



15 RHEOLA ST, WEST PERTH
WESTERN AUSTRALIA 6005
PO BOX 512, WEST PERTH
WESTERN AUSTRALIA 6872
TELEPHONE: +618 9213 4300
FACSIMILE: +618 9213 4311
ABN 51 000 753 640

8th December 2009

Company Announcements
ASX Limited

SALE OF PAPUA PETROLEUM LTD INVESTMENT

Lion International Investment Ltd (LII), a wholly owned subsidiary of Lion Energy Ltd, is one of the vendors which has 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 originally acquired its interest in PPL on 9 June 2008 for AU\$3,000,000.

The total consideration payable by the Purchaser for the acquisition of all the issued capital of PPL is AU\$25,000,000. LII's percentage entitlement of the total consideration payable by the Purchaser is A\$4,799,783. At completion, AU\$23,000,000 shall be paid to the vendors in accordance with their percentage entitlement at completion (Completion Payment) and the remaining AU\$2,000,000 shall be into a trust account pending the occurrence of certain events (Holdback Amounts). LII will receive AU\$4,415,800 at completion with AU\$383,983 held in escrow as LII's proportionate share of the Holdback Amounts.

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

The Share Sale Agreement sets out a number of termination events entitling the Purchaser to terminate the Share Sale Agreement prior to completion. These termination events are not unusual for a transaction of this nature.

The Share Sale Agreement also contains warranties that are usual for a transaction of this nature and LII's liability for any breach of warranty by LII is limited to approximately AU\$2,000,000.

Jack Toby
Company Secretary