

29 January 2019

ASX : E2E

QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2018

1 HIGHLIGHTS

- Solid oil and gas production for the quarter (533 BOE)
- Steady cashflow - A\$1.85m net sales receipts for Q4-18. (US\$1.2m)
- Receipt of executed BLM leases of 15,000 acres in the PRB, Wyoming
- Geological and feasibility studies performed to prioritise drilling prospects in PRB
- Onsite visits at potential well sites to begin designing well pads and environmental/archaeology assessments on PRB leases

2 POWDER RIVER BASIN

Eon NRG Ltd's ("Eon" or "the Company") acquisition of 15,000 acres in the Powder River Basin ("PRB") was finalized with executed leases received from the Bureau of Land Management (BLM). The leases were financed from existing cash reserves. Management has continued with its geological and economic assessment to identify several high value drilling opportunities. Onsite visits were performed to evaluate surface topography and well pad design of potential prospects. Environmental/archology contractors have initiated regional reviews and preliminary permitting for new wells.



Powder River Basin Wyoming in winter – proposed location on one of Eon NRG leases.

The potential drill prospects in the PRB will target oil from multiple formations including the Turner, Dakota and Minnelusa. The leases are surrounded by developed oilfields which have long lived production. The historic production rates from these fields along with improved drilling and completion technology indicate strong well economics for potential future wells within Eon's leases.

The 15,000 acres in the PRB were purchased from the United States Department of Interior with a 10-year lease terms and a net revenue interest of 87.5% (12.5% royalty rate). There are no drilling commitments required to hold the leases. A further 640 acres were purchased from the Wyoming State Land Board in Converse County which has a 5-year lease term. Further land acquisition opportunities are being considered to expand the potential acreage position around the current holdings.

Some of the PRB Leases that were acquired are in Natrona County, close to the prolific Teapot Dome and Salt Creek Oil Fields. These oilfields have produced from the multiple formations over a long period of time and are still in production.

The contiguous nature of these southern leases will allow for broad scale development if prospective oil resources are identified. Detailed analysis of the potential of these particular leases has not yet started but will be part of the H2 2019 work program.

3 BORIE OILFIELD, DJ BASIN, WYOMING

Two workovers were carried out in Q3-18 at the Borie Field resulted in an increase in production in Q4. Production from the Borie field averaged 56 bopd which is in line with expectations. During the Q4, infrastructure improvements were implemented including the installation of gas pipes within the field to capture gas that can be used for winter heating rather than utilising propane that was previously sourced externally. These improvements will increase the field's net return and add value to it's reserves. Conversion of an existing shut-in well to a water injection well in 2019 is expected to increase production from the secondary recovery water-flood of the northern part of the field.



