

ENHANCED OIL & GAS RECOVERY LIMITED

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

**HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017
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 2017

Appendix 4D

Half Year Report for the six months to 31 December 2017

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 2017

Previous corresponding periods: Half- year ended 31 December 2016

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	up/ down	9,287%	to	35,578
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up /down	66.9%	to	(159,544)
Net loss for the period attributable to members (<i>item 2.3</i>)	up /down	66.9%	to	(159,544)
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	(0.07¢)	(0.03¢)

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 half year ended 31 December 2017	N/A	\$0
Final dividend year ended 30 June 2017	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
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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':	2017 \$	2016 \$
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 on going concern is included in the Independent Auditor's Review Report.

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 2017

This half-year financial report is to be read in
conjunction with the financial report for the year
ended 30 June 2017

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

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**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 (the "Group"), for the half-year ended 31 December 2017 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
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 \$159,544; being a substantial reduction from the corresponding period of \$482,886. This reflects the Company's concerted effort to reduce expenditure as it moves towards completion of the Wailawi transaction. The Company will continue to review all third-party arrangements.

The central focus of the Company's operations for the six months to 31 December 2017, and subsequently; has been and is the completion of the Wailawi transaction.

To this end, the Company negotiated a variation of the Share Purchase Agreement with Central Petroleum Limited ("CEP") such that the Company and CEP have agreed that CEP's shareholders will receive:

- 500 million ordinary shares
- 250 million options exercisable on or before the two-year anniversary of the date of issue at \$0.02
- the amount of the Existing Shareholder Loan remains at US\$825,000.

Chairman Mr. Ross Hill noted at the time that "after a substantial review of the acquisition terms and consultation with our advisers that to ensure that all stakeholders started on equal terms it was necessary to negotiate a viable agreement with CEP".

Towards the end of the last financial reporting period as at 30 June 2017, the Company was negotiating to settle a previous agreement, and this was achieved and announced on 23 August 2017. Simultaneously the Company announced that it has raised \$100,000 at a placement price of \$0.005 per share. Approximately \$28,000 had been received in the prior financial year. Consequently, 20,000,000 new fully paid ordinary shares in the Company were issued on or about this time.

During early October 2017, the Company received a \$150,000 line of credit which it has drawn down and used.

As part of a restructuring plan to reduce the overall debts, the Company continues to negotiate and enter into Deeds of Settlement with "Consultant" creditors of the Company. In some instances, the Company will be looking to both deny current claims and seek recovery of funds previously paid.

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

On 14 October 2016, the Company announced the engagement of PricewaterhouseCoopers 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.

This report and the Geological Report from RobSearch have both been completed and they, together with a draft Notice of Meeting were submitted to the Australian Stock Exchange ("ASX") in mid-December 2017. The company awaits final review from ASX.

At the end of the period all outstanding options; 62,222,223 lapsed.

As at 31 December 2017, the issued securities of the Company consist of:

Shares quoted on ASX (EOR)	409,810,055
Unquoted shares (EORAI) potentially subject to ASX escrow conditions	562,539,636

Total issued shares	972,349,691

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.

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

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

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 27th day of February 2018



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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 2017, 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.



MARK GODLEWSKI
Partner

PITCHER PARTNERS

Sydney

27 February 2018

**CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Half-year	
	2017	2016
	\$	\$
Revenue		
Other revenue	35,578	379
	35,578	379
Less: Expenses		
Corporate and Temporary Staff Costs	11,039	(233,155)
Property and Occupancy	(14,517)	(31,723)
IT & Telecommunications	(460)	(597)
Finance costs	(865)	(1,204)
Corporate and listing costs	(102,566)	(160,413)
Insurance	(15,443)	(13,863)
Travel and accommodation	(34,497)	(7,373)
Professional fees	(28,647)	(29,500)
Other expenses	(9,166)	(5,437)
	(195,122)	(483,265)
Loss before income tax expense from operations	(159,544)	(482,886)
Income tax expense	-	-
Loss for the half year from operations	(159,544)	(482,886)
Other comprehensive income after income tax expense	-	-
Total comprehensive income attributable to the members of Enhanced Oil & Gas Recovery Limited	(159,544)	(482,886)
Basic loss per share	(0.02¢)	(0.06¢)
Diluted loss per share	(0.02¢)	(0.06¢)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 Dec 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		38,932	28,345
Receivables	6	29,778	50,999
Other current assets		13,313	32,887
TOTAL CURRENT ASSETS		<u>82,023</u>	<u>112,231</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>82,084</u>	<u>112,292</u>
CURRENT LIABILITIES			
Trade and other payables		557,904	689,462
Borrowings		7,773	29,979
TOTAL CURRENT LIABILITIES		<u>565,677</u>	<u>719,441</u>
Borrowings		150,000	-
TOTAL NON-CURRENT LIABILITIES		<u>150,000</u>	<u>-</u>
TOTAL LIABILITIES		<u>715,677</u>	<u>719,441</u>
NET ASSETS/(LIABILITIES)		<u>(633,593)</u>	<u>(607,149)</u>
EQUITY			
Contributed capital		13,400,407	13,267,307
Accumulated losses		(14,034,000)	(13,874,456)
TOTAL EQUITY		<u>(633,593)</u>	<u>(607,149)</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 2017**

Consolidated Entity	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)
Total comprehensive income for the half year	-	(482,886)	(482,886)
Transactions with owners in their capacity as owners:			
Ordinary shares issued net of costs	1,083,197	-	1,083,197
	1,083,197	-	1,083,197
Balance as at 31 December 2016	13,308,654	(13,547,741)	(239,087)
Consolidated Entity	Contributed equity \$	Accumulated losses \$	Total Equity \$
Balance as at 1 July 2017	13,267,307	(13,874,456)	(607,149)
Loss for the period	-	(159,544)	(159,544)
Total comprehensive income for the half year	-	(159,544)	(159,544)
Transactions with owners in their capacity as owners:			
Ordinary shares issued net of costs	133,100	-	133,100
	133,100	-	133,100
Balance as at 31 December 2017	13,400,407	(14,034,000)	(633,593)

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Half-year	
	2017	2016
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(218,718)	(708,627)
Interest received	17	1,379
Borrowing costs	(429)	(1,204)
Net cash provided by (used in) operating activities	<u>(219,130)</u>	<u>(708,452)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	35,573	-
Net cash provided by (used in) investing activities	<u>35,573</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from shares issued net of costs	72,000	89,765
Proceeds from Converting Notes issued net of costs	-	525,000
Proceeds from loans	150,000	-
Repayment of borrowings	(27,856)	(19,586)
Net cash provided by (used in) financing activities	<u>194,144</u>	<u>595,179</u>
Net increase (decrease) in cash and cash equivalents	10,587	(113,273)
Cash and cash equivalents at beginning of half-year	<u>28,345</u>	<u>168,545</u>
Cash and cash equivalents at end of the half-year	<u>38,932</u>	<u>55,272</u>

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

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 2017 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 Group has in the half-year to 31 December 2017 raised in total \$100,000 (of which \$28,000 was received in June 2017) through the issue of 20,000,000 fully paid ordinary shares (EORAI shares). Also, an additional 8,728,572 EORAI shares were issued as part of a debt reduction plan in lieu of cash settlement of \$61,100.

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

The Group expects to raise up to \$200,000 through further share issues and / or additional borrowings to fund the costs of prospectus issue and re-compliance to Chapters 1 & 2 of the listing rules and working capital.

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

During the period the Company has negotiated extended terms of payment with its major creditors.

In February 2018, the Company signed a Deed of Settlement with a former consultant to convert debt of \$22,000 to equity through issue of shares. Furthermore, the Company is currently finalising a Deed of Settlement with a consultant creditor to convert debt of \$75,625 to equity through issue of shares. These are part of the debt reduction plan as discussed above.

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 2017.

