





HIGHLIGHTS

CIVIL LAWSUIT FILED AGAINST DENBURY IN US

- Lawsuit filed in Wyoming Federal court on 15 May 2015
- Complaint sought several remedies for breach of contract in relation to the Grieve CO₂-EOR project
- Denbury and Elk agreed to dismiss the lawsuit on 16 July 2015 to pursue alternative commercial arrangements
- Complaint can be refiled if settlement is not reached with Denbury

DENBURY AGREES TO HAVE ELK MARKET ITS INTEREST IN GRIEVE

- On 16 July 2015, Elk and Denbury agreed for Elk to make a good faith attempt to sell Denbury's Grieve CO₂-EOR project interest to a third party
- The Negotiation Period will last until 1 November 2015 unless terminated earlier
- Elk may sell its interest in Grieve along with Denbury to a third party or seek to raise funds from third parties to purchase Denbury's interest
- Denbury will provide presentations to potential buyers



GRIEVE CO₂ EOR PROJECT DEVELOPMENT PROGRESSING

- Denbury continued injection of CO₂ at rates of up to 47 MMCFD
- 16.7 billion cubic feet of CO₂ and 10.2 million barrel of water injected to-date
- Reservoir pressure continues to rise in agreement with predictions
- Denbury currently projects 1st oil date as March 2017

CORPORATE

- Cash at the end of the quarter was A\$ 1.567 million
- A convertible loan facility for A\$3.6 million was concluded during the quarter
- The convertible loan facility should fund the company's activities into 2016 based on Elk managing costs while advancing commercial arrangements re the Grieve CO₂-EOR project and ongoing discussions to sell Elk's Grieve oil pipeline.
- Brad Lingo was appointed Managing Director and CEO and Tim Hargreaves Non-Executive Director during the quarter



CIVIL LAWSUIT FILED AGAINST DENBURY FOR BREACH OF CONTRACT

ELK's wholly owned US subsidiary, Elk Petroleum, Inc., filed a civil lawsuit in the Wyoming Federal Court on 15 May 2015 against Denbury Onshore, LLC (Denbury). The lawsuit asserted several breaches of the agreements between Elk Petroleum, Inc. and Denbury, including the Participation and Development Agreement (PDA) signed on 6 May 2011 that provides for the development and operation of the

Grieve CO₂-EOR project near Casper in Wyoming, USA, as reported in the 18 May 2015 ASX release. Denbury is a subsidiary of Denbury Resources, Inc. (NYSE:DNR). Denbury is both a joint venture participant in and operator of the Project. On 15 July 2015 Elk reached an agreement with Denbury to dismiss the lawsuit and to pursue alternative commercial arrangements.

