ACN 138 145 114

ANNUAL REPORT 2019

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CORPORATE DIRECTORY

Directors
Matthew McCann, J.D.
Chairman

Gerry McGann, B.Sc (Hons)
Director (Technical)

John Whisler, B.Sc
Managing Director and CEO

Simon Adams, B.Bus, M.Acc, AGIA
Director, CFO & Company Secretary

Registered office
Suite 2
20 Howard Street
Perth
WA 6000
Australia

Telephone: +61 8 6144 0590
Facsimile: +61 8 6144 0593
Web: www.eonnrg.com

Principal place of business
475 17th Street
Suite 1000
Denver
Colorado 80202
USA

Telephone: +1 (720) 763-3190

Auditors
Butler Settineri (Audit) Pty Ltd
Unit 16, First Floor
Spectrum Offices
100 Railway Road
Subiaco WA 6008
Australia

Share Registrar
Link Market Services
Level 12 QV1 Buildings
250 St George's Terrace
Perth
WA 6000
Australia
Telephone: +61 1300 554 474
Email: registrars@linkmarketservices.com.au
Web site: www.linkmarketservices.com.au

Home Exchange
Australian Securities Exchange Ltd
Level 40, Central Park
152 St George's Terrace
Perth
WA 6000
Australia

This annual report is of the group comprising Eon NRG Limited ("the parent entity") and its subsidiaries (see Note 19 to Financial Statements) (collectively "the Group"). The Group's functional and presentation currency is US Dollars ($). Unless otherwise stated, all amounts in the Annual Report are in US Dollars.

A description of the Group's operations and of its principal activities is included in the operations review on pages 2 to 5. The Directors' Report is not part of the financial report.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Eon NRG Limited (also referred to hereafter as the 'Company' or 'parent entity' or 'Eon') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

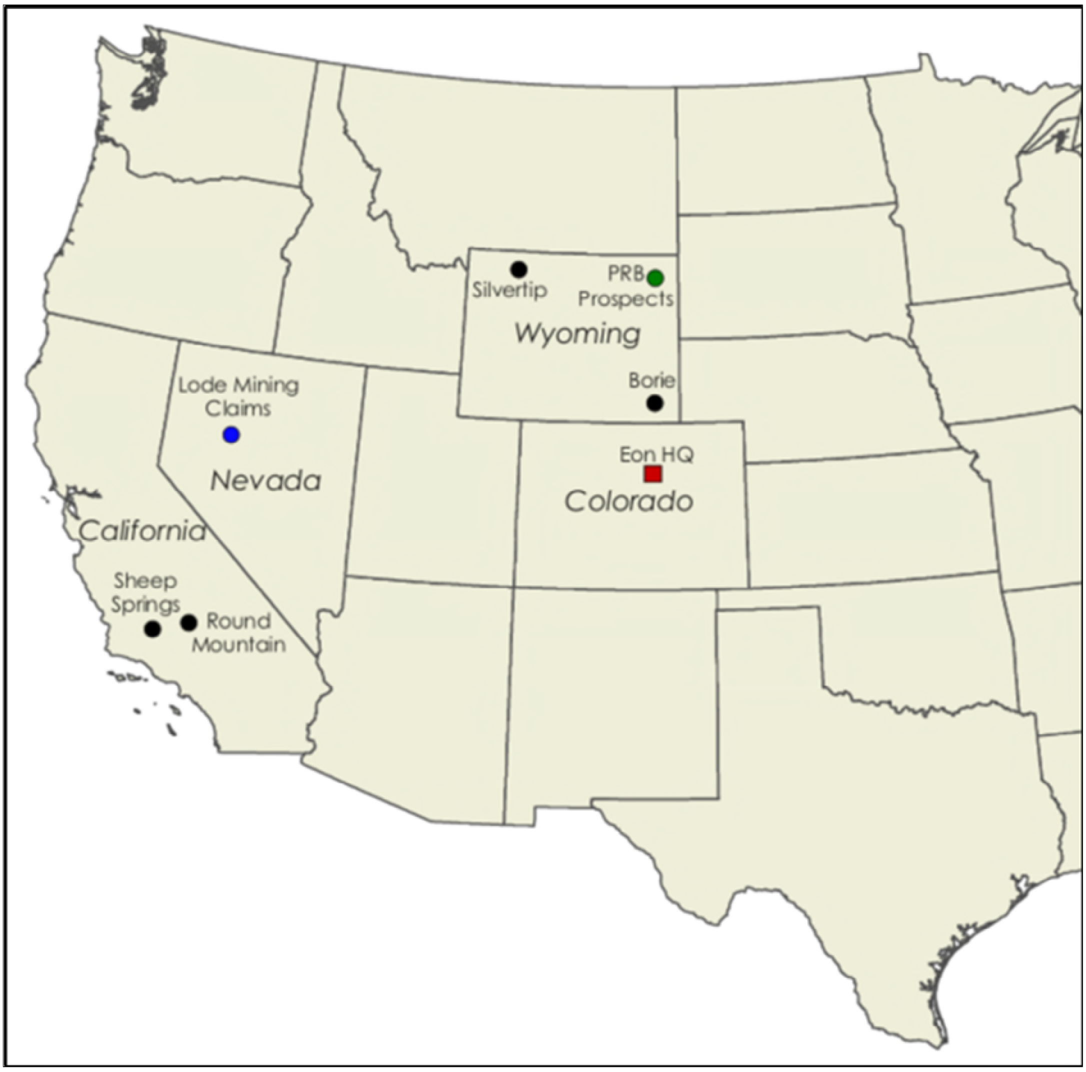
1. PRINCIPAL ACTIVITIES

Eon NRG Limited is an onshore oil and gas exploration and production company which is focused on developing assets in the USA. The Group has a mix of exploration and producing assets which provide strong growth potential as well as long-life oil and gas production assets with positive cash flow to support the development operations.

The Company has diversified its business with the acquisition of 840 acres of battery mineral exploration claims in Nevada which provide a secondary exploration opportunity. Low cost exploration work is continuing on these claims.

2. REVIEW OF OPERATIONS

A review of operations of the Group during the financial year and the results of those operations are set out below.



2.1. WYOMING OPERATIONS

a) Powder River Basin Exploration Leases, Wyoming

In September 2018, Eon acquired approximately 15,000 acres of leases in the Powder River Basin (PRB), Wyoming. The PRB has a long history of oil and gas production from multi-stacked pay zones. This Basin has traditionally been, and continues to be, Wyoming's top oil-producing basin, accounting for more than half of the state's oil annually since 2014. Increased production in the last decade is largely due to evolving well completion methods and reservoir targets. Operators have historically drilling vertical wells into the basin's high-porosity formations and anticlines. More recently, successful drilling of horizontal wells into lower-porosity multi-stacked formations which give good production and strong economics.

Eon acquired most of its lease acreage from the United States Department of Interior with 10-year lease terms and a net revenue interest of 87.5% (12.5% royalty rate). There are no drilling commitments to hold the leases and the annual lease cost to hold the acreage before drilling is $1.50 per acre for the first five years and $2.00 per acre thereafter. A further 640 acres were purchased from the Wyoming State Land Board in Converse County which has a 5-year lease term. During 2019 5,533 acres of the original 15,000 acres that were acquired were not renewed.

In 2018, the Company set about identifying potential drill prospects in its PRB acreage targeting oil from multiple formations including the Turner, Dakota, Minnelusa and Muddy. Some of the leases that were acquired by Eon are surrounded by developed oilfields which have long production history.

The location of the Govt Kaehne #9-29 well was identified as the first prospect that would be drilled. Its location was largely determined by existing spacing within the Donkey Creek North Field and the need for it to be as far from historical production as possible. Geologically, there was support for drilling the prospect based on well logs, core and drill-stem test records from other wells within the field. Several iterations of maps were created before settling on a final predrill interpretation. Publications, well data, production data, and regional setting all factored into the geological interpretation developed for the #9-29 well. A directionally drill design for the well to the SW corner of the lease allowed a drilling window to maximise the chance of success within the Dakota Formation.

Permitting of its first new well commenced in March 2019. Once the snow cover had receded, environmental and anthropological studies was carried out. An application was made to the state and federal authorities for a drilling permit in May. Earthworks to build the well pad commenced in July and were completed in August 2019. The conductor pipe and cellar ring were installed in October to prepare for the commencement of drilling.

After delays in the availability of the drill rig, the Capstar #311 rig was mobilised to site in November and the Govt Kaehne #9-29 well was spudded on November 19. The rig reached total depth of 6,460 feet in eight days, two days ahead of schedule. The primary target formation, the Dakota, was intersected at 6,279 feet and the secondary Muddy Formation was intersected at 6,056 feet. Independent analysis of the drilling data and logs showed that there was 21 feet of net pay between the two formations. Production casing was run and a completion was carried out in the Dakota Formation across three intervals between 6,322 and 6,345 feet.

A post drilling review of the geology showed that the pay in the Dakota Formation was approximately 26 feet lower than anticipated. An acid stimulation was carried out on all perforated zones in the Dakota Formation. Swab tests after the acid stimulation indicated that the reservoir had low permeability due to interbedded silts and sands, limiting the inflow of fluids. Although the mud logs and open hole log analysis strongly indicated hydrocarbons present in the Dakota Formation, limited permeability and a low oil/water ratio halted the completion operations in the Dakota.

In January 2020, the Company moved to carry out a completion of the Muddy Formation. A fracture stimulation was carried out on the well and surface pumping equipment was installed in February. Initial flow rates were encouraging, and storage tanks were installed at location. Electric infrastructure is being installed to replace the temporary generator unit that was used during the initial production phase.

b) Borie Oilfield, Wyoming

Eon has been the owner and operator of the Borie Oilfield since December 2017. The field is located west of the city of Cheyenne in the DJ Basin, Wyoming. The DJ Basin is made up of multi-stacked formations which provide significant development potential.

The Borie Field has a long production history of oil and gas from conventional vertical wells that produce from the Muddy Formation. Wells have been drilled in the Borie Field at various times from the 1950's to the early 2000's and there remains the potential for further drilling of new wells within this field.

Since taking over as operator of the Borie Field and up to the end of 2019, the Borie Units have produced in excess of 45,000 barrels of oil (Gross) for the Company and generated sales in excess of $2.1 million. The field operated at a gross profit margin of 38% in 2019.

Operated wells -	12 producing wells and 3 water injection wells, average net revenue interest of 82%	
Non-Operated wells -	3 producing wells and 1 water injection well, average net revenue interest of 22%	
Lease Area -	2,850 acres (Net) all held by production	
Net Reserves - (*as at Dec-19*)	1P Oil (Proved Developed Producing - PDP)	246.5 MBO

c) Silvertip Field, Wyoming

Eon acquired a 100% working interest in the Silvertip Field located in the Bighorn Basin, Wyoming in June 2015. A number of workovers and recompletions have been carried out in the field since it was acquired with an uplift in production that has limited the natural decline in production.

Operated wells -	96 producing wells and 2 water injection wells (107 wells in total), 100% working interest and an average net revenue interest of 82%
Lease Area -	4,437 net acres all held by production

Net Reserves (*as at 31-Dec-19*) -

1P Oil (Proved Developed Producing - PDP)	96.1 MBO
1P Gas (Proved Developed Producing - PDP)	1,130 MMCF
1P Total	**284.5 MBOE**

The Silvertip Field has significant infrastructure including a fully functioning gas processing plant with a capacity of 4.5 MMcf per day, oil and NGL storage tanks, a field gas pipeline network which connects to two interstate gas transportation pipelines, a workshop and an office building.

Since the acquisition of the Silvertip Field and up to the end of 2019, the field has produced in excess of 116,000 barrels of oil and 3 Bcf of gas and has generated in excess of $12.6M in net sales revenue.

2.2. CALIFORNIA OPERATIONS

a) Sheep Springs

Located NW of Bakersfield in the San Joaquin Basin, this field was acquired in 2010. This field is the highest operating margin field due to the premium price that it receives for the sale of its oil (~8/bbl above WTI in 2019) and the low operating costs (74% gross field margin in 2019).

Operated wells -	12 operating wells, 100% working interest and a net revenue interest of 83%
Lease Area -	160 net acres (all held by production)

Net Reserves (*as at 31-Dec-19*) –

1P Oil (Proved Developed Producing - PDP)	266.8 MBO
1P Gas (Proved Developed Producing - PDP)	130.0 MMCF
1P Total	**288.5 MBOE**

b) Round Mountain

Located east of Bakersfield in the San Joaquin Basin, this field was discovered by the Company in 2011 and developed over 2011-13. The field has produced over 145,000 Bbls oil up until the end of 2019 but production has declined to around 15 BOPD. Eon owns 100% of the field and is the operator.

Operated wells -	7 operating wells and 1 water injection well, 100% working interest and a net revenue interest of 88%
Lease Area -	320 net acres (all held by production)

Net Reserves (*as at 31-Dec-19*) –

1P Oil (Proved Developed Producing - PDP)	68.1 MBO

2.3. Battery Minerals Division

Eon established a battery minerals division in 2018 with a long-term strategic view that global energy demands will require a range of new technologies and energy supply and storage solutions in the future.

In H1 2018, Eon acquired 42 lode claims covering 840 acres of land in the Stillwater Range, Nevada, which was seen as having exploration potential for a range of battery minerals including cobalt and copper. The claims cover a number of historic mine workings and adits are within 3 miles of the Lovelock Mine which has a history of producing high grade cobalt.

In January 2019, Global Energy Metals Corp (TSXV: GEMC) announced that it had entered into an agreement to acquire an 85% interest in the Lovelock and Treasure Box exploration projects for consideration that was made up of shares and an agreed royalty stream on production. The agreement requires GEMC to spend US$1 million in exploration within the first three years of the agreement term.

At the time of announcing the agreement, GEMC stated that "the project highlights are:

- **Nevada Cobalt**: The right place at the right time in a superior mining jurisdiction which hosts several copper-gold projects nearby and benefits from having excellent infrastructure.
- **Strategically Situated**: Located in the Stillwater Range with good access, infrastructure in place and only 150 kilometres east of Sparks Nevada, home to Tesla's Gigafactory 1.
- **Historic Producer**: Limited, yet high-grade, production of cobalt, nickel and copper in the 1880s but the area has never been thoroughly explored in the modern era.
- **High-Grade Cobalt**: The general average of the 200 tons shipped in 1886 averaged 14 percent cobalt and 12 percent nickel (Source: "Mineral Resources of the United States for 1886").
- **Drill Ready**: Eight diamond drill targets have been identified in addition to geological mapping, chip and channel sampling and geophysics.
- **District Opportunity**: Region shows strong enrichment in cobalt, nickel and copper making it very attractive for further exploration and expansion through other attractive growth opportunities."

Subsequently, GEMC has entered into a strategic relationship with Canada Cobalt Works (TSXV: CCW) to utilise their proprietary Re-2OX process which skips the normal smelting process to achieve exceptionally high recovery rates for cobalt, nickel and copper, while also removing 99% of arsenic. Underground mapping and sampling was carried out within the existing underground excavations. Information was gathered from an UAV-Magnetometer Survey using an unmanned drone which gathered data on 248 line kilometres (12.4 sq km) over the area surrounding the Lovelock project. (undertaken by MWH Geo-Surveys International Inc.).

Eon will look at new initiatives to implement low cost exploration activities on its Nevada prospects to add value to this asset.

2.4. Corporate Activities

Eon successfully completed an AU$2.54M (~US$1.8M) (before costs) capital raise by way of a rights issue which saw 363.5 million new ordinary shares issued at a price of A$0.007 per share. These funds were raised to provide capital for the drilling of the Company's first Powder River Basin prospect, the Govt Kaehne #9-29 well.

