ENHANCED OIL & GAS RECOVERY LIMITED

ABN: 67 097 771 581

AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

CORPORATE DIRECTORY

Registered & Corporate Office
Level 14, 3 Spring Street
Sydney NSW 2000
Telephone: (02) 8226 3301

Board of Directors
Wayne Johnson (*appointed 15 May 2019*) (Chairman)
Ross Hill (*resigned 15 May 2019*)
Siew Hong Koh
Gary Lim (*appointed 15 May 2019*)
John Carmody (*resigned 15 May 2019*)
Maki Petkovski (*resigned 20 July 2018*)

Company Secretary
Ross Hill

Share Registry
Computershare Investor Services Limited
Yarra Falls, 452 Johnston St
Abbotsford, VIC, 3067
Telephone: (03) 9415 4000
Facsimile: (03) 9473 2500

Auditors
Pitcher Partners
Level 16 Tower 2
201 Sussex Street
Sydney NSW 2000
Telephone: (02) 9221 2099
Facsimile: (02) 9223 1762

Bankers
Westpac Banking Corporation Limited
34 Bridge Street
Sydney NSW 2000

Lawyers
Bird and Bird
Level 11
68 Pitt Street
Sydney NSW 2000
Telephone: (02) 92269888

ASX Code – EOR
Enhanced Oil & Gas Recovery Limited
Shares are listed on the Australian Securities Exchange.

Corporate Governance
The Company's corporate governance statement is available on the ASX website.

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DIRECTORS' REPORT

The directors present their report together with the financial statements of the consolidated entity consisting of Enhanced Oil & Gas Recovery Limited (EOR) and the entities it controlled, for the financial year ended 30 June 2019.

Principal Activities

The consolidated entity remains in transition to the change in its business direction and to re-comply to chapters 1 and 2 of the ASX listing rules.

The current activities of the consolidated entity during the bulk of the financial year had been focused on restructuring and seeking opportunities for the future.

Results

The consolidated loss after income tax attributable to the members of Enhanced Oil & Gas Recovery Limited was a loss of $482,290 (2018: $403,034 loss).

Review of Operations

The main activities of the Company during most of the financial year centred on restructuring and seeking opportunities for the future.

In late July 2018 Mr Maki Petkovski resigned as a director.

During September 2018 the Company made a number of equity issues to either raise working capital or reduce liabilities. On 17 September 2018, the Company issued 119,442,500 shares at $0.002. These shares were issued as part of a placement of 40,000,000; a debt to equity swap of 50,000,000; and a conversion of debt and outstanding liabilities for 29,442,500 shares.

Also beginning late September 2018 through to mid December 2018, the Company received loans of $128,050 that were used for working capital and to pay debts.

On 1 February 2019 the Company issued 11,187,955 shares to settle labilities. 5,500,000 shares were issued for $0.002 for services rendered and 5,687,955 were issued at $0.004 to extinguish an existing debt to former director John Carmody. This later issue having been approved by shareholders.

As the company sought potential opportunities, it was able to obtain in May 2019 a $300,000 Convertible Note.

Further funding was obtained in late May 2019 through the placement of 160,000,000 shares at approximately $0.0057143 to raise $91,428.

The Company has been successful in managing its liabilities and entering into settlement arrangements. The Company is fortunate in that it had a small number of creditors, each of whom has had a long-term relationship with EOR.

The Company is particularly grateful for the continued funding and letter of support by director, Mr Siew Hong Koh and his related Companies.

EOR has in the past few months narrowed its review of opportunities and is actively pursuing a transaction so that the Company can be requoted on the ASX register.

On 28 June 2019, the company issued a Notice of Meeting for an Extraordinary General Meeting ("EGM") to consider ten resolutions which sought to: confirm two recent director appointments, ratify the recent placement, convert a number of existing liabilities to equity, convert over 80% of the convertible note to equity, consolidate the share capital on a 175 to 1 basis and approve a new constitution of the Company.

These actions are precursors to finalising opportunities the Board is seeking to complete, resulting in the Company being requoted on the ASX.

At the end of the financial year, the Company had in total 1,282,980,146 issued shares of which 409,810,055 shares are quoted listed securities in the Australian Stock Exchange (ASX). The remaining 873,170,091 shares representing approximately 68% of the total issued shares are not currently quoted and are potentially subject to ASX imposed escrow conditions.

After Balance Date Events

The Company held the EGM on 30 July 2019 and all resolutions were passed. The resolutions passed were as follows: -

- Re-election of Wayne Johnson as a director
- Re-election Gary Lim as a director
- Ratify the placement of 160,000,000 ordinary shares in May 2019
- Approve issue of 189,087,689 ordinary shares (pre-consolidation) to Bestrawl P/L for $108,050- convert debt to equity
- Approve issue of ordinary shares to 210,000,210 ordinary shares (pre-consolidation) to Tasman Pacific Investments Limited for $120,000- convert debt to equity
- Approve issue of 37,750,037 ordinary shares (pre-consolidation) to Alpha Wealth Advisory Services Pty Limited for $21,000- convert debt to equity
- Approve issue of 117,250,117 ordinary shares (pre-consolidation) to Immajin Pty Limited for $67,000- convert debt to equity
- Issue 437,500,438 ordinary shares (pre-consolidation) for the conversion of $250,000 convertible notes.
- Consolidate the number of ordinary fully paid shares on issue on the basis that every 175 ordinary shares to be consolidated into 1 share.

