

# TRANSFORMATION TO MAJOR PRODUCER & OPERATOR

ACQUISITION OF GREATER ANETH OIL FIELD & CO<sub>2</sub> EOR PROJECT

SEPTEMBER 2017



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# Transaction Highlights

- Elk has entered into a binding sale agreement to acquire majority ownership & operatorship in the Greater Aneth Oil Field
- Greater Aneth Oil Field is the 86<sup>th</sup> largest oil field and one of the most significant EOR projects in the US
- Transforms Elk into one of Australia's leading oil companies and operators by reserves, production & cash flow
- Delivers significant increase in long-life, high quality oil reserves and profitable production
- Acquisition is at a significant discount to historical and current proven reserve and production value
- Highly accretive with attractive acquisition EBITDA and reserve metrics
- Brings high quality, established operating and management team
- Delivers significant additional reserve & production growth pipeline
- Funded with attractive non-dilutive debt and preferred equity

# Transaction Overview

Transaction	<ul style="list-style-type: none"> <li>Acquisition of ~63% operating working interest in one of the largest CO<sub>2</sub> EOR projects in the Rocky Mountains from Resolute Energy Inc. (“<b>Resolute</b>”)</li> </ul>
Purchase Price	<ul style="list-style-type: none"> <li>Acquisition price<sup>1</sup> of US\$160m subject to adjustment &amp; partially funded from pre &amp; post closing cash flows</li> <li>Further payments contingent on certain oil price scenarios being achieved over the next 3 years<sup>2</sup></li> </ul>
Funding	<ul style="list-style-type: none"> <li>Upfront consideration funded through US\$98m senior debt, US\$55m preferred equity and US\$22m (~A\$27.5m) equity raising</li> <li>Credit-approved senior debt and preferred equity funding in place subject to final documentation</li> </ul>
Reserves	<ul style="list-style-type: none"> <li>1P Net Reserves: 31.2 mmbbls</li> <li>2P Net Reserves: 58.8 mmbbls</li> </ul>
Production	<ul style="list-style-type: none"> <li>Estimated 2018 Production: ~6,500 BOPD – a 260% YOY increase</li> </ul>
Value Contribution <sup>3</sup>	<ul style="list-style-type: none"> <li>1P PV<sub>10</sub>: US\$288m</li> <li>2018E EBITDA: US\$30 – 35m</li> </ul>
Timing	<ul style="list-style-type: none"> <li>PSA execution 14 September with financial close late October 2017</li> </ul>
Acquisition Metrics	<ul style="list-style-type: none"> <li>EV / 1P: US\$5.13 / boe</li> <li>EV / 2P: US\$2.72 / boe</li> <li>EV / 2018E EBITDA: 4.9x</li> </ul>

- (1) The Acquisition Price includes a cash working capital adjustment for a pre-funded abandonment escrow account referred to as the Exxon Escrow Account which contains US\$23 million of cash. Upon closing this Escrow Account balance will be transferred to Elk and be reflected as restricted cash on Elk's balance sheet.
- (2) For each day that the WTI price is above US\$52.50/bbl during the first 12 months after the Closing Date, the Elk shall pay Resolute US\$40,000 capped at a max of US\$10m. For each day that the WTI price is above US\$55/bbl during the 12 month period after first anniversary of the Closing Date, the Elk shall pay Resolute US\$50,000 capped at a max of US\$10m. For each day that the WTI price is above US\$60/bbl during the 12 month period after the second anniversary of Closing Date, the Elk shall pay Resolute US\$60,000 capped at a max of US\$15m.
- (3) Based on year-end 2016 Resolute-engineered reserves and NYMEX strip pricing as of December 31, 2016

# Key Transaction Benefits for Elk

## Large ASX producer

- Elk becomes one of the largest producers on ASX with 2018 net production of 11,000 BOEPD

## Adds significant scale

- Adds ~59 MMbbls of 2P oil reserves<sup>1</sup> & 6,500 BOPD oil production effective 1 October 2017

## Growth opportunities

- Delivers significant internally funded organic growth to double production to over 14,000 BOPD

## Experienced operating team

- Operated interest with Elk to retain experienced operating team of ~100+ professionals

## Conservative non-dilutive funding

- Acquisition largely funded by non-dilutive debt with conservative coverage and strong cash flows which allow deleveraging over the next 2-3 years

## Sustainable cash generation

- Consolidated EBITDA of US\$50-55m in 2018 with sustainable cash flow to equity of A\$20-25m

# Acquisition Funding

Sources		Uses	
	US\$M		US\$M
Senior Debt	98.0	Acquisition price (net of cash flow prior to completion) <sup>2</sup>	158.0 <sup>2</sup>
Preferred Equity	55.0 <sup>1</sup>	Repay existing credit facility	5.8
Equity Placement	22.0	Debt financing costs	4.9
		Common & preferred equity financing costs	4.0
		Transaction fees and expenses	2.3
<b>Total</b>	<b>175</b>	<b>Total</b>	<b>175</b>

- The funding package provides a sustainable capital structure that allows future growth
- Contingent oil price related payments to be funded from asset cash flows
- Likely capital market refinancing following completion of Grieve



# Equity Raising

- Elk is conducting a US\$22 million (~A\$27.5 million) equity placement to institutional, professional and sophisticated investors to partially fund the acquisition via the issue of approximately 443 million new fully paid ordinary shares (the “**Placement**”)
- The shares will be issued in two tranches:
  - The first tranche to raise approximately US\$10 million (~A\$12.1 million) is unconditional (“**Initial Placement**”)
  - The second tranche for the balance of approximately US\$12 million (~A\$15.4 million) is subject to ASX Listing Rule 7.1 shareholder approval that is intended to be considered by shareholders at an Extraordinary General Meeting (“**Conditional Placement**”)
- Placement price of \$0.062
- Represents a 22% discount to Elk’s last close share price of \$0.079 on 14 September 2017
- The Placement shares, when issued, will rank equally in all respects with Elk’s existing ordinary shares

