
NEON ENERGY LTD (TO BE RENAMED NEON CAPITAL LTD)

ACN 002 796 974

NOTICE OF GENERAL MEETING

TIME: 10.00am (WST)

DATE: 3rd February 2015

PLACE: Level 2
160 St Georges Tce
PERTH WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6144 4840.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.00am (WST) on Wednesday 3rd February 2015 at:

Level 2
160 St Georges Tce
PERTH WA

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (Perth Time) on 1st February 2015.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who 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 the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the Essential Resolutions being passed, for the purpose of ASX Listing Rules 11.1.2, 11.1.3 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a shareholder, if this Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 - CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to the Essential Resolutions being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every 10 Shares be consolidated into 1 Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share (as the case may be)."

3. RESOLUTION 3 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, subject to the Essential Resolutions being passed for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to **Neon Capital Ltd.**"*

4. RESOLUTION 4 – REMOVAL OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the passing of Resolution 5, pursuant to section 329 of the Corporations Act and for all other purposes, approval is given for the removal of Ernst & Young as the current auditor of the Company effective from the date of the Meeting."

5. RESOLUTION 5 – APPOINTMENT OF AUDITOR TO REPLACE AUDITOR REMOVED FROM OFFICE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That subject to the passing of Resolution 4, pursuant to section 327 of the Corporations Act and for all other purposes, approval is given for the appointment of HLB Mann Judd as auditor of the Company effective from the date of the Meeting."

Dated: 16 December 2015

By order of the Board

**Tim Kestell
Director**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. SUMMARY OF THE TRANSFORMATION

1.1 Overview

On 30 September 2015, the Company announced to the ASX that, subject to obtaining the requisite approvals (and satisfying the other conditions as set out in this Notice), it proposes to undergo a change to the nature and scale 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.

1.2 ASX Listing Rule 1.3.1A

If Shareholders approve the Transformation, the Company will, at the time of seeking to re-comply with the admission requirements of ASX, be required to satisfy Listing Rule 1.3.1A.

Listing Rule 1.3.1A provides that, at the time of admission, a LIC must have net tangible assets (**NTA**) of at least \$15 million after deducting the costs of fund raising.

As at the date of this Notice, the Company satisfies these requirements with approximately \$18.8 million in NTA, of which \$18.5 million is made up of cash. See the pro forma balance sheet in Annexure 1 for more information.

1.3 Existing Activities

After conducting a review of the Company's current suite of energy investments over the last few months and in conjunction with the Transformation, the Board of the Company has divested its energy interest. The Company's only asset is its cash at bank.

1.4 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 undergo the Transformation is that the Company satisfies the NTA requirement mentioned above. As a result of this, the ASX has confirmed that the Company does not need to conduct the usual capital raising to meet the requirements of re-compliance and therefore the Company will not raise any funds as a result of the Transformation.

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 ASX Listing Rules which will involve obtaining Shareholder and ASX approval to the Transformation and the issue of a Prospectus, further information is set out in Section 1.5.

1.5 Terms of the Transformation

The key steps of the Transformation are as follows:

- (a) The Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, including the Company:
 - (i) obtaining all approvals necessary for the Transformation, including Shareholder approval for the Essential Resolutions contained in this Notice;
 - (ii) obtaining conditional ASX approval to the reinstatement of the Company to official quotation on the AX on conditions satisfactory to the Company; and
 - (iii) issuing a prospectus in order to update the market with the terms of the Transformation (**Prospectus**).
- (b) Following successful completion of this Transformation, Neon will change its name to Neon Capital Ltd, subject to the passing of Resolution 3, to better reflect its Transformation into a LIC.

1.6 Investment Portfolio and Business Plan

As noted above, the Board proposes to implement a new business plan for the Company as a LIC with a view to recreating and growing shareholder wealth.

The investment mandate is intended to be as broad as permitted under the Listing Rules and the new Board intends to have a wide discretion to determine what, how and when to invest on behalf of its Shareholders within these boundaries, subject to the criteria outlined below.

The Company sees a real opportunity in creating a company that has the monetary backing and the skills to move quickly to purchase listed or unlisted securities and derivatives particularly in companies where NEN perceives there to be a value gap.

The Company's proposed strategy will provide the Company's Shareholders with exposure to investments with the objective of delivering regular income and capital growth. The Company will have a mandate to be an active investor in securities with the flexibility to allocate capital to the most attractive securities in a given economic cycle.

The Directors have broad experience in legal, finance and corporate enterprise across a number of industries. They have senior relationships in the Australian and international wholesale financial markets and extensive and diverse operating, transaction and investment experience. The background and profiles on each of the Directors are set out in detail in Section 1.9.

