

ASX/Media Release

For Immediate Release – 25 January 2017



South Block A PSC granted 4-year extension

Highlights

- Indonesian regulator has granted the SBA PSC participants a 4-year extension to the exploration term, to 19 January 2021
- PSC now covers 421km² which encompasses all identified prospect and leads in the original permit area
- Optional work program consists of up to 3 wells and 50km² 3D seismic
- Work underway on appraisal planning for the recent AMT discovery

Lion Energy Limited (“Lion” or “Company”; ASX: LIO) is pleased to report that that the relevant Indonesian regulator, the BPMA, has extended the South Block A PSC exploration term for an additional four years, effective from 19 January 2017. This follows the drilling of the Amanah Timur (AMT-1) discovery well which, completed the firm commitment obligations in the block.

The remaining area of the PSC is now 421km² and the outline has been carefully selected by the Joint Venture to ensure all identified prospects and leads are included in the area. As a result, Lion’s Prospective Resource estimate for the top prospects in this exciting block is unchanged.

Lion Share SBA Prospective Resources ¹	Working interest (%)	Gas/Associated Gas Recoverable (BCF)			Oil/Condensate Recoverable (MMbbl)		
		Low	Mid	High	Low	Mid	High
Top 6 prospects	40.7%	77.7	209.4	579.7	3.6	10.1	28.1

The “non-firm” work program in the extension period comprises 3 wells and 50 km² of 3D seismic. Progress will be reviewed by the regulator after 2 years and failure to either complete the program, or have a Plan of Development submitted, may result in expiry of the PSC with no financial penalty to participants.

The Joint Venture has commenced working on the appraisal plans for AMT discovery with meetings scheduled in Jakarta during the week of January 30th. The plan is to accelerate activity, including commercialisation options, to allow a Plan of Development to be approved for the discovery.

Lion CEO, Kim Morrison commented “Lion is delighted to have such prompt approval from the regulator for the extension of the SBA PSC following the drilling of the AMT discovery. The Joint venture can now accelerate appraisal activities as well as additional exploration in this highly regarded block.”

¹**Prospective resources:** the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Individual prospect resources are calculated probabilistically and these are then summed arithmetically.

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

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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.

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