DENBURY AGREES TO HAVE ELK MARKET ITS INTEREST IN GRIEVE

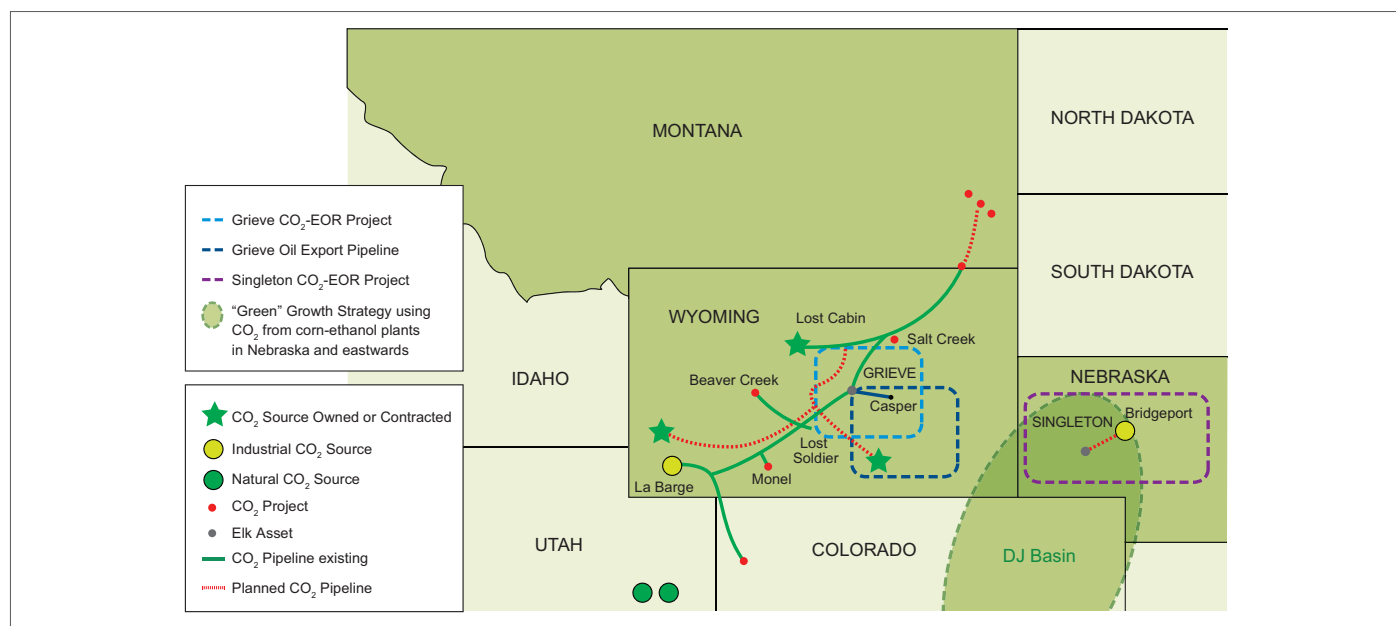
In the agreement to dismiss the lawsuit, Denbury and Elk Petroleum, Inc. (the "Parties") agreed to attempt good faith negotiations for the sale of all of Denbury's interest in the Grieve project. The Parties agreed to a Negotiation Period that extends from the date of the agreement until 1 November 2015, 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 Elk may not refile the lawsuit against Denbury, or commence litigation concerning the same matters set forth in its lawsuit against Denbury.

Denbury agreed to meet with third parties and consultants involved in the potential sale of Denbury's interests and present technical overviews of the Grieve CO₂-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 CO₂ 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 is seeking interested parties to explore each of these three potential transactions. Any sale will need to be mutually agreeable to both parties.



