

Neon Energy Limited

An Emerging Explorer & Producer



February 2013



NEON Energy Ltd. is an ASX Listed ("NEN") oil and gas exploration and production company focused in selected countries in Southeast Asia and the US. Our primary goal is to add shareholder value by acquiring significant equity positions in high quality prospective acreage via the appropriate use of the latest technologies, our large unique database and our experienced technical team

Disclaimer



This presentation has been provided for the sole purpose of providing preliminary background financial and other information to enable investors to review the business activities of the Company.

This presentation contains interpretations and forward looking statements that are subject to risk factors associated with the oil and gas industry.

It is believed that the expectations reflected in the presentation are reasonable but may be affected by a variety of variables and changes in underlying assumptions which could cause actual results to differ substantially from the statements made. Including but not limited to: production fluctuations, commodity price fluctuations, variations to drilling, well testing and production results, reserves estimates, loss of market, industry competition, environmental risk, physical risks, legislative, loss of mineral lease tenure, fiscal and regulatory developments, economic and financial market conditions, project delay or advancement, approvals and cost estimates.

Investors should undertake their own analysis and obtain independent advice before investing in Neon Energy shares.

All references to dollars (\$) in this presentation are to US\$ unless otherwise stated.

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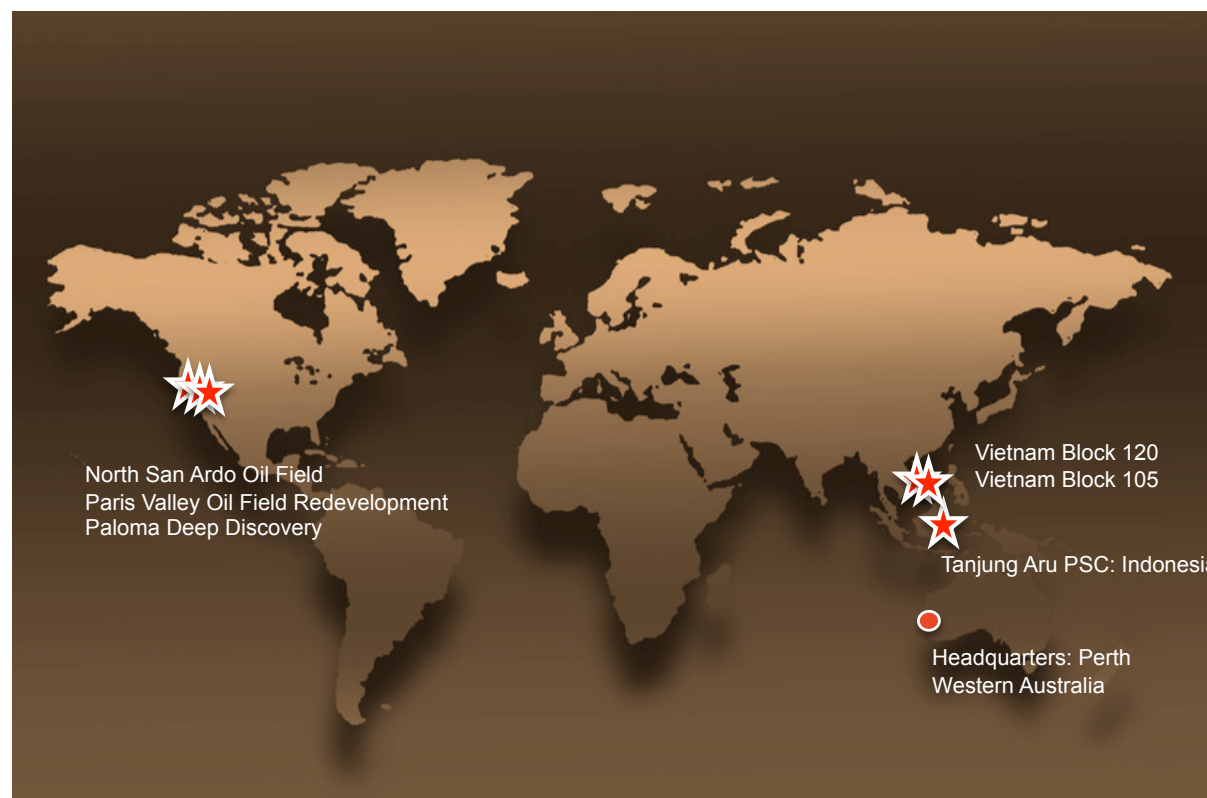


Investment Rationale

Leveraging Californian production to fund “blue sky” exploration in Southeast Asia

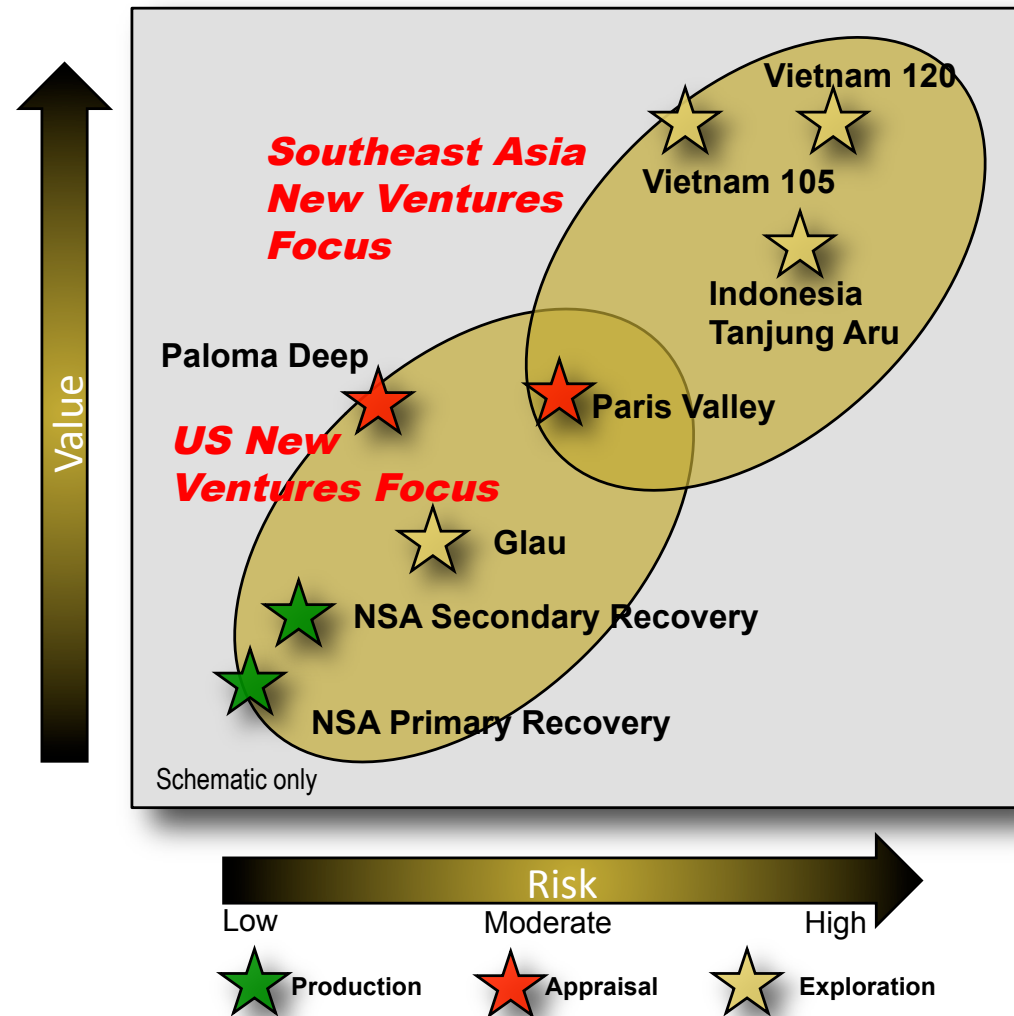
Competitive advantage via:

- Unique geoscience data library covering Southeast Asia
- Proprietary 5000 man hour study in California
- Strong geoscience skills
- Proven Board, management and technical team



Building an Attractive Balanced Portfolio

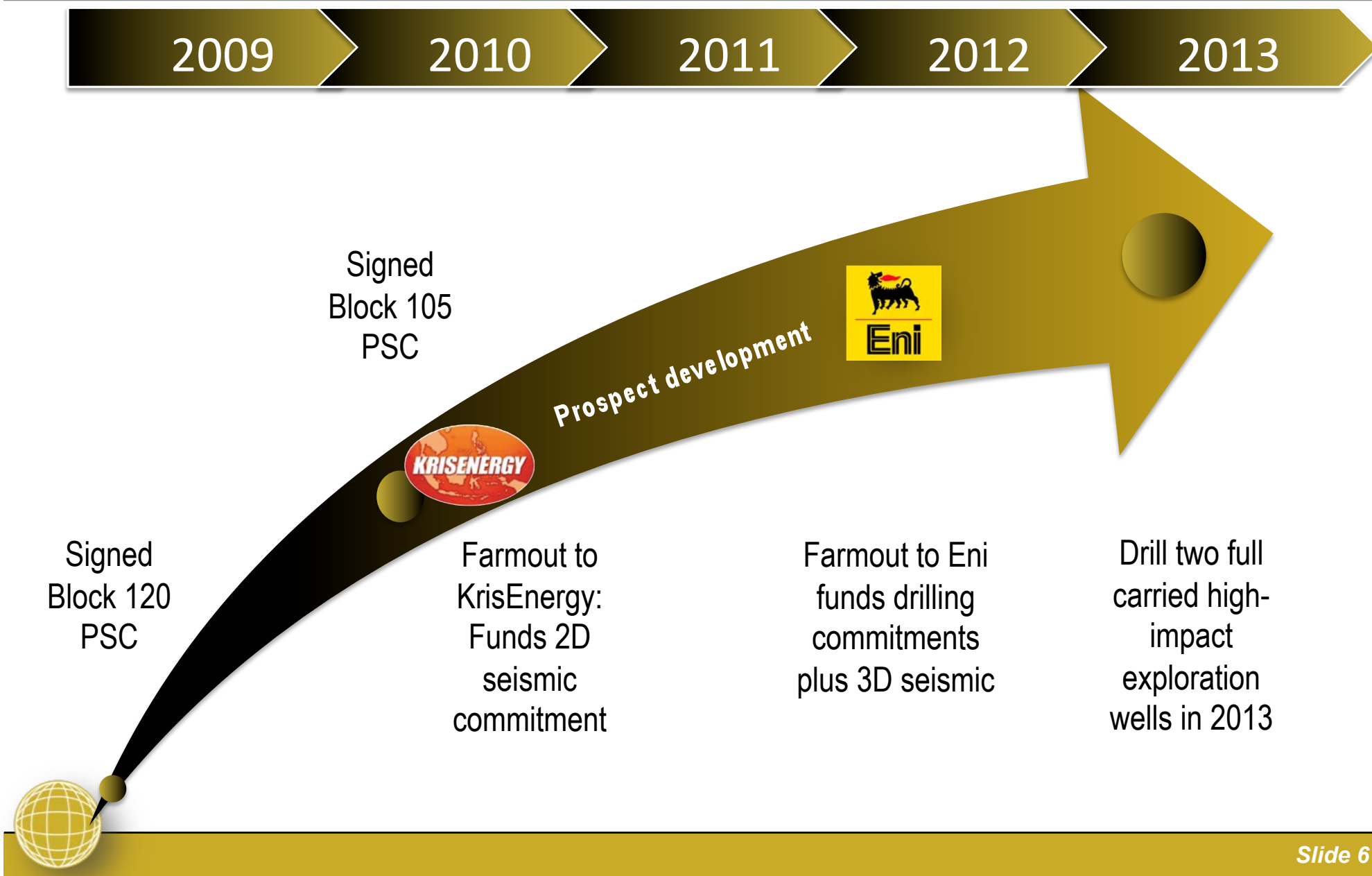
- Southeast Asia
 - “Blue Sky” exploration
 - Moderate risk for high reward
 - Net NPVs US\$200MM to \$1000MM+
- California
 - Low risk production and appraisal
 - Near term low-moderate risk exploration upside
 - Net NPVs US\$10MM to \$200MM
- New Ventures
 - Focus on medium risk exploration and appraisal assets
 - Targeting >25MMBOE net incremental resources



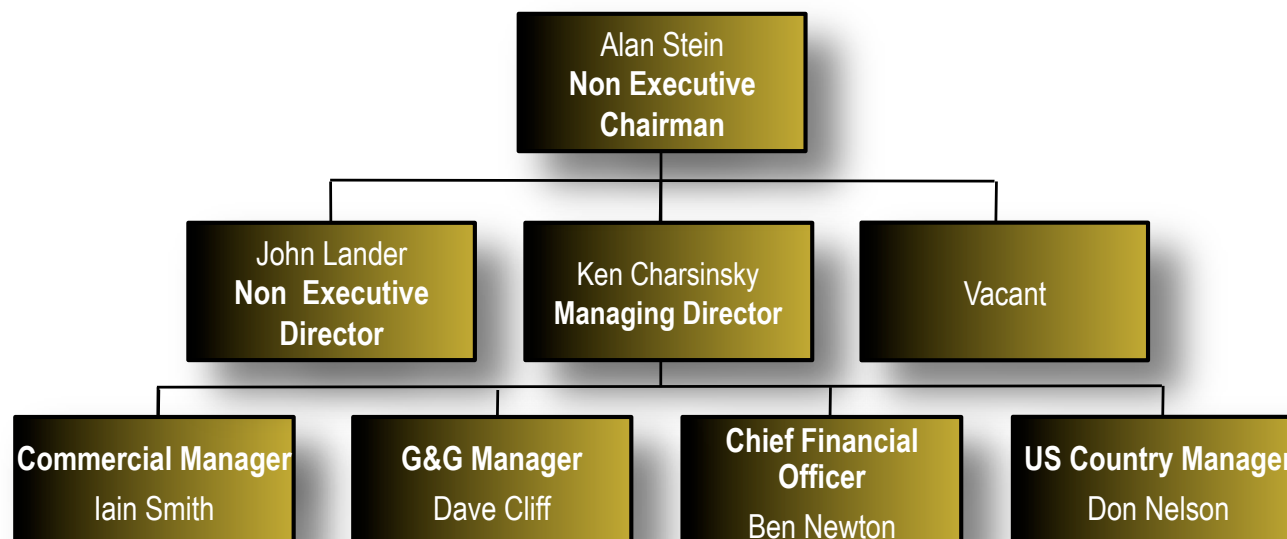
- Southeast Asia **portfolio growth**, favouring “grass roots” asset entry and high initial participating interests
- **Mitigate** risk and add value via efficient use of **technology**
- Farmout where appropriate to **minimise capital** exposure and dilution
- Always maintain **material equity** position in projects
- **High quality** and **diverse** portfolio
- Maintain a disciplined approach to **portfolio management** and capital allocation
- Act as **Operator** where possible – drawing on management experience