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

NOTE 4: DIVIDENDS

	Half-year	
	2017	2016
	\$	\$
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 Group is in transition to a change in its business direction with activities focussed in the energy resources sector. Until the transition is completed, the Group operates predominantly within Australia.

As a result, the Group 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 eventuate 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: COMMITMENT AND CONTINGENT LIABILITIES

Except as disclosed elsewhere in this financial report, there are no other commitments or contingent liabilities at balance date.

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

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 2017		30 June 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	38,932	38,932	28,345	28,345
Receivables	29,778	29,778	50,999	50,999
Other financial assets	60	60	60	60
	-----	-----	-----	-----
	68,770	68,770	79,404	79,404
	=====	=====	=====	=====
Financial liabilities				
Trade and other payables	557,904	557,904	689,462	689,462
Borrowings	157,773	157,773	29,979	29,979
	-----	-----	-----	-----
	715,677	715,677	719,441	719,441
	=====	=====	=====	=====

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 2017:

Centrebright Pty Ltd, an entity controlled by Siew Hong Koh, non-Executive Director did not provide any management services for the half year and was not paid any fees (2016: \$30,000). An amount of \$8,494 of travel reimbursement was paid to entities associated with Mr Koh.

J C Petroleum Pty Ltd, an entity controlled by John Carmody, non-Executive Director did not provide any technical advisory services for the half year and was not paid any fees (2016: \$12,996).

YuJiang Tong, non-Executive Director did not provide any consulting services for the half year and was not paid any fees (2016: \$21,818).

Ross Hill did not provide any consulting services for the half year and was not paid any fees (2016: \$nil).

During early October 2017, the Company received a \$150,000 loan from a director-related entity. The loan is repayable by February 2020 and non-interest bearing and without security.

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

NOTE 11: SIGNIFICANT EVENTS AND TRANSACTIONS

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

Except as disclosed in Note 2, no other subsequent events have occurred after the end of the half-year.

NOTE 13: ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise specified.

NOTE 14: SHARE CAPITAL

a) Share capital

	December 2017 Shares	June 2017 Shares	December 2017 \$	June 2017 \$
Ordinary Shares – fully paid	972,349,690	943,621,119	13,400,407	13,267,307

b) Movements in ordinary share capital of the company during the half-year were as follows:

	Half year ended 31 December 2017 Shares	Half-year ended 31 December 2016 Shares	Half year ended 31 December 2017 \$	Half-year ended 31 December 2016 \$
Balance at beginning of half-year	943,621,119	766,651,722	13,267,307	12,225,457
17/07/2016 – Share issue	-	35,600,000	-	50,015
22/07/2016 – Conversion of debt	-	19,808,215	-	237,699
17/10/2016 – Share issue	-	9,000,000	-	45,000
30/11/2016 – Converting Notes to shares	-	93,333,334	-	525,000
30/11/2016 – Conversion of debt	-	19,227,848	-	230,734
2/08/2017 – Conversion of debt	8,728,572	-	61,100	-
23/08/2017 – Share issue	20,000,000	-	72,000	-
	972,349,691	943,621,119	13,400,407	13,313,905
Less issue cost	-	-	-	5,521
Balance at end of half-year	972,349,691	943,621,119	13,400,407	13,308,654

**ENHANCED OIL & GAS RECOVERY LIMITED
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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 2017 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: 27th February 2018



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ACCOUNTANTS • AUDITORS • ADVISORS

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ENHANCED OIL & GAS RECOVERY LIMITED AND CONTROLLED ENTITIES

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

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 2017, 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 2017 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.

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 2017 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 2017 of \$159,544 and, as at 31 December 2017, the consolidated entity had cash assets of \$38,932 and net liabilities of \$633,593. In Note 2 it is stated that the consolidated entity's ability to continue as a going concern is dependent on the ability of the company to raise funds as required to meet its obligations, including relisting on the Australian Securities Exchange.

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, realise its assets and discharge its liabilities in the normal course of business.



Mark Godlewski
Partner



PITCHER PARTNERS
Sydney

27 February 2018