ACN 138 145 114

ANNUAL REPORT 2020

CORPORATE DIRECTORY

Directors
Matthew McCann, J.D.
Chairman

John Hannaford, B.Com, CA, F.Fin
Director

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

Lachlan Reynolds, BSc (Honours)
Director

Registered office
Suite 2
38 Colin Street
West Perth WA 6005
Australia

Telephone: +61 8 6245 9821
Web: www.eonnrg.com

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 8.1 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 3. 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 2020.

1. PRINCIPAL ACTIVITIES

Eon NRG Limited is an exploration company with interests in oil and gas leases and battery mineral lode claims which are located in the USA. During the financial year ended 31 December 2020, the Company divested of its producing oil and gas assets that were located in Wyoming and California, USA.

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. ASSET DIVESTMENT

During 2020, following default of the Company's loan facility with ANB Bank, negotiations were carried out over an extended period with ANB to agree on a workout arrangement that was suitable for ANB and the Company.

a) Silvertip Field, Wyoming

In September 2020, Eon sold its Silvertip oil and gas field as part of a workout arrangement that was agreed with ANB Bank. The Silvertip Field was made up of 96 operating wells which produced a mixture of oil, gas and natural gas liquids. The field was 4,437 net acres (all held by production) and it had 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.

The sale of the Silvertip Field formed part of the asset divestment that was coordinated with ANB Bank to settle the Company's outstanding debt with the bank.

b) Govt Kaehne #9-29 well and Borie Oilfield, Wyoming

Eon had been the owner and operator of the Borie Oilfield since December 2017. Located west of the City of Cheyenne in the DJ Basin, Wyoming, the Borie Field had a long production history of oil and gas from conventional vertical wells that produce from the Muddy Formation.

Since taking over as operator of the Borie Field and up to the end of 2019, the Borie Units had produced in excess of 45,000 barrels of oil (Gross) for the Company and generated sales in excess of $2.1 million.

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

c) Sheep Springs

The Company owned and operated the Sheep Springs Field located NW of Bakersfield in the San Joaquin Basin, since it was acquired in 2010.

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

d) Round Mountain

The Company owned and operated the Round Mountain Field located east of Bakersfield in the San Joaquin Basin, which was discovered by the Company in 2011 and developed between 2011-13 by Eon.

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)

On 10 December 2020, the Company entered into a Workout Agreement with ANB Bank (**ANB**) which resulted in the settlement of the repayment claims from ANB on Eon due to its default on the loan to ANB in Q2-2020.

A summary of the Workout Agreement were as follows:

- As at November 17, 2020, the principal and accrued interest on the loan was $6,683,368;

- In exchange for conveyance of various collateral assets (listed below) ANB would release Eon and it's US subsidiaries from the guarantee and payment of the outstanding monies owed to ANB;

Collateral Securities –

- o Incremental Oil and Gas LLC (owner of Sheep Springs Oilfield);
- o Incremental Oil and Gas (Round Mountain) LLC (owner of Round Mountain Oilfield);
- o The Mortgage and Securities that were associated with the Borie Oilfield
- o The Mortgage and Securities that were associated with the Govt Kaehne oil well in the Powder River Basin;
- o The cash deposits that were pledged to the Wyoming Oil and Gas Conservation Commission for idle well bonds associated rehabilitation of the Wyoming properties (approx. value $667,600);
- o The operating bank account of Incremental Oil and Gas USA Holdings.

- Eon would retain the Cobalt lode claims in Nevada and be granted a 2 year option to purchase the rights to carry out exploration activities on the leases that were acquired in the Powder River Basin (consideration payable on exercise of the option was $135,568)

The Workout Agreement was completed on 24 December 2020.

2.2. 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 expects to commence a range of low cost exploration activities on its Nevada prospects to add value to this asset. Based on the results from these activities, it will look at acquiring additional lode claims to expand its exploration potential in the area which has a rich history of mineral discovery.

3. CORPORATE

As a result of the significant disruption to cash flow caused by the crash in oil and gas prices in Q1-2020, the Company was unable to meet its loan repayment commitments to ANB Bank. In May 2020, Eon received a default notice from ANB Bank and on 19th May 2020, the Company requested a voluntary suspension of trading of its securities on the ASX platform.

The Company continued to operate the oil and gas fields under an informal management arrangement with ANB Bank which controlled the payment of funds. ANB Bank restricted the transfer of funds to Eon NRG Ltd in Australia for the payment of employees and suppliers from May 2020. Eon carried on protracted negotiations with ANB Bank throughout 2020 with numerous offers made to settle the default position of the Company. The US management team continued to act professionally and cooperatively to ensure that the assets were maintained is good standing to preserve their value. As part of the negotiations for a settlement, it was agreed with ANB that the Silvertip Field would be sold and a Purchase and Sale Agreement was entered into with Sendero Resources, LLC in September 2020. Following the completion of the Silvertip Field sale, an agreement was entered into with ANB Bank in October for the assignment of the remaining oil and gas assets to ANB in exchange for Eon NRG and its remaining US subsidiaries being released from the guarantee and other obligations under the Loan Facility arrangements. This agreement was documented and completed in December 2020.

During 2020, the Board of Eon NRG Ltd maintained the operation of the company while negotiations with ANB Bank were continuing. During this period, Directors acted to preserve value for shareholders, and this was done without remuneration being paid. A lengthy negotiation process with ANB Bank limited the ability of the Board to raise additional capital and define the Company's future business objectives. Following agreement with ANB Bank in October 2020, funding was secured by way of a convertible note facility to enable the payment of various employee and creditor liabilities that allowed completion of the Workout Arrangement with ANB Bank.

4. FINANCIAL REVIEW

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

- Total cash held by the Group at the end of 2020 was $12,060 (2019 - $1,858,494). As part of the settlement of the workout agreement with ANB Bank, the cash held in all of Eon's US subsidiary bank accounts (including deposits held as security bonds for well rehabilitation obligations) were assigned to ANB Bank.
- All oil and gas assets held by the company as at the date of completion of the workout agreement (24 December 2020) including oilfield properties and their associated plant and equipment and the associated rehabilitation provisions that related to these oilfields were assigned to ANB Bank. After unwinding all prior year impairments and write-downs, the settlement of the workout agreement resulted in a book profit of $972,000.
- The Company raised an amount of $151,510 (AU$200,000) in December 2020 which was used to settle creditor obligations including US employee entitlements as part of the workout agreement with ANB Bank. Remaining trade creditors ($41,317) related to corporate costs associated with Australian activities.
- Eon recorded a net loss after tax of $246,910 in 2020 (2019 - loss of $6,561,783) from continuing operations. A net profit after tax of $972,000 was recorded for discontinued USA operations.
- During 2020, revenue was severely impacted by global oil and gas prices due to the impact of price wars initiated between Saudi Arabia and Russia and from the global impact on demand for oil resulting from the onset of the COVID-19 pandemic.

