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ASX : EZE

## QUARTERLY ACTIVITIES REPORT For the period ending June 30, 2019

### 1 HIGHLIGHTS

- Application for drilling permits to drill the Govt Kaehne 9-29 were filed in Q2-19 and approval was granted in July.
- Tendering for contractor services to drill Govt Kaehne 9-29 well in progress.
- Gross production of 478 boepd for the quarter.

### 2 POWDER RIVER BASIN

Eon NRG Ltd's ("Eon" or "the Company") carried out substantial environmental, archaeological, and wildlife assessments as a precursor to filing the permitting application for its first well in the Powder River Basin (PRB), the Govt Kaehne #9-29. More than 30 surface owners were negotiated with to allow surface access for this process. A total of 52 listening survey stations were used for the Sage-Grouse assessments. The wildlife assessments covered an area of more than 7,500 acres (2-mile radius of well location). Weather conditions, including late snow cover surrounding the proposed well location, delayed the conclusion of the environmental surveys.

The application for drilling was submitted to the Wyoming Oil and Gas Conservation Commission (WYOGCC) and the Federal Authorities, Bureau of Land Management (BLM) in late May. Surface use agreements were finalised during the quarter to allow access to build the well pad and access road.

State and Federal authorities granted drilling approval following the conclusion of Q2-19.



Site-works commenced at Govt Kaehne #29-9 well location

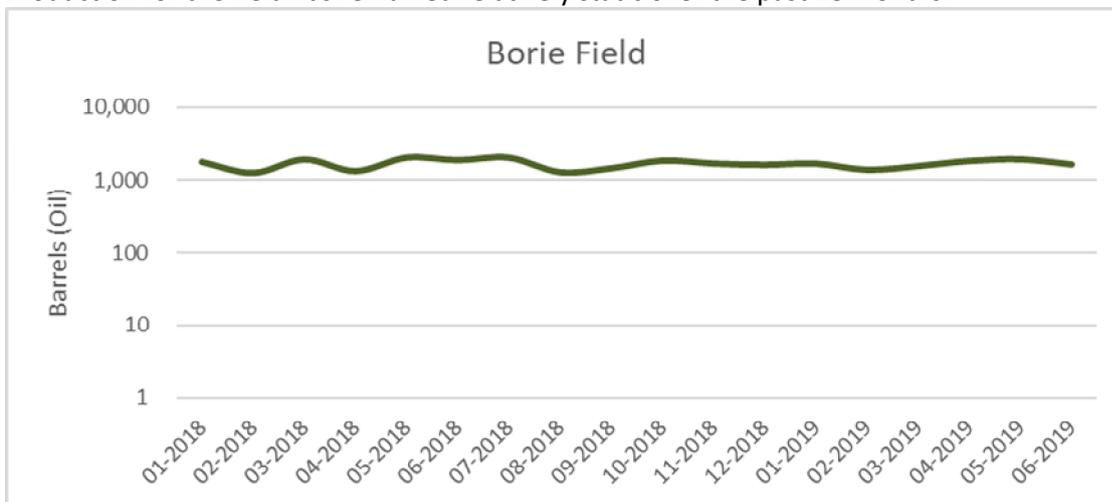
During the second quarter, tenders were sought from various contractors for civil works, drilling and equipment supply. The Company selected CapStar as the drilling contractor of the well using their Rig #312, which has an exceptional safety and performance history.

Geological and economic assessment of the 15,000 acres acquired in the PRB is ongoing. New potential drill prospects in the PRB will target oil from multiple formations. The leases under review are surrounded by developed oilfields with a proven history of long-life production.

