elk petroleum

Proactive Investors Series Presentation

31 January & 1 February 2017

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The reserves and resources assessment follows the guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS).

The Reserves and Contingent Resources in this announcement relating to the Madden Gas Field and Madden Deep Unit to be acquired from Freeport McMoRan Inc. is based on an independent review and audit conducted by Netherland, Sewell & Associates, Inc. and fairly represents the information and supporting documentation reviewed. The review and audit was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Shane M. Howell and Mr. John R. Cliver, both Vice Presidents of Netherland, Sewell & Associates, Inc., an independent petroleum advisory firm. Mr. Howell is a Registered Professional Geologist in the State of Texas and Mr. Cliver is a Registered Professional Engineer in the State of Texas. Mr. Howell's qualifications include Master of Science in Geological Sciences, San Diego State University and a Bachelor of Science in Geological Sciences, San Diego State University. Mr. Howell has more than 10 years of relevant experience. Mr. Cliver's qualifications include a Masters of Business Administration from the University of Texas, Austin and a Bachelor of Science in Chemical Engineering from Rice University. Mr. Cliver has more than 10 years of relevant experience. Mr. Howell and Mr. Cliver meet the requirements of Qualified Petroleum Reserve and Resource Evaluator as defined in Chapter 19 of the ASX Listing Rules.

The Reserves and Contingent Resources in this announcement relating to the Grieve CO_2 EOR project, operated by Denbury Resources, is based on an independent review and audit conducted by VSO Petroleum Consultants, Inc. and fairly represents the information and supporting documentation reviewed. The review and audit was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Grant Olsen, a Director of VSO Petroleum Consultants, Inc., an independent petroleum advisory firm. Mr. Olsen is a Registered Professional Engineer in the State of Texas and his qualifications include a Bachelor of Science and Master of Science (both in Petroleum Engineering) from Texas A&M University. He has more than 10 years of relevant experience. Mr. Olsen is a member of the Society of Petroleum Engineers (SPE) and an Associate Member of the Society of Petroleum Evaluation Engineers. Mr. Olsen meets the requirements of Qualified Petroleum Reserve and Resource Evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this report.

The information in this ASX release or presentation that relates to Reserve and Contingent Resources estimates for the Grieve CO_2 EOR project and the Reserve and Contingent Resource estimates for the newly acquired Madden Deep Gas Field and the Madden Deep Unit Singleton CO_2 EOR project have been compiled and prepared by Mr. David Evans, COO and Mr. Brian Dolan, COO-USA and VP-Engineering of Elk Petroleum Inc. who are both qualified persons as defined under the ASX Listing Rule 5.11 and both have consented to the use of the reserves figures in the form and context in which they appear in this presentation.

Mr. Evans is a full-time employee of the company. Mr. Evans earned a Bachelor of Science with Honours in Geology from the University of London, United Kingdom, a Post Graduate Diploma, Petroleum Exploration from Oxford Brookes University, United Kingdom and a Master of Applied Science, Geology from the University of Canberra and Australian National University in Canberra, ACT. Mr. Evans has more than 30 years of relevant experience. Mr. Evans has sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr. Evans consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

Mr. Dolan is a full-time employee of the company. Mr. Dolan earned a degree in Mechanical Engineering from the University of Colorado at Boulder. Mr. Dolan has more than 24 years of relevant experience. Mr. Dolan has sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr. Dolan consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

EXECUTIVE SUMMARY

Conventional Oil

- Elk is focused on redevelopment of historically producing conventional oil fields to produce significant remaining in place oil by applying enhanced oil recovery ("EOR") methods

Proven practices

- EOR is a well established low risk redevelopment methodology established during low oil price environments to maintain production and profitability from existing assets

Material Gas & CO_2 acquisition

- Secured significant interest in Madden Gas Field – a material US gas and CO_2 production asset with high quality, long-life reserves & production

Long term production

- EOR and production projects are long term producers with forecast production commencing January 2017 with forecast Elk net production 9 to 12 MMboe production through 2023(1) with Substantial production growth upside from existing assets

Cash Flow Positive

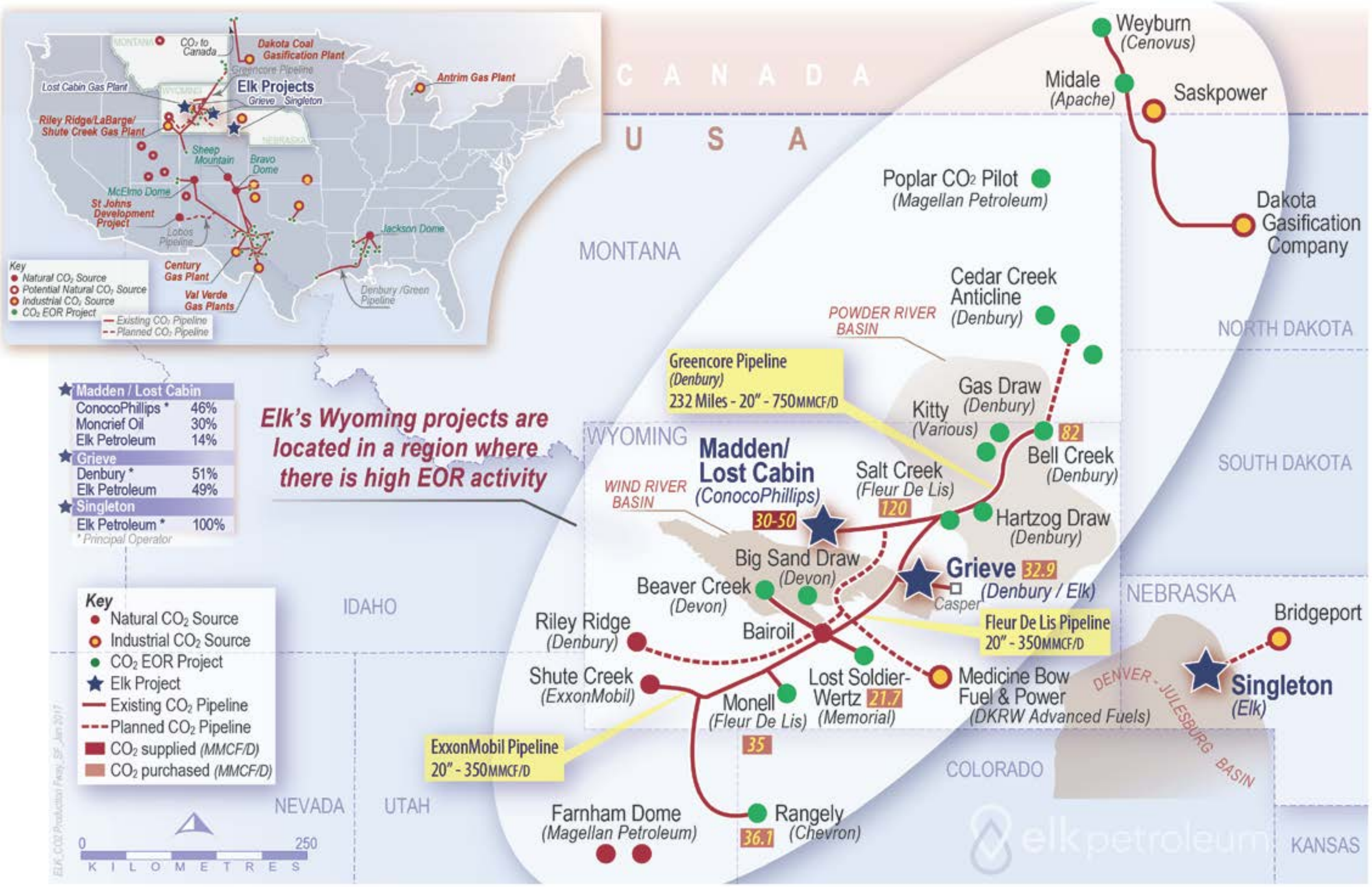
- Elk now a meaningful producer with 2017 production at ~3,400 BOEPD
- Forecast net operating income for CY2017 ~US$7+ million and forecast Elk net annual net operating US$21-US$40 million per annum for 2017-2023(2) period

(1) Range based on 2P and 3P forecast production for Grieve and NSAI PDP and Operator forecast production of Madden
(2) Range based on Futures to Bloomberg Consensus (Bloomberg, 11 January 2017) for 2P and 3P production profiles for Grieve; Futures to Bloomberg Consensus (Bloomberg, 11 January 2017) for PDP and Operator production profiles for Madden