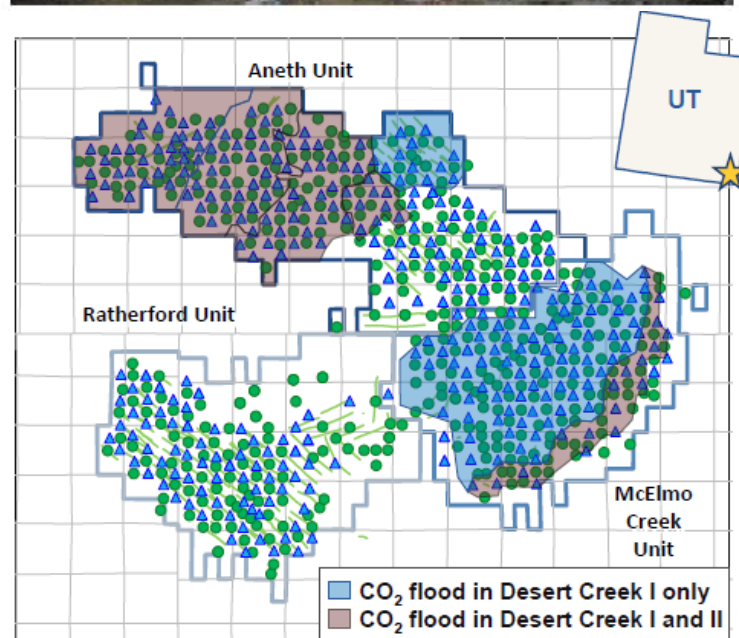
## Indicative Timetable

Trading halt and announcement of Placement	Friday, 15 September 2017
Trading halt lifted and Elk shares resume trading	Monday, 18 September 2017
Settlement of Initial Placement shares	Wednesday, 20 September 2017
Issue and quotation of Initial Placement shares	Thursday, 21 September 2017
Extraordinary General Meeting to approve issue of Conditional Placement shares (expected)	Friday, 27 October 2017
Settlement of Conditional Placement shares (expected)	Wednesday, 1 November 2017
Issue and quotation of Conditional Placement shares (expected)	Thursday, 2 November 2017

*Note the above dates are equivalent to Sydney, Australia time. The above timetable is indicative only and may change without notice*

# Greater Aneth Oil Field Overview

- Greater Aneth Oil Field is a world class giant oil field with 1.5 billion bbls OOIP of light, sweet crude
- Ranked by EIA as the 86<sup>th</sup> biggest oil field in US by proven reserves (March 2015)
- One of 3 biggest CO<sub>2</sub> EOR projects in US Rocky Mountains alongside Salt Creek (KKR) and Rangely (Chevron)
- To date total recovery of 31% of 1.5 billion bbls OOIP
- Resolute identified growth projects can deliver additional 107 MMbbls potentially recoverable resource<sup>1</sup>
- Productive partnership with Navajo Nation Oil & Gas Corporation (~37%) JV interest partner
- Long-term CO<sub>2</sub> supply from Kinder Morgan's McElmo Dome CO<sub>2</sub> Field - one of world's largest CO<sub>2</sub> sources
- CO<sub>2</sub> supply pipeline from McElmo Dome CO<sub>2</sub> Field owned by Aneth JV and operated by Resolute
- Potential for new CO<sub>2</sub> supply to be sourced from reservoir discovered deeper within Greater Aneth Field
- Oil exported to market via established pipeline network to various oil markets and refineries

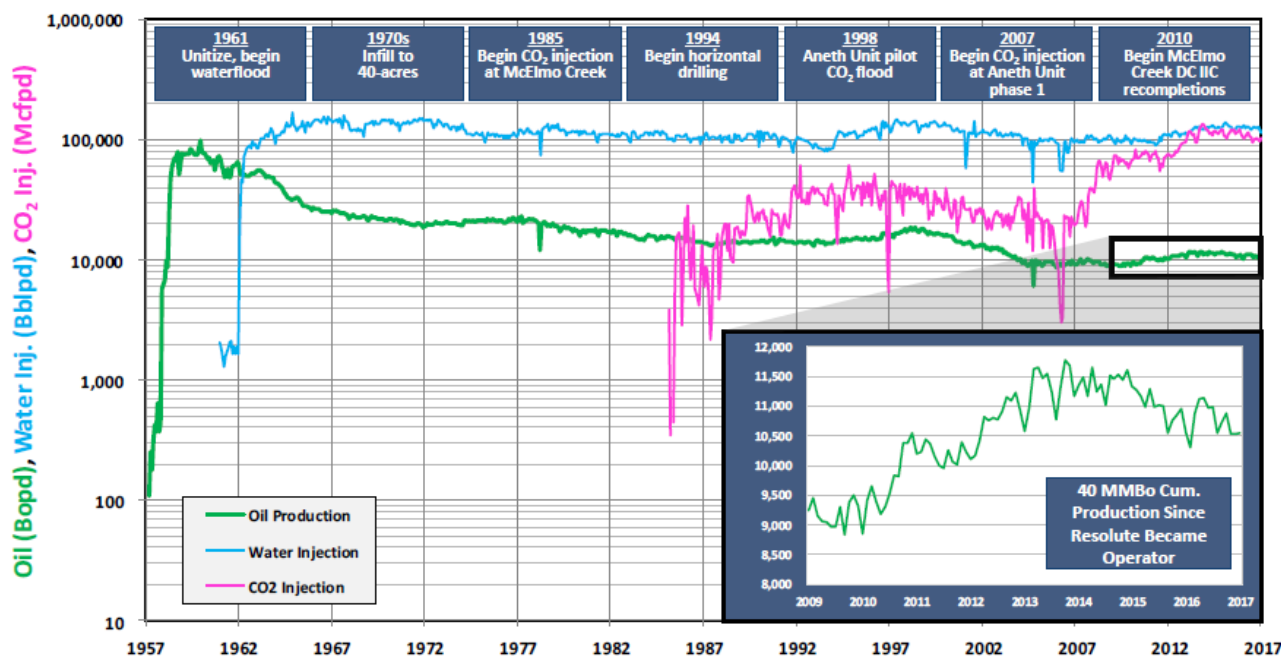


(1) Based on Resolute-engineered net recoverable resource as of December 31, 2016 plus contingent resource of 49 MMBo. Implies a 49% ultimate recovery factor.



