NEON ENERGY LIMITED

Quarterly Activities Report

30 September 2015: Neon Energy Ltd (ASX:NEN) confirms the following activities update during the quarter ended 30 September 15:

- The Board is pleased to announce that, subject to obtaining the requisite approvals (and satisfying the other conditions as per the announcement dated 30 September 2015), 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

- The Company continued the 10% on market buy-back to acquire up to 55,303,784 shares as part of the buy-back scheme.

Enquiries

Telephone: 08 6144 4840

Rule 5.5

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	Quarter ended ("current quarter")
49 002 796 974	September -15

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	-	-
1.2	Payments for (a) exploration & evaluation	-	(894)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(231)	(1,634)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	94	288
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	8
	Net Operating Cash Flows	(137)	(2,232)
	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	-	5,358
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Buy Backs	(507)	(1,211)
	Net investing cash flows	(507)	4,147
1.13	Total operating and investing cash flows (carried forward)	(644)	1,915

+ See chapter 19 for defined terms.

,

1.13	Total operating and investing cash flows (brought forward)	(644)	1,915
	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)	-	1,104
	Net financing cash flows	-	1,104
	Net increase (decrease) in cash held	(644)	3,019
1.20	Cash at beginning of quarter/year to date	19,227	15,695
1.21	Exchange rate adjustments to item 1.20	-	(131)
1.22	**Cash at end of quarter** (does not include term deposits or cash held in escrow)	18,583	18,583

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	82
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.

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

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	-
4.2	Development	-
4.3	Production	-
4.4	Administration	250
	Total	**250**

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	83	19227
5.2	Deposits at call	18,500	-
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)	18,583	19,227

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	**Preference +securities** *(description)*	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary securities**	522,007,968	522,007,968		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- (570,577)	- (570,577)	On Market Buy back	On Market Buy back
7.5	**+Convertible debt securities** *(description)*	-	-		

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-		
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		2,000,000	Unquoted	1,000,000 @ $0.60	On or before 4th September 2016
				1,000,000 @ $1.00	On or before 4th September 2016
	Performance Rights (issued pursuant to the terms of the Employee Rights Plan)	-	-	-	-
		-	-	Nil	-
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 give a true and fair view of the matters disclosed.

Sign here: Date: 30 October 2015
(Company secretary)

Print name: Amanda Burgess

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.

== == == == ==

+ See chapter 19 for defined terms.