Vietnam: Successful Strategy Case Study



Board and Management



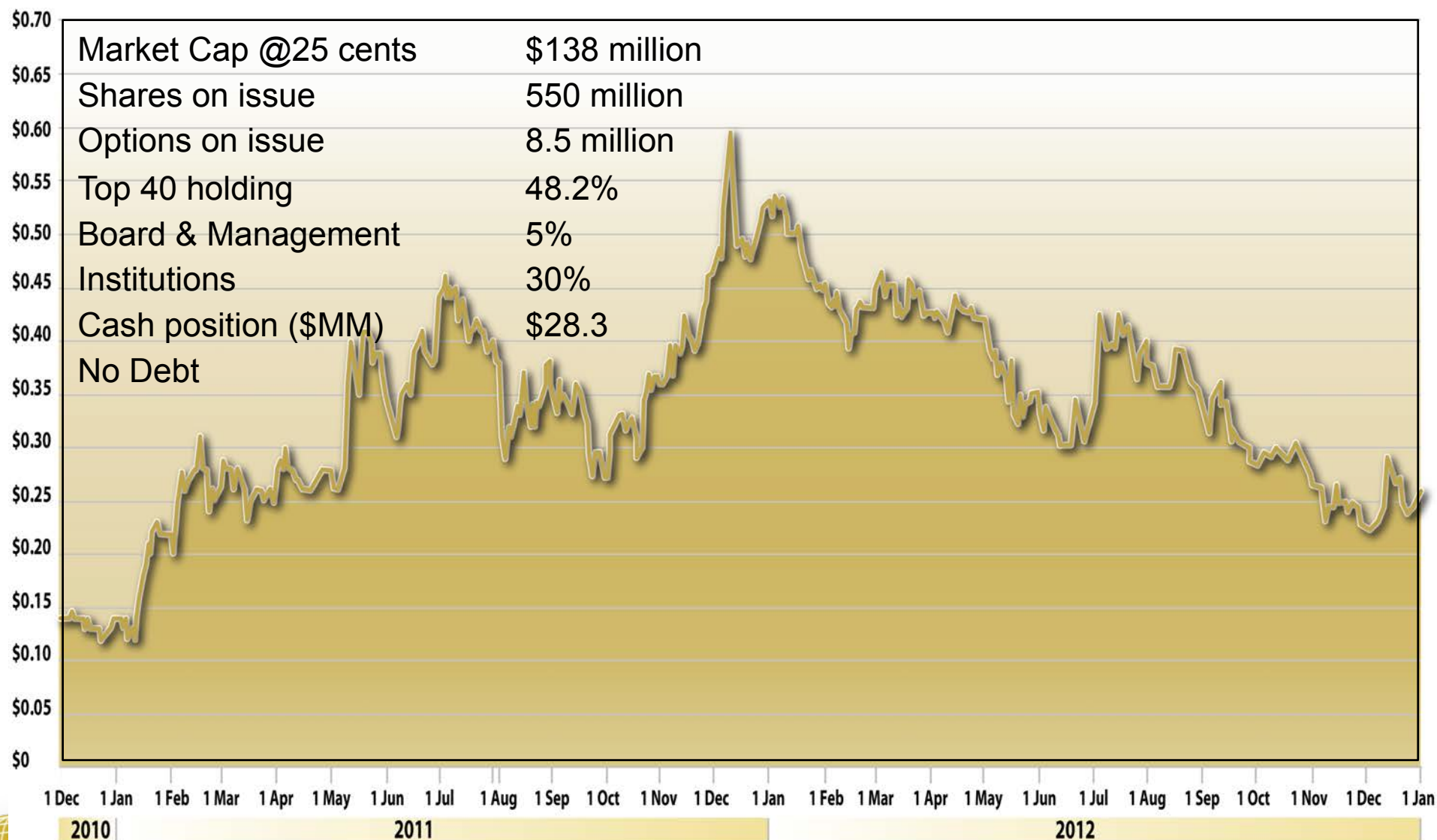
Non-Executive Chairman: Dr Alan Stein founded UK listed **Fusion Oil and Gas**, a successful West Africa explorer sold to Sterling Resources in 2003. Has since founded **Ophir Energy plc**, an Africa focused exploration company which listed in London in 2011. The **IPO was the largest** ever in Europe by an Exploration company currently has a market cap of ~A\$ 3 billion.

Non-Executive Director: John Lander has over **45 years** of experience in the **international and domestic oil industry** and has held a **number of directorships** in successful oil and gas companies listed in the United Kingdom. He currently holds non executive posts in three UK based companies, namely: **Canadian North Sea Ltd, Alkane Energy Plc and Ophir Energy Plc.**

Managing Director: Ken Charsinsky has **over 35 years of worldwide upstream E&P experience**, most recently as **New Ventures Exploration Director for Noble Energy Inc.** Previously he has been the Managing Director of E&P subsidiaries of **CMS (Nomeco) subsidiaries based in Congo and Tunisia.**



