



Q4 Quarter FY2018 Report

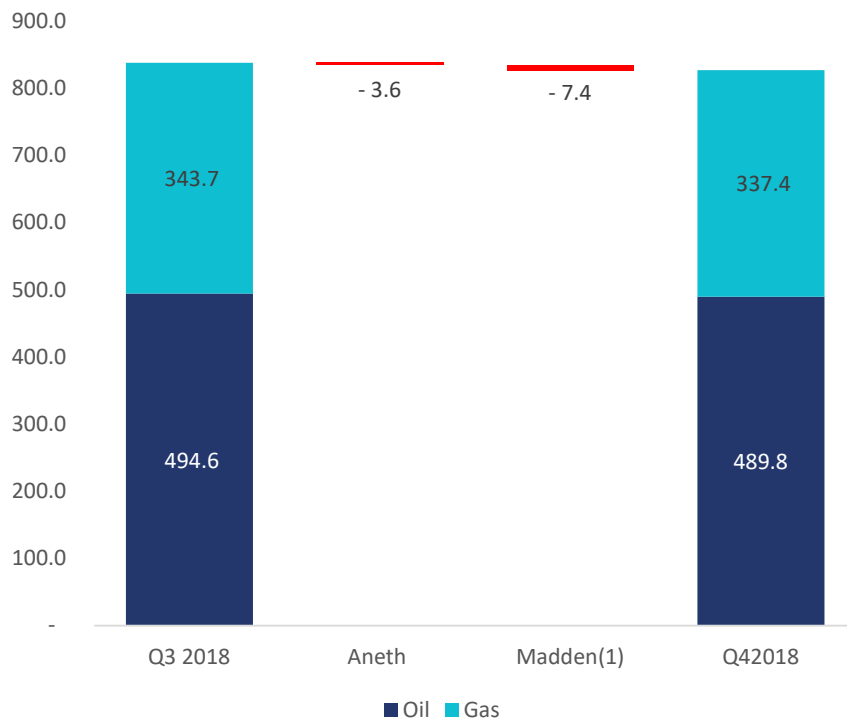
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Production

Steady Production with planned Capital and Operating Developments

Previous financial quarter (Q3 2018 to Q4 2018)

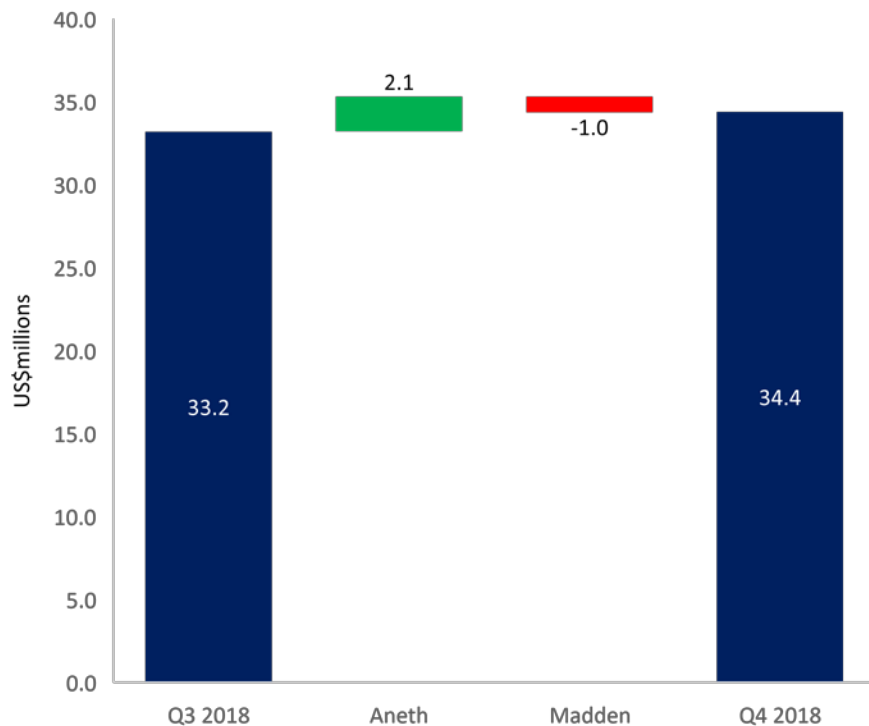


- Oil now makes up over 59% of Company's total production
- Minimal change to Quarter on Quarter Production
- Minor Aneth production decrease attributable to temporary production outages associated with execution of planned capital projects-existing production wells had to be taken offline for deepening
- Madden decrease due to scheduled periodic maintenance on Lost Cabin Gas Plant Train 3 in June

