



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 3 October 2014

General Shareholder Notice of Meeting

Neon Energy Limited (ASX: NEN) advises that on 3 October 2014, the following documents were dispatched to shareholders:

1. Chairman's letter to shareholders regarding Evoworld Corporation Pty Ltd ("Evoworld") proportional takeover bid.
2. Explanatory Memorandum to shareholders in respect of;
 - i. Shareholders to consider the proportional takeover bid by Evoworld; and
 - ii. a proposal to replace current directors with Evoworld appointees.
3. Notice of General Meeting to shareholders to consider the proportional takeover bid by Evoworld.
4. Notice of General Meeting to shareholders at the request of members under Section 249D of the Corporations Act 2001 (Cth).
5. Proxy form to members to consider the proportional takeover bid by Evoworld.
6. Proxy form to members to consider a Section 249D request pursuant to the Corporations Act 2001 (Cth)

Yours sincerely

A handwritten signature in black ink, appearing to read "G. Chiappini", is shown within a rectangular box.

Gabriel Chiappini
Company Secretary



3 October 2014

Dear Shareholder,

Chairman's letter to shareholders regarding Evoworld's proportional takeover bid and requisitioned meeting to replace your Board

Further to my letter of 17 September 2014, Neon Energy has today issued two Notices of Extraordinary General Meeting to convene:

1. A meeting to consider whether to approve the proportional takeover bid by Evoworld Corporation Pty Ltd (**Evoworld**) for the purposes of rule 35 of the Company's constitution (**Proportional Bid Meeting**); and
2. A meeting requested by Evoworld and its associates under section 249D of the Corporations Act to consider the removal of your existing Directors, and their replacement by nominees of Evoworld (**Requisitioned Meeting**).

For legal reasons, two separate Extraordinary General Meetings will be held to consider these matters, but the meetings will be held consecutively on the same day, Wednesday 12 November 2014.

Your Directors have carefully considered Evoworld's request for a general meeting and the available information regarding Evoworld's proportional takeover bid, in light of their responsibilities to act in the best interests of the Company and all shareholders.

Your Board recommends that you vote AGAINST the resolution to approve Evoworld's proportional takeover bid at the Proportional Bid Meeting.

Your Board considers Evoworld's proportional takeover bid to be an opportunistic attempt to gain control of your Company and its cash assets at a price that does not even reflect the Company's net tangible assets.

In addition, there are a number of other reasons why your Board believes you should vote against the resolution:

1. If Evoworld's bid is accepted by shareholders, Evoworld will acquire effective control of your Company despite not holding a majority of the shares on issue and despite not paying a premium for control.

2. The directors of Evoworld have undertaken similar transactions in the past. Evoworld cites these transactions in support of its proportional takeover bid and proposal to replace the Board. However, your Directors are concerned that minority shareholders in the companies involved in those transactions did not realise the benefits referred to by Evoworld. The Directors encourage shareholders to carefully consider the information about those transactions, as set out in the enclosed Explanatory Memorandum, as they may provide insight into the potential intentions for your Company by Evoworld and its associates.
3. Your Board believes that Neon Energy is well positioned to pursue exciting growth opportunities. The proportional takeover bid is frustrating other corporate opportunities currently being pursued by the Company. These opportunities include mergers and reverse takeovers, which could themselves result in the departure of your current Board and management if they proceed.
4. Evoworld has provided limited information about its intentions for your Company and its assets to date.
5. Evoworld lacks the relevant expertise to further the Company's activities as an oil and gas company.
6. Evoworld's proportional takeover bid includes a condition requiring that before the bid can proceed – and before Evoworld is required to pay you for 30% of your Neon Energy shares – a majority of the directors on the Board must be Evoworld nominees. The Board considers this highly unusual, suggesting that Evoworld is seeking effective control of your Company without undertaking a full bid or paying a premium for control.

Your Board also recommends that you vote AGAINST the resolutions to remove your current Directors and replace them with Evoworld's nominees.

As well as the reasons set out above, your Board notes that:

1. Evoworld has not explained how it will ensure that it can provide independent advice to shareholders on its proportional takeover bid and other corporate opportunities.
2. If the Board is replaced as proposed by Evoworld, there will be no independent directors on your Board – it will solely comprise Directors nominated by and associated with Evoworld.
3. Evoworld's nominees lack the relevant expertise to further your Company's activities as an oil and gas company.
4. Evoworld's statement of its intentions for Neon Energy are vague and, in your Board's view, do not demonstrate a clear strategy or way forward for the Company.
5. Evoworld's statement that it will reduce corporate overheads does not seem consistent with what occurred in relation to Indago Resources Limited, one of the companies Evoworld cites as an example of a recent successful transaction its directors have been involved in. To quote a report in the WA Business News in 2010 on cash and equity remuneration paid to directors of WA companies:

Messrs [Timothy] Kestell and [Peter] Pynes each received just less than \$6.05 million for the year [FY2010], notwithstanding Indago's negative one-year TSR of 25 per cent.

The report also noted that Messrs Kestell and Pynes were the fourth and fifth highest paid executives in that WABN Survey.

The total remuneration (including equity payments) paid by Indago to Messrs Kestell and Pynes during the financial year ended 30 June 2010 was almost \$12.1 million, when Indago's market capitalisation as at 30 June 2010 was \$40.28 million.

Further details of the Board's reasons are set out in the enclosed Explanatory Memorandum.

The Explanatory Memorandum also attaches a statement from Evoworld to shareholders regarding its proposal to replace your current Directors with its nominees.

The Directors encourage shareholders to read the Explanatory Memorandum carefully and in full before deciding how to vote at the Extraordinary General Meetings.

In addition, Evoworld is required to release its Bidder's Statement by 22 October 2014, which may provide shareholders with further information regarding its proportional takeover bid and its intentions for your Company ahead of the Proportional Bid Meeting. Your Board will provide its response to the Bidder's Statement once received.

Your Board and management team are focused on repositioning Neon Energy for future growth, having divested underperforming assets, significantly reduced corporate overheads, and successfully settled the Vietnamese commercial dispute for substantially less than the original financial liability.

Your vote is important.

The resolutions to be considered at the Proportional Bid Meeting and the Requisitioned Meeting are important for the future of your Company and your investment in it.

I urge you to carefully consider the information provided in the enclosed Explanatory Memorandum and reach an informed decision on how to vote on the resolutions. I also urge you to have your vote on these matters by attending the meetings in person or by voting by proxy. Details about how to vote are included in the enclosed Notices of Extraordinary General Meeting and Explanatory Memorandum.

I wish to take this opportunity to thank you for your support of Neon Energy, its Board and management, and if you have any queries in relation to the enclosed documents please contact Market Eye on +61 (0) 3 9591 8900 or Neon Energy's shareholder information line on 1300 889 528 (within Australia) or +61 2 8022 7938 (international).



Alan Stein
Chairman

This document is important. You should read it in its entirety before making a decision on how to vote on the resolutions to be considered at the meetings. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.



Explanatory Memorandum
in respect of general meetings to consider
the proportional takeover bid and proposal to replace
your Directors by Evoworld Corporation Pty Ltd
to be held on 12 November 2014

**IMPORTANT ISSUES ARE OUTLINED
IN THIS DOCUMENT**

**You are urged to consider these
issues carefully and exercise your
right to vote**

Shareholders who are unable to attend the meetings are encouraged to cast their vote by proxy in accordance with the instructions in this Explanatory Memorandum.

A proxy form is enclosed.

