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31 July 2018

ASX : E2E

QUARTERLY ACTIVITIES REPORT For the period ended 30 June 2018

1 HIGHLIGHTS

- Drilling prospects within the Minnelusa Formation, Powder River Basin, Wyoming are under review
- Enhanced oil recovery (EOR) waterflood was carried out in the Borie Field to increase production and extend the field life, with will result in an increase in reserves
- Oil and gas production from the Silvertip Field increased in Q2-18
- Price received from heavy oil produced in California oilfields received a premium above WTI
- Year to date net operating cash flow surplus
- Eon Battery Minerals Division (Cobalt, Vanadium, Copper) has further acquisition opportunities under review

2 POWDER RIVER BASIN

Eon NRG Ltd is actively pursuing exploration prospects in the Powder River Basin (PRB), Wyoming. The Company is working with several operators in the basin to acquire acreage with drilling upside. Eon is looking to grow its production and reserves by securing prospects that have strong economics and good geological support.

The PRB has gained the attention of some of the largest E&P companies in the US including Devon Energy, Chesapeake Energy and EOG Resources. This area is made up of multi stacked formations and has a long history of hydrocarbon extraction including conventional and unconventional reservoirs.

One of the formations that is under review is the Minnelusa Formation, a Paleozoic age reservoir which was heavily explored in the period 1960 – 1980. With the efficiencies that have been gained in the last decade in drilling technology from the shale revolution, the costs for vertical Minnelusa wells has dropped significantly. Drilling activity by a number of Minnelusa specialist companies in the PRB has expanded the play into previously undrilled parts of the Basin.

The Company is also assessing the viability of the Shannon, Sussex, and Turner sandstone that are present and being actively drilled and produced in the PRB.

Evaluation of potential drilling prospects commenced during the quarter. Opportunities to farm-in or joint venture on wells are also being considered as a way of accelerating this opportunity.

3 BORIE OILFIELD, DJ BASIN, WYOMING

During Q2-18, the Company instigated a secondary oil recovery program in the northern section of the Borie Oilfield. Water that is produced from other wells within the field is reinjected to support pressure and mobilise additional oil within the reservoir towards receiver wells.

The impact of this secondary recovery will increase production and extend the life of the field through the increase in ultimate recovery. This should lead to an increase in reserves and subsequently the value of the asset.



Recompletion Rig at Borie Field

Production from the Borie Field (excluding non-operated wells) averaged 58 barrels of oil per day (Gross).

4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

Gas production from the 35-28 well which was recompleted in February 2018 was choked back in June due to low gas prices. On average, total gas production from Silvertip Field increased by 10% in Q2-18.

Oil sales volume from Silvertip increased by 47% for the quarter which, along with an uplift in oil price to \$65/Bbl, saw net oil sales revenue from Silvertip increase to \$319,000 (Q1-18 - \$200,000). NGL sales volume and price were down from the prior quarter and net sales revenue was \$165,000.

5 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CA

The Company completed the installation of water monitoring wells at the Sheep Springs Field to comply with environmental regulatory regulations.

Production remains steady at with average daily production of 67 bbls oil from the California Oilfields combined. The heavier oil produced from the Sheep Springs and Round Mountain Oilfields attracts a price premium with the average oil price for Q2-18 being \$73/Bbl compared to the average WTI price of \$68/Bbl.

6 PRODUCTION

Gross production across all fields in Q2-18 was 52,640 BOE, an average of 578 BOEPD.

Gross production for the last two quarters (Q2-18 and Q1-2018) and corresponding prior year quarter (Q2-2017) are shown in Table 1 below.

TABLE 1	Q2 2018	Q1 2018	Q2 2017
Gross Production			
Oil production (Bbls)	16,523	16,125	13,956
Gas production (BOE) ¹	29,199	26,772	31,314
NGL production (Bbls)	6,918	7,758	11,260
Total barrels of oil equivalent (BOE)	52,640	50,654	56,530
Average BOEPD	578	563	621

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 (Q2-2018 and Q1-2018) as well as the corresponding prior year quarter (Q2-2017).