Sales Revenue

Revenue⁽¹⁾ hits over \$34million

Previous financial quarter (Q3 2018 to Q4 2018)



- Production Revenue up 3.6% over previous quarter
- Revenue increase driven by increased realised oil price & offsetting all Aneth temporary oil production outages
- Decrease in Madden revenues due to lower gas price and scheduled maintenance

Projects

McElmo Creek well deepening underway and Grieve Project well clean up operations begin

Aneth

- Production operations running in excess of 97% efficiency
- McElmo Creek Unit well-deepening project commenced in June
- First monobore well repair undertaken in the Aneth unit
- Minor temporary production outages (~200 BOEPD) associated with the planned McElmo Creek well deepening expansion project
- Subsequent to year end, reinstatement of production with successful completion of 8 McElmo Creek well deepening

Madden

- A scheduled Lost Cabin Gas Plant maintenance shutdown was completed on the Train 3 gas processing facilities during June
- Sales gas, sulfur and CO₂ production continues at steady rates in line with FY2018 Guidance

Grieve

- Grieve Project production start up commenced on 17 April 2018 with well clean up operations across the field
- Testing down dip wells and field production flow lines
- Reinstatement of CO₂ injection across the field
- Established that the field can produce fluid and gas at high rates
- Subsequent to year end 1,000 bbls of oil readied for transfer to the Grieve Oil Pipeline

Other

- The Singleton Oil Field and all of Elk's Nebraska oil and gas leases were sold for US\$10,000 plus assumption by the buyer of all environmental and abandonment liabilities

Corporate

Capital Raising to fund Aneth Growth Projects

Capital Raising and Share Purchase Plan

- On 9th May the Company completed a placement of A\$13.5million at A\$0.073 per share fully supported by existing institutional investors
- Successfully completed by a Share Purchase Plan totalling A\$6.48million:
 - A\$1.48million from Shareholders
 - A\$5.00million from Underwriters
- The funds raised will be used to provide funding support for the planned Aneth development projects and the contingent oil payment due in November this year

Aneth Term Loan Increase

- On 13th June 2018 the company secured an increase of US\$24million to the Aneth Term loan bringing the facility to US\$122 million (US\$118 million drawn)
 - The increase is being used to fund the Aneth Stage 1 Field Development Program
-

Corporate Refinancing

- Company continues to move towards refinancing of all outstanding debt with a targeted completion date of late 2018



Data tables

Production

Elk's Share of production for quarter ended 30 June 2018 with historical comparatives

Production (post royalty)			Three months ended		Year to Date	
Project	Product	Units	Q4 2018	Q3 2018	Q4 2018	Q4 2017 ⁽³⁾
Aneth ⁽¹⁾	Oil	Bbl	489,638	494,440	1,327,350	n/a
	Sales Gas	MMSCF	141	134	348	n/a
Madden	Sales Gas	MMSCF	1,578	1,679	6,713	2,291
	Sulphur	Long ton	10,159	10,453	44,158	n/a
	CO ₂	MMSCF	305	249	789	n/a
	Oil	Bbl	203	128	689	307
Grieve	Oil	Bbl	n/a	n/a	n/a	n/a
Total ⁽²⁾		BOE	827,174	838,235	2,636,373	382,150

Production Rates

Average daily production rates (100% project) for quarter ended 30 June 2018 with historical comparatives

Production Rates - gross pre-royalty				100% Project		Remarks
Project	Product	Units	Elk Share %	Q4 2018	Q3 2018	
Aneth	Oil	Bbl/d	~63%	9,918	10,155	Minor decline due to production outages associated with development projects
	Sales Gas	MMSCF/d	~63%	3	3	
Madden	Sales Gas	MMSCF/d	~14%	168	179	Decrease due to planned maintenance in June
	Sulphur	Long ton/d	~14%	1,019	932	
	CO ₂	MMSCF/d	~14%	30	27	CO ₂ sales to Denbury Resources continue
	Oil	Bbl/d	~14%	22	15	
Grieve	Oil	Bbl/d	49%	n/a	n/a	

Revenue

Elk's Share of sales and operating revenue for quarter ended 30 June 2018 with historic comparatives

