

# Enhanced Oil & Gas Recovery Limited

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ASX Release

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## **APPENDIX 4E Preliminary Final Report**

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

**FINANCIAL INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2016  
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A**

## Appendix 4E Preliminary Final Report

Name of entity

<b>ENHANCED OIL &amp; GAS RECOVERY LIMITED</b>
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ABN or equivalent company reference:	67 097 771 581
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### 1. Reporting period

Report for the financial year ended	30 June 2016
Previous corresponding period is the financial year ended	30 June 2015

### 2. Results for announcement to the market

Revenues from ordinary activities ( <i>item 2.1</i> )	down	79%	to	\$1,634
Loss from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Up	23%	to	(\$986,561)
Net loss for the period attributable to members ( <i>item 2.3</i> )	up	23%	to	(\$986,561)
<b>Dividends</b> ( <i>item 2.4</i> )	Amount per security		Franked amount per security	
Interim dividend	¢	NIL	¢	NIL
Final dividend	¢	NIL	¢	NIL
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> ):				
Revenue from ordinary activities consists of income derived mainly from interest income from bank deposits.				
The loss from ordinary activities is arrived at after including corporate expenditure.				

**3. Income Statement** (*item 3*)

See “Consolidated Statement of Profit or Loss and Other Comprehensive Income” and accompanying notes.

**4. Balance Sheet** (*item 4*)

See “Consolidated Statement of Financial Position” and accompanying notes.

**5. Statement of Cash Flows** (*item 5*)

See “Consolidated Statement of Cash Flows” and accompanying notes.

**6. Dividends** (*item 6*)

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2016	N/A	\$ NIL
Final dividend – year ended 30 June 2016	N/A	\$ NIL

**Amount per security**

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
<b>Total dividend:</b> Current year	¢ NIL	¢ NIL	¢ NIL
Previous year	¢ NIL	¢ NIL	¢ NIL

**Total dividend on all securities**

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

**7. Details of dividend or distribution reinvestment plans in operation are described below (item 7):**

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

N/A

**8. Statement of retained earnings (item 8)**

	<b>Consolidated Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of year	(11,949,028)	(11,150,085)
Net profit (loss) attributable to members of the parent entity	(986,561)	(798,943)
Total available for appropriation	(12,935,589)	(11,949,028)
Dividends paid	-	-
Balance at end of year	(12,935,589)	(11,949,028)

**9. Net tangible assets per security (item 9)**

	<b>Current period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary security	(0.10 ¢)	(0.05 ¢)

**10. Details of entities over which control has been gained or lost during the period: (item 10)**

**Control gained over entities**

Name of entities (item 10.1)

N/A

Date(s) of gain of control (item 10.2)

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 10.3)

\$ Nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$ Nil

**Loss of control of entities**

Name of entities (item 10.1)

N/A

Date(s) of loss of control (item 10.2)

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 10.3*).

\$ Nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 4.3*)

\$ Nil

## 11. Details of associates and joint venture entities (*item 11*)

Name of associate or joint venture entity (*item 11.1*)

%Securities held (*item 11.2*)

N/A	-

### Aggregate share of profits (losses) of associates and joint venture entities (*item 11.3*)

Group's share of associates' and joint venture entities':

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

2016 \$	2015 \$
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A

## 12. Significant information relating to the entity's financial performance and financial position.

The main activities of the Company remain focused in the acquisition of the entire issued capital of Centre Energy Petroleum Limited ("CEP") which would on completion own an economic interest in the Wailawi Oil & Gas Project in Indonesia.

On or about 23 September 2015, the Company executed a Share Purchase Agreement to acquire 100% of CEP. The agreement is subject to certain conditions precedent including approval of shareholders at a general meeting and the Company's compliance to chapters 1 and 2 of the ASX listing rules to complete its business transition to the oil and gas resources (Energy) sector.

However, the continuing development of the proposed CEP acquisition was interrupted by a requisition for a general meeting by four shareholders of the Company holding more than five (5) percent of the ordinary shares of the Company pursuant to Section 249D of the *Corporations Act 2001 (Cth)*. The proposed resolutions called for the removal of certain key person and directors of the Company.

