

Annual General Meeting
22 November 2012

Neon Energy Limited

An Emerging Explorer & Producer



NEON
ENERGY LIMITED



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.

The Company and its Directors, agents, officers or employees do not make any representation or warranty, express or implied, as to endorsement of, the accuracy or completeness of any information, statement representations or forecasts contained in this presentation and they do not accept any liability for any statement made in, or omitted from, this presentation.



“The 2012 financial year was our busiest yet.”



Key highlights



CALIFORNIA
Salinas and
San Joaquin Basins

- Discovery of oil and gas at Paloma
- Farmout – Kettleman Middle Dome Project
- Continued oil production from North San Ardo field
- Expanded exploration footprint – Glau lease nearfield exploration



VIETNAM
Blocks 120 and 105
INDONESIA
Tanjung Aru PSC

- Farmout to Eni – Vietnamese exploration blocks
- Completion of 3D seismic programme in Vietnam Blocks 120 and 105
- Award of new PSC for Tanjung Aru Block (Indonesia)



Corporate
Development

- Raised ca. \$31 million via share placement and SPP
- Increased broker coverage
- Greater institutional presence on share register



Financial performance

	FY 2012	FY 2011	Change
Production (Bbls)	158,075	156,920	1%
Average sales price (\$/Bbl)	98.4	88.4	11%
Revenue (\$ million)	15.6	13.9	12%
Field operating expenses (\$ million)	3.0	2.7	(11)%
Gross operating profit (\$ million)	7.4	6.4	16%
EBITDAX (\$ million)	2.6	2.1	24%



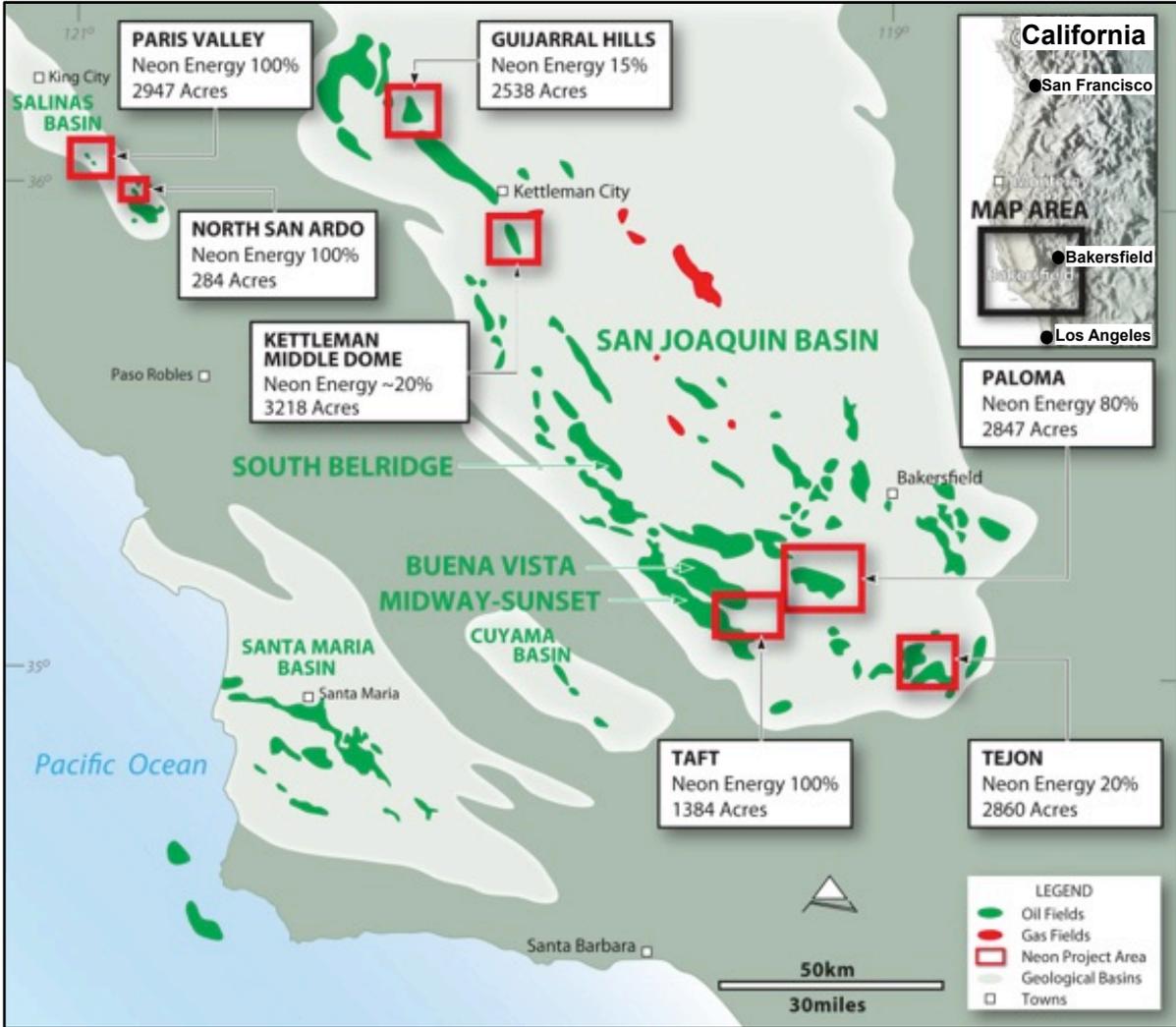
“Over the past 12 months we have seen a number of achievements across Neon Energy’s broad portfolio of oil & gas exploration and production assets.”