Capital Structure

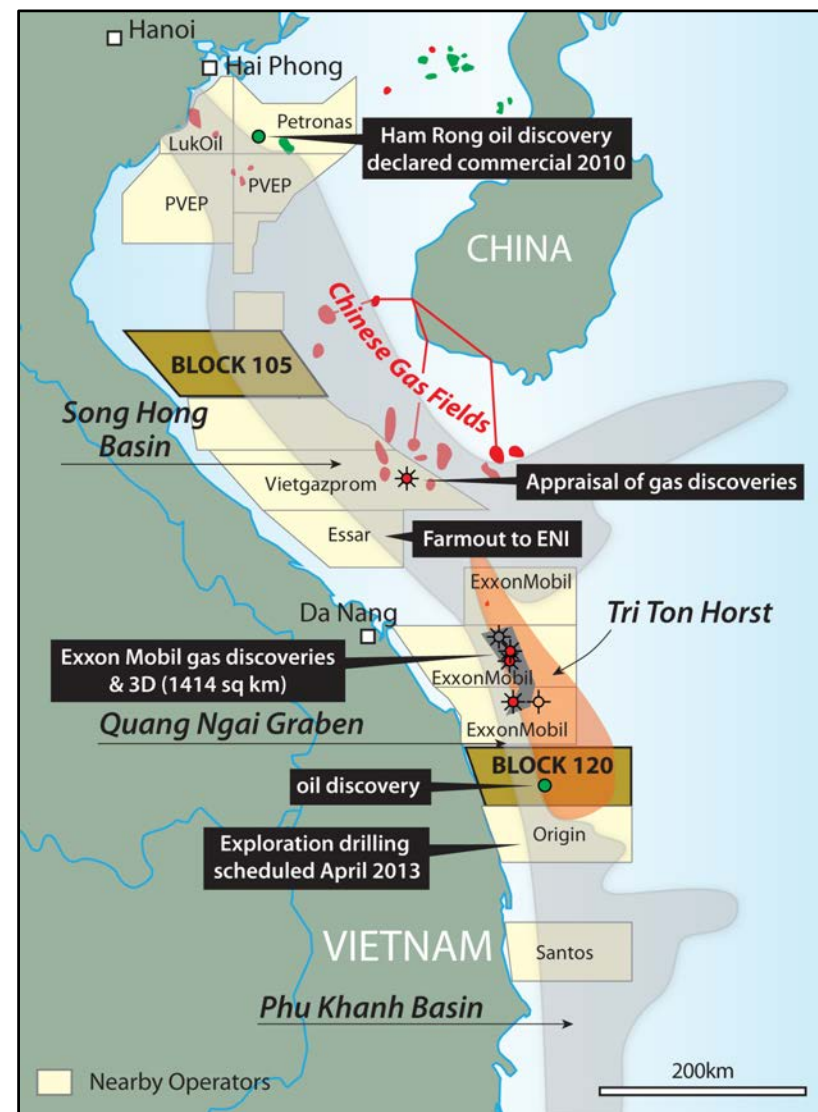


Market Coverage



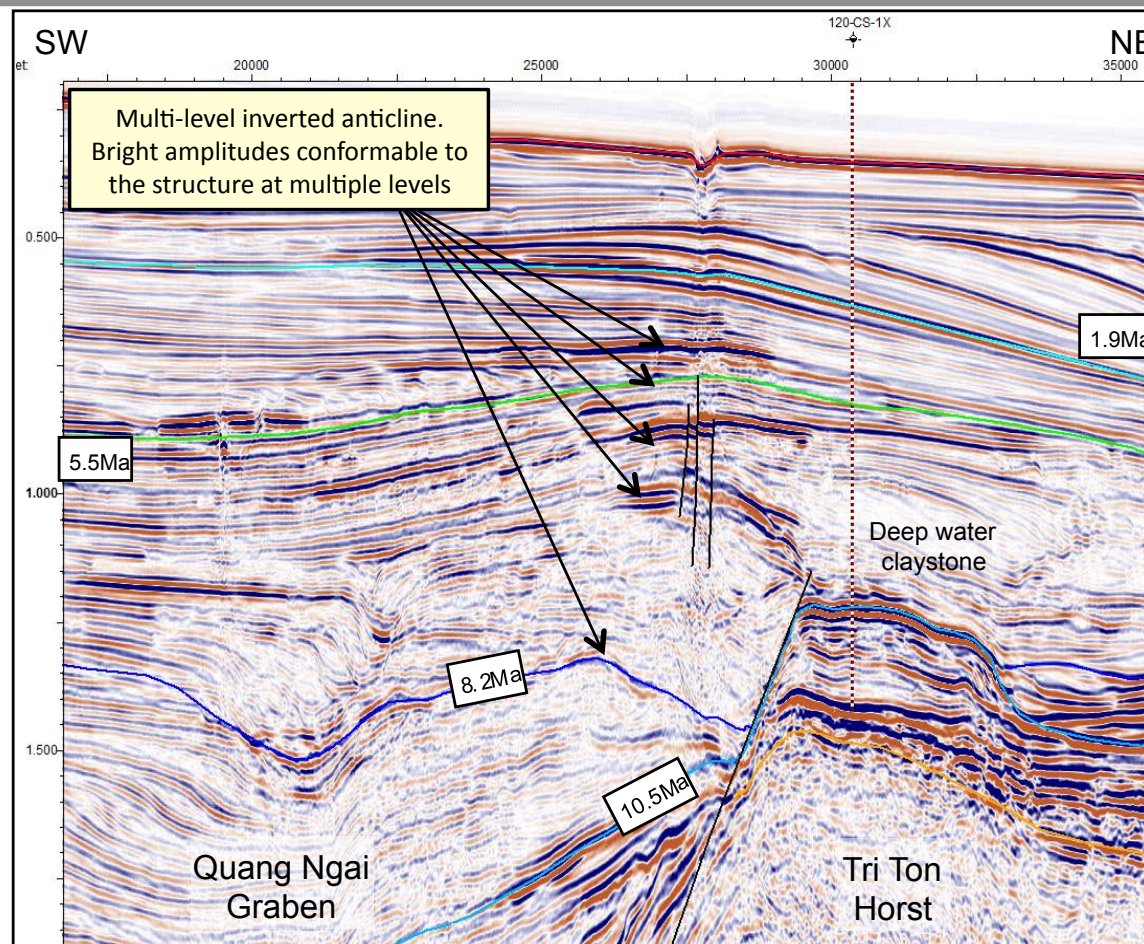
Vietnam: High Impact Exploration

- Material exposure to significant upside
- Carried through 3D seismic & 2 exploration wells by Eni
- Large, underexplored blocks located within proven petroleum systems
- Block 105 gas prospects adjacent to Chinese producing gas fields, and on trend with Vietgazprom gas discoveries
- Recent major ExxonMobil discovery along geological trend with Block 120 prospects
- Origin drilling Block 121 prospect in April 2013



Vietnam Block 120 (Neon 25%)

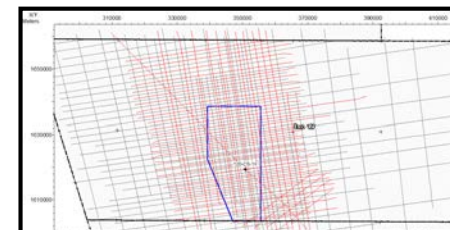
- Large underexplored area: 8,469 km²
- Oil prospects in very large structural closures
- Proven petroleum system with an oil discovery on the block
 - 1993 BHP well encountered 6 metre oil column above 32 metres of oil shows
- Recent ExxonMobil discovery successfully appraised along trend on a Miocene Reef analogous to the *Ca Lang* prospect
- 500km² 3D survey completed mid 2012 with positive indications
- Exposure to huge resource potential with a material 25% interest
- Exploration drilling in 2013



Netherland Sewell & Associates (MMBO recoverable)

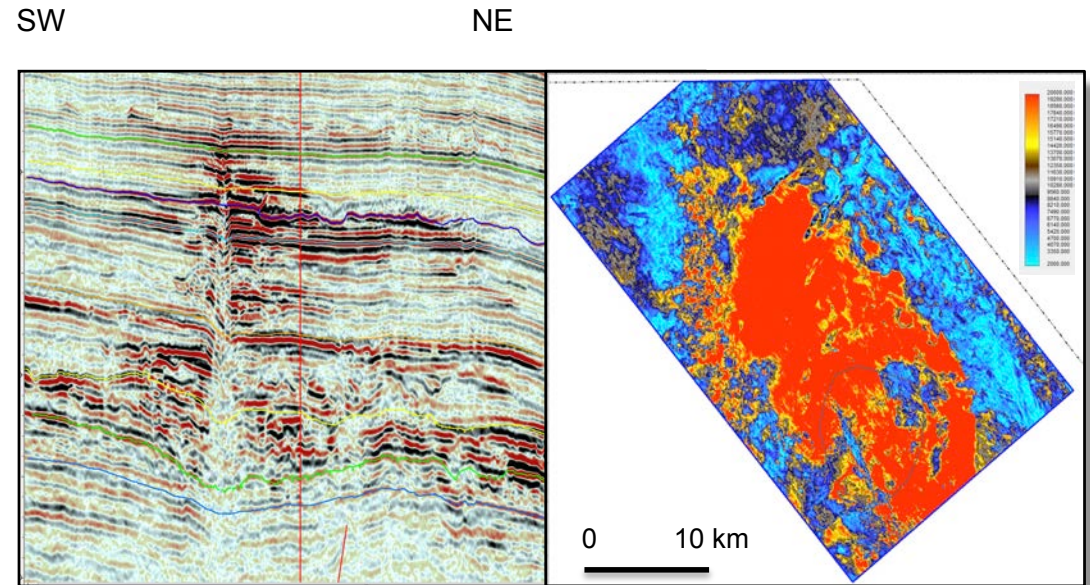


Prospect	Low	Best	High
Rua Bien	160.1	611.2	1724.2
Ca Lang	125.7	460.6	1311.1




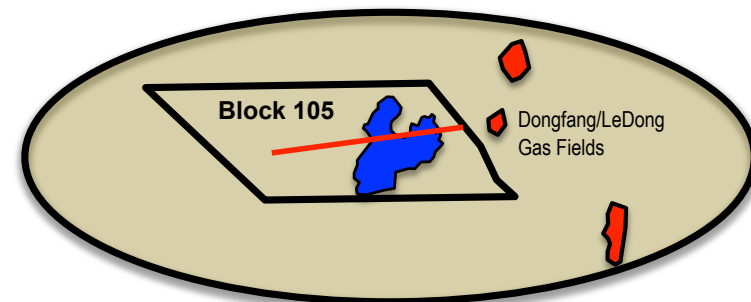
Vietnam Block 105 (Neon 25%)

- Large undrilled, shallow water block: 7,192 km²
- Proven petroleum system
 - Multi-Tcf Chinese gas fields immediately to east
 - Vietgazprom discoveries to southeast
- *Cua Lo* prospect exhibits AVO anomalies and apparent seismic Direct Hydrocarbon Indicators
- 800km² 3D survey completed mid 2012, will determine optimal drilling location
- Exposure to huge resource potential with a material 25% working interest
- *Cua Lo* to be drilled in 2013



Horizon RMS amplitude map, showing “bright” amplitudes over main *Cua Lo* fan complex

Netherland Sewell & Associates (Billion Cubic Feet Recoverable) 			
	Low	Best	High
<i>Cua Lo</i>	1088.0	3983.5	14221.6