Following further discussions and consultations with those interested requisitioning shareholders, the terms for the consideration provided for the acquisition of CEP was amended in the aggregate of \$12.8 million to \$5.0 million on 7 December 2015. In the consideration, the Company shall issue shares to the shareholders of CEP calculated on the basis of AUD0.02 per existing EOR share.

On or about 30 July 2015, the Company issued 30,000,000 fully paid ordinary shares at \$0.012 per share having raised \$300,000 from a sophisticated investor. At the 2015 Annual General Meeting, shareholders approved the conversion of all outstanding converting notes into 28,250,001 fully paid ordinary shares of the Company. The shares were issued on 2 December 2015.

On or before 12 April 2016, the Company issued 28,000,000 new fully paid ordinary shares via a placement at a price of \$0.005 per share to sophisticated investors, raising a total of \$140,000.

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

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

It was also resolved on or about 21 July 2016 to enter into a Deed of Settlement with “Consultant” creditors of the Company whereby 19,808,215 fully paid ordinary shares were issued (at \$0.012 per share) in lieu of a portion of services fees owed to consultant creditors of the Company. The issue of shares as a debt reduction plan would assist the Company in preserving its cash resource for application in other areas.

The Company will progress to issue a prospectus and re-listing the Company compliant to ASX chapters 1 and 2 of the listing rules.

The Company will undertake a public offering through the prospectus to raise a subscription amount of between \$3.0 – \$4.0 million.

- 13. The financial information provided in the Appendix 4E is based on the annual financial report, which has been prepared in accordance with Australian accounting standards.**  
*(item 13)*

**14. Commentary on the results for the period.**

See item 2.6

**15. Audit of the financial report (item 15)**

*Select one of the following:*

- ☐ The financial report has been audited
- ☐ The financial report has not yet been audited.
- ☒ The financial report is in the process of being audited.

**16. The audit has not yet been completed**

*Select one of the following:*

- ☒ The financial report is not likely to be the subject of dispute or qualification.
- ☐ The financial report is likely to be the subject of dispute or qualification as described below.

*Include a description of the likely dispute or qualification.*

N/A

**17. The audit has been completed.**

*Select one of the following:*

- ☐ The financial report is not subject to audit dispute or qualification.
- ☐ The financial report is subject to audit dispute or qualification as described below.

*Include a description of the dispute or qualification.*

N/A

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 June 2016**

	<b>Consolidated Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Other income	1,634	7,761
	<u>1,634</u>	<u>7,761</u>
<b>Less: Expenses</b>		
Consulting and Temporary Staff Costs	(608,489)	(447,159)
Property and Occupancy	(61,037)	(59,222)
Impairment of financial assets	(19,940)	(3,325)
IT & T	(4,377)	(1,570)
Finance costs	(1,973)	(2,382)
Corporate and listing costs	(187,064)	(184,863)
Other expenses	(105,315)	(108,183)
	<u>(988,195)</u>	<u>(806,704)</u>
<b>Profit (loss) before income tax</b>	(986,561)	(798,943)
Income tax expense (income tax benefit)	-	-
	<u>-</u>	<u>-</u>
<b>Profit (loss) for the year</b>	(986,561)	(798,943)
Other comprehensive income for the year net of tax	-	-
	<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the year attributable to the members of the parent entity</b>	<u>(986,561)</u>	<u>(798,943)</u>
<b>Earnings per share:</b>		
Basic earnings per share	(0.14¢)	(0.12¢)
Diluted earnings per share	(0.13¢)	(0.12¢)



