

ASX/Media Release

For Immediate Release – 27 March 2018



Service Agreement with Executive Chairman and Executive Director

Lion Energy Limited (“Lion” or “Company”; ASX: LIO) advises that it has entered into service agreements with Mr Tom Soulsby to fill the role of Executive Chairman and Mr Damien Servant (Executive Director). Key terms of the agreements are as follows:

Executive Chairman Services Contract

The Company has entered into a services contract for the Executive Chairman services of Mr Soulsby.

Key Terms of the agreement are as follows:

- Effective Date of February 1, 2018
- US\$13,500 cash remuneration per calendar month
- Minimum of 30 hours per week
- No superannuation payable
- Yearly cash bonus at the discretion of the Company
- One month notice period for termination by either party
- 2,500,000 Performance Rights to be issued to Mr Soulsby or nominee, subject to shareholder approval
- Each Performance Right convertible to one ordinary share of the Company, with the following vesting conditions:

Vesting conditions

The vesting of 1,250,000 Performance Rights is subject to the average monthly volume of shares traded on the ASX from July 1, 2018 to December 31, 2018 exceeding 1.25% of the total shares on issue as at December 31, 2018.

The Vesting of the remaining 1,250,000 Performance Rights is subject to satisfactory achievement of Total Shareholder Return (TSR).

The quantum of performance rights that vest will be calculated as follows:

TSR % < 35% = Nil Performance Rights vest

TSR % >= 35% and < 200% = Pro rata of total Performance Rights issued under this agreement.

TSR % >= 200% = 100% of total Performance Rights issued under this agreement.

TSR % is defined as:

$$\left(\frac{\text{Finish Date Price} - \text{Start Date Price}}{\text{Start Date Price}} \right) \times 100$$

Lion at a glance

- ASX listed oil and gas company with conventional PSC in Indonesia.
- Focus on conventional oil and gas production and development, appraisal and step out exploration risk opportunities
- Net production of around 50bopd from the Seram PSC which also contains the Lofin gas/condensate discovery.
- 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.

Contact

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Directors & Officers

Tom Soulsby	Executive Chairman
Damien Servant	Executive Director
Russell Brimage	Non-Executive Director
Chris Newton	Non-Executive Director
Zane Lewis	Non Executive Director and Company Secretary

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Whereby the Start Date Price is the 5-day VWAP of Lion's shares immediately before the Start Date and Finish Date Price is the 5-day VWAP of Lion's shares as of December 31, 2018

In the event that Lion shareholders do not approve the issue of these Performance Rights, then to the maximum extent permitted by law (including for the purposes of Part 2D.2, Division 2 of the Corporations Act), Lion undertakes to pay the cash equivalent of the value of the Shares which Mr Soulsby would have otherwise received on vesting of those Performance Rights in accordance with their terms (calculated using the 5 day VWAP of Lion shares up to the date that the relevant vesting condition is satisfied, and having regard to the number of Performance Rights that would have vested in accordance with the relevant vesting conditions).

Lapsing of Performance Rights

Any unvested Performance Rights will immediately lapse on the earlier to occur of the following:

- (a) upon the vesting conditions in respect to those Performance Rights not being satisfied;
- (b) Mr Soulsby is no longer a director as of December 31, 2018.

Executive Director Services Contract

The Company advises it has entered into a services contract for the Executive Director services of Mr Servant.

Key Terms of the agreement are as follows:

- Effective Date of February 1, 2018
- US\$9,500 cash remuneration per calendar month
- Minimum of 16 hours per week
- No superannuation payable
- Yearly cash bonus at the discretion of the Company
- One month notice period for termination by either party
- 1,500,000 Performance Rights to be issued to Mr Servant or nominee, subject to shareholder approval
- Each Performance Right convertible to one ordinary share of the Company, with the following vesting conditions:

Vesting conditions

The vesting of 750,000 Performance Rights is subject to the average monthly volume of shares traded on the ASX from July 1, 2018 to December 31, 2018 exceeding 1.25% of the total shares on issue as at December 31, 2018.

The Vesting of the remaining 750,000 Performance Rights is subject to satisfactory achievement of Total Shareholder Return (TSR).

The quantum of performance rights that vest will be calculated as follows:

TSR % < 35% = Nil Performance Rights vest

TSR % >= 35% and < 200% = Pro rata of total Performance Rights issued under this agreement.

TSR % >= 200% = 100% of total Performance Rights issued under this agreement.

TSR % is defined as:

$$\left(\frac{\text{Finish Date Price} - \text{Start Date Price}}{\text{Start Date Price}} \right) \times 100$$

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Whereby the Start Date Price is the 5-day VWAP of Lion's shares immediately before the Start Date and Finish Date Price is the 5-day VWAP of Lion's shares as of December 31, 2018

In the event that Lion shareholders do not approve the issue of these Performance Rights, then to the maximum extent permitted by law (including for the purposes of Part 2D.2, Division 2 of the Corporations Act), Lion undertakes to pay Mr Servant the cash equivalent of the value of the Shares which Mr Servant would have otherwise received on vesting of those Performance Rights in accordance with their terms (calculated using the 5 day VWAP of Lion shares up to the date that the relevant vesting condition is satisfied, and having regard to the number of Performance Rights that would have vested in accordance with the relevant vesting conditions).

Lapsing of Performance Rights

Any unvested Performance Rights will immediately lapse on the earlier to occur of the following:

- (a) upon the vesting conditions in respect to those Performance Rights not being satisfied;
- (b) Mr Servant is no longer a director as of December 31, 2018.

ENDS