



LETTER TO SHAREHOLDERS

17 September 2017

Dear Shareholder

Extraordinary General Meeting

On behalf of the Board, I am pleased to invite you to attend the Extraordinary General Meeting ("EGM") of Elk Petroleum Limited. The EGM will be held at 10.00 am (AEDT) on Friday 27 October 2017 at Portside Centre, Symantec House, Level 5, 207 Kent Street, Sydney, NSW 2000.

Enclosed are the following documents:

- Notice of Meeting and Explanatory Statement; and
- Proxy Form for the Extraordinary General Meeting.

This Notice of EGM contains resolutions relating to:

- ratifying the allotment of Convertible Loan Facilities in the amount of US\$148,000, including subsequent issue of up to 1,890,649 ordinary shares relating to the potential conversion of the Convertible Loan Facilities as announced on 10 March 2017 (Resolution 1);
- prior issues of securities under ASX LR 7.1 (Resolutions 2 and 3);
- prior issues of securities under ASX LR 7.1A (Resolution 4); and
- approval of proposed allotment under ASX LR 7.1 to sophisticated and professional investors (Resolution 5).

Resolutions 3, 4 and 5 relate to the funding of the acquisition of the Aneth Asset, which was announced to the ASX on 15 September 2017.

The Board unanimously recommends that Shareholders vote FOR all Resolutions. The Chairman of the Meeting intends to vote in favour of all Resolutions in the Notice of EGM.

If you are unable to attend the Meeting, I encourage you to appoint a proxy, by following the instructions on page 3 of the Notice of Meeting. You may also provide questions or comments in advance of the Meeting by contacting the Company Secretary using the details set out on page 16 of the Notice.

We look forward to seeing you at the Extraordinary General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neale Taylor', written over a light blue circular stamp.

Dr Neale Taylor
Chairman

ELK PETROLEUM LIMITED

ABN 38 112 566 499

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10.00 am (AEDT)

DATE: Friday, 27 October 2017

PLACE: Portside Centre
Symantec House
Level 5
207 Kent Street
Sydney, NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary using the contact details on page 16.

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YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your Shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out on page 5.

APPOINTING A PROXY

A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder of Elk.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholder's votes that each proxy may exercise, each proxy may exercise half of the Shareholder's votes on a poll. Fractions will be disregarded.

Online:

At
www.investorvote.com.au

By Mobile:

Scan the QR Code on your
Proxy form and follow the
prompts

By Mail to:

Computershare Investor
Services Pty Ltd
GPO Box 242
Melbourne Victoria 3001
Australia

By Facsimile Transmission to:

1800 783 447 (within
Australia) or
+61 3 9473 2555 (outside
Australia)

By Hand to:

Computershare Investor
Services Pty Ltd
Level 4
60 Carrington Street
Sydney, NSW 2000

Custodian voting:

For Intermediary Online
subscribers only (custodians)
please visit
www.intermediaryonline.com
to submit your voting
intentions.

The deadline for receipt of proxy appointments is 10.00am (AEDT) on Wednesday, 25 October 2017. **Proxy appointments received later than this time will be invalid.**

POWER OF ATTORNEY

If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

INTERMEDIARY ONLINE

Participating intermediaries can lodge their proxy appointments online through **<http://www.intermediaryonline.com>**

CORPORATE REPRESENTATIVES

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

An appointment of corporate representative form may be obtained from the Share Registry by calling (+61 3) 9415 4000 or online at <https://www-au.computershare.com/Investor/help/PrintableForms>.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting ("EGM") of Shareholders of Elk Petroleum Limited will be held at Portside Centre, Symantec House, Level 5, 207 Kent Street Sydney, NSW 2000 at 10.00 am (AEDT) on Friday, 27 October 2017. Registration will open at 9.00 am (AEDT).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the EGM. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary on page 17.

The Directors have determined under Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 7.00pm (AEDT) on Wednesday 25 October 2017.

