RIG SECURED FOR VIETNAM BLOCK 105

Highlights

- Ensco 107 rig contracted to drill first exploration well in Vietnam Block 105
- Drilling expected to commence June 2013
- Cua Lo well to target prospective resource of up to 13.9 TCF gas
- Neon substantially carried through drilling of the well by Eni

Neon Energy Limited (ASX: NEN) is pleased to announce that the Ensco 107 jack-up rig has been contracted to drill the Cua Lo prospect in the Company's offshore Vietnam Block 105-110/04 ("Block 105").

Drilling is scheduled to commence during June 2013, with exact timing subject to rig release by the previous Operator, Mitra Energy. Pursuant to the terms of the farmout agreement with Eni Vietnam B.V., Neon will be carried through the drilling of the Cua Lo well up to a gross cost cap of US$25 million. Any costs in excess of the cost cap will be paid by the parties in accordance with their respective working interests.

Interpretation and analysis of the 3D seismic data over the Cua Lo prospect is nearly complete, and the joint venture is finalising the precise location of the exploration well based on the results. Cua Lo has excellent potential for gas pay at multiple levels within an extensive submarine clastic depositional system. The seismic data exhibits attribute characteristics, commonly referred to as Direct Hydrocarbon Indicators (DHIs), which are often indicative of the presence of hydrocarbons. These include anomalous seismic amplitudes and Amplitude vs Offset (AVO) anomalies.

Figure: 3D seismic perspective view of the Cua Lo prospect, showing large seismic amplitude anomalies at multiple levels
In May 2011 Netherland Sewell & Associates Inc. completed a Prospective Resource Assessment* of Block 105, confirming gross unrisked prospective recoverable resources for Cua Lo of 3.9 TCF gas (best estimate) to 13.9 TCF gas (high estimate). Neon will update the market regarding the prospectivity of Block 105 when its seismic interpretation and analysis is complete, expected shortly.

Managing Director Ken Charsinsky commented: “We look forward to the drilling of the Cua Lo prospect, which will mark the culmination of a three year exploration and farmout programme. The new 3D seismic data has confirmed our view regarding the prospectivity of the acreage, and has greatly assisted in locating the well to optimally target multiple potential pay zones in an area of promising reservoir development.”

Working interests in Block 105 are as follows:

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<tr>
<th>Working Interest</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Eni Vietnam BV (Operator)</td>
<td>50%</td>
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<tr>
<td>Neon Energy (Song Hong) Pty Ltd</td>
<td>25%</td>
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<tr>
<td>KrisEnergy (Song Hong 105) Ltd</td>
<td>25%</td>
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</tbody>
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Enquiries:

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Website: www.neonenergy.com

*The report by NSAI 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.