ENHANCED OIL & GAS RECOVERY LIMITED

ABN: 67 097 771 581

AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

CORPORATE DIRECTORY

Registered & Corporate Office
Level 2, 131 Macquarie Street
Sydney NSW 2000
Telephone: (02) 9258 9900
Facsimile: (02) 9247 6225

Board of Directors
Ross Hill (Chairman)
David Hickie
Siew Hong Koh
Graham Kavanagh (Executive Officer)
(Alternate to Siew Hong Koh)
John Carmody
YuJiang Tong *(appointed 19/8/2015)*

Company Secretaries
Graham Kavanagh
Eric Kam

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

Auditors
Pitcher Partners
Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Telephone: 02 9221 2099
Facsimile: 02 9223 1762

Bankers
National Australia Bank Limited
101-103 Pitt Street
Sydney NSW 2000

Lawyers
HWL Ebsworth Lawyers
Level 14 Australia Square
264-278 George Street
Sydney NSW 2000
Telephone: 02 9334 8555

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

CONTENTS

Corporate Governance Review 2015

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 into the oil and gas resources ("Energy") sector. The Company is currently reviewing its corporate governance policy along with the assimilation of a new business in the Wailawi Oil & Gas Project acquisition, and 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. It is anticipated that the re-listing of the Company will be effected by early 2016.

The Company shall consider the new reporting guidelines of the Corporate Governance Principles and Recommendation (third edition modified in 2014) 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.	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.
4.2	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.	

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.	

DIRECTORS' REPORT

The directors present their report together with the financial statements of the consolidated entity consisting of Enhanced Oil & Gas Recovery Limited and the entities it controlled, for the financial year ended 30 June 2015.

Principal Activities

The consolidated entity changed its name from Artist & Entertainment Group Limited to now known as Enhanced Oil & Gas Recovery Limited on 5 December 2014. However, 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 are focussed in the exploration and development in the energy resources sector, specifically to complete the proposed acquisition of the Wailawi Oil & Gas Project in Indonesia.

Results

The consolidated profit/(loss) after income tax attributable to the members of Enhanced Oil & Gas Recovery Limited was a loss of $798,943 (2014: $906,434 loss).

Review of Operations

During the year under review, revenue from ordinary activities including income derived from short term investments totalled $7,761 (2014: $61,593).

The main activities of the Company remain focused in securing an interest in the Wailawi Oil & Gas Project in Indonesia. The Company is to acquire the entire issued share capital of Centre Energy Petroleum Limited ("CEP") which would on completion own an economic interest in the Wailawi Oil & Gas Project. In consideration, the Company will issue shares to the shareholders of CEP, in the aggregate of up to $12.8 million including Union Pacific Trading Pty Limited (UPT), a company controlled by Mr. Siew Hong Koh.

On 24 March 2015, the Company announced that the Director General Oil and Gas of the Indonesian Ministry of Energy and Resources issued an Assignment Approval Letter to effect the assignment of 100% of the Participating Interest in the production sharing contract ("Cooperation Agreement") from Perusda Benuo Taka ("Perusda") to P.T.Benuo Taka Wailawi ("JVCo"), the joint venture company through which CEP would own an economic interest in the project. The formal handover of this Participating Interest was affected recently, on 26 June 2015.

Following the approval for the change of name of the Company from "Artist & Entertainment Group Limited" to "Enhanced Oil & Gas Recovery Limited" at the 2014 AGM, shareholders approved the issue of 44,408,333 fully paid ordinary shares for the mandatory conversion of all outstanding converting notes on the basis of one ordinary share per note. The converting notes represented a total value of $533,900. The newly issued shares (ASX:EORAI) are potentially subject to ASX imposed escrow conditions and are not quoted until the Company issues a prospectus and re-lists the Company compliant to ASX chapters 1 and 2 of the listing rules.

The Company raised a further $253,000 through the issue of 21,083,334 converting notes on 17 December 2014. The notes were of similar terms and conditions of the notes previously issued.

As at end of the financial year 30 June 2015, the Company had combined 680,401,721 fully paid ordinary shares (Quoted and Unquoted) on issue and 21,083,334 converting notes.

After Balance Date Events

Following the formal handover of Participating Interest in the production sharing contract from Perusda to the JVCo, the Company announced on 9 July 2015 that Perusda has completed the formal documentation with CEP and JVCo. The Company can then proceed with its acquisition of CEP.

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.

There were further funds raised for working capital purposes of $446,000 ($86,000 were received before year-end and $360,000 in shares subscription received subsequent to year-end) through the issue of 30,000,000 shares to one sophisticated investor and another 7,166,667 converting notes whereby the notes will be converted into shares upon the approval of shareholders at the next general meeting. The securities were issued at $0.012 each.