The Directors will use this experience and expertise to internally manage the Company's investment portfolio and implement its business plan within the constraints of its risk management policy, detailed in Section 1.7; this internal fund management will enable the Company to retain fund management fees that would otherwise be paid to a fund manager.

1.7 Risk Management

The Company will undertake a risk management and review process for all investments, including undertaking due diligence investigations in relation to acquiring interests in companies with a development on long term investment view.

The Company will monitor the investment policy and standards including:

- (a) investment returns;
- (b) credit risk;
- (c) asset and cash flow support;
- (d) maturity profile;
- (e) liquidity; and
- (f) concentration limits.

The Company may also look to invest in other opportunities, as approved by the Board in writing and subject to its investment criteria.

The financial data that will be taken into account in assessing potential investments for the portfolio will include, but not be limited to, an assessment of the past and projected earnings and profits of a company, the price-earnings ratio underlying any proposed investment, balance sheet strength, share price and earnings momentum and dividend yield and imputation credit levels.

Every investment made by the Company will be continuously monitored and reviewed on a periodic basis. The Company will be willing to move quickly to realise investments when a view is formed that an investment is overvalued or an alternative, superior investment opportunity arises.

1.8 Australian Financial Services Licence

The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, the Offer will be made pursuant to an arrangement between the Company and Patersons Securities Limited as the holder of an Australian Financial Services Licence under section 911A(2)(b) of the Corporations Act (**Authorised Intermediary**).

The Company will authorise the Authorised Intermediary to make offers to arrange for the issue of Shares under the Prospectus and the Company will only issue the Shares in accordance with those offers and no others.

In any event, it is not the intention that the Company provides investment advice to investors and it will be up to the individual investor to seek any investment advice.

1.9 Background to the Directors

An overview on the background and experience of the Directors of the Company is set out below.

Mr Timothy Kestell
Non-Executive Director

Mr Kestell has over 18 years experience in capital markets including working for Australian stockbrokers Euroz Securities Limited and Patersons. In the past decade, Mr Kestell has played a key role in forming and/or re capitalising publicly listed companies, helping raise over \$70m in the process. Mr Kestell holds a Bachelor of Commerce degree and is currently a director of Blue Capital Limited.

Mr Peter Pynes

Non-Executive Director

Mr Pynes has in excess of 20 years' experience in Australia and overseas capital markets. He previously worked at Deutsche Bank as a director of global markets where he gained extensive knowledge of global structured debt products as well as capital raising and syndication. In the past decade, Mr Pynes has played a key role in forming and capitalising both publicly listed and unlisted companies. Mr Pynes has been involved in both initial public offerings and takeovers, including the listing on the ASX of Tusker Gold Limited and its successful cash takeover by Barrick Gold Limited. Mr Pynes is a director of MPC Funding Limited, a specialist financing company providing in excess of \$450m of loan funds for the development of the Melbourne Convention Centre. Mr Pynes is a Fellow of the Australian Institute of Company Directors (FAICD) and a Senior Associate of Financial Services Institute of Australia (SA FIN) and a director of Blue Capital Limited and Nexus Bond Limited.

Mr Ross Williams

Non Executive Director

Mr Williams is a founding shareholder of MACA Limited (**MACA**) and up until July 2014 held the position 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 continued to serve on the Board of MACA as a non-executive director until resigning in February 2015. Mr Williams holds a Post Graduate Diploma in Financial Services Management from Macquarie University and was a Fellow of the Australian Institute of Banking and Finance prior to establishing MACA in 2002 and is currently serving as a non-executive director for publically listed Emerald Resources Limited.

1.10 Timing

It is currently anticipated that the Transformation will be completed in accordance with the timetable below. The Company will continue to update the market as and when needed with the progress of the Transformation.

	Indicative Timing*
Notice of Meeting despatched to Shareholders	16 December 2015
Lodgement of Prospectus	1 February 2016
General Meeting is held and Company approves the Consolidation	3 February 2016
Date the Company's securities are suspended from trading	3 February 2016
Consolidation of capital is completed	15 February 2016
Anticipated date for reinstatement	15 February 2016

* The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders.

1.11 Effect on Capital Structure

As no Securities will be issued as a result of the Transformation, only the Consolidation component of the Transformation will affect the Company's capital structure, as illustrated in the table below.

	Number
Shares currently on issue	522,007,968
Total Shares on issue after completion of the Consolidation	52,200,797

The Directors are of the view that the Transformation should proceed based on a comparison of the advantages and disadvantages contained in Sections 1.13 and 1.14.

1.12 Pro-forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Transformation is contained in Annexure 1 of this Notice.