AGENDA

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolutions below, which will be proposed as **Ordinary Resolutions**:

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE LOAN FACILITY TO TAN PEI SAN UNDER LISTING RULE 7.1

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of a Convertible Loan Facility with a face value of A\$194,737 (US\$148,000) to Tan Pei San including potential conversion and issue of up to 1,890,649 Shares at an issue price of A\$0.103 per Share for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO ODEON CAPITAL GROUP LLC UNDER LISTING RULE 7.1

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 17,000,000 unlisted options with exercise prices ranging from A\$0.08 to A\$0.12 to Odeon Capital Group LLC for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 109,614,818 ordinary shares to certain sophisticated and professional investors at an issue price of A\$0.062 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1A

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 85,670,311 ordinary shares to certain sophisticated and professional investors at an issue price A\$0.062 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

5. RESOLUTION 5 – APPROVAL OF SHARE PLACEMENT TO SOPHISTICATED AND PROFESSIONAL INVESTORS

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 248,263,259 ordinary shares at an issue price A\$0.062 per share to sophisticated and professional investors, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

DATED: 17 September 2017

BY ORDER OF THE BOARD



**ELK PETROLEUM LIMITED
DAVID FRANKS
JOINT COMPANY SECRETARY**

Voting Exclusion Statement

The Company will disregard votes cast on Resolutions 1 to 5 (inclusive) by the persons detailed in the table below.

Resolution	Voting exclusions
Resolution 1 – Ratification of prior issue of Convertible Loan Facility to Tan Pei San under Listing Rule 7.1	<p>The Company will disregard any votes cast on Resolution 1 by:</p> <ul style="list-style-type: none"> - Tan Pei San; and - any associates of Tan Pei San. <p>However, the Company need not disregard a vote on Resolution 1 if:</p> <ul style="list-style-type: none"> - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or - it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.
Resolution 2 - Ratification of prior issue of Options to Odeon Capital Group LLC Under Listing Rule 7.1	<p>The Company will disregard any votes cast on Resolution 2 by:</p> <ul style="list-style-type: none"> - Odeon Capital Group LLC; and - any associates of Odeon Capital Group LLC. <p>However, the Company need not disregard a vote on Resolution 2 if:</p> <ul style="list-style-type: none"> - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or - it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.
Resolution 3 - Ratification of prior issue of shares to sophisticated and professional investors under ASX Listing Rule 7.1	<p>The Company will disregard any votes cast on Resolution 3 by:</p> <ul style="list-style-type: none"> - the persons described in the Resolution, being the persons that participated in the issue of the Shares that are the subject of the Resolution; and - any associates of those persons. <p>However, the Company need not disregard a vote on Resolution 3 if:</p> <ul style="list-style-type: none"> - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or - it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.

<p>Resolution 4 - Ratification of prior issue of shares to sophisticated and professional investors under ASX Listing Rule 7.1A</p>	<p>The Company will disregard any votes cast on Resolution 4 by:</p> <ul style="list-style-type: none"> - The persons described in the Resolution, being the persons that participated in the issue of the Shares that are the subject of the Resolution; and - any associates of those persons. <p>However, the Company need not disregard a vote on Resolution 4 if:</p> <ul style="list-style-type: none"> - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or - it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.
<p>Resolution 5 – Approval of share placement to sophisticated and professional investors</p>	<p>The Company will disregard any votes cast on Resolution 5 by:</p> <ul style="list-style-type: none"> - The persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if the resolution is passed; and - any associates of those persons. <p>However, the Company need not disregard a vote on Resolution 5 if:</p> <ul style="list-style-type: none"> - it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or - it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Extraordinary General Meeting to be held on Friday 27 October 2017 at 10.00 am (AEDT).

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE LOAN FACILITIES UNDER LISTING RULE 7.1

Background

On 10 March 2017 the Company announced that it had arranged a A\$13,195,013 (US\$10,028,210) Convertible Loan Facility. Separate investors have invested through the secured Convertible Loan Facility. Resolution 1 seeks ratification and approval for the prior issue of Convertible Loan Facilities to one investor of the Convertible Loan Facility, including potential conversion and issue of up to 1,890,649 Shares at an issue price of A\$0.103 per Share.

