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30 April 2019

ASX : E2E

QUARTERLY ACTIVITIES REPORT For the period ended 31 March 2019

1 HIGHLIGHTS

- Cash reserves of US\$2.7M (A\$3.8M)
- Permitting commenced for the first well to be drilled in the Powder River Basin
- Ongoing evaluation of additional Powder River Basin prospects encouraging

2 POWDER RIVER BASIN

Eon NRG Ltd's ("Eon" or "the Company") commenced the permitting process for its first well in the Powder River Basin (PRB), the Govt Kaehne #9-29, in the Q1 of 2019. Lodgement of the final permitting application with the relevant government authorities will take place as soon as all of the necessary environmental survey reports are completed.

Construction of the well pad will be the first field activity to take place once the drilling approval is received. The Govt Kaehne #9-29 well is expected to be drilled to a depth of ~6,200 feet and should take approximately 12 days to reach total depth (TD). Drill stem testing and open hole logging will be performed to evaluate the reservoir quality and deliverability on completion of the drilling process. Assuming well success, completion of the well for production is estimated at a further 45 days, with oil production and sales to follow soon thereafter.

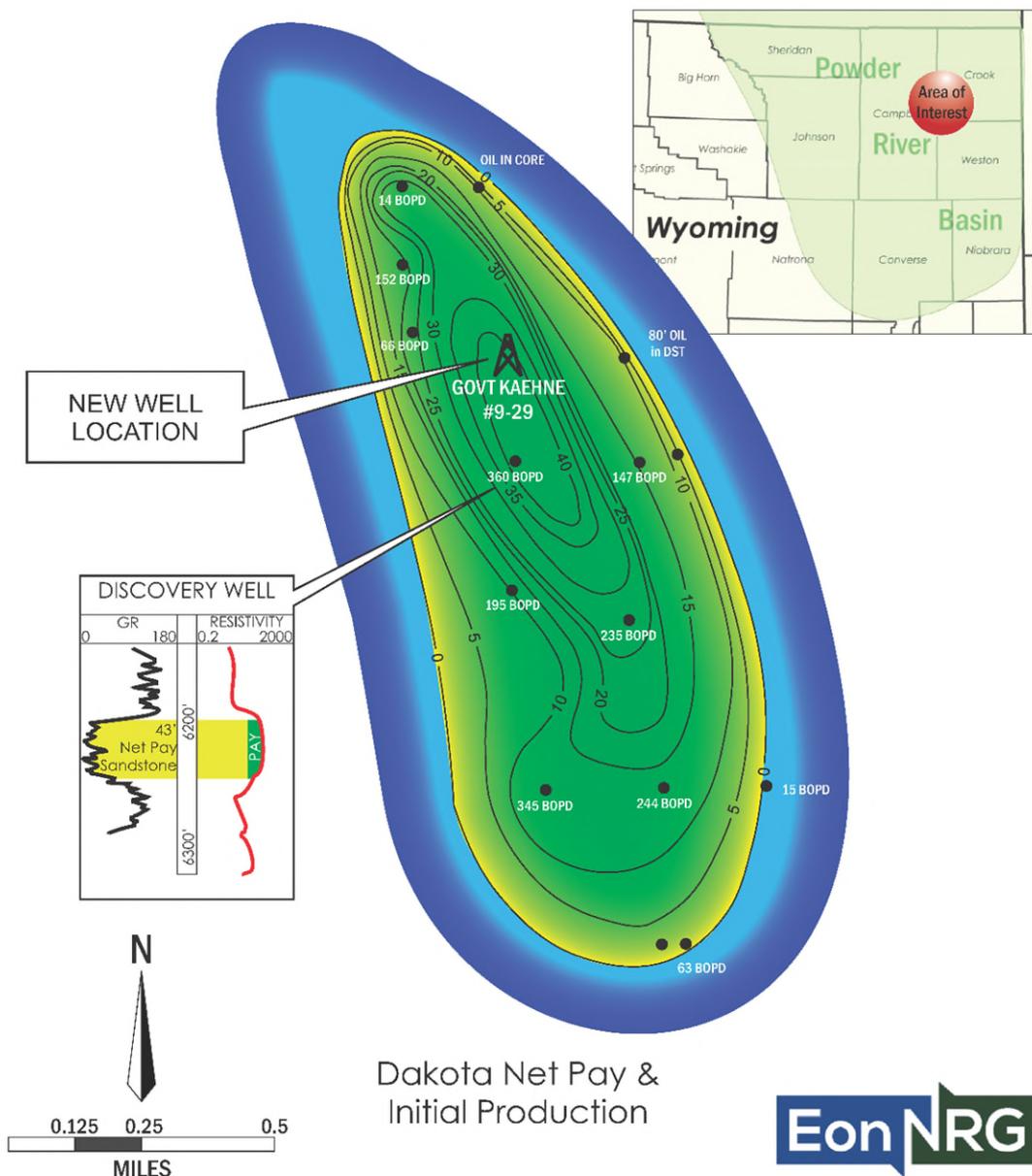
This well will target the Dakota Formation which is a highly porous sandstone reservoir. The Govt Kaehne #9-29 well is located in a structurally high position relative to offset wells which have prolific initial production (IP) rates (refer map) and this new well could add significantly to the Company's existing production if it is successful. The Company holds 100% ownership in all the PRB leases with a 12.5% mineral interest royalty burden delivering an 87.5% net revenue interest to Eon. The well location has good access for transportation and is near the town of Gillette, a major oil service center for the PRB.