  Net revenue from sales decreased by 58% from 2019 to 2020 (following a decrease in the prior year of 26%). Operation of the Company's fields continued through 2020 until the completion of the Workout Agreement but the receipt of revenue and payment of creditors was controlled by ANB Bank from May 2020 following the Company's default on its loan repayments.

  The net revenue and commodity price decrease in 2020 compared to 2019 was as follows:

	2020		2019	
	Net Revenue	**Unit Price**	**Net Revenue**	**Unit Price**
Oil[1]	$1,424,267	$35.92/Bbl	$2,905,546	$55.85/Bbl
Natural Gas[2]	$96,226	$1.94/Mcf	$503,075	$2.46/Mcf
NGL	$26,397	$0.27/Gal	$254,407	$0.41/Gal
Total	**$1,546,890**		**$3,663,028**	

[1] Oil price is net of the refinery transportation deduct that is applicable for each field. Average West Texas Intermediate (WTI) spot prices in 2019 and 2020 were $56.99 and $39.27 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 2019 and 2020 were $2.56 and $2.03 per Mcf respectively.

During the first half of the year, production of oil, gas and NGL's was severely impacted by economic conditions and wells were shut in where necessary to preserve cash when they were uneconomic.

Net Sales Volume	2020	2019	Change
Oil (Barrels)	39,655	**52,021**	↓ 24%
Natural Gas (MMcf)	49,524	**204,426**	↓ 76%
NGL (Barrels)	2,354	**14,835**	↓ 84%

- Cashflow from discontinued operations in 2020 was a deficit of $1,767,221 which consumed all of the cash reserves that the Company had at the end of 2019. Cashflow from continuing operations in 2020 was a deficit of $73,678.

5. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the year ending 31 December 2020, Eon has considered numerous opportunities for development of its remaining assets and acquisition of new projects that would enable it to recapitalised the Company and seek relisting of its securities on ASX.

6. MATERIAL BUSINESS RISKS

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) Capital Risk

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. As at December 2020, the Company was in a position where its capital base was very low and efforts were focused on ensuring that the Company could utilise its existing assets or acquire new assets that were adequate to allow it to raise further capital and gain permission from ASX to relist its securities after satisfying the various ASX listing rule tests for reinstatement of trading.

b) Financial risk management

The Company's principal financial instruments comprise cash and short-term on-call deposits.

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position.

Liquidity risk is the risk that the Company does not have sufficient funds to pay its debts as and when they become due and payable. The Company currently does not have major funding in place. However, the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

c) Environmental

The previous USA oil and gas operations of the Group were 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 had an impact on the environment. It was the Group's practice to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. The sale of the oil and gas production assets has included all liabilities relating to the rehabilitation of oil and gas fields.

The Company continues to own and operate mineral lode claims in Nevada. When it commences exploration activities on these claims, the Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

The Company is developing a framework of stewardship of our environment and are focussed on providing social benefits and mutually rewarding outcomes for the communities in which it operates.

d) Sovereign

The Group's remaining 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.

e) 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 its licenses. The Company continues to have an exploration right in Federal leases located in Wyong (Powder River Basin) that are granted by the Bureau of Land Management.

f) 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.

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.

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 2020 or in 2019.

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 14.

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
M McCann	10,511,437
John Hannaford	-
L Reynolds	-
S Adams	2,560,680

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 2020 is included in the Review of Operations in this Directors' Report (pages 2 to 3).

15. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There was uncertainty with regards to the future operations of the Company following the completion of the Workout Agreement with ANB Bank.

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

16. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were significant changes in the state of affairs of the Group during the year 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 4 and 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 19 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 2019 was 769,888,934. No shares were issued in 2020.

19. SHARE OPTIONS

At the date of this report, there are no unissued ordinary shares of the Company under option .

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: 53

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

Mr J. Whisler B.Sc (Managing Director)
Appointed to the Board July 2014
Appointed Managing Director 14 October 2014
Retired from the Board 30 March 2021
Age: 51

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

Mr G. McGann, B.Sc (Hons) (Technical Director)
Appointed to the Board July 2009
Retired from the Board 21 February 2022
Age: 73

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.

Mr J. Hannaford, B.Com, CA, F.Fin (Non-executive Director)
Appointed 30 March 2021
Age: 55

Mr Hannaford is an experienced company director & executive with extensive experience as a director of ASX listed companies, including as Chairman. A qualified Chartered Accountant and Fellow of the Securities Institute of Australia, Mr Hannaford has founded and listed several companies that successfully listed in ASX. He has also advised numerous companies through the ASX listing process in his corporate advisory career. He has established an extensive corporate network and gained a highly distinguished reputation over the last twenty years corporate life in Australia.

Other current public company appointments in addition to Eon NRG Limited are:
- Mt Monger Resources Ltd (Chairman)
- Forrestania Resources Ltd (Chairman)
- Kula Gold Ltd (Non-executive Director)

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
Age: 56

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.

Other current public company appointments in addition to Eon NRG Limited are:
- Kula Gold Ltd (Non-executive Director)

Additional directorships in the last 3 years include:
- None

Mr L. Reynolds, BSc (Honours) (Director)
Appointed 18 March 2022
Age: 53

Mr Reynolds is a professional geologist with over 30 years experience in mineral exploration, project development and mining, in both Australia and internationally. He has broad resource industry expertise, across a range of commodities including copper, gold, nickel and uranium. Over the past decade Lachlan has served as a senior executive and manager for a number of ASX-listed companies and has managed the advancement of a diverse suite of mineral projects.

Mr Reynolds commenced his career at WMC Resources Ltd working on gold and nickel opportunities in Western Australia, later being involved in the Tampakan copper project in the Philippines and multi-commodity Olympic Dam mine in South Australia. After 12 years with WMC, Mr Reynolds accepted a position with OceanaGold Ltd in New Zealand where he was involved with teams that successfully defined additional gold resources and brought a number of open pit and underground mining developments into production. Lachlan has subsequently held Managing Director positions for Energy Ventures Ltd where he oversaw development of the Aurora uranium deposit in the USA and Golden Mile Resources Limited (ASX: G88), a junior exploration company that holds gold projects in the Eastern Goldfields of Western Australia. He has recently consulted to Caravel Minerals Ltd (ASX: CVV) as General Manager Exploration, supervising geological activities at their Caravel Copper Project and an active exploration program in the southwest of Western Australia.

Committee Memberships
As at the date of this report, the Company had an audit and risk committee.

Memberships of Board's committees are as follows:

Director	Audit and Risk committee
M McCann	X
J Hannaford	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	19	19	1	1
G McGann	19	18	1	1
J Whisler	3	3	-	-
S Adams	19	19	-	-

Directors' benefits
Other than the disclosure on pages 9-13 (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.

