

ENHANCED OIL & GAS RECOVERY LIMITED

**ABN 67 097 771 581
AND CONTROLLED ENTITIES**

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2016

Appendix 4D

Half Year Report for the six months to 31 December 2016

Name of entity. **ENHANCED OIL & GAS RECOVERY LIMITED**

ABN or equivalent company reference: 67 097 771 581

1. Reporting period

Report for the half year ended: 31 December 2016

Previous corresponding periods: Half- year ended 31 December 2015

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/down	69.2%	to	379
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up/down	2.7%	to	(482,886)
Net loss for the period attributable to members (<i>item 2.3</i>)	up/down	2.7%	to	(482,886)
Dividends (<i>item 2.4</i>)	Amount per security	Franked amount per security		
Interim dividend	0¢	0¢		
Final dividend	0¢	0¢		
Previous corresponding period	0¢	0¢		
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
N/A				

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.03¢)	(0.06¢)

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)	Nil	
Date(s) of gain of control (item 4.2)	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	\$ -	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	\$ -	

Loss of control of entities

Name of entities (item 4.1)	Nil	
Date(s) of loss of control (item 4.2)	N/A	
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).	\$ -	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	\$ -	

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2014	N/A	\$0
Final dividend year ended 30 June 2013	N/A	\$0

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	0¢	0¢	0¢
Previous year	0¢	0¢	0¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	\$0	\$0
Preference securities <i>(each class separately)</i>	\$0	\$0
Other equity instruments <i>(each class separately)</i>	\$0	\$0
Total	\$0	\$0

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6):*

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

7. Details of associates and joint venture entities (item 7)

Name of associate or joint venture entity	%Securities held
Nil	

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2016 \$	2015 \$
Profit (loss) from ordinary activities before tax	-	-
Income tax on ordinary activities	-	-
Net profit (loss) from ordinary activities after tax	-	-
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	-	-

8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).

9. Independent review of the financial report (item 9)

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review conclusion. Emphasis of matter is included in the Independent Auditor's Review Report.

Extract of Emphasis of Matter

Without modifying our conclusion, we draw attention to the half-year financial report which indicates that the consolidated entity incurred a loss for the half-year ended 31 December 2016 of \$482,886 and, as of that date, the consolidated entity's net liabilities were \$239,087. In Note 2 it is stated that the consolidated entity's ability to continue as a going concern is dependent on the ability to raise funds as required to meet its obligations, including relisting of Enhanced Oil & Gas Recovery Limited. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

10. Matters relating to a qualified independent review statement

A description of the dispute or qualification in respect of the independent review of the half-year financial report is provided below (item 17)

N/A

ENHANCED OIL & GAS RECOVERY LIMITED
ABN: 67 097 771 581
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

This half-year financial report is to be read in
conjunction with the financial report for the year
ended 30 June 2016

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

TABLE OF CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	6
Financial Report for the half year ended 31 December 2016	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11
Directors' Declaration	15
Independent Auditor's Review Report	16

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES**

ABN: 67 097 771 581

DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of Enhanced Oil & Gas Recovery Limited (the "Company") and the entities it controlled, for the half-year ended 31 December 2016 and independent auditor's review report thereon.

Directors Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Ross Hill	Director since 8 July 2009
Siew Hong Koh	Director since 11 November 2008
Troy Burns	Director since 18 July 2016 and resigned on 29 November 2016
John Carmody	Director since 26 May 2014
YuJiang (Jodie) Tong	Director since 19 August 2015

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the group for the half-year after providing for income tax amounted to \$482,886.

Towards the end of the last financial reporting period as at 30 June 2016, the Company raised \$178,000 at a placement price of \$0.005 per share. Consequently, 35,600,000 new fully paid ordinary shares in the Company were issued on or about 14 July 2016.

As part of a restructuring plan to reduce the overall debts, the Company secured a funding arrangement by way of issue of Converting Notes to a syndicate of professional and sophisticated investors to raise \$400,000. The converting notes were unsecured and redeemable with a face value of \$25,000 each converting into fully paid ordinary shares in the Company at \$0.005 per share and entitling the noteholder to be issued two (2) free share options for every three (3) shares issued on conversion of those notes. The converting notes were unsecured loans to the Company until the conversion of those notes into shares subject to the approval of shareholders of the Company at a general meeting. The converting notes were issued on 18 July 2016.