# History of Aneth field

- Long history of continuous oil production since late 1950's
- Historical operators include Texaco, Mobil and Exxon
- Mobil and Texaco successfully initiated CO<sub>2</sub> EOR floods
- 448 mmbbbls cumulative production to date
- 40 mmbbbls production since Resolute became operator



## History of Aneth Field

- Discovered 1956
- Oil production peaked at 100,000 BOPD in 1960
- Waterflooding commenced 1961
- Mobil successfully initiated CO<sub>2</sub> flood in 1984 within McElmo Creek Unit
- Texaco successful CO<sub>2</sub> EOR pilot in Aneth Unit in 1998
- Exxon drilling program in preparation for Ratherford Unit CO<sub>2</sub> flood between 1995-1998
- Resolute acquired Texaco interest from Chevron in 2004
- Resolute commences expansion of Aneth Unit CO<sub>2</sub> flood in 2007
- Resolute consolidates ownership/ operatorship of entire Greater Aneth Field – 2004-2009
- Resolute operator for past 12 years
- Resolute & NNOG have invested ~USD 1.1 Billion gross capital 2004-2015

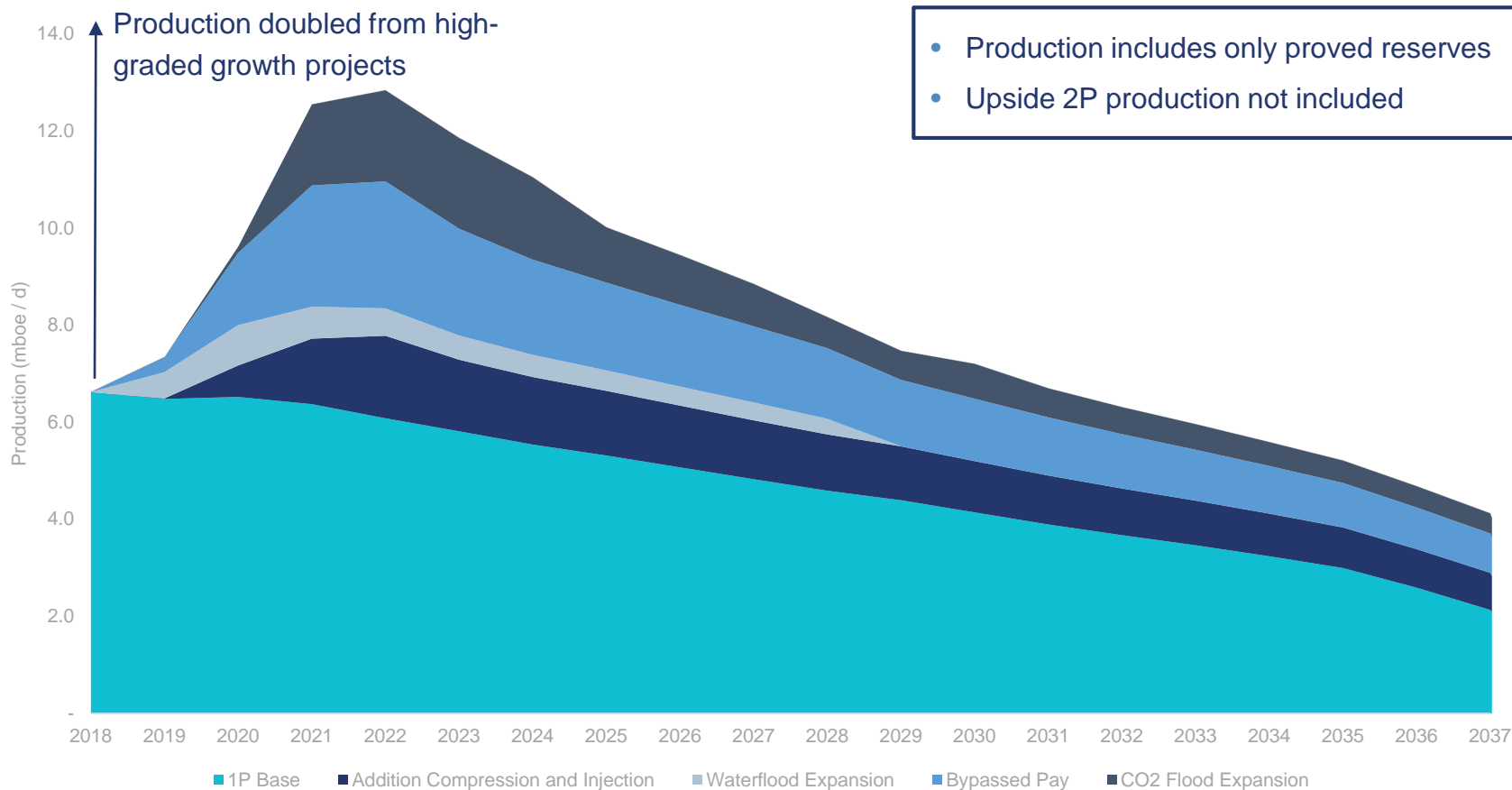
# Organic Growth Opportunities at Aneth

*Significant growth projects funded from operating cash flow that can add a further ~6,000bopd*

Elk Net Production		
1	Additional Compression	~500 bopd
		<ul style="list-style-type: none"> <li>• Increase CO<sub>2</sub> recycle capacity allowing additional CO<sub>2</sub> injection</li> <li>• Delivers faster processing rate and incremental oil production</li> <li>• Increases number of wells producing on free flow</li> <li>• Eliminates well workover cost and lowers LOE</li> </ul>
2	Increased CO <sub>2</sub> injection	~1,500 bopd
		<ul style="list-style-type: none"> <li>• Opportunity to increase CO<sub>2</sub> injection across current flood areas capturing additional untapped reserves and increasing production</li> </ul>
3	Waterflood Expansion	~600 bopd
		<ul style="list-style-type: none"> <li>• Deepening existing wells into deeper oil reservoir only partially under waterflood</li> <li>• Each new producer expected to deliver 190,000 bbls</li> <li>• 19 production well deepening ready for execution</li> </ul>
4	Bypassed Pay	~2,300 bopd
		<ul style="list-style-type: none"> <li>• Recompletion or enhanced completion opportunities in areas of bypassed pay in Aneth, Ratherford and McElmo Creek areas</li> </ul>
5	CO <sub>2</sub> Flood Expansion	~1,700 bopd
		<ul style="list-style-type: none"> <li>• Reduce well spacing from 80 acres to 40 acres</li> <li>• Increase waterflood injection rate in northern Ratherford portion of Greater Aneth</li> <li>• Build CO<sub>2</sub> facilities (compression and recycling) and initiate CO<sub>2</sub> flood</li> </ul>