On 19 August 2015, the Company announced the appointment of Ms YuJiang Tong as a non-executive director of the Company. Ms Tong joins the Board to lead the Company's fundraising initiatives. She is the sophisticated investor contributing to the last issue of shares.

Likely Developments

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

The Company will undertake a public offering through the prospectus at a capital raising issue price of at least $0.02 per consolidated share to raise a minimum subscription amount of $3,500,000.

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.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on Behalf of the Consolidated Entity

There is no impending legal proceeding for the reporting period.

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/Chairman	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	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 20 years of commercial experience in public and private companies.
David Hickie C. Bus (Acct) NIA Non-Executive Director	David Hickie has over 40 years' experience in banking, finance and funds management. His current business involvement is in introducing family income management budgeting and micro finance software to Indonesian Regional Banks and to Indigenous Australia in cooperation with his venture partners in Malaysia.
Graham Kavanagh B.Comm. ASIA Alternate Director to Siew Hong Koh *(retired 18 Sep 2015)* Executive Officer/Joint Company Secretary	Mr. Kavanagh has an extensive background over more than 25 years in securities and fund management, property investment and development as well as earlier experience in the Department of Mines. He has held senior positions as securities analyst, general manager and director in fund management and property investment.
YuJiang Tong B.Int.Bus. M.SocSc. Non-Executive Director *(appointed 19 July 2015)*	Ms. Tong is currently the Vice General Manager of Shenzhen Xinhongye Communication Co. Ltd (SXC), a publishing company in Shenzhen, China. SXC publishes a magazine focused on the resources industry.
Eric Kam FCPA FCMA MBA MAICD Joint Company Secretary	Eric Kam has extensive experience in finance and operations management across diverse businesses and industries in engineering, construction, mining & resources, technology, finance, marketing and distribution. He is involved in corporate change and listing of companies, and is on the board of several other companies.

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	4	4
John Carmody	4	4
Siew Hong Koh	4	4
David Hickie	4	4
YuJiang Tong	-	-

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.

Directors' relevant interests in Ordinary Shares of Enhanced Oil & Gas Recovery Limited

	Direct	Indirect
Ross Hill	-	#1 30,606,060
Siew Hong Koh	8,328,352	#2 48,410,000
YuJiang Tong[3]	30,000,000	-
TOTAL:	38,328,352	79,016,060

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

#2 *Includes 37,000,000 ordinary shares that are not quoted (EORAI shares) and potentially subject to ASX imposed escrow conditions.*

[3] As director effective 19/8/2015.

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:	2015 $	2014 $
Taxation services	15,000	-
Other	-	-

Remuneration Report

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. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

Further information on remuneration policies of the consolidated entity is found in the Corporate Governance Review Statement 2015 on page 3 to 8 of this report.

Directors' Remuneration

During the year, no directors received any remuneration by way of salaries or directors' fee. The directors were paid for services rendered to the consolidated entity through the director related entities or professional services establishment. This service arrangement will continue until such time Enhanced Oil & Gas Recovery Limited has completed its re-structure and ready for re-listing with the ASX compliant to chapters 1 and 2 of the listing rules.

The deviation in remuneration policy is disclosed in the Corporate Governance Review 2015 in respect of Principle 8 to remunerate fairly and responsibly.

A detailed report on the value of professional or consulting services rendered directly or indirectly by the directors is disclosed in note 24(b) of this report.

No directors received any remuneration from the consolidated entity during the financial year to 30 June 2015 (30 June 2014: $nil).

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. This service arrangement will continue until such time Enhanced Oil & Gas Recovery Limited has completed its re-structure in the change of its business direction and ready for re-listing with the ASX compliant to chapter 1 and 2 of the listing rules.

The value of services rendered by Graham Kavanagh, Executive Officer and Eric Kam, Company Secretary are disclosed in note 24(b) of this report.

No executive officer or company secretary received any remuneration from the consolidated entity during the financial year to 30 June 2015 (30 June 2014: $nil).

Directors and their shareholding

Number of shares held by key management personnel

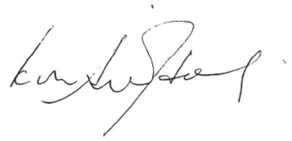
Directors	Balance^ 1/07/14	Granted as remuneration	Net change Other	Balance^# 30/06/15
Ross Hill	30,606,060	-	-	30,606,060
John Carmody	-	-	-	-
Siew Hong Koh	55,228,352	-	1,510,000	56,738,352
David Hickie	-	-	-	-
	85,834,412	-	1,510,000	87,344,412

Directors	Balance^ 1/07/13	Granted as remuneration	Net change Other	Balance^# 30/06/14
Ross Hill	30,606,060	-	-	30,606,060
John Carmody	-	-	-	-
Siew Hong Koh	18,228,352	-	37,000,000	55,228,352
David Hickie	-	-	-	-
	48,834,412	-	37,000,000	85,834,412

^ *Combined shares held directly and indirectly*.

