

LION ENERGY LIMITED

ABN 51 000 753 640

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

DATE OF MEETING

Tuesday 27 November 2007

TIME OF MEETING

10.30am W DST

PLACE OF MEETING

Ground Floor, 15 Rheola Street
West Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

LION ENERGY LIMITED
ABN 51 000 753 640

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Lion Energy Limited (“**Company**”) will be held at the offices of the Company, Ground Floor, 15 Rheola Street, West Perth, Western Australia on Tuesday 27 November 2007 commencing at 10.30am WDST.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of Meeting.

Please note terms used in this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

ORDINARY BUSINESS

Financial Report for the Period Ended 30 June 2007

To receive and consider the financial report of the Company, the Directors’ Report and the Auditor’s Report for the period ended 30 June 2007

Resolution 1 – Adoption of Remuneration Report

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

"That shareholders adopt the Remuneration Report for the financial year ended 30 June 2007 set out in the Company's financial report for the same financial year."

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

Resolution 2 – Re-Election of Mr Russell Brimage as a Director

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

"That Russell Brimage, who retires by rotation in accordance with clause 13.2 of the Company's constitution and who offers himself for re-election, be re-elected a Director."

Resolution 3 – Appointment of Auditor

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

"That, for the purposes of section 327B(1)(b) of the Corporations Act 2001 (Cth) and for all other purposes, Bentleys MRI Perth Partnership ABN 17 735 344 518, having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company."

SPECIAL BUSINESS

Resolution 4 – Approval of Company Diversification

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

"That the Company diversify from an oil and gas company into a general resources company."

Resolution 5 – Approval of Change of Name to Lion Group International Ltd

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, pursuant to section 157 of the Corporations Act 2001 (Cth), the Company change its name from "Lion Energy Limited" to "Lion Group International Ltd."

By Order of the Board of Directors

Jack Toby
Company Secretary
Lion Energy Limited

18 October 2007

PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.
- A proxy may but need not be a Shareholder.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 5.00 pm WGST 25 November 2007 on will be entitled to attend and vote at the Annual General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

LION ENERGY LIMITED
ABN 51 000 753 640

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Lion Energy Limited ("**Company**") in connection with the business to be conducted at an Annual General Meeting of the Company to be held at the offices of the Company, 15 Rheola Street, West Perth, Western Australia on Tuesday 27 November 2007 at 10.30am (WDST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

ORDINARY BUSINESS

Financial Reports

Shareholders will be given an opportunity to ask questions of the Directors and the Company's auditors in relation to the accounts of the Company at the Annual General Meeting.

Resolution 1 – Adoption of Remuneration Report

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers and Directors;
- (b) addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and
- (c) sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2007.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Board or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

Resolution 2 – Re-Election of Mr Russell Brimage as a Director

Resolution 2 seeks approval for the re-election of Russell Brimage as a Director with effect from the end of the meeting.

Clause 13.2 of the Company's constitution provides that at each annual general meeting one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office.

Russell Brimage retires from office in accordance with this requirement and submits himself for re-election.

Resolution 3 – Appointment of Auditor

Section 324DA of the Corporations Act deals with the requirement for auditors of listed companies to rotate in certain circumstances. Section 324DA(1) of the Corporations Act provides that:

"If an individual plays a significant role in the audit of a listed company or listed registered scheme for 5 successive financial years (the **extended audit involvement period**), the individual is not eligible to play a significant role in the audit of the company or the scheme for a later financial year (the **subsequent financial year**) unless:

- (a) the individual has not played a significant role in the audit of the company or the scheme for at least 2 successive financial years (the **intervening financial years**); and
- (b) the intervening financial years:
 - (i) commence after the end of the extended audit involvement period; and
 - (ii) end before the beginning of the subsequent financial year."

Section 9 of the Corporations Act provides that "a person **plays a significant role** in the audit of a company or a registered scheme for a financial year if:

- (a) the person is appointed as an individual auditor of the company or scheme for that financial year; and
 - (i) acts as an auditor for the company or scheme for that financial year; or
 - (ii) prepares an audit report for the company or the scheme in relation to a financial report of the company or scheme for that financial year or a half-year falling within that financial year; or
- (b) a firm or company is appointed as an auditor of the company or scheme for that financial year and the person:

- (i) is a registered company auditor; and
- (ii) acts, on behalf of the firm or company, as a lead auditor, or review auditor, in relation to an audit of the company or scheme for that financial year or for a half-year falling within that financial year."

Stantons International ABN 41 103 088 697 ("**Stantons**") is currently the auditor of the Company. In view of the involvement of Stantons in the audit of the Company's annual accounts in previous years, Stantons is to retire as auditor in order to comply with the requirements of section 324DA(1).

In accordance with section 329(5) of the Corporations Act, Stantons resigned as the Company's auditor on 24 September 2007, to be effective from the passing of this Resolution to appoint a new auditor of the Company. ASIC consented to the resignation of Stantons as the Company's auditor on 20 September 2007.

Section 327C(1) of the Corporations Act provides that if:

- (a) a vacancy occurs in the office of auditor of a public company; and
- (b) the vacancy is not caused by the removal of an auditor from office; and
- (c) there is no surviving or continuing auditor of the company,

the directors of the company must, within 1 month after the vacancy occurs, appoint an auditor to fill the vacancy unless the company at a general meeting has appointed an auditor to fill the vacancy.

