HALF YEAR REPORT

30 June 2019

Eon NRG Ltd

ABN: 66 138 145 114

CORPORATE INFORMATION

This half year report is of the group comprising Eon NRG Limited and its wholly owned subsidiaries (collectively "the Group").

The Group's functional and presentation currency is $US.

A description of the Group's operations and its principal activities is included in the review of operations and activities in the directors' report on page 3. The directors' report is not part of the financial report.

Directors
Matthew McCann (Chairman)
John Whisler (Managing Director)
Gerry McGann (Non-Executive Technical Director)
Simon Adams (Executive Director)

Company Secretary
Simon Adams

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Share Registry
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Stock Exchange Listing
Australian Securities Exchange (ASX)
Home Exchange – Perth
Trading Code – E2E (Ordinary shares); E2EO and E2EOA (Listed options)

DIRECTORS' REPORT

The Directors of Eon NRG Limited ("Eon NRG" or "the Company") submit their report, together with the financial statements for the half year ended 30 June 2019 as follows:

Directors

The names of the Company's directors in office during the period and until the date of this report are as follows (Directors were in office for this entire period unless otherwise stated).

Matthew McCann	Chairman
John Whisler	Managing Director
Gerard McGann	Non-Executive Technical Director
Simon Adams	Executive Director
Mark Stowell	Chairman (Retired) (1 January 2019 to 23 May 2019)

Principal Activities

Eon NRG is an exploration and production (E&P) company focused on identifying and developing oil and gas resources in North America. The Company has an asset portfolio of exploration and producing assets located in onshore USA basins in the states of Wyoming and California.

During the half year to 30 June 2019, the Company's principal activity was the exploration of new leasehold acreage in the Powder River Basin, Wyoming which was acquired in 2018.

Dividends

No dividends were paid, recommended or declared during the current or previous financial half-year.

Review of Operations

The Company's core objective is to expand its production, oil and gas reserves, cashflow and improve its profitability by focusing on oil and gas exploration and development activities. The acquisition of 15,000 acres of leases in the Powder River Basin ("PRB"), Wyoming in September 2018 provided an opportunity to discover new development opportunities that will enable these goals to be achieved.

Exploration activities are supported by cashflow generated by the Company's owned and operated producing fields in Wyoming and California.

The Company maintains a strong focus on fiscal management of corporate and field operating costs while ensuring that production decline is minimised. Exploration activities will improve reserve replacement for the business which is essential for maintaining sustainable growth.

Exploration Prospects

Eon NRG is using the knowledge base and core skill-sets of its experienced management team to identify conventional drill targets that have the potential for strong economic returns.

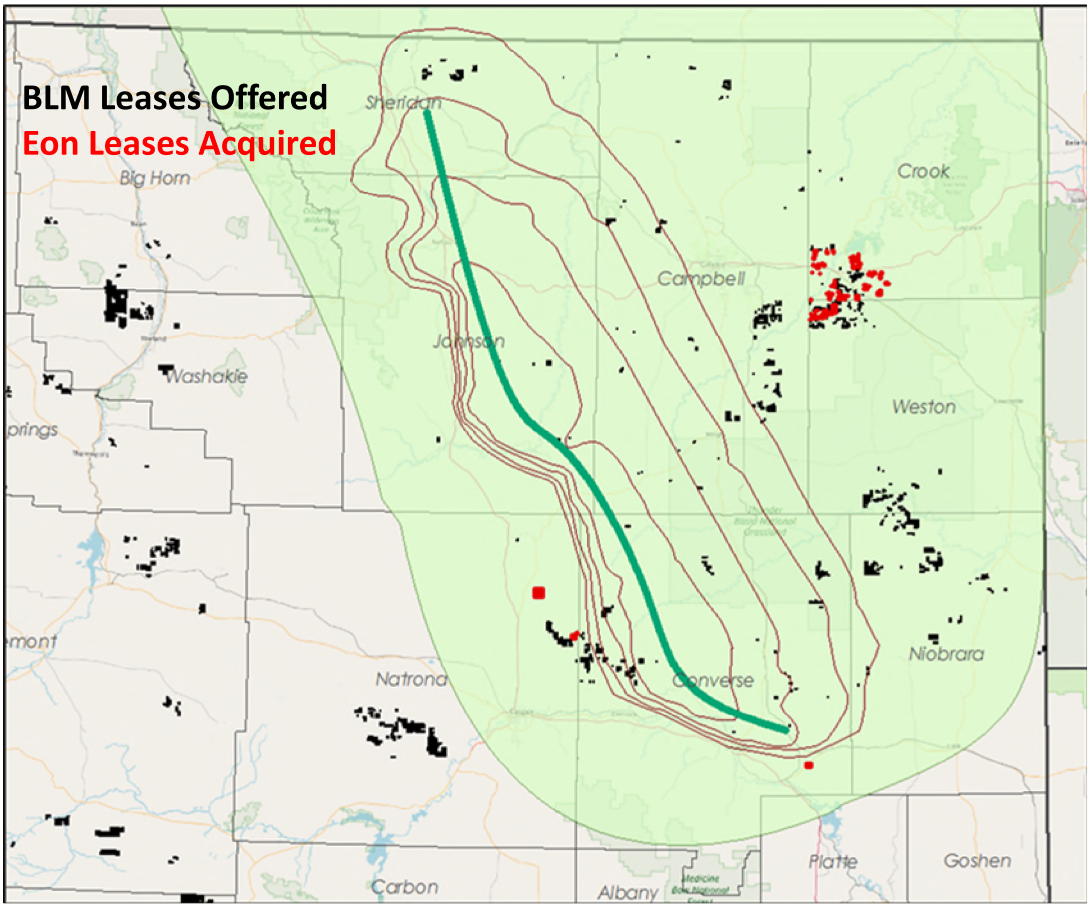
Conventional oil and gas wells generally result in initial production (IP) rates than are lower than typical unconventional shale wells. These conventional wells typically have a lower upfront capital cost and flatter production decline curve which yields a superior return on investment. A successful new well generates strong cash flow with value created from an increase in long-life reserves.

