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Company Announcements
Australian Stock Exchange Limited

LION ENERGY LIMITED (“LION”)

QUARTERLY ACTIVITIES REPORT Quarter ended June 30th 2007

1. SUMMARY OF ACTIVITY FOR THE QUARTER

- During the quarter crude oil production from the Seram (Non-Bula) Block PSC was 377,238 barrels of crude oil (compared to 394,139 and 416,075 barrels of crude oil for the previous quarters) at a daily average of 4,145 BOPD over the quarter. Cumulative production of crude oil from the Oseil oilfield in the Seram (Non Bula) Block PSC was 5,807,548 barrels as at 30th June 2007. Crude oil in stock at 30th June 2007 was 18,591 barrels.
- HSFO (High Sulphur Fuel Oil) lifting completed on May 6th 2007 with 364,886 barrels loaded. HSFO in stock at 30th June 2007 was 238,475 barrels. The next HSFO lifting is expected in August 2007.
- Naptha Lifting of 61,984 barrels completed on 19th July 2007. Naptha in stock at 30th June 2007 was 89,921 barrels (prior to loadout on July 19th 2007).
- The Company’s management continues to review new opportunities in the upstream and downstream sectors of the oil and gas sector.

2. GULF OF MEXICO

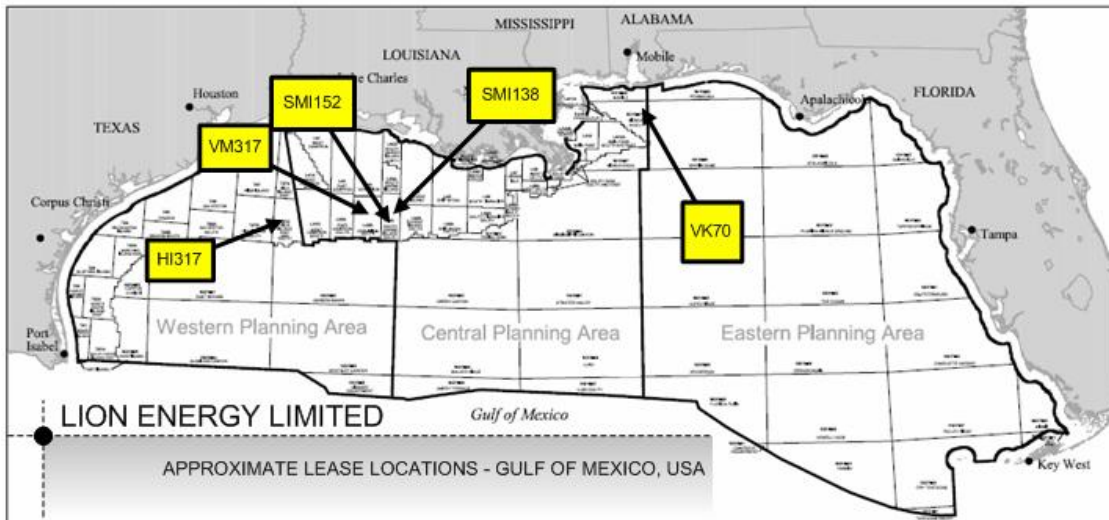
2.1. SUMMARY OF INTERESTS

LEASE	ABBREVIATION	AREA	INTEREST
South Marsh Island Block 152	SM152	2,500	30%
South Marsh Island Block 138	SM138	5,000	30%

LEASE	ABBREVIATION	AREA	INTEREST
Vermilion Block 317	VM317	5,000	30%
Viosca Knoll Block 79	VK79	5,760	30%
High Island Block 307	HI307	5,760	30%

The Leases are subject to a 16⅔% Federal royalty and between a 3⅓% to 4% royalty in favour of certain third parties who generated the properties.

To earn its interest in the Leases, Lion USA (a wholly owned subsidiary of Lion Energy Limited) must reimburse Ridgelake up to 40% of certain past costs, meet up to 40% of the costs of drilling to casing election point and in the case of SM 152 and SM 138, meet certain additional costs.