The Group's debt facility remains in place with ANB Bank and all repayment obligations and covenants have been met. The total debt to ANB Bank as at 31 December 2019 was $6.31 million which will mature on October 1, 2020. The loan is secured against the oil and gas production assets in the USA.

3. FINANCIAL REVIEW

A summary of the statement of financial position items is as follows:

- Total cash held by the Group at the end of 2019 was $2,542,617 (2018 - $1,175,606). Funds were raised in Q2-19 through a rights issue for drilling of the Govt Kaehne well which commenced in December. Further joint venture funds were received and held on deposit by the Company for payment of the non-operated JV portion of the well drilling costs. Of the cash balance, $684,123 is held as a security deposit for environmental bonds to the Wyoming State government associated with the Silvertip and Borie Fields. The cash held as a security deposit is classified on the statement of financial position as a non-current financial asset.

- The net book values of oil and gas fields and property, plant and equipment have been impacted by impairments of the Silvertip and Borie Fields in Wyoming ($4,835,000). Lower oil and gas prices have impacted the economic life of the Silvertip and Borie fields and this has seen a reduction in their discounted net present value as determined by an independent reservoir engineer. In determining the impairment of these assets, consideration has been given to the post balance date events that have lead to the deterioration in oil prices.

- There has been an increase in trade creditor liability in 2019 as a result of activity associated with the drilling of the Govt Kaehne well in Q4-19. The majority of drilling costs were paid in Q1-20 with funds held on deposit.

- The ANB bank loan ($6,302,654) is recorded as a current liability due its maturity date being within 12 months from the reporting date. This loan is secured by oil and gas fields which are reflected as non-current assets, namely oil properties and associated plant and equipment in the statement of financial position.

Eon recorded a net loss after tax of $6,561,783 in 2019 (2018 - loss of $1,417,331). The major drivers of this result were:

- The Silvertip and Borie Oil and Gas Field assets were impaired by $5.435M in 2019. The change in valuation parameters for these assets from 2018 to 2019 is shown below:

Field/Parameter	2019	2018
Silvertip:		
Oil Price (net)	$49.28/Bbl	$59.71/Bbl
Gas Price (net)	$2.56/Mcf	$3.02/Mcf
Net 1P reserves – Oil (Bbls) ^	96,100s	150,700s
Net 1P reserves – Gas (Mcf) ^	1,130,200	2,209,500
PV10 Value	$1,146,700	$5,964,500
Borie:		
Oil Price (net)	$50.51/Bbl	$60.31/Bbl
Net 1P reserves – Oil Bbls) ^	246,470	311,050
PV10 Value	$2,219,000	$4,251,200

^ Reserves are cut off in the valuation model at the time that the individual wells become uneconomic based on their projected future production rates and lower commodity prices result in a shorter field life and less reserves.

- Net revenue from sales decreased by 26% from 2018 to 2019. Gas and NGL production volumes decreased as a result of natural decline and a restriction of production from the Silvertip Field during Q3 and Q4 with the expectation of increasing production in Q4-19 to take advantage of higher winter gas prices (which did not materialise at the end of 2019).

Net Sales Volume	2019	2018	Change
Oil (Barrels)	52,021	54,144	↓ 4%
Natural Gas (MMcf)	204,426	282,407	↓ 27%
NGL (Barrels)	14,835	22,497	↓ 34%

- Cashflow from operations in 2019 was a deficit of $487,566 compared to the prior year where there was a surplus of $748,415. A decrease in receipts from customers of $1,518,499 from 2018 to 2019 was the main contributor to this decrease in operating cash flow. Overall there was a net increase in cash of $1.355 million which included net receipts from equity raised of $1.792 million and receipts from JV partners for drilling of the Govt Kaehne well of $0.800 million.

  The net price of all commodities decreased in 2019 compared to 2018.

	2019		2018	
	Net Revenue	**Unit Price**	**Net Revenue**	**Unit Price**
Oil[1]	$2,905,546	$55.85/Bbl	$3,527,096	$65.14/Bbl
Natural Gas[2]	$503,075	$2.46/Mcf	$814,329	$2.88/Mcf
NGL	$254,407	$0.41/Gal	$638,577	$0.65/Gal
Total	**$3,663,028**		**$4,980,002**	

- Field operating expenses in 2019 ($1,736,889) were in line with 2018 costs ($1,972,654).

4. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

From the balance date of this report (31 December 2019) to the time that this report has been released, significant adverse events have impacted global commodity markets including oil price. Demand has been depressed due to economic uncertainty resulting from the COVID-19 pandemic which has slowed business activity globally. The supply side of the oil industry has also been impacted as a result of two of the largest oil producers, Saudi Arabia and Russia, stating that they will increase production. Gas prices have been under downward pressure for a prolonged period in the US due to oversupply and the recent economic instability has provided uncertainty regarding future demand.

[1] Oil price is net of the refinery transportation deduct that is applicable for each field. Average West Texas Intermediate (WTI) spot prices in 2018 and 2019 were $64.93 and $56.99 per barrel respectively. Oil price benchmarks for oil produced from the California Fields is based off a higher price than WTI.

[2] Gas is priced off the Colorado Interstate Gas (CIG) Rockies benchmark. Average Henry Hub gas prices in 2018 and 2019 were $3.17 and $2.57 per Mcf respectively.

Oil price (WTI) has decreased around 67% since the end of December 2019 when the spot WTI oil price was US$61.14/bbl.

With such a severe downturn in the oil and gas sector, Eon NRG Ltd has turned its attention to its other exploration opportunities. Eon anticipates retaining its interest in the company's battery minerals exploration claims in Nevada and a suite of oil exploration leases in the Powder River Basin, Wyoming. It will look for other opportunities in the energy sector to provide future growth potential.

5. MATERIAL BUSINESS RISKS

This section describes some of the material business risks associated with Eon. It does not purport to list every risk that may be associated with the Company's business or the industry in which it operates, and the occurrence or consequences of some of the risks described in this section are partially or completely outside of the control of the Group, its Directors and the senior management team.

The selection of risks included in this section has been based on an assessment of the most significant areas of uncertainty for the Group's business and operations that could have an adverse impact on the achievement of the financial performance and outcomes for the business. There is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Eon is exposed to risks in relation to the Group's existing and proposed business operations. These risks include, without limitation:

a) Oil and gas commodity price and exchange rate

The revenue that Eon may derive through the sale of oil, gas and other commodities exposes the potential income of the Group to commodity prices and exchange rate risks. Oil and gas prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include international and US domestic supply and demand fluctuations, forward selling activities and other macro-economic factors.

The price of oil and gas sold by Eon is denominated in United States dollars exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets. The Company reports its financial results in US Dollars but its securities are traded on the Australian Securities Exchange in Australian Dollars.

Recent events associated with decisions made by OPEC and OPEC+ members to increase production has thrown demand and supply of oil into imbalance and this is exacerbated by the prevailing Coronavirus global pandemic which has had a severe impact on demand. The sustained decrease in oil price for a prolonged period will have a detrimental impact on the Company's ability to continue to operate.

b) Group operations

The operations of the Group in its business activities of oil and gas exploration and production may be affected by various factors, including failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in gaining government or regulatory approvals, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, force majeure events by suppliers, product processes and pipeline road transporters, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, commodities, plant and equipment. Any of these outcomes could increase Eon's costs or cause other adverse effects to Eon's financial position.

Eon's management systems, experienced staff, selection of experienced consultants and contractors, company risk management system and insurance policies are in place to minimise risks and outcomes of factors affecting company operations and resulting financial performance.

c) Petroleum reserves

Estimates of petroleum reserves are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may change significantly when new information or techniques become available. In addition, by their nature, petroleum reserves estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change.

Eon NRG Ltd uses experienced external engineers from third party petroleum engineering consultants to review its petroleum reserves, supervised by the senior personnel who have sufficient experience that is relevant to the Group's reserves to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules.

d) Environmental

The operations and proposed activities of the Group are subject to laws and regulations concerning the environment applicable in the jurisdiction of those activities. As with most development or production operations, the Group's activities will have an impact on the environment. It is the Group's practice to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

e) Sovereign

The Group's projects are in the USA and are subject to the risks associated with operating in that country. These risks may include economic, social or political instability or change, changes of laws (such as those affecting foreign ownership), government participation, taxation, working conditions, rates of exchange, exchange control, approvals and licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

f) Status of leases and tenure

All petroleum licenses associated with the Group's project interests are subject to granting and approval by relevant government bodies and mineral owners, and ongoing compliance with license terms and conditions. There is an ongoing potential risk to the Group's business from an unexpected change in the status of the its licenses.

g) Insurance

The Group maintains insurance coverage limiting financial loss resulting from certain operating risks, in accordance with standard industry practice or as determined by the Board. However, not all risks inherent to its operations can be adequately insured economically or at all, and losses and liabilities arising from uninsured or underinsured operational events or the failure of one of its insurance providers could increase the Group's costs or cause other adverse effects to its financial position.

h) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Group depends substantially on its senior management and key personnel.

There can be no assurance given that there will be no detrimental impact on the Group if one or more of these personnel cease their employment or appointment with the Company (or its group) or if the composition of the Company's board of Directors changes, potentially resulting in disruption to the Group's business and operations with resulting financial impacts.

The Group maintains competitive remuneration policies and incentive plans for its Directors and staff to incentivise due effort and commitment and maximise retention to avoid potential disruption and financial impacts resulting from personnel movements.

i) Regulatory Risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations (particularly in the USA), could impact adversely on the assets, operations and, ultimately, the financial performance of the Group.

Eon NRG Ltd seeks to maintain compliance with legislative, regulatory and contractual requirements through engagement of external legal, financial and technical advisors in relation to operation of its business. The Group's management maintains awareness of the regulatory environment through general participation in the oil and gas sector, via sector related news flow from media, attendance at conferences.

6. ENVIRONMENTAL REGULATION

The Group is subject to certain laws regarding environmental matters and discharge of hazardous waste materials in the course of normal operations. The Group conducts its activities in an environmentally responsible and safe manner in accordance with all applicable laws and regulations. The Directors are not aware of any breaches in relation to environmental matters.

7. INDEMNITY AND INSURANCE OF DIRECTORS

The Company has entered into a Deed of Indemnity, Insurance and Access ("Deed") with each Director and the Company Secretary (collectively "Officers"). Under the Deed, the Company indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the Director or Officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed. The total amount of insurance premiums paid for Directors and Officers Indemnity insurance in 2018 was $23,240 (2018 - $20,345).

8. INDEMNITY OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Butler Settineri (Audit) Pty Ltd), as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecific amount). No payment has been made to indemnify Butler Settineri (Audit) Pty Ltd during or since the financial year.

9. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

10. NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Butler Settineri (Audit) Pty Ltd, in 2019 or in 2018.

11. AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 31 December 2019 has been received and is to be found on page 18.

12. DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors or related entities in the shares and options of Eon NRG Limited were:

Director	Ordinary Shares	Listed Options A$0.015 exercise price, expiring 22/02/21
M McCann	10,511,437	2,985,063
G McGann	24,715,004	-
J Whisler [1]	9,865,100	1,000,000
S Adams [1]	3,300,680	650,000

1. The number of shares shown above includes shares (J Whisler - 2,000,000 and S Adams – 650,000) that are not yet vested due to production performance hurdles not having been met under the employment agreement.

13. DIVIDENDS

No dividends were paid or declared during the financial year or subsequent to the year end.

14. OPERATIONS AND FINANCIAL REVIEW

A full review of operations of the consolidated entity during the year ended 31 December 2019 is included in the Review of Operations preceding this Directors' Report (pages 2 to 5).

15. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There is uncertainty with regards to the future operational certainty of the Company's US oil and gas operations under the current economic conditions and commodity prices. Significant structural change including operating cost reductions and rationalisation of production in certain fields will need to occur for the business to continue in its current form. Consideration will be given to selling the US oil and gas assets to repay debt to ANB Bank.

Information of the likely future activities is contained within the Review of Operations section in the Annual Report.

16. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year other than as disclosed elsewhere in this report.

17. FINANCIAL CONDITION

A summary of financial results is provided in the Review of Operations preceding this Directors' Report (page 5).

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business (refer Going Concern note on page 24 of the Financial Statements).

18. SHARE ISSUES DURING THE YEAR AND TO THE DATE OF THIS REPORT

The number of shares on issue at 31 December 2018 was 406,389,160. Details of the issues of shares are set out in Note 16 to the accounts. In March 2019, a further 363,499,774 shares were issued through a rights issue taking the total number of shares on issue as at the date of this report to 769,888,934.

19. SHARE OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Exercise Price (AUD)	Number under option
22 February 2021	1.50 cents	371,499,774

On 29 November 2019, 204,194,580 options exercisable at A$0.0188 per share expired. No options were exercised during 2019 or since the end of the reporting date to the date of this report.

20. DIRECTOR INFORMATION

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors and officers were in office for the entire period unless otherwise stated.

Mr M. McCann, J.D. (Chairman)
Appointed to the Board April 2014
Appointed Chairman 23 May 2019
Age: 51

Mr McCann earned a Doctorate of Jurisprudence from the University of Oklahoma--College of Law in 1995 and a B.Sc. in Business Administration from the University of Vermont in 1991.

In 2001, after serving in private practice in the US for 6 years, Mr McCann became General Counsel at Riata Energy, Inc., which later became SandRidge Energy, Inc., a NYSE listed corporation. Before leaving SandRidge in 2007, he ultimately served as Senior Vice President, General Counsel, and Corporate Secretary. From 2007-2015 Matt worked for the Riata Corporate Group, a large privately owned group of companies that has substantial oil and gas interests in the US where he focused on business development.

Mr McCann was Chief Executive Officer at TransAtlantic Petroleum Ltd, a TSX and NYSEMKT listed oil and gas exploration and production company from 2009 until 2011 where he was instrumental in growing TransAtlantic from a junior explorer to a significant international oil and gas producer.

Other current public company appointments in addition to Eon NRG Limited are:
- None

Additional directorships in the last 3 years include:
- Blue Ridge Mountain Resources (previously Magnum Hunter Resources)

Mr M. Stowell, B.Bus CA (Chairman – retired May 2019)
Appointed to the Board July 2009
Appointed Chairman 20 May 2014
Retired from the Board 23 May 2019
Age: 56

Mr Stowell has been involved in the public company corporate sector for more than 25 years, formerly as a manager in Arthur Andersen Corporate, involved in significant IPO and merger activity in the resource and energy sectors. Subsequently he has gained extensive experience at a board and management level in a number of successful ventures as principal in a wide variety of industries. Mr Stowell was a founder and Director of Incremental Petroleum Ltd from its inception in 2003 until its sale in 2009. Originally acquiring a 1500 bopd oilfield in Turkey, Incremental Petroleum Ltd expanded production to 2000 bopd by the time it was sold.

Other current public company appointments in addition to Eon NRG Limited are:
- Director of Kula Gold Ltd

Additional directorships in the last 3 years include:
- Director of Orrex Resources Ltd– resigned 28 June 2016
- Director of Mawson West Ltd – resigned 31 October 2016

Mr J. Whisler B.Sc (Managing Director)
Appointed to the Board July 2014
Appointed Managing Director 14 October 2014
Age: 49

Mr Whisler has more than 25 years of experience in leading, developing, and implementing projects that have created value in the oil and gas industry. He has a successful track record of managing and growing both public and private exploration and production companies. His diverse and extensive background in the US oil and gas industry covers all aspects of operations, including exploration, business development, acquisitions and divestures, corporate and project management, financial and economic analysis, field operations, production and extensive experience in drilling and completions.

