



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 16 January, 2012

NEON AGREES VIETNAM FARMOUT

Neon Energy Limited (ASX: NEN) is pleased to announce that the Company has accepted a binding offer from a third party to farm in to Block 120 and Block 105-110/04, offshore Vietnam.

Due to confidentiality obligations Neon is not in a position to provide a detailed summary at this time. However under the agreed terms the farmout will deliver an expanded work programme in both blocks with no substantive cost to Neon, with the Company retaining a material working interest.

The offer remains subject to finalisation and execution of a Farmout Agreement, which the Company anticipates will be executed during the first quarter, 2012. The agreement will be conditional upon the usual approvals required from Petrovietnam and the Vietnamese Government.

A further announcement will be made upon execution of the Farmout Agreement.

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