Please contact the Neon Energy shareholder inquiry line on 1300 889 528 (Australia) or +61 2 8022 7938 (International) if you have any queries regarding the content of this Explanatory Memorandum

Neon Energy Limited ACN 002 796 974
Explanatory Memorandum
in respect of
the Extraordinary General Meeting to consider the proportional takeover bid by Evoworld Corporation Pty Ltd
and
the Extraordinary General Meeting requested by members under section 249D of the Corporations Act

This explanatory memorandum (**Explanatory Memorandum**) has been prepared for the information of the shareholders of Neon Energy Limited (**Neon Energy** or the **Company**) in connection with:

- the extraordinary general meeting of the Company to be held at 2:00pm on 12 November 2014 at The Theatre, QV1 Building, 250 St Georges Terrace, Perth to consider the proportional off-market takeover bid by Evoworld Corporation Pty Ltd (**Evoworld**) for the purpose of clause 35 of the Company's constitution (**Proportional Bid Meeting**); and
- the extraordinary general meeting of the Company requested by members under section 249D of the *Corporations Act 2001* (Cth) (**Corporations Act**) to be held at 3:00pm on 12 November 2014 at The Theatre, QV1 Building, 250 St Georges Terrace, Perth (ie following the Proportional Bid Meeting) to consider the appointment of new directors of the Company nominated by Evoworld and its associates and the removal of your existing directors (**Requisitioned Meeting**).

Separate meetings to be held consecutively

Because the entitlement of shareholders to vote at the meetings is different, the Company has convened two separate meetings. However, for the convenience of shareholders, the meetings will be held in the same place and the Requisitioned Meeting will be held after the Proportional Bid Meeting.

Purpose of this Explanatory Memorandum

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to shareholders in deciding whether or not to pass the resolutions to be considered at the meetings.

- Part A of this Explanatory Memorandum explains the resolution to approve Evoworld's proportional bid.
- Part B of this Explanatory Memorandum explains the resolutions to remove your existing directors and replace them with directors nominated by Evoworld and its associates.
- Part C of this Explanatory Memorandum provides information on how to vote.

A statement from the members who requested the Requisitioned Meeting is attached to this Explanatory Memorandum.

This Explanatory Memorandum should be read in conjunction with the accompanying notices convening the Proportional Bid Meeting and the Requisitioned Meeting.

Timetable for Evoworld's proportional bid

Before issuing this Explanatory Memorandum, representatives of the Company and Evoworld discussed the timing of the dispatch of Evoworld's Bidder's Statement and the notices of meeting, but were unable to reach agreement on a timetable. In order to prevent unnecessary expense for the Company and confusion for shareholders, the Board decided to convene both the Proportional Bid Meeting and the Requisitioned Meeting at the same time.

Under the Corporations Act, Evoworld must make offers under its proportional bid by 5 November 2014, requiring Evoworld to provide its Bidder's Statement to Neon Energy and the ASX by no later than 22 October 2014.

As a result, Neon Energy shareholders will have the opportunity to consider Evoworld's Bidder's Statement well in advance of voting on the resolutions to be considered at the Proportional Bid Meeting and the Requisitioned Meeting on 12 November 2014.

The Company will provide shareholders with its response to the Bidder's Statement prior to the meeting. The Company will also provide shareholders with a Target's Statement in accordance with the timetable prescribed by the Corporations Act (which is determined by reference to the date of receipt of Evoworld's Bidder's Statement).

Summary of your Board's recommendations

in respect of the

Proportional Bid Meeting

The Resolution to approve the Proportional Bid is NOT supported by your Board.

Your Board recommends that shareholders VOTE AGAINST Evoworld's Proportional Bid for the reasons set out in this Explanatory Memorandum.

and the

Requisitioned Meeting

Resolutions 1 to 6 for the Requisitioned Meeting have been proposed by the members (being Evoworld and its associates) who requested the meeting pursuant to section 249D of the Corporations Act.

The Resolutions have NOT been endorsed and are NOT supported by your Board.

Your Board recommends that shareholders VOTE AGAINST the Resolutions for the reasons set out in this Explanatory Memorandum.

Your vote is important

The resolutions to be considered at the Proportional Bid Meeting and the Requisitioned Meeting are important for the future of your Company and your investment in it.

The Board urges you to cast your vote either by attending the meetings in person or by appointing a proxy in accordance with the instructions set out in this Explanatory Memorandum.

Part A – Proportional Bid

1 Introduction

Evoworld's Proportional Bid

On 5 September 2014, Evoworld notified the Company of its intention to make a proportional off-market takeover bid for 30% of the ordinary shares in the Company that Evoworld and its associates do not currently own or control at an offer price of 3.5 cents per share (**Proportional Bid**).

Why approval is required

The Company's constitution requires that a proportional takeover bid be approved by the Company's shareholders (other than the bidder and its associates) in order to proceed (**Proportional Bid Resolution**).

If the Proportional Bid Resolution is not passed at the Proportional Bid Meeting, then no transfers can be registered under Evoworld's Proportional Bid and so Evoworld will not be able to acquire any Neon Energy shares under the bid.

These requirements were incorporated into the Company's constitution following shareholder approval by special resolution at a general meeting of the Company held on 12 April 2013.

As set out in the notice convening that meeting, the main reason for including these requirements in the Company's constitution was that:

a proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Entitlement to vote

As set out in the notice of the Proportional Bid Meeting, in accordance with rule 35.1(b) of the Company's constitution, only persons who hold ordinary shares as at 7.00pm (Sydney time) on the day on which the first offer is made under the Proportional Bid are entitled to vote at the Proportional Bid Meeting.

As Evoworld has not yet made offers under the Proportional Bid, this date has not yet been set. The Company will advise shareholders of this date once known. Under the Corporations Act, the date must be no later than 5 November 2014.

Evoworld and its associates are not entitled to vote on the Proportional Bid Resolution.

2 Recommendation of your Board

The directors of the Company ('Directors') unanimously recommend that shareholders vote AGAINST the Proportional Bid Resolution.

The board of Directors (the **Board**) considers that the **Proportional Bid is an opportunistic attempt to gain control of your Company and its substantial cash assets at a price that does not even reflect the value of the Company's net tangible assets.**

Further reasons for the Board's recommendation are set out below.

3 Reasons for your Board's recommendation that you vote against the Proportional Bid Resolution

Your Board has serious concerns about a number of aspects of the Proportional Bid, which are set out below.

The price offered by Evoworld does not even reflect the Company's net tangible assets.

At 3.5 cents per share, the offer price under Evoworld's Proportional Bid is a 12.5% discount to Neon Energy's current net tangible assets (**NTA**) per share.¹

On this basis, the Proportional Bid does not appear to ascribe any value to Neon Energy's non-cash assets (including Neon Energy's recently awarded WA-503-P exploration block) or any value for the Company's future growth opportunities.

In particular, your Board notes that:

- Neon Energy's recently acquired WA-503-P exploration block has already been the subject of unsolicited third party expressions of interest to farm-in.
- Neon Energy has significantly reduced corporate overheads, which are now at a level that the Board considers appropriate for an operating exploration company that is adequately resourced and funded to pursue significant oil and gas growth opportunities. The Company has just five staff, including management.
- Neon Energy's management have accepted reductions in fixed remuneration in return for the granting of performance rights that will vest if the Company achieves material increases in shareholder value. Further, the Board has always assessed management's remuneration structure against that of peer companies and considers it consistent with those metrics.
- With substantially reduced overheads, minimal commitments, and significant cash assets, the Board considers that Neon Energy stands apart from many of its peers. Junior oil and gas companies commonly face considerable funding constraints, but in the current climate of restricted access to risk capital, well funded companies such as Neon Energy are in an excellent strategic position to benefit.

¹ NTA is defined as total assets less total liabilities less intangible assets (such as capitalised exploration and evaluation expenditure). The Company's NTA as per the half-year financial report released to the market on 12 September 2014 was AUD\$22,106,938. Based on 553,037,848 shares on issue, NTA per share equals 4.0c.

