

Enhanced Oil & Gas Recovery Limited

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ABN 67 097 771 581

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ASX Release

Friday 31 August 2018

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 2018
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A**

Appendix 4E Preliminary Final Report

Name of entity

| |
|--|
| ENHANCED OIL & GAS RECOVERY LIMITED |
|--|

| | |
|--------------------------------------|----------------|
| ABN or equivalent company reference: | 67 097 771 581 |
|--------------------------------------|----------------|

1. Reporting period

| | |
|---|--------------|
| Report for the financial year ended | 30 June 2018 |
| Previous corresponding period is the financial year ended | 30 June 2017 |

2. Results for announcement to the market

| | | | | |
|--|---------------------|------|-----------------------------|-------------|
| Revenues from ordinary activities (<i>item 2.1</i>) | Up | n/a% | to | \$35,573 |
| Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>) | down | 50% | to | (\$403,034) |
| Net loss for the period attributable to members (<i>item 2.3</i>) | down | 50% | to | (\$403,034) |
| Dividends (<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 sale of shares and 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 2018 | N/A | \$ NIL |
| Final dividend – year ended 30 June 2018 | N/A | \$ NIL |

Amount per security

| | Amount per security | Franked amount per security at % tax | Amount per security of foreign sourced dividend |
|-------------------------------------|---------------------|--------------------------------------|---|
| Total dividend: 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 (each class separately) | NIL | NIL |
| Preference securities (each class separately) | NIL | NIL |
| Other equity instruments (each class separately) | NIL | NIL |
| Total | 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)

| | Consolidated Entity | |
|--|----------------------------|--------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Balance at the beginning of year | (13,874,456) | (13,064,855) |
| Net profit (loss) attributable to members of the parent entity | (403,034) | (809,601) |
| Total available for appropriation | (14,277,490) | (13,874,456) |
| Dividends paid | - | - |
| Balance at end of year | (14,277,490) | (13,874,456) |

9. Net tangible assets per security (item 9)

| | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | (0.0007 ¢) | (0.0006 ¢) |

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

| 2018 \$ | 2017 \$ |
|------------|------------|
| 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.

Review of Operations

The main activities of the Company during most of the financial year centred on the acquisition of the entire issued capital of Centre Energy Petroleum Limited ("CEP") which owns an economic interest in the Wailawi Oil & Gas Project in Indonesia.

In late August 2017 the Company issued 28,728,571 shares. 20,000,000 of these were issued as a placement for \$100,000 with the funds being used for working capital and the balance were issued at \$0.007 in settlement of existing expenses.

In March 2018 YuJiang (Jodie) Tong resigned as a Director of the Company as she was spending significant time outside of Australia.

Further during March, the Company placed 5,000,000 shares at a price of \$0.008 and also settled existing liabilities of \$120,000 through the issue of 15,000,000 shares.

To fund the Company's continued activities at the time to acquire an economic interest in Wailawi, it borrowed a further \$120,000 during the period March to May 2018.

In anticipation of acquiring the Wailawi interest, the Company secured the services of Maki Petkovski, an oil executive with many years' experience both in Australia and overseas. Mr Petkovski was to assist John Carmody as well as develop other oil and gas opportunities for the Company once it had achieved re-compliance with ASX listing rules.

Unfortunately, the Company despite significant documentation and independent valuations and expert advice, was unable to convince the ASX listing committee of the merits of EOR acquiring the economic interest in Wailawi.

The removal of this potential acquisition alters the Company's outlook in a substantive manner.

The Board have since this time in early May 2018 focused on firstly ensuring day to day management of the Company's creditors and removal of significant day to day expenditure.

To this end, the Company has been successful in managing its liabilities and entering into informal and fair settlement arrangements.

EOR has in the past few months received a number of interesting opportunities some of which substantial due diligence has been taken.

As the Company finds itself today, no particular transaction has been finalised, but the Directors are confident that such an arrangement will be forthcoming in the short term.

Given the non-specific nature of the Company's future and the fact that he was required to spend substantial time overseas on activities unrelated to EOR, Mr Petkovski resigned from the Board during July 2018.

At the end of the financial year, the Company had in total 992,349,691 issued shares of which 409,810,055 shares are quoted listed securities in the Australian Stock Exchange (ASX). The remaining 582,539,636 shares representing approximately 59% of the total issued shares are not currently quoted and are potentially subject to ASX imposed escrow conditions.

