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Salinas
Energy Limited

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held in the Theatre, QV1, 250 St Georges Terrace, Perth, Western Australia on Friday 27 November 2009 at 10.00am (WST).

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9221 5252.

SALINAS ENERGY LIMITED ACN 002 796 974



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders of Salinas Energy Limited (the “**Company**”) will be held in the Theatrette, QV1, 250 St Georges Terrace, Perth, Western Australia on Friday 27 November 2009 at 10.00am (WST).

The Explanatory Memorandum to this Notice of Meeting provides additional information on the matters to be considered at the AGM. The Explanatory Memorandum and Proxy Form are part of this Notice.

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 that the persons eligible to vote at the AGM are those who are registered as Shareholders of the Company on Wednesday, 25 November 2009 at 5.00pm (WST).

Agenda

ANNUAL ACCOUNTS

To receive and consider the financial statements of the Company and the reports of the Directors and Auditor for the year ended 30 June 2009.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and if thought fit to pass as an ordinary resolution:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report contained in the 2009 Annual Report be adopted by Shareholders."

Short Explanation on Resolution 1 : In accordance with section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 – CHANGE OF COMPANY NAME

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

*"That, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company is changed to **"Neon Energy Limited"**."*

Short Explanation on Resolution 2: Following the recent acquisition of Neon Energy Pty Ltd and the expanded activities outside of California, the Board believes it is more appropriate to adopt the name Neon Energy Limited rather than Salinas Energy Limited due to the name Salinas being the name of both a specific sedimentary basin and town in California.

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR IAN MIDDLEMAS

To consider and if thought fit to pass as an ordinary resolution:

"That Mr Ian Middlemas, who retires in accordance with Rule 6.3(c) of the Company's Constitution and being eligible offers himself for re-election, be re-elected."

Short Explanation on Resolution 3: In accordance with the Constitution of the Company, at least one third of Directors (excluding the Managing Director) must retire at the AGM. Mr Middlemas, being the director that has held office the longest period of time since his last re-election, duly retires and offers himself for re-election.

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR DOUGAL FERGUSON

To consider and if thought fit to pass as an ordinary resolution:

"That Mr Dougal Ferguson, who retires in accordance with Rule 6.3(c) of the Company's Constitution and being eligible offers himself for re-election, be re-elected."

Short Explanation on Resolution 4: In accordance with the Constitution of the Company, at least one third of Directors (excluding the Managing Director) must retire at the AGM. Mr Ferguson, being the director that has held office the longest period of time since his last re-election, duly retires and offers himself for re-election.

BY ORDER OF THE BOARD



Dougal Ferguson
Company Secretary

Dated: 20 October 2009

Explanatory Memorandum

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the AGM to be held in the Theatre, QV1, 250 St Georges Terrace, Perth, Western Australia on Friday 27 November 2009 at 10.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders to assist them in deciding whether or not to pass the Resolutions set out in the Notice. All of the resolutions are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by Shareholders entitled to vote on the resolution.

A Proxy Form is located at the end of this Explanatory Memorandum.

ITEM 1

Item 1 on the agenda is consideration of the annual accounts and the associated reports of the Directors and the Auditor. No resolution is required for this item, but Shareholders will be given an opportunity to ask questions and make comments on all aspects of the accounts and reports.

ITEM 2 – ADOPTION OF THE REMUNERATION REPORT

A formal resolution is required for the adoption of the Remuneration Report, but the resolution is not binding on the Directors or the Company. Shareholders will be given an opportunity to ask questions and make comments on the Remuneration Report.

Board Recommendation

All Directors recommend that Shareholders vote in favour of Resolution 1.

ITEM 3 – CHANGE OF COMPANY NAME

The Directors of the Company have determined to change the Company's name to "**Neon Energy Limited**" and resolution 2 seeks shareholder approval for that change in accordance with section 157 of the Corporations Act.

Resolution 2 is a special resolution and requires approval from 75% of the votes cast by Shareholders.

If the proposed change of name is available, that change of name takes effect from when ASIC alters the details of the Company's registration.

Board Recommendation

All Directors recommend that Shareholders vote in favour of Resolution 2.

ITEM 4 – RE-ELECTION OF MR IAN MIDDLEMAS AS A DIRECTOR OF THE COMPANY

This resolution seeks approval for the re-election of Mr Ian Middlemas, who retires by rotation, as a Director of the Company with effect from the end of the meeting.

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining Normandy Mining Group where he was a senior group executive for approximately 10 years. He has extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

During the three year period to the end of the financial year, Mr Middlemas has held directorships in Newport Mining Limited (September 2008 – present), OmegaCorp Ltd (October 2000 – August 2007), Global Petroleum Limited (April 2007 – present), GulfX Limited (May 2007 – February 2008), Indo Mines Limited (December 2006 – present), Mantra Resources Limited (September 2005 – present), Mavuzi Resources Limited (January 2007 – March 2008), Odyssey Energy Limited (September 2005 – present), Pacific Energy Limited (June 2006 – present), QED Occtech Limited (July 2006 – present), Xenolith Resources Limited (March 2007 – present), Fusion Resources Limited (May 2002 – present) and Berkeley Resources Limited (July 2003 – November 2006).

Mr Middlemas was appointed a Director of the Company on 3 November 1995.

Board Recommendation

All Directors recommend that Shareholders vote in favour of Resolution 3.

ITEMS 5 – RE-ELECTION OF MR DOUGAL FERGUSON AS A DIRECTOR OF THE COMPANY

This resolution seeks approval for the re-election of Mr Dougal Ferguson as a Director of the Company with effect from the end of the meeting.

