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Company Announcements
ASX Limited

LION ENERGY ACQUIRES 19.49% OF PAPUA PETROLEUM LIMITED FOR A\$3 MILLION

SHARE PURCHASE – PAPUA PETROLEUM LIMITED

Lion International Investments Limited ("LII"), a wholly owned subsidiary of Lion Energy Limited ("LIO"), has entered into a share purchase agreement to acquire 20,775,000 fully paid ordinary shares ("Shares") in Papua Petroleum Limited ("PPU") from Gas Link Global Limited ("GLG"), a subsidiary of ASX listed company, Liquefied Natural Gas Limited. This represents 19.49% of PPU's issued capital.

PPU has extensive oil and gas interests in Papua New Guinea.

As well as the purchase of the Shares, LII also has the potential to acquire a 10% or 50% interest in the PPU's licences (as described below) in certain circumstances involving a capital raising by PPU.

The acquisition of the Shares is subject to the following principal terms and conditions:

- Confirmation that at the time of transfer of ownership of the Shares to LII, PPU has only 106,608,020 ordinary shares on issue, with no other equity securities, options or convertible securities on issue.
- Confirmation that at the time of transfer of ownership of the Shares to LII, the Shares are unencumbered.
- Confirmation that LII will have a representative director in the PPU Board once the share purchase is completed.

A deposit of A\$300,000 has been paid to GLG. This deposit will only be refunded by GLG to LII if LII have substantially complied with their obligations under the share purchase agreement and GLG fail to complete the transaction on the date specified.

It is anticipated that final settlement of the acquisition will be on or before the 6 June 2008.

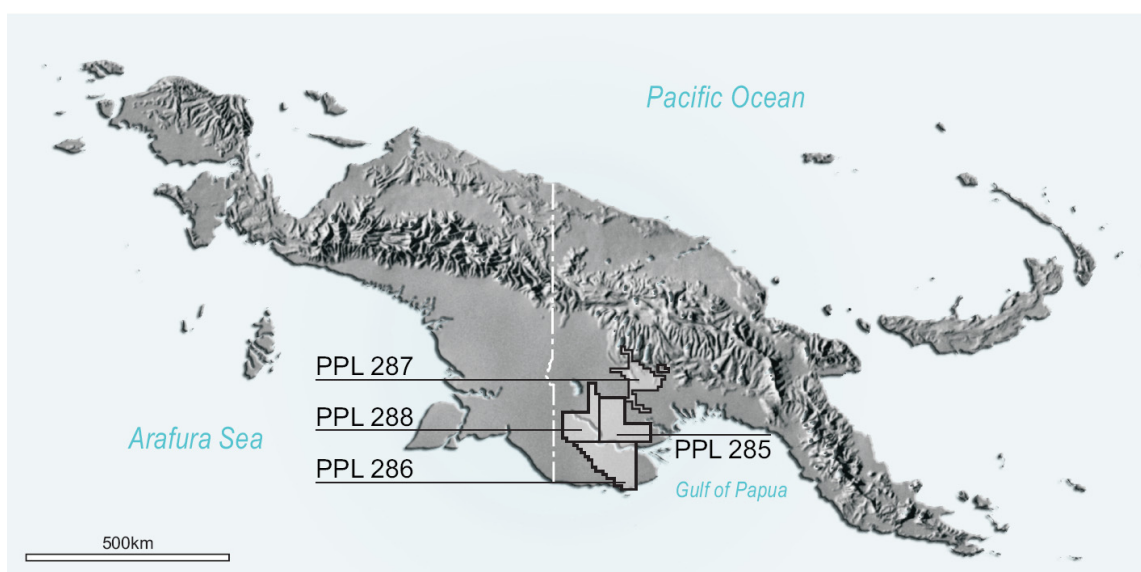
The board of Lion Energy Limited believe that this is an exciting project for the company that has the potential to bring substantial, long term value to shareholders.

LOAN

LII already has the funds to complete this acquisition for A\$3 million. However, LII prefers to retain its cash in its current configuration and it has been offered the opportunity by a significant shareholder and director to borrow AUD\$2,100,000 from him on an interest free basis in order to assist in the funding of the purchase. This loan is repayable on the earlier of 30 days after a notice of demand or could be applied to satisfy any liability to subscribe funds to Lion Energy Limited to take up shares in Lion Energy Limited. Given this opportunity, LII has entered into a loan agreement with the director for these funds. The remaining cash held by LIO and its subsidiaries includes approximately 43.3 million Renminbi held in HSBC bank in China with the remaining cash funds held in Australian dollars and US dollars in Australia and Hong Kong.

PAPUA PETROLEUM LIMITED (PPU)

- PPU has executed four Petroleum Prospecting Licences (“PPL’s”), numbered 285, 286, 287 & 288 with the Independent State of Papua New Guinea, covering a combined area of approximately 38,000 square kilometres (“Licences”).
- PPU’s participating interest in PPL’s 285, 286, 287 & 288 is 100%.
- To date only 8 wells have been drilled in PPL’s extensive under-explored acreage portfolio.
- The Licences are located in the foreland area, where exploration costs are considerably less than in the rugged foldbelt region.
- There are some 30 prospects and leads identified within the four PPL’s.



LOCATION MAP SHOWING PAPUA PETROLEUM LIMITED ACREAGE

Lion Energy Limited look forward to actively working with the other PPU shareholders to accelerate the exploitation of the numerous exploration opportunities identified within PPU's acreage.

ENQUIRIES:

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