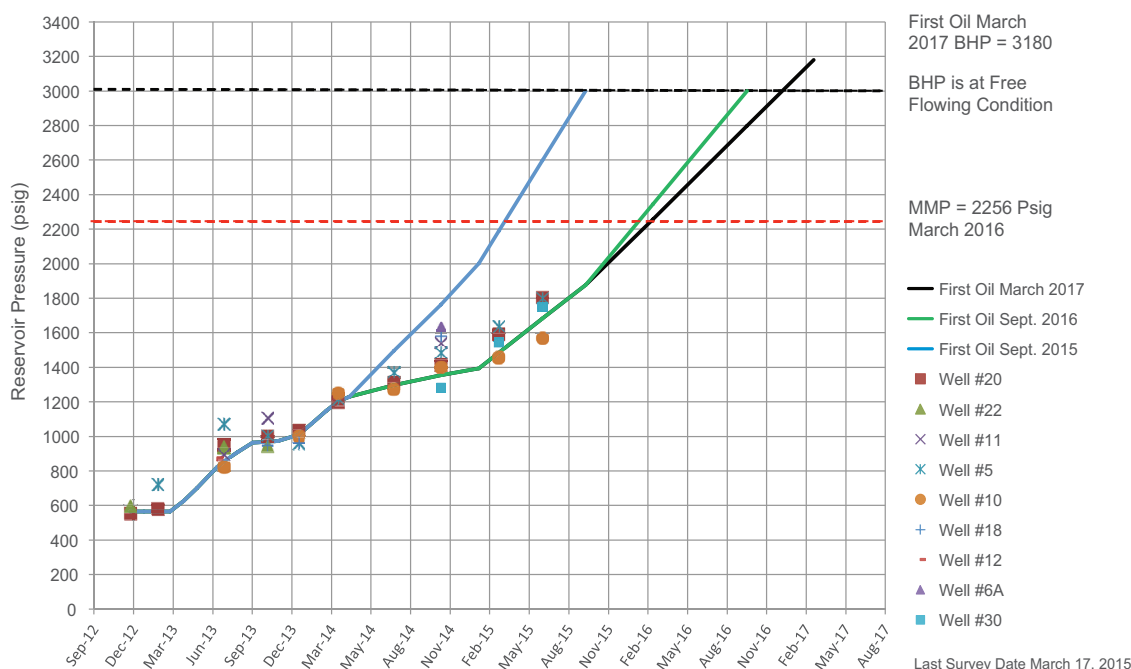
Elk's current projects



GRIEVE CO₂ – EOR PROJECT UPDATE

Water injection and CO₂ injection to re-pressurize the oil reservoir continued into the Grieve oil field during the quarter. Water injection rates were maintained at about 14,000 barrels per day, and CO₂ injection at up to 47 million cubic feet per day occurred during the quarter. Over 10 million barrels of water and over 16 billion cubic feet of CO₂ have now been injected into the reservoir, and the reservoir pressure continues to rise in agreement with predictions from the reservoir model for the field.

The operator of the Grieve CO₂ EOR project has expended over \$75 million gross on the project to date. Of this total, Elk was carried for \$10 million (Elk 35% net share) and has a credit facility for up to \$12 million (Elk 35% net share), which Denbury contends was expended by the end of 2014. Elk received its first Grieve Joint Interest Billing from Denbury for US\$192,000 in February 2015. Elk and Denbury agreed to a suspension of the requirement to pay any JV costs during the Negotiation Period for the sale of Denbury's interest in the Grieve project, as described in the ASX announcement dated 16 July 2015.



Pressure build-up history of the Grieve project and forecast to free-flowing condition

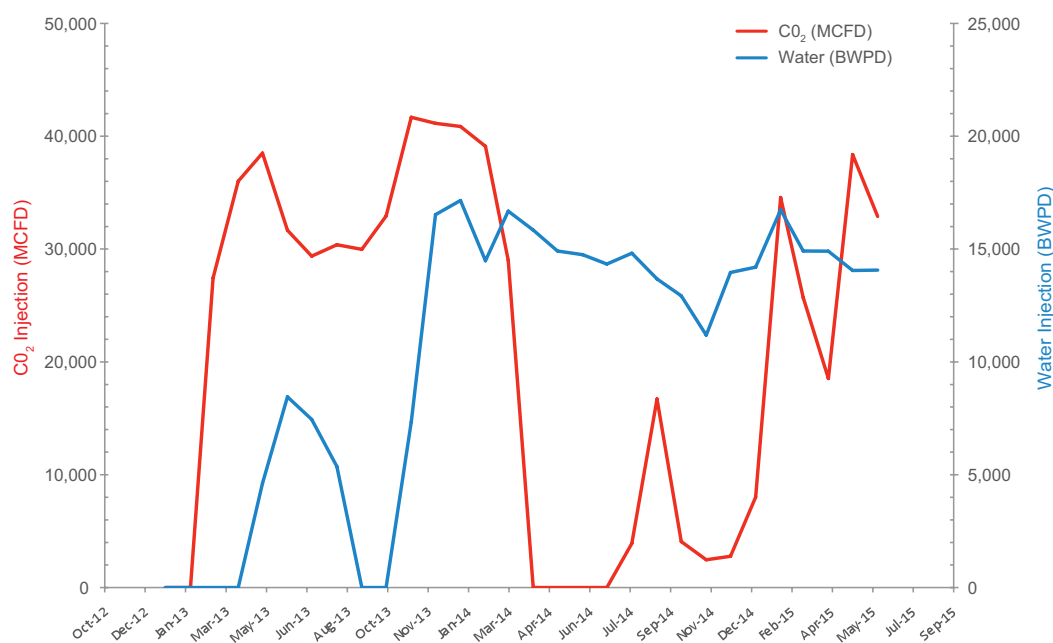
The date of first oil production at the Grieve field is dependent upon the time that will be required to restore the field to the original reservoir pressure of 3000 psi, at which time the wells will become free flowing. The rate of pressure build up is dependent upon the CO₂ and water injection rates. The operator of the project, Denbury Resources, has informed Elk that the remaining re-pressurization will be accomplished largely with water. The operator expects the date at which the wells could be capable of oil production to occur in late 2016,

