

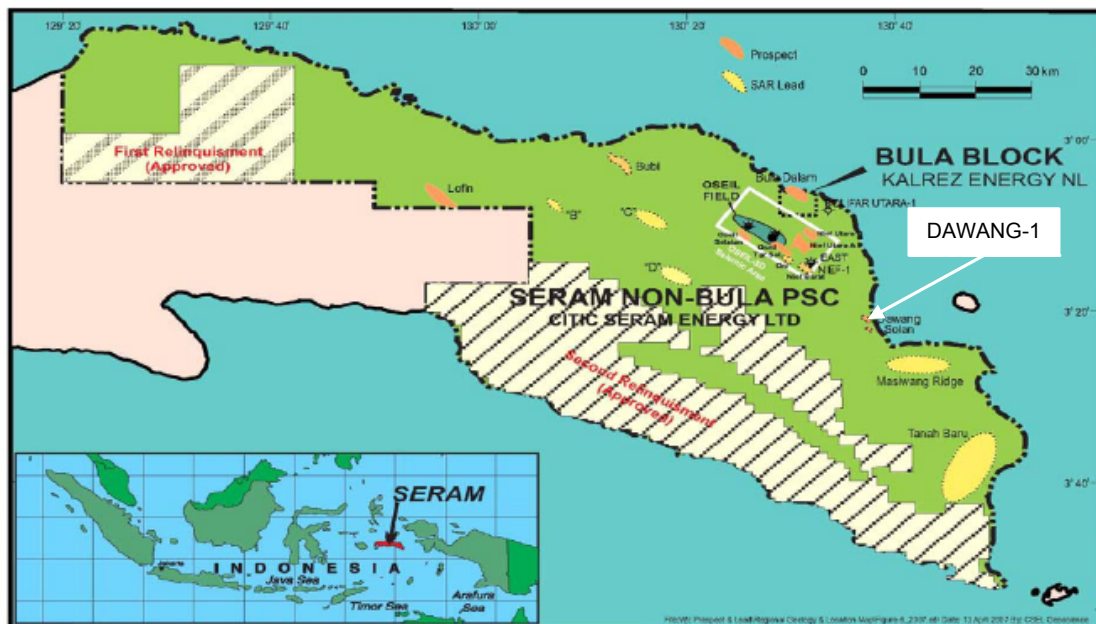
14 July 2008

Company Announcements
ASX Limited

LION ENERGY LIMITED (“LION”) EXPLORATION WELL DAWANG-1 SPUDS

The Company advises that exploration well Dawang-1 spudded at 17:00 hours eastern Indonesian time on July 13th 2008, in the Seram (Non Bula) Block Production Sharing Contract on the island of Seram in eastern Indonesia.

The Dawang-1 well is located approximately 25 kilometres southeast of the Bula Oilfields.



APPROXIMATE LOCATION OF DAWANG-1

The Dawang prospect is a seismically defined closure on a faulted structural nose within the Fufa Formation. It features clearly defined seismic amplitude anomalies seen on consecutive lines, believed to be direct indicators of trapped hydrocarbons as seen on seismic lines over the producing Bula Oilfields.

The well is shallow, with a proposed Total Depth of 2,133 feet sub sea. Drilling is expected to take 14 days, with additional time required for completion in the event of discovery.

The Bula Oilfields in the Bula Basin are the only commercial producing fields from the Plio-Pleistocene Fufa Formation in eastern Seram. Dawang-1 was selected to test seismic and geological trends that have a similar appearance to the Bula Oilfield, which was discovered in 1897 and from which the main producing field Bula Lemun has produced in excess of 16 million barrels of oil.

The resource is estimated to contain 37.3 million barrels of oil in place, with a recoverable resource estimated at 9.3 million barrels of oil, assuming a 30% recovery factor.

SERAM (NON-BULA) PSC

LION, through its wholly owned subsidiary Lion International Investment Limited and its wholly owned subsidiary Lion Petroleum Seram Limited, holds a 2.5% shareholding in the Seram (Non Bula) Block Production Sharing Contract. The major shareholder and Operator of the Joint Venture is CITIC Seram Energy Limited (51%). Other shareholders are KUFPEC (Indonesia) Limited with 30% and Gulf Petroleum Investment (16.5%).

Jack Toby
Company Secretary

ENQUIRIES:

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