



Quarterly Summary

- Bid Implementation Agreement executed with Evoworld Corporation Pty Ltd
- Termination of Merger Implementation Agreement with MEO Australia Ltd

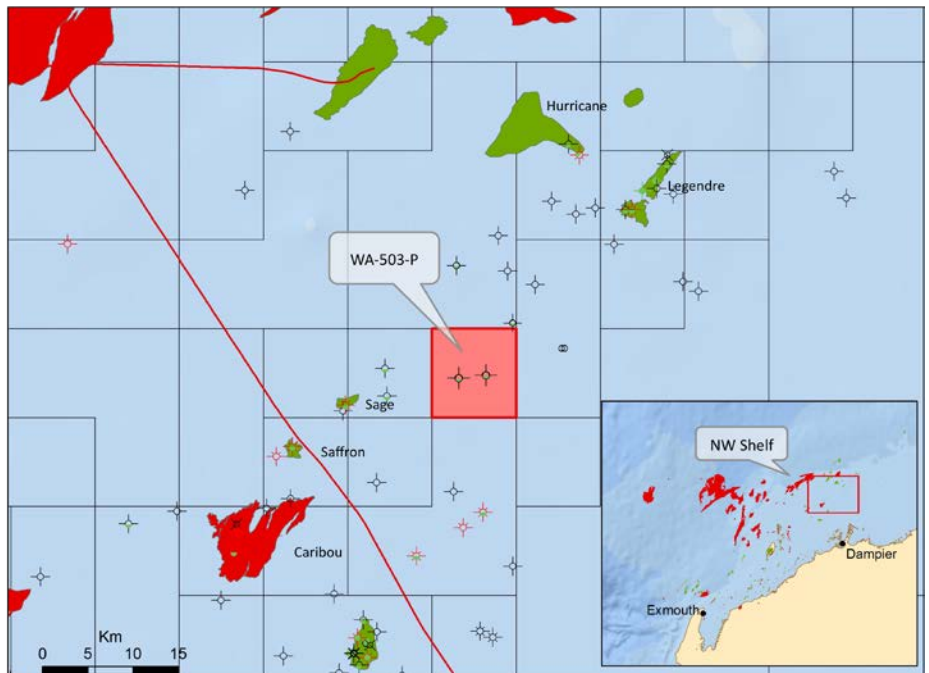
Six Month Outlook

- Major reduction in corporate overheads
- 3D seismic acquisition in WA-503-P

Australia Overview

Block WA-503-P: Block WA-503-P is located offshore Western Australia within the Dampier Sub-basin, inboard of the giant Northwest Shelf gas field complex and on trend with numerous oil and gas discoveries, including the Legendre and Hurricane fields. Water depths within the block range from 50 metres to 70 metres, within the depth capability of jack up drilling rigs.

Neon Energy believes that the application of “Broadband” 3D seismic will generate renewed exploration interest in the area, and has awarded a contract to CGG to acquire 200km² of new data as part of CGG’s “Davvos” multi-client survey. Acquisition is expected to be completed in late Q1 2015. The Company has already identified four exploration leads based on existing 3D seismic data, the largest of which has potential for over 100 MMbbls oil in place within a series of stacked sandstone reservoirs.



Corporate

In December 2014 Neon Energy executed a Bid Implementation Agreement with Evoworld Corporation Pty Ltd (Evoworld), under which the directors of the Company recommend that shareholders accept Evoworld’s revised offer of 3.8 cents per share, for 50% of shares not already owned by Evoworld. As a consequence Neon Energy terminated the Merger Implementation Agreement signed with MEO Australia Ltd (MEO) in November 2014, paying MEO the required \$400,000 Reimbursement Fee. Evoworld representatives Timothy Kestell and Peter Pynes have been appointed non-executive directors of Neon Energy, with John

Lander resigning from his position on the Board. The remaining directors are Alan Stein as non-executive Chairman, and Ken Charsinsky as non-executive director.

The Evoworld offer remains subject to shareholder approval at a general meeting of shareholders, to be held before mid March 2015, and the notice of meeting will be distributed to shareholders in early February.

All remaining Neon Energy management and personnel, will be made redundant effective 31 January 2015, including Managing Director Ken Charsinsky who will remain on the board as a non-executive director.

Enquiries

Email:	info@neonenergy.com
Telephone:	08 94811176
Website:	www.neonenergy.com

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Neon Energy Limited

ABN

49 002 796 974

Quarter ended ("current quarter")

Dec-14

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	3,976
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	- - - (2,923)	(13,905) (76) (1,958) (7,291)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	74
1.5 Interest and other costs of finance paid	(49)	(53)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	173
Net Operating Cash Flows	(2,956)	(19,059)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - (2,315)	- - 20,361
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (oil sales subject to reconciliation with acquirer of assets, return of bond)	-	1,823
Net investing cash flows	(2,315)	22,184
1.13 Total operating and investing cash flows (carried forward)	(5,271)	3,125

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(5,271)	3,125
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(5,271)	3,125
1.20	Cash at beginning of quarter/year to date	19,603	9,700
1.21	Exchange rate adjustments to item 1.20	1,363	2,870
1.22	Cash at end of quarter (does not include term deposits or cash held in escrow)	15,695	15,965

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	114
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Represents fees paid to non-executive directors and includes the Managing Directors salary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,344
4.2 Development	-
4.3 Production	-
4.4 Administration	1,285
Total	2,629

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,695	19,603
5.2 Deposits at call	12,000	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (does not include term deposits or cash held in escrow) (item 1.22)	15,695	19,603

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-	-	-
7.2	-	-	-	-
7.3	553,037,848	553,037,848		
7.4	-	-		
7.5	-	-		

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Appendix 5B

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		2,000,000	Unquoted	1,000,000 @ \$0.60	On or before 4 th September 2016
				1,000,000 @ \$1.00	On or before 4 th September 2016
	Performance Rights (issued pursuant to the terms of the Employee Rights Plan)	2,694,637	Unquoted	Nil	30 th June 2016
		34,078,862	Unquoted	Nil	1 st December 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
	Performance Rights				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Ben Newton
Chief Financial Officer
30 January 2015

+ See chapter 19 for defined terms.

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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