

Artist & Entertainment Group Limited

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(ASX: AEM)

Mr Anthony Ingegneri
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ASX Compliance Pty Limited
Exchange Centre
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Thursday, 14 August 2014

Dear Sir,

We refer to your letter of 11 August 2014 concerning the Company's Quarterly Report Appendix 4C for the period ended 30 June 2014 released to ASX on 25 July 2014.

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

1. The Company expects that it will have sufficient cash to continue to fund its activities were it to continue to expend cash at the rate for the quarter indicated by the Appendix 4C.

Negotiations are currently being finalised to complete the following fund raisings,

- AUS\$100,000 fund raising by way of issue of converting notes to an Australian based sophisticated investor. This fund raising should be completed within 14 days of the date of this letter; and
- US\$1,000,000 fund raising by way of issue of converting notes to a US based sophisticated investor. This fund raising should be completed within 28 days of the date of this letter.

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 an interest in the Wailawi Project in Indonesia to completion.

2. The Company does expect that in the near future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter. However, the Company is taking steps, as outlined in point 1 above, to raise additional funds to enable the Company to complete the acquisition of an interest in the Wailawi Project, for the preparation of a prospectus and the re-listing of the Company on the ASX in accordance with Chapters 1 and 2 of the ASX Listing Rules.
3. The directors have consistently worked on the plan to acquire an interest in the Wailawi Project and acknowledge again that the process has taken much longer than anticipated. Most recently, this has been attributed to
 - The re-structure and re-organisation of SKK Migas, the Oil and Gas authority in Indonesia; and
 - The issue of new regulations by SKK Migas in June 2014 which has required the preparation and lodgement of additional information and documentation with SKK Migas to obtain the necessary SKK Migas approval prior to the Company's acquisition of an interest in the Wailawi Project.

The Company is currently working with its Indonesian legal advisors to prepare the information and documentation to be lodged with SKK Migas. Once this information and documentation has been lodged with SKK Migas and its approval obtained, the assignment of the Cooperation Agreement to the joint venture company that has been established in Indonesia will be formally approved. Centre Energy Petroleum Limited (“CEP”) owns a majority economic interest in the Wailawi Project. The Company will then proceed to acquire an interest in the Wailawi Project by acquiring the entire issued share capital of CEP subject to its re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

It is anticipated that the information and documentation will be lodged with SKK Migas this Saturday, 16 August 2014.

4. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. With regard to Listing Rule 12.2, the Company shall hold on to its current financial stature for the time being and rely on:
 - the proposed fund raisings as outlined in point 1 above; and
 - the continuing support of the directors and their associates.

The Company will hold substantial income generating assets upon the completion of its acquisition of an interest in the Wailawi Project. The Company will follow up with the release of a timetable to complete the proposed prospectus capital raising and re-comply with chapters 1 & 2 of the ASX listing rules.

Yours faithfully,



Eric Kam
Company Secretary
Tel: 02 9258 9900



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11 August 2014

Mr Eric Kam
Company Secretary
Artist & Entertainment Group Limited
Level 2
131 Macquarie Street
Sydney NSW 2000

Dear Mr Kam,

Artist & Entertainment Group Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 July 2014, released to ASX Limited ("ASX") on 25 July 2014 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$NIL.
2. Net negative operating cash flows for the quarter of \$257,000.
3. Cash at end of quarter of \$268,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9:30 am A.E.S.T. on Friday, 15 August 2014**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

[Sent electronically without signature]

Anthony Ingegneri
Senior Adviser, Listings Compliance (Sydney)