Mr Whisler joined Delek Energy US and Elk Companies in July 2008 as the Vice President of Operations, was promoted to Chief Operating Officer in January of 2009, and was then promoted to Chief Executive Officer in May 2010. He served as Chief Executive Officer until 2011 when he was personally responsible for the divesture of all the US assets in multiple transactions, in order to assist the parent company in funding the new natural gas discoveries off the coast of Israel with Noble Energy. While at Delek, Mr Whisler was responsible for acquiring multiple assets in the USA, designing and implementing work-over plans and re-completions, and optimising production in multiple mature fields.

Mr Whisler is also a member of the Society of Petroleum Engineers. He has served on several non-profit company boards and advisory teams.

Other current public company appointments in addition to Eon NRG Limited are:
- None

Additional directorships in the last 3 years include:
- None

Mr G. McGann, B.Sc (Hons) (Technical Director)
Appointed to the Board July 2009
Age: 71

Mr McGann has over 40 years experience in the upstream oil and gas industry, in a career that has spanned all five continents. As a petroleum geologist, he has been instrumental in the discovery of oilfields totalling more than 200 million barrels in Australia, Middle East and the North Sea, and been part of teams that have discovered other substantial oil resources.

Mr McGann was a founding shareholder and Managing Director of Incremental Petroleum Ltd. He identified the Selmo Oilfield in South-east Turkey in 2005 and increased the production from a declining 1,500 bopd to 2,000 bopd when the company was sold in March 2009.

Mr McGann has published 14 technical papers and is a certified petroleum geologist with the American Association of Petroleum Geologists.

Other current public company appointments in addition to Eon NRG Limited are:
- None

Additional directorships in the last 3 years include:
- None

Mr S. Adams, B.Bus M.Acc AGIA (Director / Company Secretary / CFO)
Appointed Secretary – 18 May 2012
Appointed Director – 26 June 2019

Mr Adams has a wide range of experience in the area of corporate and financial management, corporate compliance and business development. Mr Adams has worked in a range of industries across the resource and industrial sectors. Prior to joining Eon NRG Limited in May 2012 as CFO/Company Secretary, Mr Adams served 12 years with Atlas South Sea Pearl Ltd, a listed pearl production and distribution company, in the capacity of CEO and CFO. Simon is a member of the Governance Institute of Australia.

Committee Memberships
As at the date of this report, the Company had an audit and risk committee and a remuneration and nomination committee of the Board of Directors.

Memberships of Board committees by Board members are as follows:

Director	Audit and Risk committee
M McCann	X
G McGann	X

Corporate governance
The Board of Eon NRG Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth in addition to providing accountability.

In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at www.eonnrg.com.

Directors' Meetings
The number of meetings of Directors (including meetings of committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

	Directors' meetings		Audit and risk Committee	
Director	Held	Attended	Held	Attended
M McCann	12	12	2	2
G McGann	12	11	1	1
J Whisler	12	12	-	-
S Adams	12	12	-	-
M Stowell *	6	6	1	1

* retired May 2019

Directors' benefits
Other than the disclosure on pages 12-17 (Remuneration Report), no Director of the Company has received or become entitled to receive a benefit because of a contract that the Director or a firm of which the Director is a member or an entity in which the Director has a substantial financial interest made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive the benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors which is stated in the Remuneration Report.

This report is signed in accordance with a resolution of the Directors, made pursuant to Section 298(2) of the Corporations Act 2001.

REMUNERATION REPORT

(Audited)
This Remuneration Report for the year ended 31 December 2019 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Act.

This Remuneration Report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, Eon NRG Limited ("the Parent" or "Eon").

Eon NRG Limited received 84.3% of the votes in favour of the Remuneration Report for the 2017 financial year at the annual general meeting held on May 23, 2019.

Details of Directors and Key Management Personnel
The Directors of Eon NRG Limited during the year were:

- Matthew McCann (Chairman)
- Gerry McGann (Technical Director)
- John Whisler (Managing Director)
- Simon Adams (Director – appointed June 2019)
- Mark Stowell (Chairman – retired May 2019)

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

Remuneration Policy
The performance of the Group depends on the quality of its key management personnel and other employees. In order to achieve the Company's financial and operational objectives, it must attract, motivate and retain highly skilled directors and executives.

To this end the Group embodies the following principles in its remuneration policy:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- A proportion of executive compensation 'at risk', dependent upon meeting pre-determined targets; and
- Establishing appropriate performance hurdles in relation to variable executive compensation.

Remuneration is not currently linked to profit performance. The remuneration policy is for executives to be paid on terms that are competitive with those offered by entities of a similar size with the same industry. Packages are reviewed annually by the Remuneration Committee with any recommendations of this committee reviewed and approved by the Board.

The Company's remuneration policy seeks to encourage alignment between the performance of the Company and total shareholder returns, and the remuneration of Executives. Short term and, in particular, long term 'at risk' incentives only vest when predetermined Company performance objectives are achieved. These performance objectives are operational in nature (production outcomes) but are linked to financial performance and Company value indirectly.

The following table shows the Company's performance over the reporting period and the previous four financial years against overall remuneration for these years:

	2019	2018	2017	2016
Basic EPS (US$)	($0.0102)	($0.0035)	$0.0026	($0.0033)
Year-end share price (A$)	$0.005	$0.008	$0.009	$0.048
Market Capitalisation (A$ million)	$3.849	$3.251	$3.601	$9.705
Total KMP Remuneration (US$)	$637,671	$663,228	$669,849	$672,446

The members of the Company's remuneration committee are Matt McCann (Chair) and Gerry McGann.

The Company has not used any remuneration consultants during the year.

Non-Executive Director Remuneration
The Board policy is to remunerate non-executive Directors based on market rates and with consideration given to the time, commitment and responsibility of the role. Fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. This amount is separate from any specific tasks that the Directors may take on for the Company. The current aggregate fee pool limit approved by shareholders is AUD$350,000.

The table below summarises the Non-Executive Director fees (all set in US$):

Chairman	US$60,000 pa
Non-Executive Director (Australia)	US$40,000 pa plus superannuation (9.5%)
Non-Executive Director (USA)	US$40,000 pa

Senior Executive Remuneration Policy
The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the senior executive remuneration policy the remuneration of senior executives may be comprised of the following:

- fixed salary that is comparable with the market and reflects core performance requirements, expertise and responsibility expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option schemes which align executive and shareholder values; and
- statutory and co-contribution superannuation and pension contributions where required by regulations or as part of the executive's overall remuneration package.

There are no fixed terms of employment in the senior executive employment agreements.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders through the improvement of Company performance. The Board may use its discretion with respect to the payment of bonuses, stock options, share purchase plans and other incentives.

Details of Share Based Payments Compensation

In 2013, an employee share plan was established which entitles the Board of Directors to offer key management personnel within the Group the right to acquire shares in the Company subject to satisfying specific performance hurdles. Shares that the employees will have a right to own are acquired and held in trust for the employees until they have met the service or performance conditions. The shares rank equally with other fully paid ordinary shares.

No shares were issued to employees in 2019 as share-based payment compensation.

The details relating to the allocation of shares to Directors and key management personnel under the employee share plan are as follows:

Name	Date granted	Dates shares vested	Number of shares granted	Value of shares at grant date US$(1)	No. of shares forfeited during the year	Value at date of forfeiture	Forf-eited %
John Whisler	2013 - 2015	Various dates (see prior annual reports)	1,115,100	$47,941	Nil	$Nil	-
John Whisler	30 Sep 2013	Based on performance	4,000,000	$300,000	Nil	$Nil	-
Simon Adams	2013 to 2017	Various dates (see prior annual reports)	548,600	$26,929	Nil	$Nil	-
Simon Adams	1 Jul 2014	Based on performance	1,500,000	$72,323	Nil	$Nil	-

1. The value at grant date calculated in accordance with AASB 2 Share-based payment of shares granted during the year as part of remuneration.

		Short Term Benefits		Post-Employment Benefits	Share Based Payments			Portion of Remuneration paid as Options/ Rights	Portion of Remuneration performance related
Name	Salary & Fees (1)	Other Bene-fits(2)	Cash Bon-uses	Pension/ Supera-nnuation	Shares/ Options	Termination Benefits	TOTAL		
	US$	US$	US$	US$	US$	US$	US$	%	%
Directors (Non-Executive)									
2019									
M McCann	50,00	5,491	-	-	-	-	**55,491**	-	-
G McGann	39,952	5,491	-	3,795	-	-	**49,238**	-	-
M Stowell 3	24,739	2,440	-	-	-	-	**27,179**	-	-
2018									
M McCann	40,641	4,600	-	-	-	-	**45,241**	-	-
G McGann	39,952	4,600	-	3,795	-	-	**48,347**	-	-
M Stowell	60,847	4,600	-	-	-	-	**65,447**	-	-
Directors (Executive)									
2019									
J Whisler	321,000	33,086	-	10,726	-	-	**364,812**	0%	0%
S Adams	123,781	5,491	-	11,680	-	-	**140,951**	0%	0%
2018									
J Whisler	300,000	32,633	38,500	11,308	1,752	-	**384,193**	0%	10%
Key Management Personnel									
2018									
S Adams	123,737	4,600	8,465	12,475	723	-	**150,000**	0%	6%
Total 2019	**559,471**	**51,999**	**-**	**26,201**	**-**	**-**	**637,672**	**0%**	**0%**
Total 2018	**565,177**	**51,033**	**46,965**	**27,578**	**2,475**	**-**	**693,228**	**0%**	**7%**

1. Includes consultancy fees to related party entities
2. Other benefits comprise health insurance and employment related benefits as well as the cost of D&O insurance (which is split equally between the Directors and other KMP).
3. M. Stowell retired from the board on 23/05/2019

Equity instrument disclosures relating to key management personnel

Options and rights -

The number of options and rights over ordinary shares in the Company including incentive shares that were held in the financial year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

2019	Balance at 1 Jan 2019	Granted as Remuner-ation	Vested during the year	Exercised during the year	Changed during the year	Balance at 31 Dec 2019
	Number	Number	Number	Number	Number	Number
Directors						
M McCann	6,288,374	-	-	-	(3,303,311)(1)	2,985,063
G McGann	-	-	-	-	-	-
J Whisler						
Rights (2)	2,000,000	-	-	-	-	2,000,000
Options	2,500,000	-	-	-	(1,500,000) (2)	1,000,000
S Adams						
Rights (2)	750,000	-	-	-	-	750,000
Options	821,039	-	-	-	(171,039) (3)	650,000
M Stowell (5)	-	-	-	-	-	-
Total	**12,359,413**	**-**	**-**	**-**	**(4,974,350)**	**7,385,063**

1. 6,288,374 options expired (exercisable at A$0.0188, expiry 29 November 2019), 2,985,063 options purchased (exercisable at A$0.015, expiry 22 February 2021)
2. 2,500,000 options expired (exercisable at A$0.0188, expiry 29 November 2019), 1,000,000 options purchased (exercisable at A$0.015, expiry 22 February 2021)
3. 999,998 options purchased on-market, 500,000 options sold on-market, 1,321,037 options expired (exercisable at A$0.0188, expiry 29 November 2019), 650,000 options purchased (exercisable at A$0.015, expiry 22 February 2021)
4. Employee shares not yet vested
5. M Stowell retired as a director on May 23, 2019

No options or rights were issued as remuneration in 2018 or 2019.

Shares -
The number of ordinary shares in the Company that were held in the financial year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

2019	Balance at 1 Jan 2019	Shares vested	Changed during the year	Balance at 31 Dec 2019
	Number	Number	Number	Number
Directors				
M McCann	7,526,374	-	2,985,063 (1)	10,511,437
G McGann	24,715,004	-	-	24,715,004
J Whisler	6,865,100	-	1,000,000 (1)	7,865,100
S Adams	2,293,983	-	266,697 (2)	2,650,680
M Stowell	26,000,000	-	(26,000,000) (3)	-
Total	**67,400,461**	**-**	**(21,748,240)**	**45,682,221**

1. Purchased through rights issue (March 2019)
2. 650,000 purchased through rights issue (March 2019), 112,080 purchased on-market and 495,383 sold on-market
3. 27,200,000 purchased through rights issue (March 2019), remaining holding removed from directors holding register on retirement as director on May 23, 2019

There have been no other transactions with the KMP since the end of the previous financial year and as at the year end.

Service Agreements
Remuneration arrangements for Managing Director and KMP are formalised in employment contracts. The following outlines the details of these contracts.

Mr J Whisler (Managing Director)

Term of Agreement:	No fixed term
Base Salary:	US$321,000
Pension Plan:	Company to match up to a maximum of the lower of 4% of base salary or $17,500 pa when a contribution is made by the employee
Benefits:	Full use of Company vehicle and health and income/life insurance
Cash bonus:	If half yearly production average > 500 bopd, bonus of 15% of base salary (if this milestone has not yet been achieved or paid) If half yearly production average > 1000 bopd, bonus of 30% of base salary (this milestone has not yet been achieved or paid) If half yearly production average > 1500 bopd, bonus of 45% of base salary (this milestone has not yet been achieved or paid)
Employee Share Plan:	Entitled to participate in the Eon NRG Employee Share Participation Program. Shares in Eon NRG equivalent in value up to 10% of base salary may be offered at the discretion of the Board on an annual basis.
Incentive shares:	Entitled to incentive shares in Eon NRG Limited. Shares offered at a price equivalent to the market price or an appropriate weighted average price at the time of issue. The shares will be held in trust and will be subject to vesting terms. The shares shall vest in four tranches of 1.0M shares each as follows: i) Tranche 1: following close of a project(s) acquisition(s) (Project A) which are approved by the Board and which individually or cumulatively contributes an average of 100 Gross boepd for 30 days. These conditions were met in 2015. ii) Tranche 2: following production of Project A reaching an average of 200 Gross boepd over a continuous 6 month period. These conditions were met in 2015. iii) Tranche 3: following close of project(s) acquisition(s) (Project B), which are approved by the Board and which take place after Project A, and which contributes an average of 300 Gross boepd for 30 days; and iv) Tranche 4: following total Company production reaching an average of 750 Gross boepd over a continuous 6 month period.
New Project Bonus:	Entitled to an introduction bonus of 0.5% of the ultimate purchase price of each new acquisition- capped at one years' base salary. At the election of the Managing Director this bonus can be paid in cash or shares. Mr Whisler received a bonus of $8,500 in 2018 relating to the purchase of the Borie Field.
Divestiture Bonus:	Entitled to a divestiture bonus of 0.2% of the ultimate sale price of each sale, exchange, merger or other divestiture of oil or gas properties or interests therein.
Termination:	The contract may be terminated by either the Company or Mr Whisler with Mr Whisler being entitled to 8 months base salary. If the termination of employment is mutual by both parties then no such severance pay will be made.

