



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 26 November 2014

EVOWORLD UPDATE

Highlights

- **Recent shareholder vote demonstrates an overwhelming lack of shareholder support for Evoworld's attempt to gain control of Neon Energy**
- **Meeting result represents a mandate to proceed with the merger with MEO Australia**
- **Evoworld's recent "Call to Arms" letter to shareholders is misleading on a number of points**
- **Evoworld currently intends to convene a shareholder meeting on 15 January 2015**

Further to the announcement by Neon Energy Limited (ASX: NEN) (**Neon Energy**, or the **Company**) of 13 November 2014, Neon Energy has received notice from Evoworld Corporation Pty Ltd (**Evoworld**), advising that it is its current intention to call and arrange a general meeting of Neon Energy, pursuant to section 249F of the Corporations Act, on 14 January 2015.

The Board of Neon Energy understands that Evoworld intends to send a Notice of Meeting to Neon Energy shareholders in due course. As previously announced, Evoworld has indicated that it will put resolutions to the meeting on various matters, including the proposed merger with MEO Australia Limited (**MEO**), the removal of the existing Directors, and the appointment of Evoworld nominees Timothy Kestell, Peter Pynes and Ross Williams as Directors of Neon Energy. Regrettably, however, to date Evoworld has not provided any further details of its proposed resolutions.

This latest move from Evoworld follows the defeat of all of Evoworld's resolutions at the Company general meetings held on 12 November 2014. At those meetings Neon Energy shareholders voted comprehensively against Evoworld's proportional takeover offer, and against Evoworld's resolutions to replace the current Directors of Neon Energy with their own nominees.

While the vote at the Requisitioned Meeting to consider resolutions to replace the Board was relatively close in terms of votes cast, a more detailed review of the results shows the comprehensive support for Neon Energy's current Board and strategy:

- A total of 845 shareholders voted against Evoworld's resolutions to replace the Company's Board with its own nominees, compared with approximately 70 shareholders who voted for
- Some 54% of Neon Energy shares were voted at the meeting requisitioned by Evoworld. In light of Evoworld holding 19.99% of the Company's shares, the Board considers that this significant turnout reflects shareholder concerns regarding the track record of Evoworld and its directors, and the lack of a clearly stated strategy from Evoworld to grow shareholder value
- Excepting the votes cast by Evoworld, approximately 153 million shares were voted against the attempt by Evoworld to take control of Neon Energy's Board, compared to approximately 34 million voted in favour. Of these 34 million, over 20 million shares were voted by shareholders who entered Neon's register after Evoworld's takeover offer was instigated

Based upon these results the Board of Neon Energy believes it has received a clear mandate, from a large proportion of its shareholders, to proceed with its recommended growth strategy;

the proposed merger with MEO Australia Limited (**MEO**). Despite this fact, Neon Energy has become aware that Evoworld has recently written to Neon Energy shareholders. In its letter entitled “A Call to Arms to all Neon Energy Shareholders” Evoworld seeks to undermine the proposed merger with MEO, with messages that the Board considers misleading without clarification, including:

Evoworld question how the transaction can be a “merger of equals” citing MEO’s cash balance of \$11.7 million relative to Neon’s \$25.3 million.

Evoworld fails to acknowledge the fact that MEO brings a substantial asset and new venture opportunity portfolio, to be funded with Neon Energy’s cash and creating a mutually beneficial arrangement that justifies the equal valuation placed upon the two companies. The merger of equals is based upon what both companies bring to the merged group, not only their cash balances.

Evoworld criticises the quality of MEO’s assets, referring to a “withdrawal of support” in two particular assets, by Apache Energy and Eni.

As the Board has previously noted, Evoworld’s directors have no demonstrated oil & gas industry experience with which to judge the technical merits of MEO’s assets. Evoworld’s letter fails to clarify that in fact Apache Energy elected not to exercise an option to acquire an interest in the permits, as opposed to withdrawing. Further, this decision was made by Apache Energy in the context of its widely reported move to reduce its exposure to Australian E&P investment more generally.

Evoworld also states that Eni has “withdrawn support” from the NT/P68 project. This is untrue, as Eni retains a 50% participating interest in the Blackwood Area of that asset.

Evoworld has criticised the level of MEO’s corporate overheads.

As made clear in the announcement regarding the proposed merger, both MEO and Neon have committed to significant reduction in group overheads, from some \$8.5 million to \$3.5 million per annum, i.e. to a level appropriate for an operating company with a significant asset and opportunity portfolio.

Evoworld question why the merger with MEO will not be put to Neon Energy shareholders for approval.

The merger with MEO is being implemented via a scheme of arrangement between MEO and its shareholders. Neon Energy shareholder approval is not required under applicable laws. However, the merger was made conditional on the outcome of the general meetings of Neon Energy held on 12 November 2014. The Board of Neon Energy considers that the results of those meetings are a clear show of support by Neon Energy shareholders for the current Board and its strategy, being the MEO merger.

Evoworld have stated in their letter that, should they gain control, they intend to commence an on-market share buyback “to underpin the share price”. The Board of Neon Energy notes that, while the individuals behind Evoworld were directors of Indago Resources Limited, the company implemented two buy-backs at substantial discounts to its net tangible asset value, with the company de-listed from ASX at the request of the directors following the first buy-back, for stated reasons including lack of liquidity and limited operations.

The Board of Neon Energy is disappointed that Evoworld, despite an overwhelming rejection by shareholders, and despite providing no further clarity on its intentions for the Company, have chosen to again attempt to gain control of the Company and its cash assets.

By executing a Merger Implementation Agreement with MEO, Neon Energy has presented a compelling path forward. Based upon the lack of clarity from Evoworld, and the previous track record of its directors’ involvement with other small cap listed companies with substantial cash assets, the Board of Neon Energy continues to hold significant concern regarding Evoworld’s intentions, as exemplified by Evoworld’s apparent lack of regard for the majority of shareholders who overwhelmingly voted against it.

Neon Energy will continue to keep shareholders informed of all material developments.