Likely Developments

The Company will continue to progress the current opportunity it has identified and seek re-listing of the Company compliant to ASX Chapters 1 & 2 of the listing rules.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year.

Shares Under Option

There are no unissued ordinary shares of Enhanced Oil & Gas Recovery Limited under option at the date of this report.

Indemnification and Insurance of Directors, Officers and Auditors

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related entity) that may arise from their position as Directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Proceedings on Behalf of the Consolidated Entity

There is no impending legal proceeding for the reporting period.

During October 2018, the Company settled a claim from Drumcliff Investments Pty Ltd, a Company associated with former Executive Officer and Joint Company Secretary Graham Kavanagh who resigned in March 2017 for substantially less that was claimed.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director of Enhanced Oil & Gas Recovery Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Ross Hill B Legal Non-Executive Director (Resigned 15 May 2019) Company Secretary (from 8 March 2017)	Ross Hill is an experienced lawyer with combined 20 years of business and professional experience. He has developed extensive practical legal experience in Australia and throughout South-East Asia and has therein provided extensive advisory services to a wide range of highly reputed clients.
John Carmody *BSc MA Dip Ed MAusIMM MPESA MAAPG* Non-Executive Director (Resigned 15 May 2019)	John Carmody is a professional geologist of over 30 years' experience in oil & gas exploration and production, including coal seam methane. John is the former President of the Australian Petroleum Society.
Siew Hong Koh BSc Non-Executive Director	Mr S H Koh is a Director of a number of companies involved in investments in property, technology, energy and mining resources. He has over 30 years of commercial experience in public and private companies.
Maki Petkovski B.Sc. (Geology) Non-Executive Director (Appointed 30 April 2018 – Resigned 20 July 2018)	Mr. Petkovski has over 28 years' experience in the international upstream oil and gas business sector and has held various managerial and senior technical roles with large E&P companies including Petsec Energy Limited, Oil Search Ltd, BP, and Ampolex Ltd.
Gary Lim FCA Non-Executive Director (Appointed 15 May 2019)	Mr Lim qualified as a Chartered Accountant in 1984 and is a fellow of the Institute of Chartered Accountants in England and Wales and has been employed as a management consultant with a top 4 accounting firm and held chief financial officer roles in various diverse sectors. He also provides services as a professional director to public companies. Mr Lim is currently a director of Cape Range Limited (ASX code: CAG).
Wayne Johnson Non-Executive Director (Appointed 15 May 2019)	Mr Johnson has over 30 years' experience in managing businesses, corporate advisory, governance and compliance. Mr Johnson provides services to select public and private entities, primarily in the middle market. Mr Johnson is a director of Cape Range Limited (ASX code: CAG), SportsHero Limited (ASX code: SHO), Voltage IP Limited (ASX code: VIP) and Freehill Mining Limited (ASX code: FHS).

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors	
	Eligible to attend	**Attended**
Ross Hill (resigned 15 May 2019)	9	9
John Carmody (resigned 15 May 2019)	9	9
Siew Hong Koh	9	9
Maki Petkovski (resigned 20 July 2018)	0	0
Wayne Johnson (appointed 15 May 2019)	2	2
Gary Lim (appointed 15 May 2019)	2	2

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.

Directors' Interests in Shares or Options

Directors' relevant interests in shares of Enhanced Oil & Gas Recovery Limited or options over shares in the company *(or a related body corporate)* are detailed below. With the resignation of Ross Hill and John Carmody as directors on 15 May 2019 they ceased being directors from that date, however for completeness the relevant interest are as follows as the date of this report, pre-consolidation.

	Direct	Indirect
Maki Petkovski	-	-
Ross Hill	-	[#1]48,106,060
Siew Hong Koh	8,328,352	[#2]27,852,436
John Carmody	-	[3]7,415,803
Wayne Johnson	-	-
Gary Lim	-	-
TOTAL:	8,328,352	83,374,299

[#1] *Includes 11,666,666 ordinary shares that are not quoted (EORAI shares) and potentially subject to ASX imposed escrow conditions.*

[#2] *Includes 25,702,436 ordinary shares that are not quoted (EORAI shares) and potentially subject to ASX imposed escrow conditions.*

[#3] *Includes 1,727,848 ordinary shares that are not quoted (EORAI shares) and potentially subject to ASX imposed escrow conditions*

Directors' relevant interests in Options that are not quoted and potentially subject to ASX imposed escrow conditions of Enhanced Oil & Gas Recovery Limited

	Direct	Indirect
	-	-
TOTAL:	-	-

Auditor's Independence Declaration

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

Non-Audit Services

Non-audit services are approved by the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:	**2019** **$**	**2018** **$**
Taxation services	3,630	3,300
Other	-	-

Remuneration Report (audited)

Remuneration Policies

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the board of directors as a whole.

