A.B.N. 66 138 145 114

Preliminary Final Report (Appendix 4E)
for the year ended 31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	%'age Change	US$ 2018	US$ 2017
Revenue from ordinary activities	↑ 21%	**$4,981,781**	**$4,104,318**
Net Profit/(Loss) from ordinary activities after tax attributable to members		**($1,444,562)**	**$582,778**
Net Profit/(Loss) after tax for the period attributable to members		**($1,444,562)**	**$582,778**
Earnings per share		**(0.36) cents**	**0.26 cents**
Diluted earnings per share		**(0.36) cents**	**0.26 cents**
Net tangible assets per share	↓ 27%	**0.97 cents**	**1.33 cents**
Earnings before interest, tax, depreciation, amortisation and exploration (EBITDAX)[1]	↑ 174%	**$ 672,856**	**$ 246,566**
EBITDAX[1] per share		**0.17 cents**	**0.06 cents**
Field operating profit before amortisation and depreciation[1]	↑ 24%	**$2,406,643**	**$1,941,768**

Directors have not proposed a dividend.

This report is based on accounts which have not been audited.

The functional and presentation currency of Eon NRG Limited is United States dollars (US$). Any reference to dollars or currency in this report will be a reference to US$ unless stated otherwise.

[1] EBITDAX is a non-IFRS measures. It excludes impairment, amortisation, depreciation, interest (including finance costs), tax and exploration. This measure also excludes one-off costs in 2017 including Gain on purchase of Borie Field. These measures are used as part of the key performance indicators for management.

COMMENTARY ON RESULTS

This consolidated financial report of Eon NRG Limited ("Eon" or "the Company") covers the twelve months of operations for the year ended 31 December.

A summary of operating results is as follows:

	2018	2017
Net volume of oil, gas and NGL sold		
Oil (Barrels)	54,144	44,949
Gas (Mcf)	282,407	354,209
NGL (Barrels)	22,497	30,693
TOTAL – Barrels of oil equivalent (BOE)	**123,709**	**134,677**
	US$ Million	**US$ Million**
Net revenue from oil, gas and NGL sales	$4.982	$4.104
Production expenses	($2.573)	($2.163)
Operating Profit	**$2.409**	**$1,941**
Other income	$0.239	$0.095
Administrative and other operating expenses[2]	($1.975)	($1.868)
EBITDAX	**$0.673**	**$0.245**
Exploration expense	$ -	($0.208)
Gain on acquisition – Borie Field	$ -	$0.908
Interest income/expense & finance costs	($0.395)	($0.354)
Depreciation/amortisation	($1.724)	($1.191)
Tax (expense)/benefit	$ -	$ -
Impairment reversal	$ -	$1.180
Net profit/(loss) after tax	**($1.446)**	**$0.582**

Oil sales volume increased in 2018 due to the addition of the Borie Field which was acquired in Q3-17. Gas sales volumes have decreased in 2018 compared to the prior year due to natural decline. Gas production and sales volumes in 2017 were higher due to a number of recompletions that were carried out in Q4-16. A successful gas well recompletion was carried out at the Silvertip Field in Q1-18 (35-28F well) which produced 121 MMcf of gas (Gross) in 2018. The volume of NGL sales declined in 2018 in line with lower gas production.

Revenue increases have resulted in part from the increase in oil production and also from the impact of higher average oil prices (2018: $65.14/barrel v 2017: $48.45/barrel). Average gas and NGL prices remained relatively similar from 2017 to 2018.

Production expenses increased in 2018 as a result of adding the Borie Field to the overall operating costs (acquired in December 2017). The fields remained very profitable with a gross profit margin of 48% in 2018 (before amortisation and depreciation costs).

[2] Excluding Depreciation

Amortisation expenses have increased as a result of the California Fields being carried as Assets Held For sale in 2017 which resulted in amortisation being suspended. However, on reclassifying these properties to non-current assets, the suspended amortisation from 2017 was accrued in 2018 to align the book value with the depletion of the oil reserves for that period.

Gross profit of the Company at a field level remains strong with field operating profit before amortisation and depreciation of $2.4 million in 2018 (2017: $1.9 million).

During 2018, $310,000 of principal was repaid against the ANB Bank term loan (now fully repaid) and line of credit ("LOC") facilities. The LOC is due to mature on 1 July 2019. Subject to approval by ANB Bank, this facility will be rolled over on maturity as it has been on two previous occasions. The Company has no reason to believe that it will not be renewed on expiry of the current term. Because the maturity date of the LOC is less than 12 months from the balance date, the loan is required to be classified as a current liability under accounting standards.