2.2. ACTIVITY UPDATE

SM152

South Marsh Island Block 152 OCS-G-27091 is located in the Gulf of Mexico off the Louisiana coast in 240 feet of water. Ridgelake Energy, Inc. was awarded the 2,000 acre lease 1 June 2005. Ridgelake Energy, Inc. is operator for the joint venture.

Negotiations continue with the adjacent lease operator to utilize a platform being installed on that lease for the drilling of wells into proven reserves in SM152.

The proven reserves in SMI152, whilst modest, can likely be commercially produced provided drilling and development costs can be contained. As a stand alone drilling and development project the commerciality of the project is marginal.

Further updates on the progress of the negotiations with the adjacent operator will be provided as the situation develops.

SM138

South Marsh Island Block 138 OCS-G-27089 is located in the Gulf of Mexico off the Louisiana coast in 225 feet of water. Ridgelake Energy, Inc. was awarded the 5,000-acre lease 1 June 2005. Ridgelake Energy, Inc. is operator for the joint venture.

No activity on the block during the Quarter.

VM317

Vermilion Block 317 OCS-G-27078 is located off the Louisiana coast in 210 feet of water. Ridgelake Energy, Inc. was awarded the 5,000 acre lease 1 May 2005. Ridgelake Energy, Inc. is operator for the joint venture.

No activity on the block during the Quarter.

VK79

Viosca Knoll Block 79 OCS-G-26190 is located in the Gulf of Mexico off the Alabama coast in 79 feet of water. Ridgelake Energy was awarded the 5,760-acre lease 1 June 2004. Ridgelake Energy, Inc. is operator for the joint venture.

The Company received a technical report from its geological and geophysical consultant, confirming a prospect earlier identified as low risk, based on analogues in the area.

However, the Company elected not to participate in an exploration well proposed by the Operator, on the prospect, after reviewing risk profile and potential return.

HI307

High Island Block A-307 OCS-G-26560 is located in the Gulf of Mexico off the Texas coast in 197 feet of water. Ridgelake Energy was awarded the 5,760-acre lease 1 October 2004. Ridgelake Energy, Inc. is operator for the joint venture.

No activity on the block during the Quarter.

The Company is however conducting a further evaluation of the block using consultants familiar with the adjacent block.

3. SERAM (NON-BULA) PSC

(2.5% contractor interest held through wholly owned subsidiary Lion Petroleum Seram Limited)

LION ENERGY LIMITED, through 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%).

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 30th June 2007.

3.1. PRODUCTION

During the quarter crude oil production from the Seram (Non-Bula) Block PSC was 377,238 barrels of crude oil at a daily average of 4,145 BOPD over the quarter.

The following table shows production performance during the quarter.

YEAR 2007 PRODUCTION				
MONTH	CRUDE OIL (BPM)	CRUDE OIL (BPD)	HSFO (BPM)	NAPHTHA (BPM)
APRIL	126,389	4,213	111,756	7,168
MAY	129,148	4,166	114,861	7,612
JUNE	121,701	4,057	115,229	6,943

3.2. WELL SERVICING

No well services were carried out in the Quarter. However the downhole pump on Oseil-5 failed on June 24th 2007. The well has since been serviced.

4. CORPORATE

4.1. GENERAL MEETING

Lion Energy Limited held its General Meeting of shareholders on 3 April 2007. All resolutions as specified in the notice of meeting were successfully passed on a show of hands.

4.2. BOARD AND EXECUTIVE RESTRUCTURE

On June 6th 2007, the Company announced the following changes to its board and executive structure.

- Mr Zhong Wang resigned as a director and Chief Financial Officer of Lion Energy Limited on 6 June 2007, in order to pursue his personal business interests.
- Mr Jian Wu has changed his role from Non-Executive Chairman to Executive Chairman.
- Company Secretary, Mr Jack Toby has also been appointed Chief Financial Officer of the Company.

NOMENCLATURE:

BOPD	barrels of oil per day
BPM	barrels per month
BPD	barrels per day

ENQUIRIES:

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