### 3 BORIE OILFIELD, DJ BASIN, WYOMING

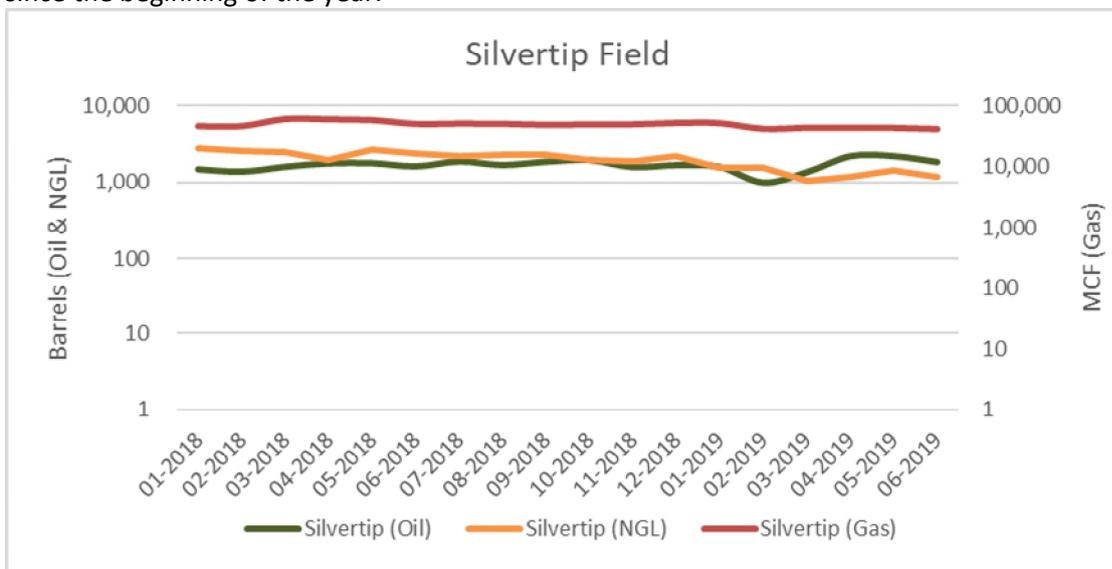
A workover was carried out to return the well to production. A consultancy firm assisted in sign-off with state authorities to meet field safety requirements associated with safety issues including spill prevention and control procedures.

Production for the field has remained relatively static over the past 18 months.



### 4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

The consulting engineer assisted in attaining sign-off of the periodic field safety requirements with local authorities. Field production remains relatively stable with an overall increase in oil production since the beginning of the year.

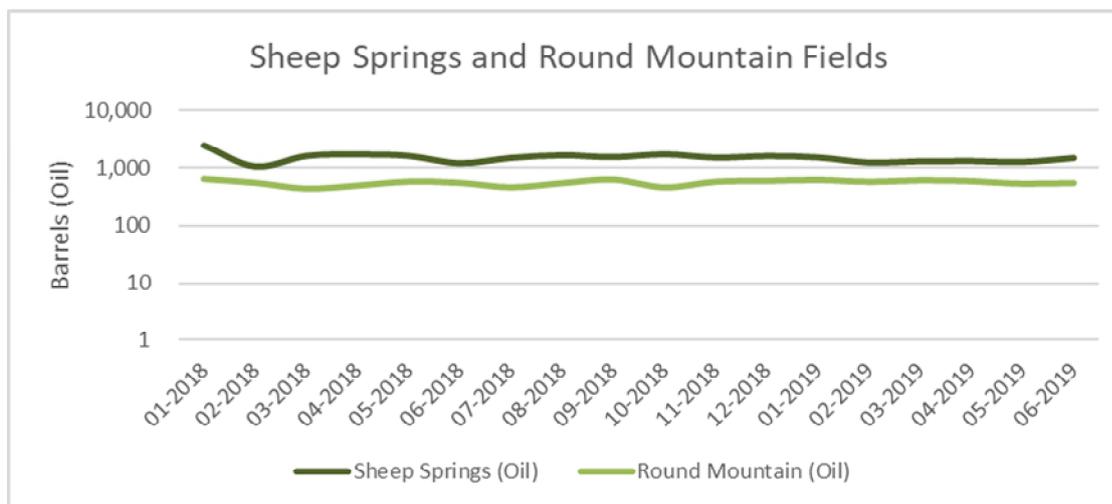


Gas production has been constrained due to low commodity price.

