



## Update: Lofin-2 appraisal well

### Highlights

- Lofin-2 has successfully run and cemented a 7 inch liner; and is currently drilling ahead in 6 inch hole in the Manusela Formation at 4791m MD KB/4584m SS.
- The Top Manusela Formation primary objective was encountered at 4615m MD/4508m SS, some 125m low to prognosis.
- Some weak gas and fluorescence shows have been recorded in the primary objective, although further evaluation, including electric wireline logging and possible production testing, will be required to confidently determine the fluid content of the Manusela interval.

Lion Energy Ltd (ASX Code: LIO) is pleased to advise that Lofin-2 appraisal well is progressing well with a 7 inch liner run and cemented to 4619m MD. The top of the primary objective Manusela Formation limestone was encountered at 4165m MD/4508m SS some 345m deeper than the top Manusela Formation in the Lofin-1 discovery well. Some elevated gas peaks, along with some fluorescence shows in rock cuttings, have been recorded.

The Manusela formation is described as predominantly limestone, with nil-to-poor visual porosity. From 4652m-4688m MD 5-20 % uniform dull yellow brown fluorescence with trace very slow weak streaming cut. Occasional trace 3% pin point bluish-white to greenish-white fluorescence, with slow-moderate streaming milky white cut. These shows in Lofin-2 are similar to shows encountered in the Lofin-1 discovery well.

The forward plan is to continue drilling to the planned TD of 5425m. However the well may TD shallower if there are no further indications of hydrocarbons and/or a water contact is penetrated.

Lion's CEO Kim Morrison noted "The presence of some gas and recorded oil fluorescence in Lofin 2 is of interest, especially as the well is approximately 345m down-dip from the Lofin-2 discovery well. However evaluation of a fractured reservoir is inherently challenging and further evaluation including wireline logging and possible formation testing is required to determine the fluid content in the Manusela objective. Hence it is still too early to reach a conclusion as to the eventual outcome of the well."

Lofin-2 is located in the Seram (Non Bula) PSC in eastern Indonesia and spudded on 31 October 2014. It is being drilled to appraise the Lofin-1 discovery made in 2012, which flowed 15.7 mmscfd and 171 bpd oil/condensate from the fractured Manusela Formation. The objective of the well is to investigate the extent of the hydrocarbon column below the 160m delineated in Lofin-1 which could not be drilled deeper due to engineering issues.

Lion has a 2.5% interest in the Seram (Non Bula) PSC which 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

- 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.
- Experienced executive team and strategic investors with impressive track records for value creation in Indonesia.
- Well-funded to execute the 2015 business plan.

### Contact

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## 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

bpd: barrels per day

mmscfd: million standard cubic feet of gas per day

TD: total depth

MD: measured depth

PSC: Production Sharing Contract

SS: subsea

**ENDS**