The focus on conventional well prospects in areas with proven historic production but with less activity from some of the major E&P companies provides Eon NRG with niche development opportunities. Lower land costs minimise up-front capital requirements to participate in these opportunities.

Eon's Management has a disciplined approach to the geological and technical due diligence on potential prospects which mitigates execution risk at the time of drilling.

The PRB has become one of the most active oil and gas basins in North America. It has seen a significant increase in exploration and production in recent years from large E&P companies including Occidental Petroleum, Chesapeake Energy, EOG Resources, Anschutz and Devon Energy. Operators have targeted conventional and unconventional reservoirs with excellent results.

In September 2018, Eon acquired approximately 15,000 acres of leases in the PRB. The leases have a 10-year term and no drilling commitments. They have a low 12.5% royalty interest and a lease holding fee of $2/acre for the first 5 years (decreasing to $1/acre in the last 5 years). The leases are located in historically active conventional drilling locations with hydrocarbons at depths that are economic to drill but still deep enough to ensure that they have enough energy to make production effective.

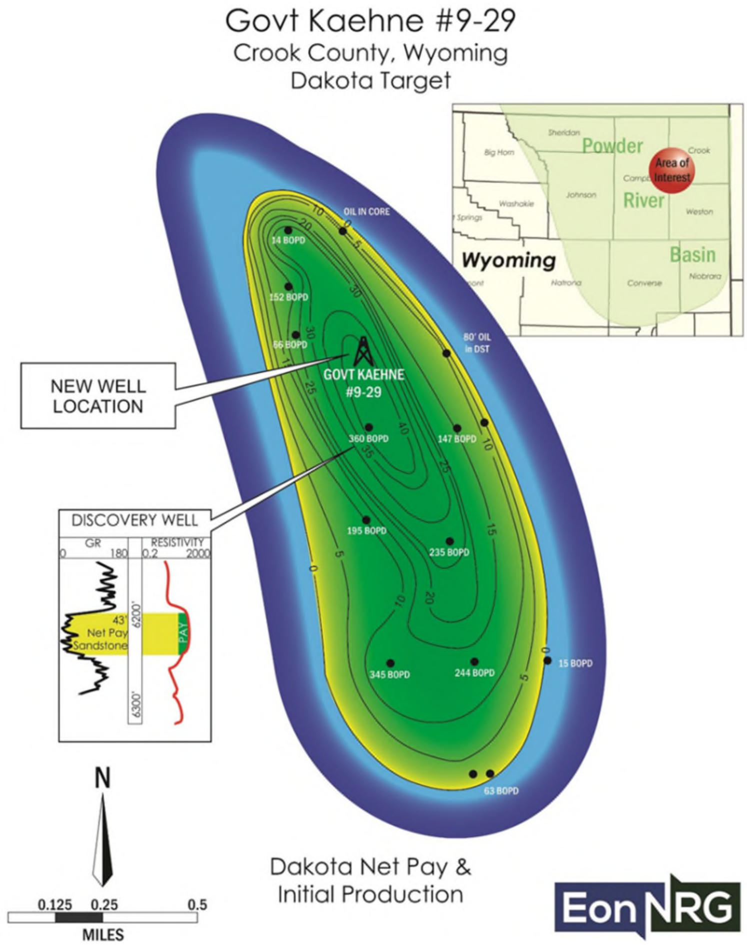


State of Wyoming

The first new well (Govt Kaehne #9-29), has been approved for drilling by the Federal and State authorities. This well is considered to be a low risk conventional well targeting production of light sweet crude oil from the Sandstone reservoirs of the Dakota Formation (Lower Cretaceous Age) at a depth of ~6,200'. The directionally drilled well will penetrate the Muddy Formation, which is productive regionally, as a secondary target at a depth of ~6,000'.