Mr S Adams (CFO & Company Secretary)

Term of Agreement:	No fixed term
Base Salary:	A$176,550
Superannuation:	9.5% of base salary (statutory)
Employee Share Plan:	Entitled to participate in the Eon NRG Employee Share Participation Program. Shares in Eon NRG Limited equivalent in value to 10% of base salary may be offered at the discretion of the Board on an annual basis.
Incentive shares:	Entitled to incentive shares in Eon NRG. Shares offered at a price equivalent to the market price or an appropriate weighted average price at the time of issue. The shares will be held in trust and will be subject to vesting terms. The shares shall vest in four tranches of 375,000 shares each as follows: i) Tranche 1: following close of a project(s) acquisition(s) (Project A) which are approved by the Board and which individually or cumulatively contributes an average of 100 Gross boepd for 30 days and where operational cash flow meets the approved criteria of the Board for this Project A. These conditions were met in the 2015 year. ii) Tranche 2: following production of Project A reaching an average of 200 Gross boepd over a continuous 6 month period and operational project cash flow meets the approved criteria of the Board for this Project A. These conditions were met in the 2015 year. iii) Tranche 3: flowing close of project(s) acquisition(s) (Project B), which are approved by the Board and which take place after Project A, contributes an average of 300 Gross boepd for 30 days and operational project cash flow meets the approved criteria of the Board for this Project A: and iv) Tranche 4: following total Company production reaching an average of 750 Gross boepd over a continuous 6 month period.

	The approved criteria of the Board for project cash flow will be set at the time of the acquisition being approved by the Board and will be weighted towards achieving the projected cost control above the projected revenue (which is determined by production rates and commodity price).
Termination:	The contract may be terminated by either the Company or Mr Adams with Mr Adams being entitled to 4 months base salary. If the termination of employment is mutual by both parties then no such severance pay will be made.

Mr G McGann (Technical Director)

Term of Agreement:	No fixed term
Consultancy Fee:	US$900 per day
Superannuation:	Nil
Activities covered:	The consultancy remuneration paid to Mr McGann is for work undertaken in relation to project evaluation, investor relations and other activities that are carried out over and above the normal hours expected and covered by the non-executive director duties.
	During 2019, Mr McGann was not paid any remuneration under this consultancy arrangement (2018 – nil).

Directors' benefits

In June 2017, Eon NRG Limited renewed a lease agreement with Ascot Park Enterprises Pty Ltd, a company which the ex-Chairman, Mr Mark Stowell is a director of, to rent office accommodation space at 20 Howard Street, Perth. The rent and outgoings have been set at a rate which is an arms-length commercial rate for comparable premises. The lease agreement terms are as follows:

Lease term:	1 year plus 3 x one-year options
Rental payment:	A$16,260 per annum (increasing annually by CPI) plus outgoings

The options were exercised in 2018 and 2019. The rent plus outgoings paid to Ascot Park Enterprises Pty Ltd in 2019 was A$32,302 (2018 - A$27,451).

End of Remuneration Report.

On behalf of the Directors

John W Whisler

John Whisler
Managing Director
8April 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Eon NRG Limited and its controlled entities for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 8 April 2020

Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 US$	2018 restated US$
Oil and gas sales	1a	3,663,041	4,981,781
Cost of sales -			
Production expenses	2a	(2,434,381)	(2,617,435)
Amortisation and depreciation	2b	(1,098,782)	(1,613,227)
Gross profit from operations		129,878	751,119
Other operating revenue	1b	230,257	239,159
Administrative expenses	2c	(1,204,941)	(1,196,830)
Other operating expenses	2i	(523,551)	(796,980)
Interest and finance expenses	2d	(412,472)	(408,133)
Exploration expenditure	2g	(72,219)	(5,667)
Asset Impairment	2h,10	(4,835,000)	-
(Loss) before income tax		(6,688,048)	(1,417,331)
Income tax benefit	3	126,265	-
(Loss) after tax		(6,561,783)	(1,417,331)
(Loss) for the period attributable to members of the entity		(6,561,783)	(1,417,331)
Other comprehensive income			
Items that will not be reclassified to profit and loss		-	-
Items that may be reclassified to profit and loss		-	-
Other comprehensive income / (loss) for the period, net of tax		-	-
Total comprehensive income / (loss) for the period attributable to members of the entity		(6,561,783)	(1,417,331)
Basic earnings / (loss) per share attributable to ordinary equity holders of the entity (cents)	4	(0.93)	(0.35)
Diluted earnings / (loss) per share attributable to ordinary equity holders of the entity (cents)	4	(0.93)	(0.35)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER

	Note	2019 US$	2018 restated US$
Current assets			
Cash and cash equivalents	5	1,858,494	499,172
Trade and other receivables	6	536,996	501,505
Inventories	7	66,707	99,840
Total current assets		2,462,197	1,100,517
Non-current assets			
Other financial assets	8	699,870	692,181
Oil properties	9	6,819,871	12,213,486
Exploration assets	10	960,634	252,538
Plant and equipment	11	411,476	1,686,552
Right of Use Asset	12	62,428	148,325
Total Non-current assets		8,954,279	14,993,082
Total assets		11,416,476	16,093,599
Current liabilities			
Trade and other payables	13	2,078,298	873,724
Interest bearing liabilities	14	6,302,654	6,112,170
Taxes payable	3(a)	-	126,265
Provisions	15	175,926	129,773
Lease Liabilities	12	64,520	98,994
Total current liabilities		8,621,398	7,340,926
Non-current liabilities			
Provisions	15	3,807,476	4,741,696
Lease liabilities	12	6,115	70,701
Total non-current liabilities		3,813,591	4,812,397
Total liabilities		12,434,989	12,153,323
Net assets / (liabilities)		(1,018,513)	3,940,276
Equity attributable to equity holders of the parent			
Issued capital	16	26,810,025	25,207,031
Shares reserved for employee share plan	16	-	-
Reserves	17	349,661	349,661
Accumulated losses		(28,178,199)	(21,616,416)
Total Equity		(1,018,513)	3,940,276

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

2019	Issued capital (Note 16) US$	Shares reserved for employee share plan US$	Accumulated losses US$	Share option reserve US$	Total equity US$
At 31 December 2018	**25,207,031**	**-**	**(21,616,416)**	**349,661**	**3,940,276**
(Loss) attributable to members of the Group	-	-	(6,561,783)	-	(6,561,783)
Other comprehensive income	-	-	-	-	-
Total comprehensive (Loss) for the period	-	-	(6,561,783)	-	(6,561,783)
Issue of shares	1,791,655		-	-	1,791,655
Transaction costs	(188,661)	-	-	-	(188,661)
Share based payment expense	-	-	-	-	-
At 31 December 2019	**26,810,025**	**-**	**(28,178,199)**	**349,661**	**(1,018,513)**

2018	Issued capital US$	Shares reserved for employee share plan US$	Accumulated losses US$	Share option reserve US$	Total equity US$
At 31 December 2017	**25,157,925**	**(2,474)**	**(20,199,085)**	**349,661**	**5,306,027**
(Loss) attributable to members of the Group	-	-	(1,417,331)	-	(1,417,331)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	(1,417,331)	-	(1,417,331)
Issue of shares	49,117		-	-	49,117
Transaction costs	(11)	-	-	-	(11)
Share based payment expense	-	2,474	-	-	2,474
At 31 December 2018	**25,207,031**	**-**	**(21,616,416)**	**349,661**	**3,940,276**

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 US$	2018 US$
Cash flows from operating activities			
Receipts from customers		3,843,626	5,361,585
Payments to suppliers and employees		(3,586,821)	(3,798,821)
Interest received		5,468	690
Interest paid		(368,688)	(342,067)
Production tax paid		(381,151)	(472,970)
Net cash provided by / (used in) operating activities	25	(487,566)	748,415
Cash flows from investing activities			
Oil property development expenditure		(517,035)	(644,331)
Exploration expenditure		(233,837)	(252,538)
Proceeds from JV Partners – Govt Kaehne		799,571	-
Proceeds from sale of assets		-	480,715
Net cash used in investing activities		48,699	(416,156)
Cash flows from financing activities			
Proceeds from issue of shares		1,791,655	-
Transaction costs for issue of shares		(188,650)	(69,080)
Repayment of borrowings		-	(310,805)
Proceeds of borrowings		200,000	-
Payment of costs of borrowings		(9,516)	-
Net cash (used in)/ provided by financing activities		1,793,489	(379,885)
Net increase/(decrease) in cash and cash equivalents		1,354,622	(47,626)
Exchange differences on cash balances held		4,700	1,312
Cash and cash equivalents at beginning of the year		499,172	545,486
Cash and cash equivalents at end of year	5	1,858,494	499,172

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

ABOUT THIS REPORT
The consolidated financial statements of Eon NRG Limited and its subsidiaries (the "Group") for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 8 April 2019.

Eon NRG Limited is a for-profit company limited by shares incorporated and domiciled in Australia. Its shares and listed options are publicly traded on the Australian Securities Exchange (ASX: E2E, E2EO, E2EOA).

The principal activities of entities within the Group during the year was oil and gas exploration and production in North America and are described in the Directors' Report. There has been no significant change in the nature of these activities during the year.

Basis of preparation:
The financial report is a general purpose financial report which complies with Australian Accounting Standards in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group has, where applicable, adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the year ended 31 December 2019 (Refer note 30).

The financial report has also been prepared on a historical cost basis and accrual accounting. Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Eon NRG Limited and its subsidiaries (as outlined in note 19) as at and for the period ended 31 December 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions have been eliminated in full.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results of the part of the reporting period during which Eon NRG Limited has had control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in **United States dollars** (US$ or USD), which is Eon NRG Limited's functional and presentation currency.

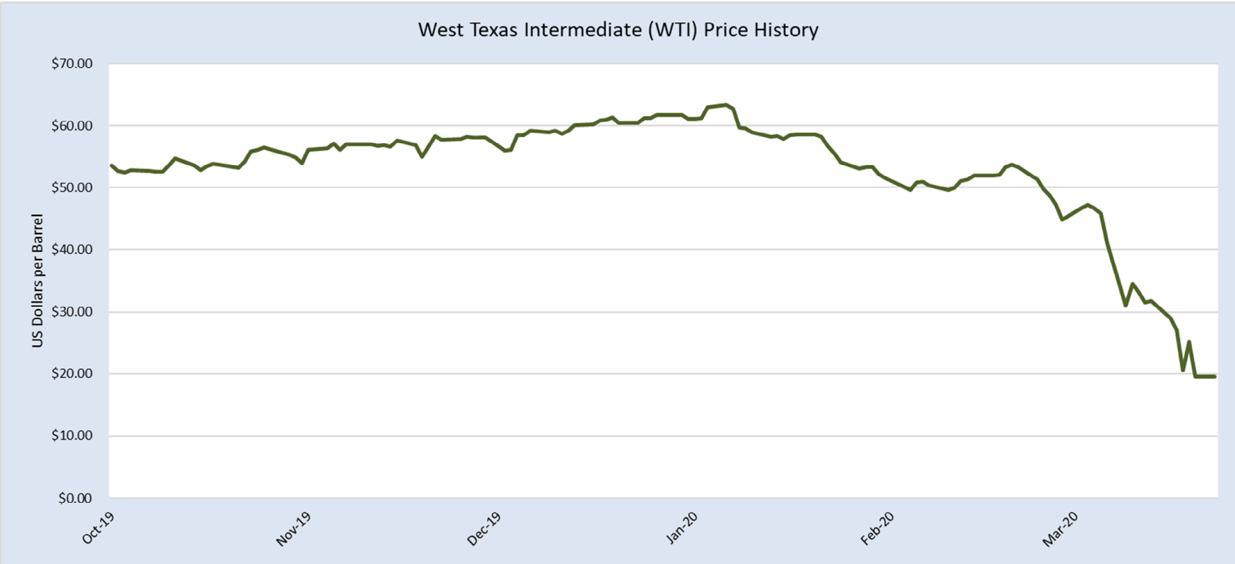
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Going Concern

The financial report has been prepared on a going concern basis which contemplates that as at the report balance date, it was likely that there would be continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business

However, there are events that have occurred after the balance date which creates uncertainty with regards to the Group's ability to continue to operate on this basis (see note 28). Global economic uncertainty has been created by the COVID-19 pandemic which has adversely affected the outlook for energy demand across the globe. This combined with tension between Saudi Arabia and Russia with regards to their intention to increase production has led to a market forecast of oversupply which has impacted oil price. There has been a flow-on effect to gas prices due to oversupply in the US and uncertainty on demand.

The price decrease has been severe since the end of December 2019 when the spot WTI oil price was US$61.14/bbl to a low of US$22.79 on March 18,2020 (63% decrease).



Data Source: US Energy Information Agency (www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm)

Lower oil price from instability in the global economy effects the underlying value of the cash generating units of the Group (oil and gas fields). Eon is of the view that the current spot prices for oil do not represent long term values that would be expected under 'normal' market conditions. However, the unprecedented nature and scale of the COVID-19 pandemic combined with oil markets being oversupplied, makes the timing of recovery in global economic conditions uncertain. The lower commodity price is below the cost of production in some fields. These assets are provided as security for the bank loan from ANB Bank (31 Dec 2019: US$6.327 million). As at the balance date, all bank covenants had been met and it was anticipated that with spot and projected oil prices at that time, the value of the Group's producing assets and the cash flow generated from these assets would have been sufficient to provide adequate security and servicing capacity for the bank's security needs.

The Australian parent entity will reduce overhead corporate costs to the minimum required to maintain its compliance obligations while options for restructuring the Group to mitigate liability to the negative net value US based assets are considered. The Board believes that the Company can continue to be operated as a going concern where it would contemplate the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business on the following basis.

(i) Support is available from existing shareholders to meet the Company's short and medium term compliance obligations to remain listed on the Australian Securities Exchange (ASX) and to identify and acquire new assets that will provide future growth opportunities;

(ii) Following any restructuring of the Group, Eon NRG Ltd would likely have no debt obligations.

Notwithstanding the above the following going concern indicators exist:

(i) The value of the Group's oil and gas production assets on a net fair market value basis is lower than the debt that is owed to its banker.

(ii) It is likely that the lender will require the oil and gas production assets to be sold in an orderly process with the proceeds of sale to be used to repay the loan to the Group.

(iii) The dramatic decrease in oil and gas prices since December 2019 has significantly impacted on the free cash flow that is available to service debt and cover general administrative costs which has placed uncertainty upon the US subsidiaries' ability to meet its medium-term commitments.

(iv) In the current economic environment, the prospect of raising equity from the Australian markets to repay the bank debt is very low.

Should the Group not be able to execute the strategies set out above, there would be material uncertainty as to whether the Group would be able to meet its debts as and when they fall due and thus continue as a going concern. The restructuring proposal with ANB Bank had not been finalised and documented at the time that these statements were approved by the Board and so there is still considerable execution risk.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 2 Expenses from continuing operations
- Note 3 Income tax
- Note 6 Trade and other receivables
- Note 9 Oil and gas properties
- Note 10 Exploration assets
- Note 11 Plant and equipment
- Note 15 Provisions
- Note 18 Share-based payments

FINANCIAL PERFORMANCE

	2019 US$	2018 US$
1. Revenues from Continuing Operations		
Profit / (Loss) from ordinary activities before income tax includes the following items of revenue and expense.		
a) Sales revenue		
Oil and gas sales	3,663,028	4,980,002
Royalties	13	1,779
	3,663,041	4,981,781
b) Other operating revenue		
Interest Income	13,157	4,390
Other revenue	217,100	234,769
	230,257	239,159

Significant accounting policy

Revenue

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). This policy was effective from 1 January 2018.

Sale revenue – oil, gas and by-products

The Group recognises revenue when the performance obligation under the sales contract is achieved. This performance obligation is achieved when the Oil/NGL is transferred to the refinery transportation vehicles and when the gas is transferred into the buyer's transportation pipeline. The Group has agreements with mineral rights owners who are paid a percentage of the gross oil, gas and derivative sales in return for granting the mineral/hydrocarbon extraction rights for these products. Under AASB15, the sales value that is recorded for the disposal of oil, gas and other products (NGL's, etc) will exclude amounts collected on behalf of third parties, including the mineral rights/royalty payments to owners.

