



ABN 66 138 145 114

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**ASX Code: E2E**

**ASX/Media Release**

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## **RESPONSE TO MARKET CONDITIONS LATE LODGEMENT OF ANNUAL ACCOUNTS**

We are currently witnessing the dramatic impact of global supply and demand changes on oil price, the likes of which have not been seen in decades. The global spread of the Coronavirus pandemic has had a severe impact on global energy demand while recent decisions made by members of the OPEC+ group, namely Russia and Saudi Arabia, have led to a commitment to increase oil supply. These events and their immediate consequences are serious matters that the Board has and continues to consider as it contemplates strategies to mitigate any potential negative impact on the business.

Eon is of the view that the current spot prices for oil do not represent long term prices expected to be realised in 'normal' market conditions. However, the unprecedented nature and scale of the Covid19 pandemic combined with oil markets being dramatically oversupplied, makes a near-term recovery in global economic conditions unlikely. The Company has considered this situation carefully, particularly having regard to the impact that these dramatic price decline has had on cash flow, asset values and potential actions by the bank to protect their debt to the Company.

The impact of this downturn has created some difficulties in relation to finalization of the 2019 annual accounts and as a result, the Board and auditors were not able to finalise these in time for filing before the lodgment deadline of March 31. The uncertainty of the current market, in particular the significant 60%+ drop in oil price since December, has resulted in impairment triggers that were not relevant as at the reporting balance date. The Board and management are working closely and cooperatively with the auditor to ensure that the year-end results and the subsequent events are reported accurately and in line with relevant accounting standards. It is anticipated that the 2019 financial statements will be in a position to file within no more than 14 days. It is likely that there will be a material impairment of assets which could be in the order of \$8 million for the period. This impact on the balance sheet and income statement was not reported or anticipated when the Appendix 4E preliminary final report was filed.

In accordance with ASX Listing Rule 17.5, it is likely that the company's securities will be suspended from trading until the annual report is filed. The Company will seek to have the quotation of securities reinstated under Listing Rule 17.8 which will happen the day following lodgment of the annual report.

**Authorised by:**  
Board of Eon NRG Ltd

### **About the Company:**

Eon NRG Ltd is an ASX listed company which has U.S. onshore focused energy exploration and production assets. The Company's growth path is through the drilling of high impact oil exploration wells, supported by a 100% owned and operated long life oil and gas production assets and associated cashflow. The company has a mixture of onshore USA exploration and development leasehold acreage along with oil and gas production assets located in Wyoming and California.

**All reference to dollars or \$ refers to USD unless otherwise stated.**

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**Forward-Looking Statement**

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Eon NRG Ltd'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 favorable 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 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.