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

Signed in accordance with a resolution of the directors.



Siew Hong Koh
Director

Sydney
30 September 2015

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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ENHANCED OIL & GAS RECOVERY LIMITED
ABN 67 097 771 581

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ENHANCED OIL & GAS RECOVERY LIMITED

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

ROD SHANLEY

Partner

PITCHER PARTNERS

Sydney

30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2015

	Notes	Consolidated Entity 2015 $	2014 $
Revenue			
Other income	4	7,761	61,593
		7,761	61,593
Less: Expenses			
Consulting and Temporary Staff Costs		(447,159)	(432,207)
Property and Occupancy		(59,222)	(58,890)
Impairment of financial assets	5	(3,325)	(84,065)
IT &T		(1,570)	(1,419)
Depreciation expenses	5	-	-
Finance costs	5	(2,382)	(2,511)
Professional fees		(65,588)	(27,356)
Corporate and listing costs		(184,863)	(309,554)
Other expenses		(42,595)	(57,277)
		(806,704)	(973,279)
(Loss) before income tax from continuing operations		(798,943)	(911,686)
Income tax expense (income tax benefit)	6	-	-
(Loss) from continuing operations		(798,943)	(911,686)
Profit (loss) from discontinued operations	8	-	5,252
Profit (loss) for the year		(798,943)	(906,434)
Other comprehensive income for the year net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the members of the parent entity		(798,943)	(906,434)
Earnings per share from profit from continuing operations:			
Basic earnings per share	20	(0.12¢)	(0.16¢)
Diluted earnings per share	20	(0.12¢)	(0.15¢)
Earnings per share from profit from discontinued operations:			
Basic earnings per share	20	(0.00¢)	(0.00¢)
Diluted earnings per share	20	(0.00¢)	(0.00¢)
Earnings per share from continuing and discontinued operations:			
Basic earnings per share	20	(0.12¢)	(0.16¢)
Diluted earnings per share	20	(0.12¢)	(0.15¢)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2015

	Notes	Consolidated Entity 2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	9	97,077	268,195
Receivables	10	196,859	177,078
Other current assets	11	28,146	20,235
TOTAL CURRENT ASSETS		322,082	465,508
NON-CURRENT ASSETS			
Property, plant and equipment	12	1	1
Other financial assets	13	20,000	39,952
TOTAL NON-CURRENT ASSETS		20,001	39,953
TOTAL ASSETS		342,083	505,461
CURRENT LIABILITIES			
Payables	14	635,969	415,754
Borrowings	15	22,171	15,321
TOTAL CURRENT LIABILITIES		658,140	431,075
TOTAL LIABILITIES		658,140	431,075
NET ASSETS/(LIABILITIES)		(316,057)	74,386
EQUITY			
Issued capital	16	11,632,971	11,224,471
Accumulated losses	17	(11,949,028)	(11,150,085)
TOTAL EQUITY		(316,057)	74,386

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2015

Consolidated Entity	Contributed equity $	Retained earnings $	Total Equity $
Balance as at 30 June 2014	10,723,773	(10,243,651)	480,122
(Loss) for the year	-	(906,434)	(906,434)
Total comprehensive income for the year	-	(906,434)	(906,434)
Transactions with owners in their capacity as owners:			
Contributions, net of costs	500,698		500,698
	500,698	-	500,698
Balance as at 30 June 2014	11,224,471	(11,150,085)	74,386
(Loss) for the year	-	(798,943)	(798,943)
Total comprehensive income for the year	-	(798,943)	(798,943)
Transactions with owners in their capacity as owners:			
Contributions, net of costs	408,500		408,500
	408,500	-	408,500
Balance as at 30 June 2015	11,632,971	(11,949,028)	(316,057)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2015

	Notes	Consolidated Entity 2015 $	2014 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(608,474)	(989,154)
Interest received		2,563	8,555
Borrowing costs		(2,382)	(2,511)
Net cash provided by / (used in) operating activities	18(a)	(608,293)	(983,110)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		21,825	220,915
Payment for investments		-	(277,464)
Net cash provided by / (used in) investing activities		21,825	(56,549)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	-
Proceeds from converting notes		444,932	525,838
Repayment of borrowings		(29,582)	(27,522)
Net cash provided by / (used in) financing activities		415,350	498,316
Net increase / (decrease) in cash and cash equivalents		(171,118)	(541,343)
Cash and cash equivalents at beginning of year		268,195	809,538
Cash and cash equivalents at end of the year	18(b)	97,077	268,195

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 2015

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 has in the year to 30 June 2015 raised in total $444,932 through the issue of converting notes of which $84,150 of the notes were converted into 6,510,000 fully paid ordinary shares (EORAI shares) upon approval by shareholders on 3 December 2014. The EORAI shares are not quoted and potentially subject to ASX imposed escrow conditions.