CORPORATE HIGHLIGHTS

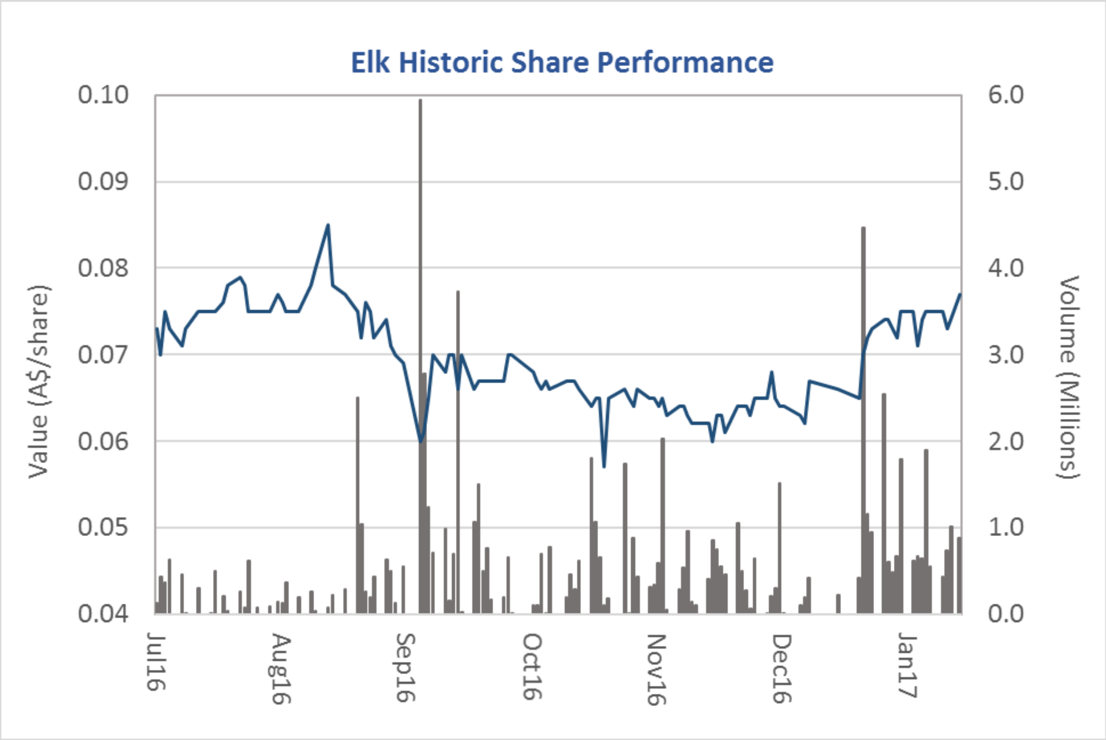
- Elk (ASX:ELK) is Australia's only company focused on enhanced oil recovery and is uniquely positioned to take advantage of current low oil price environment
- Over the last year, Elk has delivered significant growth in reserves and production from core conventional oil & gas field production and development assets
- Secured acquisition of Freeport-McMoRan's Wyoming Gas and CO_2 production assets
  - Forecast 2017 Net Elk production = 3,400 BOEPD
  - Forecast 12-month Net Operating free cash flow = ~US$7 million
  - High quality, long-life, low risk 1P (Proven Developed Producing) Reserves ~12 MMBOE
- Consolidated/increased its ownership of the Grieve project in Wyoming, USA, refinanced development through to production and substantially increased 2P reserves
  - Conventional 2P reserves from the Grieve Field increased 51% from 3.5mmbbls to 5.3mmbbls
  - Targeting first oil production from Grieve Field year end 2017/early 2018
- Grieve Project development represents low F&D cost reserves (US$10/bbl) and high margin production at current prices (OPEX = US$7–10/bbl excl. royalties) with low post-production CAPEX
- Madden acquisition and Grieve Project consolidation has delivered a significant increase in Elk's underlying NPV, 2P/EV and has driven a significant increase in Company's equity value
- Elk's transaction and project delivery capability has generated significant profile among US CO_2 EOR operators who are now approaching Elk as a potential partner for further CO_2 EOR production expansion projects
- In current market and our core area of the Rocky Mountains, our investment approach to CO_2 EOR along the lines of the Grieve Project and Madden Gas & CO_2 is highly repeatable

WHERE WE OPERATE



Vast CO_2 reserves, extensive CO_2 infrastructure, multiple CO_2 EOR operating projects and numerous new projects for development

ELK – CORPORATE SNAPSHOT



Capital Structure & reserves	
Ordinary Shares	854 m
52-week Low-High (A$/share)	0.02 - 0.13
Market cap @ $0.077/share	A$65.8 m
Cash (30 Sep 2016)	A$4.6 m
2P Reserves(1)	~18 MMboe
2C Resources(2)	~3.9 MMbbl

Major shareholders	
Republic Investment Management	18.2%
Rich Trend Ventures	7.9%
Catalan Investments	6.6%
Robert Anthony Healy	6.3%
Begley Superannuation	2.7%
Leanne Marshall	2.0%

(1) Includes Grieve Project 2P Reserves plus Netherland, Sewell & Assoc. (NSAI) estimate of Madden Gas Field 2P Reserves.
(2) Grieve Project 2C Contingent Resources only

ELK KEY MANAGEMENT

Brad Lingo, CEO

- Over 25 years experience in all phases of oil & gas
- Experienced ASX 200 “company builder”
- Former MD & CEO of Drillsearch Energy (2009 – 15)
- Currently Non-Executive Director of Oilex Ltd
- Previously Chairman at Mont Dor Petroleum (2013-15) and CEO of Sunshine Gas (2003-04)

Alex Hunter, CFO

- Over 20 years experience with the last 10 in resources focused on M&A and capital raisings
- Most recently GM, Business Development at Drillsearch
- Led several corporate takeovers, post takeover integrations, asset acquisitions, divestments and farm-outs to rationalise and grow the business
- Previously worked in construction and infrastructure project management

David Evans, COO

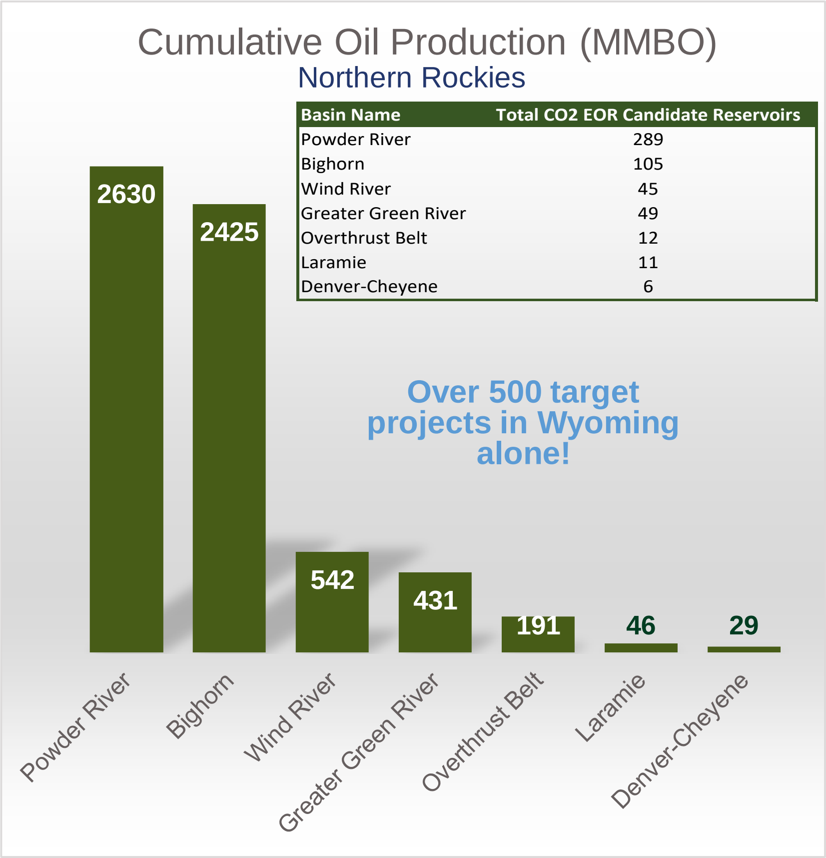
- Geologist—29 years upstream global oil & gas development, production and exploration experience
- Former CTO and acting COO Drillsearch
- Significant exposure to Brownfield redevelopments and EOR projects
- Vegas Egypt, Burren Energy PLC, Petro-Canada International,
- Cairn Energy/Command Petroleum, Roxar Limited, Baker Hughes