Convertible Loan Facility

The principal terms of the Convertible Loan Facility are outlined in Schedule 1.

The following table summarises the principal borrowed under the Convertible Loan Facility, held by the one investor ("Lender") in both US and AU dollar amounts, and the maximum number of Shares which could be converted under the Convertible Loan Facility.

Convertible Facility holder	Loan	Convertible Loan Facility Principal (US\$)	Convertible Loan Facility Principal (A\$) at 0.76 Exchange Rate	Conversion Price per share (A\$)	Maximum number of shares upon conversion
Tan Pei San		\$148,000	\$194,737	0.103	1,890,649

ASX Listing Rules, Chapter 7

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of Equity Securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue or agree to issue a number of Equity Securities which is more than 15% of its fully paid ordinary shares on issue without shareholder approval ("15% limit"), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1 and, provided that the previous issue of securities did not breach the 15% limit under ASX Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder approval of the prior issue of Convertible Loan Facilities under Resolution 1 as set out below is sought pursuant to ASX Listing Rule 7.4, to partially reinstate (and fully reinstate if all other Resolutions are passed) the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a 12 month period without seeking further Shareholder approval.

ASX Listing Rule 7.2 Exemption 4

An issue on the conversion of convertible securities are exempted from ASX Listing Rule 7.1 provided the Company has issued the convertible securities before it was listed or complied with the ASX Listing Rules when it issued the convertible securities.

As the Convertible Loan Facilities were issued in accordance with ASX Listing Rule 7.1, and upon subsequent approval by Shareholders under ASX Listing Rule 7.4, the Company will continue to have complied with the ASX Listing Rules when the convertible securities were issued. The effect of this is that any subsequent conversion of the convertible securities into Shares will be exempted from ASX Listing Rule 7.1.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information be provided to Shareholders:

- (a) The name of the Convertible Loan Facility holder to whom the prior issue of Convertible Loan Facilities was made (and therefore to whom the Shares upon potential conversion will also be issued), the amount of Convertible Loan Facilities issued, the date of issue of the Convertible Loan Facilities and the maximum number of Shares to be allotted if the Convertible Loan Facilities are converted under Resolution 1 is:

Resolution 1: Mr Tan Pei San was issued a Convertible Loan Facility with a face value of A\$194,737 (US\$148,000) on 13 April 2017, which upon conversion, converts up to a maximum of 1,890,649 Shares;

Mr Tan Pei San is considered to be a sophisticated investor as determined in accordance with the Corporations Act.

- (b) The Convertible Loan Facilities were issued on the terms outlined in Schedule 1. Under the terms of the Convertible Loan Facilities, the Convertible Loan Facilities can be converted into Shares up to 31 March 2020 (subject to whether the holder elects to convert and on which date they convert, as outlined in Schedule 1);
- (c) The Convertible Loan Facilities were issued with the face value or principal values noted above, with the Shares on conversion to be issued at a price of A\$0.103 per Share;

- (d) Should the Convertible Loan Facilities be converted, the shares issued will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing ordinary shares on issue;
- (e) All of the A\$194,737 (US\$148,000) raised in the Convertible Loan Facilities the subject of Resolution 1 was used to acquire the Madden Gas Field and Lost Cabin Gas Plant from Freeport McMoran and other unit holders as announced on ASX on 10 March 2017, to pay legal costs and filing fees associated with the Convertible Loan Facilities and for general working capital and cash coverage for the Elk Group. There will be no new funds raised from the conversion of the Convertible Loan Facilities into Shares;
- (f) A voting exclusion applies to Resolution 1, as set out in the Notice of Meeting on page 7.