# Potential Production Uplift from Growth Opportunities

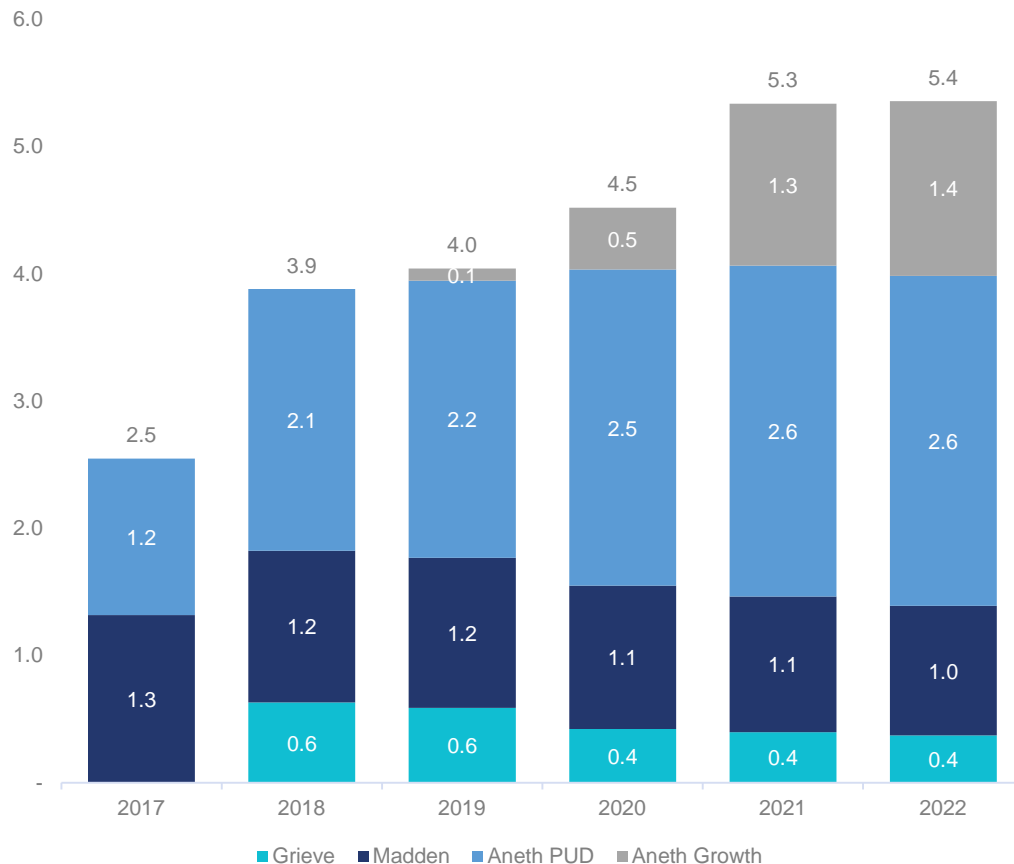
*Identified opportunities for growth are within the defined reserves of the field*



***Significant additional reserve and production growth expected based on other EOR analogues***

# Aneth delivers Significant Production Growth

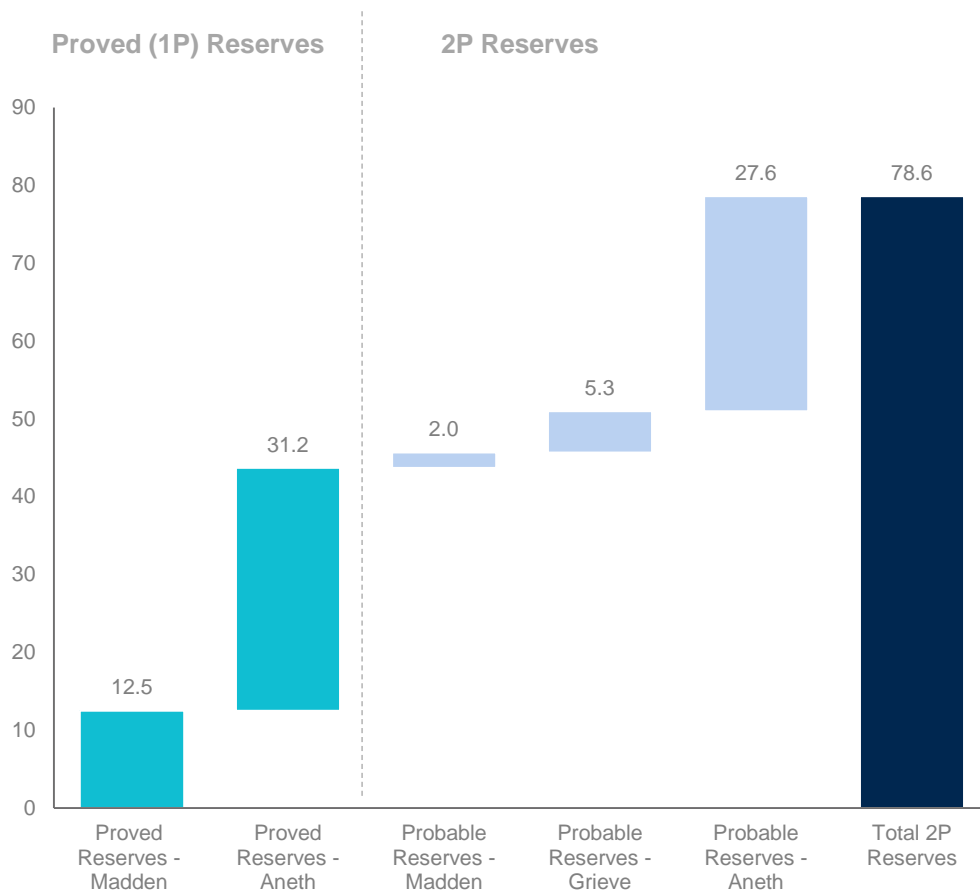
## Pro-forma Production by Asset (mmboe)



- Production supported by high quality, low decline assets
- Strong base line production established of ~10,000 BOEPD in 2017
- Growth delivered through expanded Greater Aneth field development
- Production rate increases by 40% from 2017 to over 14,000 BOEPD in 2022
- Incremental production growth is entirely made up of high value liquids