Mr Ferguson has 17 years experience in publicly listed oil and gas companies based in Australia and the UK. His previous role was as the Commercial Manager and CFO of ARC Energy Limited, a position he held during a period of significant growth and expansion of that Company. He was also Company Secretary of both ARC Energy Limited and Adelphi Energy Limited. He has previously worked in the UK for Premier Oil plc and Amerada Hess Limited in both finance and commercial roles.

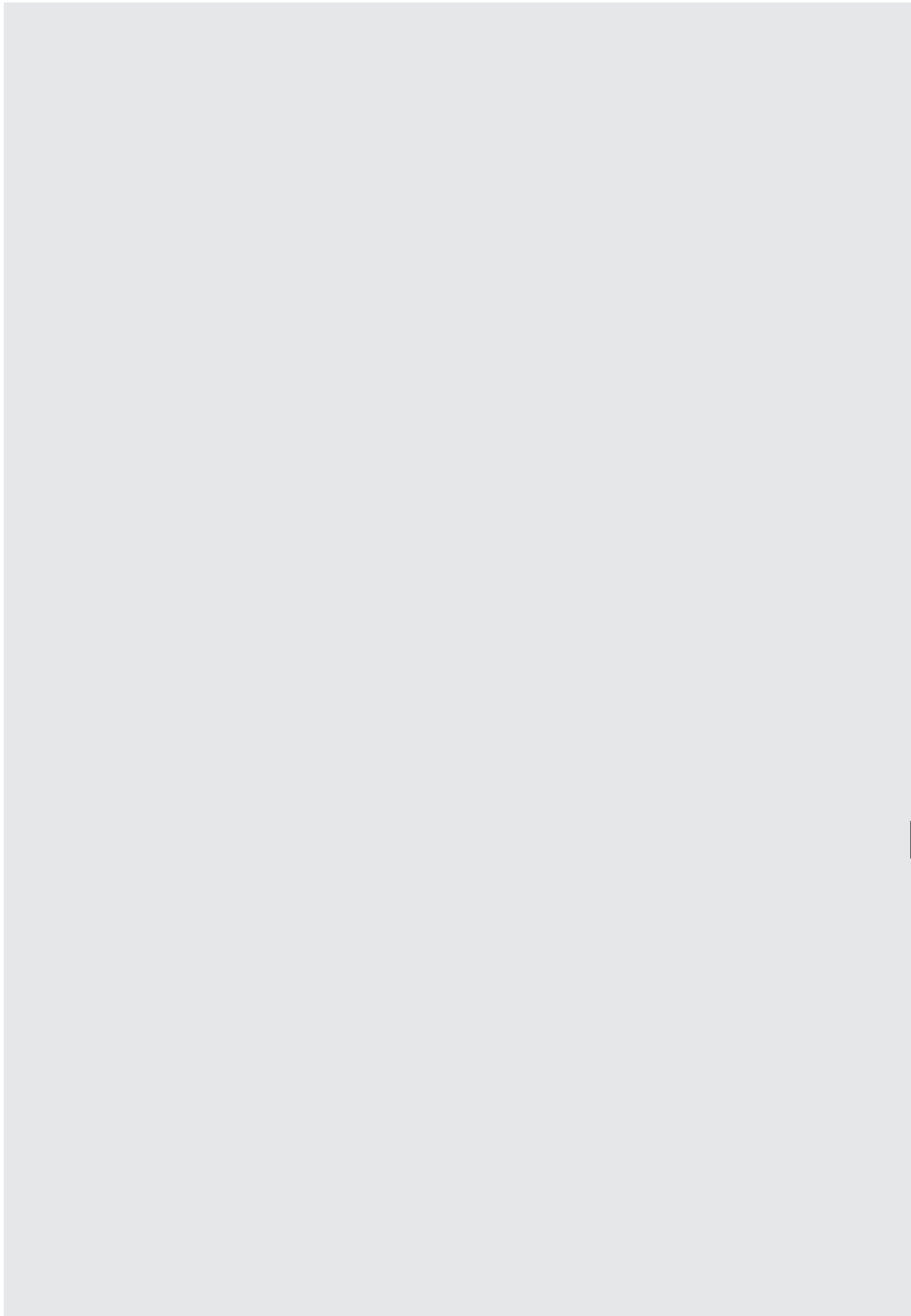
Mr Ferguson has extensive knowledge of the domestic and international oil industry together with a strong understanding of the Australian market and regulatory regime. He has substantial financial management experience and has managed capital raisings, debt funding and numerous corporate actions, including merger and acquisition activities.

During the three year period to the end of the financial year, Mr Ferguson held no other directorships in publicly listed companies.

Mr Ferguson was appointed a Director of the Company on 17 July 2006.

Board Recommendation

All Directors recommend that Shareholders vote in favour of Resolution 4.





Salinas
Energy Limited



Salinas
Energy Limited

ABN 49 002 796 974

Lodge your vote:



Online:

www.investorvote.com.au



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Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
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Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

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Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (WST) Wednesday 25 November 2009

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Salinas Energy Limited hereby appoint

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the Chairman
of the meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Salinas Energy Limited to be held at The Theatre, QV1, 250 St Georges Terrace, Perth WA on Friday 27 November 2009 at 10:00am (WST) and at any adjournment of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

For Against Abstain

Resolution 1 Adoption of the Remuneration Report

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Special Business

Resolution 2 Change of Company Name

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Ordinary Business

Resolution 3 Re-election of Director - Mr Ian Middlemas

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Resolution 4 Re-election of Director - Mr Dougal Ferguson

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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /