

16 July 2015

## ELK TO DISMISS THE CIVIL LAWSUIT AGAINST DENBURY

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### HIGHLIGHTS

- Elk Petroleum, Inc. (Elk Petroleum) has agreed to dismiss the civil lawsuit filed in the United States District Court of Wyoming on 15 May 2015 asserting several breaches of agreements between Elk Petroleum and Denbury Onshore, LLC (Denbury) pertaining to the Grieve CO<sub>2</sub>-EOR project in Natrona County, Wyoming, as described in the 18 May 2015 ASX release.
- Elk Petroleum and Denbury (the “Parties”) have reached an agreement by which the Parties will attempt good faith negotiations for the sale of all of Denbury’s interest in the Grieve project on terms agreeable to Denbury. The agreement has the following provisions:
  - Elk Petroleum and Denbury shall file a joint dismissal without prejudice in the Wyoming Federal court
  - The Negotiation Period will last until 1 November 2015 or until viable and productive negotiations cease
  - Denbury may not initiate proceedings for breach or foreclosure against Elk until the Negotiation Period has ended
  - Elk may not refile the lawsuit or commence litigation until the Negotiation Period has ended
- The sale of Denbury’s interest could occur in one of three ways:
  - Elk Petroleum and Denbury both sell their interest in the Grieve project
  - Denbury sells its operated interest and Elk Petroleum retains a non-operated interest in the Grieve project
  - Elk Petroleum arranges a buyout of Denbury’s interest and becomes the operator of the Grieve project

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**Elk Petroleum Limited (ASX Code: ELK)** (or the “Company”) advises that its wholly-owned US subsidiary, Elk Petroleum, Inc., has agreed to dismiss the civil lawsuit filed on 15 May 2015 in the Wyoming Federal Court asserting several breaches of the agreements between Elk Petroleum, Inc. (EPI) and Denbury Onshore, LLC (Denbury), including the Participation and Development Agreement (PDA) signed on 6 May 2011 that provides for the development and operation of the Grieve CO<sub>2</sub>-EOR project (the “Project”) near Casper in Wyoming, USA (see the 18 May 2015 ASX announcement for a description of the Complaint). Denbury is a subsidiary of Denbury Resources, Inc. (NYSE:DNR). Denbury is both a joint interest participant in and operator of the Project.

In the agreement with Denbury to dismiss the lawsuit, Denbury and EPI have agreed to attempt good faith negotiations for the sale of all of Denbury’s interest in the Grieve project. The Negotiation Period shall extend from the date of this agreement until 1 November 2015, or until viable and productive negotiations cease. Until the Negotiation Period has ended, Denbury may not institute proceedings for breach of the PDA and related agreements (“Grieve Agreements”), foreclosure under

the Grieve Agreements, or for any cause of action or remedy related to the Grieve Agreements or transactions contemplated thereby, and EPI may not refile the lawsuit against Denbury, or commence litigation concerning the same matters set forth in its lawsuit against Denbury. Further, Denbury has agreed to meet with parties and consultants involved in the potential sale of Denbury's interests and present technical overviews of the Grieve CO<sub>2</sub>-EOR project during the period August 1 to September 30, 2015. Denbury will continue to increase the reservoir pressure in the Grieve Unit by the injection of water and/or CO<sub>2</sub> during the Negotiation Period.

The sale of Denbury's interest in the Grieve project could occur in one of three ways: 1) Denbury and Elk both sell their interest in the Grieve Project to a third party, 2) Denbury sells its interest to a third party that becomes the new operator of the Grieve Project, and Elk Petroleum retains its non-operated interest in the Grieve project with a new Joint Interest agreement and financing arrangement, or 3) Elk Petroleum arranges a buyout of Denbury's interest in the Grieve Project with third party financing, and becomes the operator of the Grieve project. Elk will be seeking interested parties to explore each of these three potential transactions. Any sale will need to be mutually agreeable to both parties.

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## ABOUT ELK PETROLEUM

Elk Petroleum Limited ABN 38 112 566 499 (ASX: ELK) is an oil and gas producer and developer with assets located in one of the richest onshore oil regions of the USA: the Rocky Mountains. Listed on the ASX in 2005, Elk's strategy is focused on applying established enhanced oil recovery (EOR) technologies to mature oil fields. This strategy significantly de-risks the process of finding and exploiting oil field reserves.

Leveraging proven EOR technology and experience, Elk is currently developing the Grieve oil field in Wyoming with Denbury Resources (Elk – 35% WI) and planning for a CO<sub>2</sub>-based EOR project at the Singleton oil field in Nebraska (Elk – 100% WI & operator).

For more information on Elk, see Elk's most recent ASX Announcements and Investor Presentations, which are available on Elk's website [www.elkpet.com](http://www.elkpet.com).

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