At this stage, there is no relationship between the board policy and the company's performance. It is further noted that no remuneration was dependent on the satisfaction of a performance condition.

Directors' Remuneration

During the year (and the previous year), no director received any remuneration by way of salary or director's fee. An entity related to John Carmody was issued shares in full and final settlement of outstanding fees, but those fees related to the 2017 financial year and were included in those financial statements.

The directors have previously been paid for services rendered to the consolidated entity through the director related entities or professional services establishment. It is intended that this service arrangement will continue until such time Enhanced Oil & Gas Recovery Limited has completed its re-structure and has re-listed on the ASX, compliant to chapters 1 and 2 of the listing rules.

Total remuneration to the directors during the year amounted to $0 (2018: $0). There were no service teams for directors or other key management.

Executives' Remuneration

During the year, the Company had no direct employment of any executive staff. Executive services rendered to the consolidated entity were through the directors' related entities or professional establishment.

It is intended that this service arrangement will continue until such time Enhanced Oil & Gas Recovery Limited has completed its re-structure and has re-listed on the ASX, compliant to chapters 1 and 2 of the listing rules.

Total remuneration to the executive officer and company secretary during the year amounted to $0 (2018: $0).

Directors and their shareholding

Number of shares held by key management personnel

Directors	Balance^ 1/07/2018	Granted as remuneration	Net change Other	Balance^# 30/06/2019
Ross Hill *	48,106,060		(48,106,060)	-
Siew Hong Koh	36,180,788	-	-	36,180,788
John Carmody *	1,727,848	-	5,687,955** (7,415,803)	-
Maki Petkovski *	-	-	-	-
Wayne Johnson	-	-	-	-
Gary Lim	-	-	-	-
	86,014,696	-	(49,833,908)	36,180,788

Directors	Balance^# 1/07/2017	Granted as remuneration	Net change Other	Balance^# 30/06/2018
Ross Hill	48,106,060	-	-	48,106,060
John Carmody	1,727,848	-	-	1,727,848
Siew Hong Koh	36,180,788	-	-	36,180,788
YuJiang Tong *	30,000,000		(30,000,000)	-
Maki Petkovski	-	-	-	-
	116,014,696	-	(30,000,000)	86,014,696

^Combined shares held directly and indirectly.

#Including unquoted ordinary shares potentially subject to ASX imposed escrow conditions

** Ceased as a director during the year*

** Whilst these shares relate to Mr Carmody's role as a director, they were paid by way of shares, they relate to previous financial years and were accrued at that time.

This concludes the Remuneration Report, which has been audited.

Signed in accordance with a resolution of the directors.

Wayne Johnson
Director

Siew Hong Koh
Director

Sydney
14 August 2019

PITCHER PARTNERS

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201 Sussex Street
Sydney NSW 2000

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ENHANCED OIL & GAS RECOVERY LIMITED
ABN 67 097 771 581

In relation to the independent audit for the year ended 30 June 2019, 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 APES 110 *Code of Ethics for Professional Accountants*.

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

Mark Godlewski

MARK GODLEWSKI
Partner

PITCHER PARTNERS
Sydney

14 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Entity 2019 $	2018 $
Revenue			
Other income	4	2,618	35,573
		2,618	35,573
Less: Expenses			
Consulting and Temporary Staff Costs		(282,324)	(232,321)
Administration and accounting fees		(120,314)	(15,045)
Property and Occupancy		(40,000)	(42,346)
IT & Telecommunication		(511)	(2,311)
Finance costs	5	(235)	(7,466)
Corporate and listing costs		(34,229)	(46,453)
Other expenses		(7,295)	(92,665)
		(484,908)	(438,607)
Loss before income tax from operations		(482,290)	(403,034)
Income tax expense	6	-	-
Loss for the year		(482,290)	(403,034)
Other comprehensive income for the year net of tax		-	-
Total comprehensive loss for the year attributable to the members of the parent entity		(482,290)	(403,034)
Earnings per share from profit from operations:			
Basic earnings per share	16	(0.0004¢)	(0.0004¢)
Diluted earnings per share	16	(0.0004¢)	(0.0004¢)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	Consolidated Entity 2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	8	358,800	553
Receivables	9	-	5,315
Other current assets		-	2
TOTAL CURRENT ASSETS		358,800	5,870
NON-CURRENT ASSETS			
Other financial assets	10	-	60
TOTAL NON-CURRENT ASSETS		-	60
TOTAL ASSETS		358,800	5,930
CURRENT LIABILITIES			
Payables	11	521,018	453,011
Borrowings	12	373,089	120,000
TOTAL CURRENT LIABILITIES		894,107	573,011
NON-CURRENT LIABILITIES			
Borrowings	12	-	150,000
TOTAL NON - CURRENT LIABILITIES		-	150,000
TOTAL LIABILITIES		894,107	723,011
NET ASSETS/(LIABILITIES)		(535,307)	(717,081)
EQUITY			
Issued capital	13	13,924,471	13,560,407
Convertible note	13	300,000	-
Accumulated losses		(14,759,778)	(14,277,488)
TOTAL EQUITY		(535,307)	(717,081)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

