



Operational Highlights

Vietnam

- Commencement of farmout campaign for Blocks 120 and 105-110/04
- Further geoscience studies to refine prospects for drilling

California

- Maintaining increased production & revenues at North San Ardo
- Paloma Deep exploration well to spud by early August 2011
- Appraisal of Central Paris Valley commencing September 2011
- Extensive Salinas Basin drilling programme commencing July 2011

Overview

Vietnam Exploration

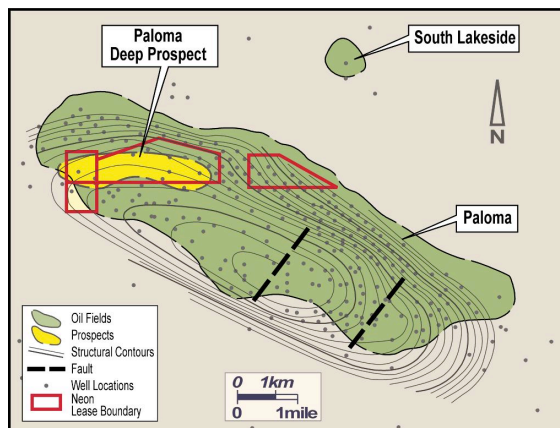
Amid significant industry interest Neon and joint venture partner KrisEnergy Ltd have commenced a farmout campaign in relation to offshore Vietnam Blocks 120 and 105-110/04 ("Block 105"), with data rooms open in Perth and Singapore since early June 2011. Pursuant to the terms of the 2010 Farmout Agreements Neon has officially handed over Operatorship of both blocks to KrisEnergy, who are working to secure suitable drilling rigs to drill up to two exploration wells in Block 105 and one exploration well in Block 120, all in 2012.

In the meantime further geoscience studies including reprocessing of legacy seismic data will serve to refine the geological understanding of the prospects identified for drilling, in order to further de-risk the prospects and fine tune optimal drilling locations.

California Exploration

Neon is preparing to drill the Paloma Deep prospect, located in the prolific San Joaquin Basin, commencing between late July and early August, 2011. Neon is farming out a portion of its current 87.5% working interest on a promoted basis to one or two parties, one of which is current partner Solimar Energy. The other party has a right to farm in resulting from a prior agreement, from 2006, and the Company's final working interest in Paloma Deep will be between 67.5% and 75%. The Paloma Deep location lies over the Paloma oil field, which has produced over 133 MMBOE, and provides an opportunity to evaluate up to seven prospective horizons with a single vertical well. The total unrisks in-place prospective resource is in the region of some 300 MMBOE, and while the risked recoverable prospective resource is significantly lower than this

figure the prospect offers material upside for the Company in the event of exploration success. Drilling is expected to cost approximately US\$4.9 million (gross dry hole cost). The primary objectives of Paloma Deep are the Western Flank Sand and the deeper Round Mountain Formation. The Western Flank Sand is part of the Middle Stevens Unit which has been produced in the Paloma field, to the southeast of the Paloma Deep test well. It is also found to be hydrocarbon bearing in all offset wells. The Round Mountain objective has been sparsely explored in the area, but it was penetrated in a nearby downdip well, which experienced a gas kick at the formation level. A seismic amplitude anomaly exists across the Paloma Deep prospect at the Round Mountain level. Other targets include the unconventional Antelope and Fruitvale shales of the Monterey Formation, the former already producing oil and gas from a single well in the Paloma Field.

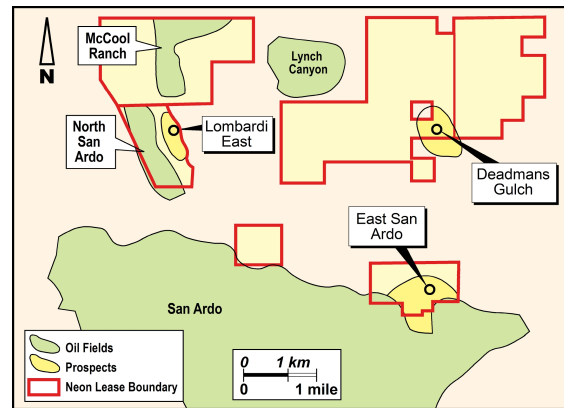


Paloma Deep Prospect Map

Elsewhere in California, an extensive drilling program is due to commence in July 2011, in the Salinas Basin. This programme includes exploration wells at the Lombardi East, East San Ardo and Deadman’s Gulch prospects, each of which are expected to cost approximately \$500,000.

The Lombardi East prospect (Neon 100%) is located less than 500m east of the Company’s North San Ardo oil field, and has a mean prospective recoverable resource of 2.5 MMbbls of oil. In the event of exploration success, development will be via horizontal drilling from the North San Ardo facilities. In the event of failure

the well will be utilised as a water injection well for North San Ardo production.



Salinas Basin Prospects Map

The East San Ardo prospect (Neon 100%) is located on the eastern fringe of the giant San Ardo field, and has a mean prospective recoverable resource of 2.7 MMbbls oil. Small scale standalone development is envisaged in the event of exploration success.

The Deadman’s Gulch prospect is located within an Area of Mutual Interest agreed between Neon and Operator Trio Petroleum LLC (both 50%). The prospect is located some 5 kms east of the North San Ardo field and is targeting a mean prospective recoverable resource of 4 MMbbls oil.

California Appraisal

The Company is preparing to drill the first of up to three appraisal/production wells at Central Paris Valley, in order to demonstrate commercial viability of oil production via a combination of horizontal drilling and stem. The first well is expected to commence drilling in September. Central Paris Valley has proved plus probable (2P) reserves estimated at 9.1 MMbbls of recoverable oil*.

California Production

Further to the successful drilling and completion of the recent Lombardi 20-27H and 21-27H development wells, production at the Company’s 100% owned North San Ardo oil field remains at a high level of 950 to 1,000 bopd. Two additional development wells are planned for the northern portion of the field, with the first expected to spud in the third quarter 2011.

Competent Persons Statement

*Central Paris Valley reserves are stated as determined in an MHA Petroleum Consultants report effective 1st January 2009, by Leslie S O'Connor, President. Ms O'Connor is qualified in accordance with ASX listing rule 5.11.

Prospective Resource estimates for the Californian exploration projects have been generated internally by Neon under the supervision of David Cliff, Exploration Manager, a qualified Petroleum Geologist with 30 years experience in the oil exploration industry. Mr Cliff is a member of the Petroleum Exploration Society of Australia and of the American Association of Petroleum Geologists, and is qualified in accordance with ASX listing rule 5.11.

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