As Evoworld's Proportional Bid only allows you to sell 30% of your shareholding, Evoworld may acquire effective control of your Company despite not holding a majority of the shares on issue, and despite not paying a premium for control.

If successful, the Proportional Bid may result in Evoworld obtaining effective control of Neon Energy without owning a majority of shares on issue.

Under the terms of the Proportional Bid, Evoworld is offering to acquire 30% of each Neon Energy shareholder's holding. This means that you would be left with the majority of your investment in the Company even if you fully participate in the Proportional Bid.

The maximum shareholding that Evoworld would hold if all shareholders fully participate in the Proportional Bid is approximately 44%, based on Evoworld's disclosed shareholding as at the date of this Explanatory Memorandum of 19.99%.

The level of Evoworld's shareholding may:

- Make it less likely that a third party would be willing to make a full takeover bid for Neon Energy, thereby reducing the opportunity for existing Neon Energy shareholders to realise a control premium and a full exit with respect to their shareholding.
- Mean a less liquid market for Neon Energy shares, which may affect the ability of existing Neon Energy shareholders to trade the balance of their shareholding on-market.

Your Board is concerned about the outcomes for minority shareholders in previous transactions that the directors of Evoworld have been involved in.

Further details regarding these previous transactions are set out in Part B of this Explanatory Memorandum and in Evoworld's statement under section 249P of the Corporations Act that is attached to this Explanatory Memorandum.

Your Board believes that Neon Energy is well positioned to pursue exciting growth opportunities. The Proportional Bid is frustrating other corporate opportunities currently being pursued by the Company.

Since early 2014, Neon Energy has been developing a number of strategic growth opportunities in anticipation of resolving its commercial dispute relating to the Vietnam drilling program (which has been resolved, as previously announced on 12 August 2014).

None of those opportunities could have been fully progressed during that period of uncertainty, but immediately upon settlement of the dispute Neon Energy recommenced discussions on a variety of opportunities, all of which your Board believes could deliver substantial value to all Neon Energy shareholders. These opportunities include mergers and reverse takeovers, which could themselves result in the departure of your current Board and management if they proceed.

The Proportional Bid is subject to a number of conditions that the Board considers have the potential to frustrate the pursuit of these opportunities. If the Proportional Bid Resolution is not approved by shareholders, then the Proportional Bid will lapse, allowing the Company to continue to pursue new corporate opportunities for the benefit of *all* Neon Energy shareholders without the constraints of the Proportional Bid conditions imposed by Evoworld.

Evoworld wants control of your Board as a condition to the Proportional Bid proceeding.

Your Board notes that the Proportional Bid is effectively conditional on approval of the Board Replacement Resolutions. This means that unless this bid condition is waived by Evoworld, Neon Energy shareholders will not receive any consideration under the Proportional Bid until Evoworld has secured the appointment of its nominees to the Company's board of directors and effectively secured control of your Company.

This condition may effectively result in Evoworld obtaining control of Neon Energy regardless of the level of acceptances of the Proportional Bid and may result in Evoworld controlling Neon Energy before its Proportional Bid is successful.

The Board considers that this bid condition is highly unusual, particularly given that Evoworld's nominees to replace your Board do not include any independent representation and that Evoworld has not indicated how shareholders would receive independent advice on the Proportional Bid if the Board is replaced – see further in Part B of this Explanatory Memorandum.

Evoworld has provided limited information about its intentions for your Company and its assets.

Although Evoworld is yet to provide its Bidder's Statement, it has to date provided limited indication of its intentions for your Company or its assets. Your Board has attempted to agree a timetable with Evoworld for the release of its Bidder's Statement and the convening of the Proportional Bid Meeting, but the parties have been unable to reach agreement.

Your Board considers the intentions included in Evoworld's statement under section 249P of the Corporations Act, attached to this Explanatory Memorandum, to be vague – stating only that Evoworld's nominees intend to “reduce corporate overheads dramatically, review current assets and establish a future strategy to protect and grow shareholder wealth, and search for value accretive opportunities”. Stating that it intends to “establish a future strategy to protect and grow shareholder wealth” suggests to your Board that Evoworld does not yet have a strategy to grow shareholder value for Neon Energy.

In light of the vague nature of these statements, and other concerns summarised in this Explanatory Memorandum, your Board remains concerned about Evoworld's motivation for the bid, and in particular is concerned about the interests of minority shareholders.

In addition, as far as your Board is aware, Evoworld and its associates only acquired shares in your Company recently. They are not long-term shareholders in Neon Energy and so their motivations may be different to those of other Neon Energy shareholders.

Evoworld did not seek to engage with your Board regarding the Company's current direction. Instead, it has launched a highly conditional proportional takeover bid and has requested a general meeting to replace your Board, at a time when, as the Company has previously disclosed to the market, your Board and management have been actively pursuing various corporate opportunities.

Further information about Evoworld's intentions for the Company may be provided in Evoworld's Bidder's Statement, which must be provided to the Company and the ASX by 22 October 2014.

Evoworld lacks the relevant expertise to further the Company's activities as an oil and gas company

Evoworld's nominees have limited experience in managing oil and gas companies. As set out in Part B of this Explanatory Memorandum, your current Board has the necessary expertise and skills to develop and grow an oil and gas company such as Neon Energy.

4 Reasons to consider voting in favour of the Proportional Bid Resolution

As set out above, while your Board recommends that you vote against the Proportional Bid Resolution, you may wish to consider voting in favour of the resolution because:

Partial liquidity event

Individual shareholders holding larger parcels of shares may conclude that, in light of their own financial circumstances, the partial liquidity event offered by the Proportional Bid may allow them to exit a portion of their shareholding in Neon Energy (which may not otherwise be available).

However, the Board notes that the Proportional Bid is only with respect to 30% of each shareholder's shares and is priced at a 12.5% discount to Neon Energy's NTA per share (see section 3 of this Part A). Neon Energy shareholders should take this into consideration when assessing the Proportional Bid.

Risk profile of the Company

An investment in Neon Energy is subject to a number of risks due to the nature of the specific industry in which Neon Energy is engaged as well as macroeconomic factors more generally.

While your Board and management believe they have the skills to manage these risks if and when they arise, there is no guarantee that Neon Energy will generate a return which is greater than the immediate return offered under the Proportional Bid.

Part B – Requisitioned Meeting

1 Introduction

On 12 September 2014, the Company received from Evoworld, P&L Capital Investments Pty Ltd, Quicksilver Asset Pty Ltd, and Old Blood and Guts Pty Ltd (together, the **Requisitioning Shareholders**) a request under section 249D of the Corporations Act to convene a meeting of the shareholders of the Company to consider the following resolutions:

- 1 appointment of Mr Tim Kestell as a director of the Company;
- 2 appointment of Mr Peter Pynes as a director of the Company;
- 3 appointment of Mr Ross Williams as a director of the Company;
- 4 removal of Mr Alan Stein as a director of the Company;
- 5 removal of Mr Ken Charsinsky as a director of the Company; and
- 6 removal of Mr John Lander as a director of the Company,

(together, the **Board Replacement Resolutions**).

The Requisitioning Shareholders together hold at least 5% of the votes that may be cast at a general meeting of the Company, and so are entitled under section 249D of the Corporations Act to request that a general meeting be held.

The costs of convening and holding the meeting are required to be met by the Company.

2 Recommendation of your Board

The Board Replacement Resolutions have been proposed by the Requisitioning Shareholders.

They have not been endorsed by, and are not supported by, your Board.

Your Board is committed to acting in the best interests of *all* shareholders, and holds concerns regarding Evoworld's attempt to appoint its own nominees as Directors.

