

31 October 2018

ASX : E2E

## QUARTERLY ACTIVITIES REPORT

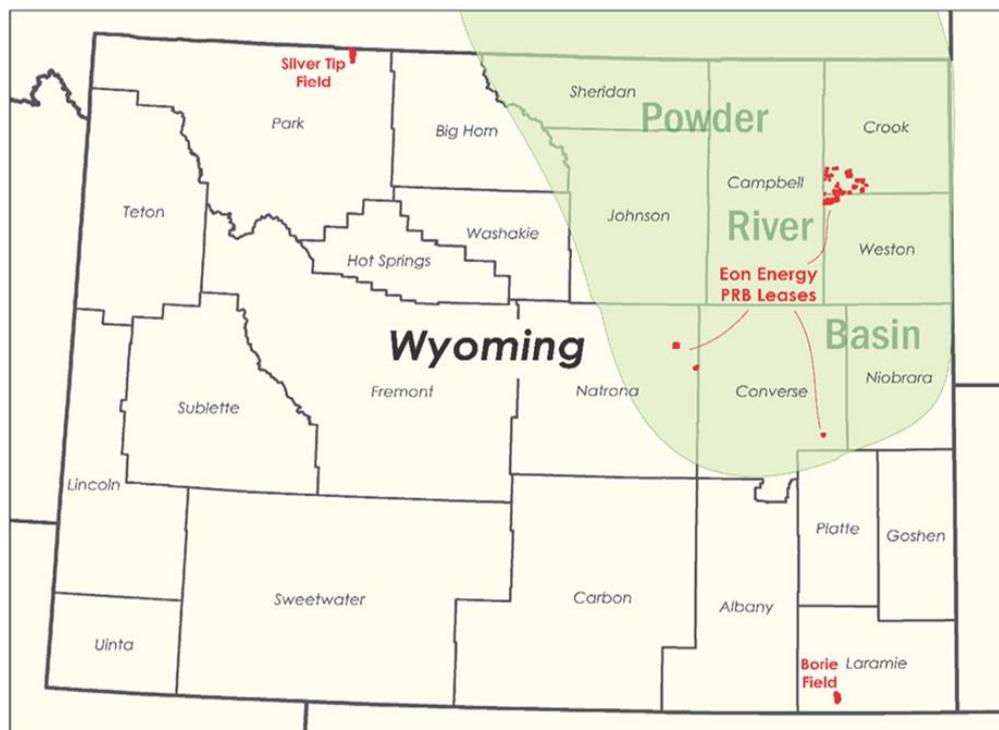
### For the period ended 30 September 2018

#### 1 HIGHLIGHTS

- 15,000 acres acquired in Powder River Basin (PRB), Wyoming on good fiscal terms;
- Geological studies under way to prioritise drilling prospects;
- Eon Group US\$332k (AU\$463k) cash flow positive for the last quarter (US\$223k cash flow positive for the YTD)

#### 2 POWDER RIVER BASIN

Eon NRG Ltd (“Eon” or “the Company”) acquired of 15,000 acres in the Powder River Basin (“PRB”), Wyoming during the third quarter. This purchase was part of the Company’s strategic decision to build oil well drilling opportunities that represent company changing potential, utilising the extensive skillset that the Company has in its management team.

