

# ANNUAL GENERAL MEETING

## 25 NOVEMBER 2011



KEN CHARSINSKY, MANAGING DIRECTOR

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## Neon: Who We Are

An ASX listed Exploration and Production Company with

- Producing asset generating cash that covers **NEN** overhead requirements
- Producing asset has an **intrinsic value** that **underpins** NEN market cap
- NEN exposes the shareholder to a series of **transformational opportunities** under the scrutiny of a **board and management team with a proven track record**
- Competitive advantage via a **large and unique geoscience oriented data base** focused on Southeast Asia

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## Fiscal Year 2011 – a period of significant progress

- 85% increase in operating revenue to \$13.9m
- 166% increase in gross operating profit to \$6.4m
- 53% increase in production at North San Ardo (CA) oil field to 156,920 barrels
- Maturation of Californian exploration portfolio
- Completion of processing and interpretation of seismic data acquired in Vietnam blocks 105 and 120
- Significant prospective resource assessment for Vietnam blocks 105 and 120
- Successful \$26m capital raising → larger institutional presence on share register and very strong balance sheet allowing aggressive roll-out of work programme in Vietnam and California



## Delivering growth across all key financial metrics

	2011	2010	Change
Production (Bbls)	156,920	102,550	+53.0%
Average Sales Price (\$/Bbl)	88.4	71.9	+22.9%
Revenue (\$ million)	13.9	7.5	+85.3%
Field Operating Expenses (\$ million)	2.7	2.1	+28.6%
Gross Operating Profit (\$ million)	6.4	2.4	+166.7%
EBITDAX (\$ million)	2.1	-0.8	+362.5%
Consolidated Loss (\$ million)	0.8	2.3	-65.2%

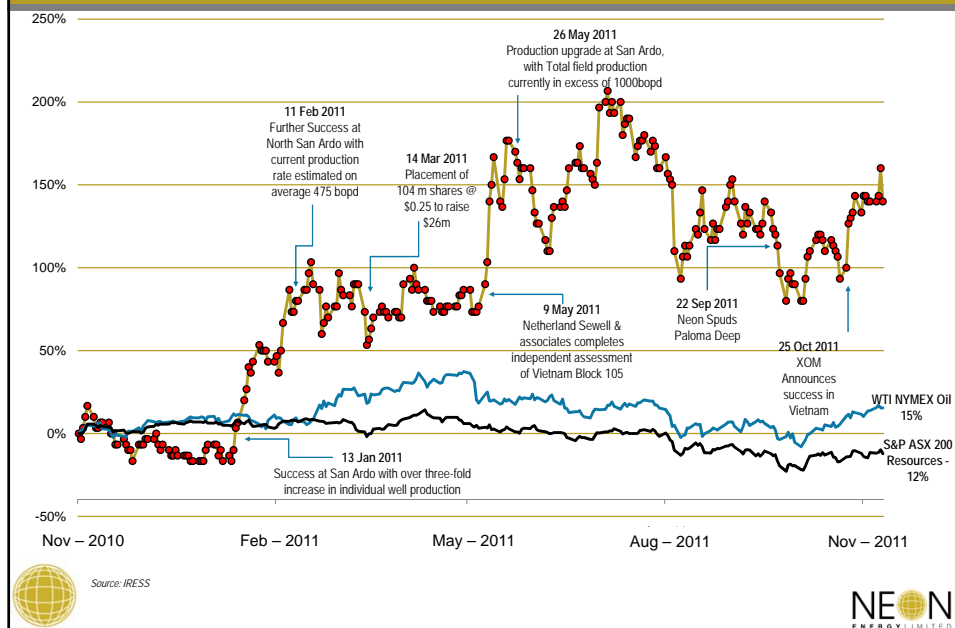


## Capital Structure

	<u>2011 AGM</u>	<u>2010 AGM</u>
■ Market Cap:	\$170 million	\$50 million
■ 1 Year Share Price:	12.5 to 47 cents	9.3 to 18.5 cents
■ Shares on issue:	432,645,272	323,994,678
■ Cash on Hand:	\$22.9 MM	\$2.1 MM
■ Options on issue:	24,450,000	29,170,000
■ Top 40 holding:	52.8%	46.2%
■ Board & Management:	5.0%	6.9%
■ Institutions:	26.1%	12.8%
■ Debt:	Nil	Nil

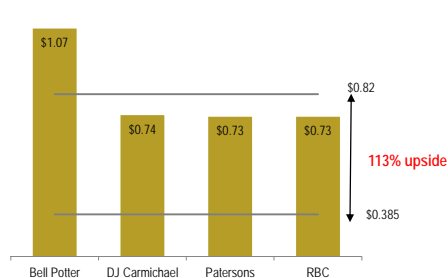


## Share Price Appreciation



## Broker Coverage

Share Price Consensus Valuation



### Recommendations & Commentary

#### BELL POTTER

30 Aug 11  
SPEC BUY

#### Strongest Spec Buy in the sector

The risked valuation of \$1.00 is almost three times higher than the current market price. The unrisks valuation is a very attractive \$6.28 and could in fact be conservative."