Your Board unanimously considers that the Board Replacement Resolutions are **not in the best interests of the Company and all shareholders**.

As a result, **the Board unanimously recommends that shareholders vote AGAINST the Board Replacement Resolutions** for the reasons set out below.

3 Reasons to vote against the Board Replacement Resolutions

Your Board is concerned about the outcomes for minority shareholders in previous transactions the directors of Evoworld have been involved in.

Further details regarding these previous transactions are set out in section 5 of this Part B below and in Evoworld's statement under section 249P of the Corporations Act that is attached to this Explanatory Memorandum.

Evoworld may acquire effective control of your Company despite not holding a majority of the Company's shares.

If the Board Replacement Resolutions are approved, then the Board will be solely comprised of directors who are nominated by and are associates of Evoworld, which may effectively give Evoworld and those directors day-to-day control of the management of your Company and its cash assets. This will be the case even if Evoworld does not hold a majority of shares in your Company, and regardless of whether the Proportional Bid is successful.

In addition, as set out in Part A of this Explanatory Statement, the price being offered by Evoworld under the Proportional Bid is less than Neon Energy's NTA per share.

If the Board is replaced as proposed by Evoworld, there would be no independent directors on your Board – it will solely comprise directors nominated by and associated with Evoworld.

If the Board Replacement Resolutions are passed, then the Board of your Company will solely comprise of directors who are nominated by and are associates of Evoworld in respect of the Proportional Bid and the Requisitioned Meeting.

This may result in Evoworld and its associates having the capacity to control the conduct and affairs of Neon Energy whilst holding less than 50% of Neon Energy's issued share capital.

As recognised by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Corporate Governance Principles**), the board of a listed company should have an appropriate number of independent non-executive directors who can represent the best interests of the listed entity and its security holders as a whole, rather than those of individual security holders or interest groups.

If the Board Replacement Resolutions are passed, there will be no independent voice on your Board to provide the sort of representation and role contemplated by the ASX Corporate Governance Principles.

Evoworld has not explained how it will ensure that it can provide independent advice to shareholders on its Proportional Bid and other corporate opportunities.

Under the Corporations Act, the directors of a target company are under an obligation to ensure that target shareholders are provided all material information regarding a proposed takeover bid for the Company and (if applicable) to independently assess any competing proposals which may emerge during the course of the bid.

It is the Board's view that neither Evoworld nor its associates nor their nominees as directors have adequately disclosed to either the Company or shareholders how they intend to manage any potential conflicts of interests which may arise due to the interest that Evoworld (and its associates) have in relation to the outcome of the Proportional Bid.

In particular, the current Board is actively considering a number of corporate opportunities which the Board believes could deliver substantial value to all Neon Energy shareholders, and has received a number of unsolicited third party expressions of interest to farm-in to its WA-503-P exploration block. Evoworld has failed to adequately disclose how a Board comprised entirely of Evoworld nominees would form an independent view on any decision to pursue a corporate opportunity where those actions could trigger one or more of the Proportional Bid conditions and where those nominees were appointed by the bidder and its associates.

Evoworld's nominees lack the relevant expertise to further your Company's activities as an oil and gas company.

Evoworld has not provided any detailed information regarding the relevant knowledge and experience of Evoworld, its associates or its nominees to the Board (as contemplated by the Board Replacement Resolutions). As set out in Part B of this Explanatory Memorandum, Neon Energy's current Board has the necessary expertise and skills to develop and grow an oil and gas company such as Neon Energy.

Moreover, Evoworld says in its attached statement that it intends to 'establish a future strategy to protect and grow shareholder wealth'. This suggests to your Board that it does not yet have a strategy to grow shareholder value.

Your current Directors have substantial oil and gas experience and are committed to growing value for all shareholders.

Each of Mr Alan Stein, Mr Ken Charsinsky and Mr John Lander is committed to remaining a Director of the Company and continuing their contributions to the Board, at least until a credible and genuine alternative corporate transaction is achieved.

Neon Energy and its current Board has successfully navigated through a particularly challenging period following the disappointing results of the Vietnamese drilling program late last year. The significant cost overruns incurred by the Operator associated with that drilling program, and the associated commercial dispute, had the potential to ruin the Company. However, management have been able to position your Company for future growth by divesting underperforming assets, reducing corporate overheads, and settling the Vietnamese commercial dispute for a monetary sum substantially lower than the amount claimed.

Your Board regards the Evoworld offer and request for a general meeting as an unfortunate distraction, and remains determined to create significant shareholder value by directing the Company's material cash resources towards quality petroleum E&P projects.

Your Board has the support of a committed and competent management team that together are dedicated to the continued pursuit of the Company's objectives. Your Directors consider that the Board is appropriately structured and comprises members possessing the necessary expertise, experience and technical skills across a range of backgrounds required to guide the Company's operations, and vital to delivering value to shareholders.

4 Statement from Requisitioning Shareholders

Pursuant to section 249P of the Corporations Act, Evoworld has provided a statement to shareholders.

This statement is set out in Attachment 1 to this Explanatory Memorandum.

5 Information regarding previous transactions involving Evoworld's directors

In its statement under section 249P of the Corporations Act, Evoworld refers to previous transactions that its directors have been involved in relating to:

- Indago Resources Limited (**Indago**), involving a proportional bid for Indago by GoldLink IncomePlus Limited (**Goldlink**); and
- Emerald Oil & Gas NL (**Emerald Oil & Gas**).

Your Directors are concerned that minority shareholders in these companies did not necessarily realise the benefits referred to by Evoworld, and that the transactions do not necessarily support Evoworld's stated strategy for the Company of reducing corporate overheads.

In order to ensure shareholders are informed about these transactions in reaching a decision on how to vote at the Proportional Bid Meeting and the Requisitioned Meeting, your Board provides the additional information set out below.

Indago Resources Limited

The Nyanzaga Gold Project was acquired by Indago in March 2009, at which time neither Mr Pynes nor Mr Kestell were directors or executives of Indago. The purchase price was an upfront payment of \$1.15 million and a further payment of \$5 million following the commencement of commercial production.

After this acquisition, in June 2009, Indago received a notice of initial substantial holder from GoldLink, whose directors included Mr Pynes and Mr Kestell. The notice stated that GoldLink had acquired 9.94% of Indago, with a portion of those shares acquired from Desertfox Pty Ltd (**Desertfox**), another entity associated with Mr Kestell.

Two days after the notice was lodged, Indago received a proportional takeover bid from GoldLink, subject to very similar conditions to the Proportional Bid for Neon Energy (including a board control condition), and a request for a general meeting under section 249D of the Corporations Act seeking to remove the directors of Indago. GoldLink continued to acquire Indago shares on-market before providing its Bidder's Statement. This appears to be the same strategy pursued by Evoworld for your Company.

Under its proportional bid, GoldLink offered to purchase 10% of Indago shares that it did not already own based on a scrip ratio of 50 GoldLink shares for each Indago share.

Outcome of meeting and lapse of proportional bid

Indago convened the requested general meeting on 6 July 2009, to be held on 17 August 2009.

On 28 July 2009, GoldLink served its Bidder's Statement in respect of its proportional bid for Indago. The proportional bid was subject to Indago not making any acquisitions in excess of \$100,000. Among other things, the Bidder's Statement noted Indago's 30 June 2009 announcement of its acquisition of the Kitongo Gold Project for \$400,000, which GoldLink considered breached the defeating condition for no material acquisitions. GoldLink stated that, as at the date of the Bidder's Statement, it had not formed a view as to whether it intended to rely on this event to trigger the defeating condition (or waive the occurrence of the event).

On 7 August 2009, all of Indago's directors resigned and GoldLink's nominees were simultaneously appointed to the board (with the new appointment subsequently approved by Indago shareholders on 17 August 2009).

