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8th January 2010

Company Announcements
ASX Limited

RECEIPT OF PROCEEDS FOR THE SALE OF PAPUA PETROLEUM LTD INVESTMENT

On 8 December 2009, Lion Energy announced that Lion International Investment Ltd (LII), a wholly owned subsidiary of Lion Energy Ltd, was one of the vendors which had on 7th December 2009 entered into an agreement with Talisman Niugini Ltd (Purchaser) to sell its 19.199% holding in Papua Petroleum Ltd (PPL) which comprises 20,775,000 ordinary shares in the issued capital in PPL (Share Sale Agreement). LII would receive AU\$4,415,800 at completion with AU\$383,983 held in escrow as LII's proportionate share of Holdback Amounts (which relate to coverage of any discrepancies in accounts as at completion and any breaches of the warranties given by the vendors following completion).

The Share Sale Agreement was conditional upon the vendors providing audited consolidated financial statements of PPL to the Purchaser. Completion was set to occur within 5 business days of the satisfaction of this condition (unless otherwise agreed). The condition had to be satisfied by 15 January 2010.

LII has now received the AU\$4,415,800 in cash, referred to above.

Jack Toby
Company Secretary