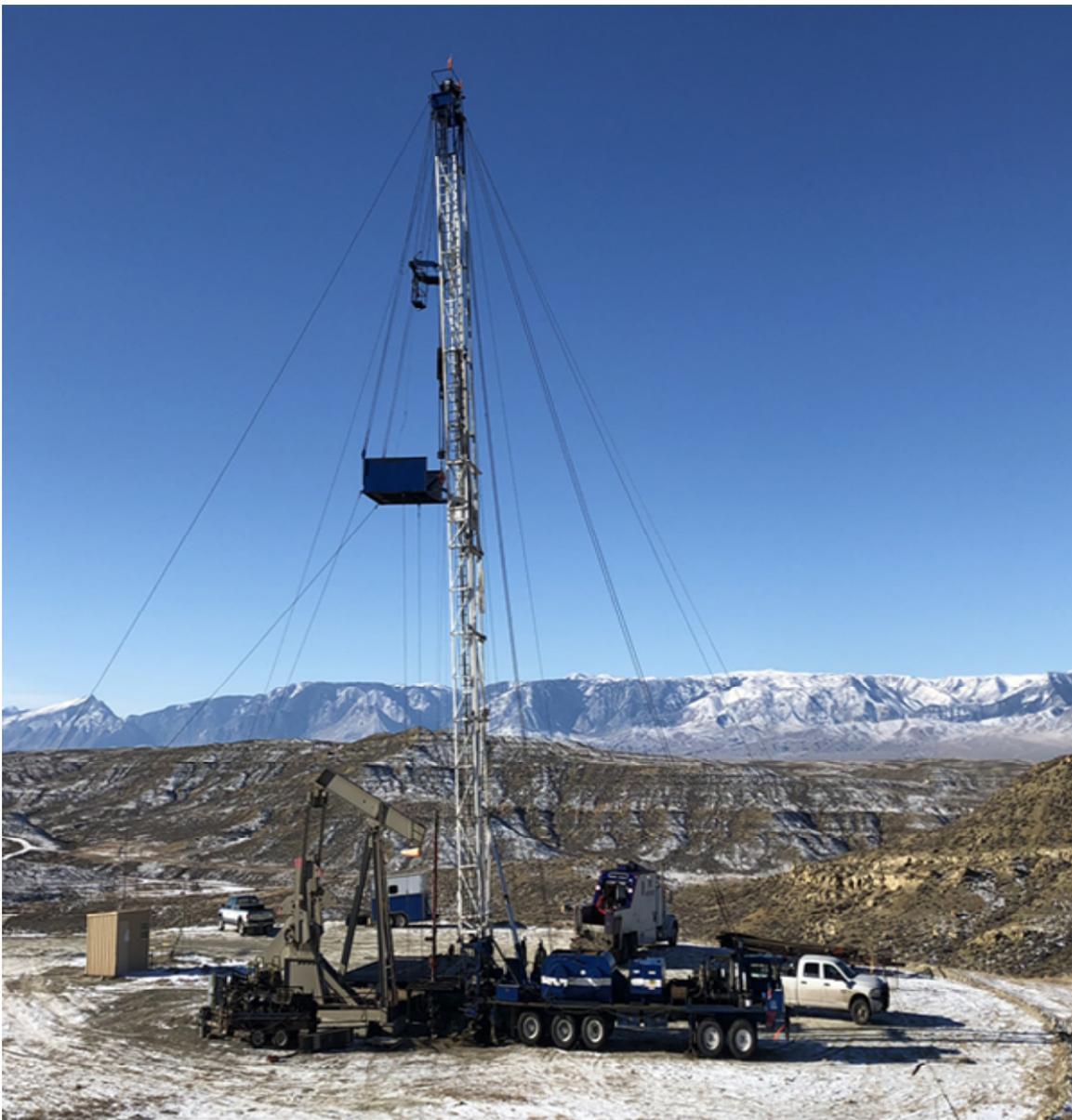
4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

Recompletion of the 64-28F well was carried out at the Silvertip Field in November. The recompletion was targeting gas from the Meeteetse Formation at ~2500'. The IP flow rate was 40 Mcfpd with wellbore pressure of 400 psi from the initial 24 hour shut-in.

The Silvertip Field produced in excess of 637 MMcf of gas (Gross) in 2018 (average 1,700 Mcfpd) of which the best performing well was the 35-28F which was recompleted in February 2018. This well produced nearly 0.5 MMcf of gas in 2018 and continues to produce at a rate of 360Mcfpd (Dec-18) generating \$350,000 of gross revenue in eleven months.

Overall, production decline at the Silvertip Field remained relatively flat through 2018.

Testing of production potential from three shut-in oil wells that have historically produced from the Tensleep/Phosphoria formation is scheduled in 2019. These wells could have significant production potential.



64-28F Recompletion

5 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

Production remains unchanged from the previous quarter with average output from the California fields combined of 75 bopd. The heavier oil produced from the Sheep Springs Field attracts a price premium with the average oil price for Q4-18 being \$67/Bbl compared to the average WTI price of \$59/Bbl.

6 PRODUCTION

Gross production for the last two quarters (Q4-18 and Q3-2018) and corresponding prior year quarter (Q4-2017) are shown in Table 1 below.

