Unaudited Interim Condensed Consolidated Financial Statements of

ENHANCED OIL RESOURCES INC.

Nine months ended September 30, 2015 and 2014

ENHANCED OIL RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated condensed financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditor has not performed a review of these unaudited interim consolidated condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

November 19, 2015

ENHANCED OIL RESOURCES INC.

Condensed Consolidated Balance Sheets (Unaudited)
(all amounts expressed in thousands of US dollars)

	As of September 30, 2015	As of December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 2,193	$ 4,079
Receivables	351	503
Other current assets	173	419
	2,717	5,001
Non-current assets		
Exploration and evaluation assets, net	10,727	10,889
Property and equipment, net	29,167	37,090
Restricted cash	4,274	5,502
Other	74	106
Total Assets	$ 46,959	$ 58,588
Liabilities And Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 328	$ 951
Derivative financial instruments	62	39
Asset retirement obligations	1,104	638
	1,494	1,628
Longterm liabilities		
Asset retirement obligations	17,121	24,972
Other liabilities	110	-
	17,231	24,972
Shareholders' equity		
Equity instruments	124,166	124,166
Contributed surplus	9,364	9,364
Treasury stock, at cost	(108)	(108)
Deficit	(105,188)	(101,434)
	28,234	31,988
Total Liabilities and Shareholders' Equity	$ 46,959	$ 58,588

See accompanying notes to unaudited interim condensed consolidated financial statements.

Approved by the Board of Directors:

/s/ Al Denson	/s/ Andrew Hromyk
Al Denson	Andrew Hromyk
Director	Director

ENHANCED OIL RESOURCES INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)
(all amounts expressed in thousands of US dollars)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenues				
Oil and gas gross sales	$ 372	$ 2,420	$ 1,033	$ 7,296
Less: Royalties	(79)	(515)	(218)	(1,519)
	293	1,905	815	5,777
Expenses				
Production costs and taxes	265	655	797	2,043
Workover expenses	303	131	560	3,423
Field expenses	71	315	435	993
General and administrative	483	654	1,825	2,360
(Gain) loss on disposition of assets	(30)	-	64	1,082
Depreciation, depletion, and amortization	158	360	419	1,219
Financing costs and other, net	98	168	343	488
(Gain) loss on derivative financial instruments, net	14	(407)	103	(42)
Foreign currency translation loss	30	5	23	6
	1,392	1,881	4,569	11,572
Income (loss) before income taxes	(1,099)	24	(3,754)	(5,795)
Income tax provision	-	-	-	-
Net comprehensive income (loss) for the period	(1,099)	24	(3,754)	(5,795)
Loss per share - basic and diluted	$ (0.07)	$ 0.00	$ (0.23)	$ (0.36)

See accompanying notes to unaudited interim condensed consolidated financial statements.

ENHANCED OIL RESOURCES INC.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(all amounts, except common shares, expressed in thousands of US dollars)

	Number of Common Shares September 30,		September 30,	
	2015	2014	2015	2014
Total Shareholders' Equity, beginning balances			$ 31,988	$ 40,433
Equity Instruments (Common Shares)				
Balance, January 1	16,018,586	16,018,586	124,166	124,166
Balance, September 30	16,018,586	16,018,586	124,166	124,166
Contributed Surplus				
Balance, January 1			9,364	9,239
Fair value of stock option grants			-	125
Balance, September 30			9,364	9,364
Deficit				
Balance, January 1			(101,434)	(92,864)
Net loss			(3,754)	(1,640)
Balance, September 30			(105,188)	(94,504)
Treasury Stock, at Cost				
Balance, January 1			(108)	(108)
Balance, September 30			(108)	(108)
Total Shareholders' Equity			$ 28,234	$ 38,918

See accompanying notes to unaudited interim condensed consolidated financial statements.