California – Activity on Multiple Fronts

Salinas Basin

- **Continued oil production at North San Ardo**
 - Production continues to provide strategic cashflow to fund Southeast Asian efforts
 - Entering new phase of production armed with appropriate equipment and expertise
- **Expanded exploration footprint - Glau lease nearfield exploration**
 - Key new asset
 - Potential to deliver short term cash flow enhancement and diversification
 - Seismic acquisition programme to commence before year end
- **Appraisal at Paris Valley oil field redevelopment project**
 - 9.1 MMBO 2P* reserves attributed to Central Parcel
 - Working through permitting delays



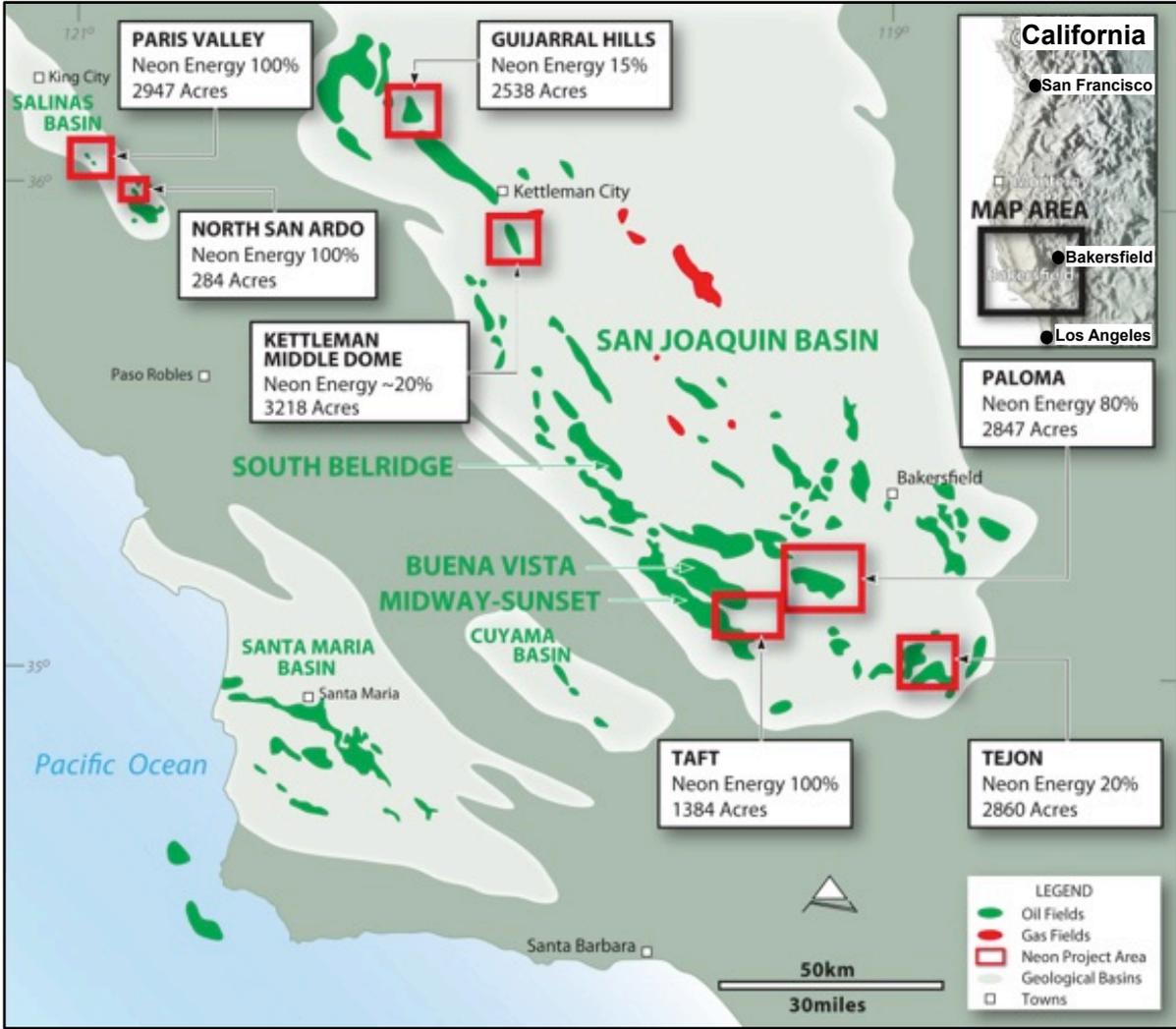
* MHA Petroleum Consultants' report compiled by Leslie S O'Connor, President of MHA Petroleum Consultants, who is qualified in accordance with the ASX listing rule 5.11. Ms O'Connor, a practicing Petroleum Engineer and Geologist for 34 years, has given her consent to the release of the reserves contained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



