



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 19 June 2014

Tanjung Aru Update

Neon Energy Limited (ASX: NEN) wishes to provide the following update further to the Company's announcement of 6 May 2014, regarding the Company's interest in the Tanjung Aru Production Sharing Contract.

As reported at the Company's Annual General Meeting, Neon Energy submitted a formal offer to KrisEnergy to pay all outstanding cash calls, (plus applicable interest) pertaining to the recently completed seismic program, in return for KrisEnergy agreeing to rescind the Notice of Withdrawal issued on 5 May 2014.

KrisEnergy has chosen not to accept the offer, and consequently Neon has executed a Deed of Assignment to effect a transfer of the Company's 42% working interest in the Tanjung Aru PSC to KrisEnergy.

The Deed of Assignment provides Neon with a full release from any further liability.

Background

Operator KrisEnergy issued a Notice of Withdrawal to Neon Energy (Indonesia) Pty Ltd in relation to its interest in the Tanjung Aru PSC and Joint Operating Agreement, further to non-payment of a US\$1,300,000 cash call due for payment on 2 April 2014. The cash call was principally to cover the costs associated with early mobilisation of the 3D seismic vessel for the recently completed survey.

Neon made a "good faith" contribution of US\$300,000 towards the relevant cash call on 4 April 2014, with the balance of the cash call payable pending completion of the sale of the Company's Californian assets. Subsequently KrisEnergy issued a Notice of Withdrawal upon expiry of the 20 day default remedy period prescribed by the Joint Operating Agreement, and before Neon was able to remedy the default by paying the outstanding funds.

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