It was also resolved on or about 11 July 2016 to enter into a Deed of Settlement with "Consultant" creditors of the Company whereby 19,808,215 fully paid ordinary shares were issued (at \$0.012 per share) in lieu of a portion of services fees owed to consultant creditors of the Company. The issue of shares made on 22 July 2016 as part of a debt reduction plan assisted the Company in preserving \$237,698.56 of its cash resource for application in other areas.

The Deed of Settlement include a further issue of 19,227,848 shares at \$0.012 to Consultant creditors who are parties related to or are directors of the Company. The issue of shares were subject to shareholders approval at the annual general meeting.

It was anticipated that the Deed of Settlement would retire a total liability of \$752,695 due to the creditors by a mix of cash and issue of shares in lieu of cash payments. This included a waiver of debt for \$12,915 agreed with one of the creditors.

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES**

ABN: 67 097 771 581

Review of Operations(cont'd)

The Company received a further subscription of \$125,000 for converting notes on similar terms and conditions of the converting notes issued on 18 July 2016 from the syndicate of professional and sophisticated investors. Until shareholders have approved the conversion of those converting notes into share securities at a general meeting, the notes remained an unsecured loan to the Company. These converting notes were issued on 19 September 2016.

The Company is continuing to raise further working capital to defray the costs of a proposed prospectus issue. On 14 October 2016, the Company release ASX Appendix 3B for issue of 9,000,000 shares at \$0.005 each for \$45,000 subscription monies received.

On 14 October 2016, the Company announced the engagement of Pricewaterhouse Coopers Securities Ltd (PwCS) to prepare an independent expert's report (IER) in relation to the Company's proposed acquisition of the entire issued share capital of Centre Energy Petroleum Limited (CEP).

The IER is to provide an opinion on whether the proposed acquisition of CEP is fair and reasonable to the shareholders of the Company and to be provided to shareholders along with the notice of extraordinary general meeting in respect of the shareholder vote required on the proposed acquisition pursuant to section 611, item 7 of the Corporations Act.

On 7 November 2016, the Company responded to an ASX Appendix 4C Query. The Company advised that it would raise up to \$600,000 additional funding by way of share placement under ASX Listing Rule 7.1 after shareholders have considered and approved Resolution 7 "Past Issue of Shares" at the Annual General Meeting proposed to be held on 30 November 2016.

Mr Troy Burns joined the Board as an Executive Director of the Company on 18 July 2016 and later, took over the role as Chairman following the notice of Mr Ross Hill of his intention to step aside as the Chairman due to work commitments related to his private legal practice. Due to a change of circumstances, Mr Burns resigned from the Board on 29 November 2016.

Following shareholders' approval of all resolutions (resolutions 4 to 8) concerning the issue of various securities at the 2016 AGM held on 30 November 2016, the Company issued, accordingly;

- i) 93,333,333 fully paid ordinary shares and 62,222,223 share options to the converting noteholders for total \$525,000 received on the note subscription; and
- ii) 19,227,848 fully paid ordinary shares to "consultant creditors" who are also directors of the Company, relieving the Company debt liability of \$230,734.18.

The total 112,561,181 shares issued by the Company after the 2016 AGM were unquoted shares (EORAI shares), potentially subject to ASX escrow conditions and the Company satisfying ASX chapters 1 & 2 of the listing rules.

The share options exercisable at \$0.012 each and were to expire on 8 December 2017. Any shares issued upon exercise of those options would be subject to the same conditions of the EORAI shares.