Established Denver, Colorado operations team

- Scott Hornafius, President, Elk Petroleum USA
- Brian Dolan, Chief Operating Officer, Elk Petroleum USA
- Over 10-years Northern Rockies EOR experience

CO_2 EOR – BIG BUSINESS IN US, BIG BUSINESS IN ROCKY MOUNTAINS

- Wyoming contains one of largest proven developed CO_2 reserves - 10 TCF - in US with resource potential of 100 TCF
- Over 500 target CO_2 EOR projects identified in Wyoming alone
- Elk well established in Northern Rockies CO_2 EOR Production Fairway
- Beyond Grieve Project, Elk has identified and is pursuing similar bolt-on CO_2 EOR production
- Market conditions also generating significant CO_2 EOR production project acquisition opportunities
- Regulatory environment also conducive to supporting CO_2 EOR – Open for business
- Plenty of scope for both organic and acquisition growth



Basin Name	Total CO2 EOR Candidate Reservoirs
Powder River	289
Bighorn	105
Wind River	45
Greater Green River	49
Overthrust Belt	12
Laramie	11
Denver-Cheyene	6

Source: SPE-122921-MS-Estimates of Potential CO_2 Demand for CO_2 EOR in Wyoming Basins

Significant growth potential with deep pipeline of attractive projects

WHY FOCUS ON EOR

- **Low risk**
  - Approximately 90% of projects developed to date have succeeded technically & commercially
- **Large reserves**
  - Plenty of mature big fields suitable for CO_2 EOR
- **Long-life, low decline production**
  - Typical projects have 15+ year reserve life
- **Negligible sustaining CAPEX**
  - Developed areas have little on-going CAPEX
- **Smart field developments deliver low operating costs**
  - LOE (lease operating expense) below US$20/bbl

Result = Significant annuity-like cash flows

GRIEVE PROJECT

GRIEVE CO_2 EOR PROJECT OVER 75% COMPLETE

Grieve CO_2 EOR project, Casper WY:

- Wind River Basin, Northern Rockies
- Elk (49%) / Denbury Resources (51% Operator)
- Project fully funded and over 80% complete
- New JV* materially improves value to ELK
- New JV delivers material increase in reserves
- Easily accessible & serviced by existing infrastructure
- Outstanding F&D and operating costs
- Strong look forward economics
- Compares favourably to top tier projects
- Significant additional income from 100% Elk-owned oil export pipeline
- First oil scheduled for late 2017/early 2018

Grieve CO_2 EOR Project Reserves & Resources

Scenario	Post JV Restructure (MMbbl)	
	Gross	**Net**
2P (Probable Reserves)	12.3	5.3
3P (Probable + Possible Reserves)	16.4	7.0
3C (Contingent Resources)	16.3	7.0

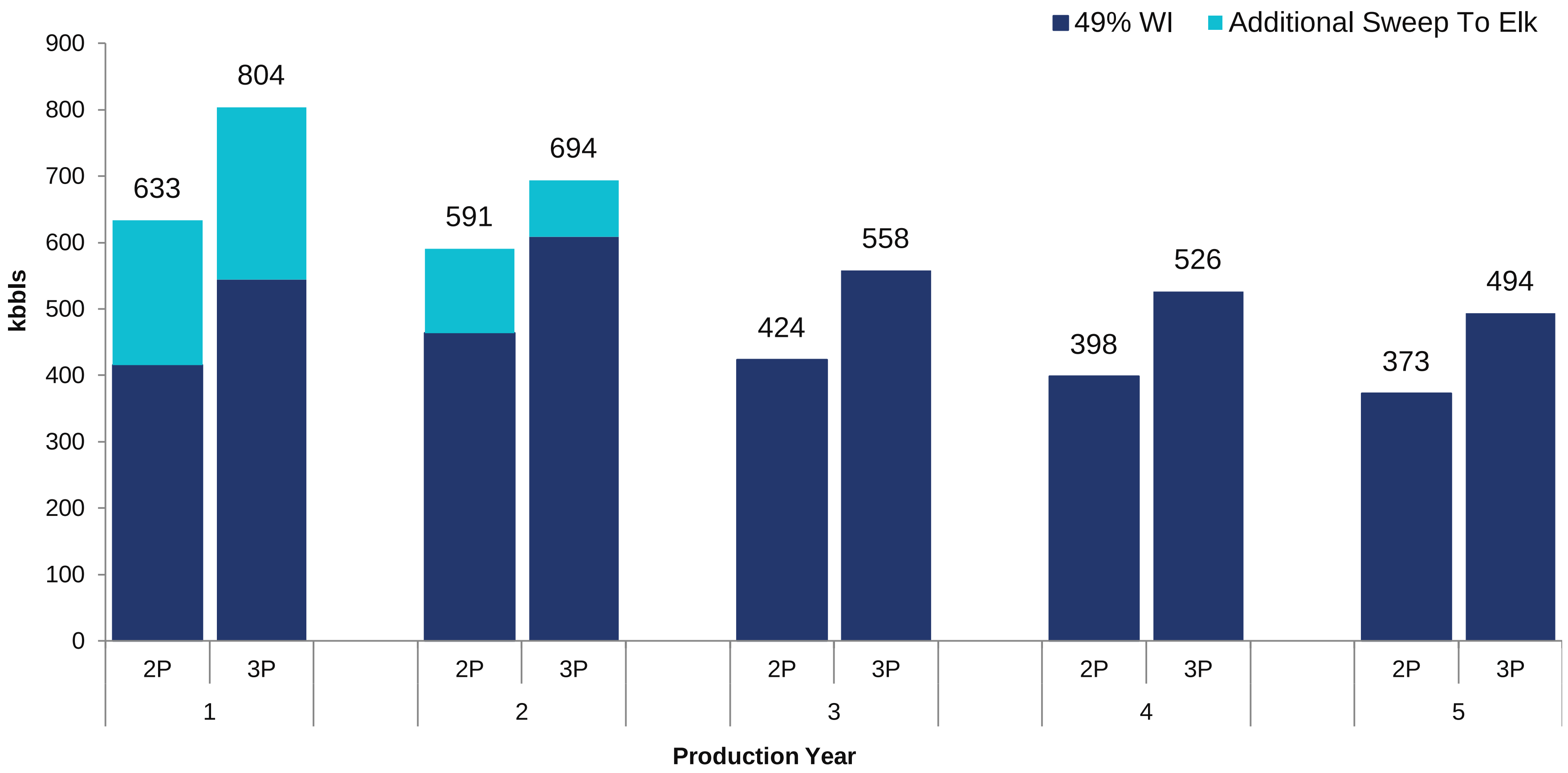
Fully funded development – Not just bankable but banked!

*Refer to Elk announcement dated 05 August 2016 for more detailed JV re-structure information

GRIEVE PROJECT: PRODUCTION – NET TO ELK

Elk's net share of production is estimated to be between 2.4 and 3.1 MMbbls over the first 5 years from first oil

2P & 3P Production (Net to Elk, Post Royalties)(1)