This well will target high quality, oil saturated reservoir, in a structurally high position relative to offset wells. Offset well initial production (IP) rates are prolific (refer map below). The Company holds 100% ownership in all the PRB leases with an 87.5% net revenue interest. The well location has good access for transportation and is near the town of Gillette, a major oil service centre for the PRB.

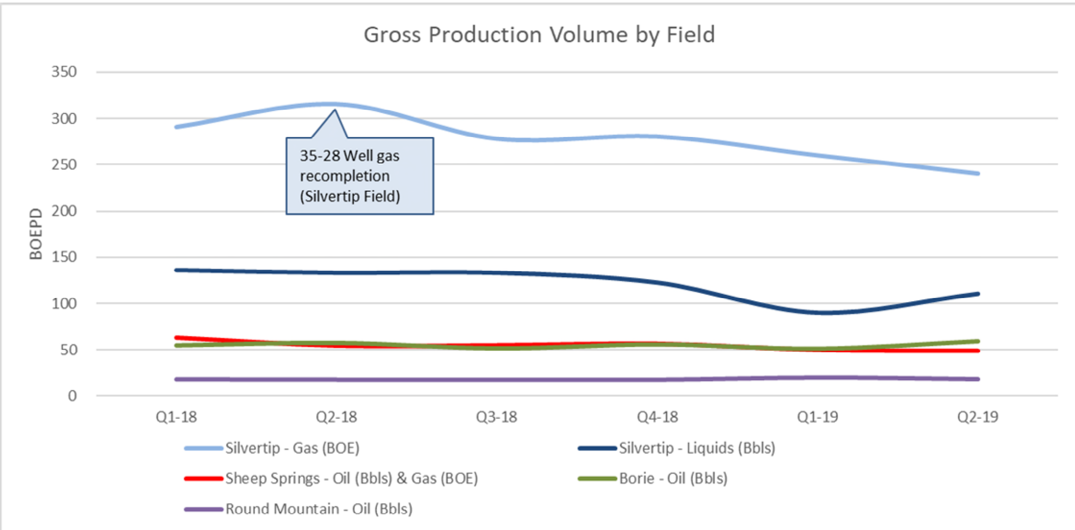
Reservoir characteristics of the Dakota Formation from published core data in the offset wells show an average porosity of ~21% (15-30% range) and an average permeability of 99 millidarcy (max 237 MD). The Dakota formation has a strong water-drive which results in higher recovery factors versus depletion-drive reservoirs. The water-drive provides pressure support with minimal pressure drop at the wellbore resulting in consistent oil production and wells with higher ultimate recoveries (EUR).



Oil and Gas Production

Oil production from all of the fields has stayed relatively stable over the 2018-19 period. The decrease in oil and NGL production from Silvertip in Q1-19 was a result of abnormally cold conditions that resulted in the field being shut in. A number of wells were brought back on-line at Silvertip in Q2-19 which has resulted in an increase in oil produced in Q2-19.

Gas production from the Silvertip Field has declined, partly due to a decision to choke back production from better wells while gas prices have been low. The gas production will be increased when gas prices improve in winter months.



Field Operations

Borie Field, DJ Basin, Wyoming

A number of other workovers were carried out at Borie in Q1 and Q2-19 which resulted in an increase in production. The Borie Field may have the potential for higher production from formations that are behind pipe in existing wells and work to determine the best way to access these additional reserves is ongoing.

Silvertip Field, Bighorn Basin, Wyoming

Management focus has been on further improving the efficiency of the field through optimising the infrastructure (gas processing plant), optimising well performance and assessing the potential for oil and gas production from deeper formations in the Field.

Sheep Springs Field and Round Mountain Field, California

Work relating to the water disposal processes at the Sheep Springs Field has been carried out and the California Water Board Authority has endorsed the monitoring and disposal systems that the Company has in place with permits provided for these facilities.

Battery Minerals Division

Eon NRG holds 42 lode claims covering an area of 840 acres in the Stillwater Range, 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. Global Energy Metals Corp (TSXV: GEMC) acquired an 85% stake in the Lovelock project in 2019 and is undertaking exploration work with a joint venture partner, Canada Cobalt Works (TSXV: CCW).