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES**
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Review of Operations(cont'd)

As at 31 December 2016, the issued securities of the Company consists of

Shares quoted on ASX (EOR)	409,810,055
Unquoted shares (EORAI) potentially subject to ASX escrow conditions	533,811,064

Total issued shares	943,811,064

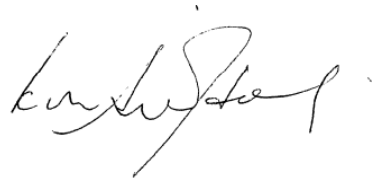
Share options exercisable at \$0.012 (*expiry 8/12/2017*) 66,222,223

The Company is now receiving independent advice on valuation of CEP which includes the Wailawi Oil & Gas Project in Indonesia, and is in the process for the preparation of a notice to shareholders for a general meeting to approve the proposed CEP acquisition, the issue of a prospectus for a public offering to raise a subscription amount of up to \$4,000,000, and re-listing of the Company compliant to ASX chapters 1 & 2 of the listing rules.

Auditor's Declaration

A copy of the auditor's declaration, as required under section 307C of the *Corporations Act 2001*, in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors.



Siew Hong Koh
Director

Dated this 28th day of February 2017

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**AUDITOR'S INDEPENDENCE DECLARATION
ENHANCED OIL & GAS RECOVERY LIMITED AND CONTROLLED ENTITIES**

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Enhanced Oil & Gas Recovery Limited and the entities it controlled during the period.



ROD SHANLEY
Partner

PITCHER PARTNERS
Sydney
28 February 2017

**CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Half-year	
	2016	2015
	\$	\$
Revenue		
Other revenue	379	1,229
	<u>379</u>	<u>1,229</u>
Less: Expenses		
Corporate and Temporary Staff Costs	(233,155)	(245,669)
Occupancy expenses	(31,723)	(31,906)
Impairment charge	-	(19,940)
IT & T	(597)	(653)
Finance costs	(1,204)	(1,169)
Corporate and listing costs	(160,413)	(145,001)
Insurance	(13,863)	(16,935)
Other expenses	(42,310)	(9,944)
	<u>(483,265)</u>	<u>(471,217)</u>
Loss before income tax expense from continuing operations	(482,886)	(469,988)
Income tax expense	-	-
Loss for the half year from continuing operations	(482,886)	(469,988)
Profit from discontinued operations	-	-
Loss for the half year	(482,886)	(469,988)
Other comprehensive income	-	-
Other comprehensive income after income tax expense	-	-
Total comprehensive income attributable to the members of Enhanced Oil & Gas Recovery Limited	(482,886)	(469,988)
Basic earnings per share	(0.06¢)	(0.07¢)
Diluted earnings per share	(0.06¢)	(0.07¢)

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	31 Dec 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		54,272	168,545
Receivables	6	43,747	39,412
Other current assets		12,242	26,105
TOTAL CURRENT ASSETS		<u>110,261</u>	<u>234,062</u>
NON-CURRENT ASSETS			
Property, plant and equipment		1	1
Other financial assets		60	60
TOTAL NON-CURRENT ASSETS		<u>61</u>	<u>61</u>
TOTAL ASSETS		<u>110,322</u>	<u>234,123</u>
CURRENT LIABILITIES			
Trade and other payables		(345,990)	(1,050,516)
Borrowings		(3,419)	(23,005)
TOTAL CURRENT LIABILITIES		<u>(349,409)</u>	<u>(1,073,521)</u>
TOTAL LIABILITIES		<u>(349,409)</u>	<u>(1,073,521)</u>
NET ASSETS/(LIABILITIES)		<u>(239,087)</u>	<u>(839,398)</u>
EQUITY			
Contributed capital		13,308,654	1,225,457
Accumulated losses		(13,547,741)	(13,064,855)
TOTAL EQUITY		<u>(239,087)</u>	<u>(839,398)</u>

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

Consolidated	Contributed equity \$	Accumulated losses \$	Total Equity \$
Balance as at 1 July 2015	11,632,971	(11,949,028)	(316,057)
Loss for the period	-	(469,988)	(469,988)
Ordinary shares issued net of costs	338,400	-	338,400
Balance as at 31 December 2015	11,971,371	(12,419,016)	(447,645)