although the oil field facilities are not likely to be ready to produce oil until March 2017. The delay in first oil production to March 2017 is due to a Denbury-wide capital expenditure reduction, as previously announced to the market by Elk in the AGM presentation on 21 November 2014. The above plot shows the previously projected pressure build-up scenarios for the project that have been provided by the operator, and the corresponding date at which the field will be capable of first oil production.



Q4

ELK PETROLEUM JUNE 2015



*Injection history of the Grieve project for both CO₂ and water
Cumulative Injection Through June 2015: 16.7 BCF of CO₂ & 10.2 MMBW*

GRIEVE OIL PIPELINE SALE UPDATE

Elk has been in discussions with the same potential buyer of the pipeline for over 9 months and subject to signing these agreements and to the buyer signing an agreement to connect the Grieve pipeline to Spectra Energy's oil storage facilities in Casper, an environmental and title due diligence process will commence. It is possible a sale could occur before YE2015.

NEBRASKA UPDATE

During the reporting period, Elk continued water injection into the Singleton Unit to build reservoir pressure for a future CO₂ flood. Other activities in Nebraska were suspended due to budgetary constraints.

FINANCIAL POSITION

A convertible loan facility for A\$3.6 million was arranged on 15 April 2015. The term of the loan is 12 months with the right to convert the outstanding monies to Elk shares within the term of the loan. The interest rate is 12.5% per annum, with the interest being accrued for payment at the end of the term or converted into Elk shares. The conversion price is 3.8 cents.

Elk used A\$1.75 million of this money to repay a loan and accrued interest previously provided by Metgasco.

Elk's closing cash position as of 30 June 2015 was A\$ 1.567 million.

Expenditure of A\$ 0.753 million during the June 2015 quarter covered operations at the Singleton Unit, the payment of retainer fees for litigation costs, and overheads.

BOARD

Tim Hargreaves became a Director on 12 May 2015. Brad Lingo was appointed Managing Director and CEO on 29 July 2015. The Board now consists of Neale Taylor, Brad Lingo, Russell Krause, Matthew Healy and Tim Hargreaves.

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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 particularly those involving CO₂ flood technology, Elk is currently involved in two mature oil fields in the Rocky Mountain region of the USA and is pursuing other opportunities that will benefit from the application of EOR technologies.

For more information on Elk, see Elk's most recent Investor Presentations which are available on Elk's website www.elkpet.com.