The Company purchased 15,000 acres of leases in the Powder River Basin in Q3-18 for $181,000. Eon also acquired load claims over potential Cobalt assets in Nevada which cost $71,000. These investments have been classified as exploration assets.

Eon reported a surplus cash flow for the year from Operating activities of $746,000. Overall cash decreased by $49,600 for the year after Investing and Financing activities.

REVIEW OF OPERATIONS

POWDER RIVER BASIN, WYOMING

In September 2018, the Company acquired 15,000 acres of oil and gas leases in the Powder River Basin. These leases have a ten year term with annual lease payments to hold the leases but no drilling commitments. The leases were acquired with a net revenue interest (NRI) of 87.5%.

The acreage acquired was under technical review by a team of internal and external geologists during Q4-18 to identify potential drilling opportunities. New wells would target oil production from multiple formations including the Turner, Dakota, Muddy and Minnelusa.

The leases that Eon acquired are surrounded by developed oilfields which have recorded prolific historic production. The historic production rates from these fields along with improved drilling and completion technology indicate strong well economics for potential future wells within Eon's leases.

BORIE FIELD, DJ Basin, WYOMING:

The Borie Field is located in the DJ Basin. It covers an area of 2,850 net acres, all of which is held by production (no further drilling commitments to hold any of the leases). Oil is produced from the Muddy Formation which is at a depth of approximately 7500 feet below surface.

During the year, significant field improvements were carried out including upgrading of pipes within the field to capture gas that can be used for winter heating rather than utilising propane that was previously sourced externally. These improvements lowered operating costs and will increase the field's net return and add value to its reserves. Conversion of an existing shut-in well to a water injection well in 2019 is expected to increase production from the secondary recovery water-flood of the northern part of the field.

SILVERTIP, Bighorn Basin, WYOMING:
The Silvertip Field covers an area of 4,700 acres, 4,437 acres of which are held by production. The operations include a full liquids stripping and gas processing plant with two export pipelines direct to offtake parties. Oil, natural gas and associated natural gas liquids (NGL's) are produced from a number of multi stacked formations within the field.

During 2018, a successful recompletion was carried out on the 35-28F well which has resulted in production of more than 121 MMcf of gas in 2018. This generated net revenue of $229,600 during 2018 with the recompletion cost of $22,400 paid out in two months.

SHEEP SPRINGS and ROUND MOUNTAIN FIELDS, San Joaquim Basin, CALIFORNIA:
The Sheep Springs and Round Mountain fields cover a combined area of 480 net acres, all held by production. These fields continued to perform well during 2018 with low production decline and low operating costs.

BATTERY MINERALS EXPLORATION DIVISION:
In February and March 2018, the Company acquired 42 lode claims covering an area of 840 acres in the Stillwater Range (Table Mountain District), Nevada. These claims include the historic Gilberts Mine (silver/ lead/ gold) and a number of old adits and tunnels from previous mineral exploration. The claims are within 3 miles of the Lovelock Cobalt mine which was operated in the late 1800's.

An announcement from Global Energy Metals Corp (TSXV: GEMC) ("Global") states that it has signed a definitive agreement to acquire an 85% interest in the Lovelock Cobalt Mine and the nearby Treasure Box Copper Project (~3 miles west of the Lovelock mine site) in Churchill County, Nevada. The Lovelock Mine property consists of 70 lode claims totaling approximately 1400 acres.

Global is required to carry out US$1 million of exploration investment in the Lovelock-Treasure Box projects within three years in order to earn its 85% interest in the projects. In addition, there is an upfront equity payment of US$200,000 and further payments of $75,000 in cash and 750,000 GEMC shares in three tranches to December 2020.

Eon was an early mover to acquire its 100% owned claims in the district (the highlights above are in line with Eon's strategic direction and reason for moving into the area). The Company will continue to monitor regional results which may have an impact on the exploration success of Eon's cobalt claims.