California – Activity on Multiple Fronts

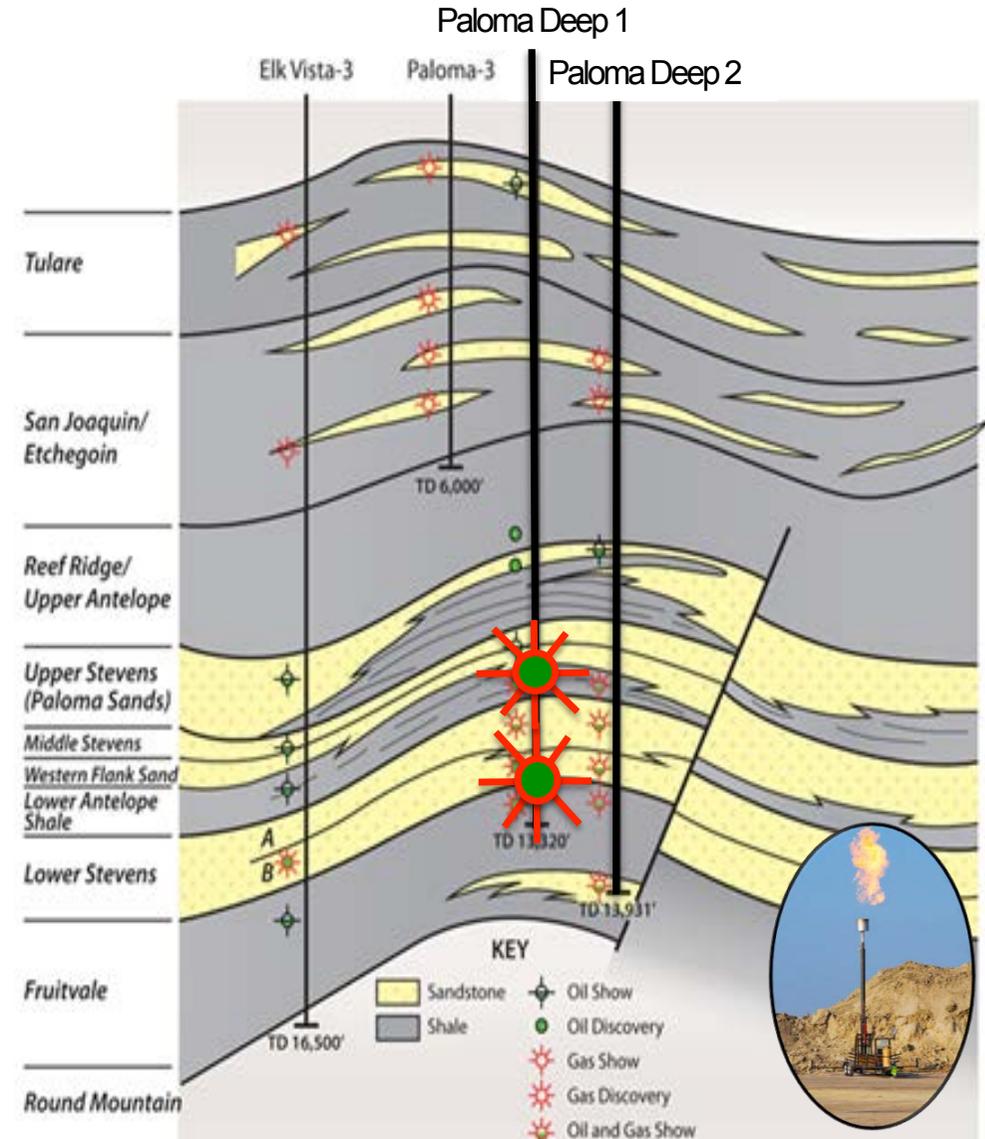
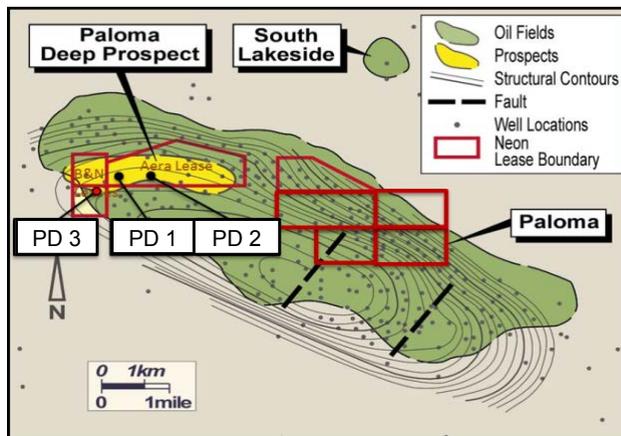
San Joaquin Basin

- **Discovery of oil and gas at Paloma**
 - Still in evaluation phase
 - Internally assessed Contingent Resource of 26 million barrels of recoverable oil and 22 billion cubic feet of recoverable gas in two of the zones tested thus far
- **Farmout at Kettleman Middle Dome**
 - Farmed out to New Gulf Energy in return for drilling and testing four exploration wells at a cost of > US\$ 20 MM