22 Jun 11  
SPEC BUY

#### Many Near Term Catalysts

"Near term catalysts include: 1) ExxonMobil exploration drilling offshore Vietnam (2Q 2011), 2) Paloma Deep drilling in California (3Q 2011), 3) Paris Valley drilling (3Q 2011), 4) Farm out of offshore Vietnam Blocks (4Q 2011) and 5) Exploration drilling offshore Vietnam (1Q 2012)."



27 July 11  
BUY

#### Self funding overheads via North San Ardo

"At current oil prices the cash flow [at North San Ardo] not only supports day to day operations but assists in the funding of early exploration endeavours."



26 Aug 11  
Outperform

#### Attractive with Transformational Exploration Upside

"Attractive portfolio of development, appraisal and exploration assets with profitable production from California complimented by transformational exploration in Vietnam.."



Source: Broker Reports

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## "Ticking the Boxes"

Additional Drilling at NSA	✓ 6 wells 6 successes
Paris Valley test results and Drilling of CPV-1 well	✓ Ongoing
Dedicated Cyclic steam update at NSA	✓ Commenced
Continued plant improvement at NSA	✓ Commenced
Partnership/Drilling Paloma Deep	✓ Drilling
Farmout and drilling at Gujarral Hills	✓ Completed
Kettleman Middle Dome Activity	✓ Ongoing
Taft Activity	Acreage Dropped
International New Ventures activity	✓ Ongoing
Certification of potential in Vietnam	✓ Completed
Assignment to KrisEnergy and release of sunk costs	✓ Completed
Next stage farm down in Vietnam	✓ Ongoing
Vietnam Drilling	✓ 2012 Commencement

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## Key operational achievements

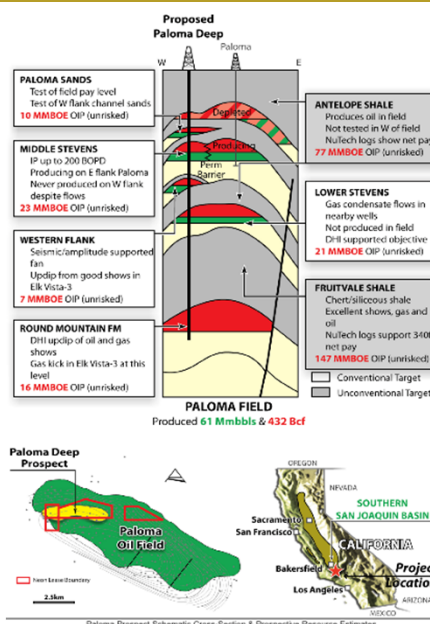
-  California Update
  - Continued successful drilling in NSA
  - Initiation of pilot thermal enhancement project
  - Recommencement of California Exploration effort
  - Paloma – recent encouraging drill results
-  Vietnam Update
  - Prospective Resource Assessment Completed
  - Farmout effort commenced
  - ExxonMobil exploration success

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## Paloma Deep – Potential for Substantial Resource

- Wireline logs suggest gross interval of 205 feet of oil saturated reservoir in a single zone in the Paloma sands
  - Prospective resource of 3million barrels of oil / 40 acre well spacing
  - Play could extend over 450 acres
- Currently at TD 13,320 feet preparing to log the well
- Encouragement via oil and gas shows throughout the section
- Have penetrated 6 out of 7 proposed targets
  - All have encountered hydrocarbon shows



## Spotlight on Vietnam E&P

### UPDATE 1-ExxonMobil says finds hydrocarbons off Vietnam Thu Oct 27, 2011 6:44am GMT

**HANOI Oct 27 (Reuters)** - U.S. oil giant Exxon Mobil Corp discovered hydrocarbons in August off the coast of Danang, in central Vietnam, the company said on Thursday.

The Financial Times had reported that ExxonMobil has made a potentially significant gas discovery off the coast of central Vietnam, in an area also claimed by China.

"We can confirm ExxonMobil Exploration and Production Vietnam Limited drilled its second exploration well offshore Danang in August 2011 and encountered hydrocarbons," the world's largest oil group by market capitalisation said.

"Data from the well are being analysed. Our first well offshore Vietnam did not encounter hydrocarbons," Patrick McGinn, from ExxonMobil's Upstream Media Relations, said in the statement.

The FT said the second well is in **block 118** off the coast of Danang. The company did not comment on the size of the discovery.

The newspaper cited an executive from state-run PetroVietnam, ExxonMobil's production partner, as saying they had found gas, while an executive from another oil firm prospecting nearby said it was "a potentially significant find", given the geology of the area.

### Petronas makes oil, gas discovery off Vietnam

**LOS ANGELES, Sept. 2** - Malaysia's Petronas Carigali Overseas Bhd. made an oil and natural gas discovery with its Ham Rong-2X well in the Ham Rong oil field off northern Vietnam, according to local media reports.