(Audited)

This Remuneration Report for the year ended 31 December 2020 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 75% of the votes against the Remuneration Report for the 2019 financial year at the annual general meeting held on July 31, 2020. Under the Corporations Act, if 25 per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

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)

Subsequent to the end of 2020, John Whisler resigned as Director on 30 March 2021, with his engagement as a paid executive ceasing at the end of December 2020 on close of the workout agreement with ANB Bank. Gerard (Gerry) McGann retired as a director on 21 February 2022 and John Hannaford was appointed as a director on 30 March 2021.

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

Non-executive Director Fees were paid to March 2020. An accrual has been made for employee entitlements, consulting work carried out to administer the Company and director fees owed up until negotiation of the ANB Bank Workout Agreement was completed. These fees will paid in equity if the Company's securities are relisted on ASX (refer note 7.4).

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.

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

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.

Details of the remuneration paid to KMP for the years 2020 and 2019 are as follows:

Name	Short Term Benefits: Salary & Fees	Short Term Benefits: Other Bene-fits[(1)]	Short Term Benefits: Cash Bon-uses	Post-Employment Benefits: Pension/ Supera-nnuation	Share Based Payments: Shares/ Options [(2)]	Termination Benefits	TOTAL	Portion of Remuneration paid as Options/ Rights	Portion of Remuneration performance related
	US$	US$	US$	US$	US$	US$	US$	%	%
Directors (Non-Executive)									
2020									
M McCann	14,500	-	-	-	27,384	-	**41,884**	65%	-
G McGann	12,748	-	-	1,211	18,029	-	**31,988**	56%	-
									-
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**	-	-
Directors (Executive)									
2020									
J Whisler	300,689	27,595	-	11,803	61,896	-	**401,983**	15%	-
S Adams	46,743	324	-	4,441	47,407	-	**98,914**	48%	-
2019									
J Whisler	321,000	33,086	-	10,726	-	-	**364,812**	-	-
S Adams	123,781	5,491	-	11,680	-	-	**140,951**	-	-
Total 2020	**374,679**	**27,919**	**-**	**17,455**	**154,716**	**-**	**574,769**	**30%**	**-**
Total 2019	**559,471**	**51,999**	**-**	**26,201**	**-**	**-**	**637,672**	**-**	**-**

1. 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).
2. AUD 200,000 (USD 154,716) of Shares were issued to directors of the company in lieu of annual leave and other entitlements owing to them. These shares were issued at a price of $0.001 per share by way of deeds of settlement and release with the Directors.
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.

2020	Balance at 1 Jan 2020	Granted as Remuneration	Vested during the year	Exercised during the year	Changed during the year	Balance at 31 Dec 2020
	Number	Number	Number	Number	Number	Number
Directors						
M McCann[(1)]	2,985,063	-	-	-	-	2,985,063
G McGann	-	-	-	-	-	-
J Whisler						
Rights [(2)]	2,000,000	-	-	-	-	2,000,000
Options[(3)]	1,000,000	-	-	-	-	1,000,000
S Adams						
Rights [(2)]	750,000	-	-	-	-	750,000
Options[(4)]	650,000	-	-	-	-	650,000
Total	**7,385,063**	**-**	**-**	**-**	**-**	**7,385,063**

1. 2,985,063 options purchased (exercisable at A$0.015, expiry 22 February 2021)
2. Employee shares not yet vested
3. 1,000,000 options purchased (exercisable at A$0.015, expiry 22 February 2021)
4. 650,000 options purchased (exercisable at A$0.015, expiry 22 February 2021)

No options or rights were issued as remuneration in 2020 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.

	Balance at 1 Jan 2020	Shares vested	Changed during the year	Balance at 31 Dec 2020
2020	**Number**	**Number**	**Number**	**Number**
Directors				
M McCann	10,511,437	-	-	10,511,437
G McGann	24,715,004	-	-	24,715,004
J Whisler	7,865,100	-	-	7,865,100
S Adams	2,650,680	-	-	2,650,680
Total	**45,682,221**	**-**	**-**	**45,682,221**

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 employment agreement with Mr J Whisler as Managing Director was terminated by ANB Bank at the close of the Workout Agreement between ANB Bank and the Company (December 24, 2020). The employment agreement with Mr S Adams as CFO was suspended in May 2020 when the Company could no longer pay the remuneration set out in the employment agreement. The following outlines the details of the executive employment contracts while they were in place.

Mr J Whisler (Managing Director)

Term of Agreement:	No fixed term
Base Salary:	US$297,775
Pension Plan:	Company to match up to a maximum of the lower of 4% of base salary up to $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 2020, Mr McGann was not paid any remuneration under this consultancy arrangement (2019 – nil).

End of Remuneration Report.

On behalf of the Directors

Simon Adams
Director
31 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Eon NRG Limited for the year ended 31 December 2021, 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.

This declaration is in respect of Eon NRG Limited and the entities it controlled during the year.

BUTLER SETTINERI (AUDIT) PTY LTD

MARCIA JOHNSON CA
Director

Perth
Date: 31 March 2022

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	2020 US$	2019 US$
Continuing Operations			
Revenue		-	-
Exploration expenses		-	
Administrative expenses	5.1	(256,089)	(519,208)
Other Operating Income	5.2	9,178	888
(Loss) before income tax		(246,910)	(518,320)
Income tax benefit	5.5	-	126,265
(Loss) after tax from continuing operations		(246,910)	(392,055)
Discontinued Operations			
Profit/(Loss) for the year from discontinued operations	5.3	972,000	(6,169,728)
Profit/(Loss) for the year		725,090	(6,561,783)
Earnings per Share		**US cents**	**US cents**
From continuing operations			
Basic	5.6	(0.032)	(0.056)
Diluted	5.6	(0.032)	(0.056)
From continuing and discontinued operations			
Basic	5.6	0.124	(0.93)
Diluted	5.6	0.124	(0.93)

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	2020 US$	2019 US$
Current assets			
Cash and cash equivalents	6.1	12,060	1,858,494
Trade and other receivables	6.2	3,560	536,996
Inventories	6.3	-	66,707
Total current assets		15,620	2,462,197
Non-current assets			
Other financial assets	6.4	-	699,870
Oil and gas properties	6.5	-	6,819,871
Exploration assets -			
Continuing operations	6.6	78,930	69,171
Discontinued operations	6.6	-	891,463
Plant and equipment	6.7	-	411,476
Right of Use Asset	6.8	-	62,428
Total Non-current assets		78,930	8,954,279
Total assets		94,550	11,416,476
Current liabilities			
Trade and other payables -			
Continuing operations	6.9	41,326	76,867
Discontinued operations	6.9	-	2,001,431
Interest bearing liabilities	6.10	-	6,302,654
Taxes payable		-	-
Provisions	6.14	-	175,926
Lease Liabilities	6.8	-	64,520
Total current liabilities		41,326	8,621,398
Non-current liabilities			
Provisions	6.11	-	3,807,476
Lease liabilities	6.8	-	6,115
Total non-current liabilities		-	3,813,591
Total liabilities		41,326	12,434,989
Net assets / (liabilities)		53,224	(1,018,513)
Equity attributable to equity holders of the parent			
Issued capital	7.1	26,810,025	26,810,025
Reserves	7.2	349,661	349,661
Convertible Notes	7.3	154,716	-
Shares to be issued	7.4	191,932	-
Accumulated losses		(27,453,110)	(28,178,199)
Total Equity		53,224	(1,018,513)