ENHANCED OIL RESOURCES INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(all amounts expressed in thousands of US dollars)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash provided by (used in):		
Operating activities		
Net loss for the year	$ (3,754)	$ (5,795)
Add (deduct) noncash and other items:		
Depreciation, depletion, and amortization	419	1,219
Accretion of asset retirement costs	334	464
Loss on disposition of assets	64	1,082
Unrealized (gain) loss on derivative financial instruments	23	(70)
Foreign currency translation loss	23	6
Non-cash other expense	150	-
	(2,741)	(3,094)
Asset retirement expenditures	(50)	(158)
Changes in non-cash working capital	(193)	2,722
Cash used in operations	(2,984)	(530)
Investing activities		
Capital expenditures	(130)	(929)
Decreases in restricted cash, net	1,228	-
Proceeds from sale of assets	-	385
Cash (used in) provided by investing activities	1,098	(544)
Financing activities	-	-
Cash (used in) provided by financing activities	-	-
Change in cash and cash equivalents	(1,886)	(1,074)
Cash and cash equivalents, beginning of the period	4,079	1,249
Cash and cash equivalents, end of period	$ 2,193	$ 175

See accompanying notes to unaudited interim condensed consolidated financial statements.

1. Reporting Entity and Description of Business

Enhanced Oil Resources Inc. is a company incorporated in British Columbia, Canada that is engaged, through its wholly owned U.S. subsidiaries (collectively referred to as the "Company"), in the acquisition, development, operation and exploitation of crude oil and gas properties, including enhanced oil recovery projects, in the Permian Basin in eastern New Mexico. Common shares of the Company are listed on the TSX Venture Exchange ("TSXV") under the symbol "EOR" and quoted on the OTCQX ("Over the Counter" qualified stock exchange) under the symbol "EORIF". The registered address of the office is 940, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1.

2. Basis of Presentation and Significant Accounting Policies

Functional Currency – These unaudited interim condensed consolidated financial statements are presented in United States dollars, unless otherwise indicated. All references to $ are to United States dollars and references to C$ are to Canadian dollars.

Reclassifications – Certain reclassifications have been made to the September 30, 2015 unaudited interim condensed consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or accumulated deficit.

Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim condensed financial statements, including International Accounting Standard 34, "Interim Financial Reporting." The Company has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2014, which are available on the Company's website at www.enhancedoilres.com. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these unaudited interim consolidated financial statements are based on IFRS issued and outstanding as of November 19, 2015, the date the Company's Board of Directors approved the statements.

The accompanying unaudited interim condensed consolidated financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year, and, accordingly, actual results may differ from these estimates.

(All amounts in thousands of US dollars unless otherwise indicated)

3. Restricted Cash

Restricted cash is comprised of escrowed amounts or certificates of deposit at banks which are pledged either to secure contractual obligations of the Company or to secure plugging and abandonment obligations for properties operated by the Company's subsidiaries or to secure a well site reclamation project in Canada.

The following table summarizes the restricted cash balances of the Company:

	September 30, 2015		December 31, 2014	
Escrow deposit for St. Johns Dome contingent obligations	$	1,247	$	2,500
Bank deposits pledged to secure statuatory plugging and abandonment obligations		3,027		3,002
Balance, end of year	$	4,274	$	5,502
Short -term	$	-	$	-
Long-term	$	4,274	$	5,502

In September of 2015 in connection with the sale of the St. Johns Dome obligations noted above, approximately $1.25 million of the Company's restricted cash was released from escrow (see Note 10 – Commitments).

4. Receivables

The Company's receivables were comprised of amounts due from crude oil purchasers of $0.1 million and $0.1 million at September 30, 2015 and December 31, 2014, respectively, and other receivables of $0.3 million and $0.4 million for the same periods, respectively, which had been outstanding for less than 30 days and more than 90 days. Management does not consider any of the receivable balances to be impaired. The carrying amount of receivables approximates the fair value due to the short-term nature of the financial instrument.

5. Exploration and Evaluation Assets

Exploration and evaluation asset activity for the period ended September 30, 2015 was as follows:

	Oil and Gas Properties	
Balance, January 1, 2015	$	10,889
Additions		-
Disposition of assets		(162)
Present value of asset retirement additions		-
Depletion		-
Balance, September 30, 2015	$	10,727

(All amounts in thousands of US dollars unless otherwise indicated)

6. Property and Equipment

Property and equipment activity for the period ended September 30, 2015 was as follows:

	Oil and Gas Properties	Other	Total
Balance, January 1, 2015	$ 38,973	$ 1,409	$ 40,382
Additions	140	80	220
Dispositions	(398)	(673)	(1,071)
Transfer from inventory, net	107	-	107
Change in estimate of asset retirement obligations	(7,381)	-	(7,381)
Balance, September 30, 2015	$ 31,441	$ 816	$ 32,257
Accumulated depreciation and depletion:			
Balance, January 1, 2015	$ (2,148)	$ (1,144)	$ (3,292)
Depreciation and depletion	(309)	(110)	(419)
Dispositions	-	621	621
Balance, September 30, 2015	$ (2,457)	$ (633)	$ (3,090)
Net book value:			
January 1, 2015	$ 36,825	$ 265	$ 37,090
September 30, 2015	$ 28,984	$ 183	$ 29,167

Future development costs of $134.6 million and $78.0 million for the periods ended September 30, 2015 and 2014, respectively, have been included in the computation of depletion expense. No general and administrative costs have been capitalized with regard to property and equipment.

7. Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the estimated future obligations associated with the retirement of resource properties and oil and gas properties:

Balance, January 1, 2015	$ 25,610
Decrease in provision due to change in discount rates	(1,065)
Increase in provision due to passage of time (accretion)	334
Decrease in provision due to change in estimate	(6,296)
Increase in provision due to asset addition	90
Decrease in provision due to asset disposition	(398)
Asset retirement costs incurred	(50)
Balance, September 30, 2015	$ 18,225

The total undiscounted amount of estimated future cash flows required to settle the obligations is $25.5 million as of September 30, 2015, discounted using risk free rates from 0.17% to 3.54% at September 30, 2015, and assumes an inflation rate of 1.5%. The Company expects to settle these obligations over the next 25 years with funds from general Company resources at the time of retirement.

At September 30, 2015, the Company estimated plugging obligations of $1.2 million and $0.5 million for active leases administered by the Bureau of Land Management (BLM) and for active leases administered by the New Mexico Oil Conservation Division (OCD), respectively, in its Milnesand field. In addition, the Company estimated plugging obligations of $1.6 million and $7.7 million for active BLM leases and for active OCD leases, respectively, in its Chaveroo field. Total estimated plugging obligations for expired leases (all in the Chaveroo field) was $4.6 million. The table below summarizes the Company's total estimated plugging obligation by field at September 30, 2015.

	Active Leases		Expired Leases			Total
	BLM	**OCD**	**BLM**	**OCD**	**Facilities**	**Liability**
Milnesand Field	1,210	491	-	-	506	2,207
Chaveroo Field	1,604	7,682	1,791	2,831	2,110	16,018
Balance, September 30, 2015	**$ 2,814**	**$ 8,173**	**$ 1,791**	**$ 2,831**	**$ 2,616**	**$ 18,225**

During the second half of 2015, the Company is completing an abandonment program to comply with the requirements of The Bureau of Land Management (BLM). Under this program, nine wells on the Company's property in New Mexico, the Chaveroo field, that are no longer capable of producing oil will be plugged at an estimated cost of $0.04 million per well. These abandonments will satisfy all requirements for 2015.

8. Equity Instruments

Authorized Shares - There are an unlimited number of authorized common shares of no par value and up to 25 million preferred shares of no par value (1,000 shares issued to a wholly owned subsidiary of the Company).

Issued and Outstanding – The Company had 16,018,586 shares of common stock outstanding at September 30, 2015 and December 31, 2014.

Share Consolidation - Effective January 15, 2015, the Directors of the Company authorized the implementation of a share consolidation of one new common share for every 10 pre-consolidated common share of the Company. The Company's shares began trading on the post-consolidation basis on January 21, 2015, and, accordingly, all references to the outstanding common shares and the common share options of the Company in these financial statements have been restated to give effect to the consolidation as if the number of shares or options were effective for all periods presented.

Stock option plan - The Company has a stock option plan under which a rolling amount is reserved for issuance of up to 10% of the outstanding common shares as of any particular grant date. Options granted under the stock option plan have five-year expiration terms. The option prices for all outstanding options are denominated in Canadian dollars (C$), the trading currency of the Company's common shares.