REVIEW OF FINANCIAL RESULTS

Assets

Total cash as at 30 June 2019 was US$1,643,000 (Dec-2018: US$499,000). A further US$679,000 of cash is held as a term deposit which is secured against performance bonds for the Silvertip and Borie operations and is reported as a non-current financial asset (Other financial assets) in the statement of financial position.

The book value of exploration assets is US$460,000. Capitalised Powder River Basin exploration costs to date are US$398,000 which consists of mineral rights costs and well permitting expenses.

Liabilities

Bank debt at 30 June 2019 is US$6.127M. The bank loan to ANB Bank is an interest only facility with interest charged at a rate of 0.50% above the Prime Rate (total 6% as at 30 June 2019). This loan facility was extended in August 2019 with the expiry date extended to 1 October 2020. The Company will consider reducing bank debt through the sale of some of its production assets as opportunities arise.

Cashflow

Net cash inflow from operating activities was a surplus of US$146,475 for the six months to 30 June 2019 (6 months to 2018: surplus US$494,058). The 2019 operating cash flow result was impacted by decreased sales in the first six months of 2019 which were lower due to oil and NGL prices falling compared to the first half of 2018 and a 30% decrease in gas volumes sold in the corresponding period of 2019 due to a number of wells being shut-in during the winter, compared to 2018. Cash receipts from customers in the six months to 30 June 2019 were US$1,983,000 compared to $2,673,000 for the same period in 2018.

Payments to suppliers in the six months to 30 June 2019 were around US$336,000 lower than the same period in 2018.

Cash outflow from investing activities was approximately $240,000 higher in the first six months of 2019 than to the prior year mainly as a result of an increase in exploration expenditure associated with the Powder River Basin project.

In the six months to 30 June 2019, Eon NRG completed a rights issue which resulted in a net cash inflow of US$1,603,000. Interest expenditure outflows for 2019 are higher than 2018 due to an increase in interest rates.

Sales analysis and financial performance summary

		H1-2019	H1-2018
Sales Volume (Net)[1]			
Oil	Bbls	26,911	27,447
Gas	Boe	17,460	25,026
NGL	Boe	6,514	12,007
TOTAL	**Boe**	**50,885**	**64,480**
Sales Revenue (Net)[1]			
Oil	US$	$1,519,789	$1,807,060
Gas	US$	$ 280,607	$ 373,315
NGL	US$	$ 118,911	$ 357,853
TOTAL		**$1,919,307**	**$2,538,228**
Average Price			
Oil	$/Bbl	$56.47	$65.84
Gas	$/MMBTU	$ 2.68	$ 2.49
NGL	$/Gallon	$ 0.43	$ 0.71
Gross Profit	US$	$182,040	$263,500
Reported NPAT [2] (Loss)	US$	($859,572)	($809,420)

1. *Net* ***sales volume*** *excludes any royalty interests i.e.: sales that are attributable ONLY to the Company, excludes royalty interests and refinery deductions made for transportation and treatment of oil and gas.*
2. ***NPAT*** *- Net profit/(loss) after tax*

Operating costs

- Field operating expenses in the first half of 2019 (US$834,000) were 18% lower than the corresponding prior year period. This was achieved through improved cost management and field efficiency, especially relating to the Borie Field;
- The company's corporate overhead in H1-2019 (US$880,000) were 20% lower than for the first six months on 2018;
- Interest costs for the six months to 30 June 2019 were US$217,000 compared to US$208,000 in the corresponding six months of 2018. Interest rates were higher in 2019 but there was recently a reversal in that trend with a 0.25% drop in the rate in July 2019.

Auditor Independence Declaration to the Directors of Eon NRG Ltd

Section 307C of the Corporations Act 2001 requires our auditors, Butler Settineri (Audit) Pty Ltd, to provide the directors of Eon NRG Limited with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 8 and forms part of the director's report for the half-year ended 30 June 2019.

This report is made out in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

John Whisler

John Whisler
Managing Director
31 August 2019

BUTLER SETTINERI

Real People. Better Business

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Eon NRG Limited for the half year ended 30 June 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 review; and

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

This declaration is in respect of Eon NRG Limited and the entities it controlled during the half year ended 30 June 2019.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE   CA
Director

Perth
Date: 31 August 2019

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

FINANCIAL STATEMENTS

AS AT 30 JUNE 2019

General Information

The financial statements cover Eon NRG Ltd as a Group consisting of Eon NRG Ltd and the entities that it controlled at the end of, or during, the half year. The financial statements are presented in **United States Dollars** (USD or US$), which is Eon NRG Ltd's functional and reporting currency.

