



LION ENERGY CORP.

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TSX.V - LEO

LION ENERGY PROPOSES SPIN-OFF

December 16, 2009, Vancouver, BC – Lion Energy Corp. (the “**Company**” or “**Lion Energy**”) (TSX.V – LEO) announced today that it is proposing to spin-off all of its non-oil and gas assets (ie: all but its Africa Oil Corp. interests) to a new company to be incorporated (“Newco”) for securities of Newco and, thereafter, to distribute all or a portion of those Newco securities to the Company's existing shareholders. While it is currently contemplated that the spin-off will be effected pursuant to a plan of arrangement under the Business Corporations Act (B.C.), the Company is awaiting advice from its professional advisors as to the recommended structure of Newco and the spin-off transaction. Once the structures are determined, the proposed spin-off will be subject to final approval of the Company's board of directors and to shareholder, regulatory and stock exchange approvals and court orders, as applicable. The proposed spin-off is independent of the proposed business combination announced November 5, 2009. The Company considers that the segregation of its oil and gas assets permits it to concentrate on those assets while allowing the Company's shareholders to continue to benefit from the non-oil and gas assets.

The securities offered will not be registered under the United States Securities Act of 1933, as amended (the “Act”) and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Act.

About the Company:

The Company is a well-financed, Canadian exploration company with a vision to develop a significant presence in the developing oil and gas industry. Recently the Company signed an agreement with Africa Oil Corp. that grants the Company the right to earn an interest in five petroleum blocks located in the Republic of Kenya and in Puntland, Somalia. Lion Energy has also announced a non-binding letter of intent in regards to a business combination with Southern Star Energy Inc. (OTCBB-SSEY) and Gold Star Resources Corp. (TSX.V-GXX). The Company further holds 14.76% interest in Encanto Potash Corp., a junior potash exploration company and a 20% interest in Sulphur Solutions Inc., an emerging fertilizer company developing state-of-the-art patented technology for the production of micronized sulphur fertilizer.

To find out more about the Company, please visit our website at www.lionenergycorp.com.

On behalf of the Board,
LION ENERGY CORP.

“Brian Thurston”, President and CEO

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

This release includes certain statements that may be deemed “forward-looking statements”. All statements in this release, other than statements of historical facts, that address exploration drilling, exploration activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements in this news release include statements regarding the Company’s intentions. Although, the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration and exploration successes, and continued availability of capital and financing and general economic, market or business conditions. These statements are based on a number of assumptions, including among others, assumptions regarding general business and economic conditions, the timing and receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company’s proposed transactions and programs on reasonable terms, and the ability of third-party service providers to deliver services in a timely manner. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected on the forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.