Rule 5.3

Appendix 5B

Mining 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

Name of entity

ELK PETROLEUM LIMITED

ABN

38 112 566 499

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	46
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	-	(319)
	(c) production	(12)	(262)
	(d) administration	(642)	(2,796)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	5
1.5	Interest and other costs of finance paid	(59)	(162)
1.6	Income taxes paid	-	-
1.7	Other (Receipts (or reimbursements)& management fees)	3	25
Net Operating Cash Flows		(709)	(3,463)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	24	1,866
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (projects)	-	(101)
	Other (bonds refunded)	254	518
Net investing cash flows		278	2,283
1.13	Total operating and investing cash flows (carried forward)	(431)	(1,180)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(431)	(1,180)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	850
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (gross)	3,600	5,290
1.17	Repayment of borrowings	(1,690)	(4,064)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	(140)
	Other – cash deposit bond redeemed	-	452
	Other – borrowing costs	(27)	(27)
	Net financing cash flows	1,883	2,361
	Net increase (decrease) in cash held	1,452	1,181
1.20	Cash at beginning of quarter/year to date	142	403
1.21	Exchange rate adjustments to item 1.20	(27)	(17)
1.22	Cash at end of quarter	1,567	1,567

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	86
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to directors (item 1.23)
Non-executive directors: \$63K
Executive directors: \$23K

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
Convertible loan facility - Metgasco loan*	-	-
Convertible loan - New	3,600	3,600
3.2 Credit standby arrangements		
*The Metgasco loan was repaid in full during the quarter		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	10
4.4 Administration	500
Total	510

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,567	142
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,567	142

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	N/A	N/A	N/A	N/A
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3	*Ordinary securities				
7.4	Changes during quarter	Opening 196,277,553	Opening 196,277,553		
	(a) Increases through issues	4,835,840	4,835,840	N/A	N/A
	(b) Decreases through returns of capital, buy-backs	N/A	N/A	N/A	N/A
		Closing 201,113,393	Closing 201,113,393		
	*Performance Rights				
	Changes during quarter	Opening 15,263,944	Not listed		
	(a) Increases through issues	N/A	N/A	N/A	N/A
	(b) Decreases through lapses	(2,903,000)	N/A	N/A	N/A
		Closing 12,360,944			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

+Retention Rights				
Changes during quarter	Opening 1,071,611	Not listed		
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through exercise of rights	(279,271)	Not listed	N/A	N/A
	Closing 792,340			
7.5 +Convertible debt securities <i>(description)</i>	N/A	N/A	N/A	N/A
7.6 Changes during quarter				
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	100,000 22,675,000 5,000,000	Not listed Listed Not listed	<i>Exercise price</i> 20 cents 25 cents 25 cents	<i>Expiry date</i> 30 June 2016 22 July 2017 28 October 2015
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Expired during quarter	N/A	N/A	N/A	N/A
7.11 Debentures <i>(totals only)</i>	N/A	N/A		
7.12 Unsecured notes <i>(totals only)</i>	N/A	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 31 July 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Table 1 - Summary of petroleum tenements as at 30 June 2015

Project	Location	Lease Reference	Interest
Grieve (Outside) Federal	Natrona County, Wyoming	WYW-181111	100%
Grieve (Outside) Federal	Natrona County, Wyoming	WYW-181112	100%
Grieve (Outside) Federal	Natrona County, Wyoming	WYW-173011	35%
Grieve (Outside) Federal	Natrona County, Wyoming	WYW-173178	35%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015813	35%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015814	35%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015815	35%
Grieve Unit Federal	Natrona County, Wyoming	WYW-016008	35%
Grieve (In & Out) Federal Grieve Unit – Surface Use	Natrona County, Wyoming	WYW-015824	35%
Singleton Unit	Banner County, Nebraska, USA	N/A	100%
Walkabout St of MT OG-39996-10	Yellowstone County, Montana	OG-39996-10	100%
Walkabout St of MT OG-39997-10	Yellowstone County, Montana	OG-39997-10	100%
Walkabout St of MT OG-39998-10	Yellowstone County, Montana	OG-39998-10	100%
Walkabout St of MT OG-39999-10	Yellowstone County, Montana	OG-39999-10	100%
Walkabout St of MT OG-40000-10	Yellowstone County, Montana	OG-40000-10	100%

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
N/A	N/A	N/A	N/A