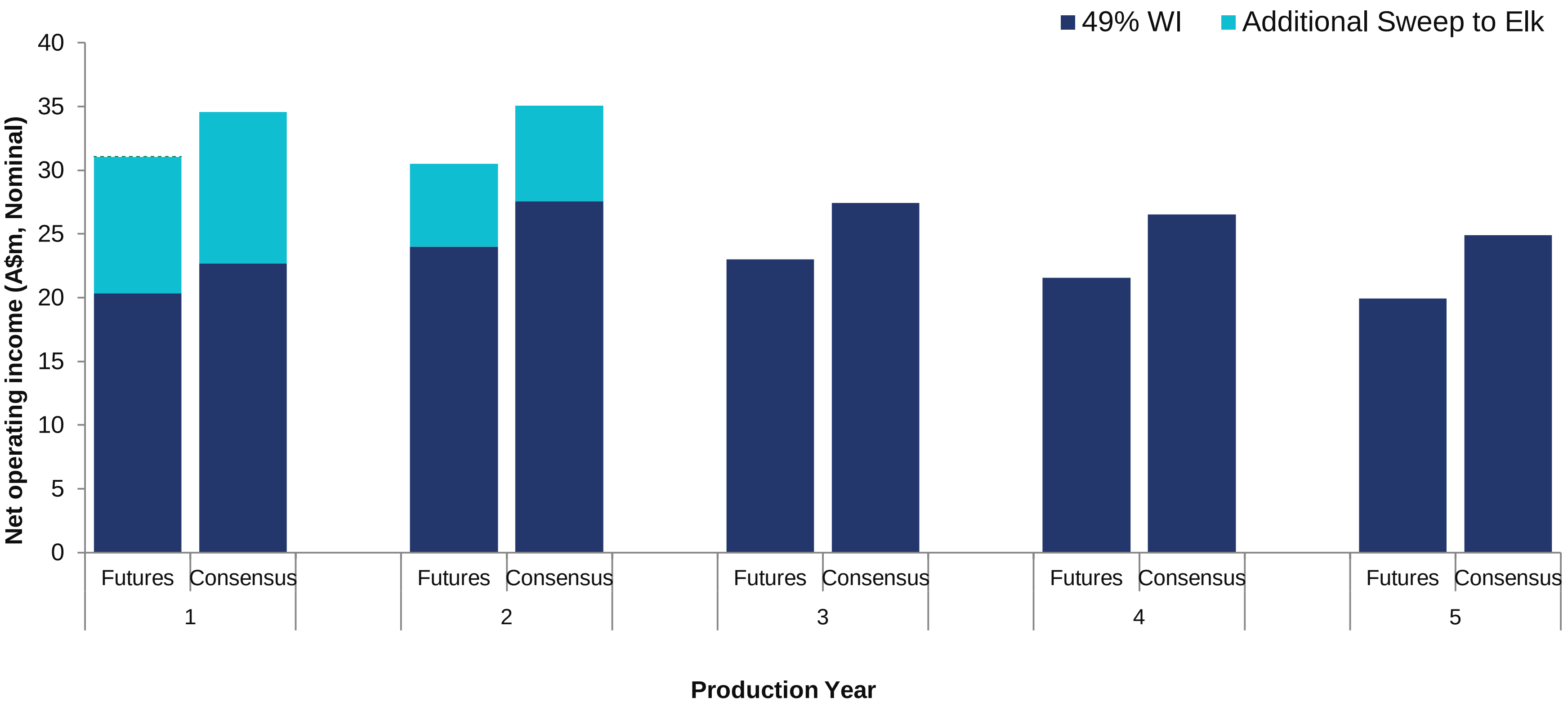


(1) Refer to Elk announcement dated 05 August 2016 for more detailed JV re-structure information

GRIEVE PROJECT: EBITDA – NET TO ELK

The Grieve Project will generate strong and stable cash flows from first oil

Elk Net operating income (A$m, Nominal) (1,2)



(1) Assumes 0.725 AUD:USD exchange rate
(2) Futures and Bloomberg Consensus Pricing as at 11 January 2017 (Source: Bloomberg)

GRIEVE PROJECT – KEY TAKEAWAYS

- Company's flagship Grieve Project is over 75% complete
- Anticipated to commence production late 2017/early 2018
- Grieve Project fully funded from combination of senior debt and new equity capital funding
- Operated by Denbury Resources, North America's leading CO_2 EOR oil development & production company
- Denbury guaranteeing both cost and time for completion and project start-up
- ELK is funding US$55m, the last 30% of Capex, and in return has increased project interest from 35% to 49%*
- Elk will receive 75% of the operating profit from 1st million barrels and 65% from 2nd million barrels
- Elk also receives significant additional annuity revenue stream from 100%-owned Grieve Oil Pipeline
- New JV arrangements deliver material increase in Elk 2P oil reserves to 5.3 mmbbls – a 51% increase
- Annual net operating income for first 5-years averages A$25-30 million pa[1,2 ,3]

Grieve Project Economics	
Project life	20 years
Capex invested to date	US$145m
Remaining capex spend	US$29m
Development cost	US$7-10/bbl
Operating cost (First 5 years, excluding royalties, including production taxes, real)	US$12-13/bbl
Profit margin (First 5 years, real)[2,3]	US$27-31/bbl
Total projected revenue (Project life, post royalties and production taxes)[1,2,3]	A$378-446m
First 5 years annual net operating income[4]	A$25-30m p.a.

*Refer to Elk announcement dated 05 August 2016 for more detailed JV re-structure information

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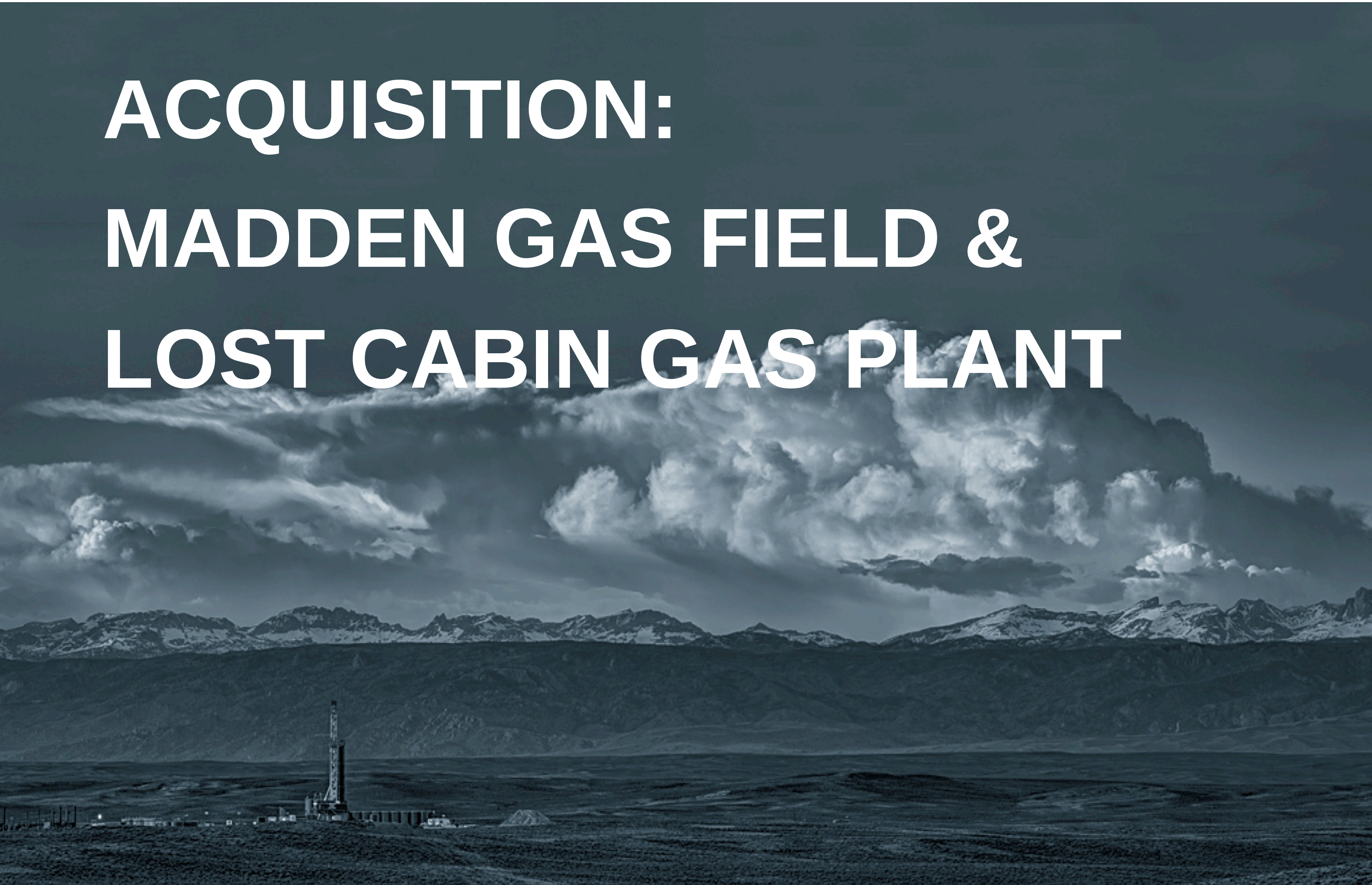
(1) Assumes 0.725 AUD:USD exchange rate
(2) Range: Futures to Bloomberg Consensus (11 January 2017) for 2P (12.3MMbbl) production profile
(3) Inclusive of Grieve Oil pipeline revenue, royalties and productions taxes
(4) Net to Elk inclusive of the production sweep arrangement

ACQUISITION:
MADDEN GAS FIELD &
LOST CABIN GAS PLANT



MADDEN GAS FIELD & LOST CABIN GAS PLANT

Acquisition Overview

- Consists of the ***Madden Gas Field*** and the associated ***Lost Cabin Gas Plant***

