

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 24 September 2013

Cua Lo-1 Drilling Update

Neon Energy Limited (ASX: NEN) is pleased to provide the following update regarding drilling of the *Cua Lo-1* exploration well, located in Block 105-110/04 ("Block 105") offshore Vietnam.

Since the last update on 26 August 2013 the 12 ¼" hole has encountered gas shows within each of the upper three objectives, prior to experiencing a "kick" due to an over-pressured gas bearing formation at a depth of 2,568m.

The Operator has worked diligently to stabilise the well and has plugged back to below the 13 ¾" casing shoe, at a depth of 1,800m. The well will now be sidetracked and drilled to a revised 9 5/8" casing point located just above the over-pressured zone. This will allow for wireline log data, including reservoir fluid samples, to be collected across the upper reservoirs before setting casing and drilling ahead to the deeper two objectives.

Neon Energy is encouraged by the presence of gas encountered in the zones drilled to date. The presence of hydrocarbon gas bearing formations will be confirmed after collection of reservoir samples during wireline operations, while reservoir deliverability will only be determined by production testing. A decision regarding production testing will be made after reaching the proposed Total Depth (TD) and evaluation of wireline data and retrieved fluid samples is complete.

The *Cua Lo-1* well is designed to test the *Cua Lo* gas prospect, which comprises five clastic reservoir targets ranging in age from Lower Pliocene to Upper Miocene. The well is being drilled by the Ensco 107 jackup rig in a water depth of 76 metres, to a planned TD of 2,826 metres.

The respective working interests of the joint venture parties in the Block 105 PSC are as follows

Neon Energy (Song Hong) Pty Ltd	25%
Eni Vietnam B.V. (Operator)	50%
KrisEnergy (Song Hong 105) Ltd	25%

Enquiries:

Managing Director:	Ken Charsinsky
Chief Financial Officer:	Ben Newton
Telephone:	08 9481 1176
Website:	www.neonenergy.com