Farmout to Eni: Delivering on Strategy



Corporate Strategy: To expose shareholders to large upside high quality opportunities with minimal capital dilution

Endorsement by a highly successful Supermajor

- Eni are the ninth largest oil and gas company in the world*
- Market capitalisation ~US\$80 Billion
- Recent successes include multiple gas discoveries offshore Mozambique (40 to 50 TCF), and a 150-250 MMBLS oil discovery in Egypt
- Focused on growth in Asia-Pacific region

Eni will fund:

- exploration drilling in both blocks, at nil to minimal net cost to Neon
- 3D seismic surveys in each block to optimally locate the wells, thereby increasing chance of exploration success

Neon retains a 25% interest in each block

As Operator Eni brings world-class technical and operational capabilities, essential for efficient and early monetisation of a discovery

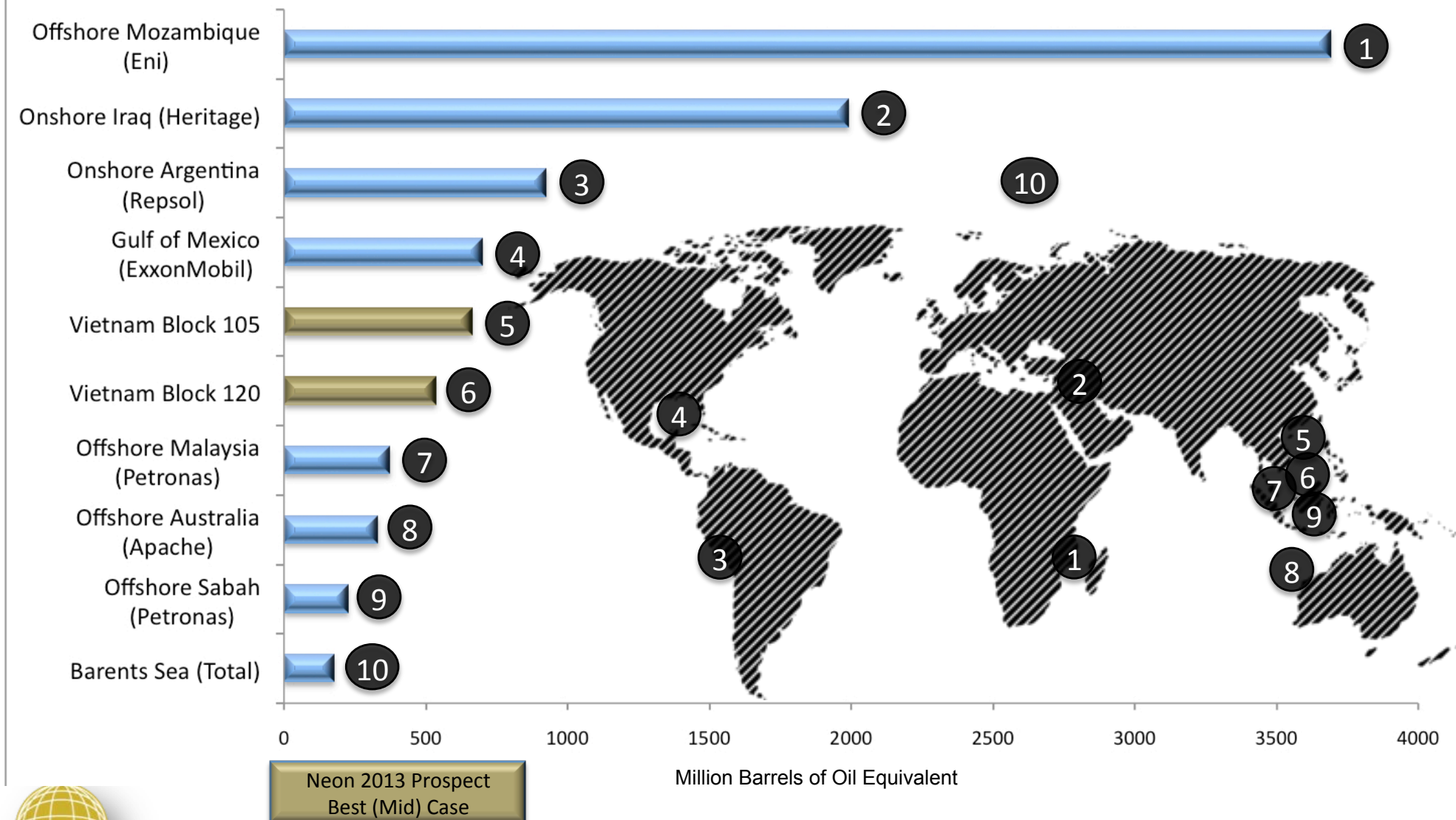


*Source: Fortune magazine, 2011



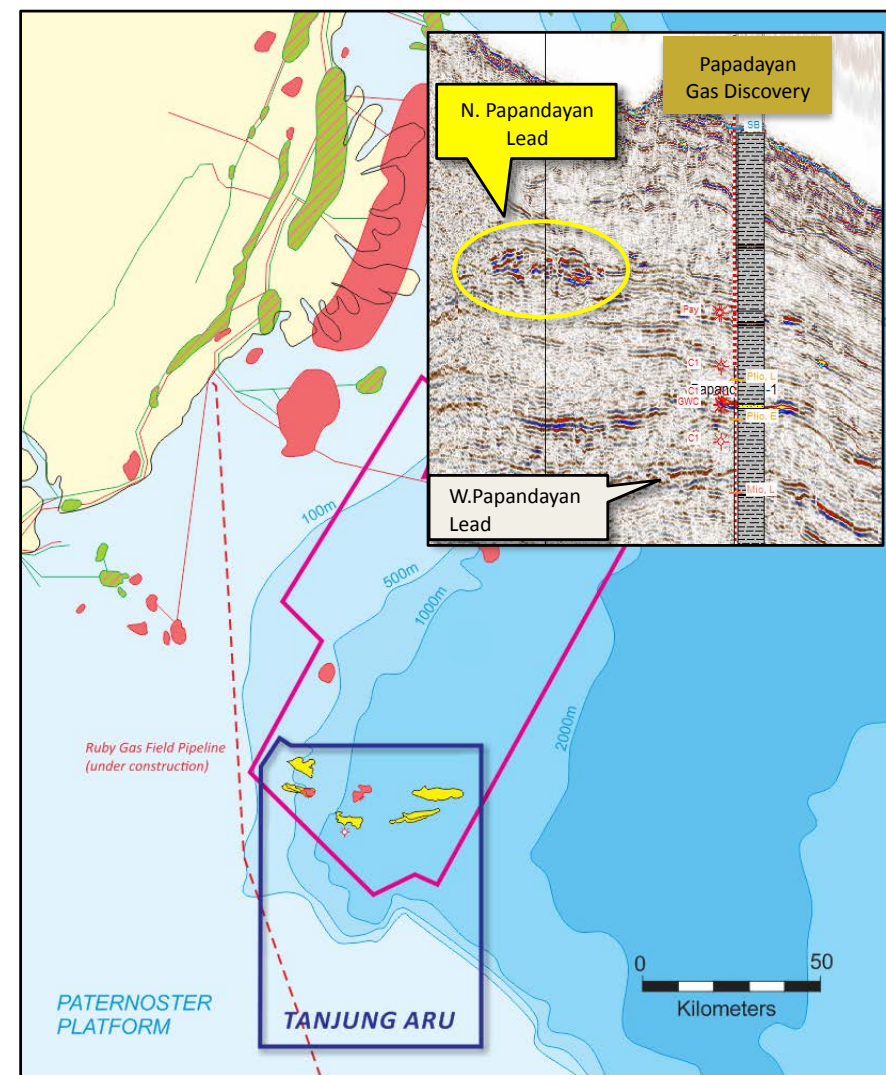
Vietnam: High Impact Exploration

Vietnam Prospect Sizes Relative to Significant Global Discoveries of 2011



Indonesia: Exploring Margins of Prolific Basin

- 4,200km² block located offshore Kalimantan, in prolific Kutei Basin
- Neon working interest 42%
- Gas discoveries on block
- Shallow and deep water petroleum plays
- Favourable “frontier” fiscal terms
- Proximity to existing infrastructure and strong local gas prices
- Entering year 2 of three year term
 - Commitment to reprocess existing 3D (completed), plus 500 km² of new 3D seismic
 - 3D seismic programme scheduled mid 2013



