

## ASX Announcement / Media Release

24 December 2018

### Grieve Oil Sales Commence and Reserves Confirmed

#### HIGHLIGHTS

- Grieve oil sales commenced
- First deliveries made into Casper Crude Oil Terminal and oil sales made to Sinclair Oil Refinery
- Grieve Project Reserves confirmed 4.5 mmbbls 2P net to Elk – unchanged from 30 June 2018
- First principal debt reduction payments made on Grieve Project Loan

**Elk Petroleum Limited (ASX Code: ELK)** (“Elk” or the “Company”) is very pleased to announce the commencement of first oil sales from the Grieve CO<sub>2</sub> EOR Project (the “Grieve Project”) on December 21, 2018 with 105 bbls of oil delivered into the Enbridge Crude Oil Terminal at Casper, Wyoming. Following the initial oil sales, the operator of the Grieve Project has nominated oil sales to the Sinclair Oil Refinery at Casper, Wyoming of 160 barrels of oil per day for the month of January 2019.

#### Grieve Project Reserves Confirmed

The Company has also undertaken an update of the Reserves for the Grieve Project with VSO Petroleum Consultants, Inc. as of 30 November 2018 at both the NYMEX WTI Oil Price Forward Curve at the date and using U.S. SEC Pricing as of this date. This update has reconfirmed the Grieve Project Reserves as were previously reported as of 30 June 2018. The Grieve Project Reserves and updated PV10 values as set out in the VSO Reports are set out in the tables below:

#### Grieve Project Reserves – NYMEX WTI Forward Curve as of 1 December 2018

Reserves Summary as of November 30, 2018						
Reserve Category	Description	Net Oil (MBbl)	Net Gas (MMcf)	Net Equiv. (Oil @ 6:1, Mboe)	Net Capital (\$Mil.)	PV-10 (\$Mil.)
Proved Undeveloped	Grieve Field	-	-	-	-	-
Proved Undeveloped	Grieve Pipeline	-	-	-	-	-
Total Proved ("1P")		0	0	0	0.0	0.0
Probable Undeveloped	Grieve Field	4,517	-	4,517	-	71.3
Probable Undeveloped	Grieve Pipeline	-	-	-	-	15.1
Total Probable ("2P")		4,517	0	4,517	0.0	86.4

### Grieve Project Reserves – US SEC Pricing as of 1 December 2018

Reserves Summary as of November 30, 2018						
Reserve Category	Description	Net Oil (MBbl)	Net Gas (MMcf)	Net Equiv. (Oil @ 6:1, Mboe)	Net Capital (\$Mil.)	PV-10 (\$Mil.)
Proved Undeveloped	Grieve Field	-	-	-	-	-
Proved Undeveloped	Grieve Pipeline	-	-	-	-	-
<b>Total Proved ("1P")</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>
Probable Undeveloped	Grieve Field	4,517	-	4,517	-	102.0
Probable Undeveloped	Grieve Pipeline	-	-	-	-	15.1
<b>Total Probable ("2P")</b>		<b>4,517</b>	<b>0</b>	<b>4,517</b>	<b>0.0</b>	<b>117.2</b>

#### First Debt Repayment Made on Grieve Project Loan

As of the 1 December 2018, the Company has also made its first principal debt repayment on the Grieve Project Loan to Benefit Street Partners. Prior to this repayment the outstanding balance of the loan was approximately US\$58.5 million and with the first principal repayment, the current outstanding balance has been reduced to US\$54.8 million. A further principal payment is scheduled for mid-February 2019.

**Elk's CEO, Brad Lingo commented:** "This has been a long journey to reach first oil sales from the Grieve Project for Elk shareholder. It is great to finally reach this point and we look forward to continuing improved performance from the Grieve Project in the coming year. The Grieve Project Reserves updates show that even with a significant decline in oil prices over the last several weeks, the Grieve Project continues to hold its expected value under these conditions. It is also to begin the process of paying down the debt that the Company incurred to complete the development of the Grieve Field and we very focused on accelerating the paydown of this debt in the coming year."

#### For further information, please contact:

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#### ABOUT ELK PETROLEUM

Elk Petroleum Limited (ASX: ELK) is an oil and gas company specialising in Enhanced Oil Recovery (EOR), with assets located in one of the richest onshore oil regions of the USA, the Rocky Mountains. Elk's strategy is focused on applying proven EOR technologies to mature oil fields, which significantly de-risks the Company's strategy of finding and exploiting oil field reserves.