Consolidated statement of profit and loss and other comprehensive income (for the year ended 31 December)

		2018 US$	2017 US$
Oil, gas and NGL sales	2a	4,981,781	4,104,318
Direct cost of sales -			
Production expenses		(2,573,359)	(2,162,550)
Amortisation and depreciation	2b	(1,710,262)	(1,164,431)
Exploration		-	(207,503)
Gross profit from operations		698,160	569,834
Other operating revenue	2a	239,159	96,852
Administrative expenses	2b	(1,080,135)	(1,217,001)
Other operating expenses	2c	(908,409)	(601,669)
Interest and finance expenses	2d	(395,337)	(353,894)
Gain on bargain purchase	2e	-	908,656
Impairment of assets	2f	-	1,180,000
Profit / (Loss) before income tax		(1,446,562)	582,778
Income tax (expense) / benefit		-	-
Profit / (Loss) after tax		(1,446,562)	582,778
Profit / (Loss) for the period attributable to members of the entity		(1,446,562)	582,778
Other comprehensive income:			
Items that will not be reclassified to profit and loss		-	-
Items that may be reclassified to profit or loss		-	-
Other comprehensive income / (loss) for the period, net of tax		-	-
Total comprehensive income / (loss) for the period attributable to members of the entity		(1,446,562)	582,778
Basic (loss) /earnings per share attributable to ordinary equity holders of the entity (cents)	3	(0.36)	0.26
Diluted (loss) /earnings per share attributable to ordinary equity holders of the entity (cents)	3	(0.36)	0.26

Consolidated statement of financial position (as at 31 December)

	Note	2018 US$	2017 US$
Current assets			
Cash and cash equivalents	4	497,179	545,486
Trade and other receivables	5	550,182	606,705
Inventories	6	101,867	85,073
Assets classified as held for sale	7	-	4,920,343
Total current assets		1,149,228	6,157,607
Non-current assets			
Other financial assets	8	692,124	688,480
Oil properties	9	13,129,706	9,075,981
Exploration assets	10	252,538	-
Plant and equipment	11	1,686,552	2,596,116
Deferred Tax Asset		-	-
Total non-current assets		15,760,920	12,360,577
Total assets		16,910,148	18,518,184
Current liabilities			
Trade and other payables	12	843,979	961,856
Interest bearing liabilities	13	6,112,170	200,000
Taxes payable		126,265	126,265
Provisions	14	129,773	150,072
Liabilities directly associated with the assets classified as held for sale	7	-	523,409
Total current liabilities		7,212,187	1,961,602
Non-current liabilities			
Trade and other payables	12	-	-
Interest bearing liabilities	13	-	6,172,402
Provisions	14	5,756,442	5,047,679
Total non-current liabilities		5,756,442	11,220,081
Total liabilities		12,968,629	13,181,683
Net assets		3,941,519	5,336,501
Equity			
Issued capital	15	25,207,031	25,157,925
Share reserved for employee share plan		-	(2,474)
Reserves	17	349,661	349,661
Accumulated losses		(21,615,173)	(20,168,611)
Total equity		3,941,519	5,336,501

Consolidated statement of cash flows (for the year ended 31 December)

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Receipts from customers		5,310,130	5,194,315
Payments to suppliers and employees		(3,798,566)	(4,514,621)
Interest received		689	1,483
Interest paid		(342,067)	(320,051)
Production tax paid		(423,764)	(333,507)
Net cash provided by operating activities		746,422	27,619
Cash flows from investing activities			
Acquisition of Borie Oilfield, net of cash acquired		-	(920,772)
Oil property development expenditure		(644,331)	(485,428)
Exploration expenditure		(252,538)	(207,503)
Refunds/(payments) for performance bonds		-	(365,747)
Proceeds from sale of Florence Oilfield		-	1,951,186
Proceeds from sale of assets		480,769	20,924
Payments for purchases of property, plant and equipment		-	(62,851)
Net cash used in investing activities		(416,100)	(70,191)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	1,520,520
Transaction costs for issue of shares		(69,080)	(159,339)
Repayment of borrowings		(310,805)	(1,425,106)
Proceeds of borrowings		-	-
Net cash provided by/(used in) financing activities		(379,885)	(63,925)
Cash and cash equivalents at the start of the year/period		545,486	658,450
Net increase/(decrease) in cash and cash equivalents		(49,563)	(106,497)
Exchange differences on cash balances held		1,256	(6,467)
Cash and cash equivalents at the end of the year/period		497,179	545,486

Consolidated statement of changes in equity (for the year ended 31 December)

	Issued capital US$	Shares reserved for employee share plan US$	Accumulated profits/ (losses) US$	Share option reserve US$	Total equity US$
At 31 December 2017	**25,157,925**	**(2,474)**	**(20,168,611)**	**349,661**	**5,336,501**
Profit/(Loss) attributable to members of the Group	-	-	(1,446,562)	-	(1,446,562)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	(1,446,562)	-	(1,446,562)
Issue of equity	49,106	-	-	-	49,106
Issue of employee shares	-	2,474	-	-	2,474
Cost of issue of share capital	-	-	-	-	-
Issue of options	-	-	-	-	-
Share based payment expense	-	-	-	-	-
At 31 December 2018	**25,207,031**	**-**	**(21,615,173)**	**349,661**	**3,941,519**