- ***Madden Gas Field***:
  - Located 60 miles from Grieve Project in the central portion of the Wind River Basin
  - 33rd largest gas field in US by Proven Reserves (Source US EIA Report 2015)
  - Highly attractive ownership structure – entire field within a single JV unit with common operatorship
  - Natural CO_2 source

- ***Lost Cabin Gas Plant***:
  - Located in Lysite, Wyoming (approximately 90 miles west of Casper & 60 miles from the Grieve Project)
  - Operated by ConocoPhillips (46%)
  - Began operation in 1995
  - 3 gas processing trains with capacity of 310 MMcfd
  - Exclusively processes gas from ***Madden Gas Field***
  - 2nd biggest CO_2 supplier for EOR in Northern Rockies

Location Map – Central Wyoming Wind River Basin

Key Ownership Interests

Madden Gas Field / Lost Cabin Gas Plant Working Interest (%)	
ConocoPhillips	46%
Moncrief Oil	30%
Elk Petroleum*	14%
Various minor interest holders	10%

*Subject to financial settlement on purchase of Freeport McMoRan interest on 22 Feb 2017

Source: Woodmac Report (May 2014), Company Websites

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MADDEN GAS FIELD/LOST CABIN – BENEFITS FOR ELK

Immediate Cashflow and Production

Madden Gas Field/Lost Cabin Gas Plant will provide Elk with immediate cashflow with significant developmental upside and add more scale to the business in the Wyoming region

Reserves Upside

The Madden Gas Field has additional proved and probable reserves that provide production upside beyond 2030 with further reserves upside based on current gas prices

Source of CO_2

The Madden Gas Field produces CO_2 which supplies other EOR projects in the region and will be able to supply Elk's Grieve Project

Geographical Proximity

Madden Gas Discovery is located within close proximity to Elk's Grieve Project, which could provide other cost synergies beyond the use of spare CO_2

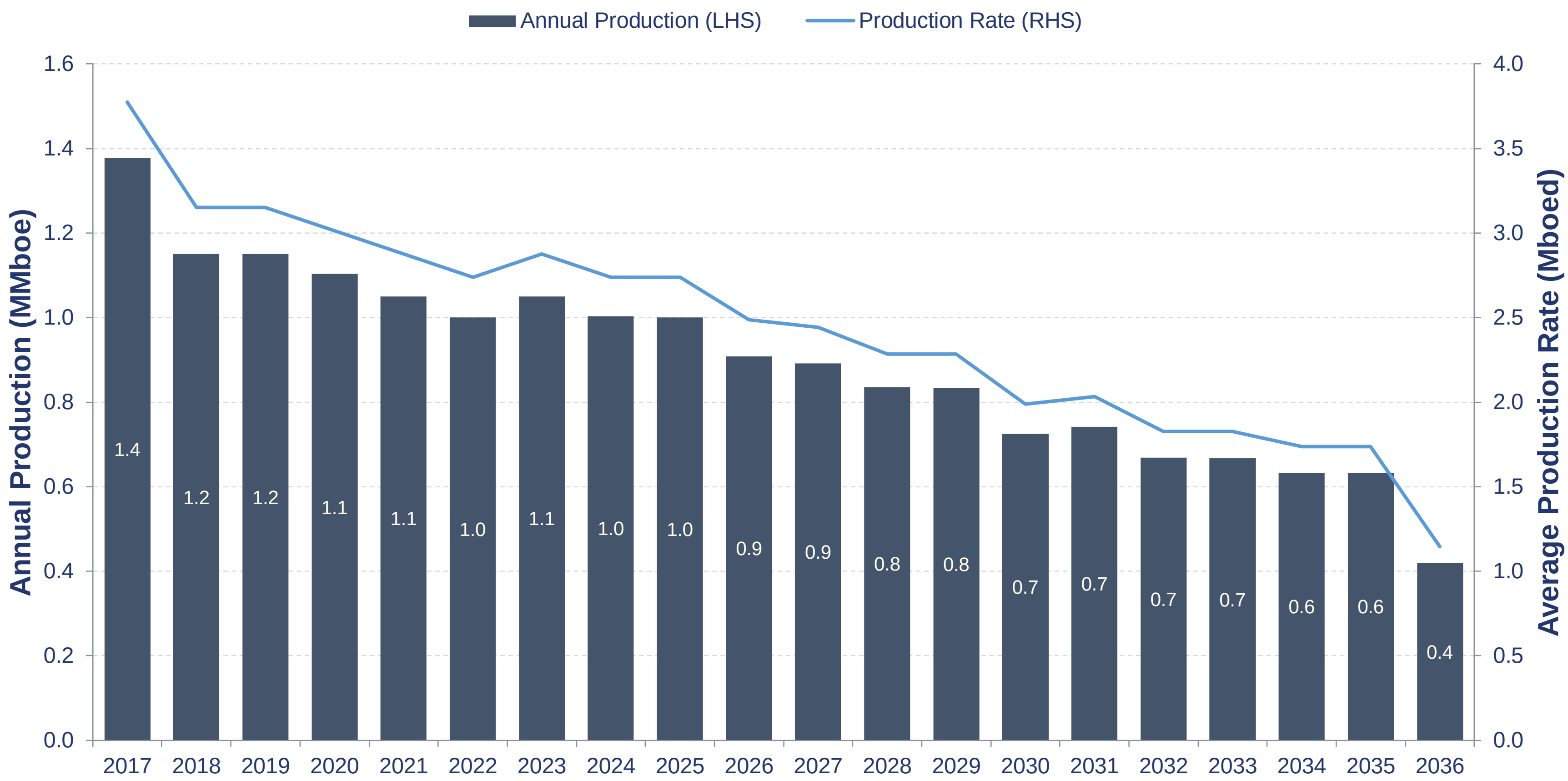
Engineering - not exploration

MADDEN GAS FIELD: PRODUCTION – NET TO ELK

Operator Case (Net to Elk)[1]

Forecast Production (Net to Elk)[1,2]

Post Royalty



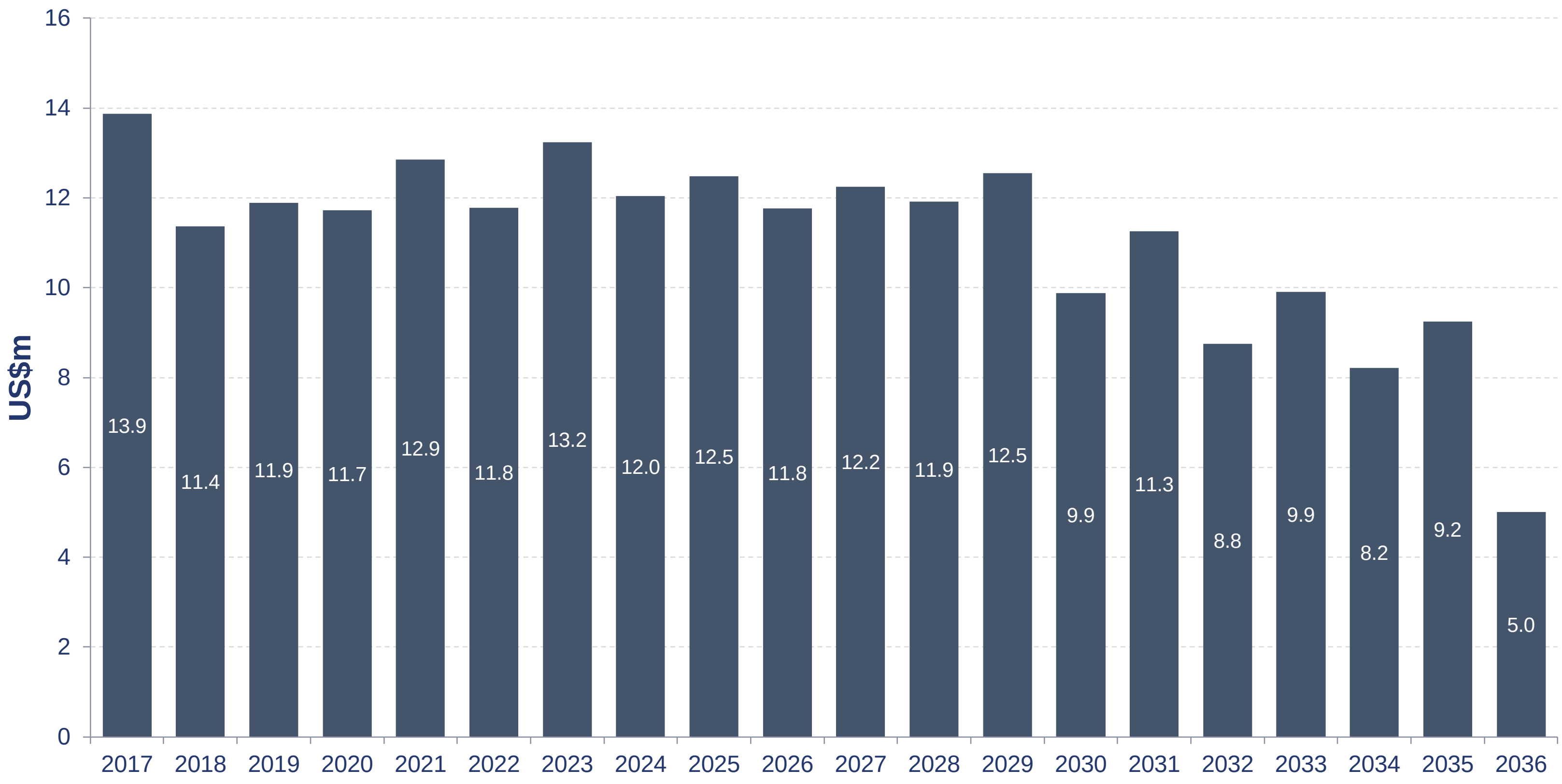
(1) Production profile based on Operator forecast
(2) Oil equivalent volumes are expressed in thousands of barrels of oil equivalent per day (MBOED) determined using the ratio of 6 Mcf of gas to 1 barrel of oil
Source: Operator Forecast (October 2016)