California: Niche Play for a Niche Player

- Mature industry well over 100 years old currently produces ca. 630,000 bopd
- Much of the development completed without benefit of modern techniques
- Significant potential remains, e.g. Occidental's San Joaquin Basin discovery (~250 MMboe)
- Huge unconventional potential
- Monterey Formation estimated to contain more technically recoverable resources than Bakken or Eagleford*
- Small players achieve a competitive advantage through modern geoscience techniques not typically applied in mature onshore basins



* US Energy Information Administration, July 2011 Review of Emerging Resources: US Shale Gas and Shale Oil Plays



California Production: North San Ardo Field

- **Company cashflow generated by 100% owned North San Ardo oil field**

- Heavy oil sold at premium to WTI
- Approx. 300 BOPD covers Neon operating overheads

- **Reversing natural production decline via:**

- Facilities upgrade
- Remedial works
- New development wells
- Thermal recovery

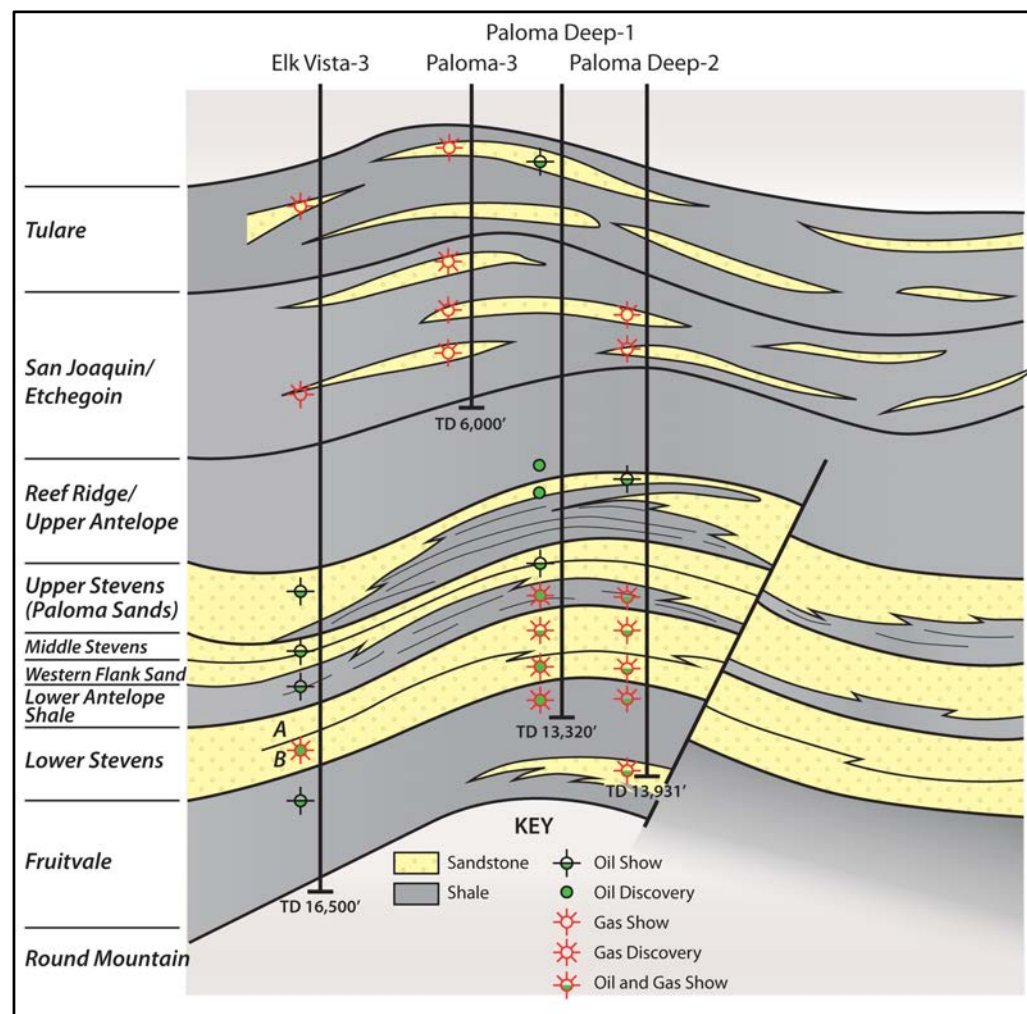
- **Implementing new technology**

- 3D visualisation
- Real-time geosteering
- Specialised well completion



Paloma Deep Discovery

- PD-1 & PD-2 well tests confirmed producible light oil and gas from unconventional reservoirs of the Monterey Formation
- Monterey estimated to host 15.4 billion barrels of technically recoverable, tight oil*
- Neon has confirmed significant resource potential in multiple reservoirs
- Lower Antelope Shale offers potential for initial production rates in excess of 800 bopd
- Operations suspended pending completion of reservoir modeling and update of Contingent Resources
- Three shallower, conventional zones of interest remain to be tested
- Seeking farmin partner to provide capital & unconventional development expertise