Board recommendation for Resolution 1: *The Directors believe that the passing of Resolution 1 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 1. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

2. **RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO ODEON CAPITAL GROUP LLC UNDER LISTING RULE 7.1**

Background

The Options noted in Resolution 2 were part of mandate fees to corporate advisers in relation to raising of funds to acquire the Madden Gas Field and Lost Cabin Gas Plant from Freeport McMoran and other unit holders as announced on ASX on 10 March 2017.

ASX Listing Rules, Chapter 7

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of Equity Securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue or agree to issue a number of Equity Securities which is more than 15% of its fully paid ordinary shares on issue without shareholder approval ("15% limit"), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1 and, provided that the previous issue of securities did not breach the 15% limit under ASX Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder approval of the prior issue of 17,000,000 unlisted options as set out below is sought pursuant to ASX Listing Rule 7.4, to partially reinstate (and fully reinstate if all

other Resolutions are passed) the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a 12 month period without seeking further Shareholder approval.

Shareholder approval is being sought to ratify the issue of 17,000,000 unlisted options ("Options") on 22 June 2017 to Odeon Capital Group LLC under ASX Listing Rule 7.1.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to Resolution 2 Options:

- (a) 17,000,000 Options were issued;
- (b) the Options have an expiry date of 30 April 2020 with the following exercise prices:
 - 4,250,000 Options, exercise price A\$0.08
 - 4,250,000 Options, exercise price A\$0.10
 - 4,250,000 Options, exercise price A\$0.11
 - 4,250,000 Options, exercise price A\$0.12
- (c) the Options are unlisted options;
- (d) the Options were allotted and issued to Odeon Capital Group LLC;
- (e) the Options were issued for nil cash consideration;
- (f) A voting exclusion applies to Resolution 2, as set out in the Notice on page 7; and
- (g) the terms and conditions of the Options are contained in Schedule 2 of this Explanatory Statement.

Board recommendation for Resolution 2: *The Directors believe that the passing of Resolution 2 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 2. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

3. RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1

ASX Listing Rules, Chapter 7

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of Equity Securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue or agree to issue a number of Equity Securities which is more than 15% of its fully paid ordinary shares on issue without shareholder approval ("15% limit"), unless an exception applies. The Company has not exceeded this 15% limit.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1 and, provided that the previous issue of securities did not breach the 15% limit under ASX Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder approval of the prior issue of Resolution 3 Shares as set out below is sought pursuant to ASX Listing Rule 7.4, to partially reinstate (and fully reinstate if all other Resolutions are passed) the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a 12 month period without seeking further Shareholder approval.

Shareholder approval is being sought to ratify the issue of 109,614,818 fully paid ordinary shares in the capital of the Company that were issued on 21 September 2017 to sophisticated and professional investors at an issue price of A\$0.062 per share ("Resolution 3 Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 3 Shares:

- (a) 109,614,818 Resolution 3 Shares were issued;
- (b) the Resolution 3 Shares were issued at price of A\$0.062 per Resolution 3 Share;
- (c) the Resolution 3 Shares are fully paid ordinary shares and rank equally with the Company's existing ordinary shares on issue;
- (d) the Resolution 3 Shares were allotted to sophisticated and professional investors arranged by Royal Bank of Canada, operating as RBC. The allottees were not related parties of the Company;
- (e) the Company received proceeds totalling A\$6,796,118 from the issue of these Resolution 3 Shares used to partly fund the acquisition of the Aneth Asset, pay costs associated with the issue of the Resolution 3 Shares and provide working capital for the Company ; and
- (f) a voting exclusion applies to Resolution 3, as set out in the Notice on page 7.

Board recommendation for Resolution 3: *The Directors believe that the passing of Resolution 3 is in the best interests of the Company and unanimously recommend Shareholders vote in favour of Resolution 3. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

4. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1A

ASX Listing Rules, Chapter 7

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued capital over a 12 month period after the date of an annual general

meeting of shareholders at which the shareholders approved by special resolution the issue of securities under ASX Listing Rule 7.1A ("10% capacity"). This 10% capacity is in addition to the Company's 15% limit under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. The Company is an eligible entity.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1A and, provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1A.