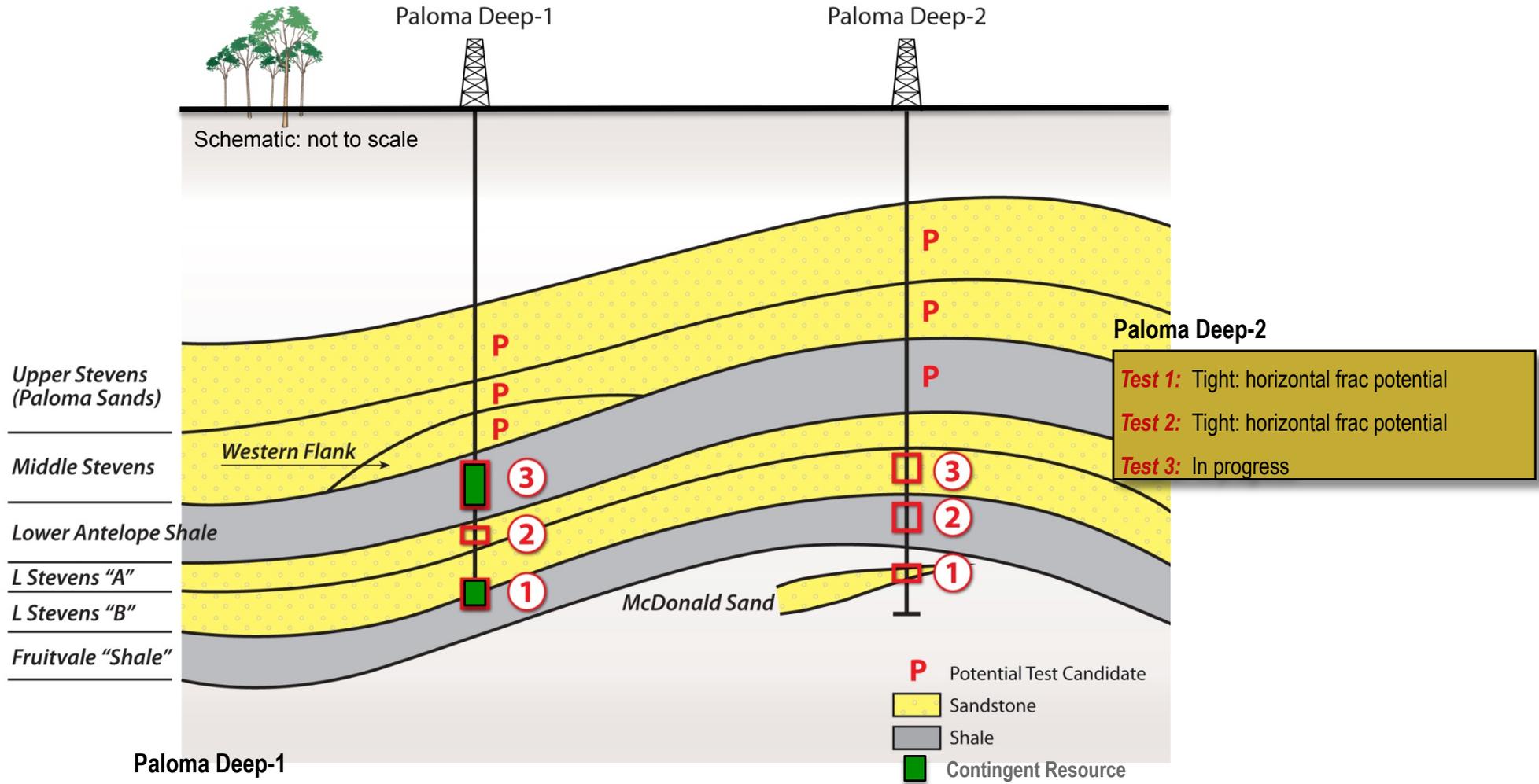


Paloma Deep Discovery

- Paloma Deep-1 testing confirms producible light oil and gas from Lower Antelope Shale, Lower Stevens Sand and Fruitvale Shale
- Neon Contingent Resource estimated at 26 MMbbls oil and 22 Bcf gas (recoverable, best case)
- Three additional zones of interest remain to be tested
- Paloma Deep-2 appraisal well completed on time on budget on prognosis: Testing
- Paloma-3 well at TD 6,000 feet, confirmed shallow gas pay



Paloma Deep: Schematic Testing Update



Paloma Deep-2

Test 1: Tight: horizontal frac potential
Test 2: Tight: horizontal frac potential
Test 3: In progress

Paloma Deep-1

Test 1: Comingled (L Stevens B / Fruitvale) test flowed at commercial rates until mechanical issues. Max rate 226 BOPD + 2MMCFGPD

Test 2: Tight gas. Potential horizontal frac candidate

Test 3: Long duration unconventional test, preliminary results suggest multi stage frac horizontal could flow 550-800 BOPD