MADDEN GAS FIELD: EBITDA – NET TO ELK

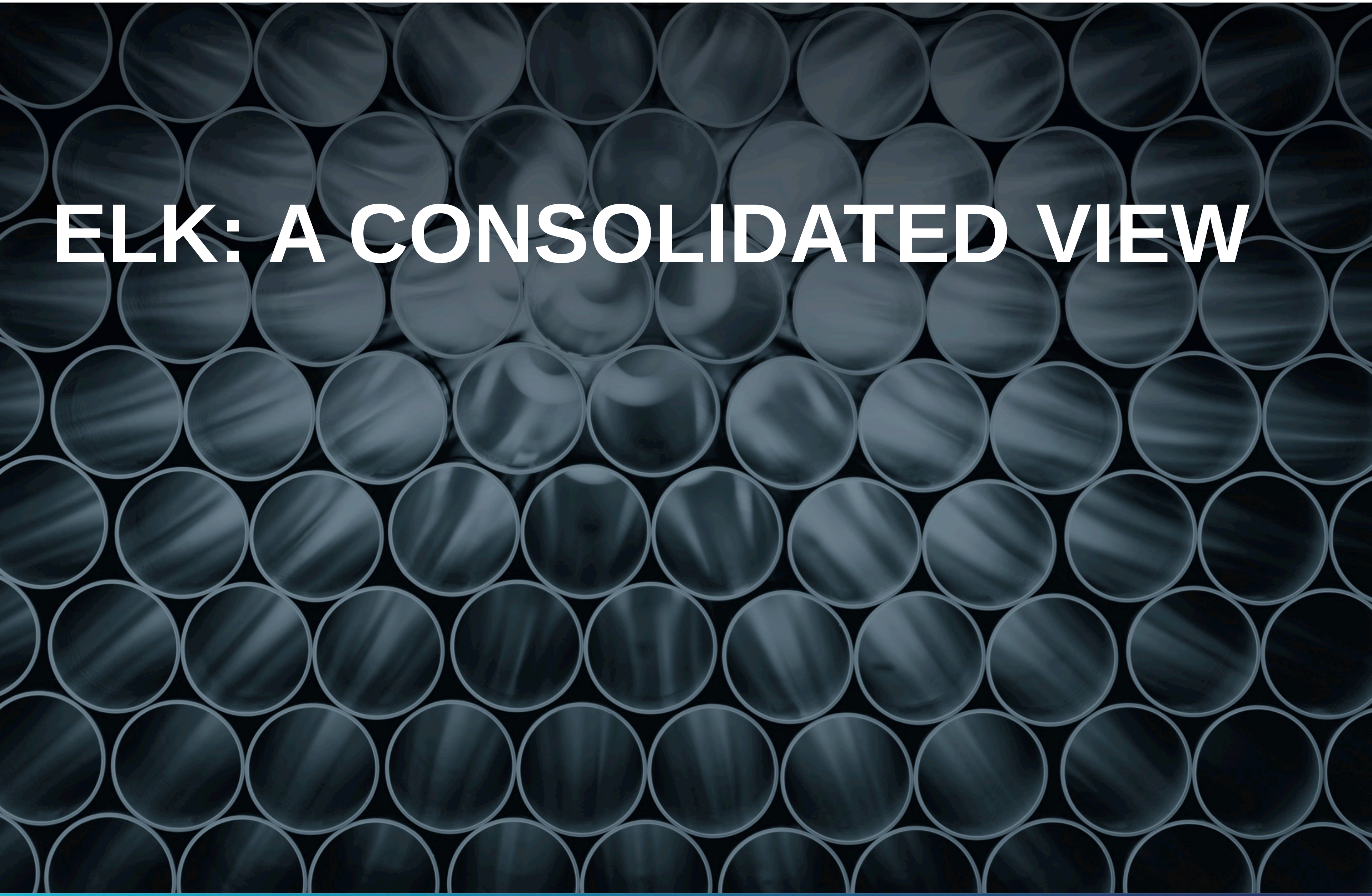
Operator Case (Net to Elk)[1]

EBITDA (Net to Elk)[1,2]

Post Royalty, Production Taxes and Opex



(1) Production profile based on Operator forecast
(2) Oil equivalent volumes are expressed in thousands of barrels of oil equivalent per day (MBOED) determined using the ratio of 6 Mcf of gas to 1 barrel of oil
Source: Operator Forecast (October 2016)