Upon the completion of the legally binding agreements relating to the Wailawi Oil & Gas Project in Indonesia, the Company will proceed to issue a prospectus and re-listing the Company compliant to ASX chapters 1 & 2 of the listing rules.

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.

A total of 30,000,000 shares and 7,166,667 converting notes were issued on 30 July 2015 having raised $446,000 ($86,000 were received before year-end and $360,000 in shares subscription received subsequent to year-end). The consolidated entity expect to raise a further $500,000 through further securities issue to fund the costs of prospectus issue and re-compliance to chapters 1 and 2 of the listing rules.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which the parent has the power to control the financial and operating policies so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established. They are de-consolidated from the date that control ceases.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

(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.

(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:

	2015	**2014**
Plant and equipment:	2 to 20 years	2 to 20 years

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 the 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.

A balance sheet approach is adopted under which 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled 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: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at 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.

Loans and receivables
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.

Non-derivative 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currencies translations and balances
Transactions and balances (cont'd)

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) New accounting standards and interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9 Financial Instruments

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New accounting standards and interpretations
AASB 9 Financial Instruments (cont'd)

Chapter 6 *Hedge Accounting* supersedes the general hedge accounting requirements in AASB 139 *Financial Instruments: Recognition and Measurement*, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%).

Revised disclosures about an entity's hedge accounting have also been added to AASB 7 *Financial Instruments: Disclosures*.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.

The effective date is annual reporting periods beginning on or after 1 January 2018.

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) Classification of assets and liabilities as held for sale
The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

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

<u>Receivables</u>
The directors have assessed the recoverability of the receivable previously and considered the Performance Bond lodged on behalf of CEP, and financed by related parties, as evidence of

financial capacity to settle the receivable in full following completion of all conditions precedent and entering into of the Wailawi Project.

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**
2015	**$**	**$**	**$**	**%**	
(i) Financial assets					
Cash	97,077	-	97,077	1.42%	Variable
Other receivables	-	196,859	196,859	0%	
Total financial assets	97,077	196,859	293,936		
(ii) Financial liabilities					
Payables	-	635,969	635,969	0%	
Borrowings	22,171	-	22,171	20.24%	Fixed
Total financial liabilities	22,171	635,969	658,140		
2014	**$**	**$**	**$**	**%**	
(i) Financial assets					
Cash	268,195	-	268,195	1.90%	Variable
Other receivables	-	177,078	177,078	0%	
Total financial assets	268,195	177,078	445,273		
(ii) Financial liabilities					
Payables	-	415,754	415,754	0%	
Borrowings	15,351	-	15,321	26.57%	Fixed
Total financial liabilities	15,351	415,754	431,075		

NOTE 3: FINANCIAL RISK MANAGEMENT *(cont'd)*

Sensitivity
If interest rates were to increase/decrease by 1% from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	Notes	**Consolidated Entity**	
		2015	**2014**
+/- 1%		**$**	**$**
Impact on profit after tax		971	2,682
Impact on equity		971	2,682

(b) Credit risk exposures

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The consolidated entity has a material credit risk exposure in the receivables from Centre Energy Petroleum Limited (CEP). The directors have assessed the recoverability of the receivable previously and considered the Performance Bond lodged on behalf of CEP, and financed by related parties, as evidence of financial capacity to settle the receivable in full following completion of all conditions precedent and entering into of the Wailawi Project.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(c) 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 in respect of the discontinued businesses and intend to raise equity to fund new business opportunities as disclosed in this financial report.

(d) 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.

	Notes	Consolidated Entity 2015 $	Consolidated Entity 2014 $
NOTE 4: REVENUE			
Revenues from continuing operations			
Other income			
Interest		2,563	8,555
Gain on disposal of financial assets		1,210	41,173
Gain from revaluation of financial assets		3,988	11,865
Revenue from the rendering of services		-	-
		7,761	61,593

NOTE 5: PROFIT/(LOSS) FROM CONTINUING OPERATIONS

Profit/(loss) from continuing operations before income tax has been determined after the following specific expenses:

	2015 $	2014 $
Depreciation of non-current assets		
Plant and equipment	-	-
Total depreciation of non-current assets	-	-
Impairment of Financial Assets	3,325	84,065
Finance costs expensed		
Bank loans and overdrafts	-	-
Other loans	2,382	2,511
Total finance costs expensed	2,382	2,511

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.