This interim financial report does not include all the notes of the type that are normally included in an annual financial report other than significant accounting policy changes that have occurred in the current reporting period. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2018 and any public announcements made by Eon NRG Limited during the interim report period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE

	Notes	2019 $US	2018 $US
Oil and gas sales		1,919,307	2,538,228
Direct cost of sales:			
Other production expenses	2	(1,179,308)	(1,307,162)
Amortisation and depreciation		(557,959)	(967,566)
Gross profit from operations		182,040	263,500
Other operating revenue		67,785	250,624
General Administrative expenses	3	(880,312)	(1,098,120)
Exploration expenditure		(11,336)	(16,925)
Interest and finance expenses	4	(217,749)	(208,500)
Loss before income tax		(859,572)	(809,420)
Income tax (expense) / benefit		-	-
Loss after tax		(859,572)	(809,420)
Loss for the period attributable to members of the entity		(859,572)	(809,420)
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 loss for the period attributable to members of the entity		(859,572)	(809,420)
		US cents	**US cents**
Basic earnings /(loss) per share attributable to ordinary equity holders of the entity **(US cents)**	15	(0.13)	(0.20)
Diluted earnings /(loss) per share attributable to ordinary equity holders of the entity **(US cents)**	15	(0.13)	(0.20)

The above Consolidated 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 30 JUNE 2019

	Notes	30 Jun 2019 $US	31 Dec 2018 $US (Restated)
Current assets			
Cash and cash equivalents		1,642,905	499,172
Trade and other receivables	5	461,379	501,505
Inventories		74,125	99,840
Total current assets		2,178,409	1,100,517
Non-current assets			
Other financial assets	6	695,577	692,181
Oil properties	7	9,910,572	12,213,486
Exploration assets	8	459,648	252,538
Plant and equipment	9	1,548,109	1,686,552
Right of use assets	10	99,403	142,433
Deferred tax asset		-	-
Total Non-current assets		12,713,309	14,987,190
Total assets		14,891,718	16,087,707
Current liabilities			
Trade and other payables		916,670	873,724
Interest bearing liabilities	11	6,127,160	6,112,170
Taxes payable		126,265	126,265
Provisions	12	161,221	129,773
Leases	10	101,259	98,994
Total current liabilities		7,432,575	7,340,926
Non-current liabilities			
Leases	10	19,831	70,702
Provisions	12	2,761,480	4,741,696
Total non-current liabilities		2,781,311	4,812,398
Total liabilities		10,213,886	12,153,323
Net assets		**4,677,832**	**3,934,384**
Equity attributable to equity holders of the parent			
Issued capital	13	26,810,051	25,207,031
Shares reserved for employee share plan		-	-
Reserves		349,661	349,661
Accumulated losses	14	(22,481,880)	(21,622,308)
Total equity		**4,677,832**	**3,934,384**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE

	Issued capital $US	Shares reserved for employee share plan $US	Accumulated losses $US	Share option reserve $US	Total equity $US
At 1 January 2019	25,207,031	-	(21,622,308)	349,661	3,934,384
Loss attributable to members of the Group			(859,572)		(859,572)
Other Comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(859,572)	-	(859,572)
Share based payments	-	-	-	-	-
Transaction costs	(188,635)	-	-	-	(188,635)
Issue of share capital	1,791,655	-	-	-	1,791,655
At 30 June 2019	26,810,051	-	(22,481,880)	349,661	4,677,832
At 1 January 2018 (Restated)	25,157,925	(2,474)	(20,168,611)	349,661	5,336,501
Loss attributable to members of the Group			(809,420)		(809,420)
Other Comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(809,420)	-	(809,420)
Share based payments	-	-	-	-	-
Transaction costs	-	-	-	-	-
Issue of share capital	49,106	-	-	-	49,106
At 30 June 2018	25,207,031	(2,474)	(20,978,031)	349,661	4,576,187

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 HALF YEAR ENDED 30 JUNE

	2019 $US	2018 $US
Cash flows from operating activities		
Receipts from customers	1,983,030	2,672,979
Payments to suppliers and employees	(1,657,035)	(1,993,521)
Production tax paid	(179,518)	(185,399)
Net cash provided by/(used in) operating activities	146,475	494,058
Cash flows from investing activities		
Oil property development expenditure	(220,276)	(274,504)
Payments for Exploration	(207,111)	(42,533)
Sale of property, plant and equipment	-	130,266
Net cash (used in) investing activities	(427,386)	(186,773)
Cash flows from financing activities		
Proceeds from issue of shares	1,791,655	-
Costs from issue of shares	(188,624)	-
Interest received	2,702	205
Interest paid	(187,433)	(165,555)
Repayment of borrowings	-	(201,064)
Cost of borrowings	-	(9,719)
Net cash provided by / (used in) financing activities	1,418,300	(376,133)
Net increase/(decrease) in cash and cash equivalents	1,137,389	(68,847)
Exchange differences on cash balances held	6,345	(379)
Cash and cash equivalents at the beginning of the period	499,172	545,486
Cash and cash equivalents at end of period	1,642,905	476,260