1.13 Advantages to the Transformation

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) The Transformation provides the Company's shareholders with an opportunity to tap into the potential growth of the Australian investment services industry and diversify away from the highly cyclical resources/energy sectors.
- (b) The Company will be managed by Directors and executives with significant experience in the investment industry which can potentially lead to increased returns to Shareholders.

- (c) The Transformation may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experiences by Shareholders.
- (d) The Directors have a significant equity stake ensuring alignment with Shareholders.
- (e) The Transformation provides future potential to exploit attractive investment opportunities within the Company's proposed mandate.

1.14 Disadvantages to the Transformation

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) The Company will be changing the nature of its activities to become a Listed Investment Company, which may not be consistent with the objectives of all Shareholders.
- (b) A Listed Investment Company has a different risk and reward profile than the Company has had historically. The new risk profile may not suit all Shareholders.
- (c) There are many risk factors associated with the change of nature of the Company's activities, or associated with its prospective business and operations. A non-exhaustive list of these risks is set out in Section 1.15 below.

1.15 Risk factors

Key Risks

Shareholders should be aware that if the Essential Resolutions are approved, the Company will be changing its activities to become a LIC. Such a change is subject to various risk factors. Based on the information available, a non-exhaustive list of risk factors is set out below.

(a) Suspension and re-quotation of Shares on ASX

The Transformation constitutes a significant change in the nature and scale of the Company's activities and the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

Trading in the Company's quoted Securities will be suspended from the date of the Meeting and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. It is anticipated that this will occur during January 2016. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the quoted Securities may consequently remain suspended from quotation.

(b) **Reliance on key personnel**

The Company is reliant on the expertise of its Directors to devise and maintain its investment portfolio consistent with the Company's investment objectives, strategies, guidelines, permitted investments and elements of investment.

The Company intends to put in place systems and processes to mitigate the risk of losing key personnel. However, the loss of key personnel within the Company could have a negative impact on the Company.

(c) **Individual Investment Risk**

Individual investments within the Company's investment portfolio may fall in value for many reasons such as changes in the entity's internal operations, management or in its business environment. If this occurs, the value of the NTA of the Company will fall which is likely to have a negative effect on the Company's Share price.

(d) **Interest Rate Risk**

Changes in interest rates can have an impact directly or indirectly on investment valuations and returns on any cash deposits held.

(e) **Different Taxation Treatment**

Investing through the Company may give different after-tax results than investing individually because of income or capital gains accrued in the Company.

(f) **Liquidity**

The Company may invest in unlisted securities or in companies whose securities are thinly traded. Therefore, its ability to sell securities may be restricted.

(g) **Financial Market Volatility**

A fall in global or Australian equity markets, global or Australian bond markets or a rapid change in the value of the Australian dollar against other major currencies may discourage investors from moving money into or out of equity markets. This may have a negative effect on Share prices.

(h) **Performance of Other Asset Classes**

Good performance, or anticipated performance, of other asset classes can encourage individuals to divert money away from equity markets. This may have a negative impact on the value of the investment portfolio.

(i) **Absolute Performance versus Relative Performance**

It is the objective of the Company to show positive returns on its investment regardless of the underlying movement in value of the investment markets. With such an objective, the value of the investment portfolio cultivated by the Company may not change in line with the overall movements in the market and its performance may differ significantly from funds that seek to measure performance against the broader share market.

(j) **Tax**

Taxation and changes to tax systems can have an effect on returns but also the relative merit of putting monies in various asset classes and in an individual security. All of these items may have a negative impact on the Company or the price of Shares.

General Risk Factors

(a) **Market risk**

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities.

(b) **Industry Risk**

There are a number of industry risk factors that may affect the future operational performance of the Company. These factors are outside the control of the Company. Such factors include increased regulatory and compliance costs, unforeseen Government legislation, and collapse in equity markets.

(c) **General economic and political risks**

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any financial services activities that may be conducted by the Company.

(d) **Insurance risk**

Insurance against all risks associated with the Company's activities is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs. However, it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

1.16 What if the Transformation does not succeed?

If the conditions to the Transformation are not satisfied or waived, including if the Essential Resolutions are not passed, the Transformation will not proceed and the

Company will continue in its current form, albeit with its securities suspended from trading.

However, the Company is likely to continue to investigate new opportunities outside of its current energy sector.

1.17 Directors' Recommendation

None of the Directors currently have an interest in the Transformation. The Directors recommend that Shareholders vote in favour of each of the Essential Resolutions and consider the Transformation to be beneficial to Shareholders because of the advantages set out in Section 1.13.

2. RESOLUTION 1 - CHANGE OF NATURE AND SCALE OF ACTIVITIES

2.1 General

This Resolution seeks approval from Shareholders for the Transformation.