Consolidated Entity	Contributed equity $	Retained earnings (Accumulated losses) $	Total Equity $
Balance as at 30 June 2017	13,267,307	(13,874,454)	(607,147)
Loss for the year	-	(403,034)	(403,034)
Total comprehensive income for the year	-	(403,034)	(403,034)
Transactions with owners in their capacity as owners:			
Contributions	293,100	-	293,100
	293,100	(403,034)	(109,934)
Balance as at 30 June 2018	13,560,407	(14,277,488)	(717,081)
Loss for the year	-	(482,290)	(482,290)
Total comprehensive income for the year	-	(482,290)	(482,290)
Transactions with owners in their capacity as owners:			
Contributions including convertible notes	664,064	-	664,064
	664,064	(482,290)	181,774
Balance as at 30 June 2019	14,224,471	(14,759,778)	(535,307)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Entity 2019 $	Consolidated Entity 2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		2,503	-
Payments to suppliers and employees		(257,469)	(438,774)
Interest received		116	7
Borrowing costs		(305)	(6,598)
Net cash provided by / (used in) operating activities	14(a)	(255,155)	(445,365)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		-	35,573
Payment for investments		-	-
Net cash provided by / (used in) investing activities		-	35,573
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from shares issued		210,313	112,000
Proceeds from converting notes		300,000	270,000
Repayment of borrowings/deposit & bonds		103,089	-
Net cash provided by / (used in) financing activities		613,402	382,000
Net increase / (decrease) in cash and cash equivalents		358,247	(27,792)
Cash and cash equivalents at beginning of year		553	28,345
Cash and cash equivalents at end of the year	14(b)	358,800	553

The accompanying notes form part of these financial statements

Notes to the Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements cover Enhanced Oil & Gas Recovery Limited and controlled entities as a consolidated entity. Enhanced Oil & Gas Recovery Limited is a company limited by shares, incorporated and domiciled in Australia. Enhanced Oil & Gas Recovery Limited is a for-profit entity of the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors at the date of the directors' report.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalent International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

(b) Going concern

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

The consolidated entity incurred a loss for the year ended 30 June 2019 of $482,290 and, as of that date, the consolidated entity's net asset deficiency was $535,307. As a result, there is a material uncertainty which may cast significant doubt about the consolidated entity'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.

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 and to settle outstanding liabilities in the ordinary course of business.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Enhanced Oil & Gas Recovery Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Enhanced Oil & Gas Recovery Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Revenue

Revenue from the provision of services to customers is recognized upon delivery of the service to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the company will not be able to collect the debt in accordance with the lifetime expected credit loss allowance.

(g) Property, plant and equipment

Plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation
The depreciable amounts of all fixed assets are depreciated over their estimated useful lives on a straight-line basis commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

Plant and equipment:	2 to 20 years

(h) Intangibles

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Research and development
Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible asset over its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Income tax

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled wholly within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(m) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(n) Financial instruments

Classification
The group classifies its financial instruments in the following categories: fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The classification depends on the purpose for which the financial instrument was acquired. The company determines the classification of its financial instruments on initial recognition.

Non-derivative financial instruments
Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit and loss. After initial recognition, non-derivative financial instruments are measured as described below.

Amortised Cost
Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities
Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities. These financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(o) Foreign currencies translations and balances

Functional and presentation currency
The financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances
Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currencies translations and balances

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or restatement is recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. 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 expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(r) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Director's Reports) Instrument 2016/191. Accordingly, amounts in the financial statements and directors' report have been rounded off where appropriate to the nearest $1, unless otherwise specified.

(s) New accounting standards and interpretations

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right of use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right of use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right of use assets are accounted for on a similar basis to non-financial assets, whereby the right of use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
  - investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right of use asset; or
  - property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right of use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The directors anticipate that the adoption of AASB 16 will have no material impact.

AASB 15 Revenue from Customer Contracts and AASB 9 Financial Instruments

The company adopted AASB 15 and AASB 9 from 1 July 2018. The adoption of these standards did not have a material impact on the results for the year due to the limited operations and transactions during the year.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events.