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

1. Summary of significant accounting policies

The consolidated interim financial statements are for the group comprising Eon NRG Limited ("the Company" or "Eon NRG" or "the Parent") and its wholly owned subsidiaries (collectively "the Group").

Eon NRG Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

These consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 31 August 2019.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Basis of preparation

These consolidated interim financial statements of the Group for the period ended 30 June 2019 are a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

These consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as the full financial report.

It is recommended that these consolidated interim financial statements be read in conjunction with the annual financial report for the year ended 31 December 2018 and any public announcements made by the Company during the half-year in accordance with the continuous disclosure requirements under Corporations Act 2001.

The financial information for the half year ended 30 June 2019 is presented in **US dollars** which is Eon NRG Ltd's functional and presentation currency.

Statement of compliance

The consolidated interim financial statements of the Group also comply with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board.

Going concern

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. At 30 June 2019, the Group has the following going concern indicators:

i. The Group recorded negative working capital amounting to $5,254,166 (June 2018 – deficit of $177,000) due to classification of the bank loan as a current liability.

1. Summary of significant accounting policies (Cont.)

ii. The Group recorded a cash deficit from operating and investing activities of $280,911 for the six months to 30 June 2019. The group's free cash as at 30 June 2019 was $1,642,905 (Dec-18 - $499,172).

iii. The Group's has a Line of Credit facility which matures on 1 October 2020.

Notwithstanding the above the Directors believe they have a reasonable basis to prepare the financial statements on a going concern basis after consideration of the following:

i. The Company has raised A$2.54 million (~US$1.83M) (before costs) from the placement of shares under a rights issue which closed in March 2019. The Company has free cash of US$1.64M available for working capital.

ii. The business continues to own and operate a number of assets that have consistent oil and gas production which provide significantly positive cash flow.

iii. Approval has been granted for the Company to drill a new well in the Powder River Basin which, if successful, will generate significant additional surplus cash flow.

iv. Management's cashflow forecasts show that the Group will remain in a positive net cash balance position. The forecasts are sensitive to production forecasts and oil and gas price assumptions.

v. Should the Company require funding to meet the Group's ongoing financial commitments over the course of the next 12 months, the Directors are satisfied that this can be achieved through the sale of assets and/or equity raising from the issue of new shares.

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 financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above, and thus be able to continue as a going concern.

New significant accounting policy
AASB 16: *Leases*
The Group has 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.

1. Summary of significant accounting policies (Cont.)
New significant accounting policy (Cont)
AASB 16: *Leases (Cont)*

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.

Historical cost convention
These consolidated financial statements have been prepared under the historical cost convention.

	30 June 2019 $US	30 June 2018 (Restated) $US
2. Direct cost of sales		
Field operating expenses	833,763	1,020,812
Production taxes	179,518	185,399
Other	166,027	100,951
	1,179,308	1,307,162
3. General and administration expenses		
Employee costs	582,589	571,686
Depreciation	10,779	50,413
Other corporate overheads	286,944	476,021
	880,312	1,098,120

Restated P&L – Lease Accounting	30 June 2018 (Original)	30 June 2018 (Restated)
Employee costs	571,686	571,686
Depreciation	6,883	50,413
Other corporate overheads	530,382	476,021
	1,108,951	1,098,120

Restated June 2018 numbers include additional depreciation of $43,530 on right of use assets, and reduced corporate overheads of $54,361 due to the removal of operating lease expense

4. Interest and finance expenses

Restated P&L – Lease Accounting	30 June 2018 (Original)	30 June 2018 (Restated)
Interest and finance expenses	201,644	208,500

Restated June 2018 numbers include additional interest expense of $6,856 on right of use lease liabilities.