Shareholder approval of the prior issue of Resolution 4 Shares as set out below is sought pursuant to ASX Listing Rule 7.4, to fully reinstate the Company's capacity to issue up to 10% of its ordinary issued capital under ASX Listing Rule 7.1A, if required, over the period to the next annual general meeting of the Company without the need for seeking further Shareholder approval.

Shareholder approval is being sought to ratify the issue of 85,670,311 fully paid ordinary shares in the capital of the Company that were issued on 21 September 2017 to sophisticated and professional investors at A\$0.062 per share ("Resolution 4 Shares") under ASX Listing Rule 7.1A.

ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information be provided to Shareholders in relation to the Resolution 4 Shares:

- (a) 85,670,311 Resolution 4 Shares were issued;
- (b) the Resolution 4 Shares were issued at A\$0.062 per Resolution 4 Share;
- (c) the Resolution 4 Shares are fully paid ordinary shares and rank equally with the Company's existing ordinary shares on issue;
- (d) the Resolution 4 Shares were allotted to sophisticated and professional investors arranged by Royal Bank of Canada, operating as RBC. The allottees were not related parties of the Company;
- (e) The Company received proceeds totalling A\$5,311,559 from the issue of these Resolution 4 Shares used for the purposes approved by Shareholders at the 2016 annual general meeting of the Company, being for screenings and assessments, feasibility studies, appraisal and testing activities, development and production expenditure on the Company's current assets or acquired assets or any aspects related to the financing thereof and/or general working capital. The proceeds were specifically used for the financing and acquisition of the Aneth Asset, an oil and gas asset, and additional working capital; and
- (f) a voting exclusion applies to Resolution 4, as set out in the Notice on page 8

Board recommendation for Resolution 4: *The Directors believe that the passing of Resolution 4 is in the best interests of the Company and unanimously recommend Shareholders vote in favour of Resolution. The Directors intend to vote all their*

Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

5. RESOLUTION 5 - APPROVAL OF SHARE PLACEMENT TO SOPHISTICATED AND PROFESSIONAL INVESTORS

Background

As announced on 15 September 2017, the Company has entered into an agreement to acquire the Aneth Asset. The acquisition is being funded from various sources, including the issue of Shares. To date, the portion allowed under the Company's existing Listing Rule 7.1 15% limit and 7.1A 10% capacity have been issued, with their ratification sought through Resolutions 3 and 4 in this Notice. The approval for the balance of the equity funding through the issue of Shares is being sought in Resolution 5.

ASX Listing Rules, Chapter 7

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of Equity Securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue or agree to issue a number of Equity Securities which is more than 15% of its fully paid ordinary shares on issue without shareholder approval ("15% limit"), unless an exception applies. The Company has not exceeded this 15% limit. The effect of Resolution 5 will be to allow the Directors to issue Shares ("Resolution 5 Shares") during the period of 12 months after the Meeting without using the Company's 15% limit.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to the Resolution 5 Shares:

- (a) The maximum number of Resolution 5 Shares to be issued is 248,263,259;
- (b) It is intended that the Resolution 5 Shares will be issued on a single date within one month after the Meeting, and no later than three months after the date of the Meeting;
- (c) The Resolution 5 Shares will be issued at price of A\$0.062 per Resolution 5 Share;
- (d) The Resolution 5 Shares will be issued to sophisticated and professional investors arranged by Royal Bank of Canada, operating as RBC. The allottees will not include related parties of the Company;
- (e) The Resolution 5 Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing shares on issue;
- (f) The funds raised from the issue of the Resolution 5 Shares will be used to partly fund the acquisition of the Aneth Asset, pay costs of the issue and provide working capital;
- (g) A voting exclusion applies to Resolution 5, as set out in the Notice on pages 8.