TABLE 1	Q4 2018	Q3 2018	Q4 2017
Gross Production			
Oil production (Bbls)	16,801	16,460	17,344
Gas production (BOE) ¹	26,252	26,025	25,986
NGL production (Bbls)	6,026	6,797	7,498
Total barrels of oil equivalent (BOE)	49,078	49,283	50,828
Average BOEPD	533	536	552

7 SALES REVENUE

Table 2 below shows **Net** volumes of oil, gas and NGL's sold and **Net** sales revenue for the last two quarters (Q4-2018 and Q3-2018) as well as the corresponding prior year quarter (Q4-2017). **All revenue is in US Dollars.**

TABLE 2	Q4 2018	Q3 2018	Q4 2017
Oil Sold ² (Bbls)	14,027	12,866	14,153
Oil Revenue ² (US\$)	\$832,003	\$884,952	\$768,713
Average Sale Price (US\$/Bbl) ³	\$59.31	\$68.67	\$54.31
Gas Sold ² (MCF)	64,215	68,017	68,752
Gas Revenue ² (US\$)	\$260,266	\$180,748	\$207,648
Average Sale Price (US\$/MCF) ³	\$4.05	\$2.66	\$3.02
NGL Sold ² (Bbls)	4,928	5,560	6,129
NGL Revenue ² (US\$)	\$123,422	\$157,303	\$197,192
Average Sale Price (US\$/Bbl) ³	\$25.04	\$28.29	\$32.17
Total Net Barrels of Oil Equivalent sold ⁴	29,658	29,783	31,741
Total Net Sales Revenue (US\$)	\$1,215,691	\$1,223,003	\$1,173,553

¹ Gross gas production includes fuel gas used in the field and processing plant. Gas is converted to barrels of oil equivalent (BOE) using a conversion rate of 6 MCF of gas to 1 barrel of oil.

² Net volume and revenue

³ Average Sale Price is net of refinery and transportation deductions.

⁴ Gas volume (MCF) is converted to Barrels of Oil Equivalent Sold (BOE) on a ratio of 6 MCF of gas per barrel of oil. NGL's are sold in gallons and converted to BOE on a ratio of 42 US gallons of NGL's per barrel of oil.

8 CORPORATE

	31 Dec 2018	
Shares on Issue at	406,389,160	
Options on Issue (Exercisable at A\$0.02, expiry Nov 2019)	204,194,580	
	AU\$	US\$
Market Capitalisation (Share Price - A\$0.008, Option Price - A\$0.001)	\$ 3.3M	\$2.3M
Cash at Bank	\$ 1.7M	\$ 1.2M
Bank Loan	\$ 8.5M	\$ 6.1M
Enterprise Value	\$ 10.1M	\$ 7.2M
Debt Repaid (YTD)	\$ 0.4M	\$ 0.3M

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Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this Press Release and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth to various factors, many which are beyond our ability to control or predict. Some of the risk and other factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological, technical and drilling results; predicted production and reserves estimates; operational delays or unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Eon NRG Ltd, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Press Release sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity	
Eon NRG Limited	
ABN	Quarter ended ("current quarter")
66 138 145 114	December 31, 2018

Consolidated statement of cash flows	Current quarter (Q4-18)		Year to date (12 months)	
	\$US '000	\$AU '000	\$US '000	\$AU '000
1. Cash flows from operating activities				
1.1 Receipts from customers	1,332	1,853	5,329	7,127
1.2 Payments for				
(a) exploration & evaluation	-	-	-	-
(b) development	(129)	(182)	(503)	(666)
(c) production	(645)	(901)	(2,302)	(3,081)
(d) staff costs	(365)	(510)	(1,291)	(1,702)
(e) administration and corporate costs	(221)	(307)	(842)	(1,102)
1.3 Dividends received (see note 3)	-	-	-	-
1.4 Interest received	-	-	3	3
1.5 Interest and other costs of finance paid	(89)	(125)	(353)	(473)
1.6 Income taxes paid	-	-	-	-
1.7 Research and development refunds	-	-	-	-
1.8 Other (provide details if material)	-	-	-	-
1.9 Net cash from / (used in) operating activities	(119)	(172)	38	103