Revenue ⁽¹⁾ (US\$ million)		Three months ended		Year to Date	
Project	Product	Q4 2018	Q3 2018	Q4 2018	Q4 2017
Aneth ⁽²⁾	Oil	29.7	27.6	74.6	n/a
	Sales Gas	0.3	0.3	0.6	n/a
	Sales Gas	3.1	4.0	15.9	5.0
Madden	Sulphur	1.2	1.2	3.5	n/a
	CO ₂	0.0	0.0	0.0	n/a
	Oil	0.0	0.0	0.0	0.0
Grieve	Oil	n/a	n/a	n/a	n/a
Total Sales Revenue		34.3	33.2	94.8	5.0
Grieve Pipeline Revenue		n/a	n/a	n/a	n/a
Other Revenue		n/a	n/a	n/a	n/a
Total Operating Revenue		34.3	33.2	94.8	5.0

Expenditure

Elk's Share of expenditure for quarter ended 30 June 2018 with historic comparatives

Expenditure ⁽¹⁾ (US\$ million)		Three months ended		Year to Date	
Project	Expense	Q4 2018	Q3 2018	Q4 2018	Q4 2017
Aneth⁽²⁾	Lease Operating Expense	11.7	10.0	29.6	n/a
	CO ₂ Capex	1.6	0.9	3.2	n/a
	Maintenance Capex	0.8	0.5	1.5	n/a
	Development Capex	0.7	0.0	0.7	n/a
Madden⁽³⁾	Lease Operating Expense	3.9	3.5	14.5	3.8
	Maintenance Capex	0.2	0.4	1.9	0.7
Grieve	Lease Operating Expense	n/a	n/a	n/a	n/a
	CO ₂ Capex	n/a	n/a	n/a	n/a
	Maintenance Capex	n/a	n/a	n/a	n/a
	Development Capex	1.1	2.0	12.5	31.8
Grieve Pipeline	Operating Expense	n/a	n/a	n/a	n/a
	Development Capex	0.0	0.1	1.0	2.5
Total Operating Expense		15.6	13.4	44.1	3.8
Total Capital Expense		4.6	3.8	21.0	34.9

Realised Prices

Realised product prices for the quarter ended 30 June 2018 with historic comparatives

Realised Prices (US\$/unit)			Three months ended		Three months ended		
Project	Product	Units	Q4 2018	Q3 2018	Units	Q4 2018	Q3 2018
Aneth	Oil	\$/Bbl	60.7	55.8	\$/boe	60.7	55.8
	Sales Gas	\$/MSCF	2.1	2.0	\$/boe	12.4	12.1
Madden	Sales Gas	\$/MSCF	1.9	2.4	\$/boe	11.7	14.4
	Sulphur	\$/Long ton	115.9	116.0	\$/boe	n/a	n/a
	CO ₂	\$/MSCF	0.0	0.0	\$/boe	0.3	0.1
	Oil	\$/Bbl	58.4	55.3	\$/boe	58.4	55.3
Grieve	Oil	\$/Bbl	n/a	n/a	\$/boe	n/a	n/a
Average realised prices ⁽¹⁾					\$/boe	40.0	38.1
Dated NYMEX WTI					\$/boe	68.0	62.9

Developments

Grieve Project well and surface equipment clean up flows started on 17th April

Development Activities

Aneth

At the beginning of June 2018 and ahead of schedule, the first new field development activities since completing the acquisition and assuming operatorship of the field commenced-the McElmo Creek Unit well-deepening project and the first well repair using a monobore completion on the Aneth field.

As of end of June 2018 Quarter, Aneth and McElmo Creek Unit CO₂ recycling facilities running at greater than 97% plant efficiency. 3 workover rigs and a Coiled Tubing Drilling Unit (CTU) are working in the field to maintain production as part of on-going routine field operations, preparing wells for deepening and drilling.

These new field development projects commencing in June 2018 are detailed in the Company's Investor Update released to the ASX on 14th June 2018.

Madden Deep

A scheduled Train 3 gas processing maintenance turnaround was safely completed in June.

Madden Shallow

No significant maintenance or development works undertaken.

Grieve

Grieve Project well and surface equipment clean up flows started on 17th April. Subsequent to Quarter end, 1,000 bbls of oil are ready to ship into the Grieve Pipeline.