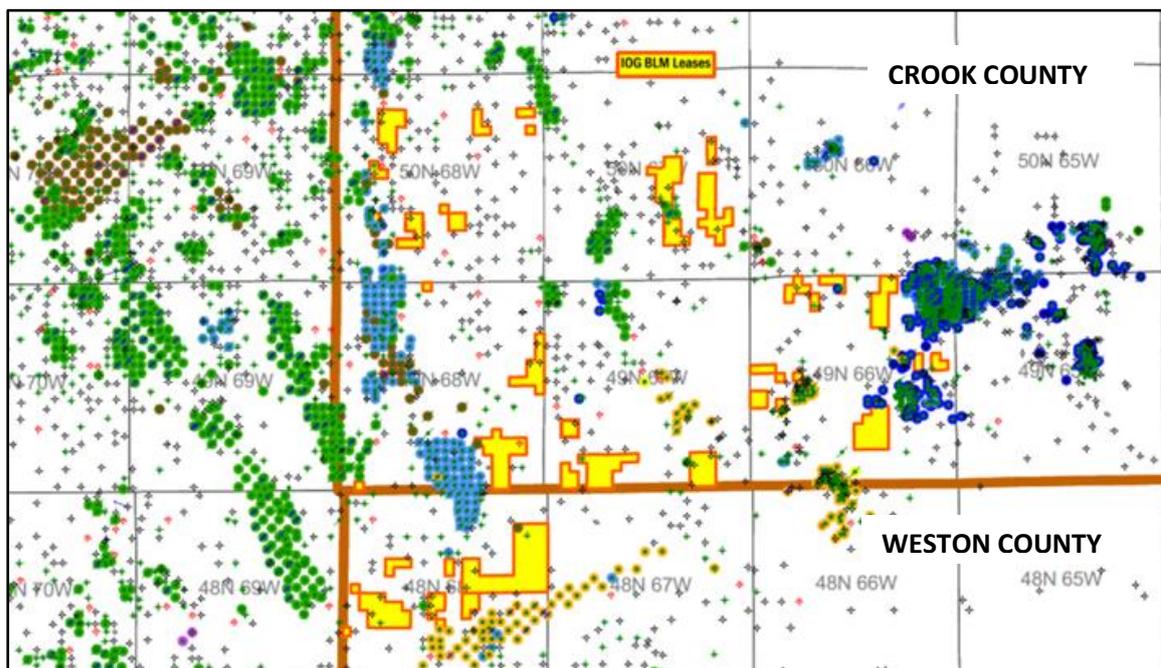


Location map of Powder River Basin leases acquired

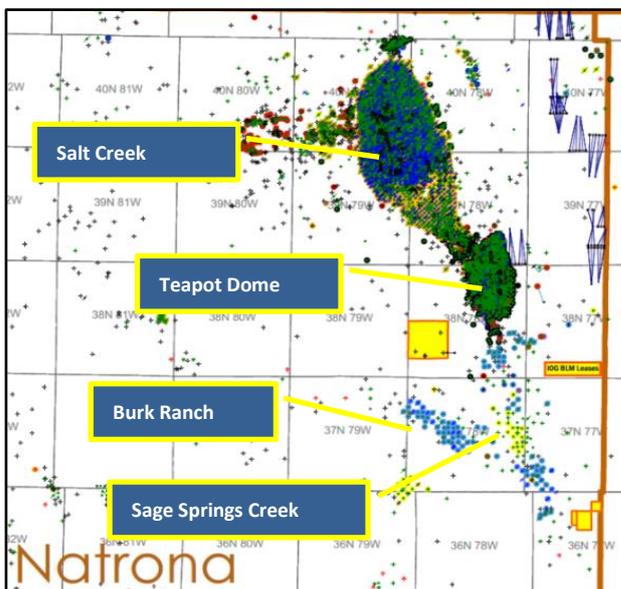
15,111 acres that were purchased from the United States Department of Interior have 10 year lease terms with a net revenue interest of 87.5% (12.5% royalty rate). There are no drilling commitments required to hold the leases. A further 640 acres were purchased from the Wyoming State Land Board in Converse County which have a 5 year lease term.

Geological analysis has commenced to identify potential prospects within the leased areas. The prospects will be ranked and then detailed land, environmental and regulatory reviews will be carried out on the priority prospects to prepare for permits to drill.

The acreage acquired in Crook and Weston Counties will target oil from multiple formations including the Turner, Dakota and Minnelusa. The leases are surrounded by developed oilfields which have recorded prolific historic 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.



**Eon Leases** (Yellow box)  
**Formations:**  
 Turner (Yellow dot), Dakota (Blue dot), Lakota (Dark Blue dot), Muddy (Brown dot), Minnelusa (Green dot)



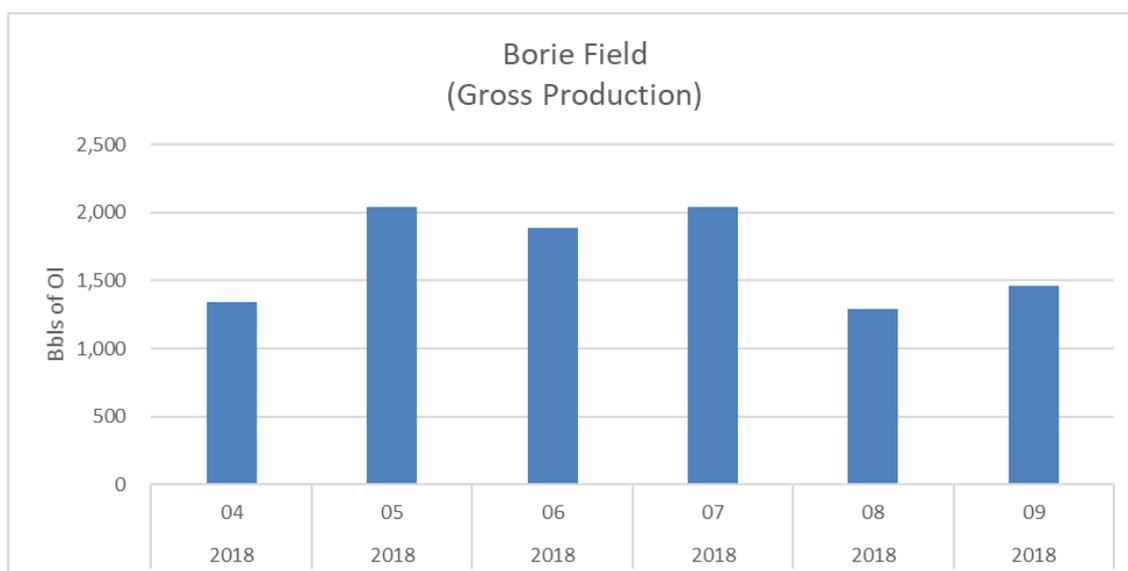
Leases that have been acquired in Natrona County are located close to the prolific Teapot Dome and Salt Creek Fields. These fields which have produced from the multiple formations over a long period of time.