For 2019 and 2018 reporting periods sales figures exclude royalty and production tax amounts.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

	2019 US$	2018 US$
2. Expenses from Continuing Operations		
a) Production Expenses		
Lease operating costs	(1,736,889)	(1,972,654)
Production taxes	(381,150)	(472,971)
Rehabilitation provision	(283,209)	(183,863)
Other	(33,133)	12,053
	(2,434,381)	(2,617,435)
b) Depreciation and amortisation included in the statement of profit or loss		
Amortisation – oil and gas properties	(843,746)	(1,305,578)
Depreciation – oil and gas property plant & equipment	(255,036)	(307,649)
	(1,098,782)	(1,613,227)
Depreciation – other plant & equipment (see note 2(c) below)	(103,937)	(100,514)
	(1,202,719)	(1,713,741)

	2019	2018

2. Expenses from Continuing Operations (Cont.)

		US$	US$
c)	**Administrative expenses**		
	Salaries, Directors fees and employee benefits	(1,101,004)	(1,096,316)
	Depreciation – other plant and equipment	(103,937)	(100,514)
		(1,204,941)	(1,196,830)
d)	**Interest and finance expenses**		
	Interest on bank loans	(377,145)	(354,863)
	Financing charges	(35,327)	(53,270)
		(412,472)	(408,133)
e)	**Foreign exchange gain/(loss)**(see note 2(i) below)		
	Gain	4,916	4,828
	Loss	(13,055)	(2,657)
		(8,139)	2,171
f)	**Net gain/(loss) on sale** (see note 2(i) below)		
	Oil properties and exploration assets	-	-
	Equipment	-	(215,717)
		-	(215,717)
g)	**Exploration Expenditure**		
	Lease costs at Powder River Basin	(72,219)	(5,667)
h)	**Asset Impairment (expense)**		
	Oil properties		
	- Silvertip	(3,568,000)	-
	- Borie	(265,000)	-
	Total Oil Properties	(3,833,000)	-
	Property, plant and equipment		
	- Silvertip	(1,002,000)	-
		-	-
	Total Impairment	(4,835,000)	-
i)	**Other operating expenses**		
	Compliance costs	(107,403)	(188,673)
	Operating lease costs	(8,714)	(10,342)
	Foreign exchange gain / (loss) (Note 2e)	(8,139)	2,171
	Net loss on sale of assets (Note 2f)	-	(215,717)
	Travel expenses	(54,113)	(34,399)
	Operating taxes	-	(4,100)
	Investor relations	(47,893)	(24,833)
	Insurance	(164,103)	(123,520)
	Miscellaneous	(133,186)	(197,567)
		(523,551)	(796,980)

Significant accounting policy

Amortisation of oil and gas assets
The Group uses the units of production (UOP) approach when amortising and depreciating field-specific assets. Using this method of amortisation and depreciation requires the Group to compare the actual volume of production to the reserves and then to apply this determined rate of depletion to the carrying value of the depreciable asset. Non-producing assets under evaluation and appraisal are not subject to amortisation until such time as the evaluation and appraisal stage is complete.

Rehabilitation provision
Site restoration/rehabilitation costs are capitalised within costs of the associated assets and the provision is included in the statement of financial position at total present value of the estimated cost to restore operating locations. The costs of restoration are brought to account in the profit and loss through depreciation of the associated assets over the economic life of the projects with which these costs are associated.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Exploration expense
Exploration and evaluation expenditure incurred is capitalised at cost and includes acquisition of rights to explore, studies, exploratory drilling, sampling and associated activities. Costs are accumulated in respect of each identifiable area of interest. General and administrative expenditures are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities particular area of interest.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Key estimates and judgements
Oil and gas reserve and resource estimates
Oil and Gas reserves are estimates of the amount of oil and gas that can be economically and legally extracted from the Group's mining properties. The Group estimates its Oil and Gas reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the reserve, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the reserves. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Units of Production (UOP) amortisation

Estimated recoverable reserves are used in determining the amortisation of oilfield assets. This results in an amortisation charge proportional to the depletion of the anticipated remaining life of field production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Barrels of oil produced as a proportion of 1P developed reserves are used as the depreciation methodology. The calculation of the rate of UOP amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves for future capital expenditure changes. Changes to reserves could arise due to changes in the factors or assumptions used in estimating reserves. Changes are accounted for prospectively. Amortisation charges are included in note 9.

	2019 US$	2018 US$
3. Income tax		
Current income tax		
Current income tax (benefit) /expense	(126,265)	-
	(126,265)	-
Deferred income tax/(revenue) expense included in income tax expense comprises:		
(Decrease)/increase in deferred tax	-	-
Adjustment for deferred tax of prior period – Australia	-	-
Adjustment for deferred tax of prior period – USA	-	-
	-	-
Total income tax (benefit)/expense	-	-
Reconciliation of income tax (benefit)/expense to prima facie tax payable		
Profit/(Loss) from continuing operations before income tax	(6,561,783)	(1,426,435)
Accounting (loss)/profit before income tax	(6,561,783)	(1,426,435)
Prima facie tax (benefit)/payable on profit/(loss) from ordinary activities at 30% (2017 – 30%)	(1,968,535)	(427,931)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of different taxation rates of other countries	(555,624)	109,122
Deferred tax assets not recognised	2,522,892	231,705
Tax losses utilised	-	-
Tax effect of amounts which are not deductible in calculating taxable income	1,267	87,104
Benefit of tax losses not previously recognised	-	-
Temporary differences and tax losses previously not brought to account – Australia	-	-
Prior year under-provision	-	-
Income tax (benefit)/ expense	-	-
Movement in deferred income tax for the year ended 31 December relates to the following:		
Deferred tax liabilities		
Depreciable assets	(79,510)	(8,689)
Deferred tax assets		
Tax losses	79,510	8,689
Deferred tax (income)/expense	-	-

		2019 US$	2018 US$
3.	**Income tax**		
	Tax liabilities		
a)	Current		
	Income tax payable	-	126,265
b)	Non- Current		
	Deferred income tax recognised at 31 December from foreign source income relates to the following:		
	Deferred tax assets (at 21%)		
	Carried forward losses	89,192	168,702
		89,192	168,702
	Deferred tax liabilities (at 21%)		
	Depreciable assets	(89,192)	(168,702)
		(89,192)	(168,702)
	Net deferred tax asset/(liability)	-	-
	Deferred income tax at 31 December from Australian source income relates to the following:		
	Deferred tax assets (at 30%)		
	Provision for expenses	-	-
	Capital raising costs	-	-
		-	-
	Deferred tax liabilities (at 30%)		
	Receivables	-	-
	Unrealised foreign exchange gains	-	-
		-	-
	Net deferred tax asset	-	-
	Total deferred tax asset/(liability)	-	-
	a) Reconciliations		
	The overall movement in recognised deferred tax is as follows:		
	Opening balance	-	-
	(Charge) / credit to statement of comprehensive income	-	-
	Other movements	-	-
	Closing balance	-	-
b)	**Unrecognised deferred tax assets (at 30%) from Australian source income**		
	Deferred tax assets (at 30%)		
	Capital raising costs	71,035	39,269
	Provision for expenses	21,212	16,078
	Carry forward tax losses	169,462	51,052
		261,709	106,399
c)	**Unrecognised deferred tax assets (at 21%) from foreign source income**		
	Deferred tax assets (at 21%)		
	Carry forward revenue tax losses	2,992,392	3,219,734
	Other timing differences	2,741,911	2,472,482
		5,734,303	5,692,216

Significant accounting policy

Income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax (Cont.)
Key estimates and judgements

Recovery of deferred tax assets
Judgment is required in determining whether deferred tax assets are recognised on the statement of financial position, Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

4. Earnings per share

Basic earnings / (loss) per share amounts are calculated by dividing profit / (loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings / (loss) per share amounts are calculated by dividing the profit / (loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all diluted potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic earnings per share computations:

	2019 US$	**2018 US$**
Profit / (loss) attributable to ordinary equity holders of the parent for basic and diluted earnings per share	(6,561,783)	(1,417,331)

	2019 Cents per share	**2018 Cents per share**
Basic earnings / (loss) per share	(0.93)	(0.35)
	No. of shares	**No. of shares**
The weighted average number of ordinary shares on issue during the financial year used in the calculation of basic earnings per share	705,156,098	405,234,856
Effect of dilution:		
Share options	-	-
The weighted average number of ordinary shares on issue during the financial year used in the calculation of diluted earnings per share	705,156,098	405,234,856
	Cents per share	**Cents per share**
Diluted earnings/(loss) per share	(0.93)	(0.35)

Diluted earnings per share is calculated after taking into consideration all options and any other securities that were on issue that remain unconverted as at the 31 December as potential ordinary shares, which may have a dilutive effect on the result of the Group. As at 31 December 2019, 363,499,774 potential ordinary shares (options) were not considered dilutive.

Significant accounting policy

Earnings per share
Ordinary Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to include any costs of servicing equity (other than dividends) and preference share dividends divided by the average weighted number of ordinary shares adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:
- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares; and
- Dilutive potential ordinary shares, adjusted for any bonus element.

FINANCIAL POSITION

	2019 US$	2018 US$
5. Cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December		
Cash at bank and on hand	1,858,494	499,172

Cash of $684,123 is held on term deposit as security for performance bonds and is classified as non-current other receivables in the balance sheet (refer Note 8).

Significant accounting policy

Cash and cash equivalents
Cash and short-term deposits in the statement of financial position comprise of cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

	2019 US$	2018 US$
6. Trade and other receivables		
Oil and gas sales debtors	461,340	422,097
Other receivables	75,656	79,408
	536,996	501,505

(i) Trade and other receivables are non-interest bearing and generally 30 - 90 day terms. An allowance for doubtful debts is made where there is objective evidence that a trade receivable is impaired e.g.: non-payment of receivable for more than 90 days from the date due.
(ii) For details of credit risk of receivables, refer to Note 29 (b).
(iii) Trade and other receivables do not contain impaired assets and are not past due.

Ageing analysis of current receivables:

	Total US$	0-30 Days US$	31-60 days US$	60 -90 days US$	90 days + US$
2019	536,996	461,422	14,714	9,673	51,187
2018	501,505	431,195	13,487	9,947	46,876

The receivables shown in the 31-60, 60-90 and 90 days + categories are prepayments which fall due at that time. These prepayments are not subject to impairment unless the party providing the service relating to the prepayment defaults on their obligation.

Significant accounting policy

Trade and other receivables
Debtors are carried at amounts due. The recoverability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Key estimates and judgements

Allowance for impairment loss on trade receivables
Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. The normal trading terms of the Company with all of its purchasers is determined by their individual contracts. In the event that a customer did not settle its outstanding payments within 90 days of the due date, an impairment review would be considered.

	2019 US$	2018 US$
7. Inventories		
Oil and NGL inventory at cost of production	66,707	99,840

Significant accounting policy

Inventories
Oil stocks and field repair inventory amounts are physically measured, counted or estimated and valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling final product. Cost is determined as follows:
(i) Materials, which include drilling and maintenance stocks, are valued at cost; and
(ii) Petroleum products, comprising extracted crude oil stored in tanks, are valued at cost.
(iii) Material stocks are valued at weighted average cost

For inventories and material stocks, cost is determined on a FIFO (first in, first out) basis.

8. Other financial assets		
Non-current		
Cash held as security by ANB bank for issuance of performance bonds	684,123	676,434
Lease deposit for Denver offices	15,747	15,747
	699,870	692,181

		2019 US$	2018 US$
9.	**Oil and gas properties**		
	Cost of acquisition and enhancements	29,684,061	30,400,930
	Accumulated amortisation and impairment and transfers	(22,864,190)	(18,187,444)
		6,819,871	12,213,486
	Opening balance	12,213,486	9,075,981
	Additions	517,036	644,332
	Amortisation	(843,746)	(1,305,578)
	Asset retirement obligation	(1,233,905)	(1,013,255)
	Impairment	(3,833,000)	-
	Transfer from assets held for sale	-	4,812,006
	Closing balance	6,819,871	12,213,486

As at 31 December 2019 the Group assessed each project on a value in use basis to determine whether an indicator of impairment existed, including future selling price, future costs and reserves. As a result of the abnormal economic market conditions and significant drop in oil and gas prices, the recoverable amounts of the cash generating units were formally estimated on the basis of fair value to sell using the price that would be received from sale of the oilfields on an arms-length basis with a willing buyer and seller. This has resulted in an impairment charge of $4,835,000 being recognised for the year ($3,833,000 for oil and gas properties and $1,002,000 in relation to plant and equipment).

In order to determine what the fair value less cost of sale is for each asset, a discounted cashflow method has been used with a range of oil and gas prices that reflect recent oil and gas prices with a range of discount rates reflecting the higher market risk.

The resulting impairment assessment on each field at the end of 2019 was as follows:

Cash Generating Unit (CGU)	Description	Net Recoverable amount [(1)] US$	Net book value US$	Impairment Charge US$
Sheep Springs	Oil and Gas field	5,197,533	3,278,393	-
	Plant and equipment		54,218	-
Round Mountain	Oilfield	1,359,239	685,439	-
	Plant and equipment		5,786	-
Silvertip	Oil and Gas field	1,146,651	4,461,486	3,568,000
	Plant and equipment		1,253,691	1,002,000
Borie	Oil and Gas field	2,218,975	2,227,552	265,000
	Plant and equipment		38,752	-
		9,922,398	12,005,317	4,835,000

1. Assessment of fair market value is based on a value in use basis of a consensus of a range of discounted net present cash flow estimates using various assumptions.

The determination of value in use for each CGU are considered to be Level 3 fair value measurements in both years, as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Significant accounting policy

Oil and gas assets

Assets in development

The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings. When the committed development expenditure programs are completed and production commences, these costs are subject to amortisation. Once the required statutory documentation for a production licence is lodged the accumulated costs are transferred to oil and gas assets – producing assets.

Producing assets

The costs of oil and gas assets in production are separately accounted for and include past exploration and evaluation costs, past development costs and ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings. These costs are subject to amortisation.

Where asset costs incurred in relation to a producing field are under evaluation and appraisal, those costs will be continually reviewed for recoupment of those costs by future exploitation. When a determination has been made that those expenditures will not be recouped and/or further appraisal will be undertaken, they will be written off.

Amortisation of oil and gas assets

Costs in relation to producing assets are amortised on a production output basis. Non-producing assets under evaluation and appraisal are not subject to amortisation until such time as the evaluation and appraisal stage is complete.

Restoration costs

Site restoration costs are capitalised within costs of the associated assets and the provision is included in the statement of financial position at total present value of the estimated cost to restore operating locations. These costs are estimated and based on judgements and assumptions regarding removal dates, environmental legislation and technologies. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The costs of restoration are brought to account in the profit and loss through depreciation of the associated assets over the economic life of the projects with which these costs are associated. The unwinding of the discount is recorded as an accretion charge within finance costs.

Key estimates and judgements

Impairment of non-financial assets

In determining the recoverable amount of assets, estimations are made regarding the present value of future cash flows using asset-specific discount rates and a “value in use” discounting cash flow methodology. Additional disclosures are provided about the discount rate and any other significant assumptions in the notes. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs.

In determining the amount of an impairment reversal, the Company considers evidence of the fair values of assets, either through calculating their recoverable amount based on the above estimates or from evidence that becomes available upon negotiations for its sale.

	2019 US$	2018 US$
10. Exploration assets		
Cost of acquisition and enhancements	960,634	252,538
Battery Mineral Claims	69,171	71,580
Oil and Gas Exploration Leases	891,463	180,958
	960,634	252,538

Significant accounting policy

Explorations Assets
Expenditure incurred during exploration and the early stages of evaluation of new areas of interest are capitalised until such time as it is determined that the area of interest is uneconomical at which time the cost is written off. Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest.