	30 June 2019 $US	31 December 2018 $US
5. Trade and other receivables		
Oil and gas sales debtors	421,505	422,097
Other receivables	39,874	79,408
	461,379	501,505

Trade and other receivables do not contain impaired assets and are not past due

6. Other financial assets		
Term deposit used as security for performance bonds	679,830	676,434
Other deposits	15,747	15,747
	695,577	692,181

	30 June 2019 $US	31 December 2018 $US
7. Oil properties		
Cost of acquisition and enhancement of production assets	28,485,281	30,400,390
Accumulated amortisation and impairment provisions	(18,574,709)	(18,187,444)
	9,910,572	12,213,486
Opening balance – 1 January	12,213,486	9,075,981
Transfer from net assets held for sale	-	4,812,006
Additions	220,276	644,332
Asset retirement obligation	(2,135,926)	(1,013,255)
Amortisation for the period	(387,264)	(1,305,578)
Closing balance	9,910,572	12,213,486

For the half year to 30 June 2019, the key economic assumptions underpinning the impairment assessment including production profile, recoverable reserves and discount factor, have been reviewed. Accordingly, management is of the view there are no triggers that would require a reversal of the provision or further impairment of the oil properties at this time.

	30 June 2019 $US	31 December 2018 $US
8. Exploration assets		
Oil exploration – Powder River Basin	397,507	190,864
Mineral Exploration – Nevada	62,141	61,674
	459,648	252,538
9. Plant and equipment		
Cost	2,986,343	2,986,340
Accumulated depreciation and impairment	(1,438,234)	(1,299,788)
Net carrying amount	1,548,109	1,686,552
Opening net book value at 1 January	1,686,552	2,596,116
Disposals	-	(696,432)
Depreciation charges	(138,443)	(321,468)
Assets classified as held for sale	-	108,336
Closing balance: net of accumulated depreciation and impairment	1,548,109	1,686,552
10. Right of Use Assets and Leases		
Right of use assets		
Cost	297,417	297,417
Accumulated depreciation	(198,014)	(154,984)
	99,403	142,433
Lease Liabilities		
Current	101,259	98,994
Non-current	19,831	70,702
	121,090	169,696

10. Right of Use Assets and Leases (Cont.)

The group has adopted ASSB 16 Leases retrospectively from 1 January 2019 as detailed in Note 1 'New Significant Accounting Policy'. Eon NRG has two right of use assets: a) Leased office in Perth, Australia and b) Leased office in Denver, USA. These assets have been recognised in the June 2019 half-year accounts in line with the new AASB 16 Lease accounting standard which gives a single, on-balance sheet accounting model for leases. The December 2018 comparative accounts have been restated to reflect the valuation of the right of use assets and leases at 31 December 2018. In the original December 2018 year-end accounts, there was no Right of Use asset nor Lease Liabilities.

	30 June 2019 $US	31 December 2018 $US
11. Interest bearing liabilities		
Bank loan - secured	6,127,160	6,112,170
Non-current		
Bank loan - secured	-	-
Total interest-bearing liabilities	6,127,160	6,112,170

Interest bearing liabilities

The secured bank loans are provided by ANB Bank as a US Dollar denominated loan facility. The loans are made up of a term loan and a line of credit as follows:

Line of Credit -

- Security - mortgages over the Company's producing oilfield in Wyoming and California
- Interest - paid monthly at a rate of 0.50% above the Prime Rate (2019 – 6.00%)
- Maturity date - 1 October 2020
- 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 June-19 - $7,000,000)
- Loan balance Jun-19 - $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.)

12. Provisions

	30 June 2019 $US	31 December 2018 $US
Current		
Employee entitlements	161,221	129,773
Non-current		
Employee entitlements	15,398	-
Asset retirement obligation	2,746,082	4,741,696
	2,761,480	4,741,696

	Employee entitlements $US	Asset retirement obligation $US
As at 1 January 2019	129,773	4,741,696
Movement during the year	67,276	(2,135,926)
Utilised/ unwinding of discount	(20,430)	140,312
As at 30 June 2019	176,619	2,746,082
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 as liabilities held for sale	-	523,409
As at 31 December 2018	129,773	4,741,696

13. Issued capital

	30 June 2019 $US	31 December 2018 $US
769,888,934 fully paid ordinary shares (31 December 2018: 406,389,160)	26,810,051	25,207,031

Movement in ordinary shares on issue	**2019** $US	No
At 1 January 2019	25,207,031	406,389,160
Share issue (Rights Issue)	1,791,655	363,499,774
Transaction costs	(188,635)	
At 30 June 2019	26,810,051	769,888,934

Movement in ordinary shares on issue	**2018** $US	No
At 1 January 2018	25,157,925	400,100,786
Placement of new shares	49,117	6,288,374
Transaction costs	(11)	-
At 31 December 2018	25,207,031	406,389,160

Share options

At 30 June 2019, there were the following listed and unlisted options over unissued fully paid ordinary shares on issue:

Listed:

204,194,580 options on issue with an expiry date of 29 November 2019 and an exercise price of A$0.0188. (ASX: E2EO)