The contiguous nature of these southern leases will allow for broad scale development if prospective oil resources are identified.

### 3 BORIE OILFIELD, DJ BASIN, WYOMING

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Production from the Borie Field was lower due to damage to electrical infrastructure caused by multiple weather events in late August. Repair and maintenance work was carried out and production has been returned to the original rates in October.



### 4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

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Operations continued as normal at the Silvertip Field. The 35-28 well that was recompleted in February 2018 continued to perform above expectation and has produced 27,000 Mcf of gas in that period (~295 Mcf per day average production). This well has generated approximately US\$45,000 of net revenue after payback of the capex cost since its recompletion.

Analysis has been carried out to determine the potential of returning one of three shut-in oil well to production which had historically produced from the Tensleep/Phosphoria Formation. Water that is produced within the field is injected into the Tensleep/Phosphoria Formation. The well will be tested for oil production in the fourth quarter.

Surplus casing that was located at the Silvertip Field was sold during the quarter for an amount of US\$350,000. These proceeds were used to pay down bank loans and to acquire the PRB leases.

### 5 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

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Production remains unchanged from the previous quarter with average output from the California fields combined of 68 bopd. 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 \$69/Bbl.

## 6 PRODUCTION

Gross production for the last two quarters (Q3-18 and Q2-2018) and corresponding prior year quarter (Q3-2017) are shown in Table 1 below.

<b>TABLE 1</b>	<b>Q3 2018</b>	<b>Q2 2018</b>	<b>Q3 2017</b>
<b>Gross Production</b>			
Oil production (Bbls)	16,399	16,523	12,741
Gas production (BOE) <sup>1</sup>	26,019	29,199	27,237
NGL production (Bbls)	6,797	6,918	9,025
Total barrels of oil equivalent (BOE)	49,216	52,640	49,004
Average BOEPD	535	578	533

## 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 (Q3-2018 and Q2-2018) as well as the corresponding prior year quarter (Q3-2017). All revenue is in US Dollars.

<b>TABLE 2</b>	<b>Q3 2018</b>	<b>Q2 2018</b>	<b>Q3 2017</b>
Oil Sold (Bbls)	12,800	14,202	11,342
Oil Revenue (US\$)	\$879,217	\$956,229	\$518,355
Average Sale Price (US\$/Bbl) <sup>2</sup>	\$68.69	\$67.33	\$45.70
Gas Sold (MCF)	68,017	75,619	80,815
Gas Revenue (US\$)	\$180,748	\$167,800	\$240,740
Average Sale Price (US\$/MCF) <sup>2</sup>	\$2.66	\$2.22	\$2.98
NGL Sold (Bbls)	5,560	5,660	7,380
NGL Revenue (US\$)	\$157,310	\$166,555	\$193,224
Average Sale Price (US\$/Bbl) <sup>2</sup>	\$28.29	\$29.43	\$26.18
Total Net Barrels of Oil Equivalent sold <sup>3</sup>	29,696	32,465	32,191
Total Net Sales Revenue (US\$)	\$1,217,268	\$1,290,585	\$952,319

## 8 Battery Minerals Division

Work is continuing on the identification of further potential exploration prospects for the battery minerals division with exploration prospects located in Arizona and Nevada reviewed by a contract geologist.

<sup>1</sup> 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.

<sup>2</sup> Average Sale Price is net of refinery and transportation deductions.

<sup>3</sup> 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.

