

LION ENERGY LIMITED

ABN 51 000 753 640

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

11 November 2008

Time of Meeting

10.30am WDT

Place of Meeting

Ground Floor, 15 Rheola Street
West Perth, Western Australia

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

LION ENERGY LIMITED
ABN 51 000 753 640

**NOTICE OF ANNUAL
GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of Lion Energy Limited ABN 51 000 753 640 ("Company") will be held at 10.30am WDT on 11 November 2008 at the offices of the Company, Ground Floor, 15 Rheola Street, West Perth, Western Australia, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2008, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 - Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following as an **ordinary resolution**.

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2008 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

2. Resolution 2 - Re-election of Jian Wu as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Jian Wu, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of the Resolutions, the following definitions apply:

"Annual Report" means the annual report of the Company for the year ended 30 June 2008;

"Company" means Lion Energy Limited ABN 51 000 753 640; and

"Constitution" means the Company's constitution, as amended from time to time.

By order of the Board

Jack Toby
Company Secretary

Dated: 26 September 2008

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting .

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendances recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's Share Registry.

Voting by proxy

- A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 10.30am WDT on 9 November 2008. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person or by post to:
Computershare Investor Services Pty Ltd
GPO Box 242, Melbourne VIC 3001 Australia
or
Lion Energy Limited
Ground Floor
15 Rheola Street
WEST PERTH WA 6005
or
 - by faxing a completed proxy form to
+61 (0)3 9473 2555.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.30am WDT on 9 November 2008. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm WDT on 9 November 2008.

PROXY FORM
LION ENERGY LIMITED
ABN 51 000 753 640

Ground Floor
 15 Rheola Street
 WEST PERTH WA 6005

Fax number: +61 (0)3 9473 2555

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We being a shareholder/shareholders of Lion Energy Limited pursuant to my/our right to appoint not more than two proxies, appoint

<input type="checkbox"/> The Chairman of the Meeting (mark with an "X")	OR		Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.
or failing him/her			Write here the name of the person you are appointing.

or failing him/her, (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at 10.30am WDT on 11 November 2008 at the offices of the Company, Ground Floor, 15 Rheola Street West Perth, Western Australia, and at any adjournment of that meeting.

This proxy is to be used in respect of _____% of the ordinary shares I/we hold.

Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain *
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Jian Wu as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3

Sole Director & Sole Company Secretary

Director

Director/ Company Secretary

Dated this _____ day of _____ 2008

 Contact Name

 Contact Business Telephone / Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual shareholders from attending the Annual General Meeting in person if they wish. Where a shareholder complete and lodges a valid proxy form and attend the Annual General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Annual General Meeting.
2. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Annual General Meeting.

8. **Signing Instructions**

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

9. **Lodgement of a Proxy**

This Proxy Form (and any power of Attorney under which it is signed) must be received at the address below not later than 10.30am WDT on 9 November 2008 (48 hours before the commencement of the Meeting). Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Hand deliveries: Lion Energy Limited
Ground Floor, 15 Rheola Street
WEST PERTH WA 6005

Postal address: Computershare Investor Services Pty Ltd
GPO Box 242, Melbourne VIC 3001 Australia

Fax number: +61 (0)3 9473 2555

LION ENERGY LIMITED

ABN 51 000 753 640

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Lion Energy Limited ("Company").

FINANCIAL REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2008 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its shareholders the Remuneration Report as disclosed in the Company's 2008 Annual Report. The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's 2008 Annual Report announced to ASX on 9 September 2008 which is also available on the Company's website (<http://www.lionenergy.com.au>).

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

RESOLUTION 2 - RE-ELECTION OF JIAN WU AS A DIRECTOR

Pursuant to Clause 13.2 of the Company's Constitution, Jian Wu, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

GLOSSARY

ASX	means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors of the Company.
Company	means Lion Energy Limited ABN 51 000 753 640.
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a director of the Company.
Meeting	means the annual general meeting the subject of the Notice.
Notice	means the notice of annual general meeting which accompanies this Explanatory Memorandum.
Resolution	means a resolution proposed pursuant to the Notice.