The Dakota Formation is a Lower Cretaceous fluvial point bar sandstone. Reservoir characteristics from published core data in the offset wells show an average porosity of ~21% (15-30% range), average permeability of 99 millidarcy (max 237 MD) and an average net pay thickness of 21'. The Dakota Formation has a strong water-drive which provides pressure support with minimal pressure drop at the wellbore resulting in consistent oil production and wells with higher ultimate recoveries (EUR).

Management has continued with its geological and economic assessment of the 15,000 acres that it acquired in the PRB to identify further high value drilling opportunities. The potential drill

prospects in the PRB will target oil from multiple formations including the Turner, Dakota and Permian aged Minnelusa. The leases are surrounded by developed oilfields which have long life 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.

Govt Kaehne #9-29 Wyoming, Dakota Target



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

Winter storms in and around the Borie Oilfield caused some production outages through the first quarter of 2019. Overall, production was down by 11% from the Q1-18 rate which is in part accounted for from natural decline from decreasing reservoir pressure. A workover rig has been deployed to the field in April to return some wells to their full production. Production in April has increased to over 60 BOPD which is above the Q4-18 average daily production rate. Propane usage for heating of tanks and pipes has been minimized which has improved the economics of the field through lower operating costs.

4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

Severe winter weather with temperatures below zero degrees Fahrenheit until the second half of March caused some oil and gas pipes to freeze which reduced production of oil to an average of 44 bopd (compared to 50 bopd in Q1-18 and 57 bopd in Q4-18). Oil production has averaged 73 bopd in April.

Gas production was down by 11% from Q1-2018 to Q1-2019 which was in line with expectations, but the severe cold weather caused gas wells and flowlines to freeze up resulting in a sales decline of 35% compared to the same period last year. NGL production and sales were down by 46% from the prior year due to the cold weather.

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

5 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

Production declines at the Round Mountain Field remain very low with Q1-19 production of 20 bopd being higher than in the corresponding prior year period production. Production from the Sheep Springs Field was down by 8 bopd from the prior quarter due mainly to maintenance that was carried out on the highest production well during the period.

The oil produced from the Sheep Springs Field continues to attract a price premium with the average oil price for Q1-19 being \$64/Bbl compared to the average West Texas Intermediate (WTI) price of \$54/Bbl.

6 PRODUCTION

Gross production for the last two quarters (Q1-2019 and Q4-2018) and corresponding prior year quarter (Q1-2018) are shown in Table 1 below.

As noted above, significant adverse weather in North Wyoming impacted the production of oil from the Silvertip Field and also resulted in higher use of produced gas for heating.