## 9 CORPORATE

	30 Sept 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\$0.006, Option Price - A\$0.001)	\$ 2.6M	\$ 2.1M
Cash at Bank	\$ 2.0M	\$ 1.5M
Bank Loan	\$ 8.5M	\$ 6.2M
Enterprise Value	\$ 9.1M	\$ 6.7M
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

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

<b>Name of entity</b>	
Eon NRG Limited	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
66 138 145 114	September 30, 2018

Consolidated statement of cash flows	Current quarter (Q2-18)		Year to date (9 months)	
	\$US '000	\$AU '000	\$US '000	\$AU '000
<b>1. Cash flows from operating activities</b>				
1.1 Receipts from customers	1,309	1,790	3,995	5,270
1.2 Payments for				
(a) exploration & evaluation	-	-	-	-
(b) development	(101)	(137)	(417)	(546)
(c) production	(496)	(678)	(1,615)	(2,125)
(d) staff costs	(282)	(383)	(945)	(1,245)
(e) administration and corporate costs	(221)	(298)	(638)	(844)
1.3 Dividends received (see note 3)	-	-	-	-
1.4 Interest received	-	-	2	3
1.5 Interest and other costs of finance paid	(104)	(141)	(264)	(350)
1.6 Income taxes paid	-	-	-	-
1.7 Research and development refunds	-	-	-	-
1.8 Other (provide details if material)	-	-	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>105</b>	<b>153</b>	<b>118</b>	<b>163</b>

Consolidated statement of cash flows (Cont.)	Current quarter (Q2-18)		Year to date (3 months)	
	\$US'000	\$AU '000	\$US'000	\$AU '000
<b>2. Cash flows from investing activities</b>				
2.1 Payments to acquire:				
(a) property, plant and equipment	-	-	-	-
(b) tenements (see item 10)	( 67)	( 93)	( 89)	(121)
(c) investments	-	-	-	-
(d) other non-current assets	-	-	-	-
2.2 Proceeds from the disposal of:				
(a) property, plant and equipment	350	479	481	647
(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)	-	-	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>283</b>	<b>386</b>	<b>392</b>	<b>526</b>
<b>3. Cash flows from financing activities</b>				
3.1 Proceeds from issues of shares	-	-	50	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	-	-	( 65)	( 89)
3.5 Proceeds from borrowings	-	-	-	-
3.6 Repayment of borrowings	( 54)	( 73)	(260)	(340)
3.7 Transaction costs related to loans and borrowings	( 2)	( 3)	( 12)	( 16)
3.8 Dividends paid	-	-	-	-
3.9 Other (provide details if material)	-	-	-	-
<b>3.1 Net cash from / (used in) financing activities</b>	<b>( 56)</b>	<b>(76)</b>	<b>(287)</b>	<b>(382)</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter		Year to date (9 months)	
		\$US'000	\$AU'000	\$US'000	\$AU'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>				
4.1	Cash and cash equivalents at beginning of period	1,150	1,540	1,260	1,615
4.2	Net cash from / (used in) operating activities (item 1.9 above)	105	152	117	163
4.3	Net cash from / (used in) investing activities (item 2.6 above)	283	386	392	526
4.4	Net cash from / (used in) financing activities (item 3.10 above)	( 56)	( 75)	( 287)	( 383)
4.5	Effect of movement in exchange rates on cash held	( 6)	41	( 6)	123
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,476</b>	<b>2,044</b>	<b>1,476</b>	<b>2,044</b>

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	802	477
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	<u>675</u>	<u>675</u>
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b><u>1,476</u></b>	<b><u>1,152</u></b>
Note 5.4 Cash held as security deposits for performance bonds.			

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

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\$71,930); Non-executive Director remuneration (US\$44,022)

**Current quarter  
\$US'000**

116

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<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$US'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
8.1 Loan facilities	-	-
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.		

8.2 ANB Bank, 5.75% interest only line of credit, secured – oil and gas field assets

<b>9. Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.0 Receipts from customers	1,350
9.1 Exploration and evaluation	( 50)
9.2 Development/Workovers	( 95)
9.3 Production	( 380)
9.4 Staff costs	( 345)
9.5 Administration and corporate costs	( 150)
9.6 Other (provide details if material)	<u>( 285)</u>
<b>9.7 Total estimated net cash inflows</b>	<b><u>45</u></b>
	<b>US\$'000</b>
9.6 Production tax	196
Interest	<u>89</u>
	<u>285</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	Lease #058, WY, USA	100%	Nil	640.00
		Lease #059, WY, USA	100%	Nil	120.00
		Lease #070, WY, USA	100%	Nil	2,541.8
		Lease #140, WY, USA	100%	Nil	1,180.42
		Lease #141, WY, USA	100%	Nil	1,050.64
		Lease #148, WY, USA	100%	Nil	1,517.57
		Lease #149, WY, USA	100%	Nil	1,739.90
		Lease #155, WY, USA	100%	Nil	2,000.00
		Lease #156, WY, USA	100%	Nil	1,435.98
		Lease #159, WY, USA	100%	Nil	1,376.38
		Lease #163, WY, USA	100%	Nil	880.31
		Lease #164, WY, USA	100%	Nil	628.43
	Lease #43, WY, USA	100%	Nil	640.00	

## Compliance Statement

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- 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:  ..... Date : **31/10/18**  
(Director/Company secretary)

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.