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

2020	**Issued capital (Note 7.1) US$**	**Convertible Notes US$**	**Shares to be issued US$**	**Accumulated losses US$**	**Share option reserve US$**	**Total equity US$**
At 31 December 2019	**26,810,025**	**-**		**(28,178,199)**	**349,661**	**(1,018,513)**
Profit attributable to members of the Group	-	-		725,090	-	725,090
Other comprehensive income	-	-		-	-	-
Total comprehensive Profit for the period	-	-		725,090	-	725,090
Issue of convertible notes	-	191,932		-	-	191,932
Shares to be issued	-	-	154,716	-	-	154,716
At 31 December 2020	**26,810,025**	**191,932**	**154,716**	**(27,453,110)**	**349,661**	**53,224**

2019	**Issued capital US$**	**Convertible Notes US$**	**Shares to be issued 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 income 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)**

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	2020 US$	2019 US$
Continuing Operations			
Cash flows from operating activities			
Proceeds from Covid-19 Subsidies		18,356	-
Payments to suppliers and employees		(233,634)	(393,095)
Net cash provided by / (used in) operating activities	9.4	(215,277)	(393,095)
Cash flows from investing activities			
Mineral exploration		(9,759)	-
Net cash used in investing activities		(9,756)	-
Cash flows from financing activities			
Proceeds from issue of convertible notes		151,510	-
Interest received/(paid)		(152)	765
Net cash provided by financing activities		151,358	765
Net Cash provided by Continuing Operations		**(73,678)**	**(395,330)**
Discontinued Operations			
Cash flows from operating activities			
Receipts from customers		1,956,829	3,843,626
Payments to suppliers and employees		(3,151,286)	(3,193,726)
Interest received		16,531	4,703
Interest paid		(16,638)	(368,688)
Production tax paid		(149,754)	(381,151)
Net cash provided by/(used in) operating activities	9.4	(1,334,017)	(95,239)`
Cash flows from investing activities			
Oil property development expenditure		(54,301)	(517,035)
Exploration expenditure		(582,688)	(233,837)
Proceeds from JV Partners – Govt Kaehne		-	799,571
Proceeds from sale of assets		-	-
Net cash used in investing activities		(636,989)	48,699
Cash flows from financing activities			
Proceeds from issue of shares		-	1,791,655
Transaction costs for issue of shares		-	(188,650)
Proceeds of borrowings		137,954	200,000
ANB settlement – assignment of overdraft		75,132	-
Interest		1,000	-
Payment of costs of borrowings		-	(9,516)
Net cash provided by financing activities		213,785	1,793,489
Net Cash provided by Discontinued Operations		**(1,767,221)**	**1,746,952**
Net increase/(decrease) in cash and cash equivalents		(1,840,900)	1,354,622
Exchange differences on cash balances held		(5,534)	4,700
Cash and cash equivalents at beginning of the year		1,858,494	499,172
Cash and cash equivalents at end of year	6.1	12,060	1,858,494

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

1. ABOUT THIS REPORT

The consolidated financial statements of Eon NRG Limited and its subsidiaries (the "Group") for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 31 March 2022.

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, E2EOA – currently suspended).

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 with the sale of these North American assets.

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 2020.

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

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in the subsequent notes.

The consolidated financial statements comprise the financial statements of Eon NRG Limited and its subsidiaries (as outlined in note 8.1) as at and for the period ended 31 December 2020.

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.

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 during the financial period which creates a material uncertainty with regards to the Group's ability to continue to operate on this basis (see note 9.7). The Company has sold and assigned the assets from which it generated revenue that contributed towards the payment of operating and administrative costs for the Group. However the sale of these assets has cleared all of its debt obligations which has placed the Group in a strong position to raise additional new equity to acquire and develop new assets.

As at the date of this report, the Company is in the process of applying to ASX to get approval to undertake a placement of shares under a Section 701 prospectus to raise $5 million (before costs). Subject to processing of legal requirements, the placement is expected to close in May 2022 and the Company expects to have its securities readmitted and successfully listed on ASX by June 2022.

The Company's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Board believes that it will have sufficient funding in place to meet its operating objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the cash balance of the Company relative to its fixed and discretionary expenditure commitments;
- given the Company's market capitalisation and the underlying prospects for the Company to raise further funds from the capital markets;
- The Company has secured support from a Lead Manager to raise the required new equity and it enjoys the support of investors who have provided recent funding by way of new Convertible Notes; and
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the Company's eligible expenditure to date and the timing and quantum of its remaining earn-in expenditure requirements). Subject to meeting certain minimum expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Company's working capital.

Should the Group not be able to execute the strategies set out above, there would be 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.

2. 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 5.5 Income tax
- Note 6.2 Trade and other receivables
- Note 6.5 Oil and gas properties
- Note 6.6 Exploration assets
- Note 6.7 Plant and equipment
- Note 6.11 Provisions

3. ASSIGNMENT OF ASSETS AND LIABILITIES TO ANB BANK

In December 2020, Incremental Oil and Gas USA Holdings Inc (a subsidiary of EON NRG Group) entered into a 'Workout Agreement' with ANB Bank, whereby the ANB Bank accepted the transfer of certain collateral and other property to its designee companies in exchange for the release of Incremental Oil and Gas USA Holdings Inc and EON NRG from the Credit Agreement. The following was included in the 'Workout Agreement':