Board recommendation: *The Directors believe that the passing of Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 5. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

11. ENQUIRIES

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in the Notice or Explanatory Statement.

David James Franks
Joint Company Secretary
Elk Petroleum Limited
c/- Franks & Associates Pty Limited
GPO Box 4325, Sydney, NSW 2001
Tel: (+61 2) 9299 9690 Fax: (+61 2) 9251 7455
Email: dfranks@fa.com.au

GLOSSARY

AEDT means Australian Eastern Daylight Time, Sydney, New South Wales.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors of the Company as constituted from time to time.

Company or **Elk** means Elk Petroleum Limited (ABN 38 112 566 499).

Constitution means the Constitution of the Company.

Control has the meaning given in section 50AA of the Corporations Act.

Convertibility has the meaning given in Schedule 1.

Convertible Loan Facility or Convertible Loan Facilities means the Convertible Loan Facilities issued on 13 April 2017 the subject of Resolution 1 of this Notice.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Documents means each of the Notice, Explanatory Statement and the Proxy Form and all other documents that accompany each other when sent to each Shareholder.

Elk Group means Elk and its controlled entities.

Explanatory Statement means the explanatory statement accompanying the Notice.

Extraordinary General Meeting, EGM or Meeting means the meeting convened by the Notice.

Equity Securities has the meaning given to that term in Listing Rule 19.

Notice means the notice of Meeting that accompanies and forms part of the Documents.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Ltd.

Interpretation

In these Documents, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;

- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (e) headings are included for convenience only and do not affect interpretation;
- (f) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (g) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (h) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (i) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (j) reference to "\$", "A\$", "Australian Dollars" or "dollars", unless otherwise stated, is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (k) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

SCHEDULE 1 – TERMS OF CONVERTIBLE LOAN FACILITY (RESOLUTION 1)

The principal terms of the Convertible Loan Facilities are as follows. Terms not defined herein have the meaning assigned to them in the Convertible Loan Facility.

Issue date

Issued on 13 April 2017.

End date

31 March 2020.

Termination Date

The earlier of the End Date, the date of repayment or the date that the Facility Amount is converted.

Extension of terms

The parties may agree an extension to the End Date in writing.

Borrower

ELK Petroleum Limited

Interest Rate

11.0% per annum

Default Interest Rate

20.0% per annum

Interest Period

Six calendar months' duration.

Interest accrual and payment

Interest on the Facility Amount will accrue from day to day during each Interest Period and is calculated and payable on the Payment Date, at the Interest Rate. If any amount payable by the Borrower under the Convertible Loan Facility is not paid in full on the due date, interest will accrue on that unpaid amount at the Default Interest Rate calculated daily from the date the unpaid amount was due, until it is paid in full. Interest on unpaid amounts is payable to the Lender daily.

Purpose of funds

Funds were used to acquire the Madden Gas Field and Lost Cabin Gas Plant from Freeport McMoRan and other unit holders, payment of transaction costs and filing fees associated with the Convertible Loan Facilities and for general working capital and cash coverage for the Elk Group.

Security

Within 90 days of completion of the Madden Transaction, the Borrower will take all steps that are necessary to grant the Second Ranking Security in favour of the Lender. The Borrower will take all steps that are necessary to ensure that the Second Ranking Security is granted in favour of the Lender concurrently with, or as soon as practicable after, the granting of any First Ranking Security.

The following definitions apply:

(a) "First Ranking Security" means any security granted by the Borrower for the purposes of traditional reserve based or PDP lending against the Secured Assets.

(b) "Madden Transaction" means the transaction contemplated by the Purchase and Sale Agreement between PXP Producing Company LLC, McMoRan Oil & Gas LLC, and Elk Petroleum, Inc., dated 3 January 2017.

(c) "Second Ranking Security" means the security to be provided by the Borrower in favour of the Lender over the Secured Assets (with such security to be held, pro-rata, by all Similar Lenders), which will be subordinated only to any future first ranking security issued for the purposes of traditional reserve based or PDP lending against the Secured Assets.

