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ASX Announcement/Media Release

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UPDATE ON BANK WORKOUT ARRANGEMENT

Eon NRG Limited (“**Eon**” or the “**Company**”) is pleased to provide an update on the Workout Agreement (“**Agreement**”) with ANB Bank (“**ANB**”), and the re-instatement of its securities.

Background

As a result of the impact on global energy demand from the COVID-19 pandemic and the severely reduced receipts from its oil production operations, Eon experienced significant cash flow shortages in Q1-2020. As advised in May 2020, the Company received a notice of default from ANB in relation to its non-payment of interest commitments in prior months and sought a voluntary suspension of trading in its shares on ASX, on 19 May 2020.

Extensive negotiations with ANB continued over many months with the resulting Agreement finalised at the end of 2020. A priority of the Board was to ensure that Eon remained solvent during the period and retained as much of its asset base as possible.

As detailed in the Chairman’s Address to the AGM on 31st July 2020, ANB elected to exercise their security rights over Eon’s US oil production assets. Under the workout agreement Eon has assigned its producing assets to ANB in consideration for settlement of all outstanding debt, interest and other obligations to ANB. A summary of the Agreement that was settled with ANB is as follows:

- Eon has assigned its California and Wyoming oil and gas production assets, including its cash deposits that are held as collateral for the operator bonds at these fields to ANB;
- Eon has paid an amount of US\$45,500 to ANB for prior field operating costs and payments to employees (none of whom are directors) and creditors of approximately A\$140,000;
- ANB has agreed to release Eon and its US subsidiaries from their debt and guarantee obligations under the credit agreement in relation to the loan balance of US\$6.68 million;
- Eon remained as operator of the oil fields up until the close of the Agreement.

The Company is pleased to confirm that completion under the ANB Workout Agreement has occurred. Accordingly, the Company is now debt free and it no longer has any future asset rehabilitation obligations on its balance sheet.

Eon has retained its Cobalt mineral lode claims in Nevada and has the right to exploration activities on its previously acquired Powder River Basin oil and gas leases.

Convertible Note

Eon is pleased to advise that it has secured support for additional funding through the issue of three convertible notes for a total of A\$200,000 (**Convertible Notes**) to sophisticated and professional investors (**Noteholders**). The funds raised from the issue of the Convertible Notes were used to satisfy its obligations to pay various employee and creditors under the ANB Workout Agreement. 200,000,000 fully

paid ordinary shares and 100,000,000 unlisted options (exercisable at \$0.0015 on or before the date that is 3 years from the date of issue) may be issued on exercise of the Convertible Notes plus an additional number of shares issued at a price of A\$0.001 per share for any interest that has accrued up to the date of conversion. The right of conversion is not exercisable unless and until shareholders approve the issue of the underlying securities. Accordingly, the Company intends to seek shareholder approval for the issue of shares and options on conversion of the Convertible Notes.

A summary of the material terms of the Convertible Notes are as follows:

- **Principal Sum:** The aggregate value of the Convertible Notes is AU\$200,000.
- **Security:** The Convertible Notes are unsecured.
- **Conversion Price:** Each Convertible Note is convertible into fully paid ordinary shares in the capital of the Company (**Shares**) at a conversion price of \$0.001, together with one (1) unlisted option for every Share issued (**Options**).
- **Conditions Precedent:** Conversion of the Convertible Notes and the issue of the Shares and Options is subject to the following conditions precedent being satisfied:
 - the Company obtaining all necessary shareholder and regulatory approvals to permit the authorised conversion of the Convertible Notes; and
 - the Company obtaining written confirmation from the ASX (on terms satisfactory to the Company), that the Company's securities will be reinstated to quotation on ASX, (together, the **Conditions Precedent**). In the event that the Company is unable to procure satisfaction of the Conditions Precedent, the Company and the Noteholder will use their best endeavours to confer and negotiate in good faith to come to a mutual agreement in respect of repayment of the Principal Sum and interest in cash and/or Shares.
- **Interest:** Interest is payable at 10% per annum on the Principal Sum.
- **Noteholder Obligations:** The Noteholder will not dispose of, or enter into an agreement to dispose of, the Shares or interest in them until the date that the Company lodges a disclosure document which will qualify the Shares for on-sale under section 708A(11)(b) of the Corporations Act.

Further details regarding the Convertible Notes are set out in the Appendix 3B accompanying this announcement.

ASX Reinstatement

The Company has been in discussions with ASX in relation to the conditions for reinstatement of the company's shares to trading on ASX. The Company is finalising plans with financiers for a capital raising, which will include an entitlements issue for shareholders. An update in relation to recapitalisation of the Company and its future business activities will be provided once the Company has received conditional approval from ASX for the Company to be reinstated to official quotation on ASX.

Authorised by:

Board of Eon NRG Ltd

A reference to A\$ is to Australian dollars and a reference to US\$ is to US dollars.

For further information, contact:

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