1. 100% of all ownership interests in 'Incremental Oil and Gas LLC' was assigned to an ANB Bank designee company. This entity owned the Californian Sheep Springs Oilfield property and equipment and associated Oilfield Restoration liability.
2. 100% of all ownership interests in 'Incremental Oil and Gas (Round Mountain) LLC' was assigned to an ANB Bank designee company. This entity owned the Californian Round Mountain Oilfield property and equipment and associated Oilfield Restoration liability.
3. 100% of the property and assets encumbered by the 'Borie Mortgage' were assigned from Incremental Oil and Gas (Silvertip) LLC to an ANB Bank designee company. This included the Borie Oilfield property and equipment and associated Oilfield Restoration Liability, along with the Powder River Basin Leases.
4. 100% of the property and assets encumbered by the 'Govt Kaehne Mortgage' and Federal Leases owned in the Crook & Weston County areas of Wyoming, US were assigned from Incremental Oil and Gas (Silvertip) LLC to an ANB Bank designee company. This included the Govt Kaehne well which was drilled in 2019.
5. The Bond Accounts or cash deposits were assigned to an ANB designee company. These deposits were pledged for the benefit of the Wyoming Oil and Gas Conservation Commission and the ANB Bank, as security for the Silvertip assets.
6. The US Bank Accounts were assigned to an ANB designee company.
7. An Option Agreement was included in the 'Workout Agreement'. This Option Agreement gives Incremental Oil and Gas LLC the option to purchase the Federal Leases detailed in point 4 above before 31 October 2022 from the ANB designee company.
8. In exchange for the assignment of the above assets, the ANB Bank has released Incremental Oil and Gas LLC from the Credit Agreement whereby it was to repay the unpaid principal and accrued interest of $6,683,368.

4. SALE OF SILVERTIP ASSETS

In September 2020, Incremental Oil and Gas (Silvertip) LLC sold the Silvertip Oilfield Assets, Plant and Equipment and associated Oilfield Restoration Liability to Sendero Resources, LLC a Delaware limited liability company, with registered office in Denver, Colorado. The price paid for the sale was $10.

5. FINANCIAL PERFORMANCE

CONTINUING OPERATIONS	2020 US$	2019 US$
5.1. Administration expenses from Continuing Operations		
Employee Costs – Salaries & Director Costs	88,605	287,599
Compliance Costs – ASX, Share Registry, Audit, Legal	68,935	84,817
Depreciation	6,678	11,746
Other Corporate costs – Insurance, IT, IR, other	60,628	135,046
	224,845	519,208
5.2. Other operating income from Continuing Operations		
COVID-19 ATO subsidies	18,356	-
Interest income	-	776
Other	-	112
	18,356	288

DISCONTINUED OPERATIONS

	2020 US$	2019 US$
5.3. Profit/(Loss) from Discontinued Operations		
a) Revenue		
Oil	1,424,267	2,905,546
Gas	96,226	503,075
NGL	26,397	254,407
Other	78,137	217,113
Total Revenue	1,625,027	3,880,141

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 2020 and 2019 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.

DISCONTINUED OPERATIONS		2020 US$	2019 US$
b)	**Cost of Sales**		
	Lease Operating Costs	(959,003)	(1,736,889)
	Production Taxes	(149,754)	(381,150)
	Amortisation & Depreciation	(281,010)	(1,098,782)
	Oilfield Rehabilitation provision	(283,209)	(283,209)
	Exploration expense	(20,718)	(72,219)
	Other Costs	(58,249)	(33,133)
	Total Costs	1,751,943	(3,605,382)
	Gross Profit / (Loss)	**(126,916)**	**287,916**
c)	**Operating Expenses**		
	Employee Costs	(487,996)	(813,405)
	Insurance expenses	(159,372)	(138,981)
	Depreciation	(50,547)	(92,191)
	Bank/Borrowing Costs	(10,547)	(34,015)
	Travel expenses	(12,943)	(30,387)
	Computer software expenses	(22,695)	(33,476)
	Vehicle expenses	(9,533)	(23,029)
	Compliance Costs	(66,491)	(22,588)
	Other operating expenses	(39,353)	(51,103)
	Total Operating expenses	**(859,477)**	**(1,239,175)**
	Net Loss Before Interest, Tax & Impairments	**(986,393)**	**(951,259)**
d)	**Financing Costs**		
	Interest Income	23,644	12,381
	Interest Expense	(244,983)	(375,603)
	Total Financing Costs	**(221,339)**	**(363,222)**
e)	**Asset Impairment expense**		
	Silvertip Oil Property	-	(3,568,000)
	Silvertip Plant & Equipment	-	(1,002,000)
	Borie Oil Property	-	(265,000)
	US Office - Fixtures & Fittings, Computer Hardware & Software	(26,822)	-
	Total Impairment expense	**(26,822)**	(4,835,000)
f)	**Gain on Sale of Silvertip**		
	Silvertip Oilfield book value	(647,028)	-
	Silvertip Plant & Equipment book value	(212,831)	-
	Silvertip Rehabilitation Provision	3,163,213	-
	Silvertip Net Asset Value	2,303,353	-
	Value Received for Sale of Silvertip	10	-
	Profit on Sale of Silvertip	**2,303,363**	-
g)	**Loss on Assignment of Assets to ANB Bank (see note 5.4 below)**	**(96,809)**	**-**
	Profit/(Loss) from discontinued operations	**972,000**	**(6,169,728)**

5.4. Assignment of Assets to ANB Bank

Assets Assigned to ANB Bank		
Sheep Springs Oilfield	3,278,633	-
Round Mountain Oilfield	685,487	-
Borie Oilfield	1,962,552	-
Total Oilfield	5,926,672	-
Sheep Springs Well Equipment	41,881	-
Round Mountain Well Equipment	3,136	-
Borie Well Equipment	36,260	-
Total Well Equipment	81,277	-

	2020 US$	2019 US$
5.4 Assignment of Assets to ANB Bank (Cont)		
Exploration Assets (Powder River Basin - Govt. Kaehne well)	925,754	-
Powder River Basin Lease	168,865	-
Cash Deposits (security for Silvertip mine)	674,122	-
Total Assets Held For Sale	7,776,690	-
Accounts Receivable	130,919	-
Total Assets Assigned to ANB Bank	**7,907,609**	**-**
Liabilities Assigned to ANB Bank		
Bank Loan (unpaid principal, accrued interest, legal fees)	6,683,368	-
Sheep Springs Environmental Rehabilitation liability	110,383	-
Round Mountain Environmental Rehabilitation liability	120,822	-
Borie Environmental Rehabilitation liability	396,584	-
	627,789	**-**
Net Bank Account overdraft balances	75,132	-
Production Taxes and Accounts Payable	258,203	-
Total Liabilities Assigned to ANB Bank	**7,644,492**	**-**
Net Assets of Assignment of Assets & Liabilities to ANB	**263,117**	**-**

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.