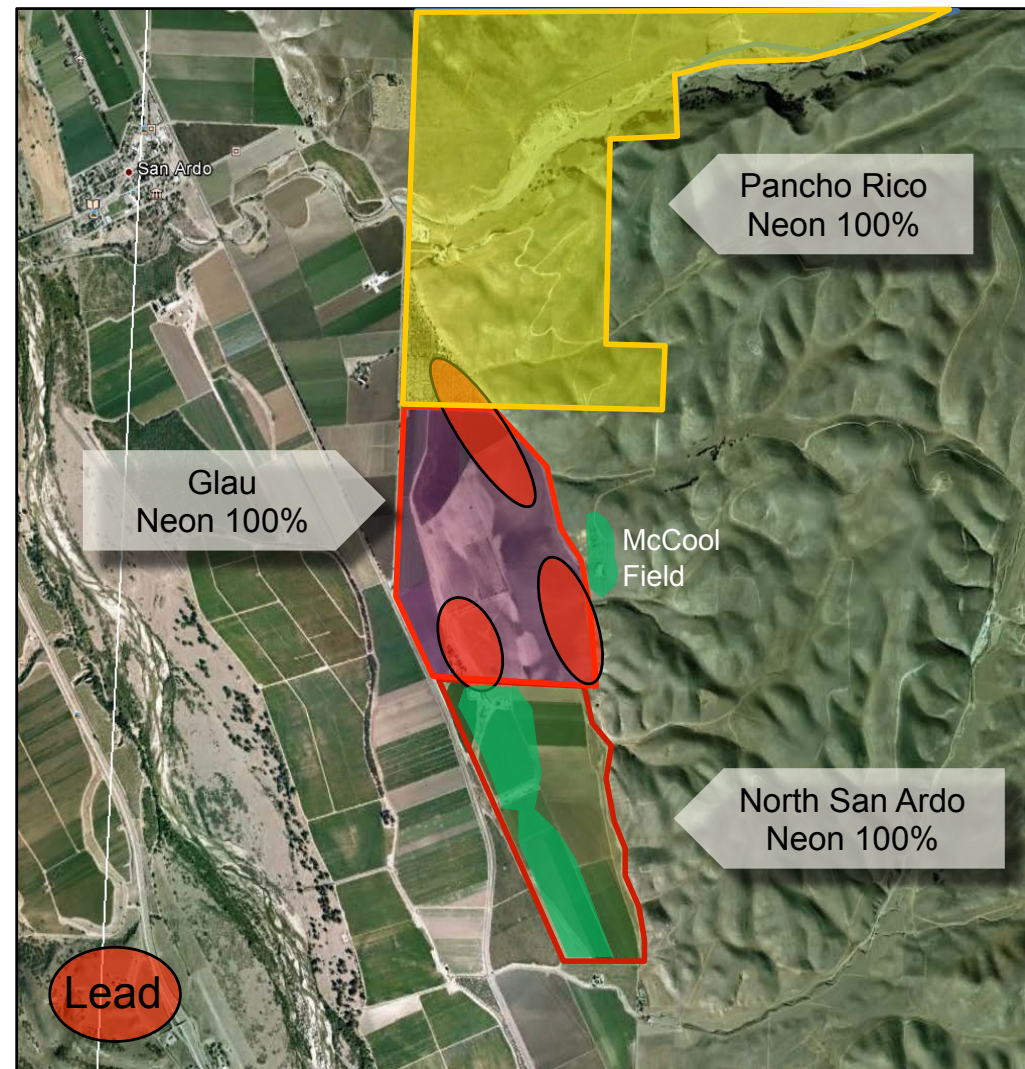


*US Energy Information Administration/Annual Energy Outlook 2012.



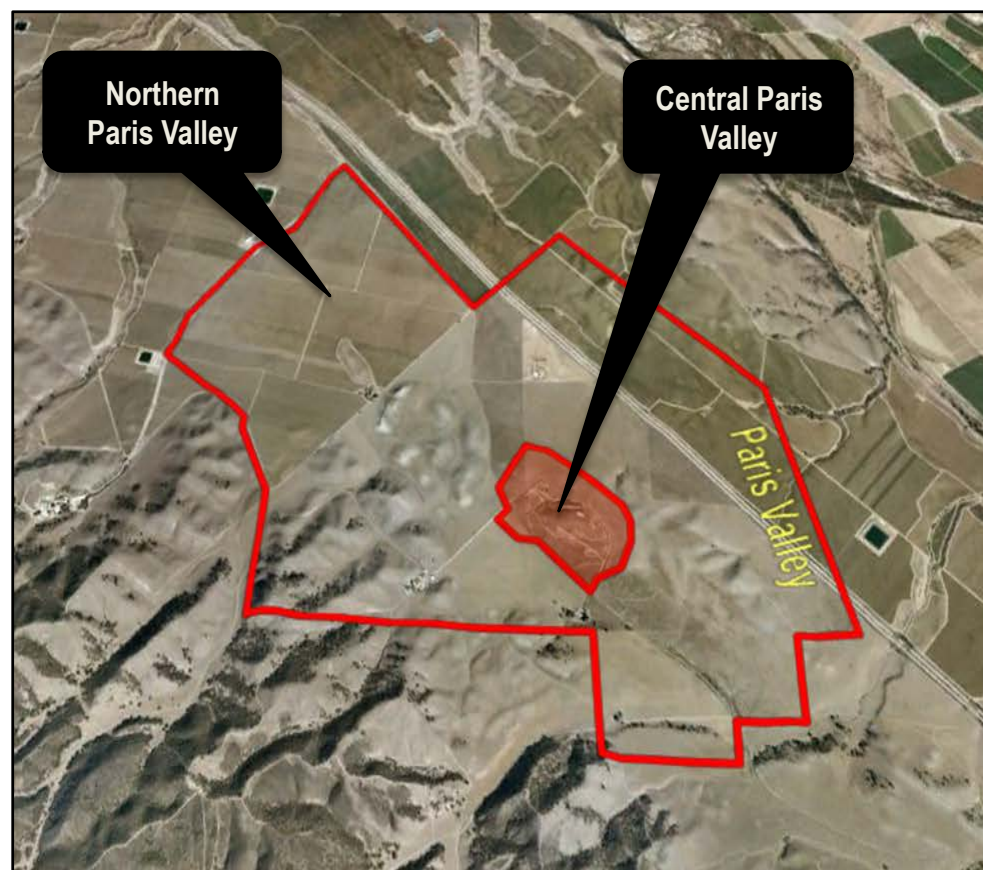
Glau Nearfield Exploration

- Regional work indicates North San Ardo trend continues north in to Glau lease
- Neon secured lease in late 2012
- Seismic acquisition programme in progress
- Potential for drilling by mid 2013
- Shallow test wells ~\$0.5 MM
- Excellent potential for near term incremental cash flow



Paris Valley Re-Development Project

- Produced in 1970s by Husky Oil but shut in due to low prevailing oil price
- Husky development pumped at what would be commercial rates today (after steaming)
- Central Area contains 9.1 MMBO 2P reserves* defined by over 30 oil wells
- Northern Paris Valleys offers upside of estimated 100 MMBO in place
- Pilot development planned for 2013 upon completion of permitting process
- Heavy oil will require enhanced recovery techniques from inception, most likely thermal

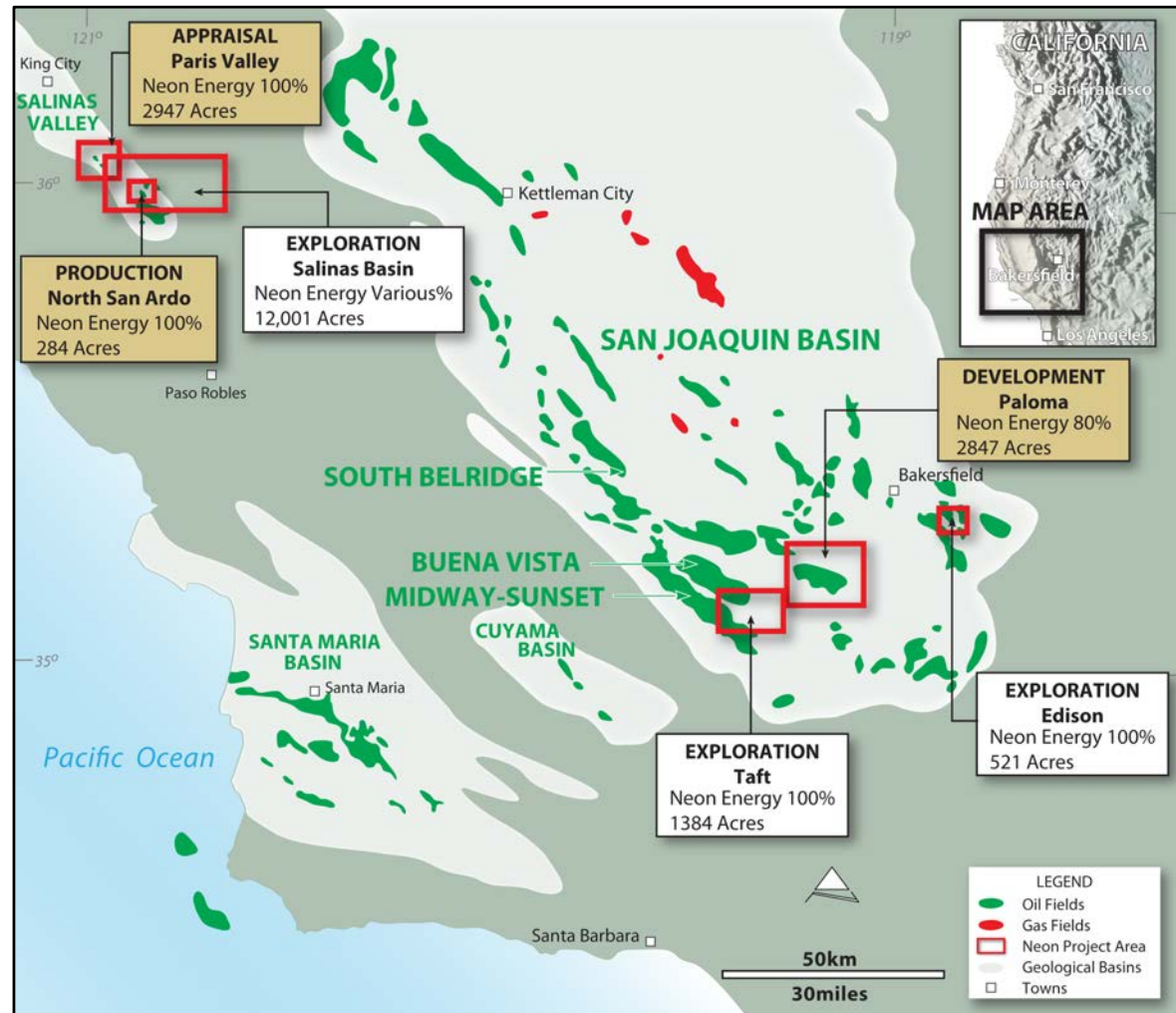


**MHA Petroleum Consultants' report compiled by Leslie S O'Connor, President of MHA Petroleum Consultants, who is qualified in accordance with the ASX listing rule 5.11. Ms O'Connor, a practicing Petroleum Engineer and Geologist for 34 years, has given her consent to the release of the reserves contained in this report.*