The following tables summarize information about stock options as at September 30, 2015 (number of options in thousands):

(All amounts in thousands of US dollars unless otherwise indicated)

	Number of Options		Weighted-Average Exercise Price (C$)
Oustanding, January 1, 2015	405	$	2.06
Expired	(50)	$	3.00
Forfeited	(305)	$	1.96
Outstanding, September 30, 2015	50	$	1.63

Range of Prices C$		Options Outstanding				Options Exercisable		
Low	High	Number Outstanding	Weighted-Average Remaining Contractual Life (Yrs.)		Weighted-Average Exercise Price (C$)	Number Exercisable		Weighted-Average Exercise Price (C$)
$ 1.00	$ 1.60	30	1.99	$	1.20	30	$	1.20
1.61	2.50	20	0.54		2.50	20		2.50
$ 1.00	$ 2.50	133	1.79	$	1.72	133	$	1.72

Earnings per share - Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the Company and held as treasury shares. The weighted average number of shares outstanding that were used for purposes of the computation of basic per share data was 16,018,586 at both September 30, 2015 and 2014. Since the Company incurred a net loss for both periods, no common stock equivalents were included in the computation of diluted earnings per share as their inclusion would have been anti-dilutive.

9. Related Party Transactions

There were no related party transactions for the periods ending September 30, 2015 and 2014.

10. Commitments

The Company is committed to the following future payments (principally related to office leases), as of September 30, 2015:

2015		9
2016		39
2017		25
Total	$	73

On April 1, 2015, the sublease of the remaining term of the Company's office in Houston, Texas, became effective thus reducing its future committed payments by $0.5 million.

(All amounts in thousands of US dollars unless otherwise indicated)

As of November 19, 2015, the Company committed $0.4 million to fund its 2015 well abandonment program thus satisfying its 2015 plugging requirements established by the BLM.

In February 2014, the Company amended its CO_2 Purchase Agreement with Kinder Morgan CO_2 Company, L.P. (Kinder Morgan), to extend the dates before which the Company is obligated to take or pay for CO_2 purchases and connect to Kinder Morgan's pipeline. The agreement will provide the source of CO_2 for use in tertiary oil recovery projects in the Permian Basin. The contract, as amended, requires the Company to take or pay for the purchase of 27.4 billion cubic feet of CO_2 over a five-year period commencing no later than January 1, 2018. The maximum daily purchase commitment required under the contract is 20 million cubic feet per day during year three with the cost of CO_2 fluctuating based on the price of crude oil and transportation tariffs at the time. The Company will be required to construct a pipeline, currently estimated to be a distance of approximately 32 miles, to the pipeline operated by Kinder Morgan. Both the purchase commitment and the obligation to pay, as amended, are cancellable before January 1, 2017, without termination penalty.

In connection with the sale of certain assets to Kinder Morgan in 2012, the Company agreed to be contingently responsible for up to $5.0 million of future appraisal drilling costs to evaluate helium in certain areas of the St. Johns Dome field ("Drilling Costs"). The obligation was secured in part by $2.5 million placed into escrow at closing of the sale. On September 4, 2015, approximately $1.25 million of the Company's restricted cash was released from escrow. The released funds are included as cash provided by investing activities in the Company's consolidated statement of cash flows for the nine months ended September 30, 2015 (see Note 3 - Restricted Cash). Unless claimed, the remaining sum of approximately $1.25 million will be released to the Company in January of 2017. The remaining obligation of $2.5 million expires in January of 2024. The Company's obligations to fund Drilling Costs are contingent on both all permits being issued for and all steel being purchased to construct a pipeline to the St. Johns Dome field.

In September of 2015, the Company also recorded a long-term liability of $0.1 million representing the estimated future costs of a well site reclamation project in Canada. Approximately $0.02 million is included in restricted cash related to this liability.

11. Financial Instruments - Commodity Contracts

The following table sets forth the specifics related to the financial instruments in place for future crude oil settlements (NYMEX WTI) at September 30, 2015.

Barrels	Commodity	Type	Price	Term
27,500	WTI Midland-Cushing Differential	Swap	($3.50)	Jan 2015- Dec 2015

The Company realized derivative losses net of contract settlements of $0.08 million for the nine months ended September 30, 2015 compared to a $0.3 million loss for the same period in 2014. Estimated unrealized losses on the future settlements of the remaining derivative contracts were $0.02 million at September 30, 2015 compared to a $0.07 million unrealized gain for the same period in the prior year.

12. Fair Value Measurements

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 - Values are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values are based on prices or valuation techniques that are not based on observable market data.

The Company has determined that the carrying value of its short-term financial assets and liabilities (cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities, borrowings) approximates fair value at the consolidated balance sheet dates due to the short-term maturity of these instruments.

