

ASX/Media Release

For Immediate Release – 13 January 2017



Amanah Timur-1 well update

Highlights

- Current depth of 347m KB, circulating to condition gas-cut mud and increase mud weight
- 11m of well-developed sands penetrated in the “700” objective, with very high gas recorded (1605 units /32%) and some oil fluorescence
- The joint venture has elected to run wireline logs to evaluate the encouraging shows in the section drilled to-date and then to run 7” casing prior to drilling ahead to deeper objective intervals

Lion Energy Limited (“Lion” or “Company”; ASX: LIO) is pleased to announce that as of this morning report Amanah Timur well is at a depth 347m and circulating to raise mud weight prior to running open hole wireline logs. The “700” sandstone objective encountered from 336m to current depth had strong gas shows and some oil fluorescence. Drilling was halted due to the need to weight-up the mud due to the increased gas levels.

Since the last announcement by Lion on 11 January 2017, the well has drilled from 323m to the current depth of 347m KB. A shale dominated section was encountered from 323m KB to 336m KB with some thin interbedded sandstone intervals showed high gas and some oil shows. The mud weight was raised from 1.16 SG to 1.32 SG and subsequently 1.56 SG to control sloughing pressured shales and high gas while drilling the section. The “700” sandstone objective is provisionally interpreted at 336m approximately 58m high to prognosis. Gas increased rapidly from a background of 150-200 units on entering the objective with a peak of 1271 units/25.4% at 338m KB with a composition breakdown of C1: 216,825ppm, C2: 10,833ppm, C3: 2215ppm, iC4: 950ppm, nC4: 771ppm, iC5: 659ppm, nC5: 160ppm. Gas increased through the unit with peak of 1606 units/32% (C1-C5) from 344m and this resulted in the mud being gas-cut. Some oil shows described with up to 10% spotty pale yellowish gold direct fluorescence, very slow streaming pale yellowish gold cut, yellowish brown crush cut flour, trace residual cut, nil to weak oil odour.

The estimated well cost of US\$1.3mil (Lion net \$0.53mil) is being reviewed in light of the decision to run the provisional intermediate casing.

Lion’s CEO, Kim Morrison, noted “The well continues to deliver significant gas and oil shows that exceed our expectations. The decision to condition the hole and run wireline logs at this time, followed by setting 7” casing prior to drilling ahead to the remaining objectives, is a prudent one and secures the zones of interest already encountered for further evaluation with planned testing later in the well program”

Lion at a glance

- ASX listed oil and gas E&P company focused on Indonesia; two conventional PSC’s.
- Net production of around 90bopd from the Seram PSC which also contains the Lofin gas/condensate field.
- An early mover in Indonesia’s fledgling unconventional oil & gas industry.
- 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

Lion Energy Limited

ABN 51 000 753 640

ASX Code: LIO

Suite 7
295 Rokeby Road
Subiaco WA 6008
Australia
Post Box 557
Subiaco WA 6904
Australia

Tel +61 8 9211 1500 | Fax +61 8 9211 1501

info@lionenergy.com.au

www.lionenergy.com.au

Directors & Officers

Russell Brimage	Executive Chairman
Kim Morrison	Chief Executive Officer
Stuart B. Smith	Executive Director
Tom Soulsby	Non-Executive Director
Chris Newton	Non-Executive Director
Zane Lewis	Company Secretary

For more information contact

Kim Morrison

+61 404 490 964

kmorrison@lionenergy.com.au

Stuart Smith

+65 9820 3889

ssmith@lionenergy.com.au

Zane Lewis

+61 400 007 900

zlewis@lionenergy.com.au

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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 30 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

bcf: billion cubic feet gas
JV: joint venture
KB: kelly bushing
km²: square kilometres
MD: measured depth

mmboe: million barrels oil equivalent
mmbbl: million barrels
ppm: parts per million
PSC: Production Sharing Contract
SG: Specific gravity

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