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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ELK PETROLEUM LIMITED

ABN

38 112 566 499

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities			
1.1 Receipts from customers ⁽¹⁾		36,071	85,911
1.2 Payments for			
(a) exploration & evaluation		-	-
(b) development		(3,582)	(14,258)
(c) production		(14,949)	(49,688)
(d) staff costs		(2,124)	(4,442)
(e) administration and corporate costs ⁽²⁾		(9,862)	(21,338)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		120	143
1.5 Interest and other costs of finance paid ⁽³⁾		(5,738)	(14,011)
1.6 Income taxes paid		-	-
1.7 Research and development refunds		-	-
1.8 Other (provide details if material)		16	16
1.9 Net cash from / (used in) operating activities		(48)	(17,667)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(463)	(5,678)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	(163,196)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (deposits)	(357)	(727)
2.6	Net cash from / (used in) investing activities	(820)	(169,601)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of:		
	- shares ⁽⁴⁾	9,087	30,679
	- preferred stock	-	70,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes, options or preferred stock	(35)	(5,677)
3.5	Proceeds from borrowings ⁽⁵⁾	43,069	162,640
3.6	Repayment of borrowings ⁽⁶⁾	(14,711)	(38,044)
3.7	Transaction costs related to loans and borrowings	(2,260)	(8,039)
3.8	Dividends paid	-	-
3.9	Other		
	- Amount transferred from / (to) Reserve Account as required under the financing arrangement with Benefit Street Partners ("BSP") ⁽⁷⁾	519	6,808
	- Amount transferred from / (to) Aneth Restricted Cash Escrow Account ⁽⁸⁾	(612)	(612)
3.10	Net cash from / (used in) financing activities	35,057	217,755

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of period		1,157	4,859
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(48)	(17,667)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(820)	(169,601)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		35,057	217,755
4.5 Effect of movement in exchange rates on cash held		(102)	(102)
4.6 Cash and cash equivalents at end of period		35,244	35,244
Cash on deposit in USA available for:			
a) completion of the Grieve Project under the Grieve Term Loan (in addition to item 4.6 above) ⁽⁹⁾		565	565
b) settling rehabilitation obligations of the Aneth Field (in addition to item 4.6 above) ⁽¹⁰⁾		22,705	22,705
Total cash and cash equivalents at end of the period (including cash on deposits in USA)		58,514	58,514
Total cash and total liquidity ⁽¹¹⁾		67,964	67,964

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	35,244	1,157
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	35,244	1,157
Cash on deposit in USA available for:		
a) completion of the Grieve Project under the Grieve Term Loan (in addition to item 5.5 above) ⁽⁹⁾	565	1,085
b) settling rehabilitation obligations of the Aneth Field (in addition to item 5.5 above) ⁽¹⁰⁾	22,705	22,093
Total cash and cash equivalents at end of the period (including cash on deposits in USA)	58,514	24,335
Total cash and total liquidity ⁽¹¹⁾	67,964	39,435

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$US'000**

257

-

The amount represents directors' (and their associates) remuneration including salaries and fees.

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities ⁽¹²⁾	199,450	186,250
8.2 Credit standby arrangements ⁽¹²⁾	550	550
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

See footnotes on page 6 and 7.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Exploration and evaluation	-
9.2 Development ⁽¹³⁾ ⁽¹⁴⁾	6,447
9.3 Production ⁽¹⁴⁾	20,307
9.4 Staff costs ⁽¹⁴⁾	2,700
9.5 Administration and corporate costs ⁽¹⁴⁾	2,505
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	31,959

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
	Singleton Unit	Banner County, Nebraska, USA	Oil and Gas Lease	100%	0%
	South Singleton (OPIS) Unit	Banner County, Nebraska, USA	Oil and Gas Lease	100%	0%
	Singleton Leases (7)	Banner County, Nebraska USA	Oil and Gas Lease	100%	0%
	Nebraska Leases	Banner County, Nebraska (8118)	Oil and Gas Lease	100%	0%
	Nebraska Leases	Cheyenne County, Nebraska (8126, 8127)	Oil and Gas Lease	100%	0%
	Nebraska Leases	Kimball County, Nebraska (8150, 8151, 8152, 8155, 8157, 8159, 8164, 8165)	Oil and Gas Lease	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Footnotes