# Aneth delivers Significant Reserves Growth

## Pro-forma Reserves by Asset (mmboe)



### Aneth reserve additions are:

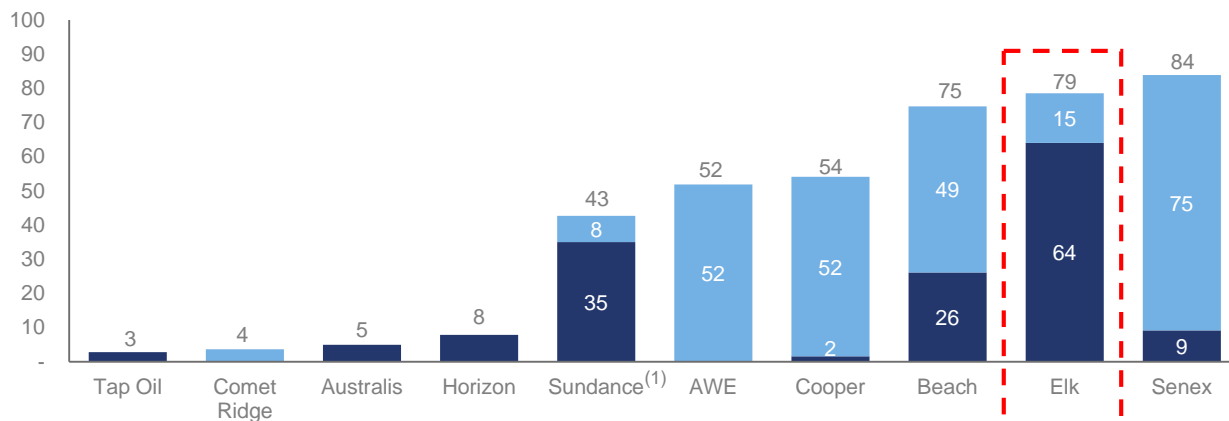
- All high value liquids
- At low cost per bbl
- Largely 1P Proven Developed Producing – “PDP”
- 1P PDP are the lowest risk category of reserves - 90% confidence level
- 1P PDP reserves require no further capital to produce
- Additional low risk, low cost 1P Proven Developed Non-Producing (PDNP) reserves
- Significant 2P reserve growth



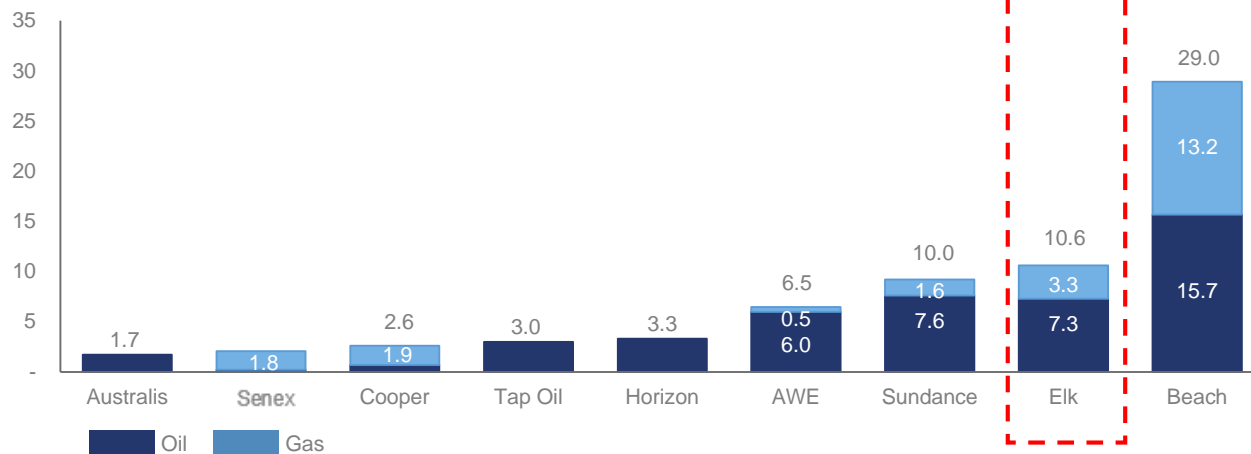
# Elk becomes one of the Largest ASX E&P Mid-Caps by Reserves and Production

*Not all reserves are created equal!*

## 2P Reserves (mmbœ)<sup>3</sup>



## 2017 Production (mboe/d)<sup>2,3</sup>



- Over 50% of Elk's 2P Reserves are 1P Proved Developed Producing (PDP) Reserves
- Limited additional capital required to monetise and sustain production
- Elk's reserves are highly oil-weighted (82%)
- Elk's production weighted (69%) to long-term, low decline oil production

## Transition to Operator with Highly Experienced Team

- As part of the acquisition, Elk will take on around 90 Resolute staff across all areas of Aneth field operation and head office management
- Resolute's team will integrate with Elk's existing Denver management and corporate team in Denver
- Elk's board has approved appointment of key Resolute senior management personnel to join Elk in senior executive roles, and to join Elk Board of Directors, subject to final agreements
- Resulting Elk team will deliver a strong management & operating organisation
- This will be a transformational change for Elk from non-operated junior oil company to operating mid tier company with a material position in Northern Rockies region

*Integration of Aneth operating and management personnel with Elk's experienced management team will be transformational*

# Summary of Acquisition Funding Facilities

## Senior Debt

Senior Debt Terms	
Credit Facility	US\$98m
Provider	Riverstone Capital Partners LLC
Interest Rate	LIBOR + 900bps
Libor Floor	1.00%
Tenor	4 years
Security	<ul style="list-style-type: none"> <li>First priority lien on substantially all the assets of the Borrower and the Guarantors and the capital stock of the Borrower</li> </ul>
Financial Covenants	<ul style="list-style-type: none"> <li>Max Total Leverage Ratio</li> <li>Min Asset Coverage Ratio</li> </ul>
Negative Covenants	<ul style="list-style-type: none"> <li>Strict prohibition on any non-permitted senior, pari passu, or junior debt and lien incurrence</li> <li>Permitted RPs for preferred equity payments subject to pro forma Financial Covenant compliance and no EoD</li> </ul>
Refinancing	<ul style="list-style-type: none"> <li>Flexibility to refinance over time</li> </ul>