## 5 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

State Water Board Authorities have reviewed water disposal procedures and endorsed the monitoring and disposal systems that the Company has in place with permits provided for these facilities.

Production decline for these two fields remains low with Sheep Springs Field having a small increase in oil production during the last quarter resulting from a workover on the fields main producing well.



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

## 6 PRODUCTION

Gross production for the last two quarters (Q2-2019 and Q1-2019) and corresponding prior-year quarter (Q2-2018) are shown in Table 1 below.

<b>TABLE 1</b>	<b>Q2 2019</b>	<b>Q1 2019</b>	<b>Q2 2018</b>
<b>Gross Production</b>			
Oil production (Bbls)	17,318	14,343	16,523
Gas production (BOE) <sup>1</sup>	22,352	23,936	29,199
NGL production (Bbls)	3,801	4,163	6,918
Total barrels of oil equivalent (BOE)	43,471	42,443	52,640
Average BOEPD	478	472	578

<sup>1</sup> Gross gas production includes fuel gas used in the field and processing plant. Gas is converted to barrels of oil equivalent (BOE) using a conversion rate of 6 MCF of gas to 1 barrel of oil.

## 7 SALES REVENUE

Table 2 below shows **net** volumes of oil, gas, and NGL's sold and **net** sales revenue for the last two quarters (Q2-2019 and Q1-2019) as well as the corresponding prior-year quarter (Q2-2018). **All revenue is in US Dollars.**

<b>TABLE 2</b>	<b>Q2 2019</b>	<b>Q1 2019</b>	<b>Q2 2018</b>
Oil Sold <sup>2</sup> (Bbls)	13,675	13,343	14,471
Oil Revenue <sup>2</sup> (US\$)	\$796,833	\$722,950	\$956,229
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$58.27	\$54.18	\$66.08
Gas Sold <sup>2</sup> (MCF)	55,649	49,114	75,619
Gas Revenue <sup>2</sup> (US\$)	\$126,543	\$154,064	\$167,800
Average Sale Price (US\$/MCF) <sup>3</sup>	\$2.27	\$3.14	\$2.22
NGL Sold <sup>2</sup> (Bbls)	3,109	3,405	5,660
NGL Revenue <sup>2</sup> (US\$)	\$52,687	\$66,224	\$166,555
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$16.95	\$19.45	\$29.43
Total Net Barrels of Oil Equivalent Sold <sup>4</sup>	26,058	24,934	32,732
Total Net Sales Revenue (US\$)	\$976,063	\$943,238	\$1,290,585

Stronger oil prices and an increase in oil sales volume resulted in increased oil sales revenue in Q2-19. However, there has been a deterioration in gas pricing (28%) compared to Q1-19 due mainly to over-supply across the US. Oil from Sheep Springs and Round Mountain continues to fetch a premium price of US\$68.14 and \$65.40 per barrel respectively compared to WTI based pricing from Silvertip and Borie Fields of ~\$54/barrel. NGL prices have dropped significantly due to refinery cost increases and although NGL's for a lower proportion of the net revenue, the decrease has impacted gross margins.

## 8 CORPORATE

Eon renewed its loan facility with ANB Bank in June.

<b>Securities on Issue</b>	<b>30 June 2019</b>
Shares	769,888,934
Options (Exercisable at A\$0.0188, expiry Nov 2019)	204,194,580
Options (Exercisable at A\$0.0150, expiry Feb 2021)	363,499,774
	<b>US\$</b>
Market Capitalisation (Share Price - A\$0.005)	\$ 2.7M
Cash at Bank	\$ 2.3M
Bank Loan	\$ 6.1M
Enterprise Value	\$ 6.5M

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

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

<sup>4</sup> Gas volume (MCF) is converted to Barrels of Oil Equivalent Sold (BOE) on a ratio of 6 MCF of gas per barrel of oil. NGL's are sold in gallons and converted to BOE on a ratio of 42 US gallons of NGL's per barrel of oil.

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## Forward-looking Statements

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