Subsequently, GoldLink withdrew its proportional takeover offer on 21 August 2009, citing Indago's breach of the defeating condition that it had noted almost a month earlier in its Bidder's Statement, but had not further updated shareholders on its intentions until after the initial changeover of the Indago board on 7 August 2009. Messrs Kestell and Pynes were appointed to the Indago board on 25 August 2009.

Remuneration of Executive Directors at Indago

The Western Australian Business News' annual survey of WA public company executive and director remuneration, published on 2 December 2010 (**WABN Survey**), included the following comment under the subheading 'New names emerge':

'According to Indago's annual accounts, Messrs [Timothy] Kestell and [Peter] Pynes each received just less than \$6.05 million for the year [FY2010], notwithstanding Indago's negative one-year TSR of 25 per cent.'

The report also noted that Messrs Kestell and Pynes were the fourth and fifth highest paid executives in that WABN Survey.

The total remuneration (inclusive of equity payments) paid by Indago to Messrs Kestell and Pynes during the financial year ended 30 June 2010 was almost \$12.1 million in total, when Indago's market capitalisation as at 30 June 2010 was \$40.28 million.

As disclosed in Indago's 2010 annual report (covering the financial year during which Messrs Kestell and Pynes were appointed to the Indago board and served as directors during the majority of that year):

- total cash and equity payments to executive directors increased from \$1,374,326 (FY2009) to \$12,326,891 (FY2010), an increase of 797%; and
- cash payments to key management personnel increased from \$2,216,449 (FY2009) to \$3,666,651 (FY2010), an increase of 65%.

A breakdown of the financial benefits Messrs Kestell and Pynes received during the course of the financial year ending 30 June 2010 as directors of Indago is set out below:

Cash payments	\$2,462,292
Indago equity payments (excludes issue of Tusker Gold Limited options)²	\$9,636,946
TOTAL	\$12,099,238

Your Board is concerned that these remuneration arrangements do not necessarily support Evoworld's stated strategy for Neon Energy of reducing corporate overheads. A more detailed comparison of Indago's executive remuneration between FY2009 and FY2010 is set out in Attachment 2.

² The issue of 16,000,000 Indago options was approved by shareholders at Indago's annual general meeting held on 27 November 2009. The issue of a further 20,000,000 Indago options to Messrs Kestell and Pynes was approved at an extraordinary general meeting of Indago held on 25 June 2010.

Tusker Gold IPO

The statement from Evoworld also notes that Messrs Kestell and Pynes spun out the Nyanzaga Gold Project via an initial public offering (**IPO**) of shares in a separate listed company, Tusker Gold Limited (**Tusker Gold**). The announcement of the IPO was made less than three months after GoldLink had stated in its Bidder's Statement that it intended to continue to hold Indago's key assets and maintain its business in substantially the same manner as it was then conducted and develop the Nyanzaga Gold Project into a profitable gold mine.

Under the terms of the Tusker Gold IPO and pre-IPO restructure:

- Indago received 50,000,000 shares in Tusker Gold, as consideration for transferring its interest in the Tusker Gold assets to Tusker Gold;
- **existing Indago shareholders were not issued any shares in Tusker Gold as part of the restructure;**
- the IPO was an offer of 50,000,000 shares in Tusker Gold at an issue price of \$0.20 to raise up to \$10,000,000;
- Indago agreed to subscribe for a further 17,500,000 Tusker Gold shares under the IPO, such that its aggregate shareholding in Tusker Gold following the close of the IPO was 67,500,000 (representing 67.5% of the post IPO share capital of Tusker Gold);
- existing Indago shareholders were invited to participate in a 'first come, first served' priority offer to subscribe for up to 10% of the shares offered under the IPO; and
- **Messrs Kestell and Pynes received 10,000,000 options to subscribe for shares in Tusker Gold ('TG Options').³ No consideration was paid by Messrs Kestell or Pynes for the issue of the TG Options.**

The restructure/IPO was not put to Indago shareholders for approval.

Your Board considers that, at the time, Indago did not clearly articulate why the restructure and IPO were in the best interests of Indago shareholders, as opposed to developing the Nyanzaga Gold Project within Indago. Your Board is also concerned about the limited opportunity offered to Indago shareholders to participate in the IPO and restructure.

This IPO completed on 16 December 2009. The closing price of Tusker Gold shares on the day of the IPO was \$0.37 – representing a one-day increase of 85% from the offer price of \$0.20.

Barrick Gold takeover bid

Barrick Gold made a full takeover bid for Tusker Gold around 6 weeks after completion of the IPO, priced at a 90% premium to Tusker Gold's closing price on 29 January 2010 (being the last trading day for Tusker Gold shares prior to announcement of the Barrick Gold offer).

Under the Barrick Gold offer, Messrs Kestell and Pynes received a total of \$5,000,000 from Barrick Gold for cancellation of the TG Options.

Sale of other assets and delisting

Aside from the spin out of Tusker Gold, after Messrs Kestell and Pynes joined the board, Indago:

³ The issue of the Tusker Gold 10,000,000 options was approved by shareholders at Indago's annual general meeting held on 27 November 2009.

- sold the company's Snowbird and Mid-Continental projects;
- sold the company's Tanzanian uranium assets; and
- with shareholder approval, changed the nature of its activities to an ASX listed alternative investment company.

This all occurred within 8 months after GoldLink requested the general meeting to replace the Indago board and announced its bid. It had provided no information regarding its intentions for Indago in its request for the general meeting, and had stated in its Bidder's Statement that it intended to develop and retain the company's key assets.

Following shareholder approval to undertake a buy-back program, Indago commenced an on-market share buy-back on 20 July 2010, with the share price as at that date being \$0.44: which, as announced by Indago, represented a 27% discount to Indago's fully diluted net tangible assets as disclosed on 3 May 2010 of approximately \$0.60.

On 10 June 2011, Indago resolved to seek removal from the ASX, citing a lack of liquidity and its disproportionate impact on price, limited operations, and ASX and other related costs.

Indago was removed from the ASX official list on 29 August 2011. A general meeting was held on 1 November 2011, where shareholders were requested to approve a share buyback at \$6 per share, compared to the last reported fully diluted net tangible asset figure of \$7.35 per share.

GoldLink IncomePlus Limited

On 21 April 2008, New Opportunity Limited, a company associated with Messrs Kestell and Pynes, increased its relevant interest in GoldLink from 7.33% of issued capital to 19.99%. On 18 June 2008, GoldLink received a proportional off-market takeover offer from Emerald Capital Limited (formerly New Opportunity Limited) (**Emerald Capital**) for 35% of the GoldLink shares it did not already own at a price of 23 cents for each GoldLink share.

Five days later, on 23 June 2008, Emerald Capital requisitioned a 249D shareholders' meeting to remove the existing board of directors of GoldLink and replace those directors with nominees of Emerald Capital.

On 26 June 2008 GoldLink received the Emerald Capital's Bidder's Statement, and later released an announcement stating that GoldLink had written to Emerald Capital regarding its concerns about the lack of detail in Emerald Capital's offer and a number of omissions in the Bidder's Statement.

GoldLink released its Target's Statement on 18 August 2008 outlining a number of concerns in relation to Emerald Capital's proportional takeover offer including:

- Emerald Capital's attempt to control GoldLink's cash reserves of \$28.7 million even though the most Emerald Capital would have to pay under its proportional takeover offer would be \$10.5 million.
- The lack of clear or particular plans outlined by Emerald Capital for GoldLink moving forward.

On 3 December 2008 Emerald Capital increased its proportional takeover offer to 25 cents per share, and on 19 January 2009, Emerald Capital's proportional takeover offer closed.

