

ASX/Media Release

For Immediate Release 18 July 2018



LION
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Lion Executes East Seram PSC

Highlights

- **East Seram Gross Split PSC signed**
- **Lion funded for near term growth**
- **Adjustment to strategy continues**

Lion Energy Limited (“Lion” or “Company”; ASX: LIO) is pleased to advise it has executed the East Seram Gross Split PSC with the Indonesian Ministry of Energy and Mineral Resources (“Migas”) at the formal signing ceremony in Jakarta, Indonesia.

The Company has signed the contract with the Indonesian Government in a special ceremony, alongside national oil companies, ENI and Repsol. Lion’s participating interest in the East Seram PSC is 100%, providing the Company the opportunity to farm down in the future and still retain a significant interest.

Terms of the PSC are considered attractive, with a minimal \$500,000 signature bonus and low exploration commitments, combined with the lessened overseeing role of the Indonesian government regulator under a Gross Split PSC system.

As such, the East Seram block presents material exploration opportunities in a basin that has multiple proven play types and existing oil production and export infrastructure. Under the new governance system, Lion is well placed to simply get after opportunities.

The basin is considered immature from an exploration viewpoint as evidenced by the 350 MMBOE onshore Lofin gas discovery in 2012 and similar sized follow up prospects along trend. Lion is confident that this discovery extends into the East Seram PSC and will announce details of the extent of the overlap in a future announcement when evaluation is completed.

With the signing of the East Seram PSC, in conjunction with the Company’s recent oversubscribed \$3.1M capital raise and the recent signed contract extension in the Seram (Non Bula) PSC (which contains the **2TCF** Lofin gas discovery) Lion has positioned itself for growth in the near term and has potential to be a more significant long term oil, condensate and gas producer in the region.

Lion’s Executive Chairman, Tom Soulsby, said that the “*signing of the East Seram PSC is a significant step in the re-orientation of Lion to be a major player again on Seram Island. It also is a step in our strategy to build a portfolio close to key producing areas and associated infrastructure.*”

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.

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Mr Soulsby with senior delegates from ENI, Repsol and the Energy Ministry at the signing ceremony

East Seram Block Overview

The signing of the highly rated East Seram PSC is a material acquisition for the company and forms a significant part of the revised strategy of the Company to reposition itself away from higher risk exploration and unconventional exposures to lower risk conventional oil and gas production and development, appraisal and better understood exploration opportunities.

The East Seram Block includes an extension of the Lofin gas discovery made within the Seram (Non Bula) PSC, in which Lion has a 2.5% participating interest. The Lofin gas discovery is a 2C contingent resource of 2.02 TCF and 18.3 mmbbl condensate (370mmboe), making the Seram (Non Bula) PSC portion of the discovery one of the largest onshore gas discoveries in Indonesia for many years, with Lion's net interest being 50 BCF of natural gas and approximately 450,000 bbl of associated condensate/light oil (9.25mmboe).

The East Seram PSC also includes the shallow offshore area immediately adjacent to the producing Bula oil field, which has produced in excess of 20 mmo since its discovery in the 1890's. There are also a number of additional significant oil and gas prospects with compelling geological justification.

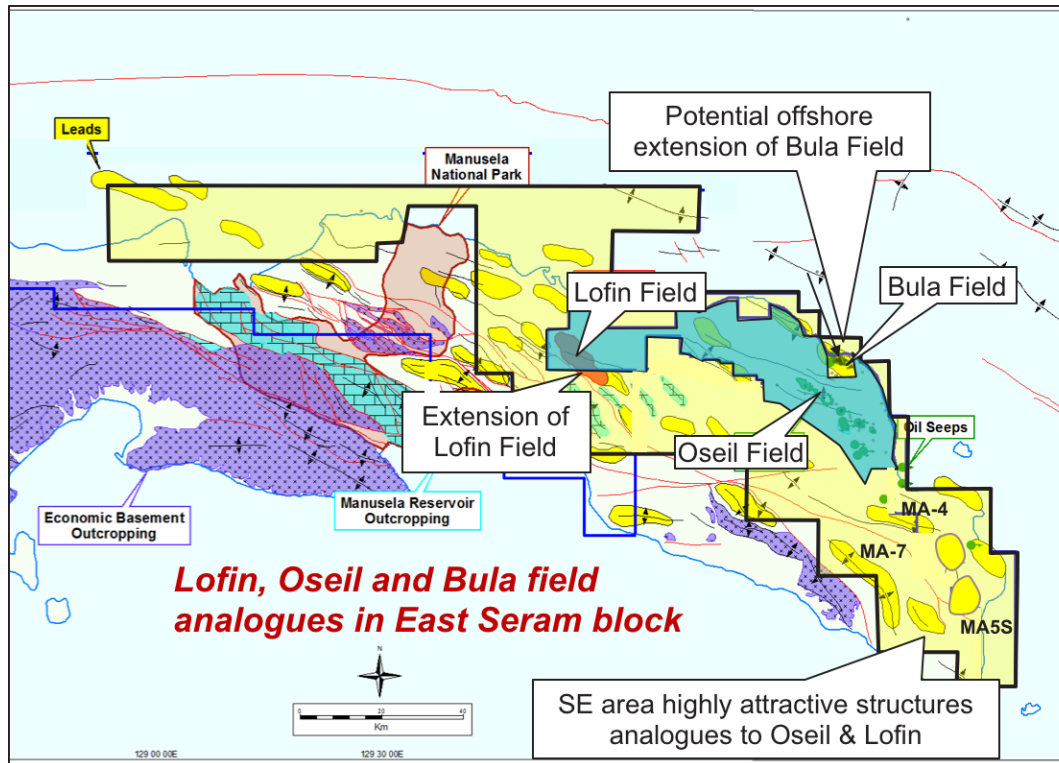
Mr Soulsby said that "Ongoing work on the East Seram PSC continues to confirm the world class potential of our acreage. Analogous structures are identified on seismic data to the material Lofin gas field and the producing Oseil and Bula oil fields. In addition, as previously announced, the block contains the southwestern extension of the Lofin field. Further details on the exciting prospectivity of East Seram will be released to the market in due course."

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The East Seram Block surrounds the Seram (Non Bula) Block and Bula Block producing PSC's



ENDS

Qualified petroleum reserves and resources evaluator requirements

In accordance with ASX Listing Rule 5.43 the Company confirms that it has previously announced the contingent resource for Lofin on 8 October 2015.

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