Consolidated	Contributed equity \$	Accumulated losses \$	Total Equity \$
Balance as at 1 July 2016	12,225,457	(13,064,855)	(839,398)
Loss for the period	-	(482,886)	(482,886)
Ordinary shares issued net of costs	1,083,197	-	1,083,197
Balance as at 31 December 2016	13,308,654	(13,547,741)	(239,087)

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Half-year	
	2016	2015
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(708,627)	(323,654)
Interest received	1,379	1,229
Borrowing costs	(1,204)	(1,169)
Net cash provided by (used in) operating activities	<u>(709,452)</u>	<u>(323,594)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from shares issued net of costs	89,765	338,400
Proceeds from Converting Notes issued net of costs	525,000	-
Repayment of borrowings	(19,586)	(22,171)
Net cash provided by (used in) financing activities	<u>595,179</u>	<u>316,229</u>
Net increase (decrease) in cash and cash equivalents	(114,273)	(7,365)
Cash and cash equivalents at beginning of half-year	<u>168,545</u>	<u>97,077</u>
Cash and cash equivalents at end of the half-year	<u>54,272</u>	<u>89,712</u>

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2016

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Enhanced Oil & Gas Recovery Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The same accounting policies and method of computation have been followed in this interim financial report as were applied in the most recent annual financial report.

NOTE 2: GOING CONCERN

The half-year financial statements have been prepared on a going concern basis.

The consolidated entity has in the half-year to 31 December 2016 raised in total \$570,000 through the issue of various securities which were ultimately converted into fully paid ordinary shares (EORAI shares).

Also, an additional 39,036,063 EORAI shares were issued as part of a debt reduction plan in lieu of cash settlement of \$468,432.74.

All shares issued during the reporting period by the consolidated entity are not quoted and potentially subject to ASX imposed escrow conditions.

The consolidated entity expects to raise up to \$600,000 through further share issues to fund the costs of prospectus issue and re-compliance to Chapters 1 & 2 of the listing rules.

As recently announced to the market, EOR has now verbal commitments of \$300,000 as immediate capital injection into the Company while its implementation strategy for the acquisition of CEP and the Wailawi Project is being reviewed and re-aligned in respect of the deployment of management resources.

The Company will undertake a public offering through the prospectus to raise a subscription amount of up to \$4,000,000.

It should be noted that the Company's ability to continue as a going concern is dependent on the ability to raise funds as required to meet its obligations, including re-listing of the company.

NOTE 3: JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES
ABN: 67 097 771 581**

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2016

NOTE 4: DIVIDENDS

	Half-year	
	2016	2015
	\$	\$
Dividends provided for or paid during the half-year:		
Ordinary Shares	-	-
Proposed dividends not recognised at the end of the half-year	-	-

NOTE 5: SEGMENT INFORMATION

The consolidated entity is in transition to a change in its business direction with activities focussed in the energy resources sector. Until the transition is completed, the consolidated entity operates predominantly within Australia.

As a result, the consolidated entity operated as a single operating segment during the half-year and detailed disclosures per segment are not required.

NOTE 6: RECEIVABLE FROM CENTRE ENERGY PETROLEUM LIMITED

In the financial year 2014, the company incurred \$153,967 of expenses in respect of various technical, financial and legal advices, including related travel expenses, in relation to the proposed operating and equity structure of the Wailawi Oil & Gas Project. As Centre Energy Petroleum Limited (CEP) had been reviewing and acting on the advice, it had been agreed between the Company and CEP that CEP would reimburse the Company for those costs in full.

The directors have assessed the recoverability of the receivable previously. However, the changed circumstances and inherent delays in completing the acquisition of interests in the Wailawi Project, the directors of the Company are doubtful of the recovery of the receivables and have decided to impair the carrying amount of the receivables resulting to an impairment expense of \$129,266 for the year ended 30 June 2016. Accordingly, the receivables are written down to \$24,701 and such provision for impairment will be extinguished should a recovery eventuates upon the completion of acquisition of CEP.

NOTE 7: CHANGES IN THE COMPOSITION OF THE ENTITY

There has been no change to the composition of the entity.

NOTE 8: CONTINGENT LIABILITIES

The tax return for 2016 financial year is being prepared and expected to be lodged by the due date and no tax is expected to be payable.