Consolidated statement of cash flows (Cont.)	Current quarter (Q4-18)		Year to date (12 months)	
	\$US'000	\$AU '000	\$US'000	\$AU '000
2. Cash flows from investing activities				
2.1 Payments to acquire:				
(a) property, plant and equipment	-	-	-	-
(b) tenements (see item 10)	(157)	(223)	(288)	(404)
(c) investments	-	-	-	-
(d) other non-current assets	-	-	-	-
2.2 Proceeds from the disposal of:				
(a) property, plant and equipment	-	-	481	648
(b) tenements (see item 10)	-	-	-	-
(c) investments	-	-	-	-
(d) other non-current assets	-	-	-	-
2.3 Cash flows from loans to other entities	-	-	-	-
2.4 Dividends received (see note 3)	-	-	-	-
2.5 Other (provide details if material)	-	-	-	-
2.6 Net cash from / (used in) investing activities	(157)	(223)	193	244
3. Cash flows from financing activities				
3.1 Proceeds from issues of shares	-	-	49	63
3.2 Proceeds from issue of convertible notes	-	-	-	-
3.3 Proceeds from exercise of share options	-	-	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-	(70)	(89)
3.5 Proceeds from borrowings	-	-	-	-
3.6 Repayment of borrowings	(30)	(42)	(290)	(382)
3.7 Transaction costs related to loans and borrowings	-	-	(11)	(16)
3.8 Dividends paid	-	-	-	-
3.9 Other (provide details if material)	-	-	-	-
3.1 Net cash from / (used in) financing activities	(30)	(42)	(322)	(424)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter (Q4-18)		Year to date (12 months)	
		\$US'000	\$AU'000	\$US'000	\$AU'000
4.	Net increase / (decrease) in cash and cash equivalents for the period				
4.1	Cash and cash equivalents at beginning of period	1,475	2,042	1,260	1,615
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(119)	(171)	38	103
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(157)	(223)	193	244
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(30)	(42)	(322)	(424)
4.5	Effect of movement in exchange rates on cash held	-	49	-	117
4.6	Cash and cash equivalents at end of period	1,169	1,655	1,169	1,655

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	494	802
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	<u>675</u>	<u>675</u>
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	<u>1,169</u>	<u>1,477</u>

Note 5.4 Cash held as security deposits for performance bonds.

Oil sales volume were above budget for Q4-18, and revenues were offset by the decrease in oil price by of over 35% later in the quarter. Gas prices increased to above \$3/Mcf (from the previous quarter's average of \$2.68/Mcf) with a short period of 2 weeks where prices were above \$4/Mcf.

The payment relating to the purchase of the Powder River Basin lease acreage (US\$218,000) was not included in the prior quarter cash flow forecast as it was unknown at the time. An additional repayment of US\$30,000 of bank loan with was made over and above the loan payment obligations as determined by the Directors.

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	132
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2: Executive Director remuneration (US\$83,470); Non-executive Director remuneration (US\$48,745)	

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1	Aggregate amount of payments to these parties included in item 1.2	6
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	7,000	6,127
8.3	Other (please specify)	-	-
8.4	A description of each facility above, including the lender, interest rate and whether it is secured or unsecured is shown below.		

No additional facilities have been entered into or are proposed to be entered into after quarter end.

	8.2 ANB Bank, 6.00% interest only line of credit, secured – oil and gas field assets
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9.	Estimated cash outflows for next quarter	\$US'000
9.0	Receipts from customers	1,287
9.1	Exploration and evaluation	(95)
9.2	Development/Workovers	-
9.3	Production	(423)
9.4	Staff costs	(356)
9.5	Administration and corporate costs	(220)
9.6	Other (provide details if material)	<u>(167)</u>
9.7	Total estimated net cash inflows	<u>26</u>
	US\$'000	
9.6	Production tax	75
	Interest	<u>92</u>
		<u>167</u>

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter (Net Acres)	Interest at end of quarter (Net Acres)
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance Statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date : **29/1/19**

Print name: **SIMON ADAMS**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB6: Exploration for and Evaluation of Mineral Resources and AASB107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cashflows from operating activities or cashflows from investing activities, depending on the accounting policy of the entity.