

FOR IMMEDIATE RELEASE

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LION ANNOUNCES RESULTS FOR SECOND QUARTER 2002

Growing Sales and Improving Operating Performance

Seattle, WA – July 30, 2002—LION, Inc. (OTC Bulletin Board: LINN), a leader in online services for connecting mortgage brokers with consumers and lenders, today announced its financial results for the second quarter ended June 30, 2002.

For the second quarter of 2002, revenue was \$1,606,000, up from \$1,563,000 for the second quarter of 2001. The net loss for the quarter, which included a one-time settlement charge of \$340,000 related to the judgment from the Billy Anders trial, was \$325,000 as compared to net income of \$64,000 for the same quarter in the prior year. Excluding the judgment and related legal expenses, LION would have reported net income of approximately \$182,000 for the second quarter of 2002 compared to net income of \$73,000 for the second quarter of 2001.

For the six-month period ended June 30, 2002, revenue increased to \$3,117,000 compared to \$3,054,000 for the same period in the prior year. The net loss for the six-month period in 2002 was \$366,000 compared to net income of \$36,000 for the same period in the prior year. Excluding the judgment and related legal expenses, LION would have reported net income of approximately \$268,000 for the six-month period ended June 30, 2002 compared to net income of \$51,000 for the same period in the prior year.

“We are pleased with our progress during the second quarter”, said David Stedman, President. “We continue to make good progress with a number of our new business initiatives. While we continue to see modest increases in subscription revenue, we saw significant increases in marketing revenue. Through business process improvements in generating and monitoring consumer leads for LION’s originator members, we have been able to convert our strong consumer traffic into new revenue.”

“Through the development of private databases for some of our new large origination customers, we have increased the number of participating lenders in the LION marketplace by over 30% during the second quarter. Moreover, through our recent technology partnership with IMX, we are now better able to electronically connect mortgage brokers with wholesale lenders.”

“Despite the challenging economic environment, we continued to make strides in improving the operating performance and adoption of the LION marketplace in the industry during the second quarter. In coming periods, we expect to see continued revenue growth coming from new origination subscribers, from better leveraging the value of consumer traffic and from a number of promising new technology contracts.”

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In addition, the \$357,000 judgment from the Anders trial was settled in lieu of an appeal for a payment totaling \$340,000 in early July 2002. The Company is currently pursuing reimbursement from its insurance carriers for coverage on the judgment and its defense costs as incurred. If negotiations fail, the Company is reviewing a separate action seeking coverage by its insurance carriers. There is no other material litigation outstanding, and legal expenses for the last half of 2002 should be minimal compared to the past 18 months.

“This trial has been an unfortunate distraction for the Company and a significant drain of capital that has restricted the Company’s ability to invest in its future”, said Stedman. “With the trial behind us, we can now focus all of our resources on executing our growth strategy.”

About LION, Inc.

LION, Inc. is a leader in online services that connect mortgage brokers with lenders and consumers more efficiently. The Company serves over 6,600 originators with online broker loan productivity tools and websites powered by a database of over 38,000 loan programs nationwide. LION also provides the foundational architecture and database for co-branded and private label web sites that connect consumers to leading companies in the over \$2 trillion mortgage industry. LION, Inc. has offices in two locations: Seattle, at 4700-42nd Ave. SW, Seattle, WA 98116, and Denver, at 2000 S Colorado Blvd, Denver, CO, 80222. For more information, please visit www.lioninc.com.

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This press release contains forward-looking statements that involve risks and uncertainties concerning our expected performance (as described without limitation in the quotations from current management in this release). Actual results may differ materially from the results predicted and reported results should not be considered as an indication of our future performance. We believe that these potential risks and uncertainties include, without limitation: our substantial dependence on mortgage brokers and the mortgage broker industry; mortgage market trends; interest rate changes; housing and consumer trends effecting home purchases; the management of our potential growth; risks of new business areas and new Internet technology; joint-marketing and sales agreements; our need for additional financing; our ability to attract and retain high quality employees; changes in the overall economy and in technology; and the number and size of our Internet competitors. Statements in this release should be evaluated in light of these important factors. All information set forth in this release is as of July 30, 2002, and LION undertakes no duty to update this information. More information about these and other important factors that could affect our business and financial results is included in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2001, including (without limitation) under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", which is on file with the Securities and Exchange Commission. Additional information may also be set forth in those sections in our quarterly reports on Form 10-QSB previously filed with the Securities and Exchange Commission.

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LION, Inc.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues	\$ 1,606,313	\$ 1,563,196	\$ 3,117,276	\$ 3,054,331
Expenses				
Direct costs	236,620	260,887	455,970	521,065
Selling and marketing	435,045	450,340	917,069	920,665
General and administrative	703,345	619,317	1,341,982	1,229,773
Research and development	81,394	45,737	171,199	103,863
Depreciation and amortization	123,002	121,803	242,684	246,533
	<u>1,579,406</u>	<u>1,498,084</u>	<u>3,128,904</u>	<u>3,021,899</u>
Operating income (loss)	26,907	65,112	(11,628)	32,432
Other income (expense) - net	<u>(351,741)</u>	<u>(1,269)</u>	<u>(354,102)</u>	<u>3,251</u>
NET INCOME (LOSS)	<u>\$ (324,834)</u>	<u>\$ 63,843</u>	<u>\$ (365,730)</u>	<u>\$ 35,683</u>
Net income (loss) per common share, basic and diluted	<u>\$ (.01)</u>	<u>\$ -</u>	<u>\$ (.01)</u>	<u>\$ -</u>

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LION, Inc.
CONDENSED BALANCE SHEETS

ASSETS

	June 30, 2002 (Unaudited)	December 31, 2001
CURRENT ASSETS		
Cash and cash equivalents	\$ 528,473	\$ 480,910
Accounts receivable - net	372,687	363,168
Prepaid expenses and other	<u>113,354</u>	<u>72,579</u>
Total current assets	1,014,514	916,657
PROPERTY AND EQUIPMENT, net	900,884	875,807
OTHER ASSETS		
Goodwill – net	273,955	273,955
Other assets	<u>33,022</u>	<u>33,022</u>
	<u>\$ 2,222,375</u>	<u>\$ 2,099,441</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 195,293	\$ 129,240
Accrued liabilities	729,458	327,616
Deferred revenue	<u>283,563</u>	<u>277,449</u>
Total current liabilities	1,208,314	734,305
LONG-TERM OBLIGATIONS, less current maturities	39,441	51,325
STOCKHOLDERS' EQUITY	<u>974,620</u>	<u>1,313,811</u>
	<u>\$ 2,222,375</u>	<u>\$ 2,099,441</u>