NOTE 3: FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:
(a) Interest rate risk
(b) Credit risk
(c) Liquidity risk
(d) Currency risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated Entity

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**	**Fixed / variable rate**
2019	**$**	**$**	**$**	**%**	
(i) Financial assets					
Cash	358,800	-	358,800	0.52%	Variable
Total financial assets	358,800	-	358,800		

NOTE 3: FINANCIAL RISK MANAGEMENT (cont'd)

(a) *Interest rate risk (cont'd)*

Financial instruments	Interest bearing $	Non-interest bearing $	Total carrying amount $	Weighted average effective interest rate	Fixed / variable rate
(ii) Financial liabilities					
Payables	-	521,018	521,018	0%	
Borrowings	-	373,089	373,089	0%	Fixed
Total financial liabilities	-	894,107	894,107		
2018	**$**	**$**	**$**	**%**	
(i) Financial assets					
Cash	553	-	553	0.68%	Variable
Other receivables	-	5,315	5,315		
Total financial assets	553	5,315	5,868		
(ii) Financial liabilities					
Payables	-	453,011	453,011		
Borrowings	-	270,000	270,000		
Total financial liabilities	-	723,011	723,011		

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All financial instruments are expected to be settled within 6 months. Management are tightly controlling cash flows until equity is raised to fund new business opportunities as disclosed in this financial report.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Forward exchange contracts are entered into in order to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect against unfavourable exchange rate movements for both the contracted and anticipated transactions undertaken in foreign currencies.

The accounting policy for forward exchange contracts is detailed in Note 1(o).

At balance date, there is no outstanding forward exchange contract.

NOTE 4: REVENUE

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Revenues from operations		
Proceeds on sale of shares held for trading	-	35,554
Interest	116	19
Gain on disposal of subsidiary	88	-
Other	2,414	-
	2,618	35,573

NOTE 5: PROFIT/(LOSS) FROM OPERATIONS

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Impairment of Financial Assets		
Provision of impairment - Receivables	-	24,701
	-	24,701
Finance costs expensed		
Bank loans and overdrafts	235	-
Other loans	-	7,466
Total finance costs expensed	235	7,466

NOTE 6: INCOME TAX

The company incurred an income tax loss for the year and therefore no income tax is payable. A deferred tax asset is only recognised when it is probable that future taxable amounts will be available to utilise those losses. Carry forward losses as at 30 June 2019 would be approximately $6,450,000. Carry forward tax losses based on 2018 tax returns amounted to $6,065,946.

The amount of the benefit which may be realised in the future is based on the assumption that no adverse change will occur in the income tax legislation, the group will derive sufficient assessable income to recoup the losses and the group will comply with the conditions of deductibility imposed by the law.

NOTE 7: DIVIDENDS

No dividends were paid or declared during the year (2018: nil).

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2019	2018
	$	$
Cash at bank and on hand	358,800	553
	358,800	553

NOTE 9: RECEIVABLES

	Consolidated Entity	
	2019	2018
	$	$
CURRENT		
Receivables	-	5,315
Provision for impairment	-	-
	-	5,315

Trade and other receivables ageing analysis at 30 June is:

	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
	$	$	$	$
Not past due	-	-	5,315	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Past due more than 91 days	-	-	-	-
	-	-	5,315	-

NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated Entity	
	2019	2018
	$	$
Investment in securities	-	20,000
Provision for impairment	-	(19,940)
	-	60

NOTE 11: PAYABLES

	Consolidated Entity	
	2019	2018
	$	$
CURRENT		
Trade creditors	422,117	287,495
Accruals	98,901	165,516
	521,018	453,011

Arrangements entered into in September 2018 and February 2019 retired total liabilities of $192,636.82, due to the creditors predominately by the issue of 90,630,455 shares in lieu of cash payments. The shares were issued at their market price at the date of issue and the number of shares issued was calculated so that the total value was equal to the carrying value of the liability settled.

The Company is currently negotiating potential non-cash settlement options in respect of some payables including amounts payable to directors. Subsequent to balance date $208,000 of the trade creditors had been converted to equity- refer Note 23.

NOTE 12: BORROWINGS

	Note	Consolidated Entity	
		2019	2018
		$	$
CURRENT			
Borrowings – director related	17	265,039	120,000
Borrowings- other	23	108,050	120,000
		373,089	120,000

	Note	2019	2018
		$	$
NON-CURRENT			
Borrowings	17	-	150,000

Borrowings – other- These are on an interest free basis and are at call. Subsequent to balance date the borrowing was converted to equity as approved as the extraordinary meeting of shareholders on 30 July 2019 refer Note 23.

Borrowings – director related- refer Note 17 for terms and conditions of the loans.

NOTE 13: EQUITY

Issued Capital	Consolidated Entity 2019 $	Consolidated Entity 2018 $
(a) Issued and paid up capital		
Ordinary shares fully paid (net of share issue cost)	13,924,471	12,845,407
Cancelled Converting Notes (2019- transferred to issued capital)	-	715,000
Total	13,924,471	13,560,407

(b) Movements in shares on issue

	Parent Entity 2019 No of Shares	Parent Entity 2019 $
Beginning of the financial year	992,349,690	12,845,407
Issued during the year+	290,630,456	364,064
Cancelled convertible notes		715,000
End of the financial year	1,282,980,146	13,924,471

	Parent Entity 2018 No of Shares	Parent Entity 2018 $
Beginning of the financial year	943,621,119	12,552,307
Issued during the year+	48,728,571	293,100
End of the financial year	992,349,690	12,845,407

+ *Shares issued are not quoted and potentially subject to ASX imposed escrow conditions.*

The total number of ordinary shares (EOR) quoted on ASX as at 30 June 2018 is 409,810,055 (30 June 2018: 409,810,055). All new securities issued by the Company are potentially subject to ASX imposed escrow conditions and are not traded as listed securities. The total number of unquoted ordinary shares (EORAI) as at 30 June 2019 is 873,170,091 (30 June 2018: 582,539,635). The market value of the quoted ordinary Enhanced Oil & Gas Recovery Limited shares closed on 30 June 2019 at $0.0. The last sale before suspension was $0.008. (30 June 2018: $0.0).