	Issued capital US$	Shares reserved for employee share plan US$	Accumulated profits/ (losses) US$	Share option reserve US$	Total equity US$
At 31 December 2016	**23,796,744**	**4,795**	**(20,751,389)**	**349,661**	**3,399,811**
Profit/(Loss) attributable to members of the Group	-	-	582,778	-	582,778
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	582,778	-	582,778
Issue of equity	1,508,561	-	-	-	1,508,561
Issue of employee shares	11,959	(11,959)	-	-	-
Cost of issue of share capital	(159,339)	-	-	-	(159,339)
Issue of options	-	-	-	-	-
Share based payment expense	-	4,690	-	-	4,690
At 31 December 2017	**25,157,925**	**(2,474)**	**(20,168,611)**	**349,661**	**5,336,501**

Condensed notes to the financial statements

1. Summary of significant accounting policies

a. Basis of preparation

The report is based on accounts that are in the process of being audited.

The report does not include all of the notes normally included in an annual financial report. Accordingly this report is to be read in conjunction with the financial report for the year ended 31 December 2017, the Interim Financial Report for the half year ended 30 June 2018 and any public announcements made by Eon during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial report is presented in United States dollars (US$) unless otherwise stated.

b. Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The Company has adopted all new and revised Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) which are mandatory to apply to the current year.

c. Principals of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eon NRG Limited ("Eon") as at 31 December 2018 and the results of all subsidiaries for the year then ended. Eon and its subsidiaries together are referred to as the Group. Subsidiaries are all those entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and potential effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies. Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. There are deconsolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profit and losses between Group companies, are eliminated.

	2018 US$	2017 US$
2. Revenue, other income and expenses		
a) Sales revenue		
Oil and gas sales (net)	4,980,002	4,100,549
Royalties	1,779	3,769
Total sales revenue	4,981,781	4,104,318
Other revenue		
Interest Income	4,390	1,483
Other revenue	234,769	95,369
Total other revenue	239,159	96,852
b) Depreciation and amortisation included in the statement of profit or loss		
Amortisation – oil and gas properties	(1,402,613)	(829,614)
Depreciation – oil and gas properties	(307,649)	(334,817)
	(1,710,262)	(1,164,431)
Depreciation – other plant & equipment	(13,819)	(26,616)
	(1,724,081)	(1,191,047)
c) Net gain/(loss) on sale of oil properties and exploration assets		
Oil property asset sales	(215,717)	85,659
Equipment sales	-	(9,224)
	(215,717)	76,435
d) Finance costs		
Interest on bank loans	(342,067)	(320,051)
Financing charges	(53,270)	(33,843)
	(395,337)	(353,894)
e) Gain on bargain purchase		
Bargain purchase gain on acquisition of Borie Oilfield (refer Note 18)	-	908,656
NOTE - Under International Financial Reporting Standard (IFRS) 3 – Business Combinations, the term "bargain purchase" is used to describe the value (based on fair market assumptions) of identifiable assets acquired and liabilities assumed that are above the consideration that is paid for the asset.		
f) Impairment of assets		
Reversal of impairment of oil and gas properties		
- Sheep Springs, CA	-	918,811
- Round Mountain, CA	-	206,632
Reversal of impairment of property , plant and equipment	-	54,557
	-	1,180,000

	2018 US$	2017 US$
3. Earnings per share		
Earnings used in calculating basic earnings per share	(1,446,562)	582,778
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	405,234,856	222,225,730
Effect of dilutive securities:		
Share Options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	405,234,856	222,225,730
	US$	**US$**
4. Cash and cash equivalents		
Cash at bank and on hand	497,179	545,486
Note –		
Additional cash of **$676,432** 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)		
5. Trade and other receivables		
Current -		
Oil and gas sales debtors	470,774	547,020
Other receivables	79,408	59,685
	550,182	606,705
6. Inventories		
Oil and NGL inventory at cost of production	101,867	85,073
7. Assets and liabilities classified as held for sale		
Assets		
Production assets and plant and equipment (net of accumulated amortisation, depreciation and impairment)	-	4,920,343
Liabilities		
Restoration liability associated with production assets classified as held for sale	-	(523,409)
	-	4,396,934

In May 2017 the Company announced its intention to place the Sheep Springs and Round Mountain Fields on the market for sale. The associated assets and liabilities were consequently presented as held for sale. On new information, the Board decided that hese assets were not to be sold and have now been returned to a non-current asset category.

