

ASX/Media Release

For Immediate Release – 1 June 2018



20 Year Extension of Seram (Non Bula) PSC

Lion Energy Limited (“Lion” or “Company”; ASX: LIO) is pleased to advise that the official signing of the extension of the Seram (Non-Bula) PSC for a further 20 year term has been executed between the joint venture partners and the Ministry of Minerals Resources of the Republic of Indonesia (‘GOI’). Lion has a 2.5% participating interest in Seram (Non Bula) PSC (‘SNBB PSC’).

The principal terms of the renewal PSC include:

- Renewal of the SNBB PSC for a period of 20 years from the expiry date of the current contract of 31 October 2019;
- Terms of the renewal are based on a gross split formula, with very attractive fiscal and operating terms, and involves;
 - The payment of a signature bonus of US\$1,000,000 and a Performance Bond of US\$4,889,200 by the PSC participants, and;
 - A firm work commitment by the PSC participants of US\$48,892,000 during the first five years of the extended PSC

The new gross split terms only require the GOI approval for the annual work program and field development plans which set, amongst other things, relevant fiscal terms. The joint venture can then conduct the work program without the oversee of the GOI and in so doing maximize efficiency in the operations.

The SNBB PSC contains the exciting and material Lofin gas and condensate discovery, which the joint venture appraised in 2014-15 with the highly successful Lofin-2 well. The 20-year extension will allow the PSC participants to unlock the significant value of the Lofin discovery.

The 100% 2C contingent resource for Lofin is 2.02 TCF and 18.3 mmbbl condensate (370mboe), making it one of the largest onshore gas discoveries in Indonesia for many years, with Lion’s net interest 50 BCF of natural gas and approx. 450,000 bbl of associated condensate/light oil (9.25mboe), (refer Lion’s ASX release 8th October 2015).

As a result of the extension, it is anticipated the joint venture partners will now bring forward approved development drilling in the Oseil oil field to increase production from the current level of approx. 1950 bopd. Two Oseil oil field development wells are included in the firm work commitment. These wells will tap the significant 3C contingent resource of 17.5 mmbo (439,000 bbls net to Lion, refer Lion’s 2017 Annual Report).

Gross oil production at Seram in 2017 averaged 2,855 bopd resulting in net cash flow to Lion of US\$880,000 at an average oil price of US44.21/bbl. Current oil prices are up 20% plus over 2017 levels and a lifting of crude oil from the Oseil oil field is scheduled for June 2018.

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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Apart from further development drilling in the Oseil oil field, the firm work commitment includes further appraisal of the Lofin gas discovery by extended flow testing and 3D seismic over the Lofin structure. The remainder of the firm work commitment includes an exploration well. The block contains numerous low risk undrilled prospects.

Mr Soulsby, Lion's Chairman, commented "the renewal of the Seram PSC is an excellent outcome that allows Lion and its joint venture partners to extract the full value of considerable existing oil and gas reserves and resources and to further explore this highly prospective block."



Photo 1 Lion Executive Chairman Mr Tom Soulsby signing Seram Non Bula PSC Extension

Conversion Factor: Cubic feet of natural gas x 0.0001767 = barrels of oil equivalent (boe). Source Society of Petroleum Engineers.

Qualified petroleum reserves and resources evaluator requirements

In accordance with ASX Listing Rule 5.43m the Company confirms that it has previously announced the contingent resource for Lofin on 8 October 2015 and the contingent resource for Oseil in the company's 2017 Annual report dated 19/4/2018.

The Company also confirms that it is not aware of any new information or data that materially affects the Lofin or Oseil contingent resource and that all the material assumptions and technical parameters underpinning the resource continue to apply and have not materially changed.

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