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called.

(d) Share Options

There are no share options.

(e) Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and its cashflows. During 2019 no dividends were paid. (2018: $nil).

(f) Convertible notes- 300,000 notes of $1 each

In accordance with the convertible note deed, the convertible notes are not convertible into cash or other asset and are converted into ordinary shares at a fixed conversion rate and have been classified as equity in accordance with accounting standards. Subsequent to balance date 250,000 notes were converted to ordinary shares- refer Note 23.

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit after income tax

	Consolidated Entity	
	2019 $	2018 $
Profit /(loss) for the year	(482,290)	(403,034)
Share issued in lieu for services provided	153,751	124,700
Impairment of financial assets	-	24,701
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses		
(Increase)/decrease in assets		
- Current receivables	5,315	20,583
- Other current assets	63	32,885
Increase/(decrease) in liabilities		
- Current payables	68,006	(245,200)
Net cash provided by / (used in) operating activities	(255,155)	(445,365)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

– Cash at bank	358,800	553
Closing cash balance	358,800	553

(c) Credit stand-by arrangements with banks

As at 30 June 2019 the consolidated entity and parent entity have no credit stand-by arrangements and loan facilities.

NOTE 15: COMMITMENTS AND CONTINGENCIES

There are no commitments and contingent liabilities at balance date.

NOTE 16: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Consolidated Entity	
	2019 $	2018 $
Loss from operations	(482,290)	(403,034)
Profit used in calculating basic earnings per share	(482,290)	(403,034)
Earnings used in calculating diluted earnings per share	(482,290)	(403,034)

	No of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	1,103,037,569	973,752,313
Effect of dilutive securities:		
Converting Notes	37,397,167	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,140,434,736	973,752,313

NOTE 17: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Number of shares held by key management personnel

Directors	Balance^ 1/07/2018	Net change Other	Balance^# 30/06/2019
Maki Petkovski *	-	-	-
Siew Hong Koh	36,180,788	-	36,180,788
Ross Hill *	48,106,060	(48,106,060)	-
John Carmody *	1,727,848	5,687,955** (7,415,803)	-
Wayne Johnson	-	-	-
Gary Lim	-	-	-
	86,014,696	(49,833,908)	36,180,788

Directors	Balance^ 1/07/2017	Net change Other	Balance^# 30/06/2018
Maki Petkovski			
Siew Hong Koh	36,180,788	-	36,180,788
Ross Hill	48,106,060	-	48,106,060
YuJiang Tong *	30,000,000	(30,000,000)	-
John Carmody	1,727,848	-	1,727,848
	116,014,696	(30,000,000)	86,014,696

^Combined shares held directly and indirectly.

#Including unquoted ordinary shares potentially subject to ASX imposed escrow conditions

** Ceased as a director during the year*

*** Whilst these shares relate to Mr Carmody's role as a director, they were paid by way of shares, they relate to previous financial years and were accrued at that time*

(b) Directors' relevant interests in Options that are not quoted and potentially subject to ASX imposed escrow conditions of Enhanced Oil & Gas Recovery Limited

	Direct	Indirect
	-	-
TOTAL:	-	-

(c) Other securities held by key management personnel

There are no other securities held by key management personnel.

(d) Other transactions

Loans from entities associated with Mr Siew Hong Koh have provided loans of $265,039 on an interest free basis. $150,000 of the borrowings are interest free and have a repayment date of no later than 5 February 2020. The balance is at call on interest free terms.

NOTE 18: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2019	2018
	$	$
Amounts received or due and receivable by Pitcher Partners for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	27,347	54,075
Other non-audit services		
– Taxation services	3,300	3,300
	30,647	57,375

NOTE 19: FAIR VALUE MEASUREMENT

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

	30 June 2019		30 June 2018	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets				
Cash and cash equivalents	358,800	358,800	553	553
Receivables	-	-	5,315	5,315
Other financial assets	-	-	2	2
	358,800	358,800	5,870	5,870
Financial liabilities				
Trade and other payables	422,117	422,117	287,495	287,495
Borrowings	373,089	373,089	270,000	270,000
	795,206	795,206	557,495	557,495

NOTE 20: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Enhanced Oil & Gas Recovery Limited and its controlled entities listed below:

	Country of Incorporation	Percentage Owned	
		2019	2018
Parent Entity:			
Enhanced Oil & Gas Recovery Limited	Australia		
Subsidiaries of Enhanced Oil & Gas Recovery Limited			
Powgen Mining Pty Ltd (dormant) *	Australia	0%	100%
Asia Energy & Minerals Limited (dormant) *	Australia	0%	100%

*These entities were struck off or disposed of during the year

(b) Transactions with key management personnel of the entity or its parent and their personally-related entities

The shares in Asia Energy & Minerals Limited were disposed of for $90.