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



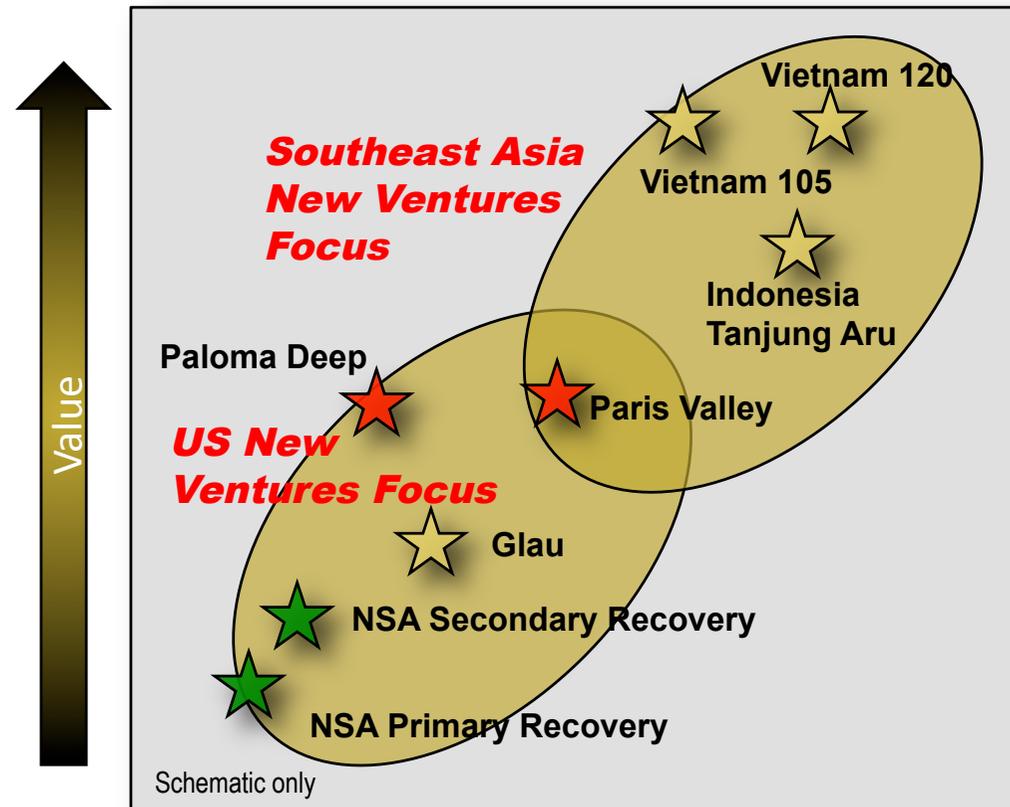
*Source: Fortune magazine, 2011

“Neon Energy’s portfolio of exploration, appraisal and production assets provides the company with a number of unique game-changing exploration and appraisal opportunities, with value underwritten by already producing assets.”