Costs of acquisition of exploration areas of interest are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Once an area of interest enters the development phase, all capitalised acquisition, exploration and evaluation expenditures are transferred to oil and gas properties.

Key estimates and judgements

Capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable, profits and net assets will be reduced in the period in which determination is made.

11. Plant and equipment

	2019 US$	2018 US$
Balance at beginning of year		
Cost	2,986,340	3,502,845
Accumulated depreciation and impairment	(1,299,788)	(906,729)
Net carrying amount	1,686,552	2,596,116
Balance at end of year		
Cost	2,986,340	2,986,340
Accumulated depreciation and impairment	(2,574,864)	(1,299,788)
Net carrying amount	411,476	1,686,552

For details of impairment charge see note 9.

	2019 US$	2018 US$
Opening balance: net of accumulated depreciation and impairment	1,686,552	2,596,116
Disposals	-	(696,432)
Depreciation charge	(273,076)	(321,468)
Assets transferred from ‘held for sale’	-	108,336
Impairment of Silvertip oil well assets	(1,002,000)	
Closing balance: net of accumulated depreciation and impairment	411,476	1,686,552

Significant accounting policy

Plant and equipment
Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment - 5 to 10 years.

Any item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Key estimates and judgements

Estimation of useful lives of assets
The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

12. Right-of-use assets and lease liabilities

The Group leases office facilities in Australia and USA. The lease in Australia runs for a period of one year with multiple renewals available at the end of the lease period. The leases in the USA runs for three years with a further three year lease renewal option. Lease payment amounts are set based on fixed annual increases

i. **Right-of-use assets**

	2019 US$	**2018^ US$**
Buildings -		
Cost		
Opening balance	297,417	297,417
Additions	-	-
Closing balance	297,417	297,417
Accumulated depreciation		
Opening balance	149,092	62,398
Depreciation	85,897	86,694
Closing balance	234,989	149,092
Closing balance	62,428	148,325

ii. Right-of-use liabilities

	2019 US$	**2018^ US$**
Current Liabilities		
Opening Balance	98,994	92,742
Movement	(34,474)	6,252
Closing Balance	64,520	98,994
Non-Current Liabilities		
Opening Balance	70,701	172,572
Movement	(64,586)	(102,050)
Closing Balance	6,115	70,701
Total Liabilities	70,635	169,695

^ 2018 amounts are restated

Significant accounting policy

Right of use asset

The Group has adopted AASB 16: Leases and applied IFRS 16 using the retrospective approach and therefore the comparative information for prior periods has been restated.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset i.e. when the Group has the decision-making rights that are most relevant to changing how the asset is used.

The Group leases buildings for its office space. The leases of office space typically run for a period of 1-3 years. The leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Leases provide for periodical review of rent payments that are based on changes in local price indices or fixed percentage annual increases. The Leases also require the Group to make payments that relate to the property outgoings that are made by the lessor; these amounts are generally determined annually.

Implementation of AASB 16: Leases:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

		2019 US$	2018 US$
13.	**Trade and other payables**		
	Current		
	Trade payables and accruals	2,078,298	873,724
	Trade payables are non-interest-bearing payables and are normally settled on 30 day terms.		
	Non-Current		
	Trade payables and accruals	-	-

Significant accounting policy

Trade and other payables
Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services.

		2019 US$	2018 US$
14.	**Interest Bearing Liabilities**		
	Current -		
	Bank Loan (Secured)	6,302,654	6,112,170
	Non-current -		
	Bank Loan (Secured)	-	-

The secured bank loans are provided by ANB Bank as a line of credit facility as detailed below. The line of credit facility is classified as a current liability due to the maturity date being less than 12 months from the reporting date.

Line of Credit -

- Security - mortgages over the Group's producing oilfield in Wyoming and California
- Interest - paid monthly at a rate of 0.50% above the Prime Rate (Dec 2019 Prime Rate - 4.75%)
- Maturity date - 1 October 2020
- Principal repayments - interest only repayments on a monthly basis. Principal due to be repaid on or before maturity. Any part of the principal that is repaid before the maturity date may be redrawn up until the maturity date of the loan.
- Initial loan facility limit - $7.0 million (facility limit Dec-19 - $7,000,000)
- Loan balance Dec 2019 - $6,327,160 (2018 - $6,127,160)

Financial covenants for above loan facilities -

- Modified Current Ratio shall not be less than 1:1
  Modified Current Ratio means, as of the end of any Fiscal Quarter ending after the Closing Date, the ratio of: (a) the sum of Borrower's current assets (including as a current asset any and all unused availability under the Revolving Loan, but excluding assets resulting from any mark-to-market of unliquidated hedge contracts); to (b) the sum of Borrower's current liabilities (excluding the current portion of long term Debt with the exception of principal that is due within ninety (90) days and liabilities resulting from any mark-to-market of unliquidated hedge contracts), all determined on a consolidated basis pursuant to the most recent financial statements delivered by Borrower to Lender. Oil in inventory, not reported on the most recent financial statement, will be added to the current assets at market price.)

Significant accounting policy

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortisation is included in finance costs in the statement of profit or loss.

2019	2018

15. **Provisions**	US$	US$
Current -		
Employee entitlements – annual leave	175,926	129,773
Non-current -		
Employee entitlements – long service leave	16,476	-
Asset retirement obligation	3,791,000	4,741,696
	3,807,476	4,741,696

	Employee entitlements (Current& Non-Current)	**Asset retirement obligation (Non-current)**
As at 1 January 2019	129,773	4,741,696
Movement during the year	120,282	(1,233,903)
Utilised/unwinding of discount	(57,653)	283,207
		-
As at 31 December 2019	192,402	3,791,000
As at 1 January 2018	150,072	5,047,680
Movement during the year	98,263	(1,013,255)
Utilised/unwinding of discount	(118,562)	183,862
Reclassified from liabilities held for sale	-	523,409
As at 31 December 2018	129,773	4,741,696

Significant accounting policy

Asset retirement obligation
The asset retirement obligation provision takes account of the restoration of wells and associated infrastructure at the end of their economic life. The provision is the estimated cost of restoration work required at the end of the useful life of the producing fields, including removal of facilities and equipment required or intended to be removed.

The cost has been capitalised as the restoration obligation is recognised during the evaluation stage.

These provisions have been created based on estimates provided to the Group. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of the decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil prices, which are inherently uncertain. These estimates of restoration are subject to significant estimates and assumptions. The expected timing of the asset retirement obligation is over the life of the oilfields, ranging from 15 to 30 years.

Key estimates and judgements

Restoration obligations
Where a restoration obligation exists, the Group estimates the future removal costs of oil and gas platforms, production facilities, wells and pipelines at the time of the installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgmental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability specific discount rates to determine the present value of these cash flows.

CAPITAL STRUCTURE

	2019 US$	2018 US$
16. Share Capital		
769,888,934 Fully paid ordinary shares (2018: 406,389,160)	26,810,025	25,207,031
Shares reserved for employee share plan		
2,750,000 Fully paid ordinary shares (2018: 2,750,000)	-	-

Shares reserved for employee share plan
The Group's own equity instruments, which are acquired for later use in employee share-based payment arrangements, are deducted from equity.

	Year ended 31 December 2019		Year ended 31 December 2018	
Movement in ordinary shares on issue	**US$**	**No.**	**US$**	**No.**
Equity at the start of the year	25,207,031	406,389,160	25,157,925	400,100,786
Placement of new shares	1,791,655	363,499,774	49,117	6,288,374
Transaction costs	(188,661)	-	(11)	-
At 31 December	26,810,025	769,888,934	25,207,031	406,389,160

In March 2019 the Company completed a placement of new shares to existing shareholders and new investors through a rights issue to raise A$2.54 million, before costs and fees. The placement consisted of 363,499,774 ordinary shares priced at A$0.007.

Significant accounting policy
All ordinary shares rank equally with regard to the Company's residual assets. The Company does not have authorized capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Share capital
Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Treasury shares
The Group's own equity instruments, which are acquired for later use in employee share-based payment arrangements, are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

	2019 US$	2018 US$
17. Reserves		
Share option reserve	349,661	349,661

Share Options
At 31 December 2019 there were the following listed and unlisted options over unissued fully paid ordinary shares on issue:

Listed Options - 371,499,774 listed options exercisable at A$0.015 per option on or before 22 February 2021) (2018: 204,194,580 listed options exercisable at A$0.0188 per option on or before 29 November 2019)

Unlisted Options - Nil (2018: Nil).

Share option reserve
The share option reserve is used to recognise the value of equity-settled share-based payments provided to employees and suppliers.

18. Share-Based payments

(a) Eon NRG Employee Share Participation Program

In 2013, an employee share plan was established which entitles the Board of Directors to offer employees within the Group the right to acquire shares in the Company subject to satisfying specific performance hurdles. Shares that the employees will have a right to own are acquired and held in trust for the employees until they have met the service or performance conditions. The shares rank equally with other fully paid ordinary shares. The fair value is determined at the share price at the date of issue.

The shares do not have an expiry date under the scheme.

The equity remuneration is subject to service and performance conditions. A summary of the vesting terms for shares that have been issued to employees are set out below:

No. of shares	Grant date	Vesting conditions	Shares vested (as at 1 Dec 2019)
2,440,900	Various dates from 2013 to 2015	50% vested after 12 months of service (from date of issue) 50% vested after 24 months of service (from date of issue)	2,440,900
1,000,000	30 June 2014	On close of a project(s) acquisition(s) (Project A) which is(are) approved by the Board, and which individually or cumulatively contributes an average of 100 Gross boepd for 30 days (2)	1,000,000
1,000,000	30 June 2014	On production of above new Project A reaching an average of 200 Gross boepd over a continuous 6 month period (2)	1,000,000
1,000,000	30 June 2014	On close of project(s) acquisition(s) which take place after the project(s) in (i) above (Project B) which are approved by the Board, and which contributes an average of 300 additional Gross boepd for 30 days (2)	Nil
1,000,000	30 June 2014	When total Company production reaches an average of 750 Gross boepd over a continuous 6 month period (2)	Nil
375,000	30 June 2014	On close of a project(s) acquisition(s) (Project A) which is(are) approved by the Board, and which individually or cumulatively contributes an average of 100 Gross boepd for 30 days (2)	375,000
375,000	30 June 2014	On production of above new Project A reaching an average of 200 Gross boepd over a continuous 6 month period (2)	375,000
375,000	30 June 2014	On close of project(s) acquisition(s) which take place after the project(s) in (i) above (Project B) which are approved by the Board, and which contributes an average of 300 additional Gross boepd for 30 days (2)	Nil
375,000	30 June 2014	When total Company production reaches an average of 750 Gross boepd over a continuous 6 month period (2)	Nil
150,000	18 March 2016	50% vest after 12 months of service (from date of issue) (1) 50% vest after 24 months of service (from date of issue) (1)	150,000
360,000	30 January 2017	100% vested at date of issue (1)	360,000

1. These shares do not have performance conditions attached to them as this served as part of the retention plan
2. There are service and various performance conditions attached to these awards

(b) Other share-based payments

Nil options were issued in the 2019 financial year under the employee share plan (2018: Nil)

(c) Expenses arising from share-based payment transactions

Share-based payment transactions recognised during the period were as follows:

	2019 US$	2018 US$
Shares issued under employee share scheme recognised in wages and salaries	-	2,474
	-	2,474

Significant accounting policy

Share based payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Eon NRG Limited ("market conditions"). The cost of equity- settled transactions with employees is measured by reference to the fair values of the equity instruments at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account the likelihood of employee turnover;

(iii) the expired portion of the vesting period.

The charge to the income statement for the year is the cumulative amount, as calculated above, less the amounts charged in the previous years. There is a corresponding amount to equity. Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated.

Where the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Key estimates and judgements

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

GROUP STRUCTURE

19. Information relating to subsidiaries

Name of entity	Country of Incorporation	Ownership Interest
Parent entity		
Eon NRG Limited	Australia	
Controlled entity		
Incremental Oil and Gas USA Holdings Inc	United States	100%
Incremental Oil and Gas LLC	United States	100%
Incremental Oil and Gas (Round Mountain) LLC	United States	100%
Incremental Oil and Gas (Silvertip) LLC	United States	100%
Eon Cobalt, LLC	United States	100%

Set out above are the Company's subsidiaries as at 31 December 2019. Unless otherwise stated, the subsidiaries as listed above have share capital consisting solely of ordinary shares, which are held directly by the Group, and the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

20. Interests in Joint Arrangements

In September 2019 the Group entered into a joint arrangement with eight parties to acquire a minority interest at the Group's Govt Kaehne #9-29 well, the first well in its leased area in the Powder River Basin. Eon NRG, through its US subsidiary, is the operator of the well with a majority 61% working interest (53% net revenue interest)

Significant accounting policy

Joint Arrangements

The Group has an interest in an arrangement that is controlled jointly and is classified as a joint operation. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in its joint operation, the Group recognises its share of the assets, liabilities, revenue and expenses

21. Information relating to Eon NRG Limited (the Parent)

	Company 2019 US$	Company 2018 US$
Assets		
Current assets	56,464	39,929
Non-current assets	5,487,984	4,367,597
Total assets	5,544,448	4,407,526
Liabilities		
Current liabilities	119,945	198,671
Non-current liabilities	22,594	17,885
Total Liabilities	142,539	216,556
Net Assets	5,401,909	4,190,970
Equity		
Issued Capital	26,810,025	25,207,031
Shares reserved for employee share plan	-	-
Accumulated losses	(21,757,777)	(21,365,721)
Reserves	349,661	349,661
Total Equity	5,401,909	4,190,970

22. Information relating to Eon NRG Limited (the Parent) (Cont.)

	Company 2019 US$	Company 2018 US$
Financial performance		
(Loss) /Profit for the period	(392,055)	(497,456)
Total comprehensive income of the parent entity	(392,055)	(497,456)

The Company has guaranteed the debts of any of its subsidiaries (Refer Note 14).
The Company has no contingent liabilities.
The Company has no commitments for the acquisition of property, plant and equipment.

OTHER DISCLOSURES

	2019 US$	2018 US$
22. Key management personnel compensation		
Short-term employee benefits	611,470	663,175
Post-employment benefits	26,201	27,579
Other long-term benefits	-	-
Termination Benefits	-	-
Share-based Payments	-	2,474
Total compensation paid to key management personnel	637,672	693,228

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

23. Related parties

In June 2017, Eon NRG Limited entered into a lease agreement with Ascot Park Enterprises Pty Ltd, a company associated with the Chairman, Mr Mark Stowell, to rent office space at 20 Howard Street, Perth. The rent and outgoings have been set at a rate which is at an arms-length commercial rate for comparable premises.

The options were exercised in 2018 and 2019. The rent plus outgoings paid to Ascot Park Enterprises Pty Ltd in 2019 was A$32,302 (2018 - A$27,451).

During 2019, the Group sought joint venture (JV) partners to participate as working interest partners for the drilling of the Govt Kaehne well. Matthew McGann (Chairman) and John Whisler (Managing Director) agreed to participate as JV partners in the well. The details of their interest in the well is as follows:

JV Party	Working Interest	Net Revenue Interest	Est Contribution Drill	Est Contribution Complete
Eon NRG Ltd*	61.00%	53.38%	$742,343	$508,268
Matthew McCann	10.00%	8.75%	$121,696	$83,323
John Whisler	3.00%	2.63%	$36,509	$24,997
Other JV^ – non-op	26.00%	22.75%	$316,408	$216,639

The participation by JW and MM as participants in the JV was approved by the other independent directors (Gerry McGann and Simon Adams) on the basis that there were 6 other unrelated entities that were participating as JV partners (WI's of 1-10% - see Appendix 3) on the same terms and that the terms that were in place for the farmout were commercial and were normal practice in the US for this type of activity.