NOTE 21: 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 year and detailed disclosures per segment are not required.

NOTE 22: PARENT ENTITY INFORMATION

	Parent Entity	
Summarised statement of financial position	2019	2018
	$	$
Assets		
Current assets	358,800	5,870
Non-current assets	-	60
Total assets	358,800	5,870
Liabilities		
Current liabilities	894,107	573,012
Non-Current liabilities	-	150,000
Total liabilities	894,107	723,012
Net assets/(liabilities)	(535,307)	(717,081)
Equity		
Contributed capital and convertible notes	14,224,471	13,560,407
Accumulated losses	(14,759,778)	(14,277,488)
Total Equity	(535,307)	(717,081)

NOTE 22: PARENT ENTITY INFORMATION (cont'd)

(a) Summarised statement of profit or loss and other comprehensive income	Parent Entity 2019 $	2018 $
Loss for the year	(482,290)	(403,034)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(482,290)	(403,034)

NOTE 23: EVENTS AFTER BALANCE DATE

EOR has narrowed its review of opportunities and is actively pursuing a transaction so that the Company can be requoted on the ASX register.

At the extraordinary meeting held on 30 July 2019 the following resolutions were passed: -

1. Re-election of Wayne Johnson as a director
2. Re-election Gary Lim as a director
3. Ratify the placement of 160,000,000 ordinary shares in May 2019
4. Approve issue of 189,087,689 ordinary shares (pre-consolidation) to Bestrawl P/L for $108,050- convert debt to equity
5. Approve issue of ordinary shares to 210,000,210 ordinary shares (pre-consolidation) to Tasman Pacific Investments Limited for $120,000- convert debt to equity
6. Approve issue of 37,750,037 ordinary shares (pre-consolidation) to Alpha Wealth Advisory Services Pty Limited for $21,000- convert debt to equity
7. Approve issue of 117,250,117 ordinary shares (pre-consolidation) to Immajin Pty Limited for $67,000- convert debt to equity
8. Issue 437,500,438 ordinary shares (pre-consolidation) for the conversion of $250,000 convertible notes.
9. Consolidate the number of ordinary fully paid shares on issue on the basis that every 175 ordinary shares to be consolidated into 1 share.

DIRECTORS DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 10 to 31 are in accordance with *Corporations Act 2001*; and

   a) Comply with Accounting Standards in Australia and the Corporations Regulations 2001;
   b) As stated in note 1, the consolidated financial statements also comply with International Financial Reporting Standards; and
   c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2018 and its performance for the year ended on that date.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b) The financial statements and notes for the financial year comply with the Accounting Standards; and
   c) The financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion, there are reasonable grounds to believe that the Group and Company will be able to pay their debts as and when they become due and payable.

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

Wayne Johnson
Director

Siew Hong Koh
Director

Sydney

Date: 14 August 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENHANCED OIL & GAS RECOVERY LIMITED
ABN 67 097 771 581

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Enhanced Oil & Gas Recovery Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of 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, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We 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. 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 other ethical responsibilities 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 time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report which indicates that the Group incurred a loss for the year ended 30 June 2019 of $482,290 and, as of that date, the Group's net liabilities were $535,307 and cash at bank was $358,800. As stated, these events or conditions, along with other matters as set forth in Note 1(b) indicate the existence of a material uncertainty which 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. Our opinion is not modified in respect of this matter.

Key Audit Matters

In addition to the matter described in the 'Material Uncertainty Related to Going Concern' section, 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.

Key Audit Matter	How our audit addressed the key audit matter
Payables *Refer to Note 11*	
Payables is the largest balance in the statement of financial position and based on the terms and nature of the expenditure the identified risk is completeness of the balance at year end.	Our procedures included, amongst others: ▪ Understanding, evaluating and testing the Group's processes for recognition of payables ▪ Testing a sample of subsequent payments post balance date to creditor invoices to determine if the payables at year end were complete. ▪ Reviewing minutes and other documents obtained during the audit to identify potential creditors. ▪ Assessing the adequacy of disclosures in the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information in the Directors Report and Shareholder Information which were obtained as at date of our audit report but does not include the financial report and our 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 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 ability of the Group 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 Group or to cease operations, or has 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 an 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 this 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 the 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 an 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 significance in the audit of the financial report of the current period and are therefore the 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 the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 8 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Enhanced Oil & Gas Recovery Limited and its controlled entities, for the year ended 30 June 2019, 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.