Prior year losses of controlled entities will not be utilised as those entities have been placed into administration or in liquidation. In addition, management are not able to state conclusively, at this stage of transformation of the company, that future taxable amounts will be available.

It is noted that the company may not satisfy the requirements to carry forward the available tax losses so it is not able to reliably measure tax losses that may be available to be carried forward.

NOTE 7: DIVIDENDS

No dividends were paid or declared during the year. (2014: nil)

NOTE 8: DISCONTINUED OPERATION

a) The consolidated financial statements include results of the discontinued operations of Artist & Entertainment Group Management Pty Ltd (AEGM) in which its core business activities were disposed in October 2008. AEGM was placed under voluntary administration, later liquidated in 2009. The amount disclosed in discontinued operations were those final income tax obligations relating to period up to the time of liquidation.

b) The results of the discontinued operation are presented below:

	Notes	Consolidated Entity 2015 $	2014 $
(i) Financial performance information			
Revenue		-	5,252
Expenses (including head office and impairment costs)		-	-
Profit/(Loss) before income tax		-	5,252
Income tax expense		-	-
Profit/(Loss) after income tax of discontinued operations		-	5,252
(ii) Cash flow information			
Net cash provided by / (used in) operating activities		-	5,252
Net cash flow		-	5,252
(iii) Carrying amount of assets and liabilities			
Assets			
Non-current assets classified as held for sale		-	-
Liabilities			
Liabilities directly associated with non-current assets classified as held for sale		-	-
Net assets/liabilities attributable to discontinued operations		-	-

NOTE 9: CASH AND CASH EQUIVALENTS

Cash at bank	97,077	268,195
	97,077	268,195

NOTE 10: RECEIVABLES

	Notes	Consolidated Entity 2015 $	2014 $
CURRENT			
Trade receivables		196,859	177,078
		196,859	177,078

In the last annual reporting year, the company incurred $153,967 of expenses in respect of various technical, financial and legal advices, including related travel expenses, in relation to the proposed operating and equity structure of the Wailawi Oil & Gas Project. As Centre Energy Petroleum Limited (CEP) has been reviewing and acting on the advice, it has been agreed between the Company and CEP that CEP will reimburse the Company for those costs in full. That amount is carried forward as a Receivable in the Statement of Financial Position as at 30 June 2015.

The directors have assessed the recoverability of the receivable previously and considered the Performance Bond lodged on behalf of CEP, and financed by related parties, as evidence of financial capacity to settle the receivable in full following the full completion of all conditions precedent and entering into of the Wailawi Project.

(a) Provision for impairment
Trade receivables are non-interest bearing. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

There is no impairment loss during the year.

(b) Trade and other receivables ageing analysis at 30 June is:

	Gross 2015 $	Impairment 2015 $	Gross 2014 $	Impairment 2014 $
Not past due	42,890	-	23,111	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Past due more than 91 days	153,967	-	153,967	-
	196,857	-	177,078	-

(c) Payment deferral
Included in the trade and other receivables is a claim of $153,967 against Centre Energy Petroleum Limited in which deferral of settlement has been agreed until the completion terms of the Share Purchase Agreement to acquire 100% of CEP have been fulfilled.

NOTE 11: OTHER CURRENT ASSETS

	Notes	Consolidated Entity 2015 $	2014 $
Prepayments		28,146	20,235
		28,146	20,235

NOTE 12: PROPERTY PLANT AND EQUIPMENT

	Notes	Consolidated Entity 2015 $	2014 $
Computer/IT & Telecommunication			
At cost		10,218	10,218
Accumulated depreciation		(10,217)	(10,217)
Total property, plant and equipment		1	1

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Computer/IT & Telecommunication		
Carrying amount at beginning of year	1	1
Additions	-	-
Depreciation expense	-	-
Carrying amount end of year	1	1
Total Property, Plant & Equipment	1	1

NOTE 13: OTHER FINANCIAL ASSETS

Shares in Tiger Energy Limited at cost	745,000	745,000
Provision for impairment	(745,000)	(745,000)
Investment (listed securities) at market value	20,000	39,952
	20,000	39,952

NOTE 14: PAYABLES

CURRENT		
Trade payables	635,969	415,754
	635,969	415,754

NOTE 15: BORROWINGS

CURRENT		
Instalment Loan	22,171	15,321
	22,171	15,321

NOTE 16: ISSUED CAPITAL

	Notes	Consolidated Entity 2015 $	Consolidated Entity 2014 $
(a) issued and paid up capital			
Ordinary shares fully paid		10,578,971	10,066,571
Cancelled Converting Notes		715,000	715,000
Converting notes		339,000	442,900
Total		11,632,971	11,224,471

