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30 July 2020

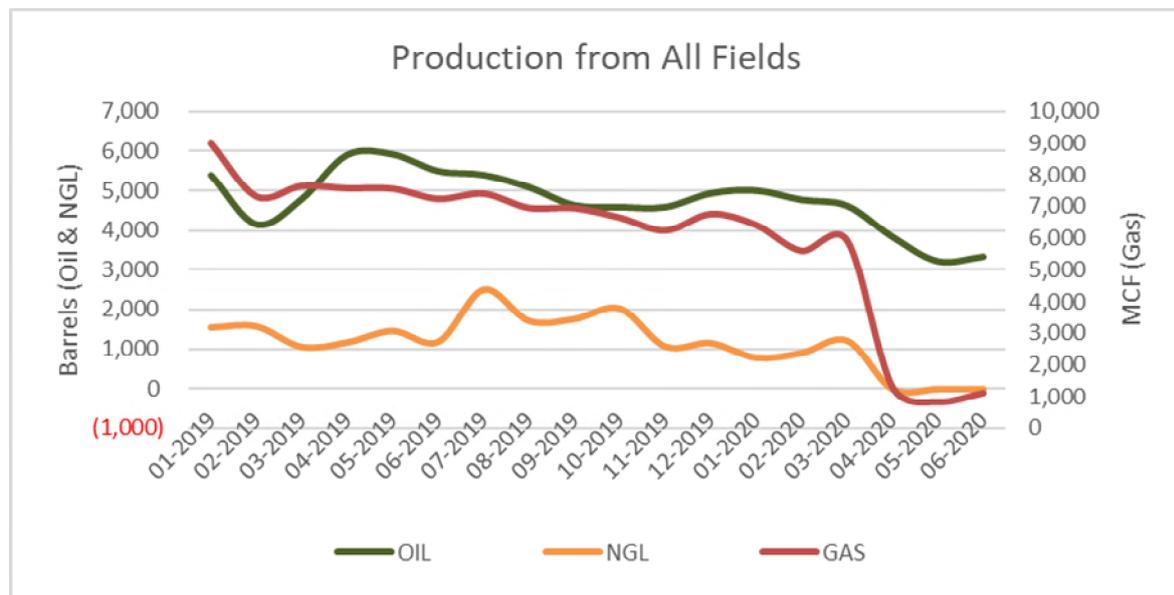
ASX : EZE

## QUARTERLY ACTIVITIES REPORT For the period ending June 30, 2020

### 1 PRODUCTION

Gross production for the last two quarters (Q2-2020 and Q1-2020) and corresponding prior-year quarter (Q2-2019) are shown in Table 1 below.

TABLE 1	Q2 2020	Q1 2020	Q2 2019
<b>Gross Production</b>			
Oil production (Bbls)	10,401	14,392	17,318
Gas production (BOE) <sup>1</sup>	3,249	17,939	22,352
NGL production (Bbls)	0	2,881	3,801
<b>Total barrels of oil equivalent (BOE)</b>	<b>13,649</b>	<b>35,212</b>	<b>43,471</b>
<b>Average BOE/DPD</b>	<b>150</b>	<b>387</b>	<b>478</b>



<sup>1</sup> Gross gas production includes fuel gas used in the field and processing plant. In Q2-20 there was no gas production from the Silvertip Field (all from Sheep Springs, CA). Gas is converted to barrels of oil equivalent (BOE) using a conversion rate of 6 MCF of gas to 1 barrel of oil.

Following the significant decrease in oil and gas prices as a result of global demand slowdown from COVID-19 impacts, combined with significant increases in the refinery deducts being charge for transportation and storage, the cost of keeping fields operating was unsustainable and several fields and wells were shut-in. All of the gas wells in the Silvertip Fields were shut-in to reduce operating overheads and two of the field employees were laid off. Oil production decreased for the quarter but with the increase and stabilisation in oil price, most of the oil wells were back on production by the end of June.