Impairment of non-financial assets (Cont.)
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

5.5. Income tax

	2020 US$	2019 US$
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	765,511	(6,561,783)
Accounting (loss)/profit before income tax	765,511	(6,561,783)
Prima facie tax (benefit)/payable on profit/(loss) from ordinary activities at 27.5% (2019 – 30%)	210,516	(1,968,535)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of different taxation rates of other countries	30,185	(555,624)
Deferred tax assets not recognised	(241,525)	2,522,892
Tax losses utilised	-	-
Tax effect of amounts which are not deductible in calculating taxable income	824	1,267
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	293,137	(79,510)
Deferred tax assets		
Tax losses	(293,137)	79,510
Deferred tax (income)/expense	-	-

5.5. Income tax (Cont.)

Tax liabilities

		2020 US$	2019 US$
a)	Current		
	Income tax payable	-	-
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	461,839	89,192
		461,839	89,192
	Deferred tax liabilities (at 21%)		
	Depreciable assets	(469,839)	(89,192)
		(469,839)	(89,192)
	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)	-	-

		2020 US$	2019 US$
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 27.5%) from Australian source income**		
	Deferred tax assets (at 27.5%)		
	Capital raising costs	51,575	71,035
	Provision for expenses	2,064	21,212
	Carry forward tax losses	297,187	169,462
		350,826	261,709
c)	**Unrecognised deferred tax assets (at 21%) from foreign source income**		
	Deferred tax assets (at 21%)		
	Carry forward revenue tax losses	2,644,985	2,992,392
	Other timing differences	4,575,335	2,741,911
		7,220,320	5,734,303

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.

Key estimates and judgements

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.)
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.

5.6. 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:

	2020 US$	2019 US$
Earnings		
(Loss) attributable to ordinary shares from continuing operations	(206,489)	(392,055)
Profit / (Loss) attributable to ordinary shares from continuing and discontinuing operations	765,512	(6,169,728)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	769,888,934	705,156,098
Effect of dilutive potential ordinary shares		
Convertible loan notes	5,494,464	-
Director Debt Shares to be issued	7,671,233	-
Total Dilutive Shares	13,165,697	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	783,054,631	705,156,098

	2020 Cents / share	2019 Cents / share
(Loss) per share from continuing operations		
Basic	(0.0315)	(0.0556)
Diluted	(0.0315)	(0.0556)
Basic earnings / (loss) per share from continuing & discontinuing operations		
Basic	0.1241	(0.9305)
Diluted	0.1231	(0.9305)

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 2020, 363,499,774 (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.

6. FINANCIAL POSITION

6.1. Cash and cash equivalents

	2020 US$	2019 US$
Cash at bank and on hand – Continuing operations	12,060	35,558
Cash at bank and on hand – discontinued operations		1,822,936
	12,060	1,858,494

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.

6.2. Trade and other receivables

	2020 US$	2019 US$
Oil and gas sales debtors	-	461,340
Other receivables	3,560	75,656
	3,560	536,996

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.

6.3. Inventories

	2020 US$	2019 US$
Oil and NGL inventory at cost of production	-	66,707

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.

6.4. Other financial assets

	2020 US$	2019 US$
Non-current		
Cash held as security by ANB bank for issuance of performance bonds	-	684,123
Lease deposit for Denver offices	-	15,747
	-	699,870

These cash deposits were assigned to the ANB Bank as part of the Workout Arrangement (See Note 3)

6.5. Oil and gas properties

	2020 US$	2019 US$
Cost of acquisition and enhancements	-	29,684,061
Accumulated amortisation and impairment and transfers	-	(22,864,190)
	-	6,819,871
Opening balance	6,819,871	12,213,486
Additions	54,301	517,036
Amortisation	(200,111)	(843,746)
Asset retirement obligation	(283,209)	(1,233,905)
Impairment	-	(3,833,000)
Sale of Silvertip Asset (see note 4)	(647,028)	-
Assignment of assets to ANB Bank (see note 3)	(5,743,824)	-
Closing balance	-	6,819,871

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 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.

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

Description	Cash Generating Unit (CGU)	Net Recoverable amount [1] US$	Net book value US$	Impairment Charge US$
Oil and Gas field	Sheep Springs	5,197,533	3,278,393	-
Oilfield	Round Mountain	1,359,239	685,439	-
Oil and Gas field	Silvertip	1,146,651	4,461,486	3,568,000
Oil and Gas field	Borie	2,218,975	2,227,552	265,000
		9,922,398	10,652,870	3,833,000
Plant and equipment	Sheep Springs		54,218	-
Plant and equipment	Round Mountain		5,786	-
Plant and equipment	Silvertip		1,253,691	1,002,000
Plant and equipment	Borie		38,752	-
			1,352,447	1,002,000
		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.

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.

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 6.5.

	2020 US$	2019 US$
6.6. Exploration assets		
Cost of acquisition and enhancements	78,930	960,634
Battery Mineral Claims	78,930	69,171
Oil and Gas Exploration Leases	-	891,463
	78,930	960,634

The Oil and Gas Exploration Leases were assigned to the ANB Bank as part of the Workout Arrangement (See Note 3)

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.

	2020 US$	2019 US$
6.7. Plant and equipment		
Balance at beginning 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
Balance at end of year		
Cost	-	2,986,340
Accumulated depreciation and impairment	-	(2,574,864)
Net carrying amount	-	411,476
Opening balance: net of accumulated depreciation and impairment	411,476	1,686,552
Disposals	(212,830)	-
Depreciation charge	(90,547)	(273,076)
Write down of Office Furniture and computers	(26,822)	-
Assignment of Oilfield Equipment to ANB Bank	(81,277)	(1,002,000)
Closing balance: net of accumulated depreciation and impairment	-	411,476

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.

6.8. Right-of-use assets and lease liabilities

The Group leased office facilities in Australia and USA. With sales and assignment of US assets, these premises were vacated during 2020. As a result, no right-of use asset and liability has been recognised at the end of the year.

i. Right-of-use assets

	2020 US$	2019 US$
Buildings -		
Cost		
Opening balance	297,417	297,417
Disposals	(297,417)	-
Closing balance	-	297,417
Accumulated depreciation		
Opening balance	234,989	149,092
Depreciation	41,284	85,897
Disposals	(276,272)	-
Closing balance	-	234,989
Closing balance	-	62,428

6.8. Right-of-use assets and lease liabilities (Cont.)

ii. Right-of-use liabilities

	2020 US$	2019 US$
Current Liabilities		
Opening Balance	64,520	98,994
Movement	(64,520)	(34,474)
Closing Balance	-	64,520
Non-Current Liabilities		
Opening Balance	6,115	70,701
Movement	(6,115)	(64,586)
Closing Balance	-	6,115
Total Liabilities	-	70,635

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.

Significant accounting policy

Right of use asset

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.

	2020 US$	2019 US$
6.9. Trade and other payables		
Current		
Trade payables and accruals – continuing operations	41,326	76,867
Trade payables and accruals – discontinued operations	-	2,001,431
	41,326	2,078,298

Trade payables are non-interest-bearing payables and are normally settled on 30 day terms.