- 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 2018**

| | Consolidated Entity | |
|---|----------------------------|------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Revenue | | |
| Other income | 35,573 | 458 |
| | <u>35,573</u> | <u>458</u> |
| Less: Expenses | | |
| Consulting and Temporary Staff Costs | (232,321) | (410,453) |
| Property and Occupancy | (42,346) | (67,586) |
| Impairment of financial assets | - | - |
| IT & T | (2,311) | (1,416) |
| Finance costs | (7,466) | (1,739) |
| Corporate and listing costs | (46,453) | (214,426) |
| Other expenses | (107,709) | (114,439) |
| | <u>(438,606)</u> | <u>(810,059)</u> |
| Loss before income tax | (403,034) | (809,601) |
| Income tax expense / (income tax benefit) | - | - |
| | <u>(403,034)</u> | <u>(809,601)</u> |
| Loss for the year | (403,034) | (809,601) |
| Other comprehensive income for the year net of tax | - | - |
| | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the year attributable to the members of the parent entity | <u>(403,034)</u> | <u>(809,601)</u> |
| Earnings per share: | | |
| Basic earnings per share | (0.004¢) | (0.009¢) |
| Diluted earnings per share | (0.004¢) | (0.009¢) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2018**

| | Consolidated Entity | |
|--------------------------------------|----------------------------|------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 553 | 28,345 |
| Receivables | 5,315 | 50,999 |
| Other current assets | 2 | 32,887 |
| TOTAL CURRENT ASSETS | 5,870 | 112,231 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | - | 1 |
| Other financial assets | 60 | 60 |
| TOTAL NON-CURRENT ASSETS | 60 | 61 |
| TOTAL ASSETS | 5,930 | 112,292 |
| CURRENT LIABILITIES | | |
| Payables | 453,012 | 689,462 |
| Borrowings | 120,000 | 29,979 |
| TOTAL CURRENT LIABILITIES | 573,012 | 719,441 |
| NON CURRENT LIABILITIES | | |
| Borrowings | 150,000 | - |
| TOTAL NON CURRENT LIABILITIES | 150,000 | - |
| TOTAL LIABILITIES | 723,012 | 719,441 |
| NET ASSETS/(LIABILITIES) | (717,081) | (607,149) |
| EQUITY | | |
| Issued capital | 13,560,407 | 13,267,307 |
| Accumulated losses | (14,277,488) | (13,874,456) |
| TOTAL EQUITY | (717,081) | (607,149) |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2018**

| Consolidated Entity | Contributed equity \$ | Retained earnings \$ | Total Equity \$ |
|--|--------------------------------------|-------------------------------------|----------------------------|
| Balance as at 30 June 2016 | 12,225,457 | (13,064,855) | (839,398) |
| Loss for the year | - | (809,601) | (809,601) |
| Total comprehensive income for the year | - | (809,601) | (809,601) |
| Transactions with owners in their capacity as owners: | | | |
| Contributions, net of costs | 1,041,850 | | 1,041,850 |
| | 592,486 | - | 592,486 |
| Balance as at 30 June 2017 | 13,267,307 | (13,874,454) | (607,147) |
| Loss for the year | - | (403,034) | (403,034) |
| Total comprehensive income for the year | - | (403,034) | (403,034) |
| Transactions with owners in their capacity as owners: | | | |
| Contributions, net of costs | 293,100 | | 293,100 |
| | 293,100 | (403,034) | (109,934) |
| Balance as at 30 June 2018 | 13,560,407 | (14,277,488) | (717,081) |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2018

| | Consolidated Entity | |
|---|----------------------------|------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Receipts from customers | - | - |
| Payments to suppliers and employees | (438,774) | (751,176) |
| Interest received | 7 | 458 |
| Borrowing costs | (6,598) | (1,738) |
| Net cash used in operating activities | (445,365) | (752,457) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 35,573 | - |
| Net cash provided by / (used in) investing activities | 35,573 | - |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from shares issued net of costs | 112,000 | 117,765 |
| Proceeds from borrowings/deposit & bonds | 270,000 | 525,000 |
| Repayment of borrowings/deposit & bonds | - | (30,509) |
| Net cash provided by financing activities | 382,000 | 612,256 |
| Net (decrease) / increase in cash and cash equivalents | (27,792) | (140,200) |
| Cash and cash equivalents at beginning of year | 28,345 | 168,545 |
| Cash and cash equivalents at end of the year | 553 | 28,345 |

**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 2018.

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

| | Year Ended June 30, 2018 | Year Ended June 30, 2017 |
|---|-------------------------------------|-------------------------------------|
| (a) Reconciliation of cash | | |
| - Cash in hand | - | - |
| - Cash at bank | <u>553</u> | <u>28,345</u> |
| | 553 | 28,345 |
| (b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities | | |
| - Loss for the year | (403,034) | (809,601) |
| - Depreciation of non-current assets | - | - |
| Gain on disposal of investments | - | - |
| Gain on revaluation of investments | - | - |
| Share issued in Lieu for Service provided | 124,700 | 468,433 |
| Provision of impairment of investments | - | - |
| Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses | | |
| Decrease in assets | | |
| - Current receivables | 45,284 | (11,587) |
| - Other current assets | - | (6,782) |
| - Non-current assets | 32,885 | - |
| (Decrease)/increase in liabilities | | |
| - Current payables | <u>(245,200)</u> | <u>(392,919)</u> |
| Net cash used in operating activities | <u>(445,365)</u> | <u>(752,456)</u> |