## 2 SALES REVENUE

Table 2 below shows **net** volumes of oil, gas, and NGL's sold and **net** sales revenue for the last two quarters (Q1-2020 and Q4-2019) and the corresponding prior-year quarter (Q1-2019). **All revenue is in US Dollars.**

<b>TABLE 2</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q2 2019</b>
Oil Sold <sup>2</sup> (Bbls)	8,280	12,151	13,733
Oil Revenue <sup>2</sup> (US\$)	\$216,310	\$524,203	\$799,781
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$26.13	\$43.14	\$58.24
Gas Sold <sup>2</sup> (MCF)	1,845	43,052	55,649
Gas Revenue <sup>2</sup> (US\$)	\$1,500	\$87,783	\$126,543
Average Sale Price (US\$/MCF) <sup>3</sup>	\$0.81	\$2.04	\$2.27
NGL Sold <sup>2</sup> (Bbls)	0	2,354	3,109
NGL Revenue <sup>2</sup> (US\$)	\$0	\$26,397	\$52,687
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$0	\$11.21	\$16.95
Total Net Barrels of Oil Equivalent Sold <sup>4</sup>	8,587	21,681	26,116
Total Net Sales Revenue (US\$)	\$217,811	\$638,383	\$979,011

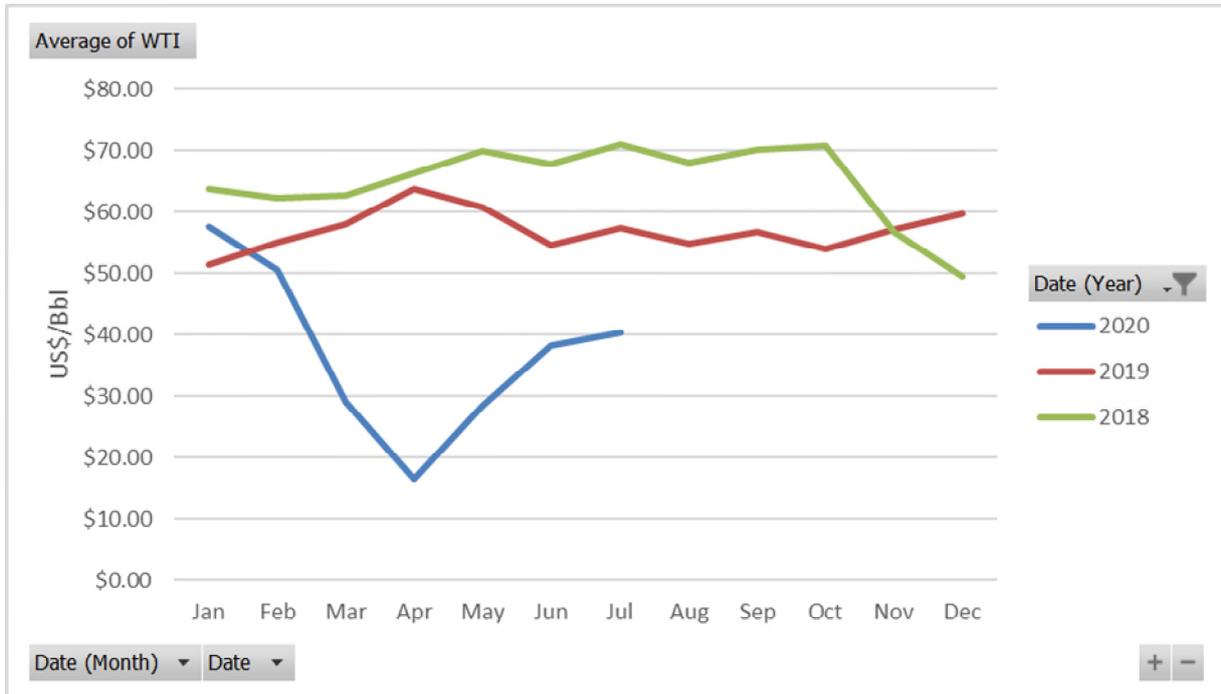
In Q1-20, the spread of the COVID-19 pandemic saw global demand for oil decrease by levels that were not foreseeable. At the same time, a dispute between OPEC+ members (Saudi Arabia and Russia) resulted in temporary global production increases which created extreme volatility in prices. This major imbalance in global oil supply and demand saw prices drop to historic lows and for the first time in history, short dated oil futures contracts were traded below US\$0. WTI oil prices averaged 16.55/bbl in April 2020 compared to \$61/bbl at the beginning of 2020.