Mark Godlewski

MARK GODLEWSKI
Partner

15 August 2019

Pitcher Partners

PITCHER PARTNERS
Sydney

Shareholder Information as at 9 August 2019

A) Substantial shareholders

Name		Number of Shares	Percentage of Issued Shares
Name		**Number of Shares**	**Percentage**
Bestrawl Pty Ltd <J B Family A/C>	[incl. Blue Valley Investments Pty Ltd <Blue Valley A/C>; Alpha Wealth Advisory Services Pty Ltd; Immajin Pty Ltd; & Blue Valley Pty Ltd <Ivy Superfund>]	2,576,778	**19.83%**
iFREE Group Ventures Ltd		2,500,000	**19.24%**

B) Distribution of fully paid ordinary shares

Range	Total holders	Units	% Units
1 - 1,000	233	61,337	0.47
1,001 - 5,000	139	338,600	2.61
5,001 - 10,000	66	467,180	3.60
10,001 - 100,000	127	3,861,504	29.72
100,001 and Over	16	8,262,937	63.60
Total	**581**	**12,991,558**	**100.00**

Percentage held by the 20 largest shareholders			**66.65%**
Total Issued			**12,991,558**
Restricted Securities			**10,649,972**
Unmarketable Parcels			
	Minimum Parcel Size	**Holders**	**Shares**
Minimum $ 500.00 parcel at $ 1.4000 per unit	358	167	17,870

C) Voting Rights

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Proxies present at a meeting are not entitled to vote on a show of hands, but on a poll have one vote for every share held

There are no other classes of shares at the date of this report

There are no Options issued at the date of this report

There are 50,000 Convertible Notes that can convert into 500,000 shares

D) Top 20 Shareholders – Ungrouped as at 9 August 2019

Rank	Name	Units	% of Units
1	IFREE GROUP VENTURES LTD	2,500,000	19.24
2	BESTRAWL PTY LTD <THE J B FAMILY A/C>	1,659,600	12.77
3	TASMAN PACIFIC INVESTMENTS LIMITED	1,200,000	9.24
4	IMMAJIN PTY LTD	670,000	5.16
5	DEBMACSES PTY LTD	250,000	1.92
6	VIBRANT LINK SDN BHD	244,285	1.88
7	MS IRENE TENG	228,571	1.76
8	ALPHA WEALTH ADVISORY SERVICES PTY LTD	210,000	1.62
9	MS NATASHA VOJVODIC	203,709	1.57
10	BPE INVESTMENTS PTY LTD	200,000	1.54
11	CLEVER MONEY PTY LTD	193,714	1.49
12	MISS YUJIANG TONG	171,428	1.32
13	NVB INVESTMENTS PTY LTD <NVB INVESTMENT DISC FUND A/C>	161,904	1.25
14	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <SACCO FAMILY A/C>	137,142	1.06
15	UNION PACIFIC TRADING PTY LTD	118,299	0.91
16	THE GREGORY JONES SUPER FUND PTY LTD <GREGORY JONES SUPER A/C>	114,285	0.88
17	CHIFLEY PORTFOLIOS PTY LTD <DAVID HANNON RETIREMENT A/C>	100,000	0.77
18	ROSS HILL & ASSOC PTE LTD	100,000	0.77
19	ROSS HILL & ASSOCIATES PTE LTD	98,701	0.76
20	INGSOL PTY LTD <INGSOL S/F A/C>	97,142	0.75
	Totals: Top 20 holders of FULLY PAID ORDINARY	**8,658,780**	**66.65**
	Total Remaining Holders Balance	**4,332,778**	**33.35**

Corporate Governance Review 2019

Listing Rule 4.10.3 requires each entity admitted to the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located.

The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council ("Council") during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Enhanced Oil & Gas Recovery Limited (the "Company") remains in transition to change its business direction. The Company has for the It had for the 2018 – 2019 financial year been reviewing several varied opportunities. The Company is also currently reviewing its corporate governance policy and will look to conduct a general meeting of the Company as required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were applying for admission to the official list of the ASX.

The Company shall consider the reporting guidelines of the Corporate Governance Principles and Recommendation (third edition modified in 2014) the new reporting guidelines of the Corporate Governance Principles and Recommendation (fourth edition modified in 2019, and due to come in effect during 2020) during its review of its corporate governance policy.

The extent to which the Company has complied with each of the Council's during the year is detailed below.

Principle	Details	Comments
1.	**Lay solid foundations for management and oversight**	
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time. Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	

1.5 A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:

(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

1.6 A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

1.7 A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

2.	Structure the Board to add value	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time. Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	
2.4	A majority of the board of a listed entity should be independent directors.	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	

3. Act ethically and responsibly

3.1 A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time.

Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.

4. Safeguard integrity in corporate reporting

4.1 The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time.

Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.

5.	**Make timely and balanced disclosure**	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time. Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.
6.	**Respect the rights of security holders**	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time. Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	
7	**Recognise and manage risk**	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time. Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	

7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	
8.	**Remunerate fairly and responsibly**	
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The recommendations under this principle have not been followed in full for the whole of the period as the Company has continued its transition to change its business direction as described above. Corporate governance policies will be adopted at the completion of this transition to meet the needs of the Company at that time. Additional detail in respect of which recommendations have been followed and which recommendations have not been followed are included in the Appendix 4G lodged by the company.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	