(b) Movements in shares on issue

	Parent Entity 2015 No of Shares	Parent Entity 2015 $
Beginning of the financial year	635,993,388	10,066,571
Issued during the year+	44,408,333	512,400
End of the financial year	680,401,721	10,578,971

	Parent Entity 2014 No of Shares	Parent Entity 2014 $
Beginning of the financial year	492,393,389	8,363,693
Issued during the year+	143,599,999	1,702,878
End of the financial year	635,993,388	10,066,571

+ *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 2015 is 409,810,055 (30 June 2014: 409,810,055). All new securities issued by the Company are potentially subject to ASX imposed escrow conditions and is not traded as listed security. The total number of unquoted ordinary shares (EORAI) as at 30 June 2015 is 270,591,666 (30 June 2014: 226,183,333).

The market value of the quoted ordinary Enhanced Oil & Gas Recovery Limited shares closed on 30 June 2015 at $0.010 (30 June 2014: $0.013).

(c) Movements in cancelled converting notes

	Parent Entity	
	2015	
	No of Notes	$
Beginning of the financial year	59,583,333	715,000
End of the financial year	59,583,333	715,000

	2014	
	No of Notes	$
Beginning of the financial year	59,583,333	715,000
End of the financial year	59,583,333	715,000

The cancellation of 59,583,333 converting notes on 28 June 2013 was a result of an agreement with Union Pacific Trading Pty Ltd (UPT) to satisfy its obligations to buy back the TEL convertible notes in Tiger Energy Limited (TEL) as a result of certain conditions not being met. Under the requirements of the applicable accounting standards the paid up value of the converting notes cancelled by the Company remains within equity and a separate category called "Cancelled Converting Notes" has been created and the amount applicable to the notes cancelled of $715,000 allocated to this account.

(d) Movements in converting notes

	Parent Entity	
	2015	
	No of Notes	$
Beginning of the year	36,825,000	442,900
Issued during the year	35,833,334	430,000
Converted to shares during the year	(44,408,333)	(533,900)
End of the financial year	28,250,001	339,000

	Parent Entity	
	2014	
	No of Notes	$
Beginning of the year	137,089,999	1,645,080
Issued during the year	43,335,000	527,050
Converted to shares during the year	(143,599,999)	(1,729,230)
End of the financial year	36,825,000	442,900

The converting notes issued during the year are at the price of $0.012 per note (2014: $0.012 to $0.015 per note) and conversion into ordinary shares are on the basis of one fully paid ordinary shares for each note, subject to shareholders' approval at a general meeting.

Converting notes are issued to parties

i. who are related to the consolidated entity whereby the issue of shares or conversion of notes into shares are subject to prior approval by shareholders;
ii. whereby the total issue if in ordinary shares may exceed the threshold as set out in the guidelines under ASX rule 7.1.

(e) 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.

(f) Share Options

During or since the end of the financial year, no options (2014: Nil) have been granted.

As at end of the financial year, there is no outstanding balance of unissued ordinary shares under option.

(g) 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 2015, no dividends were paid. (2014: $nil).

NOTE 17: RESERVES AND ACCUMULATED LOSSES

	Notes	Consolidated Entity	
		2015	2014
(a) Accumulated losses		$	$
Balance at the beginning of year		(11,150,085)	(10,243,651)
Total comprehensive income/(loss) attributable to members of Enhanced Oil & Gas Recovery Limited		(798,943)	(906,434)
Total available for appropriation		(11,949,028)	(11,150,085)
Dividends paid		-	-
Balance at end of year		(11,949,028)	(11,150,085)

NOTE 18: CASH FLOW INFORMATION

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

	Notes	Consolidated Entity 2015 $	2014 $
Profit /(loss) for the year		(798,943)	(906,434)
Depreciation of non-current assets		-	-
Gain on disposal of financial assets		(1,210)	(41,172)
Gain on revaluation of financial assets		(3,988)	(11,865)
Impairment of financial assets		3,325	84,065
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses			
(Increase)/decrease in assets			
- Current receivables		(19,781)	(127,081)
- Other current assets		(7,911)	-
Increase/(decrease) in liabilities			
- Current payables		220,215	19,377
Net cash (used in) operating activities		(608,293)	(983,110)

(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:

	2015	2014
– Cash at bank	97,077	268,195
Closing cash balance	97,077	268,195

(c) Credit stand-by arrangements with banks

As at 30 June 2015 the consolidated entity and parent entity have no credit stand-by arrangement and loan facilities.