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 June 2016**

	<b>Consolidated Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	168,545	97,077
Receivables	168,678	196,859
Other current assets	26,105	28,146
<b>TOTAL CURRENT ASSETS</b>	<u>363,328</u>	<u>322,082</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1	1
Other financial assets	60	20,000
<b>TOTAL NON-CURRENT ASSETS</b>	<u>61</u>	<u>20,001</u>
<b>TOTAL ASSETS</b>	<u>363,389</u>	<u>342,083</u>
<b>CURRENT LIABILITIES</b>		
Payables	1,050,516	635,969
Borrowings	23,005	22,171
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,073,521</u>	<u>658,140</u>
<b>TOTAL LIABILITIES</b>	<u>1,073,521</u>	<u>658,140</u>
<b>NET ASSETS/(LIABILITIES)</b>	<u>(710,132)</u>	<u>(316,057)</u>
<b>EQUITY</b>		
Issued capital	12,225,457	11,632,971
Accumulated losses	(12,935,589)	(11,949,028)
<b>TOTAL EQUITY</b>	<u>(710,132)</u>	<u>(316,057)</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 June 2016**

<b>Consolidated Entity</b>	<b>Contributed equity \$</b>	<b>Retained earnings \$</b>	<b>Total Equity \$</b>
<b>Balance as at 30 June 2014</b>	11,224,471	(11,150,085)	74,386
(Loss) for the year	-	(798,943)	(798,943)
<b>Total comprehensive income for the year</b>	-	(798,943)	(798,943)
<b>Transactions with owners in their capacity as owners:</b>			
Contributions, net of costs	408,500		408,500
	408,500	-	408,500
<b>Balance as at 30 June 2015</b>	11,632,971	(11,949,028)	(316,057)
(Loss) for the year	-	(986,561)	(986,561)
<b>Total comprehensive income for the year</b>	-	(986,561)	(986,561)
<b>Transactions with owners in their capacity as owners:</b>			
Contributions, net of costs	592,486		592,486
	592,486	-	592,486
<b>Balance as at 30 June 2016</b>	12,225,457	(12,935,589)	(710,132)

*The accompanying notes form part of these financial statements*

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 June 2016**

	<b>Consolidated Entity</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	-	-
Payments to suppliers and employees	(521,513)	(608,474)
Interest received	1,634	2,563
Borrowing costs	(1,973)	(2,382)
<b>Net cash provided by / (used in) operating activities</b>	<b>(521,852)</b>	<b>(608,293)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	21,825
<b>Net cash provided by / (used in) investing activities</b>	<b>-</b>	<b>21,825</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from shares issued net of costs	592,486	-
Proceeds from borrowings/deposit & bonds	32,659	444,932
Repayment of borrowings/deposit & bonds	(31,825)	(29,582)
<b>Net cash provided by / (used in) financing activities</b>	<b>593,320</b>	<b>415,350</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>71,468</b>	<b>(171,118)</b>
Cash and cash equivalents at beginning of year	97,077	268,195
<b>Cash and cash equivalents at end of the year</b>	<b>168,545</b>	<b>97,077</b>

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

**NOTE 1: BASIS OF PREPARATION OF PRELIMINARY FINANCIAL REPORT**

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary financial report are consistent with the accounting policies adopted and outlined in the notes to the financial statements for the year ended 30 June 2015.

**NOTE 2: RECONCILIATION OF PROFIT FROM  
ORDINARY ACTIVITIES TO NET CASH FLOWS FROM  
OPERATING ACTIVITIES**

	<b>Year Ended June 30, 2016</b>	<b>Year Ended June 30, 2015</b>
<b>(a) Reconciliation of cash</b>		
- Cash in hand	-	-
- Cash at bank	<u>168,545</u>	<u>97,077</u>
	168,545	97,077
<b>(b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities</b>		
- Profit /(loss) for the year	(986,561)	(798,943)
- Depreciation of non-current assets	-	-
Gain on disposal of investments	-	(1,210)
Gain on revaluation of investments	-	(3,988)
Provision for / impairment of investments	19,940	3,325
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses		
(Increase)/decrease in assets		
- Current receivables	28,181	(19,781)
- Other current assets	2,041	(7,911)
- Non-current assets	-	-
Increase/(decrease) in liabilities		
- Current payables	<u>414,547</u>	<u>220,215</u>
<b>Net cash provided by/(used in) operating activities</b>	<u>(521,852)</u>	<u>(608,293)</u>