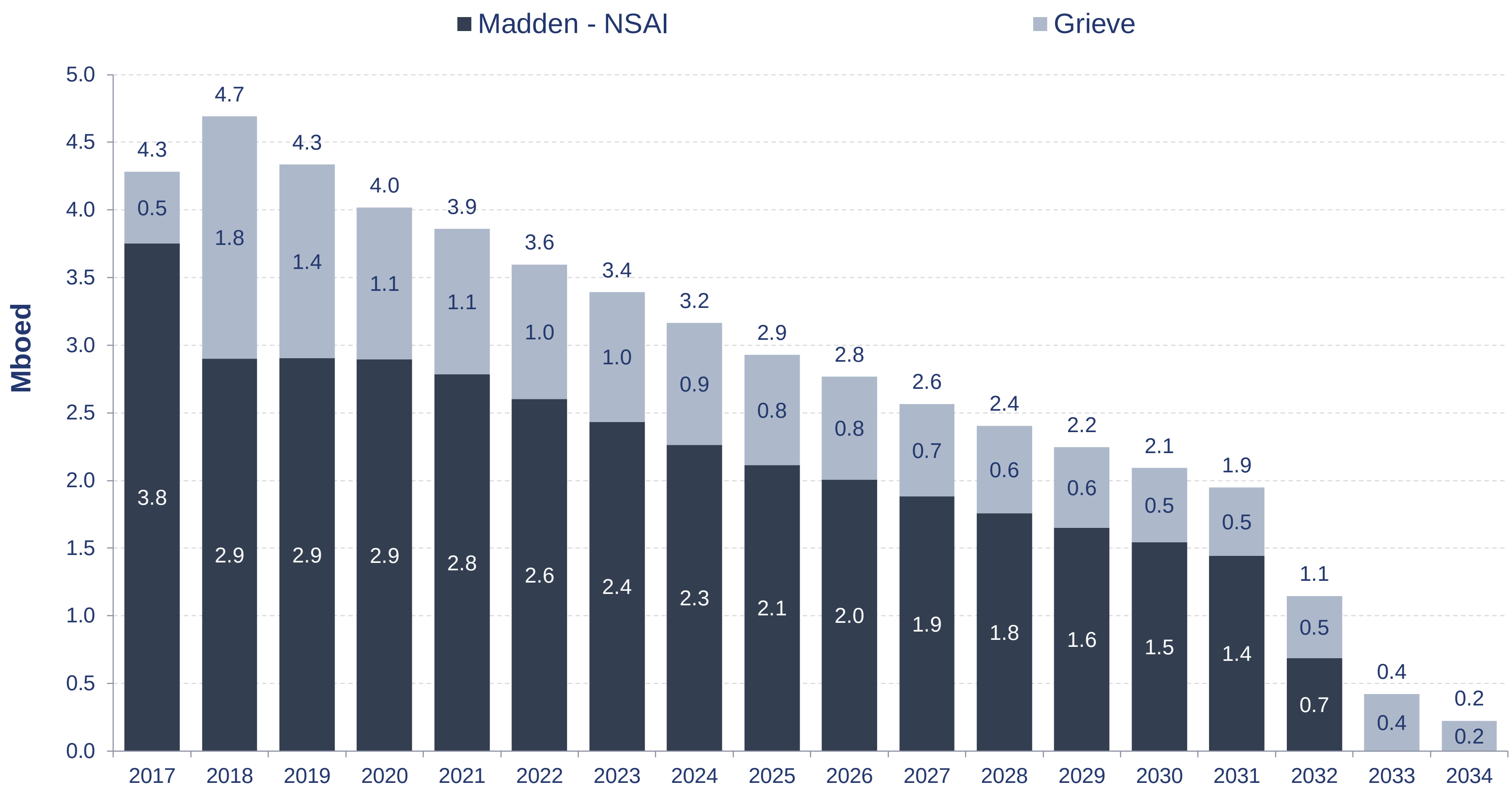


ELK: A CONSOLIDATED VIEW

PRODUCTION

Forecast Production (Net to Elk)(1,2,3)

Post Royalty

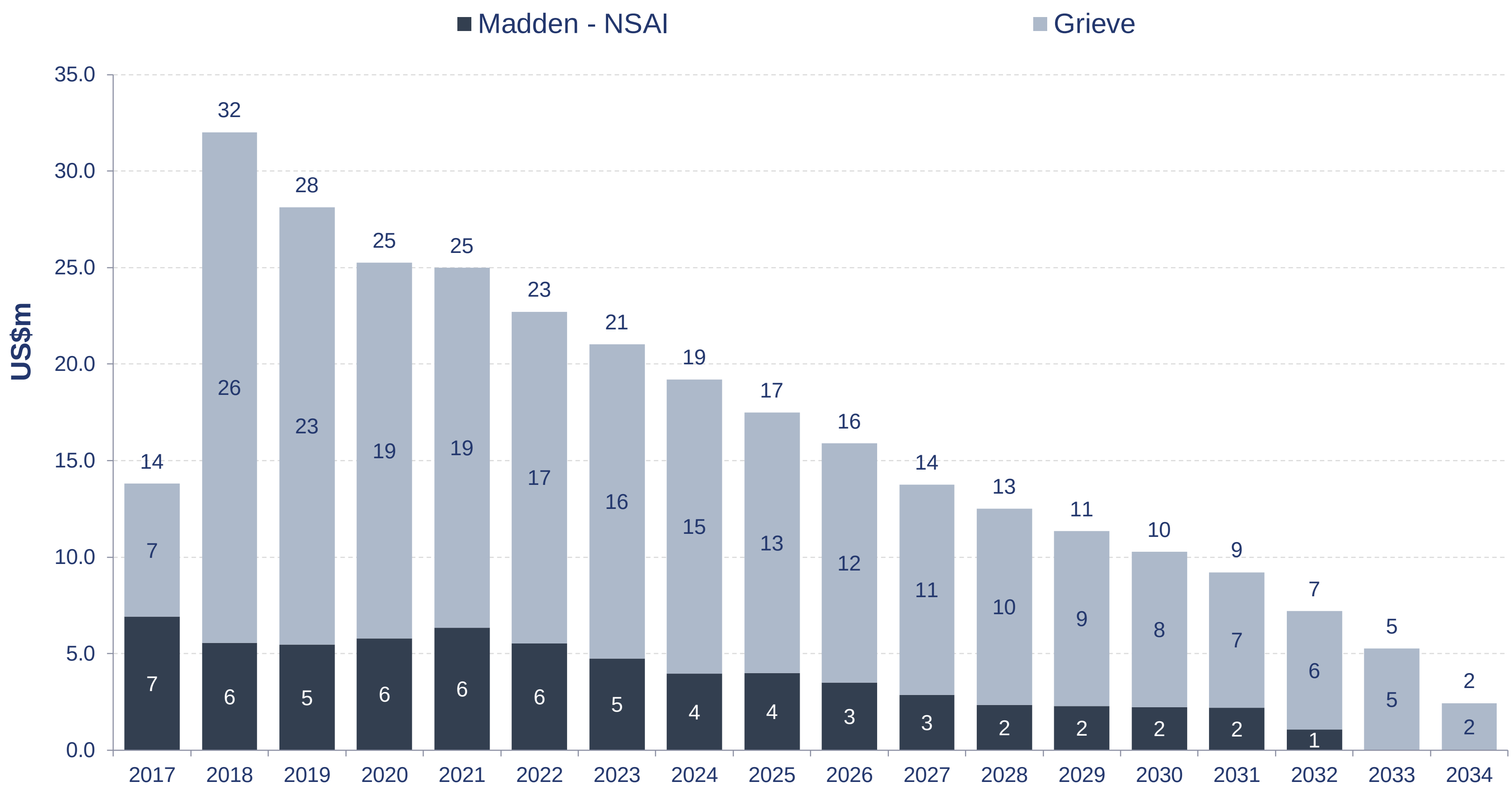


(1) Madden Profile: Based on NSAI PDP production and cost profiles (with minor Operator adjustments on capex) from 1 January 2017
(2) Grieve Profile: 2P Case
(3) Oil equivalent volumes are expressed in thousands of barrels of oil equivalent per day (MBOED) determined using the ratio of 6 Mcf of gas to 1 barrel of oil
Source: Grieve Financial Model, Madden Financial Model (Jan 2017)

EBITDA

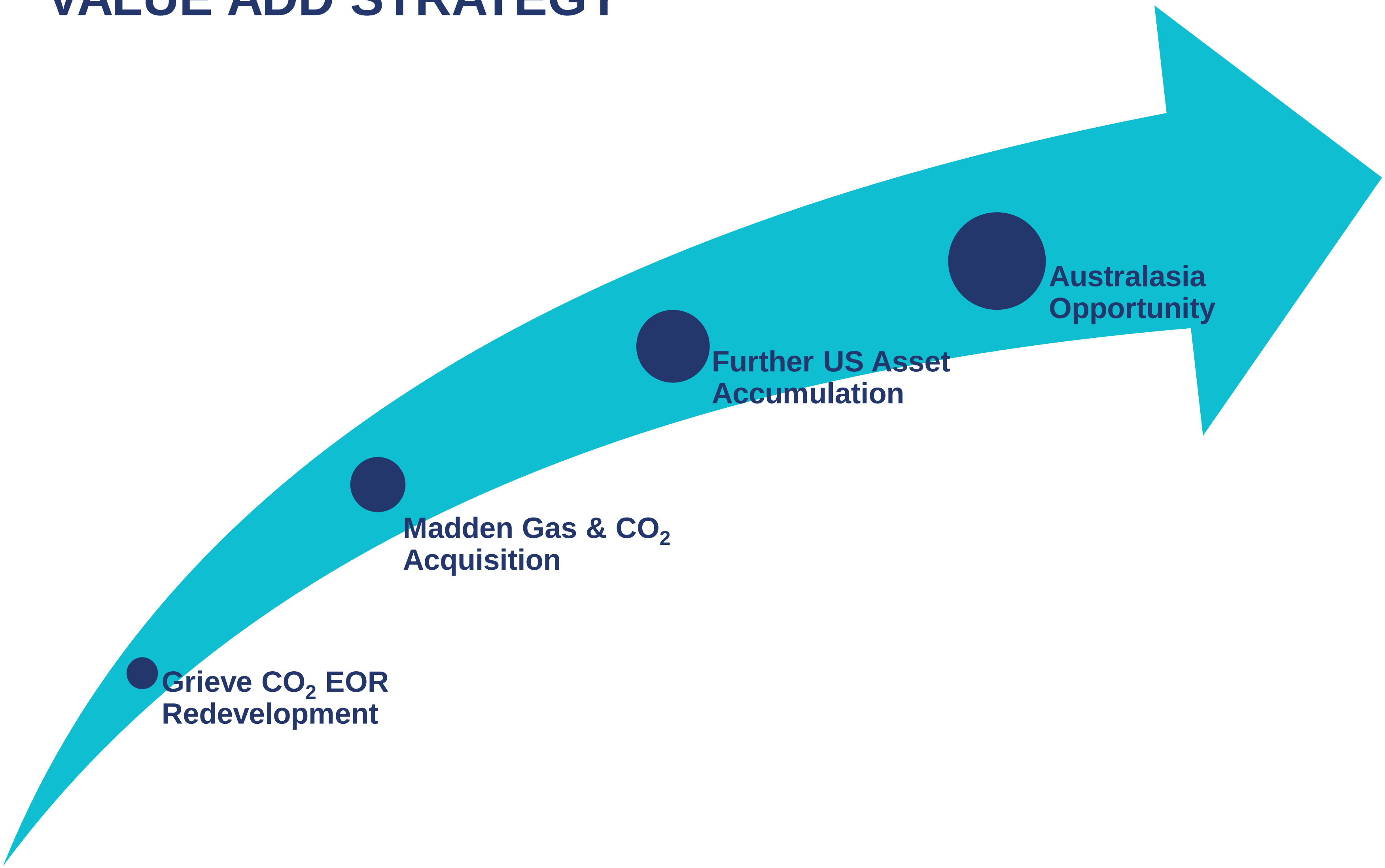
Forecast EBITDA (Net to Elk)(1,2,3)