TABLE 2	Q2 2018	Q1 2018	Q2 2017
Oil Sold (Bbls)	14,071	13,376	10,688
Oil Revenue (US\$)	\$947,699	\$843,073	\$479,897
Average Sale Price (US\$/Bbl) ²	\$67.35	\$63.03	\$44.90
Gas Sold (MCF)	75,619	74,540	95,776
Gas Revenue (US\$)	\$167,800	\$205,470	\$305,321
Average Sale Price (US\$/MCF) ²	\$2.22	\$2.76	\$3.19
NGL Sold (Bbls)	5,660	6,347	9,213
NGL Revenue (US\$)	\$166,555	\$191,263	\$204,190
Average Sale Price (US\$/Bbl) ²	\$29.43	\$30.13	\$22.16
Total Net Barrels of Oil Equivalent sold ³	32,334	32,147	35,863
Total Net Sales Revenue (US\$)	\$1,282,055	\$1,239,806	\$989,408

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 Average Sale Price is net of refinery and transportation deductions.

³ 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 Battery Minerals Division

Work is continuing on the identification of further potential exploration prospects for the battery minerals division to add to the existing Nevada Cobalt claims. Cobalt, vanadium and copper are the key target commodities. The Battery Minerals Division is in the land acquisition phase of growth to cover multiple commodities over large land holdings.

9 CORPORATE

	30 June 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)	\$ 3.3M	\$ 2.4M
Cash at Bank	\$ 1.5M	\$ 1.1M
Bank Loan	\$ 8.4M	\$ 6.2M
Enterprise Value	\$10.2M	\$ 7.5M
Debt Repaid (YTD)	\$ 0.3M	\$ 0.2M

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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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Eon NRG Limited	
ABN	Quarter ended ("current quarter")
66 138 145 114	June 30, 2018

Consolidated statement of cash flows	Current quarter (Q2-18) \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,323	2,818
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(161)	(315)
(c) production	(589)	(1,119)
(d) staff costs	(322)	(630)
(e) administration and corporate costs	(225)	(479)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(84)	(161)
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	(56)	116

Consolidated statement of cash flows (Cont.)	Current quarter (Q2-18) \$US'000	Year to date (3 months) \$US'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(17)	(21)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(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	<u>(17)</u>	<u>(21)</u>
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	12
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(152)	(204)
3.7 Transaction costs related to loans and borrowings	(10)	(10)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	<u>(162)</u>	<u>(204)</u>

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,387	1,260
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(59)	116
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(17)	(21)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(162)	(204)
4.5 Effect of movement in exchange rates on cash held	<u>3</u>	<u>1</u>
4.6 Cash and cash equivalents at end of period	<u>1,152</u>	<u>1,152</u>

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	477	670
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	<u>675</u>	<u>673</u>
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	<u>1,152</u>	<u>1,343</u>

Note 5.4 Cash held as security deposits.

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	215
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	

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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	12
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 <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	70	70
8.2 Credit standby arrangements	7,000	6,157
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1 ANB Bank, 5.25% principal and interest term loan, secured – equipment
8.2 ANB Bank, 5.25% interest only line of credit, secured – oil and gas field assets

9. Estimated cash outflows for next quarter	\$US'000
9.0 Receipts from customers	1,293
9.1 Exploration and evaluation	(14)
9.2 Development	(40)
9.3 Production	(384)
9.4 Staff costs	(331)
9.5 Administration and corporate costs	(197)
9.6 Other (provide details if material)	(183)
9.7 Total estimated net cash inflows	<u>129</u>
	US\$'000
9.6 Production tax	48
Interest	85
Debt Repayment	<u>50</u>
	<u>183</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	Interest at end of quarter
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: **31 / 07 / 18**

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, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: 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 cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.