	2020 US$	2019 US$
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.

	2020 US$	2019 US$
6.10. Interest Bearing Liabilities		
Current -		
Bank Loan opening balance	6,302,654	6,112,170
Loan advance	121,315	200,000
Interest and fees	259,399	(9,516)
Balance owing pre-assignment	6,683,368	-
Balance assigned to ANB bank as per Workover Agreement	(6,683,368)	-
Closing Balance	-	6,302,654

The secured bank loans were provided by ANB Bank as a line of credit facility with security provided by mortgages over the Group's producing oilfield in Wyoming and California. The principal and accrued interest of $6,683,367 was assigned to the ANB Bank as per the Workover Agreement.

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.

6.11. Provisions

	2020 US$	2019 US$
Current -		
Employee entitlements – annual leave	-	175,926
Non-current -		
Employee entitlements – long service leave	-	16,476
Asset retirement obligation	-	3,791,000
	-	3,807,476

	Employee entitlements (Current& Non-Current)	Asset retirement obligation (Non-current)
As at 1 January 2020	192,402	3,791,000
Movement during the year	(84,323)	283,209
Transfer of Entitlements to Equity via Debt Shares	(108,079)	-
Sale of Silvertip	-	(3,446,420)
Assignment of Sheep Springs asset retirement obligation to ANB	-	(110,383)
Assignment of Round Mountain asset retirement obligation to ANB	-	(120,822)
Assignment of Sheep Springs asset retirement obligation to ANB	-	(396,584)
As at 31 December 2020	-	-

6.11. Provisions (Cont)

	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
Reclassified from liabilities held for sale	-	-
As at 31 December 2019	192,402	3,791,000

Significant accounting policy

Asset retirement obligation
The asset retirement obligation provision takes account of the restoration of oil and gas 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.

7. CAPITAL STRUCTURE

	2020 US$	2019 US$
7.1. Share Capital		
769,888,934 Fully paid ordinary shares (2019: 769,888,934)	26,810,025	26,810,025
Shares reserved for employee share plan		
2,750,000 Fully paid ordinary shares (2019: 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 2020		Year ended 31 December 2019	
Movement in ordinary shares on issue	**US$**	**No.**	**US$**	**No.**
Equity at the start of the year	26,810,025	769,888,934	25,207,031	406,389,160
Placement of new shares	-	-	1,791,655	363,499,774
Transaction costs	-	-	(188,661)	-
At 31 December	26,810,025	769,888,934	26,810,025	769,888,934

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.

	2020 US$	2019 US$
7.2. Reserves		
Share option reserve	349,661	349,661

Share Options
At 31 December 2020 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) (2019: same as 2020)
Unlisted Options - Nil (2019: 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.

	2020 US$	2019 US$
7.3. Convertible Notes		
Convertible Notes	191,932	-

AUD $200,000 of convertible notes were issued to three different entities in December 2020. The terms of the notes are as follows:

- The principal sums and interest accrued will not be repaid in cash, but will be converted into Ordinary Shares and Noteholder options subject to the completion of the necessary shareholder approvals and regulatory approvals as well as the Company obtaining the ASX Re-instatement condition. The Conversion date will be not later than 12 months after the Completion Date (21 Dec 2020). On this date, the whole of the Principal Sum advanced and interest accrued must be converted into ordinary shares and noteholder options.
- The Number of Ordinary Shares = (Principal Sum + Interest at 10% per annum) / Conversion Price (price at which capital is raised for re-compliance listing)
- The Number of Noteholder Options = Number of Ordinary Shares / 2. The exercise prices of the options is set at 50% above the price of the shares that are issued when capital is raised for the re-compliance listing and the expiry date is 3 years from Issue Date. These have been valued using a Black Scholes model with the following assumptions:
  - Market Price $0.02
  - Exercise Price $0.03
  - Term of Options 3 years
  - Risk Free Rate 1%
  - Volatility 100%

	2020 US$	2019 US$
7.4. Debt Shares		
Debt Shares	154,716	-

On 17 December 2020 outstanding employee entitlements (including consulting fees, accrued annual leave and redundancy provisions) were converted into AUD $200,000 of debt shares by way of deeds of settlement and release. The names and details of directors who are to receive compensation by way of these shares are as follows:

Director	Value (US$)	Value (AU$)
Matthew McCann	27,384	80,013
John Whisler	61,897	61,282
Gerard McGann	18,029	35,399
Simon Adams	47,406	23,306
	154,716	200,000

7.5. Share-Based payments

(a) Eon NRG Employee Share Participation Program

As at the date of the report, there were no share based payment arrangements in place other than those detailed in 7.4 above.

(b) Other share-based payments

Nil options were issued in the 2020 financial year under the employee share plan (2019: Nil)

8. GROUP STRUCTURE

8.1. 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 (Silvertip) LLC	United States	100%
Eon Cobalt, LLC	United States	100%

Set out above are the Company's subsidiaries as at 31 December 2020. 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.
In December 2020, the Group assigned 100% of the membership interests of the following US companies to designee companies of the ANB Bank as part of the 'Workout Agreement' (see note 3):

- Incremental Oil and Gas LLC
- Incremental Oil and Gas (Round Mountain)

8.2. 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, was the operator of the well with a majority 61% working interest (53% net revenue interest). In December 2020, the Group assigned its 61% working interest (and 53% net revenue interest) to the ANB Bank as part of the 'Workout Agreement (see note 3)

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

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

	Company 2020 US$	Company 2019 US$
Assets		
Current assets	15,620	56,464
Non-current assets	-	5,487,984
Total assets	15,620	5,544,448
Liabilities		
Current liabilities	41,328	119,945
Non-current liabilities	-	22,594
Total Liabilities	41,328	142,539
Net Assets	(25,708)	5,401,909
Equity		
Issued Capital	26,810,025	26,810,025
Director Debt Shares	154,716	-
Convertible Notes	191,932	
Accumulated losses	(27,532,041)	(21,757,777)
Reserves	349,661	349,661
Total Equity	(25,708)	5,401,909
Financial performance		
(Loss) for the period	(246,911)	(392,055)

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

9. OTHER DISCLOSURES

	2020 US$	2019 US$
9.1. Key management personnel compensation		
Short-term employee benefits	351,224	611,470
Post-employment benefits	7,373	26,201
Other long-term benefits	-	-
Termination Benefits	-	-
Share-based Payments	154,716	-
Total compensation paid to key management personnel	513,312	637,672

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

9.2. Related parties

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 John Whisler and Matthew McCann 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.