Post Royalty, Production Taxes and Opex



(1) Madden Profile: Based on NSAI PDP production and cost profiles (with minor Operator adjustments on capex) from 1 January 2017
(2) Grieve Profile: 2P Case; includes tariff payable to Elk
(3) Oil equivalent volumes are expressed in thousands of barrels of oil equivalent per day (MBOED) determined using the ratio of 6 Mcf of gas to 1 barrel of oil
Source: Grieve Financial Model, Madden Financial Model (Jan 2017)

VALUE ADD STRATEGY



FOUNDATIONS FOR FURTHER GROWTH

CO_2 Sources

- Direct investment in CO_2 supplies
- Control of CO_2 essential
- Competitive advantage
- Potential profit as 3rd party supplier
- Core focus moving forward

EOR Project Fields

- Ownership & development of CO_2 EOR Projects
- Main financial engine room
- Small club of competitors
- Already a recognized player
- Long-term, low risk cash flows

CO_2 & Production Infrastructure

- Oil & CO_2 pipelines, gas processing
- Grieve Oil Pipeline shows value of 3rd party revenues
- Potential additional value in CCS

WHERE TO FROM HERE? THE ROAD AHEAD

For the year ahead, Elk has 3 clear priorities……

- **Priority 1 – Project Delivery**

  Absolute No. 1 priority is delivering the Grieve Project completion and reaching 1st oil

- **Priority 2 – Growth through acquisition**

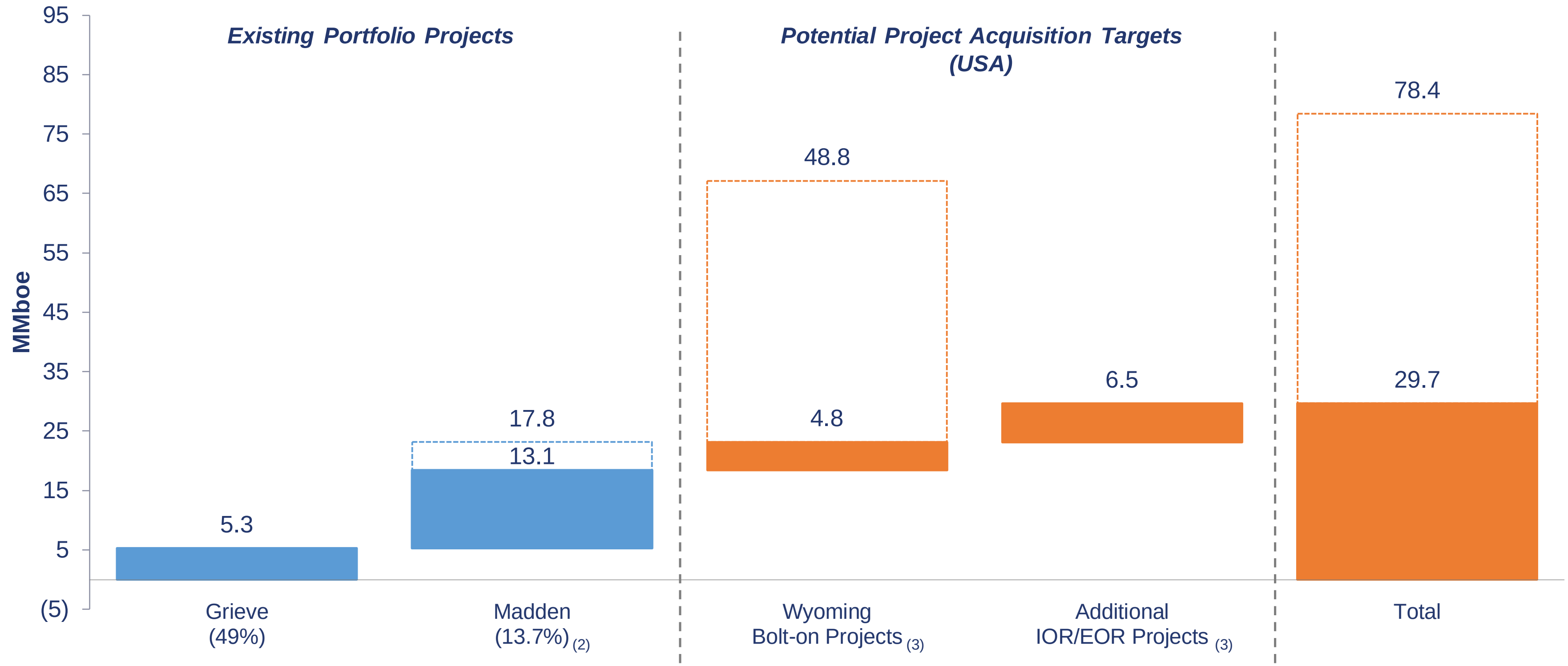
  Accelerate reaching first cash flow through acquisition of CO_2 EOR-related production asset with additional development potential in need of further capital investment

- **Priority 3 – Financial discipline**

  Maintain strong financial discipline and prepare/build the ground-work for refinancing the Grieve Project development financing and strengthening the balance sheet to enable cash returns to shareholders

ELK GROWTH POTENTIAL

Potential 2P Volumes, Net to Elk (1)



Elk has identified additional EOR opportunities that are achievable in the short to medium term

(1) From 1 January 2017 onwards
(2) Lower range based on independently audited 2P volumes from Netherland Sewell & Associates (NSAI) report as of 30 September 2016. Upper range based on Operator forecasts
(3) Based on advanced analysis on identified acquisition opportunities
Note: Volumes shown are rounded to 1 decimal place

KEY TAKEAWAYS – INVESTING IN ELK

- Only ASX-listed oil company focussed on enhanced oil recovery (EOR)
- Main projects are in the prolific Northern Rocky Mountain Oil Fairway in USA
- Madden/Lost Cabin acquisition delivers significant growth in long-life, low risk, high quality reserves & production
- Madden/Lost Cabin acquisition also accelerates Elk achieving positive operating free cash flow effective January 2017
- Company's flagship Grieve Project is over 75% complete
- Grieve Project fully funded from combination of senior debt and new equity capital funding
- Anticipated Grieve first oil production late 2017/early 2018
- Elk is now becoming as CO_2 supplier in its own right with Madden/Lost Cabin acquisition
- Northern Rockies CO_2 EOR production fairway is extensive with additional projects in close proximity to CO_2 infrastructure and Elk's CO_2 reserves supporting additional growth

Key Metrics	
2P Reserves (Net to Elk)	~18 mmboe
Reserve/Production Life ratio(1)	15-17 years
Development cost (Grieve Only)	US$7-10/bbl
Operating cost (First 5 years, excluding royalties, including production taxes, real)	US$10-11/bbl
Profit margin (First 5 years, real)(3,4)	US$12-14/bbl
Total projected revenues (Project life, post royalties and production taxes)(2,3,4)	A$622-722m
First 5 years annual net operating income (Net to Elk)(2,3,4)	A$31-38m p.a

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(1) Total reserves / average annual production (boe)
(2) Assumes 0.725 AUD:USD exchange rate
(3) Range: Futures to Bloomberg Consensus (11 January 2017) for 2P production profile of Grieve; Futures to Bloomberg Consensus (11 January 2017) for PDP production profile of Madden
(4) Inclusive of Grieve Oil pipeline revenue

Elk Petroleum Limited
Exchange House
Level 1, Suite 101
10 Bridge Street
Sydney NSW AUSTRALIA