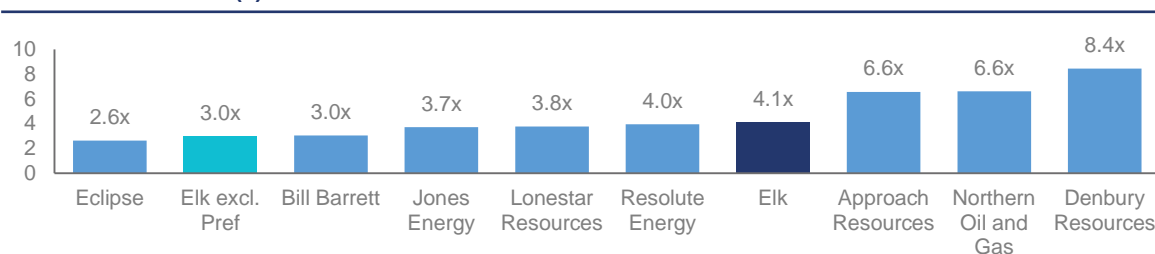
## Preferred Equity

Preferred Equity Terms	
Features	Unlisted preferred equity
Facility Size	US\$55m <sup>1</sup>
Provider	<ul style="list-style-type: none"> <li>AB Energy Opportunity Fund backstopping the preferred equity raising which will be syndicated to other investors</li> </ul>
Coupon	<ul style="list-style-type: none"> <li>15% all-in comprising 12% cash and 3% PIK</li> <li>Payable from available cash flows</li> </ul>
Tenor	<ul style="list-style-type: none"> <li>Perpetual tenor</li> </ul>
Redemption	<ul style="list-style-type: none"> <li>Redeemable by Elk for cash at any time with a redemption premium to deliver a 20% total return</li> <li>Redeemable by Elk for cash or scrip in event of a secondary listing in North America with a redemption premium to deliver a 18% total return</li> </ul>
Backstop	<ul style="list-style-type: none"> <li>Backstop investors will have a right to accelerated amortisation subject to certain limits for the amount backstopped</li> </ul>
1) Elk at its discretion may scale preferred equity facility up to US\$65m subject to syndication demand	

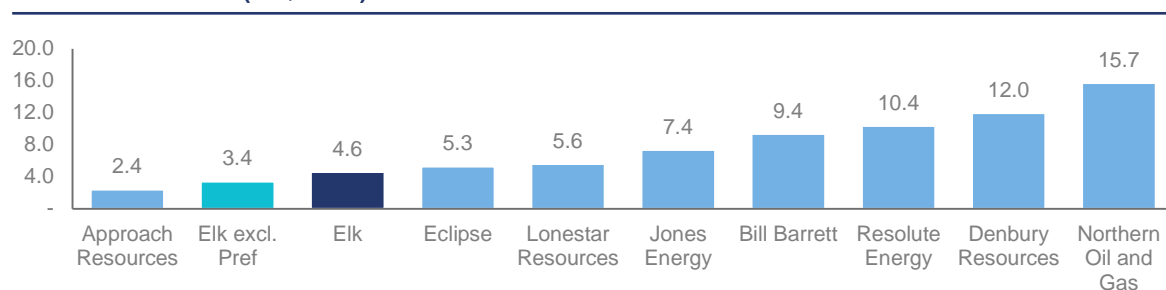
# Sustainable Capital Structure

- Highly predictable, long life production and cash flow allow Elk to use less dilutive debt to fund the acquisition
- Debt provided by market leading lenders who have a long history financing Resolute & the Aneth Field
- Significant hedging in place to protect downside
- Results in robust coverage metrics and strong cash flows to equity
- Ample liquidity provided through undrawn working capital facility
- Further potential upside from corporate refinancing following completion of Grieve

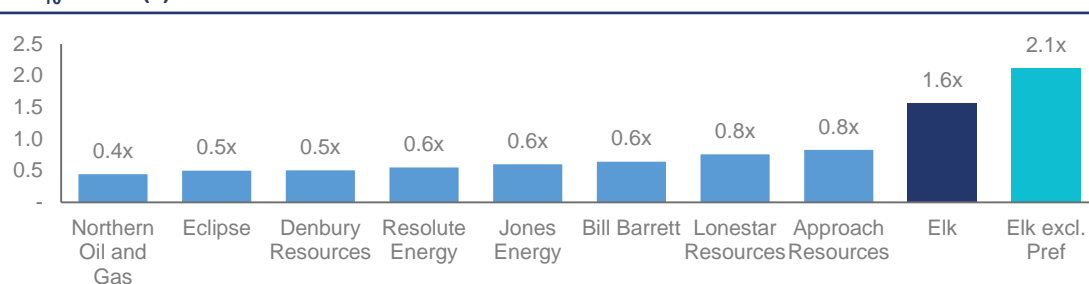
Debt / LTM EBITDA (x) <sup>1,2</sup>



Debt / 1P Reserves (US\$ / boe)<sup>1,2</sup>



1P PV<sub>10</sub> / Debt (x)<sup>1,2,3</sup>



# Outlook for Elk Shareholders<sup>1</sup>

		2018 <sup>(2)</sup>
Net Production (Post-Royalties)	mmboe	3.88
Net Revenue	US\$m	121.5
Operating Cash Flow (incl. G&A and W/C)	US\$m	54.4
SIB Capex	US\$m	(4.1)
Operating Cash Flow (incl. G&A and W/C), Post-Capex	US\$m	50.3
Interest Cost - Senior	US\$m	(16.6)
Dividend - Preferred Equity	US\$m	(6.6)
Amortisation <sup>(3)</sup>	US\$m	(10.0)
Cash Flow to Equity	US\$m	17.1
<i>Cash Flow to Equity</i>	<i>A\$m</i>	21.7



# Elk Existing Assets – Grieve Overview

## Asset overview and ownership

- Elk 49% working interest and ~60% economic interest
- Denbury Resources 51% owner and operator

## Project construction nearing completion

- Significant construction progress during Wyoming summer
- Project construction over 90% complete
- First production expected late 2017/early 2018
- Fixed time and cost construction contract with Denbury
- ELK funding US\$55m remaining construction works
- Completed senior debt and equity financing in mid 2016

## Favourable economics

- Elk to receive 75% of the operating profit from 1st million barrels and 65% from 2nd million barrels
- Enhanced revenue stream from 100% Grieve Oil Pipeline
- Forecast annual project free cash flow for first 5-years averages US\$17-21 million pa<sup>(1,2,3)</sup>

## Grieve Project Economics (US\$)

Project life	20 years
Capex invested to date	\$168.5m
Remaining capex spend	\$5.5m
Development cost	\$7-10/bbl
Operating cost (First 5 years, excluding royalties and production taxes, real)	\$10-13/bbl
Profit margin (First 5 years, real) <sup>(1,2,3)</sup>	\$24-32/bbl
Total projected revenue (Project life, post royalties and production taxes) <sup>(1,2,3)</sup>	\$245-310m
First 5 years annual project free cash flow <sup>(1,2,3)</sup>	\$17-21m p.a.

