

ASX/Media Release

For Immediate Release – 17 January 2017



Amanah Timur-1 well update

Highlights

- Well successfully stabilised after experiencing influx of gas
- Well currently at depth of 347m KB and attempting to free stuck drill pipe
- It is proposed to run Intermediate logs before setting 7" casing and drilling ahead to planned total depth of 570m KB

Lion Energy Limited ("Lion" or "Company"; ASX: LIO) provides the following update of the Amanah Timur well (AMT-1) as at this morning's report. Since the last report on January 13th the operations have focused on controlling high gas encountered in the "700" sandstone objective, which resulted in gas-cut mud and increased pressure with a shut-in casing pressure of approximately 80psi. This has now been successfully achieved although in the process the drill-pipe has become stuck.

Operations were initially successful yesterday in stabilising the well by circulating a 13.2ppg mud with some lost circulation material to control losses. After shutting off pumps to ensure there was no pressure influx, the drill-pipe became stuck. During attempts to free the pipe the well again started to flow with up to 1700 units of gas reported.

As of this morning's report from the operator, circulation of 13.5ppg mud has been able to stabilise the well. The operator is currently attempting to free the pipe after which it is expected the current section will be logged before setting 7" casing and drilling ahead in 6 1/8" hole to the planned total depth 570m KB. Lion will keep the market informed on progress.

Lion has a 40.7% interest in the South Block A PSC where the AMT-1 is located. The remaining 59.3% is held by operator Renco Elang Energy Pte Ltd (REE).

Lion CEO, Kim Morrison commented "While unwelcome, such challenges are fairly common in exploration drilling. Fortunately, the team of REE, Lion and Pertamina Drilling Services are well equipped to handle this. The gas and oil shows encountered to date are most encouraging and evaluating these, as well as the deeper, undrilled, objectives, in a safe and effective manner remain the key priority."

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.

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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

bbl: barrels	mmboe: million barrels oil equivalent
bcf: billion cubic feet gas	mmbbl: million barrels
JV: joint venture	ppg: pounds per gallon
KB: kelly bushing	ppm: parts per million
km ² : square kilometres	PSC: Production Sharing Contract
MD: measured depth	SG: Specific gravity

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