A detailed description of the Transformation is set out above in Section 1.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the Official List of ASX.

Given the change in the nature and scale of the Company's activities upon completion of the Transformation, the Company has been informed by ASX that it is required to obtain Shareholder approval.

ASX has advised the Company that the Transformation will trigger a need to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Accordingly, the Company is seeking Shareholder approval pursuant to Resolution 1 for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.3.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

If this Resolution is passed the number of Shares on issue as at the date of this Notice will be reduced from 522,007,968 to 52,200,797 (subject to rounding).

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

3.3 Fractional entitlements

Not all Security Holders will hold that number of Shares (as the case may be) which can be evenly divided by 10. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

3.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in Section 1.11.

3.7 Indicative timetable*

If this Resolution is passed, the Consolidation and Transformation will take effect in accordance with the timetable set out in Section 1.10.

4. RESOLUTION 3 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

This Resolution seeks the approval of Shareholders for the Company to change its name to "Neon Capital Ltd".

If this Resolution is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if this Resolution is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

5. RESOLUTIONS 4 AND 5 – REMOVAL AND APPOINTMENT OF AUDITOR

Under section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given.

It should be noted that under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Resolution 4 is an ordinary resolution seeking the removal of Ernst & Young as the auditor of the Company. An auditor may be removed in a general meeting provided that the notice of intention to remove the auditor has been received from a member of the company.

A copy of the notice of intention to remove Ernst & Young as auditor of the Company and nomination of HLB Mann Judd as auditor of the Company is set out at Annexure 2 of this Notice.

In accordance with section 329(2) of the Corporations Act, the Company has sent a copy of the notice to Ernst & Young and the ASIC.

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act.

Resolution 5 is a special resolution seeking the appointment of HLB Mann Judd as the new auditor of the Company.

Under section 328B(1) of the Corporations Act a company may appoint an auditor provided a member of the company gives written notice of the nomination of that auditor.

As required by the Corporations Act, a nomination for HLB Mann Judd to be appointed as the auditor of the Company has been received from a member and is attached in Annexure 2 of this Notice.

Before the auditor is appointed, it must provide its written consent in accordance with section 328A(1) of the Corporations Act to act as auditor, and must not have withdrawn that consent before the appointment is made. HLB Mann Judd has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act subject to shareholder approval of this resolution.

If Resolutions 4 and 5 are passed, the appointment of HLB Mann Judd as the Company's auditor will take effect at the close of this Meeting. Both Resolutions 4 and 5 are subject to the passing of the other.

GLOSSARY

\$ means Australian dollars.

AFSL means an Australian Financial Services Licence.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Neon Energy Ltd (ACN 002 796 974).

Consolidation means the 1:10 consolidation of the Shares for which Shareholder approval is sought pursuant to Resolution 3.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Essential Resolutions means Resolutions 1, 2 and 3.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

NTA means net tangible assets.

Option means an option to acquire a Share.

Prospectus means as defined in Section 1.5(a)(iii).

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of this Notice or Explanatory Statement.

Securities means a Share or an Option.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Transformation means as defined in clause 1.1.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE 1 – UNAUDITED PRO FORMA BALANCE SHEET

Current Assets	Unaudited 30/9/2015
Cash and cash equivalents	18,571,365
Other current assets	52,861
Total Current Assets	<u>18,624,226</u>
Total Assets	<u>18,624,226</u>
Current Liabilities	
Trade and other payables	-
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Net Assets	<u>18,624,226</u>
Equity	
Contributed equity	170,687,370
Reserves	5,573,960
Accumulated profit	<u>(157,637,104)</u>
Total Equity	<u>18,624,226</u>

ANNEXURE 2 – NOTICE OF INTENTION AND NOMINATION

The Directors
Neon Energy Limited
33 Yilgarn Street
SHENTON PARK WA 6008

14/12/15

Dear Sirs

NOTICE OF INTENTION AND NOMINATION – NEON ENERGY LIMITED

I, Evoworld Corporation Pty Ltd being a member of Neon Energy Limited (ACN 002 796 974) (**Company**), request that a general meeting of the Company be held at the first available time, in any event no later than 2 months from the date of this notice, to consider and, if thought fit, pass resolutions that:

- (a) Ernst & Young be removed as auditor of the Company; and
- (b) HLB Mann Judd be appointed as the new auditor of the Company.

Furthermore, for the purposes of Section 328B(1) of the Corporations Act 2001, I hereby give you notice of the nomination of HLB Mann Judd, as auditor of the Company.

Regards



Peter Pynes
Evoworld Corporation Pty Ltd
Director

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