

ASX/Media Release

For Immediate Release – 12 September 2019



Lion and GPI mutually agree termination of SPA

Lion Energy Limited (“Lion” or “Company”; ASX: LIO) previously announced on December 12, 2018 that it entered into a conditional sale and purchase agreement (“SPA”) with Gulf Petroleum Investment Company KSCC (“GPI”) to acquire GPI’s 16.5% stake in the Seram (Non Bula) Production Sharing Contract (“SNB PSC”), increasing Lion’s stake in SNB to 19% (the “Proposed Transaction”).

By way of background, the SNB PSC is in the process of being converted from a legacy cost recovery styled PSC (“Current PSC”) to the more innovative new gross split PSC format (“New PSC”). The New PSC is effective November 1, 2019.

The Proposed Transaction was subject to various conditions, including approval from the Government of Indonesia (“GOI”). The Proposed Transaction involved the purchase by Lion of GPI’s rights and obligations in both the Current PSC and the New PSC.

The GOI has indicated that whilst it can approve the transfer of GPI’s interest to Lion in the Current PSC contract, it believes that existing participants in the New PSC are restricted from selling more than 50% of their participating interest in the first five years, during the New PSC firm work commitment period.

The parties have therefore mutually agreed to terminate the SPA.

For clarification purposes, the interests in SNB will remain as follows:

Entity	Interest (%)
CITIC Seram Energy (operator)	41.0
PT Petro Indo Mandiri	30.0
GPI	16.5
PT GHJ Seram Indonesia	10.0
Lion	2.5
TOTAL	100.0

Lion’s remains interested in increasing its interest in SNB to compliment its 100% interest in the recently awarded adjacent East Seram PSC. Lion has the dominant land position on the new un-creamed & immature Manusela play.

ENDS

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 strong track records for value creation in Indonesia.

Contact

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