The fair values of the derivatives are determined by a Level 2 valuation model, where pricing inputs other than quoted prices in an active market are used. These pricing inputs include quoted forward prices for commodities, foreign exchange rates, volatility and risk-free rate discounting, all of which can be observed or corroborated in the marketplace. The actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices and foreign exchange rates as compared to the valuation assumptions.

13. Risk Management

Disclosures relating to exposure to risks, in particular credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk are provided below.

Risks Associated with Financial Assets and Liabilities - The Company is exposed to financial risks arising from its financial assets and liabilities. Financial risks include market risks (such as commodity prices, foreign exchange and interest rates), credit risk and liquidity risk. The future cash flows of financial assets or liabilities may fluctuate due to the movements in market prices and the exposure to credit and liquidity risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments exposed to concentrations of credit risk are primarily cash and cash equivalents, including restricted cash, accounts receivable and counterparty risk on derivative contracts. The Company limits its exposure to credit risk with respect to cash equivalents by investing available cash in short-term deposits with Canadian and US banks, principally in overnight money market funds investing in government treasury instruments. The Company's receivables mainly consist of amounts due from sales of its crude oil and natural gas production. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

With respect to its crude oil and natural gas production receivables, the Company is the operator of all its property interests and owns the significant majority of the working interest in producing and non-producing properties.

Receivables related to the sale of crude oil production are with two major reputable marketers and proceeds are collected within approximately 25 days following the month of delivery. The Company with respect to the majority of operated production remits royalty and severance taxes to the other royalty and working interest owners of the leaseholds interests.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At September 30, 2015, the Company had cash of $2.2 million, excluding restricted cash of $4.3 million. The Company’s working capital and current cash flows are not sufficient to fund the Company’s operating expenditures and cash requirements without additional sources of funds. The Company’s ability to continue as a going concern is dependent upon its ability to generate profitable production and to obtain additional funding from loans, equity financings, the sale of assets or through other arrangements. Although the Company has been successful in obtaining financing in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

Foreign exchange risk

Substantially all of the Company’s assets and expenditures are either denominated in or made with US dollars. As a result, the Company has very limited exposure to foreign exchange risk in relation to existing commitments or assets denominated in a foreign currency. The Company has chosen not to enter into any foreign exchange contracts since its Canadian dollar working capital balances are not significant to the consolidated entity.

Interest rate risk

The Company is exposed to interest rate risk to the extent that changes in the market interest rates impact the Company’s short-term deposits that have floating interest rates and to the extent borrowings are made under the debt facility. The Company's exposure to interest rate fluctuations at September 30, 2015, is primarily related to cash deposits denominated in Canadian or US dollars invested in short-term (less than 90 days) money market funds through its bank accounts and interest earned on its cash and cash equivalents.

(All amounts in thousands of US dollars unless otherwise indicated)

Commodity price risk

The Company is exposed to fluctuations in the world commodity prices for its products with a corresponding impact to cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, thus compromising the Company’s capacity to grow production while at the same time replacing continuous production declines from existing properties. When the Company forecasts increased debt levels due to capital expenditures exceeding cash flow, it may enter into oil and natural gas hedging contracts in order to provide stability of future cash flow and, thus, predictable debt reduction. The Company engages in derivative financial instruments solely to manage its commodity price risk exposure relative to its actual commodity production and not for speculative purposes.

14. Capital Disclosures

To manage the capital structure, the Company may adjust capital spending, issue new shares, issue new debt or sell assets. The Company’s objectives in managing its capital structure are to maintain a flexible financial structure, to preserve the Company’s access to capital markets, and to finance the Company’s growth and continue to meet its financial obligations.

The Company manages its capital structure and makes adjustments to it in light of market and economic conditions as well as risk characteristics of the Company’s underlying assets. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, the use of credit facilities, adjusting capital spending or by undertaking other strategies as deemed appropriate under the specific circumstances.

The Company monitors capital and its financing requirements through an annual budget process and updates to the budget forecast and working capital projections.

15. Supplemental Cash Flow Information

The (increase)/decrease in non-cash working capital from continuing operations is comprised of:

	September 30, 2015	September 30, 2014
Receivables	$ 152	$ 499
Other current assets	246	196
Other non current assets	32	138
Accounts payable	(623)	1,889
Total	$ (193)	$ 2,722
Relating to:		
Operating activities	$ (193)	$ 2,722