

30 July 2015

BRAD LINGO JOINS ELK AS MD & CEO

HIGHLIGHTS

- Brad Lingo joins Elk Petroleum at a pivotal time in the Company's operations
 - A recognised oil and gas industry leader, Mr. Lingo brings 30 years experience and compatible skills, particularly corporate finance, to Elk
 - Mr. Lingo has a proven track record of successfully building companies in the oil & gas and energy sector
 - Mr Lingo to contribute \$250,000 as an equity placement at a premium to current share price
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The Board of **Elk Petroleum Limited (ASX Code: ELK)** (or the "Company") is very pleased to announce the appointment of Mr. Brad Lingo as Managing Director and CEO of the Company. The appointment is effective from Sat, 1 August 2015.

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 brings a wealth of experience and knowledge from his 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, organisation 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.

His industry recognition is reflected in recent awards: winner of SMH/East Coles S&P/ASX 200 Energy Best CEO of Year 2014 award as well as leading a previous employer to win 11 of 14 SMH/East Coles awards including Best Focus on Shareholder Value, Best Company Strategy and Best Shareholder Engagement.

Mr. Lingo was also nominated by Resource Stocks Magazine as 1 of 4 candidates for the magazine's award for Resources Executive of the Year in 2011.

Mr. Lingo will be based in Sydney and Dr. Scott Hornafius will continue as President of Elk's wholly owned US subsidiary and based in Denver.

Elk's Chairman, Dr. Neale Taylor commented: "Elk's Board is pleased to welcome Brad as Managing Director of the Company. He has a record of success in turning around companies with good underlying oil and gas assets from situations, in which Elk currently finds itself, and in achieving significant growth from these projects in relatively short time frames.

"His commercial, funding and business-building background should fit well in addressing our short-term challenges. Brad's commitment to focus and execution will fit well with Elk's existing EOR technical and development experience built up by the Company's management and Board over a number of years; together this wider set of expertise will provide an improved base for the Company's growth."

Mr. Lingo commented: "I am very excited about the opportunity to join Elk and help the company realise its full potential and the potential of its underlying enhanced oil recovery projects. Among Australian oil and gas companies, Elk possesses unique experience in the redevelopment of mature oil production assets through proven improved and enhanced oil recovery techniques.

"A commitment to focus and execution based on this core competency provides the company with a strong platform for growth and I believe this should deliver consistent significant growth in shareholder value which at the end of the day is what it should always be about."

As a clear sign of his commitment to the company's potential, Mr Lingo has agreed to undertake a placement of \$250,000, subject to shareholder approval, at a placement price of \$0.03 (3.0 cents), representing a premium to the current ELK share price.

A summary of the key terms and conditions of Mr. Lingo's executive employment agreement are set out in the attached Schedule 1.

For further information please contact:

Neale Taylor, Chairman, of Elk Petroleum Limited

Phone: +61 2 9299 9690

OR

Elk Petroleum Investor Relations

Email: ir@elkpet.com

Schedule 1

Summary of Key Terms and Conditions of Executive Employment Agreement

This summary below sets out the key terms and conditions of the executive employment agreement (**Agreement**) between Mr. Bradley W Lingo and Elk Petroleum Ltd (**Elk**).

Commencement of employment and appointment

Mr. Lingo's employment with Elk is effective from 1 August 2015.

Position

Mr. Lingo is appointed to be the Managing Director and CEO of the Company.

Term

The Agreement is for approximately 3 years, and terminates on 30 June 2018 (**Term**). The Agreement can be extended by agreement one year ahead of expiry of the Term.

Remuneration

Salary

Mr. Lingo's Fixed Annual Remuneration (FAR) is A\$350,000 per annum, inclusive of the superannuation contributions and other non-cash benefits (**FAR**). This amount is reviewable annually.

Special Funding and Retention Awards

Three initial Funding and Retention Awards will be granted, conditional upon shareholder approval and subject a number of other governing terms and conditions:

- A\$100,000 in cash and shares for in respect of delivering progress relative to the development of the Grieve Oil Field CO2 EOR project,
- A\$100,000 in cash and shares for securing additional funding before 31 March 2016, and
- Granting of 2 million Retention Rights to shares at no cost if Mr Lingo is still employed by the Company as MD on 31 December 2016, subject to the same general conditions as apply under the Company's Share Rights Plan, and

In the event shareholders do not approve the grant of these Retention Rights, the Company shall pay the cash equivalence of a vested Award's value.

Reserves and Production Awards

Mr Lingo will also be entitled to additional incentive awards through the grant of Retention Rights based on the Company's growth in Reserves and production conditional upon shareholder approval as follows:

- a) **Net Annual Increase in Proved Developed Producing Reserves** - An award based on year-on-year net annual increase in the Company's Proved Developed Producing Reserves; and
- b) **Net Annual Increase in BOE Production** – An award based on year-on-year net annual increase in the Company's Production of barrels of oil equivalent (BOE) production.

In the event shareholders do not approve the grant of these Retention Rights, the Company shall pay the cash equivalence of a vested Award's value.

The Company also commitments to seek shareholder approval to modify the Company's Share rights Plan to apply the above award rules to all employees, key advisers and directors in future years.

Long Term Incentive Award

Each subsequent year, subject to performance and to the terms of the Company's Remuneration Policy and the proposed revised Share Rights Plan, Mr. Lingo may be eligible to receive future performance and retention awards under a revised Share Rights Plan or the above awards once approved by shareholders.

Shareholder Approval of Rights

The Company will seek shareholder approval of the Awards, including approval for the maximum number of Shares that can be issued to Mr. Lingo over the next three-year period from the date of approval.

Placement

The Company has agreed to seek Shareholder approval for Mr Lingo to take up a placement of shares in the Company. The value of the Placement is set at A\$250,000. The number of Shares to be issued will be determined by dividing the Placement value in Australian Dollars by A\$0.03. Shareholder approval to issue the Shares under the Placement will be sought at the next General Meeting of Shareholders and no later than the next AGM¹.

Termination

Mr. Lingo may resign by giving Elk 6 months' written notice. The Company may terminate Mr. Lingo's employment by giving (i) Mr. Lingo the lesser of 6 months' written notice or notice equal to the balance of the Term (or payment in lieu); or (ii) Mr. Lingo 12 months' written notice or notice equal to the balance of the Term (whichever is lesser) if the notice is issued within 6 months of completion of a successful takeover offer which has the effect of changing control of the Company as defined under the Corporations Act.

Restraint Clauses

Mr. Lingo is restrained from engaging in competitive business with the Company, or soliciting clients, employees or contractors from the Company, in each case during his employment and the Company can elect to further restrain Mr. Lingo for a period of 6 months after his employment ends. If the Company exercises this election, the Company must pay Mr. Lingo a Consideration of 10% of his FAR and compensation up to 100% of FAR if Mr. Lingo is restrained from taking up other employment in these areas. This restraint applies to involvement in EOR/IOR projects in all geological/geographic basins in which the Company holds interests.

¹ *The Company has received binding subscription commitments from two shareholders to take up placements totaling A\$400,000 on the same terms and conditions as apply to Mr. Lingo. If considered reasonably necessary by the Company (or if required by law or under the ASX listing rules), the Company will seek shareholder approval for these subscribers to participate in the Placement. The funds from Mr. Lingo and these subscribers will supplement the convertible loan funds arranged in April 2015 and support Mr. Lingo's near-term efforts to revitalise the Company's strategy and plans.*

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 in a joint venture with Denbury Resources (Elk – 35% WI) and planning for a CO₂-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.