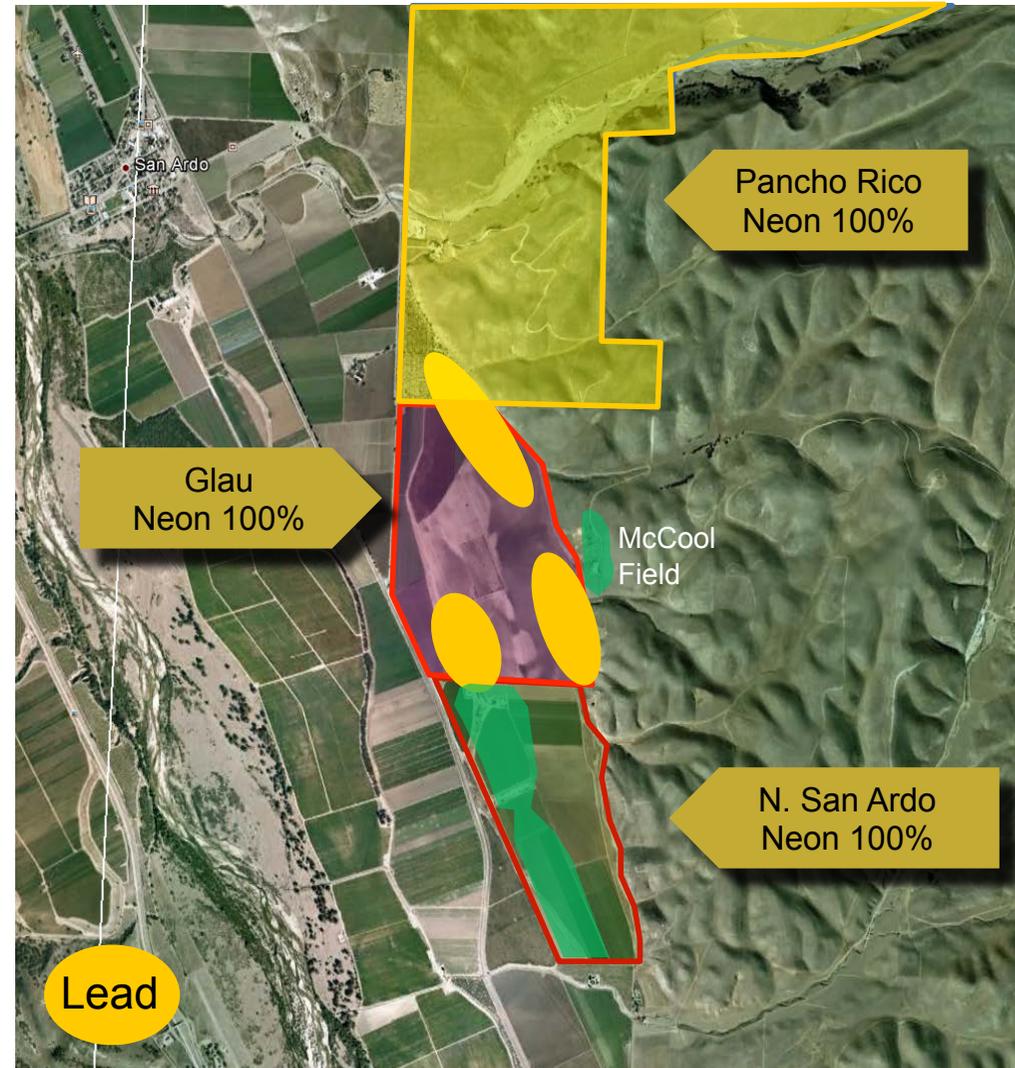
Building an Attractive Balanced Portfolio

