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**ASX RELEASE**  
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## **Neon Terminating Merger Implementation Agreement**

MEO Australia Limited (ASX:MEO) (**MEO**) wishes to announce that late on 19 December 2014 Neon Energy Limited (ASX:NEN) (**Neon**) issued MEO with a written notice pursuant to the requirements of the Merger Implementation Agreement between MEO and Neon announced to the market on 5 November 2014 (**MIA**) in respect of the proposed scheme of arrangement between MEO and its shareholders (**Proposed Scheme**), which provided that:

- a) the Neon Board has determined that the Evoworld proposal announced to the market on 18 December 2014 is a Superior Proposal (as defined in the MIA) and has resolved to recommend it to Neon Shareholders;
- b) Neon confirms it has paid the Reimbursement Fee (as defined in the MIA) to MEO; and
- c) as a consequence, Neon has terminated the MIA pursuant to clause 13.1(b)(3) of the MIA.

MEO considers the notice of termination is valid, subject to confirmation of receipt of the Reimbursement Fee. The Reimbursement Fee is a fee of \$400,000 payable to MEO pursuant the MIA in circumstances where one or more Neon directors recommend that Neon shareholders accept a Competing Proposal of any kind.

When receipt of the Reimbursement Fee is confirmed, MEO will inform the market.

As a result, MEO expects Mosman Oil and Gas Limited (**Mosman**) to proceed with its intention to make an off-market takeover bid for all of the shares in MEO as announced to the market on 11 December 2014 (**Mosman Proposal**). In its announcement, Mosman has stated that it intends to serve MEO with its bidder's statement in early February 2015.

The Board of MEO will consider its opinion on the Mosman Proposal in light of the potential termination of the MIA with Neon. Shareholders are advised to take no action in relation to the Mosman Proposal or any document received from Mosman until they receive the MEO Directors' formal recommendation regarding the Mosman Proposal.

Mr Greg Short  
Non-Executive Chairman