TABLE 1	Q1 2019	Q4 2018	Q1 2018
Gross Production			
Oil production (Bbls)	14,343	16,801	16,125
Gas production (BOE) ¹	23,936	26,252	26,772
NGL production (Bbls)	3,114	6,026	7,758
Total barrels of oil equivalent (BOE)	41,393	49,079	50,655
Average BOEPD	460	533	563

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 (Q1-2019 and Q1-2018) as well as the corresponding prior year quarter (Q1-2018). **All revenue is in US Dollars.**

TABLE 2	Q1 2019	Q4 2018	Q1 2018
Oil Sold ² (Bbls)	13,315	14,027	13,234
Oil Revenue ² (US\$)	\$721,420	\$832,003	\$851,915
Average Sale Price (US\$/Bbl) ³	\$54.18	\$59.31	\$64.37
Gas Sold ² (MCF)	49,114	64,215	74,555
Gas Revenue ² (US\$)	\$154,064	\$260,266	\$205,515
Average Sale Price (US\$/MCF) ³	\$3.14	\$4.05	\$2.76
NGL Sold ² (Bbls)	3,405	4,928	6,348
NGL Revenue ² (US\$)	\$66,224	\$123,422	\$191,297
Average Sale Price (US\$/Bbl) ³	\$19.45	\$25.04	\$30.13
Total Net Barrels of Oil Equivalent sold ⁴	24,906	29,658	31,741
Total Net Sales Revenue (US\$)	\$941,707	\$1,215,691	\$1,248,727

The 16% decline in oil price from Q1-18 to Q1-19 had a significant impact on oil sales revenue (\$135,000). WTI oil price has strengthened in April to be as high as US\$65.66 per barrel with some market indicators pointing to continued strength in energy prices.

Despite some short term spikes in the CIG Rockies gas price index in Q4-18 and Q1-19, gas prices in the US remain low as a result of over-supply. Gas price averages for gas sold from Silvertip were \$4.12 and \$3.14 per Mcf for Q4-18 and Q1-19 respectively. This was significantly higher than the price of \$2.76/Mcf that was paid in Q1-18 as a result of a warmer than expected winter in 2017/18.

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

Eon NRG Ltd successfully raised ~A\$2.544 million from a non-renounceable rights issue from the allotment of 363.5 million shares at a price of A\$0.07 per share. As part of the issue, one free option with an exercise price of A\$0.015 and an expiry date of 22 February 2021 was issued with every share that was taken up in the rights issue. Funds raised from the rights issue will be used for working capital requirements in relation to the permitting and drilling of the first PRB well, Govt Kaehne #9-29, in 2019.

The exercise price for the Company's options (ASX: E2EO) which have an expiry date of 29 November 2019 was revised from A\$0.02 to A\$0.0188 in accordance with the terms of the options and as a result of the rights issue that was completed in March 2019.

Eon NRG Ltd issued its [annual report](#) for the year ended 31 December 2018 which is available at the Company's web site.

The Company announced that its Annual General Meeting will be held on Thursday 23rd May 2019 at 9:00am and will be held at Level 1, 18 Howard Street, Perth. The [notice of meeting](#) is available from the web site.

Securities on Issue	31 Mar 2019
Shares	769,888,934
Options (Exercisable at A\$0.0188, expiry Nov 2019)	204,194,580
Options (Exercisable at A\$0.0150, expiry Feb 2021)	363,499,774
	US\$
Market Capitalisation (Share Price - A\$0.006)	\$ 3.3M
Cash at Bank	\$ 2.7M
Bank Loan	\$ 6.1M
Enterprise Value	\$ 6.7M

Glossary:

BOPD	Barrels of Oil per day
EUR	Economic Ultimate Recovery
MD	Millidarcy
Permeability	The measurement of a rock's ability to transmit fluids, typically measured in darcies or millidarcies.
Porosity	The percentage of pore volume or void space, or that volume within rock that can contain fluids.
PRB	Powder River Basin, WY USA

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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.