NOTE 19: COMMITMENTS AND CONTINGENCIES

No remuneration has been paid to, or liability accrued for, fees which otherwise may have been payable with respect to director services by Mr Hill and Mr Hickie for the year ended 30 June 2015.

Upon the successful completion of the CEP acquisition, the Board will review its overall remuneration policy and may implement an Employee Share Option Plan subject to shareholders approval, which may result in the directors being issued shares in return for their agreement to forego charging any director fees during this period.

At the present date it is not possible to quantify the number of share options that may be issued, nor their value. At the date of this report, there is no agreement, formal or informal, between the company and the directors, in relation to this matter.

NOTE 20: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Notes	Consolidated Entity 2015	2014
(Loss) from continuing operations		(798,943)	(911,686)
Profit/(loss) from discontinued operations		-	5,252
Profit used in calculating basic earnings per share		(798,943)	(906,434)
Earnings used in calculating diluted earnings per share		(798,943)	(906,434)
		No of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share		661,178,388	574,225,717
Effect of dilutive securities:			
Converting Notes		28,517,854	36,825,000
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		689,696,242	611,050,717

NOTE 21: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Number of shares held by key management personnel

Directors	Balance^ 1/07/14	Net change Other	Balance^# 30/06/15
Siew Hong Koh	55,228,352	1,510,000	56,738,352
Ross Hill	30,606,060	-	30,606,060
	85,834,412	1,510,000	87,344,412

Directors	Balance^ 1/07/13	Net change Other	Balance^# 30/06/14
Siew Hong Koh	18,228,352	37,000,000	55,228,352
Ross Hill	30,606,060	-	30,606,060
	48,834,412	37,000,000	85,834,412

^*Combined shares held directly and indirectly*.
#*Including unquoted ordinary shares potentially subject to ASX imposed escrow conditions.*

(b) Other securities held by key management personnel

There are no other securities held by key management personnel.

NOTE 22: AUDITOR'S REMUNERATION

	Notes	Consolidated Entity 2015 $	Consolidated Entity 2014 $
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		45,000	44,500
Other non-audit services			
– Taxation services		15,000	-
		60,000	44,500

NOTE 23: FAIR VALUE MEASUREMENT

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

	30 June 2015		30 June 2014	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets				
Cash and cash equivalents	97,077	97,077	268,195	268,195
Receivables	196,859	196,859	177,078	177,078
Other financial assets	20,000	20,000	39,952	39,952
	313,936	313,936	485,225	485,225
Financial liabilities				
Trade and other payables	635,969	635,969	415,754	415,754
Borrowings	22,171	22,171	15,321	15,321
	658,140	658,140	431,075	431,075

NOTE 24: 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	
		2015	2014
Parent Entity:			
Enhanced Oil & Gas Recovery Limited	Australia		
Subsidiaries of Enhanced Oil & Gas Recovery Limited			
Powgen Mining Pty Ltd	Australia	100%	100%
Ozthai Coal Pty Ltd *(deregistered 4/9/2014)*	Australia	-	100%
Asia Energy & Minerals Limited	Australia	100%	100%

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

Centrebright Pty Ltd, an entity controlled by Siew Hong Koh, non-Executive Director provided management services under normal terms and conditions of value up to $60,000.

J C Petroleum Pty Ltd, an entity controlled by John Carmody, non-executive Director provided technical advisory services under normal terms and conditions of value up to $25,992.

Drumcliff Investment Pty Ltd, an entity controlled by Graham Kavanagh, Executive Officer and director alternate to Siew Hong Koh provided consulting services under normal terms and conditions of value up to $118,182.

Ekam Commercial is a professional service firm of Eric Kam, the Company Secretary has during the year provided management services to the Company under normal terms and conditions of value up to $72,000.

NOTE 25: 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 26: PARENT ENTITY INFORMATION

Summarised statement of financial position	Notes	Parent Entity 2015 $	Parent Entity 2014 $
Assets			
Current assets		322,734	474,531
Non-current assets		20,001	28,088
Total assets		342,735	502,619
Liabilities			
Current liabilities		658,140	431,075
Total liabilities		658,140	431,075
Net assets/(liabilities)		(315,405)	71,544
Equity			
Contributed capital		11,632,971	11,224,471
Accumulated losses		(11,948,376)	(11,152,927)
Total Equity		(315,405)	71,544

(a) Summarised statement of profit or loss and other comprehensive income

	2015 $	2014 $
Loss for the year	(795,449)	(908,898)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(795,449)	(908,898)

NOTE 27: EVENTS AFTER BALANCE DATE

Following the formal handover of Participating Interest in the production sharing contract from Perusda to the JVCo, the Company announced on 9 July 2015 that Perusda has completed the formal documentation with CEP and JVCo. The Company can then proceed with its acquisition of CEP.