MM and JW contributed their share of estimated costs in advance of the drilling as all other participants did. The well was drilled in December 2019 and completed in January 2020. At the time of this report, it was unclear as to what the flow rates for the oil would be. In the event that the well generates positive cash flow, MM and JW will be entitled to receive the net revenue (after royalty, tax, operating cost and management charge) from the well based on their WI.

* Through US subsidiary, acting as operator of the well
^ Unrelated to Eon NRG or its associated entities

		2019 US$	2018 US$
24.	**Auditors remuneration**		
	The auditor of Eon NRG is Butler Settineri		
	Amounts received or due and receivable by auditor for:		
	An audit or review of the financial report of the entity and any other entity in the consolidated group	20,592	19,142
	Other services in relation to the entity and any other entity in the consolidated group		
	Tax related	-	-
		20,592	19,142
	Amounts receivable or due and receivable by non-Butler Settineri audit firms for:		
	Audit or review of financial report	-	-
		-	-
25.	**Reconciliation of net profit/(loss) after tax to net cash flows from operations**		
	Profit/(loss) per accounts	(6,561,783)	(1,417,331)
	Adjustments for		
	Leave provision	62,574	(20,299)
	(Impairment reversal)/Impairment of assets	4,835,000	-
	Movement in Current Tax	(126,265)	-
	Amortisation	843,746	1,305,578
	Depreciation	358,973	321,468
	Share based payments	-	2,474
	Loss on disposal of assets	-	215,718
	(Decrease)/Increase in provisions	283,209	183,863
	Decrease/(Increase) in current receivables	(43,181)	152,073
	Decrease/(increase) in inventories	33,133	(14,767)
	(Decrease)/Increase in trade and other payables	(69,202)	30,053
	(Decrease)/Increase in lease liabilities	(99,061)	(9,103)
	Exchange differences	(4,709)	(1,311)
	Cash (used in)/provided by operating activities	(487,566)	748,415

26. Commitments and contingencies

The Group has a commitment to meet the remaining costs of the drilling and completion of the Government Kaehne well in the Powder River Basin.

Drill and complete application for expenditure (AFE) for Govt Kaehne well (Eon working interest (WI) – 61%)	1,250,610	-
Expenditure to year end (Eon WI)	(715,057)	-
Remaining commitment (assuming AFE is on budget)	535,553	-

There are no capital commitments in place in relation to the acquisition of property, plant and equipment. Other than those disclosed above there are no further commitments or contingent liabilities.

27. Segment Information

The Group has determined that it operates in one operating segment, being exploration and production and this is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources in the Group. Accordingly, the financial results of the segment are equivalent to the financial statements of the Group as a whole.

The Australian head office does not engage in business activities from which it generates or earn revenues. As a result, the Australian head office does not represent an operating segment.

28. Events occurring after the reporting date

From the balance date of this report (31 December 2019) to the time that this report has been released, there has been a significant adverse effect on global markets which has impacted oil price. Demand has been depressed due to economic uncertainty resulting from the COVID-19 pandemic which has slowed business activity globally. The supply side of the oil industry has also been impacted as a result of two of the largest oil producers, Saudi Arabia and Russia, stating that they will increase production.

28. Events occurring after the reporting date (Cont.)

Gas prices have been under downward pressure for a prolonged period in the US due to oversupply and the recent economic instability has provided uncertainty regarding future demand.

Oil price (WTI) has decreased since the end of December 2019 when the spot WTI oil price was US$61.14/bbl to spot price closed lower than US$20.00 per barrel in the month of March (67% decrease). Lower commodity prices have the impact of:

- Decreasing the underlying market value of the cash generating units (CGU's) of the Group (oil and gas fields);
- Reducing cash inflows from sales which impacts the profitability of some of the Group's fields;
- Decreasing the value of the cash generating units based on a discounted cash flow model,
- Increasing the potential risk of bank loan covenants being breached, including asset values falling under the required reserve values to cover the bank debt.

The accounting standards require the Group to reflect the value of its assets as at 31 December 2019 using market values as of that that date. The Group believes that the recent market developments are likely to have a material impact on the asset values subsequent to the year-end but they are considered to be a non-adjusting event after the reporting period (AASB 110).

The events subsequent to the balance date are likely to impact the oil and gas properties (note 9) in future reporting periods. While the Group's lender has not taken action to recall the loan, it is reasonable to expect that ANB Bank will seek an orderly sale of the oil and gas fields in the medium-term to repay the debt.

This would have the effect of reclassifying the oil and gas fields from non-current assets to current assets classified as "Assets held for sale". The method of valuing these assets would change from a value in use (VIU) basis (present value of the future cash flows expected to be derived from an asset or a CGU) to a fair value less cost to sell (FVLCS) basis (the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal). An estimate of the value of the oil and gas filed on a FVLCS basis compared to a VIU basis is as follows:

Category	**Net Book Value (unadjusted)**	**Net Book Value (*VIU* Basis)** [1]	**Impairment (per 2019 accounts)**	**Net Book Value (*FVLCS* Basis)** [2]	**Impairment (if reported as FVLCS)**
Oil and gas fields	10,652,872	6,819,872	(3,833,000)	3,746,872	(6,906,000)
Plant and equipment	1,352,443	350,443	(1,002,000)	252,443	(1,100,000)
Asset Restoration Provision	(3,791,002)	(3,791,002)	-	(3,791,002)	-
	8,214,313	3,379,313	(4,835,000)	208,313	(8,006,000)

1. Booked as non-current asset/liability
2. Booked as current asset/liability

29. Financial risk management

The Group's principal financial liabilities, comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash that derive directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

29. Financial risk management (Cont)

Fair values
Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2019:

	Loans and receivables US$	Fair value through profit and loss US$	Fair value through other comprehensive income US$
Financial assets			
Trade and other receivables	536,996	-	-
Total current financial assets	**536,996**	**-**	**-**
Other receivables	699,870	-	-
Other financial assets	-	-	-
Total non-current financial assets	**699,870**	**-**	**-**
Total financial assets	**1,236,866**	**-**	**-**
Financial liabilities			
Trade and other payables	2,078,298	-	-
Line of credit	6,302,654	-	-
Total current financial liabilities	**8,380,952**	**-**	**-**
Trade and other payables	-	-	-
Line of credit	-	-	-
Total non-current financial liabilities	**-**	**-**	**-**
Total financial liabilities	**8,380,952**	**-**	**-**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2019:

	Carrying amount US$	Fair value US$
Trade and other receivables	536,996	533,454
Total current financial assets	**536,996**	**533,454**
Other receivables	699,870	673,639
Other assets	-	-
Total non-current financial assets	**699,870**	**673,639**
Total financial assets	**1,236,866**	**1,207,093**
Financial liabilities		
Trade and other payables	2,078,298	2,052,555
Line of credit	6,302,654	6,271,000
Total current financial liabilities	**8,380,952**	**8,323,555**
Trade and other payables	-	-
Line of credit	-	-
Total non-current financial liabilities	**-**	**-**
Total financial liabilities	**8,380,952**	**8,323,555**

The carrying value of the financial assets and financial liabilities approximate their fair value.

a) Market Risk

i) *Foreign Exchange Risk*

The Group operates internationally and are exposed to foreign exchange risk arising from currency exposures with respect to the Australian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The group does not hedge its currency risk which is mainly an exposure to Australian Dollar expenditure and assets/liabilities.

29. Financial Risk Management (Cont.)

The financial assets that are exposed to foreign exchange risk are:

	2019 US$	2018 US$
Cash and cash equivalents	3,894	7,501
Trade and other receivables	26,205	26,114
Trade and other payables	(44,703)	(31,344)
	(14,605)	2,271

The following table demonstrates the sensitivity to a reasonable possible change in AUD exchange rates with all other variables held constant.

	Change in AUD rate	Effect on profit before tax/equity US$
2019	+10%	(1,460)
	-10%	(1,460)
2018	+10%	227
	-10%	(227)

ii) *Commodity price risk*

The Group is exposed to commodity price risk as its income is determined by reference to international prices of oil and gas. Pricing of the Group's oil is benchmarked off West Texas Intermediate crude oil prices. The Group's gas sales revenue is benchmarked off the CIG Rocky Mountain Natural Gas price. Market forces on both the physical and non-physical markets cause volatility to be out of the Group's control. As at the reporting date, the Group had no financial instruments with material exposure to commodity price risk. The group was exposed to price risk from the sale of oil and gas. A sensitivity analysis of the change of oil and gas prices to the net profit of the consolidated entity is presented below:

	Year	% Change in Price	Effect on profit before tax from increase in price	Effect on profit before tax from decrease in price
Oil	2019	5%	145,277	(145,277)
Gas	2019	5%	25,154	(25,154)
NGL	2019	5%	12,720	(12,720)
			183,151	**(183,151)**
Oil	2018	5%	176,355	(176,355)
Gas	2018	5%	40,716	(40,716)
NGL	2018	5%	31,929	(31,929)
			249,000	**(249,000)**

iii) *Cash flow and fair value interest rate risk*

Interest rate risk in relation to the fair value or future cash flow may arise from interest rate fluctuations. The Group's main interest rate risk arises from borrowings which have a variable rate of interest indexed against the US Prime Rate. No hedging is in place by way of interest rate swaps or any other financial derivatives to limit the interest rate risk exposure.

At the end of the reporting period, the Group had the following variable rate borrowings.

iii) Cash flow and fair value interest rate risk (Cont)

	Weighted average interest rate % 2019	Weighted average interest rate % 2018	31 December 2019 US$	31 December 2018 US$
Bank loan	5.63%	5.50%	6,302,654	6,112,170

Note – the bank loan amounts exclude bank fees which are reflected in the loan value in the statement of position.

29. Financial Risk Management (Cont.)

a) Market Risk (Cont.)

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on the Group's profit before tax based on outstanding debt at the year end.

	Change in interest rate (basis points)	Effect on profit before tax/equity US$
2019	+100	(63,027)
	-100	63,027
2018	+100	(61,122)
	-100	61,122

The assumed movement in basis point volatility for the interest rate sensitivity analysis is based on the observable market movements in interest rates in the recent past.

b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure relating to outstanding receivables and committed transactions. The Group has minimal credit risk with regards to its bank held deposits which are all held with reputable institutions. The Group has minimal credit risk in relation to its receivables. All sales are normally settled within 30 days of the issue of the invoice and existing customers have no record of default with the Group. The maximum exposure to credit risk at the reporting date is the carrying amount of the receivables. Collateral is not held as security.

The Group relies on four customers to generate its sales revenue. The ability for these customers to continue to buy the Group's production in the medium to long term is unclear but there are no indications that the demand for the Group's products are likely to create a risk of a demand shortfall. There is no evidence that any of the Group's customers would not be in a position to make payments in relation to the purchase of the products that are sold. Most of these customers are large companies and there has been no experience that would suggest that there is an enhanced credit risk.

The Group does not have any exposure to any derivative financial instruments.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Group management aims at maintaining flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments such as term deposits that are highly liquid.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents. In addition, the Group's liquidity policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these and monitoring debt financing plans.

The fair value of bank loans equals their carrying amount, as the impact of discounting is not significant.

Maturities of financial liabilities is shown below. The tables analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non- derivative financial liabilities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

Contractual maturities of financial liabilities at 31 December 2019	Less than 6 Months **US$**	6-12 Months **US$**	Between 1 and 2 years **US$**	Between 2 and 5 years **US$**	Total contractual cash flows **US$**	Carrying amount **US$**
Trade payables	1,878,380	99,959	99,959	-	2,078,298	2,078,298
Leases	32,260	32,260	6,115	-	70,635	70,635
Borrowings	-	6,302,654	-	-	6,302,654	6,302,654
Total	**1,910,640**	**6,434,873**	**106,074**	**-**	**8,451,587**	**8,451,587**

29. Financial Risk Management (Cont.)
c) Liquidity Risk (Cont)

Contractual maturities of financial liabilities at 31 December 2018	Less than 6 Months	6-12 Months	Between 1and 2 years	Between 2 and 5 years	Total contractual cash flows	Carrying amount
	US$	US$	US$	US$	US$	US$
Trade payables	604,481	134,603	134,603	-	873,687	873,687
Leases	49,497	49,497	70,701	-	169,695	169,695
Borrowings	-	6,112,170	-	-	6,112,170	6,112,170
Total	**653,978**	**6,296,270**	**205,304**	**-**	**7,155,551**	**7,155,551**

d) Fair value measurements

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following method and assumption was used to estimate the fair values:

Fair values of the Group's interest-bearing borrowings and loans are determined by using discounted cash flow models that use discount rates to reflect the issuer's borrowing rate as at the end of the reporting period. The Group's own non-performance risk as at 31 December 2019 was assessed to be insignificant.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All financial instruments measured at fair value use Level 2 valuation techniques in both years.

There have been no transfers between fair value levels during the reporting period.

Significant accounting policy

Financial instruments
Initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial assets
Financial assets in the scope of AASB 9 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, fair value through other comprehensive income or amortised cost. When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the Market place.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de- recognised (i.e. removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

Financial instruments (Cont)
Initial recognition and subsequent measurement
De-recognition

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement: and either (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal repayments or other observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Financial liabilities are classified, at initial recognition at amortised cost, except for financial liabilities at fair value through profit or loss. The Group's financial liabilities include trade payables and loans and borrowings.

30. New accounting standards and interpretations

a. New and Revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB)

The Group applied the following amendments to accounting standards applicable for the first time for the financial year beginning 1 January 2019:

- AASB 16 Leases
- IFRIC 23 Uncertainty Over Income Tax Treatments

The adoption of these standards and other new accounting policies are disclosed in more detail below:

AASB 16: Leases

This standard introduced a single on-balance sheet accounting model for lessees, which replaced AASB17 Leases. The Group has recognised right-of-use assets, which represent its rights to use these underlying assets and lease liabilities, representing its obligation to make lease payments. The Groups right-of use assets are its business premises in Denver, USA and Perth, Australia.
The Group applied the Retrospective Method at Transition, where prior year comparatives were restated in line with the new AASB 16 Leases standard.

At transition,

- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the rate implicit within each identified lease arrangements.
- Right-of-use assets were measured at an amount equal to the lease liability, adjusted by depreciation
- Balance Sheet and amounts passed through Profit and Loss relating to Right-of-use assets and associated lease liabilities are summarised below:

Balance Sheet	**2019 US$**	**2018 US$**
Right-of-use Asset	297,417	297,417
Accumulated Depreciation	(234,989)	(149,092)
Net Asset	**62,428**	**148,325**
Lease Liability – current	(64,520)	(98,994)
Lease Liability – non-current	(6,115)	(70,701)
Total Lease Liability	**(70,635)**	**(169,695)**
Net impact on net assets	**(8,207)**	**(21,370)**
Depreciation charge	85,897	86,694
Interest expense on lease liabilities	8,456	12,796
Operating lease costs	-	(105,089)
Foreign exchange (gain) / loss	5,183	(3,505)
Net Expenses	**99,536**	**(9,104)**

A reconciliation of the restatement of accounts for the prior period (2018) to reflect the introduction of AASB 16 is as follows:

	Previous amount (31-Dec-2018) US$	Change due to AASB 16 introduction US$	Restated amount (31-Dec-18) US$
Balance Sheet			
Right-of-use Asset	-	297,417	297,417
Accumulated depreciation	-	(149,092)	(149,092)
Net Asset	-	148,325	148,325
Lease liability – current	-	(98,994)	(98,994)
Lease liability – non-current	-	(70,701)	(70,701)
Total lease liability	-	(169,695)	(169,695)
Retained earnings	(21,595,046)	(21,370)	(21,616,416)
Income Statement			
Production Expenses - other	(6,386)	(5,667)	(12,053)
Operating lease costs	115,431	(105,089)	10,342
Exploration expenditure	-	5,667	5,667
Depreciation – other plant & equipment	13,820	86,694	100,514
Interest	395,337	12,796	408,133
Foreign exchange (gain) / loss	1,334	(3,505)	(2,171)
Loss after tax	1,426,435	(9,104)	1,417,331

IFRIC 23: Uncertainty Over Income Tax Treatments
The Group have applied IFRIC 23 from 1 January 2019 and it serves to clarify how to apply the recognition and measurement requirements of AASB 112 Income Taxes, where there are uncertain tax positions.