# Elk Existing Assets – Madden / Lost Cabin

## Asset overview and ownership

- Madden/Lost Cabin is a conventional natural gas production asset with CO<sub>2</sub> and sulphur by-products
- Elk ~14% working interest
- 46% owned and operated by Conoco Philips

## Profitable production

- Elk's current production (30 June) ~25.4 MMSCF/day (4,240 BOE/day).
- YTD 30Jun17 production 22.9 MCF/d (3,800 boe/d).
- 24 month Henry Hub gas price hedging in place
- Forecast 2017 project free cash flow of ~US\$6 million
- Reserves independently certified by Netherland Sewell & Associates
- Favourable operating costs of \$10/boe (\$1.6/mcf) and capital costs of \$1.6/boe (\$0.3/mcf)
- Moderate production maintenance capex through 2021 covered by operating cash flows

## Madden/Lost Cabin Project Economics (US\$)

Project life (PDP Reserves)	25 years	
2017-2021 capex (5 years)	\$1.6/boe	\$0.3/mcf
2017-2021 operating cost (5 years, including royalties, including production taxes, real)	\$10/boe	\$1.6/mcf
Profit margin 2017-2021 (5 years, real)	\$3-6/boe	\$0.6-0.8/mcf
Avg realised gas price 2017-21 <sup>(1)</sup>	\$16-18/boe	\$2.7-2.9/mcf
Total projected revenue (Project life, post royalties and production taxes) (PDP consensus)	\$207-229m	
First 5 years annual project free cash flow <sup>(1,2)</sup>	\$3-7m p.a.	

# Risks

Financing	<ul style="list-style-type: none"> <li>There is a risk that Elk will not be able to obtain the necessary funding it requires to complete the Aneth acquisition. The Company intends to source this funding through a combination of debt, preference equity and common equity. If funding cannot be obtained in a timely fashion then Elk may not be able to complete the Acquisition. This may adversely affect the Company's viability and financial position and have a negative impact on Elk's Share price.</li> </ul>
Market	<ul style="list-style-type: none"> <li>The transaction exposes the Company to oil price and exchange rate risks. Oil prices fluctuate and are affected by many factors beyond the control of the Company. Elk actively hedges oil and gas prices related to current and forecast production from its assets including in relation to the proposed Aneth transaction. There is a risk that adverse market fluctuations result in a failure to complete the transaction.</li> <li>Elk's Share price may rise or fall. The Share price on ASX is determined by a range of factors including movements in local and international equity, general investor sentiment in relevant markets, inflation, interest rates, general economic conditions and outlook and changes in the supply or, and demand for, oil and gas industry securities, changes to government regulation, policy or legislation, changes which may occur to the taxation of issuers as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.</li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>Elk operates in increasingly regulated industries and jurisdictions with significant penalties for non-compliance. Any regulatory change, event or enforcement action could have a material adverse impact on Elk or on the prospect of completion of the acquisition.</li> <li>Amendments to current laws and regulations governing Elk's operations or more stringent implementation of laws and regulations could have an adverse impact on Elk.</li> </ul>
Transaction	<ul style="list-style-type: none"> <li>Elk has undertaken financial, operational, business and other analysis in respect of Aneth in order to determine its attractiveness to Elk and whether or not to pursue the acquisition. It is possible that the analysis undertaken by Elk, and the best estimates and assumptions made by Elk, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology or misinterpretation of economic circumstances).</li> <li>There is a risk that Elk or the counterparty to the acquisition agreement may fail to meet its contractual obligations, become insolvent, or suffer a material adverse change resulting in a breach of the acquisition agreement and a failure to complete the acquisition.</li> <li>There is a risk that the proposed deposit of US\$10m will be forfeited In the event that the acquisition is not successful. In these circumstances Elk will apply the balance of equity funds raised to corporate working capital, retirement of debt, asset development and asset acquisitions.</li> </ul>

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- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Elk's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



# Appendices





# Reserves Tables

**Madden/Lost Cabin Project Reserves & Resources  
(Elk Net) 30<sup>th</sup> June 2017**

	BCF	MMBOE
PDP (Proved Developed Producing)	67.2	11.2
1P (Proved Reserves)	75.3	12.5
2P (Proved + Probable Reserves)	87.1	14.5
3P (Proved + Probable + Possible)	99.0	16.5

**Aneth Reserves & Resources  
30<sup>th</sup> June 2017**

	(MMbbl)	
	Gross	Net
PDP (Proved Developed Producing)	53.5	29.1
1P (Proved Reserves)	57.4	31.2
2P (Proved + Probable Reserves)	93.4	58.8
3P (Proved + Probable + Possible)	135.8	85.5

**Grieve CO<sub>2</sub> EOR Project Reserves & Resources  
30<sup>th</sup> June 2017**

	(MMbbl)	
	Gross	Net
2P (Proved + Probable Reserves)	12.3	5.3
3P (Proved + Probable + Possible)	16.4	7.0
3C (Contingent Resources)	16.3	7.0

**Total (Arithmetic summation)  
30<sup>th</sup> June 2017**

	BCF Gas Only	MMBOE Oil + Gas
PDP (Proved Developed Producing)	53.5	40.3
1P (Proved Reserves)	57.4	43.7
2P (Proved + Probable Reserves)	61.9	78.6
3P (Proved + Probable + Possible)	99.0	109.0

# Aneth Reserves Calculation Basis Statement

The reserves and resources assessment follows the guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The Reserves in this announcement relating to the Aneth Oil Field and CO<sub>2</sub> EOR project, operated by Resolute Energy Corporation, 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., ("VSO") 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 estimates for the Aneth Oil Field and CO<sub>2</sub> EOR project and 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. Both Mr Evans and Mr. Dolan have relied upon and utilized the independent Reserve audits prepared by VSO and NSAI.

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.

The above independent Reserves and Resources assessments follows the guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS) and the reviews and audits by VSO Petroleum Consultants, Inc ("VSO") and Netherland Sewell and Associates Inc. ("NSAI") were carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines. Both the VSO and the NSAI independent Reserve audits were prepared on a deterministic basis in accordance with U.S. Securities and Exchange Commission guidelines and standards consistent with existing U.S. oil and gas Reserve auditing and reporting standards and practice.

With respect to the Aneth Oil Field and CO<sub>2</sub> EOR Project estimates of oil Reserves reflected in the table in this presentation above, these Reserves estimates are of commercial oil sales quantities net to Elk Petroleum Limited as measured at the main export point from the Aneth Oil Field into a crude oil export pipeline connected to the Aneth Oil Field through which the Aneth Oil Field currently has been selling crude oil production.