By 27 March 2009, Mr Kestell and Mr Pynes were directors of GoldLink and Emerald Capital controlled 52.22% of GoldLink's issued shares. GoldLink was subsequently used

as the bid vehicle for the Indago acquisition described above. GoldLink changed its name to Blue Capital Limited (**Blue Capital**) in August 2009.⁴

Blue Capital commenced a '10/12' share buyback program on 19 October 2010 (subsequently expanded following shareholder approval on 26 November 2010). This buyback was priced at a 35.7% discount to the Blue Capital's net tangible assets at that date, and by the end of the buy-back the discount between net tangible assets and the buyback price had widened to 47.7%.

On 28 February 2011, Blue Capital requested that it be delisted, and was officially delisted on 16 May 2011, following receipt of Blue Capital shareholder approval at a general meeting held on 14 April 2011.

Emerald Oil & Gas NL

On 23 September 2013, P&L Capital Investments Pty Ltd (**P&L**), one of the Requisitioning Shareholders and an entity controlled by Mr Pynes and Mrs Lara Pynes, and Desertfox, an entity controlled by Mr Kestell, lodged a notice of becoming a substantial holder in Emerald Oil & Gas, having acquired a relevant interest in 14.07% of the shares of Emerald Oil & Gas.

Four days later, on 27 September 2013, Emerald Oil & Gas announced it had received a Section 249D requisition from P&L and Desertfox to remove its existing directors and replace them with Messrs Kestell and Pynes.

On 1 October 2013, Emerald Oil & Gas advised that it had received an off-market proportional takeover offer from Confederate Capital Pty Ltd (**Confederate**), a company jointly owned by P&L and Desertfox, to acquire 30% of the Emerald Oil & Gas shares it did not already own at a price of 1.4 cents per share. The bid was subject to very similar conditions to the Proportional Bid for Neon Energy, including a board control condition.

At the time, Emerald Oil & Gas was pursuing a merger by scheme of arrangement with Ochre Group Holdings Limited, having signed and announced a merger implementation deed on 2 August 2013.

An independent advisor was appointed to evaluate Confederate's proportional bid in light of the existing merger proposal.

On 3 October 2013, Emerald Oil & Gas' non-executive directors resigned. Mr Ross Williams, a director of Evoworld and one of the nominees proposed to be elected under the Board Replacement Resolutions, was appointed as a non-executive director, and Confederate continued to increase its holding through on-market purchases.

On 8 October 2013, the proposed scheme of arrangement with Ochre Group Holdings Limited was terminated, on the basis that at least 25% of the share capital of Emerald Oil & Gas had advised the company that they would not support the proposal.

Messrs Kestell and Pynes were appointed to the Emerald Oil & Gas board on 11 October 2013, with Mike Krzus (Managing Director) resigning as a director. Confederate's Bidder's Statement was served on 14 October 2013.

On 15 November 2013, Emerald Oil & Gas released its Target's Statement recommending that shareholders reject Confederate's bid, noting that the independent expert had determined a preferred value of 1.62 cents per share and had concluded that the offer from Confederate Capital was not fair and not reasonable.

Two weeks later, the proportional takeover completed, with Confederate and its associates (ie P&L and Desertfox) controlling 34.54% of Emerald Oil & Gas' shares.

⁴ The change of name was approved by GoldLink shareholders on 10 August 2009. The company's new ASX ticker was BIV.

6 Additional information regarding the Board Replacement Resolutions

Removal of Alan Stein, Ken Charsinsky and John Lander

Pursuant to section 203D of the Corporations Act, Evoworld has proposed the removal of each of your current Directors.

Information on the current Directors is set out below:

(a) **Mr Alan Stein (Non-Executive Chairman)**

Mr Stein is a petroleum geologist with over 25 years' international experience. He was a founder and former CEO of Fusion Oil & Gas plc (AIM) and Ophir Energy plc (LSE). With these companies he has been involved in major oil and gas discoveries in Mauritania, Equatorial Guinea and Tanzania. Ophir was the most successful IPO on the London Stock Exchange during 2011 and the company now has a market capitalisation of approximately £1.4 billion.

Mr Stein is currently the non-executive Chairman of Hanno Resources which has extensive mineral exploration interests in northwest Africa. Mr Stein was one of the founders of Neon Energy, having been involved in the acquisition of the corporate database in 2005.

Mr Stein was appointed a Director of the Company on 27 October 2009.

(b) **Mr Ken Charsinsky (Managing Director)**

Mr Charsinsky has over 36 years' of worldwide international E&P experience in both technical and management roles. After receiving an MS Geology degree from Rensselaer Polytechnic Institute, he commenced his career with Cities Service Oil and Gas Company. He has subsequently worked for Oxy, Maxus Energy, CMS (Nemeco) Oil and Gas Company and Noble Energy Inc. He has held several management positions including assignments as MD in Congo and Tunisia.

During his tenure on those projects production was enhanced and exploration discoveries were made, adding significant value. Prior to assuming his current role as Managing Director at Neon Energy Mr Charsinsky was Exploration Director, International New Ventures for Noble Energy Inc. He was responsible for the acquisition of a number of key strategic assets in Equatorial Guinea, Cameroon, Nicaragua and Southeast Asia.

Mr Charsinsky was appointed a Director of the Company on 27 October 2009.

(c) **John Lander (Non-Executive Director)**

Mr Lander has over 45 years' experience in the international E&P industry. He began as a geophysicist with Shell prior to holding executive positions at RTZ Oil and Gas Limited, Pict Petroleum plc, Premier Oil plc, British-Borneo Petroleum Syndicate plc and Tullow Oil plc. In addition he has held directorships with several successful oil and gas companies listed in the United Kingdom, and is currently a non-executive director of Trajan Energy Ltd.

Mr Lander was appointed a Director of the Company on 27 October 2009.

Appointment of Timothy Kestell, Peter Pynes and Ross Williams

The proposed appointment of Mr Timothy Kestell, Mr Peter Pynes and Mr Ross Williams as directors of the Company has been made pursuant to section 249D of the Corporations Act. Further information is set out in the section 249P statement provided by the Evoworld to the Company which is contained in Attachment 1 to this Explanatory Memorandum.

Part C – How to vote

1 How to vote at the meetings

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote at the Proportional Bid Meeting and the Requisitioned Meeting.

Your vote is important and the Board urges all shareholders to cast their vote at the meetings.

If you are entitled to vote, you may do so by:

- attending and voting in person;
- appointing a proxy to attend and vote on your behalf, using the proxy form for the relevant meeting accompanying this Explanatory Memorandum;
- appointing an attorney to attend and vote on your behalf, using a power of attorney; or
- in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

Further details are set out below.

Attending the meetings

If you or your proxies, attorney(s) or representative(s) plan to attend the meetings, please arrive at the venue at least 15 minutes before the scheduled time for commencement of the relevant meeting, so that your shareholding can be checked against the register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

Jointly held shares

If you hold shares in the Company jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at a meeting, only the vote of the holder whose name appears first on the register will be counted.

See also the comments below regarding the appointment of a proxy by persons who jointly hold shares.

Casting your vote

(a) Voting in person

To vote in person, you must attend the relevant meeting.

Shareholders who wish to attend and vote in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address and their entitlement to attend and vote has been confirmed.

(b) Voting by proxy

You may appoint one or two proxies. Your proxy need not be another shareholder in the Company. Each proxy will have the right to vote and to speak at the meeting.

To appoint a proxy, you should complete and return a proxy form. There are two proxy forms accompanying this Explanatory Memorandum: one for the Proportional Bid Meeting and one for the Requisitioned Meeting.

You should complete and return the proxy forms in accordance with the instructions on that form.

Alternatively, you may register your proxy instructions electronically:

- online at www.investorvote.com.au, or
- by mobile: scan the QR code on your proxy form and follow the prompts.