When there is an Uncertain Tax Position, the interpretation addresses the following:

- Recognition and measurement using either:
  - ‘most likely amount’ methodology when the outcome is concentrated to a specific matter, or
  - ‘expected value’ or probability-weighted methodology when there is a range of possible outcomes
- Additional disclosure considerations, more specifically around the judgements and estimates/assumptions used in determining tax related balances, and
- Whether uncertain tax positions are to be assessed separately or bundled together.

Impact The group does not have any Uncertain Tax Positions

b. New accounting standards not yet effective

At the date of the authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective and have not been adopted by the Company for the annual reporting period ending 31 December 2019

i) AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

Description: This amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Framework for Financial Reporting.

Impact on Group: The entity has not yet assessed the full impact of this Standard

Application Date: 1 January 2021

ii) AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Description: This makes amendments *to AASB 1054 Australian Additional Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS standards to disclose the information specified in paragraphs 30 and 31 of *AASB*

108 Accounting Policies, changes in Accounting Estimates and Errors on the potential effect of the an IFRS standard that has not yet bene issued by the AASB. This ensures that for-profit publicly accountable entities complying with Australian Accounting Standards can assert compliance with IFRS standards

30. New accounting standards and interpretations (Cont)

Impact on Group: When this Standard is first adopted for the year ending 31 December 2020, additional disclosures may be necessary if there are any pronouncements issued by the International Standards Board that have not yet been issued by the AAS at the date of authorisation of the entity's financial report

Application Date: 1 January 2020

iii) AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

Description: This Standard amends *AASB 101 Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting date. The meaning of the settlement of a liability is also clarified.

Impact on Group: The Group is yet to undertake a detailed assessment of the impact of AAB2020-1. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending December 2022.

Application Date: 1 January 2022

The Group has decided not to early adopt any of the new and amended pronouncements

31. Other accounting policies

a. Foreign currency translation

i. Functional and presentation currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. From 1 January 2011 all companies in the Group adopted US dollars as the functional and presentational currency. All amounts included in the financial statements are in US dollars unless otherwise indicated.

An entity's functional currency is the currency of the primary economic environment in which the entity operates. The economic entity has a significant US dollar revenue stream and most of its costs are paid in US dollars. Consequently, the Directors have determined that the functional currency of the Company and all its subsidiaries is US dollars.

ii. Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss.

b. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

End of Financial Report

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Eon NRG Limited I state that:

1. In the opinion of the Directors

   (a) The financial statements, and notes of Eon NRG Limited for the financial year ended 31 December 2019 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the year ended on that date; and

   (ii) complying with Accounting Standards and the Corporations Regulations 2001;

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in the basis for preparation note; and

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable having regard to the matters disclosed in the going concern note.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 31 December 2019.

On behalf of the Board

John Whisler
Managing Director

8 April 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EON NRG LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Eon NRG Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion,

(a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the Basis of Preparation Note in the financial statements.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the date of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Proactive ▸ Quality ▸ Supportive

Unit 16, First Floor
Spectrum Offices
100 Railway Road
(Cnr Hay Street)
Subiaco WA 6008

Tel : (08) 6389 5222
Fax : (08) 6389 5255
mail@butlersettineri.com.au
www.butlersettineri.com.au

Locked Bag 18
Subiaco WA 6904
Australia

Butler Settineri (Audit) Pty Ltd
RCA No. 289109 ABN 61 112 942 373

Material Uncertainty Related to Going Concern

Without qualifying our opinion above, we wish to draw your attention to the Note to the Financial Statements “Going Concern” on page 24 of the financial statements.

This note lists the following matters that indicate the existence of material uncertainty regarding the applicability of the going concern concept as it relates to the Financial Report as at 31 December 2019.

(i) The value of the Group’s oil and gas production assets on a net fair market value basis is lower than the debt that is owed to its banker.

(ii) It is likely that the lender will require the oil and gas production assets to be sold in an orderly process with the proceeds of sale to be used to repay the loan by the Group.

(iii) The dramatic decrease in oil and gas prices since December 2019 has significantly impacted on the free cash flow that is available to service debt and cover general administrative costs which has placed uncertainty upon the US subsidiary’s ability to meet its medium-term commitments.

(iv) In the current economic environment, the prospect of raising equity from the Australian markets to repay the bank debt is very low.

Based on the Board’s strategies set out in the “Going Concern” note to the financial report, the financial report has been prepared on a going concern basis. We note that the restructuring proposal with the Group’s lender had not been finalised and documented at the time that the Financial Report were approved by the Board and therefore there is still considerable execution risk on these strategies.

The matters as set forth above and in the “Going Concern” note, indicates the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matter	How we addressed the Key Audit Matter
Oil and Gas Properties (*refer note 9)* The Group assessed during the reporting period whether there is any indication that an asset may be impaired or previously recognised impairment charges, should be reversed. Based on this assessment an impairment of $4,835,000 was recognised for the year ended 31 December 2019. The impairment assessment is complex and involves significant judgements and estimates in determining the present value of future cash flows using asset-specific discount rates and a “fair value less costs to sell” discounting cash flow methodology as disclosed in note 9 to the financial report.	 We have assessed management's assumptions in the impairment assessment which was based on various key estimates, including future expected cash flows. We ensured that key inputs in the future expected cash flows were consistent with other financial and operational information and assessed that the disclosures per Note 9 were appropriate and in line with the Australian Accounting Standards. We assessed the independence and competence of the Group’s external expert used to prepare the reserve report, as this data was used to produce the future expected cash flows. We assessed the accuracy and completeness of the calculation.
Asset Retirement Obligation (*refer note 15)* The Group recognises rehabilitation provision for plugging and abandoning wells at the end of their economic life as disclosed in note 15 to the financial report. The provision is recognised based on estimates provided to the Group and these estimates are regularly reviewed to take into account any material changes to the assumptions. Certain assumptions are based on information provided by management’s appropriately qualified expert. The estimation is complex and highly subjective as disclosed in note 15 to the financial report.	 We evaluated management’s approach in determining the valuation of the rehabilitation provision by reviewing the cost elements and key estimates used in the estimated rehabilitation provision. We ensured that key inputs were consistent with other financial and operational information. We assessed the accuracy and completeness of the calculation. We assessed the independence and competence of the Group’s external expert used to prepare the reserves report, as this data was a key input in the estimation.

Interest in Joint Arrangements *(refer note 20 and 23)* The Group entered into a joint arrangement with eight parties to acquire an interest at the first well in the company's leased area in the Powder River Basin. Eon NRG Ltd, through its US subsidiary, is the operator of the well with a majority (61%) working interest. The Group has determined that the arrangement is controlled jointly as the parties have rights to the assets and obligations for the liabilities relating to the arrangement and have classified the arrangement as a joint operation. In relation to its interest in its joint operation, the Group recognises its share of the assets, liabilities, revenue and expenses incurred to reporting date.	We evaluated management's determination of the joint arrangement as a joint operation by reviewing the joint arrangement participation agreement for key terms relating to rights to the assets and obligations for the liabilities by all parties. We verified the amounts and allocation of contributions received from the parties to the percentage interest per the participation agreement. We assessed the accuracy and completeness of the calculation of the Group's share of assets and liabilities of the joint operation and disclosure in the notes to the annual report.
Interest Bearing Liabilities *(refer note 14)* The Group classifies loans and borrowings as Interest Bearing Liabilities measured at amortised cost using the effective interest rate method. The Group has entered into secured bank loans provided as a line of credit facility. Security is provided by mortgages over certain producing oilfields. Interest is paid monthly at commercial lending rates with an expiry date of the facility less than 12 months from the date of this report.	We evaluated management's classification of the secured bank loans as Current Interest Bearing Liabilities measured at amortised cost using the effective interest rate method by reviewing the loan agreement with the financial institution for details relating to the nature of the loan, principal amount, interest rates, repayment terms, maturity date and securities provided. We verified the accuracy and completeness of the amount of the loans recorded and disclosed in the annual report at year end.

Revenue *(refer note 1a)* The Group recognises revenue when the performance obligation under the sales contract is achieved. This performance obligation is achieved upon delivery of the commodities.	 We have reviewed the Group's revenue recognition policy for compliance with the accounting standard AASB 15: Revenue from Contracts with Customers ("AASB 15"). We performed tests of control over management's internal control system as it relates to revenue. We performed detailed analytical and substantive procedures to obtain evidence as to the accuracy, completeness and occurrence of revenue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue and auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 17 of the directors' report for the year ended 31 December 2019.

In our opinion, the remuneration Report of Eon NRG Limited and its controlled entities, for the year ended 31 December 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 08 April 2020

ADDITIONAL ASX INFORMATION

The following additional information is required by the Australian Stock Exchange. The information is current as at 19 March 2019.

a) Twenty largest shareholders
The names of the 20 largest holders of quoted equity securities (ASX code – E2E) as at 23 March 2019 are as follows:

	Name	No. of Shares	%'age
1	ROOKHARP INVESTMENTS PTY LIMITED	30,000,000	3.90
2	MR MARK BROUSEK & MRS RHONDA BROUSEK	21,500,000	2.79
3	MCGANN PTY LTD	20,940,640	2.72
4	BNP PARIBAS NOMINEES PTY LTD	15,969,393	2.07
5	MRS ZI JUAN QI	15,000,000	1.95
5	MRS YAN WANG	15,000,000	1.95
6	MR KIM MAXWELL STEDMAN & MRS JANICE CATHERINE STEDMAN	14,014,474	1.82
7	SMARTEQUITY EIS PTY LTD	13,850,900	1.80
8	SPECTRUM MAINTENANCE SERVICES PTY LIMITED	13,000,000	1.69
9	MERRIBROOK SUPER PTY LTD	12,000,000	1.56
10	MR PETER JAMES NIXON	11,000,000	1.43
11	MR PETER JOHN DOWLING	10,800,000	1.40
12	MR JING HONG JIE	10,000,000	1.30
12	ROOKHARP CAPITAL PTY LIMITED	10,000,000	1.30
13	MATTHEW MCCANN	9,773,437	1.27
14	CITICORP NOMINEES PTY LIMITED	9,772,191	1.27
15	RON LEES & ASSOCIATES PTY LTD	9,700,050	1.26
16	PLAN-1 PTY LTD	9,142,857	1.19
17	MRS GLORIA MARIA PHONG	8,142,857	1.06
18	MR PETER DOWLING & MRS JANET DOWLING	8,000,000	1.04
19	ANDERBY QLD PTY LTD	7,750,000	1.01
20	STONNINGTON SECURITIES PTY LTD	7,000,000	0.91
		282,356,799	36.69

Listing has been granted on the Australian Securities Exchange to all ordinary fully paid shares of the Company on issue.

The names of the 20 largest holders of quoted options (ASX code – E2EOA, Exercise Price A$0.015, Expiry date 23 November 2019) as at 23 March 2019 are as follows:

	Name	No. of Shares	%'age
1	UPORA PTY LTD	52,104,856	14.03
2	GAZUMP RESOURCES PTY LTD	32,600,000	8.78
3	MR CRAIG JOHN HUTCHENS	30,800,000	8.29
4	ROOKHARP INVESTMENTS PTY LIMITED	30,000,000	8.08
5	ASCOT PARK ENTERPRISES PTY LTD	15,000,000	4.04
6	MERCHANT HOLDINGS PTY LTD	12,000,000	3.23
7	MR BURTON JOHN HARRIS	7,601,111	2.05
8	MR IAN MICHAEL PATERSON PARKER & MRS CATRIONA SYLVIA PARKER	7,142,857	1.92
9	PLAN-1 PTY LTD	7,078,452	1.91
10	MR KIM MAXWELL STEDMAN & MRS JANICE CATHERINE STEDMAN	7,007,238	1.89
11	STONNINGTON SECURITIES PTY LTD	7,000,000	1.88
12	ACCORD MBO PTY LTD	6,000,000	1.62
13	DR DAVID CAMPBELL BEECHAM	5,714,286	1.54
14	MR PETER JOHN DOWLING	5,400,000	1.45
15	MRS GLORIA MARIA PHONG	5,142,857	1.38
16	MR MARK FRANCIS RILEY	5,000,000	1.35
16	MR LINDSAY GEORGE DUDFIELD & MRS YVONNE SHEILA DOLING DUDFIELD	5,000,000	1.35
17	MR GERARD LOOTEN & MRS JOHANNA CADDICK	4,500,000	1.21
17	MR JAIME JOHANNES LOOTEN & MR GERARD JOHANNES LOOTEN	4,500,000	1.21
18	DVR INVEST PTY LTD	4,400,000	1.18
		253,991,657	68.39

b) Distribution schedule and number of holders of equity securities of Eon NRG Limited as at 23 March 2019 is shown in the table below:

	Fully Paid Ordinary Shares	Quoted Options – exercisable at A$0.015 expiring 22 February 2021
1-1,000	28	2
1,001-5,000	24	3
5,001-10,000	56	3
10,001-100,000	243	35
100,001 and over	440	110
TOTAL	**791**	**153**
Total number of securities	**769,888,934**	**371,499,774**

Holders with less than a marketable parcel 530

c) Substantial shareholders
There are no Substantial shareholders who hold a relevant interest as disclosed in substantial holding notices given to the Company.

d) Unlisted securities
As at 23 March 2020 there were no unquoted equity securities on issue.

e) Restricted securities –
As at 23 March 2020, there were no restricted securities on issue.

f) Voting Rights
All fully paid ordinary shares carry one vote per share without restrictions. Listed and unlisted options have no voting rights.

g) Company Secretary
The Company Secretary is Mr Simon Adams.

h) Registered Office
The details of the Company's registered office are:
20 Howard Street
Perth WA 6000
Australia

Telephone: +61 (0)8 6144 0590
Facsimile: +61 (0)8 6144 0593

i) Share Registry
The Company's share registry is Link Market Services
L12, QV1 Building
250 St. Georges Terrace
Perth WA 6000
Australia

Telephone: 1300 554 474 or +61 (0)8 9211 6670
Facsimile: +61 (0)2 9287 0309
Web site: https://investorcentre.linkmarketservices.com.au/Login

j) On-market buyback
The Company is not performing an on-market buyback at the time of this report.

k) Application of funds
During the financial year, the Company has used cash and assets in a manner which is consistent with its business objectives.

ABN 66 138 145 114

20 Howard Street	**T**	+61 (0)8 6144 0590
Perth	**F**	+61 (0)8 6144 0593
Western Australia 6000	**E**	sadams@i-og.net (Company Secretary)
Australia	**W**	www.eonnrg.com