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES
ABN: 67 097 771 581**

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2016

NOTE 9: FAIR VALUE MEASUREMENT

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities

	31 December 2016		30 June 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	54,272	54,272	168,545	168,545
Receivables	43,747	43,747	39,412	39,412
Other financial assets	60	60	60	60
	-----	-----	-----	-----
	98,079	98,079	208,017	-
	=====	=====	=====	208,017
				=====
Financial liabilities				
Trade and other payables	345,990	345,990	1,050,516	1,050,516
Borrowings	3,419	3,419	23,005	23,005
	-----	-----	-----	-----
	349,409	349,409	1,073,521	1,073,521
	=====	=====	=====	=====

NOTE 10: RELATED PARTY DISCLOSURES

Transactions with key management personnel of the entity or its parent and their personally-related entities for the half year ended 31 December 2016:

Centrebright Pty Ltd, an entity controlled by Siew Hong Koh, non-Executive Director provided management services under normal terms and conditions for fees of \$30,000 (2015: \$40,000).

J C Petroleum Pty Ltd, an entity controlled by John Carmody, non-Executive Director provided technical advisory services under normal terms and conditions for fees of \$12,996 (2015: \$12,996).

YuJiang Tong, non-Executive Director provided consulting services in relation to fundraising initiatives in the People's Republic of China. The company paid the sum of \$21,818 for consulting services and to defray the costs of travel and other related expenses in promoting the Company (2015: 12,000).

Drumcliff Investment Pty Ltd, an entity controlled by Graham Kavanagh, Executive Officer provided consulting services under normal terms and conditions for fees of \$59,091 (2015: \$59,091).

Ekam Commercial is a professional service firm of Eric Kam, the Company Secretary has during the year provided management services to the Company under normal terms and conditions for fees of \$36,000 (2015: \$36,000).

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2016

NOTE 11: SIGNIFICANT EVENTS AND TRANSACTIONS

The fund raising of \$525,000 through the issue of converting notes and the overall debt reduction of \$752,694.74 during the half-year reporting period has been a critical turning point for the consolidated entity.

The notes were converted into shares of 93,333,333 on 8 December 2017 with attached options of 2 for every 3 shares. Total number of options issued arising from the conversion is 62,222,223 and outstanding at 31 December 2016. The options have an exercise price of \$0.012 per share and expire on 8 December 2017.

There is no fair value associated with these options based on the Black-Scholes Model calculation.

The consolidated entity is now in a better position to move forward and focussing to complete the proposed acquisition of the Wailawi Oil & Gas Project and seeking re-listing of the Company compliant to ASX chapters 1 & 2 of the listing rules.

NOTE 12: EVENTS AFTER BALANCE DATE

No subsequent events occurred after the end of the half-year.

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES**
ABN: 67 097 771 581

DIRECTORS DECLARATION

The directors declare that the financial statements and notes set out on pages 7 to 14 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Enhanced Oil & Gas Recovery Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Siew Hong Koh

Director

Sydney

Date: 28th February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ENHANCED OIL & GAS RECOVERY LIMITED AND CONTROLLED ENTITIES

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Enhanced Oil & Gas Recovery Limited ("the company") and its Controlled Entities ("the consolidated entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Enhanced Oil & Gas Recovery Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "*Review of a Financial Report Performed by the Independent Auditor of the Entity*", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of Enhanced Oil & Gas Recovery Limited and the entities it controlled, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ENHANCED OIL & GAS RECOVERY LIMITED AND CONTROLLED ENTITIES**

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Enhanced Oil & Gas Recovery Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the group's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to the half-year financial report which indicates that the consolidated entity incurred a loss for the half-year ended 31 December 2016 of \$482,886 and, as of that date, the consolidated entity's net liabilities were \$239,087. In Note 2 it is stated that the consolidated entity's ability continue as a going concern is dependent on the ability to raise funds as required to meet its obligations, including relisting of Enhanced Oil & Gas Recovery Limited. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



ROD SHANLEY
Partner

28 February 2017



PITCHER PARTNERS
Sydney