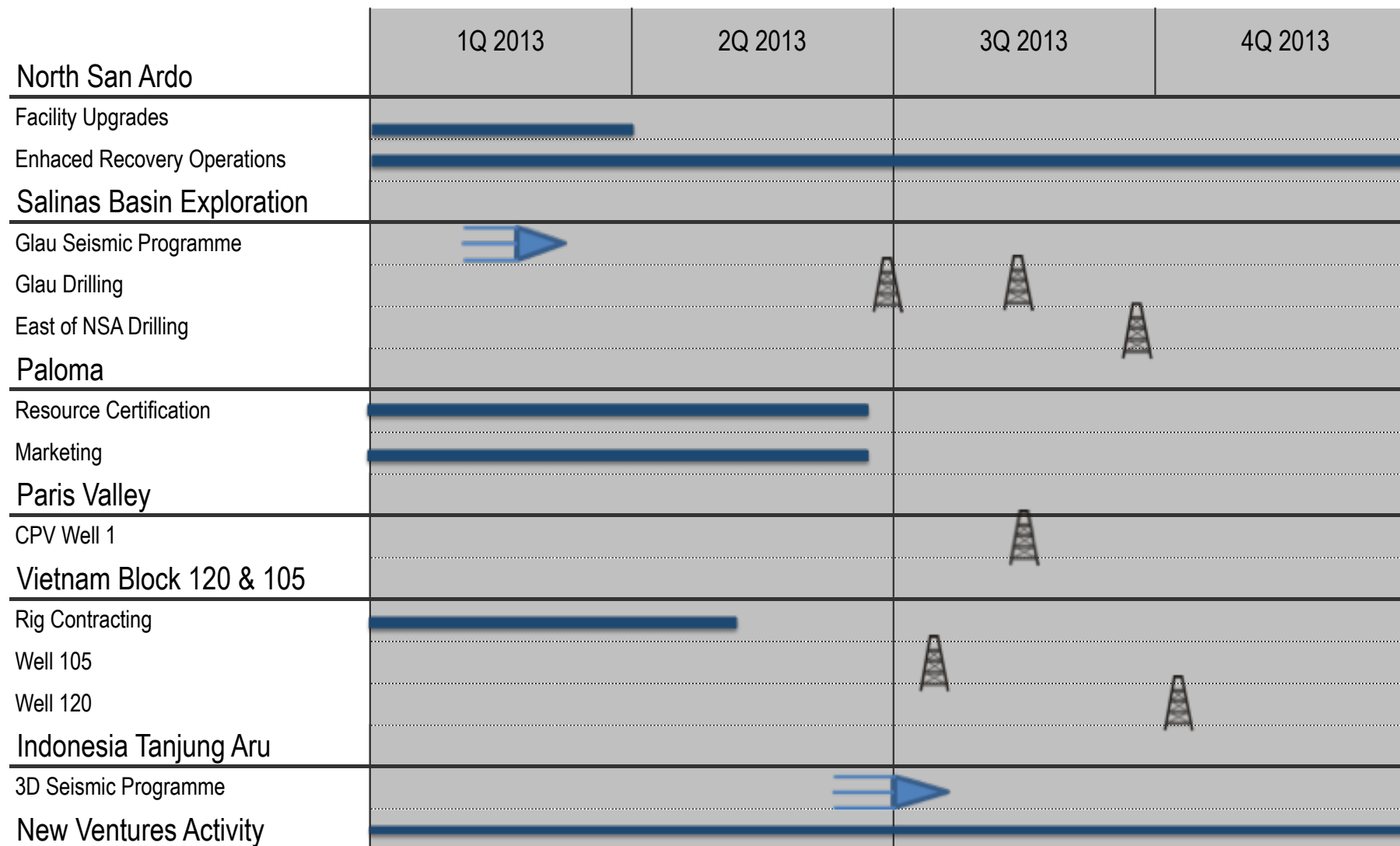


Multiple Plays in California

- **Production** at North San Ardo
- **Discovery** at Paloma Deep
- **Redevelopment** at Paris Valley oil field
- **Exploration** at Glau, Taft & Edison projects



Key Future Activity



Schematic figure for illustration purposes only; subject to change as a consequence of operational limitations etc.

Substantial Resource Base

	Reserves		Contingent Resources			Prospective Resources		
	1P	2P	Low (1C)	Mid (2C)	High (3C)	Low Estimate	Best Estimate	High Estimate
North San Ardo	3.5							
Central Paris Valley	1.8	9.1						
Paloma			11.3	29.6	54.3			
Vietnam 105 Cua Lo						181.3	650.0	2316.7
Vietnam 105 Song Ca						26.6	129.8	408.6
Vietnam 120 Ca Lang						125.7	460.6	1311.1
Vietnam 120 Rua Bien						160.1	611.1	1724.2

All figures quoted are gross project MMBOE

Reserves & Resources Statement:

North San Ardo - The reserves were compiled by Bradford A DeWitt of PETROtech Resource Company inc, a registered petroleum engineer in the State of California, who is qualified in accordance with the ASX listing rule 5.11. and he has given his consent to the release of the reserves contained in this report.

Central Paris Valley - The reserves for Central Paris Valley were compiled by Leslie S O'Connor, President of MHA Petroleum Consultants, who is qualified in accordance with the ASX listing rule 5.11. Ms O'Connor, a practicing Petroleum Engineer and Geologist for 34 years, has given her consent to the release of the reserves contained in this report.

Paloma Deep - Contingent Resource estimates for Paloma Deep have been generated internally by Neon under the supervision of David Cliff, Exploration Manager, a qualified Petroleum Geologist with 31 years experience in the oil exploration industry. Mr Cliff is a member of the Petroleum Exploration Society of Australia and of the American Association of Petroleum Geologists. Mr Cliff has consented to the inclusion of the technical assessment in this announcement in accordance with ASX listing rule 5.11.

Vietnam - The Vietnam Prospective Resource estimates were compiled by Mr. Allen E. Evans, Jr., Vice President – Senior Technical Advisor, and Mr. Eric J. Stevens, Petroleum Engineer, of NSAI. Mr. Evans and Mr. Stevens are qualified in accordance with the ASX listing rule 5.11. Mr. Evans a practicing geologist for 28 years, has given his consent to the release of the prospective resources estimates contained in this report, as has Mr. Stevens, a practicing engineer for 9 years. The estimates of prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). The PRMS defines prospective resources as those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.



A Unique Investment Opportunity



- 🌐 **Diverse and Balanced** Portfolio
- 🌐 Exposure to **high impact exploration** in Southeast Asia
- 🌐 **Unconventional** plays in California
- 🌐 **Competitive advantage** in Southeast Asia and California
- 🌐 **Scale:** Multiple “needle shifting” projects
- 🌐 Short/medium and long term **news flow**
- 🌐 **Track record** of delivering against strategy





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