- 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



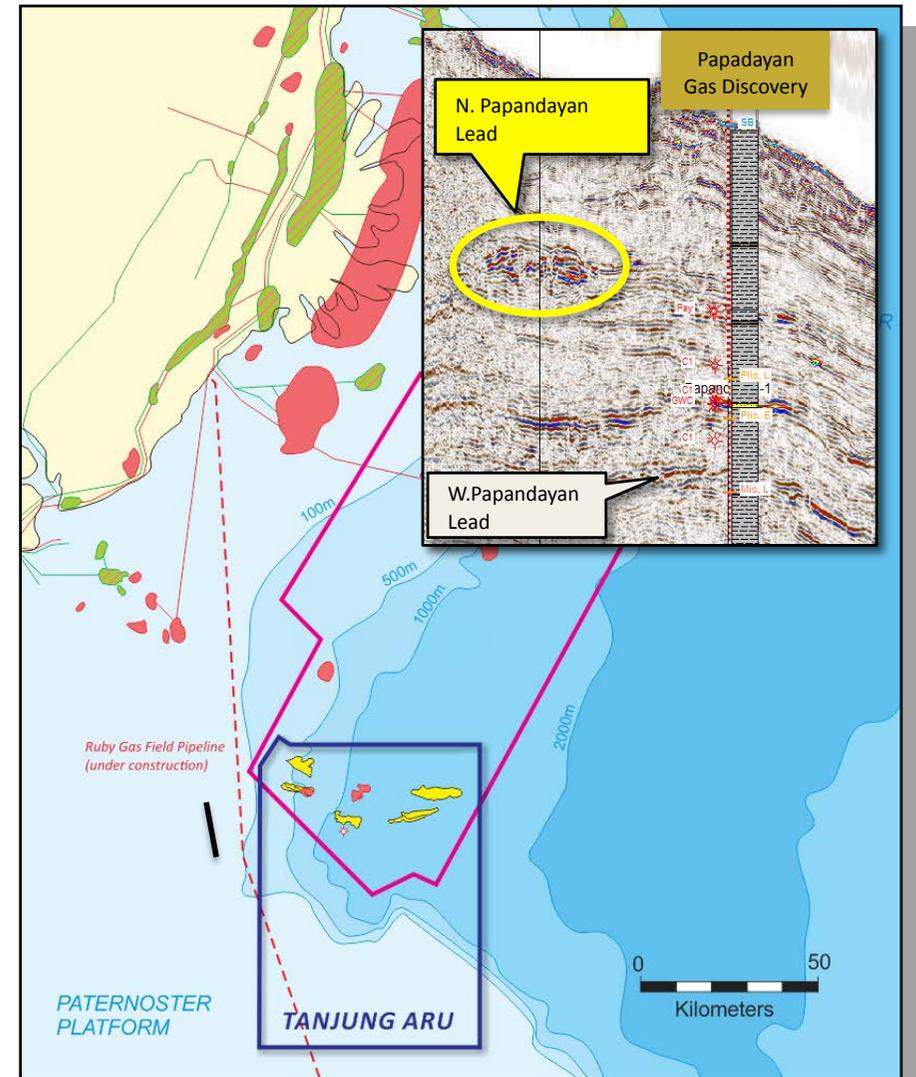
Glau Acquisition

- Regional work suggests favourable North San Ardo trend exists on Glau acreage
- Seismic acquisition program in permitting phase – operations to commence in Q4 2012
- Potential for drilling by mid year 2013
- Shallow test wells – ca. US\$0.5 MM
- Potential for near term cash flow



Indonesia: Tanjung Aru PSC

- 4,200 km² block located offshore Kalimantan, in prolific Kutei Basin
- Neon working interest 42% (KrisEnergy 43%, Natuna Resources 15%)
- Currently in Year 1 of three year term
 - Commitment to reprocess existing 3D (completed November 2012), plus 500 km² of new 3D seismic during a 3 year period.
- Favourable “frontier” fiscal terms
- Shallow and deep water petroleum plays
- Strong market and pricing for domestic gas



Substantial growth opportunities

“Neon Energy’s work programme aims to realise the substantial value upside in its portfolio of exploration and appraisal assets. With a strong balance sheet and substantial cash resources, Neon Energy is well positioned to execute its growth strategy.”



Substantial Reserves and Resources

	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

Reserves & Resources Statement:

All figures quoted are gross project MMBOE

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 was 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.



Key Future Activity

	2012		2013											
	Nov	Dec	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