(d) "Secured Assets" means the assets to be acquired by the Borrower pursuant to the Madden Transaction.

Fees

3%

Representation and Warranties

The Borrower and Lenders have provided representations and warranties.

Default Clause, Set Off Arrangements, Illegality / Force Majeure Clauses

Yes

Convertibility

Conversion Price

A\$0.103

Conversion Mechanism

The terms in each Convertible Loan Facility with respect to conversion to Shares are:

(a) At any time during the Conversion Period, the Lender may, by notice in writing to the Borrower, convert the whole or part of the Outstanding Facility Amount to ordinary fully paid shares in the capital of the Borrower. The notice is irrevocable and must state the dollar amount (converted to A\$ at the Fixed Exchange Rate and being a multiple of A\$0.103) ("Conversion Amount") that the Lender wishes to convert.

(b) Within 10 Business Days after the receipt of the notice under clause (a) the Borrower must issue such number of ordinary fully paid shares (the maximum number of shares is calculated by dividing the dollar amount stated in the notice under clause (a) by A\$0.103) as it is permitted to issue under the Listing Rules or the Corporations Act without shareholder approval and:

(i) apply for quotation of the ordinary fully paid shares on the ASX;

(ii) issue either;

(A) a valid notice under section 708A(5)(e) of the Corporations Act in respect to the ordinary fully paid shares; or,

(B) a valid disclosure document under Relief 2 of section 708A(11) of the Corporations Act; and,

(iii) if the Borrower was unable to issue the maximum number of ordinary fully paid shares the subject to the notice under section (a) due to the restrictions under the Listing Rules or the Corporations Act, then the Borrower must call a general meeting within 25 Business Days to occur on the minimum notice period permitted under the Corporations Act to approve the issue of the balance of the ordinary fully paid shares.

(c) On the date that the ordinary fully paid shares are issued pursuant to a notice under clause (a), an amount equal to the number of ordinary fully paid shares issued multiplied by A\$0.103 shall be deemed to be repaid and deducted from the Outstanding Facility Amount at the end of the Interest Period.

The Conversion Period means:

- (i) in respect of one third of the Facility Amount, the period commencing 31 March 2018;
- (ii) in respect of half of the Outstanding Facility Amount, the period commencing 31 March 2019; and
- (iii) in respect of remaining Outstanding Facility Amount, the period commencing 30 days prior to the End Date.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS (RESOLUTION 2)

The Options entitle the holder ("Optionholder") to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) An Option not exercised before the Expiry Date will automatically lapse on the expiry date ("Expiry Date"), as follows:
 - (i) Each Option will expire at 5.00pm (AEDT) on 30 April 2020.
- (c) Subject to paragraph (k) below, the amount payable upon exercise of each Option ("Exercise Price") will be as follows:
 - 4,250,000 Options, exercise price A\$0.08
 - 4,250,000 Options, exercise price A\$0.10
 - 4,250,000 Options, exercise price A\$0.11
 - 4,250,000 Options, exercise price A\$0.12
- (d) The Options held by each Optionholder may be exercised in whole or in part.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised, ("Exercise Notice").
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) Subject to the expiry of any applicable escrow period, the Options shall be freely transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX.
- (k) If at any time the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying Shares over which the Option can be exercised.

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

ELK

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00 am (AEDT) on Wednesday, 25 October 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Elk Petroleum Limited hereby appoint



the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Elk Petroleum Limited to be held at Portside Centre, Symantec House, Level 5, 207 Kent Street, Sydney, NSW 2000 on Friday, 27 October 2017 at 10.00 am (AEDT) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Ratification of prior issue of convertible loan facility to Tan Pei San under listing rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of prior issue of options to Odeon Capital Group LLC under listing rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior issue of shares to sophisticated and professional investors under ASX listing rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of prior issue of shares to sophisticated and professional investors under ASX listing rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of share placement to sophisticated and professional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

ELK

999999A

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