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30 April 2020

ASX : EZE

## QUARTERLY ACTIVITIES REPORT For the period ending March 31, 2020

### 1 PRODUCTION

Gross production for the last two quarters (Q1-2020 and Q4-2019) and corresponding prior-year quarter (Q1-2019) are shown in Table 1 below.

TABLE 1	Q1 2020	Q4 2019	Q1 2019
<b>Gross Production</b>			
Oil production (Bbls)	14,392	14,111	14,343
Gas production (BOE) <sup>1</sup>	17,939	19,654	23,936
NGL production (Bbls)	2,881	4,226	4,163
Total barrels of oil equivalent (BOE)	35,212	37,991	42,442
Average BOEPD	387	413	472

### 2 SALES REVENUE

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

TABLE 2	Q1 2020	Q4 2019	Q1 2019
Oil Sold <sup>2</sup> (Bbls)	12,124	12,027	13,343
Oil Revenue <sup>2</sup> (US\$)	\$523,502	\$668,993	\$722,950
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$43.18	\$55.62	\$54.18
Gas Sold <sup>2</sup> (MCF)	42,415	46,964	49,114
Gas Revenue <sup>2</sup> (US\$)	\$87,175	\$113,975	\$154,064
Average Sale Price (US\$/MCF) <sup>3</sup>	\$2.06	\$2.43	\$3.14

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

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

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

TABLE 2	Q1 2020	Q4 2019	Q1 2019
NGL Sold <sup>2</sup> (Bbls)	2,354	3,455	3,405
NGL Revenue <sup>2</sup> (US\$)	\$26,397	\$67,797	\$66,224
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$11.21	\$19.63	\$19.45
Total Net Barrels of Oil Equivalent Sold <sup>4</sup>	21,547	23,309	24,934
Total Net Sales Revenue (US\$)	\$637,074	\$850,764	\$943,238

In Q1-20, the spread of the COVID-19 pandemic saw global demand for oil decrease by levels that were not foreseeable. At the same time, a dispute between OPEC+ members (Saudi Arabia and Russia) resulted in production increases. This major imbalance in global oil supply and demand has seen prices drop to historic lows. At the end of March 2020, the publicized price for oil in the U.S. (WTI) was close to \$20/bbl compared to a price of around \$61/bbl at the beginning of 2020.

However the actual price that is received in the field after taking into account the refinery/transportation charges (referred to as “deducts”) is less than this. With US oil supply dramatically exceeding demand, storage has become scarce and the differential (deduct) between WTI and the Company’s realised price has increased from ~\$5/barrel in 2019 to ~\$12-14/barrel currently.

The fall in oil price even further in April than March and the extreme volatility that is currently being experienced in the oil markets has resulted in a decision to shut in most of the producing wells except for those that would be adversely impacted if they were shut in for any period of time. Eon has taken dramatic steps to reduce operating and corporate overhead costs including decrease of head office and field staff.

### 3 POWDER RIVER BASIN, WYOMING

The Govt Kaehne well is currently shut in and work to install the mains electricity connection have been suspended.

### 4 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

A decision was made to shut in all of the gas wells. Gas and NGL sales ceased at the end of March. The field is currently operating as an oil field only and in April, these operations were placed into care and maintenance with only occasional running of a small number of wells due to firm transportation of oil from the site not being available and the fact that the Company would likely receive no value for any oil that could have been sold due to low prices and high deducts. Staff cuts have reduced this to one employee at the site.

### 5 BORIE OILFIELD, DJ BASIN, WYOMING

All but two wells have been shut in at this field. Contract pumper hours have been reduced accordingly and operations have been decreased to care and maintenance levels.

<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.

## 6 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

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The California Fields are the most profitable that the Company runs but these have also been shut in with the exception of four wells that remain operational.

## 7 CORPORATE

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The severe drop in oil prices has had a dramatic impact on operations. The value of the assets is difficult to determine in the current market but the Company is of the view that they are significantly below the amount of the bank loan (\$6.32M). Management has maintained communications with ANB Bank who are currently considering their position in terms of how they will act to protect their debt to the company.

The Company was not able to meet its interest payment to ANB in April which is a breach of the loan covenant. All options in relation to the future financial position of the Company and operations of the business are currently being considered by the Board.

### **By order of the Board**

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

**For further information, contact:**

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## Forward-looking Statements

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This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this press release and are subject to a variety of unpredictable risks, uncertainties, and other unknown factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth to various factors, many which are beyond our ability to control or predict. Some of the risk and other factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological, technical and drilling results; predicted production and reserves estimates; operational delays or unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Eon NRG Ltd, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Press Release sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.