No natural gas was produced from the Silvertip Field in Q2-20 (and therefore no NGL's were produced and sold) which resulted in a significant drop in overall sales revenue for the quarter. The decrease in production and lower prices for WTI oil saw sales revenue for Q2-20 decrease by 66% compared to the prior quarter and 78% from Q2-2019.

<sup>2</sup> Net volume and revenue

<sup>3</sup> Average Sale Price is net of refinery and transportation deductions.

<sup>4</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.



WTI average monthly oil price 2018, 2019, 2020 (YTD)

### 3 POWDER RIVER BASIN, WYOMING

The Govt Kaehne well was shut in during Q1-20 in anticipation of work being carried out to install the mains electricity connection for the pumping unit. During Q2-20, the Company received a Cease and Desist notice from the Bureau of Land Management (BLM) for the Govt Kaehne well on the basis of legal action being brought by a conservation group that alleges indiscretions in the process of carrying out the environmental surveys before the leases were sold. This is despite BLM and other Federal and State regulatory authorities approving all pre-requisite reporting before the drilling permit was issued for the Govt Kaehne well. This legal process (which is between the claimant and the BLM) is likely to take many years to complete. During this time, the well cannot be produced and remains shut-in.

### 4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

Silvertip Field has been producing oil from approximately 20 wells to keep the field operational. Staff layoffs were made in April which has reduced the field operating costs. Eon is scheduling the replacement of its current compressor station to allow gas production to recommence before winter. The replacement compressor station will result in less gas being consumed as fuel and thus being a loss for sales. Along with the compressor refurbishment, a number of additional workovers and reclamations are scheduled which will return the field to compliance and with higher winter gas prices, it is expected to be cash flow positive once full production is restored.

### 5 BORIE OILFIELD, DJ BASIN, WYOMING

Six wells have been brought back to production in the Borie Field. The contract pumper fees were reduced, and operations were streamlined to lower the field operating costs on a care and maintenance basis.

## 6 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

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The California Fields were not shut in during the price instability due to the fact that they are energised by water and the loss of this production would be difficult to return if it was shut in. These fields have consistently operated at a very low cost and this was continued during the quarter along with lowering the contract pumper fees.

## 7 CORPORATE

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In Ma, the Company's lender, ANB Bank issued a Notice of Default and Demand for Repayment as a result of non-payment of interest on the bank loan in the months of March and April. The Company has remained in regular communication with the bank to try and reach a satisfactory outcome in relation to the demand for repayment. With cash reserves depleted from severely impacted revenue and with the final payments to suppliers in relation to the drilling of the Govt Kaehne well, Eon's options for repayment have been limited.

ANB and the Company have considered the potential sale of the oil and gas properties but the prices that could be realised in the current market for operating assets was not acceptable to the bank. ANB is looking to exercise its rights to take control of some or all of the Company's oilfield assets in exchange for Eon NRG Ltd and its US subsidiary being released from the guarantee and loan repayment obligations under the terms of the loan.

Considerable efforts have been made over the last three months to ensure that a settlement was negotiated with the Bank in a way that preserved as much value as possible for Eon NRG Ltd shareholders.

Once the agreements with ANB Bank are fully documented, further consideration will be given to recapitalising the Company and rebuilding its business portfolio. Corporate overheads have been cut significantly in both Perth and Denver. Further group rationalisation is expected as the business seeks to restructure.

### Related Party Payments –

During the quarter, the company made payments of \$84,000 to related parties which related to remuneration under existing agreements for the Executive directors. Remuneration payments to the Perth based executive director ceased from May 2020 and no payments were made to non-executive directors in the quarter.

### By order of the Board

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

For further information, contact:

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## Forward-looking Statements

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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 unknown factors 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.