



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 12 March 2015

SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT IN RESPECT OF EVOWORLD OFFER

Neon Energy Limited (ASX:NEN) (**Neon** or the **Company**) refers to the:

- upcoming general meeting of the Company to consider whether to approve the proportional off-market takeover offer (**Offer**) by Evoworld Corporation Pty Ltd (**Evoworld**) for the purpose of clause 35 of the Company's constitution (**Proportional Bid Meeting**); and
- the target's statement dated 4 March 2015 issued by the Company in respect of the Offer (**Original Target's Statement**).

Supplementary Independent Expert's Report

As shareholders will be aware, Neon engaged BDO Corporate Finance (WA) Pty Ltd (**BDO**) to prepare the Independent Expert's Report on the Offer that was included in the Original Target's Statement as Attachment 1. That report concluded that the Offer was fair and reasonable to Neon Shareholders not associated with Evoworld.

The Company has received a supplementary independent expert's report from BDO.

In light of the matters set out in sections 2.1 and 2.2 of the Supplementary Independent Expert's Report, **BDO has concluded that the Offer is neither fair nor reasonable to Neon shareholders not associated with Evoworld.**

A copy of the Supplementary Independent Expert's Report is included in the Company's First Supplementary Target's Statement that follows this announcement and that will be dispatched to shareholders shortly.

Postponement of Proportional Bid Meeting

The Independent Directors, being Alan Stein and Ken Charsinsky, have resolved to postpone the Proportional Bid Meeting until 10:00am (Perth time) on Wednesday, 25 March 2015 to allow shareholders time to fully consider the Supplementary Independent Expert's Report. The venue for the Proportional Bid Meeting will still be Training Room 2, Conference Centre, QV.1 Building, 250 St Georges Terrace, Perth WA 6000.

The new cut-off time for submitting proxy appointments for the Proportional Bid Meeting is 10:00am (Perth time) on Monday, 23 March 2015.

Neon shareholders who have already submitted valid proxy forms or electronic proxy appointments and do not wish to change their vote need not take any further action.

Neon shareholders who wish to change their vote can do so by submitting a replacement proxy form or electronic proxy appointment before the new cut-off time, which will automatically revoke any proxy instructions previously submitted. Similarly, Neon shareholders who have not already submitted a proxy appointment but wish to do so can submit a proxy form or electronic proxy appointment before the new cut-off time.

Importantly, Neon shareholders who have already accepted the Offer but decide that they no longer want the Offer to proceed may decide to vote against the resolution to approve the Offer at the Proportional Bid Meeting.

If the resolution is not passed, then no transfers can be registered under the Offer and so Evoworld will not be able to complete the acquisition of Neon Shares accepted into the Offer.

Neon shareholders can submit a proxy appointment as set out above, or vote by the other means set out in the notice convening the Proportional Bid Meeting dated 10 February 2015.

Replacement proxy forms can be obtained from Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Electronic proxy appointments can be submitted online at www.investorvote.com.au. To access, Neon shareholders should enter the 6-digit control number, being **187669**, together with their HIN/SRN and postcode.

Evoworld has also agreed to extend the closing date of the Offer until 4:00pm (Perth time) on 9 April 2015, to facilitate the postponement of the Proportional Bid Meeting. Evoworld will give notice of this extension in accordance with the Corporations Act shortly.

The revised key dates relating to the Proportional Bid Meeting and the Offer are set out below:

Deadline to submit proxies for Proportional Bid Meeting	10:00am (Perth time) on 23 March 2015
Proportional Bid Meeting	10:00am (Perth time) on 25 March 2015
Close of Offer Period (unless further extended or withdrawn)	4:00pm (Perth time) on 9 April 2015

Independent Directors' recommendation

The Independent Directors have carefully considered the Supplementary Independent Expert's Report.

In light of the change in BDO's opinion, **the Independent Directors consider that they can no longer recommend that Neon Shareholders:**

- **accept the Offer; or**
- **vote to approve the Offer at the Proportional Bid Meeting,**

in the absence of a superior proposal and can no longer support the statement in the Original Target's Statement that the Offer represents fair value.

However, shareholders may still wish to consider the following factors in deciding whether to accept and how to vote:

- Shareholders who accept the Offer will receive the certainty of 3.8 cents in cash per share for 50% of their Neon shares at a time when there is considerable volatility in the market for shares in oil and gas exploration companies.
- Similarly, the Offer represents an opportunity for Neon shareholders to sell their Neon shares in a volatile market. In this regard, the Independent Directors note that the closing price of Neon shares traded on ASX has not exceeded 3.8 cents since the Offer was announced on 22 December 2014.
- Irrespective of whether Neon shareholders vote to approve the Offer at the Proportional Bid Meeting, Evoworld, as the largest Neon shareholder, will exert a considerable influence over the future direction of Neon. There can be no guarantee that Neon will generate a return which is greater than the immediate return offered under the Offer. Accordingly, Neon shareholders may wish to take the cash offered by Evoworld for 50% of their shareholding now.

The Independent Directors recommend that Neon shareholders read the Supplementary Independent Expert's Report carefully and in full, and consult with their professional advisers before deciding whether to accept the Offer and how to vote at the Proportional Bid Meeting.