



SEPTEMBER 30, 2015

NEON ENERGY TO BECOME A LISTED INVESTMENT COMPANY

The Board of Neon Energy Ltd (**Neon** or the **Company**) are pleased to provide the following update to its shareholders.

Further to its announcement of 21 September 2015, the Board has continued discussions with the ASX and at an internal Board level in relation to how best to position the Company in order to maintain its ASX listing and maximise returns to Neon shareholders.

Following these discussions, the Board is pleased to announce that, subject to obtaining the requisite approvals (and satisfying the other conditions as set out in this announcement), it proposes to undergo a significant change to the nature of its activities such that it will transform into a Listed Investment Company (**Transformation**).

The Board is of the strong opinion that by becoming a Listed Investment Company (**LIC**), the Company will have greater potential to generate sustainable returns for its shareholders than if the Company remains in the energy sector.

What is a Listed Investment Company?

A LIC is an entity in which its main activities or the principal part of its activities relate to investing in listed or unlisted securities.

One of the factors the Board considered when deciding to become a LIC is that the Company comfortably satisfies the main ASX requirement to becoming a LIC, being that it has net tangible assets of at least \$15 million; as a result of this, the Company should not need to undergo a capital raising as part of the Transformation, therefore not diluting the interests of its current shareholders. However, as the Company is undergoing a significant change to the nature of its activities it will be required to re-comply with Chapters 1 & 2 of the AX Listing Rules which will involve obtaining shareholder and ASX approval to the Transformation.

Terms of the Transformation

The key steps of the Transformation are as follows:

- (a) the Company obtaining all approvals necessary for the Transformation, including:
 - (i) ASX approval to:
 - (A) have securities on issue with a price of less than 20c; and
 - (B) allow the use of an Information Memorandum; and
 - (ii) shareholder approval for the change to the nature of its activities;
- (b) the issuance of an Information Memorandum (subject to SX approval) or a prospectus to raise a nominal amount;
- (c) following successful completion of this Transformation, Neon will change its name to better reflect its involvement in the investments sector; and
- (d) re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

Timing

It is currently anticipated that the necessary shareholder meeting will be held in mid November 2015. The Company will continue to update the market as and when needed with the progress of the Transformation.

A handwritten signature in black ink, appearing to read "Ross Williams", is written over a horizontal line.

Ross Williams

Chairman