371,499,774 options on issue with an expiry date of 22 February 2021 and an exercise price of A$0.015. (ASX: E2EOA)

14. Accumulated Losses

	30 June 2019 $US	31 December 2018 $US
Accumulated Losses per published accounts	(22,481,880)	(21,595,046)
AASB16 lease accounting retrospective adjustment	-	(27,262)
Restated Accumulated Losses	(22,481,880)	(21,622,308)

15. Earnings/(loss) per share

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

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

	30 June 2019 $US	30 June 2018 $US
Net (loss)/profit attributable to equity holders of the parent	(859,572)	(809,420)
Basic (loss) per share (cents)	(0.13)	(0.20)
	No.	**No.**
The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic loss per share	639,350,341	404,061,419
	Cents per share ($US - cents)	**Cents per share ($US - cents)**
Diluted earnings/(loss) per share (cents)	(0.13)	(0.20)
	No.	**No.**
The weighted average number of ordinary shares on issue during the financial period used in the calculation of diluted earnings per share	639,350,341	404,061,419

16. Segment reporting

The Group has determined that it operates in one operating segment, being exploration and production of hydrocarbon and mineral resources 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.

17. Events after the reporting date

Significant events subsequent to the reporting date include:

- Extension of line of credit loan facility with terms as follows:
  - Maturity date: 1 October 2020
  - Interest rate: 0.50% above Prime Rate
  - Covenants: Modified Current Ratio of no less than 1:1 (see Note 11)
  - Facility Limit: $6,400,000
- Approval granted for drilling for Govt Kaehne #9-29 well in Powder River Basin, Crook County, Wyoming.
- Completion of well pad and access road for Govt Kaehne #9-29 well.

18. Contingent liabilities and commitments

The Group has no material contingent liabilities or commitments at the reporting date or date of this report.

19. Related party disclosures

In June 2017, Eon NRG Ltd entered into a lease agreement with Ascot Park Enterprises Pty Ltd, a company associated with the former Chairman, Mr Mark Stowell (retired 23 May 2019), to rent office accommodation at 20 Howard Street, Perth. The rent is set at an arms-length commercial rate for comparable premises. The current lease agreement terms are as follows:

Lease term: 1 year plus 3 x one-year options
Rental payment: A$17,587 per annum (2019-20)

20. Financial instruments

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2019:

	Carrying amount $US	Fair value $US
Line of credit	6,127,160	5,667,615

Trade and other receivables and trade and other payables are short term in nature, therefore carrying amounts approximate their fair values. Line of credit liabilities are identified as Level 2 (observable inputs) in the fair value hierarchy. The fair value is measured using a discounted net present value calculation using the 6% interest charged on the line of credit and a repayment date of 1st October 2020 (this repayment date was extended post balance-date)

DIRECTORS' DECLARATION

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

In the opinion of the directors

(a) The financial statements and notes of Eon NRG Limited are in accordance with the Corporations Act 2001, including;

   (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half year ended on that date, and

   (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) Subject to achieving the matters set out in note 1 to the financial report, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

John Whisler
Managing Director
Perth

31 August 2019

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

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Eon NRG Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Consolidated Entity is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated financial position of the Consolidated Entity as at 30 June 2019 and of its consolidated financial performance for the half year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report "Going Concern", which describes the Consolidated Entity's ability to continue as a going concern, as being dependent upon pertinent matters as disclosed. This indicates the existence of a material uncertainty that may cast doubt on the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may not be able to realise its assets and discharge its liabilities in the ordinary course of business.

Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Consolidated Entity's consolidated financial position as at 30 June 2019 and its consolidated financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audited conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 31 August 2019

APPENDIX 4D
ASX INFORMATION

The information that is required by the Australian Stock Exchange Limited Listing Rules is as follows.

1. Details of the results for this reporting period and the corresponding prior year period are provided elsewhere in this report.

2. Results for announcement to the market

		Change from prior period *	US$
2.1.	Revenues from ordinary activities	24% ↓	1,919,307
2.2.	Profit/(Loss) from ordinary activities after tax attributable to members	6% ↓	(859,572)
2.3.	Net profit/(loss) for the period attributable to members	6% ↓	(859,572)
2.4.	Dividends (distributions)	Nil	Nil

* Comparison of six months to 30 June 2019 with six months to 30 June 2018

3. Net tangible assets per security

	June 2019 US$	December 2018 US$
Net tangible assets per security	0.0061	0.0097

4. Control was neither gained nor lost over any entities during the half year.

5. No dividends were paid during the period

6. The Company does not have a dividend re-investment plan.

7. The Company does not have any Associated Companies or Joint Ventures.