- (1) During the quarter the company received cash from oil sales in Aneth of US\$31.6 million (YTD: US\$67.0 million). The remainder of cash received during the quarter related to Madden (YTD: US\$18.9 million).
- (2) During the quarter the company settled Aneth oil swaps resulting in realised hedge settlements of US\$7.3 million; the total hedge settlements for the year to date were US\$11.3 million.
- (3) During the quarter the company paid interest of US\$2.9 million to senior loan providers; US\$1.9 million to preferred stock holders and US\$0.8 million to convertible loan note holders.
- (4) During the quarter the company completed a placement to existing institutional, professional and sophisticated investors resulting in a cash inflow of US\$9.1 million. The balance of US\$5.9 million resulting from the SPP and a further placement has been received subsequent to the quarter end.
- (5) During the quarter the company withdrew US\$19.1 million of the US\$20.0 million revolving facility with CrossFirst Bank in order to provide working capital support for its Aneth operations. The outstanding balance of the revolving facility as at 30 June 2018 was US\$10.0 million. The company also secured an increase of US\$24.0 million to the Aneth Term Loan Facility. The loan will be used to fund projects in the Aneth Stage 1 Field Development Program.
- (6) During the quarter the repaid US\$13.5m of the US\$20.0 million revolving facility and quarterly instalment of US\$1.3 million borrowings associated with Elk's US\$122.0 million Aneth Term Loan Facility. The outstanding balance of the revolving facility as at 30 June 2018 was US\$10.0 million.
- (7) US dollar debt service reserve account controlled by Benefit Street Partners associated with Elk's term loan agreement. Balance at 30 June 2018 was US\$0.6 million.
- (8) The balance of US dollar restricted escrow cash account associated with Elk's Aneth rehabilitation obligations at 30 June 2018 was US\$22.7 million.
- (9) Balance of US dollar debt service reserve account associated with Elk's Grieve term loan agreement, at 30 June 2018 was US\$0.6 million.
- (10) Balance of US dollar restricted escrow cash account associated with Elk's Aneth rehabilitation obligations at 30 June 2018 was US\$22.7 million.

- (11) includes revolving loan available balance of US\$9.45 million.
- (12) The company has a US\$58 million senior secured term loan facility with Benefit Street Partners for the Grieve Project JV restructure. Under the term loan, the funds can only be used to fund the field development expenditures committed by Elk as part of the Grieve JV restructure, minor upgrades to Elk's 100% owned Grieve oil pipeline and associated costs. The outstanding balance as at 30 June 2018 was US\$58.0 million.
- The company also has a US\$122 million senior term loan (increased by US\$24m during the quarter) with HPS Investments Partners, LLC, Riverstone Credit Partners, L.P and AB Energy Opportunity Fund, L.P. Under the term loan, US\$98 million was used to acquire the Aneth Field and US\$24 million will be used to fund projects in the Aneth Stage 1 Field Development Program. The outstanding balance as at 30 June 2018 was US\$118.3 million.
- Further, as part of the Aneth transaction, the company put in place a US\$20 million revolving facility with CrossFirst Bank in order to provide working capital support for Aneth. US\$0.55 million of the revolving facility supports a letter of credit in relation to Aneth. The outstanding balance as at 30 June 2018 was US\$10.0 million.
- (13) The development cash outflow relating to Aneth growth projects will be funded from proceeds of the Aneth senior loan.
- (14) Other cash outflows will be funded from existing cash, positive cashflow from the Aneth Oil Field and Madden Gas & CO₂ Field. The impact of hedging relies on oil spot pricing in the future and has not been included.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Original version signed..... Date: 31 July 2018
(Company secretary)

Print name: David Franks

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

ELK PETROLEUM LIMITED ABN 38 112 566 499

Table 1 - Summary of petroleum tenements as at 30 June 2018

Project	Location	Lease Reference	Interest
Grieve Unit Federal	Natrona County, Wyoming	WYW-015813	49%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015814	49%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015815	49%
Grieve Unit Federal	Natrona County, Wyoming	WYW-016008	49%
Grieve (In & Out) Federal Grieve Unit – Surface Use	Natrona County, Wyoming	WYW-015824	49%
Aneth Unit - Federal	San Juan County, UT	UTU-068927A	62%
McElmo Creek Unit - Federal	San Juan County, UT	UTU-068930A	67.5%
Ratherford Unit - Federal	San Juan County, UT	UTU-068931A	58.6%
Madden Unit (25 leases) - Federal	Natrona County, Wyoming	N/A	9.38% to 12.5%
Madden Unit (67 leases) - Federal	Fremont County, Wyoming	N/A	12.5% to 12.77%
Madden Unit (14 leases) - State	Fremont County, Wyoming	N/A	1.2% to 14.75%

Table 2 - Summary of petroleum tenements acquired in Quarter

Project	Location	Lease Reference	Interest
N/A	N/A	N/A	N/A

Table 3 - Summary of petroleum tenements disposed of in Quarter

Project	Location	Lease Reference	Interest
Singleton Unit	Banner County, Nebraska, USA	N/A	100%
South Singleton (OPIS) Unit	Banner County, Nebraska, USA	N/A	100%
Singleton Leases (7)	Banner County, Nebraska USA	N/A	100%
Nebraska Leases	Banner County, Nebraska	8118	100%
Nebraska Leases	Cheyenne County, Nebraska	8126, 8127	100%
Nebraska Leases	Kimball County, Nebraska	8150, 8151, 8152, 8155, 8157, 8159, 8164, 8165	100%