You must deliver the signed and completed proxy form by the means shown on the form, or register your electronic instructions, by the cut-off times for the meetings, being:

- no later than **2:00pm on 10 November 2014 for the Proportional Bid Meeting**; and
- no later than **3:00pm on 10 November 2014 for the Requisitioned Meeting**.

Proxy forms and instructions received after the applicable cut-off time will be invalid.

You should consider how you wish your proxy to vote on the relevant resolutions. If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

Shareholders should be aware that the chairman of the Proportional Bid Meeting and the Requisitioned Meeting intends to vote all valid undirected proxies which nominate the chairman **AGAINST** the resolutions to be considered at the meetings.

(c) **Voting by corporate representative**

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that the Company will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act.

A form of certificate may be obtained from the Registry by calling 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or with the Registry before the applicable cut-off time for receipt of proxy forms, as set out above.

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been provided to the Registry.

(d) **Lodgement**

If you wish to complete and return a proxy form, please return the completed form to Computershare Investor Services Pty Limited:

- by post to GPO Box 242 Melbourne Victoria 3001 Australia, or
- by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Alternatively, you may register your proxy instructions electronically by

- Online: at www.investorvote.com.au
- Mobile: scan the QR code on your Proxy Form and follow the prompts.

(e) **Custodians and nominees**

For Intermediary Online subscribers only (custodians and nominees), please visit www.intermediaryonline.com to submit your voting intentions.

Attachment 1

Section 249P Statement

EVOWORLD CORPORATION PTY LTD

ACN: 601 545 742

Office: Level 1, 248 Hay Street, Subiaco WA 6008

Postal: PO Box 8294, Subiaco East WA 6008

25 September 2014

Dear fellow Neon Energy Limited shareholder,

On the 5th of September 2014 Evoworld Corporation Pty Ltd ("EVO") informed the board of Neon Energy Limited ("NEN") of its intention to make a proportional takeover offer for 30% of NEN shares that it did not own at 3.5c per share. Since this date EVO has acquired 19.99% of the issued listed capital of NEN.

On the 12th of September 2014 EVO and several of its associates requested that NEN call a shareholder meeting to seek to replace the current board of NEN with Mr Tim Kestell, Mr Peter Pynes and Mr Ross Williams.

WHO ARE EVO?

EVO is a private company that holds 19.99% of NEN. Its shareholders are entities linked to its Directors, Mr Tim Kestell, Mr Peter Pynes and Mr Ross Williams.

Mr Kestell holds a Bachelor of Commerce and has over 18 years of experience in the financial markets having previously worked at leading brokerage firms, Euroz Securities and Patersons Securities. Mr Pynes has in excess of 25 years of experience in Australia and overseas capital markets. He previously worked at Deutsche Bank as a director, global markets where he gained extensive knowledge of global structured debt products as well as capital raising and syndication. Mr Williams is a founding shareholder of MACA Limited and up until July 2014 held the positions of CFO and Finance Director with responsibility for capital management, finance, financial reporting and corporate strategy. He played a key role in the highly successful initial public offering of MACA in 2010 and was pivotal to its subsequent success as a publicly listed company. He continues to serve the Board of MACA as a Non-Executive Director. Mr Williams is also a Non-Executive Director of Emerald Oil & Gas NL.

Mr Kestell alongside Mr Pynes has recently been involved in two listed entities, as executive directors of Indago Resources Limited ("Indago"), and non-executive directors of Emerald Oil and Gas NL ("Emerald"). After shareholders voted to change the board of Indago, Messrs Kestell and Pynes cut staff and corporate overheads significantly and spun out Indago's gold asset (previously purchased for \$1.3m) into a separately listed company called Tusker Gold Limited ("Tusker"). Within six weeks of its initial public offering Tusker received an all cash bid from Barrick Gold Corporation, for in excess of \$100m. The sale of Indago's Tusker stake and subsequent successful equity transactions saw Indago profit reach in excess of \$46m between 2010 and 2012 and see its net tangible assets almost triple. Mr Kestell and Mr Pynes also instigated a board change at Emerald in late 2013 and subsequently appointed Mr Williams to the board. When these changes took place, Emerald's share price was \$0.009 and it is currently trading at around \$0.025, an increase of almost 3 times. Again, overheads were reduced and in this circumstance, a highly respected board was appointed to take Emerald forward.

WHY DO WE WANT TO REPLACE THE CURRENT BOARD?

1. Corporate overheads are still running at US\$2.5m (Aus\$2.77 million at Aus\$=US\$0.9) per year even after the current board's cost cutting measures (source Quarterly Activities Report-June 2014), this is excessive for a company whose major asset is cash.
2. According to WA Business News – Afternoon Wrap on 17 September 2014, NEN Ranks 695 out of 698 WA listed companies ranked by 1 year Total Shareholder Returns ("TSR") relative to WA companies with similar revenue.
3. NEN's 1yr TSR are -95% (source: WA Business News – Afternoon Wrap on 17 September 2014).
4. NEN's 5yr TSR are -33% (source: WA Business News – Afternoon Wrap on 17 September 2014).
5. In the last financial year ending 31 December 2013 the company incurred Total Comprehensive Loss for the period of \$79,117,189 (source: 2013 Annual Report page 43), yet the Managing Director's Total Remuneration was \$686,598 (source: 2013 Annual Report page 21).
6. The above shareholder returns are unacceptable, and the remaining cash left in NEN must be protected so that shareholder value can be restored.

WHAT ARE OUR INTENTIONS?

EVO is the largest shareholder in NEN with 19.99% of the company and this will increase if shareholders support our proportional bid.

We are seeking to replace the current board of directors of NEN with ourselves. If we are successful in replacing the board we will:

1. Reduce corporate overheads dramatically.
2. Review current assets and establish a future strategy to protect and grow shareholder wealth.
3. Search for value accretive opportunities.

VOTE FOR THE REMOVAL OF THE CURRENT BOARD

For and on behalf of Evoworld Corporation Pty Ltd



Mr Tim Kestell

DIRECTOR

Evoworld Corporation Pty Ltd



Mr Peter Pynes

DIRECTOR

Evoworld Corporation Pty Ltd



Mr Ross Williams

DIRECTOR

Evoworld Corporation Pty Ltd

Attachment 2

Indago Resources Limited executive remuneration analysis

Source: Annual report of Indago Resources Limited for the financial year ended 30 June 2010

Table 1: Executive Director Remuneration (FY2009)

Name	Role	Remuneration
Mr G Bauk	Executive Director	<ul style="list-style-type: none">Cash payments: \$443,630Equity payments: \$101,754
Mr G Chapman	Executive Director	<ul style="list-style-type: none">Cash payments: \$316,536Equity payments: \$101,754
Mr P Smith	Executive Director (Resigned 9 March 2009)	<ul style="list-style-type: none">Cash salary: \$410,652 (including one-off cash termination payment of \$217,800)Equity payments: nil
TOTAL		<ul style="list-style-type: none">Cash payments: \$1,170,818Equity payments: \$203,508

Table 2: Executive Director Remuneration (FY2010)

Name	Role	Remuneration
Mr T Kestell	Executive Director	<ul style="list-style-type: none">Cash payments: \$1,231,146Equity payments: \$4,818,473
Mr P Pynes	Executive Director	<ul style="list-style-type: none">Cash payments: \$1,231,146Equity payments: \$4,818,473
TOTAL		<ul style="list-style-type: none">Cash: \$2,462,292Equity: \$9,636,946

Neon Energy Limited ACN 002 796 974

Notice of Extraordinary General Meeting

to consider the proportional takeover bid by Evoworld Corporation Pty Ltd

Notice is given to the members of Neon Energy Limited (the **Company**) that a general meeting of the Company will be held at The Theatre, QV1 Building, 250 St Georges Terrace, Perth on 12 November 2014 at 2:00pm.

