

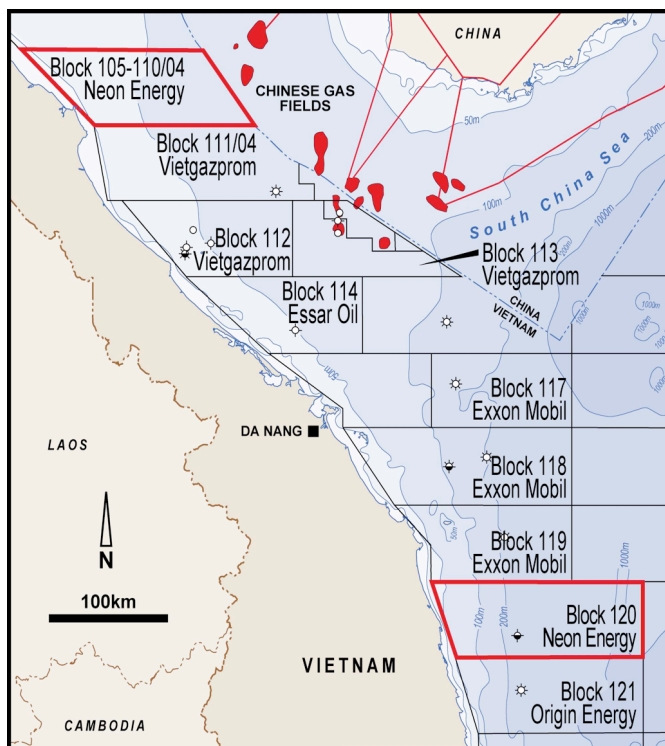
VIETNAM EXPLORATION UPDATE

HIGHLIGHTS

- Vietnamese Prime Minister approves farmout of Block 120 and 105
- Fast tracked evaluation of new seismic data complete
- Block 105 has multi-TCF gas prospects with strong “Amplitude vs Offset” anomalies
- Top three Block 120 prospects have combined prospective resource in excess of a billion barrels
- Competent Persons Report commissioned
- ExxonMobil to commence exploration drilling north of Block 120 in Q2 2011
- Neon proposing to drill Block 105 early 2012

Neon Energy is pleased to confirm that it has received confirmation from Petrovietnam that the assignments to KrisEnergy Ltd in Block 120 and Block 105-110/04 (“Block 105”) are approved by the Vietnamese Prime Minister. The assignments will become effective upon issuance of amended Investment Certificates by the Ministry of Industry and Trade.

During 2010 Neon acquired 3,827 km of solid streamer 2D seismic data in Blocks 105 and 120, and the initial interpretation of these new data are now complete. The acquisition and processing parameters were specifically designed to highlight distinctive seismic signatures, or anomalies, which often result due to the presence of hydrocarbons within reservoir pore volumes. Such anomalous seismic responses are commonly referred to as direct hydrocarbon indicators (“DHIs”) and are used as a diagnostic indicator to identify potential drilling targets. DHIs are the observed response from either the hydrocarbon-water contact or the difference in seismic response between hydrocarbon-saturated and water-saturated reservoir formations. Initial analysis of the new data in both blocks is encouraging, with several types of DHI in evidence. More detailed studies are now underway to corroborate the initial evaluation, and in particular Neon is employing Amplitude vs Offset (“AVO”) studies to identify and rank those prospects that exhibit characteristics commonly associated with hydrocarbon accumulations.



Block 105 and 120 Location Map

Block 105 (Neon 50%)

Neon has mapped seven primary prospects, four of which are prospective at multiple target levels. The style of the prospects range from relatively modest fault-related structures in the west, to very large diapir-related rollover structures in the east. Neon estimates that the latter have the potential to contain several TCF (Trillion Cubic Feet) of gas. At this stage estimates of potential gas volumes are fairly imprecise, pending the results of the specialised attribute studies. However the results are sufficiently encouraging that Neon has consulted advisors to assist in securing a drilling rig capable of drilling one of the high-graded prospects early in 2012. The most prospective features are in water depths of approximately 50 metres and could therefore be drilled using a shallow water “jack-up” rig.

Block 120 (Neon 50%)

Incorporation of the new seismic data into the existing interpretation is now complete and seismic attribute studies are underway. Drilling results to date demonstrate that Block 120 is oil prone and it is relevant to note that the presence of oil rather than gas in a reservoir generally results in a more muted (or even non-existent) DHI response relative to gas filled reservoirs. This may be the case in Block 120 where the potential DHIs observed during the initial interpretation are more subtle than those in Block 105. Neon has mapped twelve primary prospects and expects to map additional subtle prospective features upon further evaluation. Several prospects appear to have stacked reservoir objectives and the three largest have a cumulative prospective resource considerably in excess of a billion barrels. The most prospective features are in approx. 350 metres of water, requiring a semi-submersible drilling rig to drill. Despite the demonstrable prospectivity of Block 120 it seems prudent given the greater costs associated with using a semi-submersible rig, and the relative subtlety of the DHIs, to further mitigate risk by additional data acquisition and/or a farmout before embarking upon drilling activity.

Neon understands that ExxonMobil is planning to drill the first of up to three exploration wells in its acreage immediately to the north of Block 120, commencing during the first half of 2011. ExxonMobil is believed to be drilling based on legacy 2D seismic only, and exploration success may well enhance Block 120 prospectivity due to the similar nature of the geology.

Competent Persons Report

In order to quantify the prospectivity of Blocks 105 and 120 Neon has commissioned Netherland, Sewell & Associates Inc. to prepare a Competent Persons Report (CPR). The CPR will be based upon the initial evaluation of the new data described above as well as some of the results of the attribute studies.

Neon's Managing Director Ken Charsinsky commented, *"We are extremely encouraged by these early results which endorse our long held view concerning the excellent potential of our Vietnamese portfolio. Neon has commenced long-lead planning for drilling activity in Block 105 and will seek partners to participate in similar activities in Block 120."*

For additional information regarding the prospectivity of blocks 120 and 105 please refer to the Company website and to the recent "Excellence in Oil & Gas" presentation.

Enquiries:

Managing Director:	Ken Charsinsky
Chief Financial Officer:	Ben Newton
Telephone:	08 94811176
Website:	www.neonenergy.com