

FARMOUT OF OFFSHORE VIETNAM BLOCK 120

Neon Energy Limited (**Neon**, ASX:NEN) today announced the execution of an agreement with Singapore-based oil and gas company KrisEnergy Ltd (**KrisEnergy**) and Enovation Resources Ltd (**Enovation**) (collectively the **Farminees**) to farmout a portion of Neon's offshore Vietnam Block 120 Production Sharing Contract (**Block 120**).

HIGHLIGHTS

- Farminees to pay 100% of the cost of the entire seismic work obligation
- Farminees to reimburse Neon for past costs
- Neon to retain 50% participating interest and operatorship
- Seismic vessel secured to acquire 2,000 km Block 120 survey commencing May 2010
- Neon now able to allocate funds to near term expansion activities

TRANSACTION DETAILS

The Farminees will earn a 50% participating interest in Block 120 by paying the following:

- Past costs on Block 120 totalling US\$750,000
- 100% of the cost of the entire seismic work commitment, capped at US\$3,000,000

Neon will retain operatorship of Block 120 and upon completion of the transaction the respective participating interests will be as follows:

Participant	Block 120
Neon Energy (Song Hong) Pty Ltd	50%
KrisEnergy (Phu Khanh 120) Ltd	40%
Enovation Resources Ltd	10%

Completion of the transaction is subject to approval by the Vietnamese government and waiver of the pre-emptive rights of Petrovietnam as stipulated under Vietnamese Petroleum Law.

Neon Energy Managing Director Ken Charsinsky stated:

"We are delighted to announce the introduction of KrisEnergy and Enovation Resources in to Block 120. All three companies within the joint venture have successful track records and KrisEnergy in particular has a great deal of experience in this region. We regard the transaction as an endorsement of the exploration potential of Block 120 and feel that the new joint venture will benefit from the participation of all three companies. This transaction follows the recent award to Neon of Vietnamese Block 105-110/04 and is important in that it enables the Company to allocate capital towards identified near term expansion opportunities in California, plus further portfolio growth in Southeast Asia."

ABOUT KRISENERGY

KrisEnergy is a Singapore-based upstream oil and gas company established in September 2009 to create value across a diverse portfolio of petroleum exploration, development and production assets in Southeast Asia. KrisEnergy was established by the founders of Pearl Energy, their previous venture which was ultimately sold to Mubadala Development Company PJSC (an Abu Dhabi government owned investment vehicle) in May 2008 for US\$833 million.

KrisEnergy is a portfolio company of leading energy investor, First Reserve Corporation, which has committed up to US\$500 million of equity to assist management to build the business. www.krisenergy.com

ABOUT ENOVATION RESOURCES LIMITED

Enovation Resources Limited is a technology focused, independent oil and gas exploration and production company with existing operations and exploration projects in the Gulf of Mexico, the North Sea and in the Asia Pacific region. The head office is located in Hamilton,

Bermuda, with regional offices in the UK, and Singapore. www.enovationresources.com

ABOUT NEON ENERGY

Neon Energy Limited is an oil and gas exploration and production company with a focus on selected countries within Southeast Asia, and California. The Company is building a portfolio of high quality exploration, appraisal and development assets with material equity interests by utilising its exclusive geoscience database and implementing the latest exploration technologies.

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