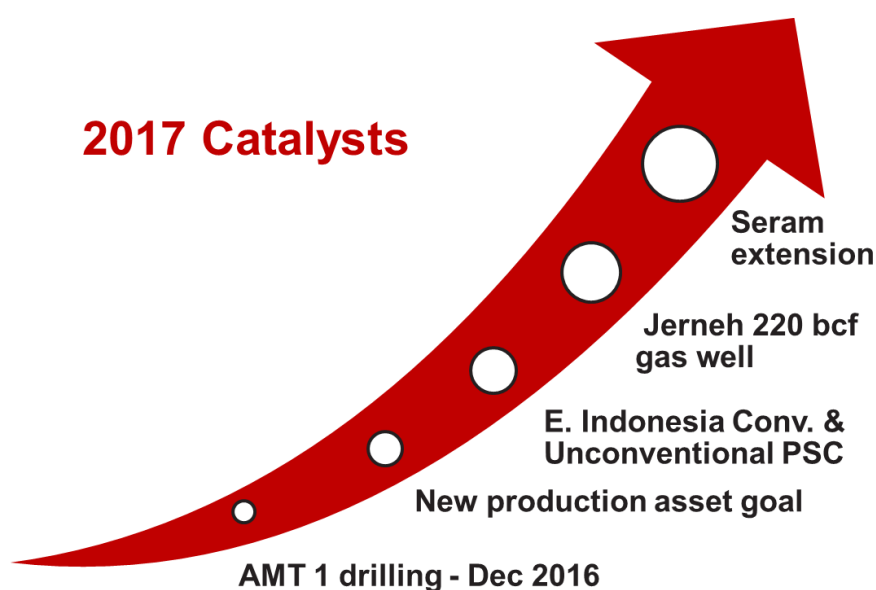


Well positioned for growth in 2017

Successful placement

Lion has successfully raised A\$600,000 (before costs) from professional investors and management, placing 12,000,000 shares at A\$0.05/share. The placement was well supported by existing and new shareholders, plus management. In the total of \$600,000, Directors have subscribed for \$110,000 of shares which will be issued subject to shareholder approval. Combined with the company's existing cash balance (US\$1.3mil as at 30 September 2016), the company is well placed to fund its growth plans for 2017. The issue was lead managed by Henslow Pty Ltd.

Potential 2017 Catalysts



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 30 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
Mil: million

mmscfd: million standard cubic feet of gas per day
mmbl: million barrels
mmboe: million barrels oil equivalent
POS: geological probability of success

PSC: Production Sharing Contract
tcf: trillion cubic feet
ss TVD: sub-sea true vertical depth
TD: total depth

END