

# Lion Energy Corp. enters letter of intent with Africa Oil Corp. for business combination

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VANCOUVER, March 8 - [Lion Energy Corp.](#) (the 'Company' or 'Lion Energy') (TSXV: LEO) is pleased to announce that it has entered into a non-binding letter of intent with [Africa Oil Corp.](#) ('Africa Oil', AOI - TSXV, AOI - NASDAQ OMX), a publicly traded oil and gas company listed on the TSX Venture Exchange and NASDAQ OMX, which sets out the basic terms and conditions pursuant to which Africa Oil proposes to acquire all of the issued and outstanding common shares of Lion Energy. Under the letter of intent the parties will negotiate and enter into a definitive agreement pursuant to which Africa Oil will acquire Lion Energy, by way of a plan of arrangement. The letter of intent provides that each share of Lion Energy will be exchanged for 0.2 shares of Africa Oil. The Company currently has 86,118,177 common shares issued and outstanding, 2,580,000 share options with a weighted average exercise price of \$0.16 per share, and 11,445,000 warrants. The Company is also obligated to issue up to 50,000 common shares in another, unrelated transaction. It is proposed that each warrant will be exchanged into an equivalent number of warrants of Africa Oil, adjusted for 0.2:1 ratio noted above.

Lion is presently a joint venture partner of Africa Oil in Kenya and Puntland (Somalia) with respect to the following Blocks:

Block 9 (Kenya)	Lion 33.3%	Africa Oil 66.7%	
Block 10BB (Kenya)	Lion 10%	Africa Oil 40%	Tullow Oil plc. 50%
Dharoor Valley (Puntland)	Lion 15%	Africa Oil 45%	others 40%
Nugaal Valley (Puntland)	Lion 15%	Africa Oil 45% *	others 40%

\* Subject to Africa Oil fulfilling its sole funding obligation to Range Resources Ltd.

In addition to the above properties, Lion has cash, cash receivables and tradable securities with an approximate aggregate value of \$30,352,336.

Assuming satisfactory completion of due diligence, it is anticipated that the definitive arrangement agreement will be entered into by March 25, 2011. The definitive agreement will provide for conditions precedent that are standard for a transaction of this nature, including receipt of all regulatory, partner and third party approvals, TSX Venture Exchange approval and approval by Lion Energy's shareholders. Lock-up agreements have been entered into between Africa Oil and the Company's directors and certain of its principal shareholders who hold, in aggregate, 29.23% of the issued and outstanding common shares of Lion Energy.

Lion Energy has engaged Haywood Securities Inc. as its financial advisor in respect of the proposed transaction.

John Nelson, the Company's President and CEO, said: 'The plan of arrangement with Africa Oil will expose our shareholders to a greater number of highly prospective east African exploration blocks with much higher working interests, partners with very strong technical teams and long term financial capability. Africa Oil has a seasoned management team and sufficient capital to fund additional exploration opportunities and development programs in the event of a discovery.'

Keith Hill, Africa Oil's President and Chief Executive Officer, commented, 'The acquisition of Lion consolidates our interest in the East African rift basins in Kenya and Puntland (Somalia). The cash portion of the deal will further strengthen our balance sheet to allow us to fully fund the upcoming aggressive exploration drilling campaign.'

As indicated above, completion of the proposed transaction is subject to a number of conditions, including

shareholder approval. There can be no assurance that the Transaction will be completed as proposed or at all.

On behalf of the Board, Lion Energy Corp.

John R. Nelson  
President and Chief Executive Officer

**NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS NEWS RELEASE**

**Forward-Looking Statements:**

*Certain information provided in this press release constitutes forward-looking statements. The words 'anticipate', 'expect', 'project', 'estimate', 'forecast' and similar expressions are intended to identify such forward-looking statements. Specifically, this press release contains forward-looking statements relating to the Transaction. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. You can find a discussion of those risks and uncertainties in our Canadian securities filings. Such factors include, but are not limited to: the failure to obtain necessary Lion shareholder approval with respect to the Transaction, the failure to obtain necessary regulatory approvals or satisfy the conditions to closing the Transaction, general economic, market and business conditions; fluctuations in oil prices; the results of exploration and development drilling; recompletions and related activities; timing and rig availability, the uncertainty of reserve estimates; changes in environmental and other regulations; risks associated with oil and gas operations; and other factors, many of which are beyond the control of Lion. Except as may be required by applicable securities laws, Lion assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.*

**CONTACT:**

Lion Energy Corp.  
To find out more about the Company, please visit our website at  
[www.lionenergycorp.com](http://www.lionenergycorp.com)

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