The purpose of the meeting is to consider and, if thought fit, to pass the resolution referred to in this notice. Shareholders are referred to the explanatory memorandum accompanying and forming part of this notice of meeting.

The Directors recommend that shareholders read the explanatory memorandum in full.

Agenda

Resolution 1 – Approval of Proportional Takeover Bid

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Clause 35 of the Company's constitution and for all other purposes, approval be given for the proportional off-market takeover bid by Evoworld Corporation Pty Ltd for 30% of the fully paid ordinary shares in the capital of the Company which Evoworld Corporation Pty Ltd and its associates do not own or control, on the terms and conditions set out in the bidder's statement to be lodged by Evoworld Corporation Pty Ltd under Part 6.5 of the Corporations Act 2001 (Cth) and summarised in the explanatory memorandum accompanying this notice of meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by Evoworld Corporation Pty Ltd and any of its associates.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

Entitlement to vote

In accordance with Rule 35.1(b) of the Company's constitution, only persons who hold ordinary shares as at 7.00pm (Sydney Time) on the day on which the first offer is made under the proportional takeover bid by Evoworld Corporation Pty Ltd are entitled to vote at the meeting.

As Evoworld Corporation Pty Ltd has not yet made offers under its proportional bid, this date has not yet been set. The Company will advise shareholders of the date once known. Under the *Corporations Act 2001* (Cth), the date must be no later than 5 November 2014.

Share transfers registered after the time and date described above will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

A Proxy Form accompanies this Notice and to be effective must be received as follows:

- by post to GPO Box 242 Melbourne Victoria 3001 Australia, or
- by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Alternatively, you may register your proxy instructions electronically:

- online: at www.investorvote.com.au, or
- by mobile: scan the QR code on your proxy form and follow the prompts.

Your proxy form or electronic instructions must be received no later than 2:00pm on 10 November 2014.

Further details on how to vote are contained in the accompanying explanatory memorandum.

By Order of the Board

3 October 2014



Company Secretary

Neon Energy Limited ACN 002 796 974

Notice of Extraordinary General Meeting

at the request of members under section 249D of the Corporations Act

Notice is given to the members of Neon Energy Limited (the **Company**) that a general meeting of the Company will be held at The Theatre, QV1 Building, 250 St Georges Terrace, Perth on 12 November 2014 at 3:00pm.

The meeting has been requested under section 249D of the *Corporations Act 2001* (Cth) by Evoworld Corporation Pty Ltd, Quicksilver Asset Pty Ltd, Old Blood and Guts Pty Ltd and P&L Capital Investments Pty Ltd, being members who together hold at least 5% of the votes that may be cast at a general meeting of the Company.

The purpose of the meeting is to consider and, if thought fit, to pass the resolutions referred to in this notice. Shareholders are referred to the explanatory memorandum accompanying and forming part of this notice of meeting, including the statement from the members who requested the meeting under section 249P of the *Corporations Act 2001* (Cth).

The Directors recommend that shareholders read the explanatory memorandum in full.

Agenda

Resolution 1 – Appointment of Mr Timothy Kestell as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, pursuant to and in accordance with the Company's constitution and for all other purposes, Mr Timothy Kestell, having consented to act as a director of the Company, be and is hereby appointed a director of the Company (effective immediately on the passing of this resolution).

Resolution 2 – Appointment of Mr Peter Pynes as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, pursuant to and in accordance with the Company's constitution and for all other purposes, Mr Peter Pynes, having consented to act as a director of the Company, be and is hereby appointed a director of the Company (effective immediately on the passing of this resolution).

Resolution 3 – Appointment of Mr Ross Williams as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, pursuant to and in accordance with the Company's constitution and for all other purposes, Mr Ross Williams, having consented to act as a director of the Company, be and is hereby appointed a director of the Company (effective immediately on the passing of this resolution).

Resolution 4 – Removal of Mr Alan Stein as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That pursuant to and in accordance with section 203D of the Corporations Act and the Company's constitution and subject to the passing of any or all of Resolutions 1 – 3, Mr Alan Stein be and is hereby removed as a director of the Company (effective immediately on the passing of this resolution).

Resolution 5 – Removal of Mr Ken Charsinsky as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That pursuant to and in accordance with section 203D of the Corporations Act and the Company's constitution and subject to the passing of any or all of Resolutions 1 – 3, Mr Ken Charsinsky be and is hereby removed as a director of the Company (effective immediately on the passing of this resolution).

Resolution 6 – Removal of Mr John Lander as a director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That pursuant to and in accordance with section 203D of the Corporations Act and the Company's constitution and subject to the passing of any or all of Resolutions 1 – 3, Mr John Lander be and is hereby removed as a director of the Company (effective immediately on the passing of this resolution).

Entitlement to vote

It has been determined that, under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the extraordinary general meeting, shares will be taken to be held by the persons who are the registered holders at 7:00pm (Sydney time) on 10 November 2014.

Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

A proxy form accompanies this notice and to be effective must be received as follows:

- by post to GPO Box 242 Melbourne Victoria 3001 Australia, or
- by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Alternatively, you may register your proxy instructions electronically:

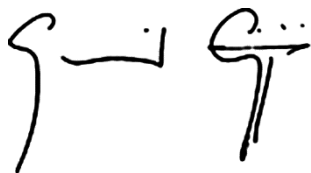
- online at www.investorvote.com.au, or
- by mobile: scan the QR code on your proxy form and follow the prompts.

Your proxy form or electronic instructions must be received no later than 3:00pm on 10 November 2014.

Further details on how to vote are contained in the accompanying explanatory memorandum.

By Order of the Board

3 October 2014



Company Secretary

Lodge your vote:



Online:

www.investorvote.com.au

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

In Person:

Computershare Investor Services Pty Limited
Level 2, 45 Georges Terrace
Perth, Western Australia 6000

By Fax:

(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form - Proportional Bid Meeting



To Vote Online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 137362

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by
2.00pm (Australian Western Standard Time) Monday, 10 November 2014**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

If you wish to appoint the Chairman of the meeting as your proxy, tick the box in Step 1. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the meeting, please write the name of that person in Step 1 where indicated.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of Neon Energy Limited.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Neon Energy Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Neon Energy Limited to be held at The Theatre, QV1 Building, 250 St Georges Terrace, Perth, Western Australia on Wednesday, 12 November 2014 at 2.00pm (Australian Western Standard Time) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

Resolution 1 Approval of Proportional Takeover Bid

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies AGAINST each item of business.

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

Lodge your vote:



Online:

www.investorvote.com.au

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

In Person:

Computershare Investor Services Pty Limited
Level 2, 45 Georges Terrace
Perth, Western Australia 6000

By Fax:

(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form - Requisitioned Meeting



To Vote Online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 137363

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by

3.00pm (Australian Western Standard Time) Monday, 10 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

If you wish to appoint the Chairman of the meeting as your proxy, tick the box in Step 1. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the meeting, please write the name of that person in Step 1 where indicated.

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of Neon Energy Limited.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Neon Energy Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Neon Energy Limited to be held at The Theatre, QV1 Building, 250 St Georges Terrace, Perth, Western Australia on Wednesday, 12 November 2014 at 3.00pm (Australian Western Standard Time) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

	For	Against	Abstain
Resolution 1 Appointment of Mr Timothy Kestell as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Appointment of Mr Peter Pynes as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Appointment of Mr Ross Williams as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Removal of Mr Alan Stein as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Removal of Mr Ken Charsinsky as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Removal of Mr John Lander as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies AGAINST each item of business.

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

NEN

190321B

Computershare +