The economic basis for this evaluation is based on VSO and NSAI's independent assessment of forward oil prices. The oil prices used by VSO in preparing the Aneth Oil Field Reserve estimates are based on the NYMEX WTI oil prices and are adjusted for energy content, transportation fees and market differentials applicable to the Aneth Oil Field crude oil sales historically and are based on the NYMEX WTI oil prices before adjustment as follows:

## NYMEX WTI Oil Prices

Period Ending	Oil Price (\$/bbl)
12-31-2017	US\$49.30/bbl
12-31-2018	US\$50.70/bbl
12-31-2019	US\$50.80/bbl
12-31-2020	US\$51.00/bbl
Thereafter	US\$51.60/bbl

Operating costs used in the Reserve estimates are based on operating expense records for the Aneth Oil Field provided by Resolute Energy Corporation and the operator of the Aneth Oil Field and provided to Elk Petroleum Limited. These costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels.

# Competent Persons Statement

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 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<sub>2</sub> 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 Reserves and in this announcement relating to the Aneth Oil Field and CO<sub>2</sub> EOR project, operated by Resolute Energy Corporation, 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., ("VSO") 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<sub>2</sub> EOR project, the Reserve and Contingent Resource estimates for the Madden Deep Gas Field and the Reserves for the Aneth Oil Field and CO<sub>2</sub> 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.

# The Board



## Bradley Lingo

### Managing Director and Chief Executive Officer

Mr. Lingo is an experienced international resource & energy executive with a proven track record of successfully building companies in the upstream and midstream oil & gas energy sectors. Mr. Lingo held previous roles in business development, new ventures, mergers and acquisitions and corporate finance with Tenneco Energy and El Paso Corporation in the US and Australia, and Senior Vice President and Head of Oil & Gas at the Commonwealth Bank of Australia. More recently Mr. Lingo was Managing Director and CEO of Drillsearch Energy Limited, where he oversaw more than an eight-fold increase in share price and market cap over a period of six years, helping build that company into one of Australia's leading onshore oil and gas producers. Mr. Lingo's skills include leadership, ability to build market confidence, financial and technical skills, organization building, business development and funding capability, and entrepreneurship. His experience also includes equity and debt capital raising, project and transaction financing and structuring to achieve attractive financial, tax, accounting and legal treatment for complex commercial, project and financing transactions, similar to Elk's current needs.

**Special responsibilities:** Member of the risk committee and remuneration committee

**Other current directorships:** Oilex Limited

**Former directorships (last 3 years):** Drillsearch Energy Limited, Mont Dór Petroleum Limited, Ambassador Energy Limited



## Neale Taylor

### Non-Executive Director and Chairman

Dr. Taylor has extensive technical, operating and commercial experience in oil and gas exploration and production with Esso Australia, Nexus Energy, and Cambrian Oil & Gas Plc. He is a former non-executive director of Terra Gas Trader, former non-executive chairman of Tap Oil, a former managing director of Cambrian Oil & Gas Plc and director of various subsidiaries of Xtract Energy Plc. He is a member of the Society of Petroleum Engineers and Fellow of the Australian Institute of Company Directors.

**Special responsibilities:** Member of the audit committee, risk committee and remuneration committee

**Other current directorships:** None

**Former directorships (last 3 years):** None



## Russell Krause

### Non-Executive Director

Mr. Krause has over 25 years' experience in Stockbroking and Investment Management with a primary focus on the resources sector. He has held a number of Directorships and Senior Management positions with a number of Australia's leading firms, including firms with US oil and gas assets. For the past ten years he has worked on a number of North American oil and gas projects in relation to Capital Raising and Corporate Advisory.

**Special responsibilities:** Member of the remuneration committee and risk committee and Chair of the audit committee

**Other current directorships:** Carbine Tungsten Limited, Red Sky Energy Limited, Austex Oil Limited

**Former directorships (last 3 years):** None



## Timothy Hargreaves

### Non-Executive Director

Mr Hargreaves has over 35 years' experience in technical and managerial roles in the petroleum and minerals sectors in Asia and the Middle East for major companies including BHP, Union Texas Petroleum and Fletcher Challenge Petroleum as well as start-ups and independents. He has led successful exploration and commercialization campaigns in Pakistan and Egypt which were dependent upon technical and commercial innovation in complex regulatory environments. Since 2009 he has been Research Director of Resources for Republic Investment Management, a Singapore based investment fund that is a major investor in Elk and has been a major participant in the rejuvenation of Elk including being the lead investor in the Convertible Loan Facility of April 2015 and a sub-underwriter of the June 2016 Entitlement Offer. He is a former Director of Skyland Petroleum Limited (ASX : SKP) and The Environmental Group Limited (ASX : EGL).

**Special responsibilities:** Chair of the risk committee

**Other current directorships:** None

**Former directorships (last 3 years):** Skyland Petroleum Limited, The Environmental Group Limited

# The Executives

## Australian Team



**Alexander Hunter**  
CFO, Sydney

Mr. Hunter has over ten years' experience in resources sector M&A and capital raising, and previously worked for ten years in construction and infrastructure project management. Alex was most recently General Manager Business Development at Drillsearch Energy where he helped to rationalize and grow the business leading various successful takeovers, divestments and capital raisings. He holds an MBA from University of Southern California Marshall School of Business, a Bachelor of Engineering, and postgraduate qualifications in corporate finance and business law



**David Evans**  
COO-Australia, Sydney

Mr. Evans is a geologist with 30 years upstream global oil & gas development, production and exploration experience, with significant exposure to Brownfield redevelopments and EOR projects. He joins Elk Petroleum from the former Drillsearch where over a 6-year period he held the positions of Chief Technical Officer and Acting Chief Operating Officer



**David Franks**  
B.Ec, CA F Fin, JP – Joint Company Secretary

Mr. Franks has 20 years in finance and accounting, initially qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) in their Business Services and Corporate Finance Divisions. Mr. Franks has been CFO, Company secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare  
**Current directorships:** JCurve Solutions Limited

## US Team



**J Scott Hornafius**  
President, Denver

Dr. Hornafius has 32 years of exploration, technical, management and funding experience in the oil and gas industry including 16 years with Mobil in the USA, PNG and UK before founding MegaEnergy in 2000. As President of Mega Energy he developed a 1,000,000 acre position over the Marcellus shale gas play in the Appalachian Basin which was ultimately divested for over \$100 million



**Brian Dolan**  
COO-USA, Denver

Mr. Dolan brings 26 years of diverse engineering management and operations experience in the oil and gas industry to the Elk team. Mr. Dolan has held several leadership positions while working for Shell, Amoco, and three independent E&P companies over his career. His experience ranges from shallow CSG development plays to deep complex exploration environments. Before joining Elk in January 2014, he spent the last seven years developing shale resources with horizontal drilling in four different plays

## Companies Team Members Served





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