



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 19 January, 2012

KEY TERMS OF VIETNAM FARMOUT

Further to the Company's announcement on 16 January 2012, Neon Energy Limited (ASX: NEN) is pleased to confirm the following additional information in relation to the agreed farmout of Block 120 and Block 105-110/04 ("**Block 105**"), offshore Vietnam.

The key commercial terms of the accepted binding offer as they apply to Neon are as follows:

- Neon to assign a 25% working interest in both blocks to the Farminee, thereby retaining a 25% working interest
- Farminee to provide a full carry on 800km² of 3D seismic in Block 105
- Farminee to provide a full carry on 250km² of 3D seismic in Block 120
- Farminee to provide a full carry on drilling of an exploration well in Block 105
- Farminee to pay a sum of up to US\$5 million to Neon

The accepted offer remains subject to satisfactory completion of due diligence by the Farminee, and finalisation and execution of a Farmout Agreement and amendments to the applicable Joint Operating Agreements, which the Company anticipates will be completed during the first quarter of 2012. The accepted offer is also conditional upon the waiver of pre-emptive rights by Petrovietnam, and regulatory/budgetary approvals from Petrovietnam and the Vietnamese Government. Cost caps will apply to the Farminee's full carry of the 3D seismic programmes and Block 105 well, equivalent to the agreed budgetary cost of each.

Neon's Managing Director Ken Charsinsky commented "*We are pleased to have reached this important milestone in the development of our Vietnam acreage. This transaction provides for an expanded forward work programme on both blocks through to two wells at no substantive net cost to Neon Energy. We look forward to finalising and executing the Farmout Agreement in a timely manner, and to welcoming our new partner as we progress exploration of our Vietnamese assets.*"

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

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