Section 327C(2) of the Corporations Act further provides that any such auditor appointed to fill the vacancy holds office until the company's next annual general meeting. This is consistent with section 327B(1) of the Corporations Act, which provides that a public company must appoint an auditor of the company at its first annual general meeting and thereafter at each subsequent annual general meeting where an auditor is appointed by the company to fill any vacancy in the office of auditor.

Pursuant to section 327C(1) of the Corporations Act, the Directors appointed Bentleys MRI Perth Partnership ABN 17 735 344 518 ("**Bentleys MRI**") to fill the vacancy in the office of auditor.

The Company has received:

- a nomination under section 328B(1) of the Corporations Act from a Shareholder for Bentleys MRI to be appointed as the Company's auditor, a copy of which is annexed to this Explanatory Memorandum; and
- a consent to act as auditor of the Company from Bentleys MRI under section 328A of the Corporations Act.

The Company, pursuant to this Resolution 3, seeks Shareholder approval pursuant to section 327B(1) of the Corporations Act to appoint Bentleys MRI as the Company's auditor. If

Resolution 3 is passed, the appointment of Bentleys MRI as the Company's auditor will take effect at the close of this Annual General Meeting.

SPECIAL BUSINESS

Resolution 4 – Approval of Company Diversification

At present the Company's main focus is on oil and gas exploration, development and production in various overseas locations. These include exploration to earn an up to 30% interest in now 4 Federal OCS offshore leases in the Gulf of Mexico and a 2.5% shareholding in the Seram (Non Bula) Block Production Sharing Contract. The block contains the Oseil oilfield which has produced since initial field start-up in January 2003 cumulative crude oil production of 5,807,548 barrels of crude oil to midnight on 30 June 2007.

A majority of the Board changed recently after which the Board resolved that the Company diversify from an oil and gas company into a general resources company in order to be able to take advantage of any suitable opportunities involving acquisitions, joint ventures arrangements or other transactions that may arise in the future. The Directors do not have any specific or targeted opportunities in mind at present and are not currently discussing any such opportunities with any parties.

While the Company's proposed diversification is not a matter that requires prior Shareholder approval under the Corporations Act or Listing Rules at this early stage, the Directors have resolved to put the general proposal to Shareholders as a matter of good corporate governance.

The Directors note that, should a specific transaction arise in the future, in the area of general resources or oil and gas, the Company may need to seek prior Shareholder approval under the Corporations Act or the Listing Rules, depending on the size and nature of the proposed transaction. The Directors note that any Shareholder approval obtained pursuant to Resolution 4 may not obviate the need for such approval in the future. The Directors further note that, depending on the size and nature of any proposed transaction, the ASX may also require the Company to meet the requirements in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of the ASX.

Resolution 5 – Approval of Change of Name to Lion Group International Limited

In view of the Directors' proposal to expand the focus of the Company beyond oil and gas into general resources, as explained above with respect to Resolution 1, the Directors believe it is appropriate to change the Company's name to Lion Group International Ltd.

Section 157(1) of the Act requires that if a company wishes to change its name, it must do so by special resolution. A special resolution needs to be approved by at least 75% of the votes cast by shareholders entitled to vote on the resolution in order to be passed.

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

ASIC means Australian Securities and Investments Commission.

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.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Listing Rules	means the Listing Rules of ASX.
Notice or Notice of Meeting	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means an ordinary shareholder of the Company.
WDST	means Western Daylight Savings Time.

Russell Earnest Brimage

PO Box 941, Nedlands WA 6909

24 September 2007

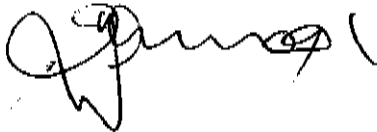
The Directors
Lion Energy Limited
Ground Floor
15 Rheola St
West Perth WA 6005

Dear Sir,

NOMINATION OF AUDITOR

I, Russell Earnest Brimage, being a member of Lion Energy Limited, hereby nominate Bentleys MRI Perth Partnership of Level 1, 10 Kings Park Road, West Perth WA 6005, Australia, for appointment as the new auditor of the Company, pursuant to section 328B(1) of the Corporations Act.

Signed,

A handwritten signature in black ink, appearing to read 'Russell Brimage', written over a horizontal line.

Russell Brimage

LION ENERGY LIMITED
ABN 51 000 753 640
PROXY FORM

The Company Secretary
 Lion Energy Limited
 Registered Office Address:

Ground Floor
 15 Rheola Street
 WEST PERTH WA 6005
 (08) 9213 4311

Facsimile:

I/We (name of Shareholder)
 of (address)
 being a member/members of Lion Energy Limited HEREBY APPOINT
 (name)
 of (address)
 and/or failing him (name)
 of (address)

or failing that person then the Chairperson of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Lion Energy Limited, 15 Rheola Street, West Perth, Western Australia on Tuesday 27 November 2007 commencing at 10.30am WDST and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Russell Brimage as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Company Diversification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of Change of Name to Lion Group International Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

The Chairperson intends to vote any undirected proxies in favour of the Resolutions.

This Proxy is appointed to represent ___ % of my voting right, or if 2 proxies are appointed Proxy 1 represents ___% and Proxy 2 represents ___% of my total votes
My total voting right is ___ shares

If the Shareholder(s) is an individual:

 Dated: 2007

 Dated: 2007

If the Shareholder is a company:

Affix common seal (if required by Constitution)

 Director/Sole Director and Secretary
 Dated: 2007

 Director/Secretary
 Dated: 2007

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by at least one of the joint Shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, by post, facsimile or e-mail to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.

7. The Chairperson intends to vote in favour of all resolutions in relation to undirected proxies