Commercial output was estimated at 6,300 b/d and 8 MMscfd of gas on Block 106 of the Song Hong basin, about 75 km south of Haiphong, Vietnam's official news agency said, citing the Tuoi Tre newspaper.

Analyst IHS Global Insight said the Ham Rong 2X well is likely to be an appraisal well on Block 106. The well followed the drilling of the Do-Son 1X wildcard, which was plugged and abandoned in mid-November 2009 having also encountered oil and gas shows.

"The discoveries at Ham Rong-2X will further support the company's exploration plans in Block 106, despite the complexities of exploring the area, due to seismic imaging difficulties and complex reservoir architecture," IHS Global Insight said.

Petronas is operator of the block with a 50% stake. The remaining 50% is divided among Singapore's SPC, PetroVietnam Exploration & Production, and ATI Petroleum

### Premier-Led Group Makes Oil, Gas Discovery in Vietnam

**June 24 (Bloomberg)** - A Premier Oil Plc-led group found oil and gas off the coast of southern Vietnam in its first well in the area, as the U.K. company seeks to build on earlier drilling success in the Southeast Asian nation.

Testing at two reservoir zones in Block 07/03 produced flows at a combined rate of 3,265 barrels of oil and 8.1 million cubic feet of gas a day, Premier said today in a statement. The London-based explorer has previously said the Chim Sao and Dua fields, located in an adjacent block, are commercially viable.

The Premier-led group, which also includes Vietnam American Exploration Co., Australia's Pan Pacific Petroleum NL and a unit of Abu Dhabi-based Mubadala Development Co., began drilling the Ca Rong Do exploration well in Block 07/03 last month. The area was opened up for drilling by a 2003 accord between the Indonesian and Vietnamese governments.

"The flow rates are similar to what Chim Sao flowed in testing," Phil MacLaurin, Vietnam country manager for Premier, said today by telephone from Ho Chi Minh City. "That is good news because it shows that reservoir-quality sandstones are present."

Premier advanced 3.6 percent to 1.087 pence in London trading, the biggest one-day gain in three weeks.

The prospect targeted by the Ca Rong Do well may hold 80 million barrels, Pan Pacific Petroleum said in a May presentation.

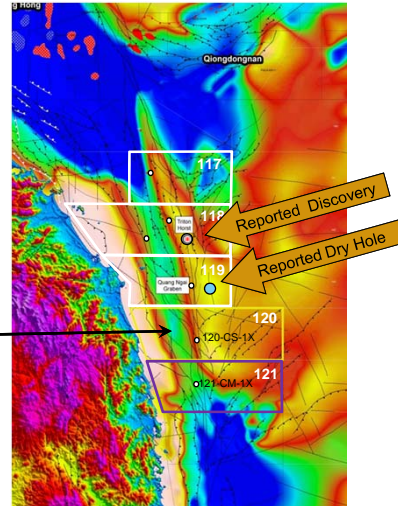
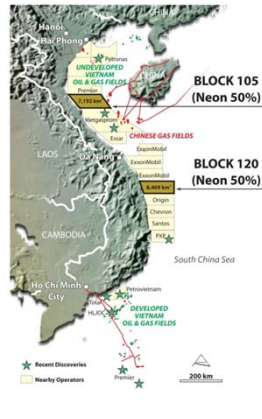


Source: Company Reports

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## Recent ExxonMobil Drilling

- Media reports of 4-7 TCFG recoverable
- Media well reports of gas, hydrocarbons and oil
- Minimal information released by ExxonMobil



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## 2012 and beyond

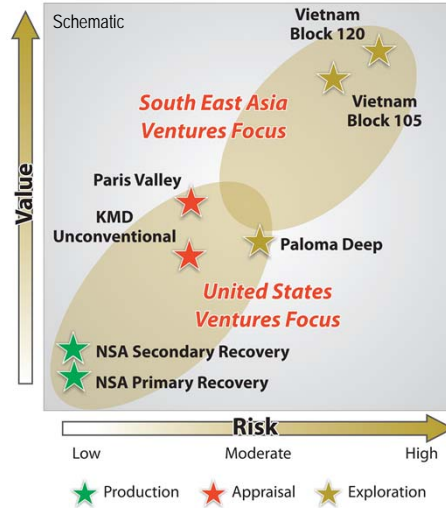
- North San Ardo forward development programme
  - optimise oil recovery over coming years and maximise asset value
- Completion of Paloma Deep exploration well
- Commencement of appraisal activity at Central Paris Valley
  - Decision on funding strategy for Vietnam exploration drilling
    - build on ExxonMobil success in neighbouring field to north and on comparable geological trend
- Ongoing New Ventures effort in Southeast Asia and California
- Commencement of drilling operations in Vietnam

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## In summary...

### Well positioned to continue growing shareholder value

- Balanced portfolio of opportunities
  - leveraging profitable US production to fund SE Asia exploration
  - exposure to high impact exploration in Vietnam
  - exposure to unconventional reservoirs in California
- Scale – multiple “needle shifting” projects
- Strong balance sheet, no debt
- Track record of delivery



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