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Company Announcements
Australian Stock Exchange Limited

COMPANY UPDATE

Lion Petroleum Seram Limited (LPSL), a wholly owned subsidiary of Lion Energy Limited, is a 2.5% shareholder in the Seram (Non Bula) Block Production Sharing Contract. The major shareholder, and Operator of the Joint Venture, is KUFPEC (Indonesia) Limited with 97.5%.

Further to the company's ASX release of 21st February 2006 in which the activities of Lion Energy Limited (ASX code: LIO) were updated, specifically the the Dawang and Solan shallow drilling prospects identified by LIO in the Seram (Non Bula) Block, the company advises:

1. In accordance with LIO's intention to submit to the Seram (Non Bula) Block joint venture that Dawang and Solan shallow drilling prospects be added to the 2006 Work Program and Budget (as an amendment), the company (through LPSL) presented the prospects to the joint venture Operating Committee on March 23rd 2006.
2. Under the terms of the Joint Operating Agreement (JOA), if the Operating Committee fails to include the program in the 2006 Work Program and Budget within a specified period, then any party may give notice to the other parties of its sole risk intention.
3. Subject to the Operating Committee's election, LIO will then determine its course of action, to either exercise its sole risk rights under the JOA, or participate as a joint venture partner at its joint venture equity or such other equity level as it is able to negotiate with the joint venture.

LIO consider the Dawang and Solan shallow drilling prospects to be low risk exploration opportunities. LPSL's access to infrastructure can enable these wells to be drilled at minimal cost, and in the event of a discovery, to be developed quickly and the reserves exploited under favourable operating costs.

Further announcements will be made as decisions of the Operating Committee are forthcoming.

Russell Brimage
CHAIRMAN