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Company Announcements
ASX Limited

LION ENERGY LIMITED (“LION”) DRILLING UPDATE NIEF UTARA A-2

Further to the Company’s announcement of May 23rd 2008, in which it announced that delineation well Neif Utara A-2 spudded on May 19th 2008 in the Seram (Non Bula) Block Production Sharing Contract on the island of Seram in eastern Indonesia:

- 13-3/8 inch casing was cemented at 4,016 feet.
- Routine drilling operations continued to a depth of 6,050 feet.
- 9-5/8 inch casing was cemented at 6,039 feet.
- Drilling continued to 6,975 feet MD / 6,275 feet TVD.
- Electric logs are currently being run to evaluate the objective Manusela reservoir section.

Nief Utara A-2 is a delineation well, following on from the discovery well Nief Utara A-1 which confirmed the presence of hydrocarbons in the Nief Utara A structure (Refer LIO ASX Release 23rd May 2008).

Nief Utara A-2

Nief Utara A-2 (NUA-2). is being drilled from the same surface location as Nief Utara A-1 (NUA-1), as a deviated well and has drilled to a final bottom-hole location some 1000 metres SE of the NUA-1 well bottom-hole location.

It is intended that NUA-2 will drill to penetrate the water contact, to assist in reserves evaluation of the Nief Utara A structure.

The primary target of NUA-2 is the Manusela Carbonte, with the secondary target the lower part of the Lower Nief carbonate in which an indication of oil show was observed from drill-cuttings in the NUA-1 well.

Overview

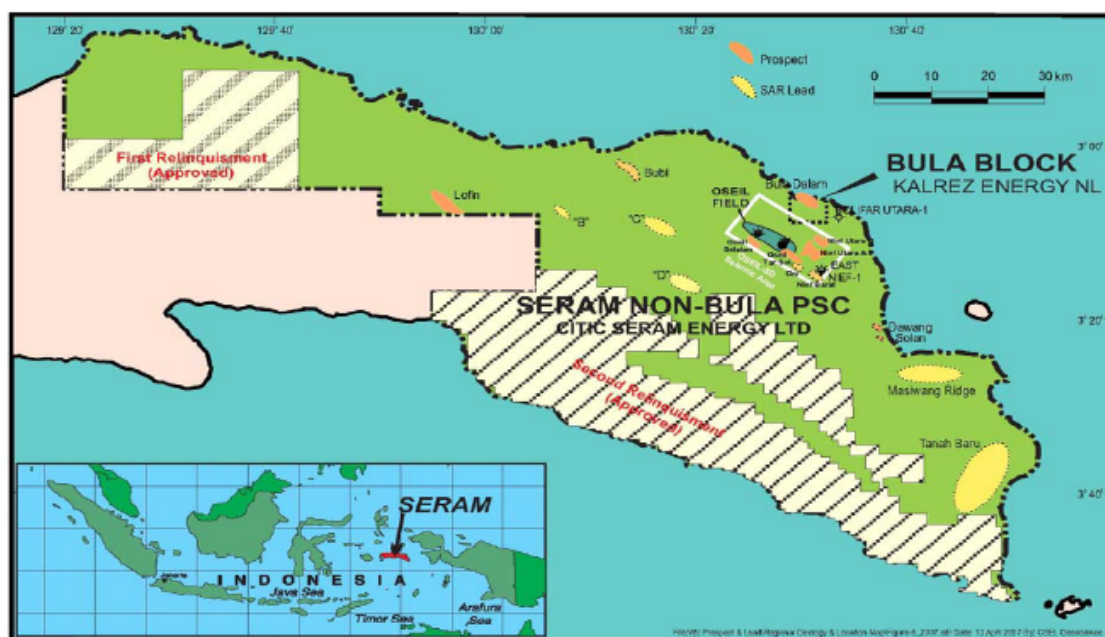
The Neif Utara A prospect is an elongate thrust and reverse-fault controlled four way dip closed anticline, situated at the southeast end of the Oseil high trend, along the Oseil – East Neif anticlinorium.

The primary target is the Manusela Carbonate, interpreted to be similar in reservoir characteristics to the nearby Oseil oilfield, which is currently producing at approximately 3,800 BOPD, with cumulative production to 30th April 2008 of 7,003,998 BO.

Based on the results from NUA-1, IOIP has been upgraded to 42 MMSTBO for the Neif Utara A prospect, with reserves of 12.5 MMSTBO using 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%).



NOMENCLATURE:

bbls	barrels
BO	barrels of oil
BOPD	barrels of oil per day
IOIP	initial oil in place
MMSTBO	million standard barrels of oil
Mscf/BBL	thousand standard cubic feet per barrel
MD	measured depth
STOOIP	stock tank original oil in place
TD	total depth

TVD True vertical depth
All depths quoted are RKB (relative to Kelly bushing)

ENQUIRIES:

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