Mr. McCann and Mr. Whisler 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

	2020 US$	2019 US$
9.3. 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	12,966	20,592
Other services in relation to the entity and any other entity in the consolidated group		
Tax related	-	-
	12,966	20,592
Amounts receivable or due and receivable by non-Butler Settineri audit firms for:		
Audit or review of financial report	-	-
	-	-

	2020 US$	2019 US$
9.4. Reconciliation of net profit/(loss) after tax to net cash flows from operations		
Profit/(loss) per accounts	725,090	(6,561,783)
Adjustments for		
Leave provision	(192,348)	62,574
(Impairment reversal)/Impairment of assets	(2,243,001)	4,835,000
Movement in Current Tax	-	(126,265)
Amortisation	200,351	843,746
Depreciation	90,526	358,973
Share based payments	195,138	-
Loss on disposal of assets	80,279	-
(Decrease)/Increase in provisions	283,209	283,209
Decrease/(Increase) in current receivables	418,856	(43,181)
Decrease/(increase) in inventories	66,707	33,133
(Decrease)/Increase in trade and other payables	(1,196,542)	(69,202)
(Decrease)/Increase in lease liabilities	7,540	(99,061)
Exchange differences	4,900	(5,474)
Cash (used in)/provided by operating activities	(1,559,295)	(488,331)

9.5. Commitments and contingencies

The Group has no commitments in place in relation to its exploration assets.

9.6. Segment Information

The Group has determined that it operates in one operating segment, being 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.

9.7. Events occurring after the reporting date

The Company has investigated a range of potential projects in 2021 including development of its remaining assets after the Workout Agreement with ANB to enable it to relist on ASX.

The Company has been able to negotiate with potential vendors to sell a range of hard-rock exploration assets in Western Australia which it will use as a basis to complete a Re-compliance Listing and recapitalise the company with new capital.

9.8. 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 2020 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 2020 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 2020.

On behalf of the Board

Simon Adams
Director

31 March 2022

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

Report on the Financial Report

Qualified 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 2020, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report,

(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 2020 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 Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence to confirm the completeness and accuracy of expenses of $2,047,201 as disclosed in note 5.3 (b) and (c) to the financial statements and as well as the profit from discontinued operations $972,000.

This lack of evidence arose because third party and internal financial documentation were not provided to us by management. We were unable to perform alternative procedures to obtain sufficient evidence for our opinion. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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.

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

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 qualified opinion.

Material Uncertainty Related to Going Concern

Without further qualifying our opinion above, we wish to draw your attention to Note 1 to the Financial Statements "Going Concern" on pages 19 and 20 of the financial report.

The matters as set forth 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 significance 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 as a whole, 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 Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, 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
Assignment of Assets and liabilities to ANB Bank and the Sale of Silvertip Assets (*refer notes 3,4, 5.3 and 5.4)* As a result of the significant disruption to cash flow caused by the crash in oil and gas prices in Q1-2020, the Group was unable to meet its loan repayment commitments to ANB Bank.	Our audit procedures included; • reviewing the related agreements and considering the recognition and measurement of the disposal of the assets and extinguishment of liabilities in accordance with Australian accounting standards; and • assessing the adequacy of the disclosures made by the Group in the financial report.

As part of the negotiations for a settlement, it was agreed with ANB that the Silvertip Field would be sold and a Purchase and Sale Agreement was entered into with Sendero Resources, LLC in September 2020. Following the completion of the Silvertip Field sale, an agreement was entered into with ANB Bank in October for the assignment of the remaining oil and gas assets to ANB in exchange for Eon NRG and its remaining US subsidiaries being released from the guarantee and other obligations under the Loan Facility arrangements. This agreement was documented and completed in December 2020. As a result the Group reported the US subsidiary operations as a discontinued operation in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.	
Convertible Notes (*refer note 7.3)* During the year the Group raised capital through the issue of convertible notes. The value of the notes issued was $191,932 and these have been classified as equity instruments in the consolidated statement of changes in equity.	Our audit procedures included; • considering the recognition and measurement of the convertible notes in accordance with Australian accounting standards including their classification as an equity instrument; and • assessing the adequacy of the disclosures made by the Group in the financial report.

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 2020, 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

We have audited the remuneration report included on pages 10 to 13 of the directors' report for the year ended 31 December 2020.

In our opinion, the remuneration report of Eon NRG Limited and its controlled entities, for the year ended 31 December 2020, 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

MARCIA JOHNSON CA
Director

Perth
Date: 31 March 2022

ADDITIONAL ASX INFORMATION

The following additional information is required by the Australian Stock Exchange. The information is current as at 17 March 2022.

a) Twenty largest shareholders
The names of the 20 largest holders of quoted equity securities (ASX code – E2E) as at 17 March 2022 are as follows:

	Name	No. of Shares	%'age
1	ROOKHARP CAPITAL PTY LIMITED	30,000,000	3.90
2	MR WAYNE ROGER DIXON	23,214,469	3.02
3	MR MARK ALEXANDER BROUSEK & MRS RHONDA JOAN BROUSEK	21,500,000	2.79
4	MCGANN PTY LTD	20,940,640	2.72
5	MR JING HONG JIE	18,000,000	2.34
6	MRS ZI JUAN QI	15,000,000	1.95
6	MRS YAN WANG	15,000,000	1.95
7	MR RICHARD ANDREW STEDMAN & MRS JANICE CATHERINE STEDMAN	14,014,474	1.82
8	EQUITY T S PTY LTD	13,850,900	1.80
9	BNP PARIBAS NOMINEES PTY LTD	13,215,557	1.72
10	MERRIBROOK SUPER PTY LTD	12,000,000	1.56
11	MR PETER JAMES NIXON	11,000,000	1.43
12	MR PETER JOHN DOWLING	10,800,000	1.40
13	ROOKHARP CAPITAL PTY LIMITED	10,000,000	1.30
14	MATTHEW MCCANN	9,773,437	1.27
15	PLAN-1 PTY LTD	9,142,857	1.19
16	MRS GLORIA MARIA PHONG	8,142,857	1.06
17	MR PETER JOHN DOWLING & MRS JANET MARGARET DOWLING	8,000,000	1.04
18	ANDERBY QLD PTY LTD	7,750,000	1.01
19	STONNINGTON SECURITIES PTY LTD	7,000,000	0.91
20	MRS VAISHALI HIMANSHU PATEL	6,980,651	0.91
		285,325,842	37.09

Shares in the Company are suspended at the date of this report.

b) Distribution schedule and number of holders of equity securities of Eon NRG Limited as at 17 March 2022 is shown in the table below:

	Fully Paid Ordinary Shares	No of Holders
1-1,000	5,013	29
1,001-5,000	67,576	24
5,001-10,000	461,987	59
10,001-100,000	13,827,920	243
100,001 and over	755,526,438	414
TOTAL	**769,888,934**	**769**

Holders with less than a marketable parcel 517

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 17 March 2022 all of the equity securities on issue were suspended.

e) Restricted securities –
As at 17 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:
Suite 2, 38 Colin Street
West Perth WA 6005
Australia

Telephone: +61 (0)8 6245 9821

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

38 Colin Street
West Perth
Western Australia 6005
Australia

T +61 (0)8 6245 9821

E sadams@i-og.net (Company Secretary)
W www.eonnrg.com