	2018 US$	2017 US$
8. Other financial assets		
Non-current		
Cash held as security	676,434	672,734
Lease deposit	15,690	15,746
	692,124	688,480
9. Oil Properties		
Cost of acquisition and enhancements	22,568,081	11,204,616
Accumulated amortisation and impairment	(9,438,375)	(2,128,635)
	13,129,706	9,075,981
10. Exploration assets		
Cost of acquisition and enhancements	252,538	-
11. Plant and equipment		
Cost	2,986,343	3,502,845
Depreciation and impairment	(1,299,791)	(906,729)
	1,686,552	2,596,116
12. Trade and other payables		
Current		
Trade payables and accruals	843,979	961,856
Non-current		
Trade payables and accruals	-	-
13. Interest Bearing Liabilities		
Current		
Bank Loan (Secured)	6,112,170	200,000
Non-current		
Bank Loan (Secured)	-	6,172,402

The secured bank loans are provided by ANB Bank as US Dollar denominated term loan facilities. An initial loans were made available and drawn on for the purpose of acquiring the Silvertip Field in June 2015. The loans are made up of a term loan and a line of credit as follows:

Term Loan -

- Initial face value of loan - $1.0 million (Balance Dec-18: $Nil; Dec-17: $271,086)

Line of Credit -

- Initial loan facility limit - $7.0 million (facility limit Dec-18: $7,000,000)
- Loan balance Dec-18: $6,157,160 (Dec-17: $6,157,160)
- Loan matures 1 July 2019 subject to renewal by ANB Bank. The line of credit facility has been rolled over to a new term by ANB Bank on two occasions previously and the Company has no reason to believe that it will not be renewed on expiry of the current term. Because the maturity date of this facility is less than 12 months after the balance date of this report, the loan is classified as a current liability.

	2018 US$	2017 US$
14. Provisions		
Current		
Employee leave provision	129,773	150,072
Non-current		
Asset retirement obligation	5,756,442	5,047,679

15. Issued capital

	Number of shares	Number of shares
At 1 January	400,100,786	201,834,580
New shares issued	6,288,374	198,266,206
At 31 December	406,389,160	400,100,786

	US$	US$
At 1 January	25,157,925	23,796,744
New shares issued – placement (net of capital raising costs)	49,106	1,361,181
At 31 December	25,207,031	25,157,925

16. Options

The company has on issue 204,194,580 options exercisable at A$0.02 per option on or before 29 November 2019.

During the year 5,000,000 options exercisable at A$0.1485 per option on or before 27 July 2018 expired. None of these were exercised.

17. Reserves

Share option reserve	349,661	349,661

	2018 US$	2017 US$

18. Business combinations

On 1 December 2017, the Company completed the acquisition of the Borie Oilfield ("Borie") which is located in the DJ Basin, Wyoming.

Assets acquire and liabilities assumed

The fair value of the identifiable assets and liabilities associated with the Borie Oilfield as at the date of acquisition were:

Assets		
Oil Properties (Note 9)	-	2,414,500
Property, plant and equipment (Note 11)	-	50,000
Inventories (Note 6)	-	28,766
	-	2,493,266
Liabilities		
Asset retirement obligation (Note 14)	-	(655,844)
Total identifiable net assets at fair value	-	1,837,422
Purchase consideration paid	-	920,772
Net revenue adjustment pre-close	-	7,994
Gain on purchase	-	908,656
	-	1,837,422

Consideration for the purchase of Borie Oilfield (Dec-2017) was funded from equity raised by the Company.

The fair value of the property, plant and equipment is based on an estimate of the replacement cost of the gas processing plant. The fair value of inventory is based on the market price of oil at the time of purchase. The fair value of the oilfield property (and associated freehold land) is based on the net present value of the proved developed producing reserves as provided by an independent certified engineer at the time of purchase. Asset retirement obligation of $655,844 was determined based on the NPV of the estimated plug and abandonment cost of the wells in the Borie Oilfield.

The gain on purchase has arisen in part due to the increase in oil price from the time of negotiating the agreement to the effective date of the agreement.

From the date of acquisition to 2017, Borie Oilfield contributed $105,625 of gross revenue and $17,174 to profit before tax from continuing operations of the Group.