

# Enhanced Oil & Gas Recovery Limited

Phone: +61 2 9258 9900  
Fax: +61 2 9247 6225

ABN 67 097 771 581  
Level 2 Hudson House 131 Macquarie Street Sydney NSW 2000  
GPO Box 3723 Sydney NSW 2001

---

**(ASX: EOR)**

Friday, 4 November 2016

Mr Andrew Kabega  
Senior Adviser, Listings Compliance (Sydney)  
ASX Compliance Pty Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
E: andrew.kabega@asx.com.au

Dear Andrew,

## **Appendix 4C Query**

We refer to your letter of 2 November 2016 concerning the Company's Quarterly Report for the period ended 30 September 2016 (Appendix 4C) lodged with the ASX Market Announcements Platform and released on 26 October 2016.

In respect of the questions raised, the following responses are submitted:

1. During the last quarter period ended 30 September 2016, EOR undertook a debt reduction exercise aimed to extinguish the Company's debt burden of \$752,000. Creditors have been paid by a mix in cash and/or issue of new shares in lieu of cash payment. The total cash paid of \$271,000 is included in the operating cash flows Appendix 4C in relation to the debt reduction. Information concerning the debt reduction is disclosed in the "After Balance Date Events" and "Notes to the Financial Statements" of the 2016 Annual Report to Shareholders.

Other than corporate maintenance expenses and other related payments for engagement of consultants and independent experts, the Company expects minimal cash spending in the current or the next quarter period. The Company does expect that it will experience temporary negative operating cash flows in the near future.

2. EOR will continue to raise additional funding to support the interim transitioning activities of re-compliance with chapters 1 & 2 of the listing rules including the preparation of notice to call for shareholders meeting and the prospectus document to raise \$4 million as preliminary working capital for post-acquisition and implementation of the Wailawi Oil & Gas Project.

EOR expects to raise up to \$600,000 as additional funding by way of issue of shares pursuant to ASX Listing Rule 7.1 after shareholders have considered Resolution 7 "Past Issue of Shares" at the 2016 AGM on 30 November 2016.

In addition, the directors with the support of their associates will also continue to provide the financial support as may be required to bring its acquisition of CEP to completion.

3. The directors have consistently worked on the plan to acquire an interest in the Wailawi Oil & Gas Project through the acquisition of Centre Energy Petroleum Limited (CEP). The directors acknowledged again that the process has taken much longer than anticipated.

On 14 October 2016, the Company announced that it has engaged Pricewaterhouse Coopers to prepare an independent expert's report (IER) in relation to the proposed acquisition of CEP. Upon receipt of the IER, expect to be forthcoming, the Company will release a suitable timetable setting out the timeframe for shareholders to consider, to approve and the Company to complete the proposed acquisition of CEP and the re-listing of EOR.

4. With regards to Listing Rule 12.2, the Company shall hold on to its current financial stature for the time being and rely on the continuing support of the directors and their associates, and its major shareholders during the interim period of transition.

The Company will hold substantial income generating assets upon the completion of its acquisition of CEP including all its interest in the Wailawi Oil & Gas Project.

5. Information about the financial condition of the Company is in the recent release of the 2016 Annual Report to Shareholders and its subsequent events disclosure to 30 September 2016, together with all other announcements made to the market in recent weeks.

The Company confirms that it is in compliance with the Listing Rules and, in particular Listing Rule 3.1.

6. EOR confirms that the responses to the questions raised in the Appendix 4C Query has been authorised and approved by its board and has delegated the Company Secretary to respond to ASX on disclosure matters.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Eric Kam', with a stylized, cursive script.

Eric Kam  
Company Secretary



2 November 2016

Mr Eric Kam  
Company Secretary  
Enhanced Oil & Gas Recovery Limited  
Level 2, 131 Macquarie Street  
Sydney NSW 2000

By email: [ekam\\_sydney@yahoo.com.au](mailto:ekam_sydney@yahoo.com.au)

Dear Eric

**Enhanced Oil & Gas Recovery Limited ("EOR"): Appendix 4C Query**

I refer to EOR's Appendix 4C quarterly report for the period ended 30 September 2016 lodged with ASX Market Announcements Platform and released on 26 October 2016 (the "Appendix 4C").

ASX notes that EOR has reported:

- negative net operating cash flows for the quarter of \$553,000; and
- cash at the end of the quarter of \$225,000.

It is possible to conclude, based on the information in the Appendix 4C, that if EOR were to continue to expend cash at the rate indicated by the Appendix 4C, EOR may not have sufficient cash to continue funding its operations. In view of that, ASX asks EOR to respond separately to each of the following questions and requests for information:

1. Does EOR expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has EOR taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does EOR expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that EOR considers may be relevant to ASX forming an opinion on whether EOR is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that EOR is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that EOR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EOR with delegated authority from the board to respond to ASX on disclosure matters.

## When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 10.00am AEDT on Monday, 7 November 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in EOR's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EOR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Andrew.kabega@asx.com.au](mailto:Andrew.kabega@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

## Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to EOR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that EOR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

## Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in EOR's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

*[Sent electronically without signature]*

Andrew Kabega  
Senior Adviser, Listings Compliance (Sydney)  
P: 02 9227 0892  
E: [andrew.kabega@asx.com.au](mailto:andrew.kabega@asx.com.au)