Paloma (L. Stevens) Test Results	■													
Tanjung Aru Reprocessing Results	■													
Vietnam 120 Seismic			■											
Vietnam 105 Seismic			■											
Vietnam 120 Rig Contract			■											
Vietnam 105 Rig Contract			■											
Glau Seismic			■											
Paris Valley Drilling						■								
Glau Drilling						■								
Certification of Paloma Reserves			■											
Vietnam 105 Drilling					■									
Vietnam 120 Drilling									■					
Tanjung Aru 3D Seismic													■	
Enhanced Production Results NSA		■	■											
New Ventures Capture		■	■											

Note: schematic for illustration purposes only and is subject to change as a consequence of operational limitations, shifts in commodity prices etc.



- Overall **good year** despite recent downturn in share price which is attributed to:
 - Market perception that Paloma has failed – not true
 - Lack of information disseminated by Neon – we’ve heard you !

- Growing a **balanced portfolio** of quality opportunities
 - Profitable US production to fund SE Asia exploration
 - High impact exploration in Vietnam
 - New exploration in Indonesia
 - Unconventional reservoirs in California

- **Scale:** multiple “needle shifting” projects

- **Strong balance sheet:** No debt, ca. \$31m in cash and receivables

- **Track record** of delivery





NEON
ENERGY LIMITED

Ken Charsinsky - CEO

Ben Newton – CFO

Tel : +61 8 9481 1176

Fax : +61 8 9481 7720

www.neonenergy.com

Ground Floor, 88 Colin Street, West Perth, W.A. Australia 6005

