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Company Announcements
Australian Stock Exchange Limited

LION ENERGY LIMITED (“LION”) DRILLING NEIF UTARA A-1 WELL

The Company advises that exploration well Neif Utara A-1 spudded on February 28th at 10:00 AM in the Seram (Non Bula) Block Production Sharing Contract on the island of Seram in eastern Indonesia.

20 inch casing was set at 204 feet. 17½ inch hole is being drilled currently with last reported depth 364 feet. 17½ inch hole will be drilled to 1,500 feet, at which point 13 3/8 inch casing will be set.

Planned TD is 7,309 feet. The well is expected to take 42 days.

The Neif Utara A prospect is an elongate thrust and reverse-fault controlled four way dip closed anticline, situated at the southeast end of the Oseil high trend, along the Oseil – East Neif anticlinorium.

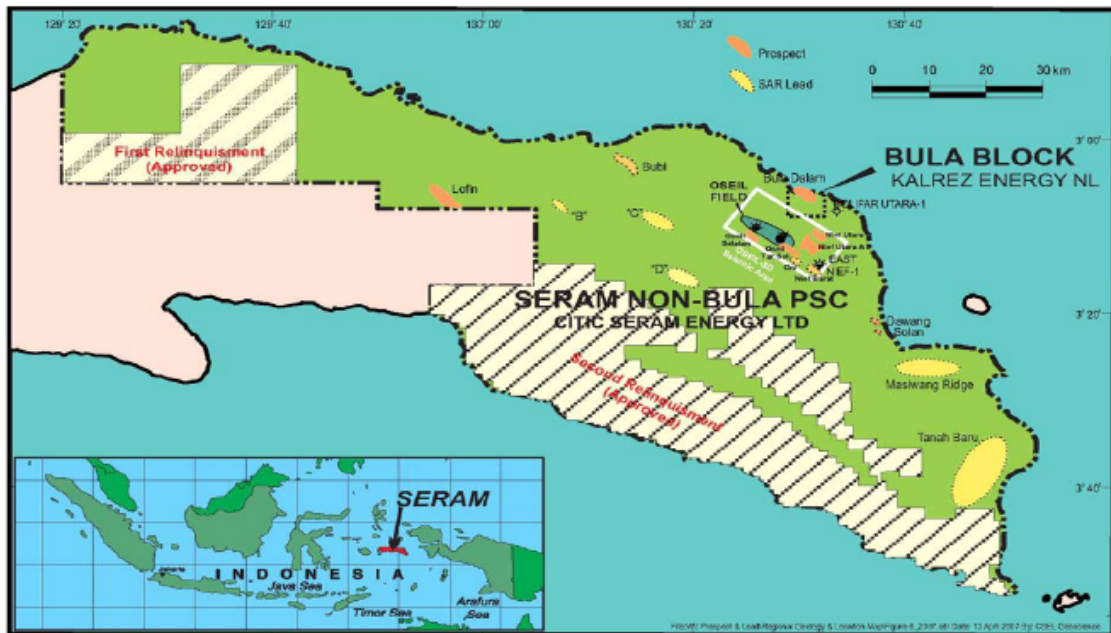
The primary target is the Manusela Carbonate, interpreted to be similar in reservoir characteristics to the nearby Oseil oilfield, which is currently producing at approximately 4,000 BOPD, with cumulative production to 31st December 2007 of 6,533,631 BO.

For the Neif Utara A prospect, deterministic STOOIP has been estimated at 34 MMSTBO, and reserves of 10.2 MMSTBO using a 30% recovery factor.

Well cost is projected to be US\$6,329,784. Lion's 2.5% share of the drilling costs will be treated as an expense.

SERAM (NON-BULA) PSC

LION, through its wholly owned subsidiary Lion International Investment Limited, and 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 6,533,631 barrels (to 31st Dec 2007) of crude oil since initial field start-up in January 2003.

WORK PROGRAM & BUDGET 2008

The Seram (Non Bula) PSC partners met in late October, early November to discuss the Work Program & Budget for 2008 (“WP&B 2008”).

The WP&B 2008 as expected, includes drilling to test one very significant sized prospect delineated by earlier work, several lower risk shallow oil prospects similar to the nearby Bula oilfield and several development wells intended to lift production levels.

LION’s direct cost to participate in the joint venture operations, including exploration, development and production operations is forecast to be US\$2,300,000 for calendar year 2008 (including the Neif Utara A-1 well).

Based upon revenue projections from the Oseil oilfield and additional development wells, revenue is projected to exceed expenditure for calendar year 2008, subject to crude oil prices remaining at or near current levels.

Further details on specific budgeted operations forming part of the WP&B 2008 will be announced as costs are confirmed (through the tender process) and near to the actual operations implementation.

NOMENCLATURE:

bbls	barrels
BO	barrels of oil
BOPD	barrels of oil per day
MMSTBO	million standard barrels of oil
STOOIP	stock tank original oil in place

TD total depth

All depths quoted are RKB (relative to Kelly bushing)

ENQUIRIES:

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