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.

There were further funds raised for working capital purposes of $446,000 ($86,000 were received before year-end and $360,000 in shares subscription received subsequent to year-end) through the issue of 30,000,000 shares to one sophisticated investor and another 7,166,667 converting notes whereby the notes will be converted into shares upon the approval of shareholders at the next general meeting. The securities were issued at $0.012 each.

On 19 August 2015, the Company announced the appointment of Ms YuJiang Tong as a non-executive director of the Company. Ms Tong joins the Board to lead the Company's fundraising initiatives. She is the sophisticated investor contributing to the last issue of shares.

The Company will undertake a public offering through the prospectus at a capital raising issue price of at least $0.02 per consolidated share to raise a minimum subscription amount of $3,500,000.

DIRECTORS DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 15 to 39 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 2015 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.

Siew Hong Koh
Director

Sydney
Date: 30 September 2015

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

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

Report on the Financial Report

We have audited the accompanying financial report of Enhanced Oil & Gas Recovery Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Enhanced Oil & Gas Recovery Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the financial report which indicates that the consolidated entity incurred a loss for the year ended 30 June 2015 of $798,943 and, as of that date, the consolidated entity's net liabilities were $316,057. Since 30 June 2015 the company has raised an additional $360,000 capital as disclosed in Note 27 Events After Balance Date. In Note 1(b) it is stated that the consolidated entity's ability to continue as a going concern is dependent on the ability to raise funds as required to meet its obligations, including relisting of Enhanced Oil & Gas Recovery Limited. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 13 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Enhanced Oil & Gas Recovery Limited and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

ROD SHANLEY | PITCHER PARTNERS

Partner | Sydney

Date: 30 September 2015

Shareholder Information As At 9 September 2015

A) Substantial shareholders

Name	Number of Shares	Percentage of Issued Shares
Vibrant Link Sdn Bhd	42,750,000	6.02%
Union Pacific Trading Pty Ltd	37,000,000	5.21%
Natasha Vojvodic	35,649,100	5.02%

B) Distribution of fully paid ordinary shares

(i) Distribution schedule of holdings

	Unquoted (EORAI)	Quoted (EOR)	Total
1 – 1,000	-	25	25
1,001 – 5,000	-	17	17
5,001 – 10,000	-	77	77
10,001 – 100,000	1	114	115
100,001 and over	83	263	346
Total number of holders	84	496	580

		Unquoted	Quoted	Total
(ii)	Percentage held by the 20 largest holders	22.28%	21.44%	43.72%
(iii)	Total issued shares	300,591,667	409,810,055	710,401,722

(iv) Number of holders with less than marketable parcels ($500 at 0.8c UMP 62,500 EOR shares) of quoted securities is 194 for total of 3,503,771 EOR shares.

C) Twenty largest shareholders of quoted ordinary shares as at 9 September 2015

Rank	Name	Units	% of Units
1.	VIBRANT LINK SDN BHD	42,750,000	6.02
2.	UNION PACIFIC TRADING PTY LTD	37,000,000	5.21
3.	MS NATASHA VOJVODIC	35,649,100	5.02
4.	MISS YUJIANG TONG	30,000,000	4.22
5.	ROSS HILL & ASSOCIATES PTE LTD	17,272,726	2.43
6.	INGSOL PTY LTD <INGSOL S/F A/C>	17,000,000	2.39
7.	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	16,368,210	2.30
8.	COMMUNICATE PTY LTD <COMMUNICATE A/C>	14,374,686	2.02
9.	MS NYOK CHIN WONG	11,515,342	1.62
10.	MUSTAPHA SABOUNE	10,000,000	1.41
11.	CITICORP NOMINEES PTY LIMITED	9,107,400	1.28
12.	MS NAJMA TASNEEM	8,750,000	1.23
13.	NAVJEET PUNIA	8,333,333	1.17
14.	BENBAXTER PTY LTD	8,000,000	1.13
15.	MR XIAO TIAN BAO	7,772,841	1.09
16.	BPS CORPORATION PTY LTD	7,700,000	1.08
17.	CLEVER MONEY PTY LTD	7,510,350	1.06
18.	MR ALLAN JAMES CLARK <A & J CLARK SUPER FUND A/C>	7,500,000	1.06
19.	CLEVER MONEY PTY LTD <CLEVER MONEY SUPERFUND A/C>	7,000,000	0.99
20.	SIEW HONG KOH	6,978,352	0.98
	Total:	**310,582,340**	**43.71**

D) Voting rights

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.