



ABN 66 138 145 114

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ASX Code: E2E

ASX Announcement/Media Release

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2 October 2020

## BANK WORKOUT ARRANGEMENT

Eon NRG Limited (“Eon” or the “Company”) is pleased to be able to provide an update in relation to the negotiations relating to debt restructuring. In May 2020, the Company sought to go into voluntary suspension in order to reach settlement with its bankers in relation to default on the bank loan covenants. After a period of constructive negotiation and with due diligence completed on the Company’s assets by ANB Bank (“ANB”), agreements have now been finalised with ANB and a privately owned E&P consortium to divest of assets that were pledged as security for the loan in consideration for the release of Eon and its subsidiaries from all of its US bank debt obligations.

### Settlement with ANB Bank

ANB has exercised its right under the security arrangement to foreclose on various assets that were being used as collateral for the debt obligations from the Company and its US subsidiaries. The producing oilfields of Sheep Springs and Round Mountain in California, and Borie in Wyoming, along with Eon’s working interest in the Govt. Kaehne well that was drilled in Q4-19, are being assigned to ANB. Included in this assignment are the oil field leases, production equipment and the associated cash deposits that are linked to the operating bonds to state and federal authorities. Upon completion of the settlement arrangement, Eon and its subsidiaries will have no further obligations or liabilities under the credit agreement with ANB. The assignment of these assets will take place as soon as documentation has been completed and approved by the Board.

As part of the settlement terms with ANB, the Company has reached agreement with ANB for the sale of the Silvertip oil and gas field in Wyoming to a third party, unrelated private exploration and production consortium. Consideration for this sale is \$10 for the field, with all of its operating equipment and infrastructure included as part of the transaction, as well as all liabilities, including the entirety of rehabilitation provisions and obligations. The effective date for the sale of the Silvertip Field is 30 September 2020 (USA time). Incremental Oil and Gas USA Holdings, Inc. (“IOG USA”) will remain the operator of record for this field until the Bureau of Land Management and Wyoming State Authorities approve the transfer of operatorship to the purchaser.

Eon (via its wholly owned subsidiary IOG USA), will remain as the operator of the oilfields that are assigned to ANB (Sheep Springs, Round Mountain and Borie and the Government Kaehne well) in the short term and will receive an operation fee for providing these services. Incremental Oil and Gas (USA) no longer has a permanent city office in Denver and its operating costs have been reduced to a level that will be paid from the operator fees that it receives from ANB.

### Retained Assets

Eon will retain two main undertakings that will enable it to continue to operate as a going concern:

1. **PRB exploration project:** The rights to explore and develop leasehold acreage of approximately 9,600 acres in the Powder River Basin for oil and gas deposits. Eon identified opportunities in and around the leasehold acreage that it acquired in 2018 that remain undeveloped and have commercial merit in the right economic circumstances;

2. **Nevada Mineral Lode Claims:** The rights to explore for minerals in its approximately 840 acres of mineral lode claims in the Table Mountain District of Nevada. Preliminary work was carried out by the Company to identify the potential for battery minerals, in particular cobalt, when the claims were first pegged in 2018. A review of the initial work that was carried out on the sampling and the substantially different commodity prices (in particular silver which is a metal that has been historically extracted from within these claims) provide an opportunity for further exploration for precious metals to be undertaken. The Nevada lode claims lie in a highly mineralised part of the USA with active exploration currently being carried out in adjacent claims.

Eon has applied to ASX for the voluntary suspension of its securities to be lifted, and awaits ASX's response. Eon's submission seeks to provide adequate support to satisfy ASX that its operations are sufficient to warrant the continued quotation of its securities. The Company has provided evidence of its future development opportunities based on the assets that it retains following the workout arrangement. Eon must also demonstrate to ASX that its financial condition is adequate to warrant continued quotation of its securities. The Company has shown that after the workout arrangement, its balance sheet will be significantly improved. Discussions have been held with parties that have in principle committed to providing additional funding in the short term to provide sufficient capital for ongoing exploration activities to continue. Further details will be provided once agreement has been reached with ASX on the path forward for reinstatement of the Company's securities on the ASX.

**Authorised by:**  
Board of Eon NRG Ltd

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

**For further information, contact:**

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