NAVIGATING
A NEW COURSE

ANNUAL REPORT 2015

ABN: 38 112 566 499

ELK PETROLEUM

Corporate Directory

DIRECTORS	**Neale Taylor** (Chairman) **Bradley Lingo** (Managing Director and Chief Executive Officer) **Matt Healy** (Non-Executive Director) **Russell Krause** (Non-Executive Director) **Tim Hargreaves** (Non-Executive Director)
COMPANY SECRETARY	**David Franks** and **Andrew Bursill**
MANAGEMENT	**Bradley Lingo** (Managing Director and Chief Executive Officer) **David Franks** (Chief Financial Officer) **Scott Hornafius** (President-US) **Brian Dolan** (Chief Operating Officer-US)
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PRINCIPAL PLACE OF BUSINESS	123 West 1st Street, Suite 490, Casper Wyoming 82601 USA
SHARE REGISTRY	**Computershare Investor Services Pty Ltd** Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 Telephone: +61 3 9415 5000 Facsimile: +61 3 9473 2500
AUDITOR	**BDO East Coast Partnership** 1 Margaret Street Sydney NSW 2000
STOCK EXCHANGE LISTING	Elk Petroleum Ltd shares are listed on the Australian Securities Exchange **(ASX code: ELK)**. As at the date of this report, the company also had one series of options listed on the Australian Securities Exchange **(ASX code: ELKO)**.
WEBSITE	www.elkpet.com
CORPORATE GOVERNANCE STATEMENT	http://elkpet.com/about-elk/corporate-governance/
ELK PETROLEUM LIMITED	ACN 112 566 499 ABN 38 112 566 499

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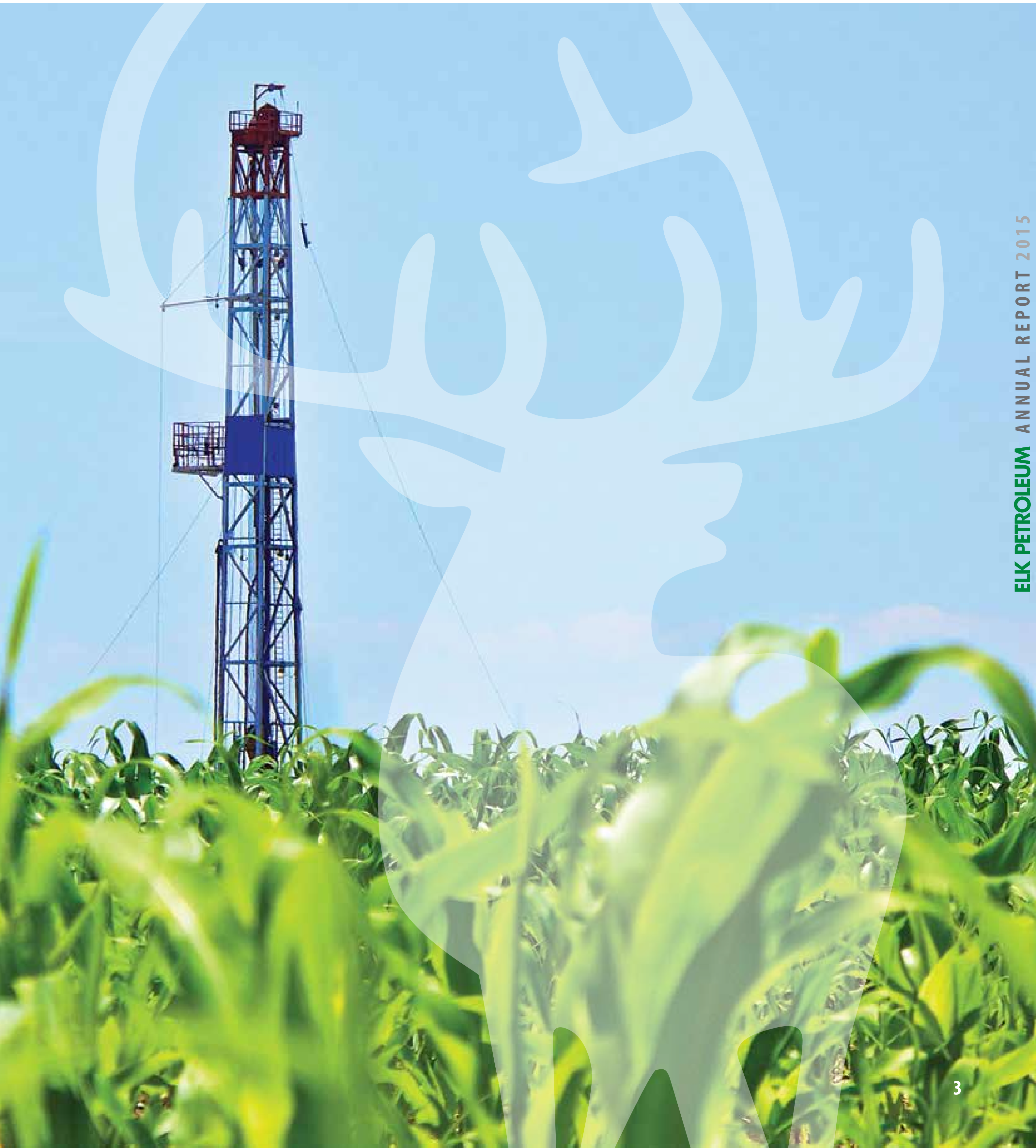
Our renewed commitment

After coming through a period of significant challenges, the 2015 Financial Year ends with a renewed commitment by the Board and Management to deliver value for shareholders through a focus on development and operation of enhanced oil recovery projects, recognised for excellence in execution and above all else financial rigor – demonstrated first and foremost through delivery of first oil from our flagship operation - the Grieve CO_2 EOR Project.



Why Elk? Why now?

- Only ASX-listed listed company focused on enhanced oil recovery
- Strong leadership team with proven track record of value creation
- Flagship projects located in heart of proven North American EOR production fairways with substantial growth potential
- Current oil prices present unique opportunity for low-cost asset accumulation
- Longer-term growth strategy targeting largely untapped EOR regions - Australasia

Grieve CO_2 EOR Project

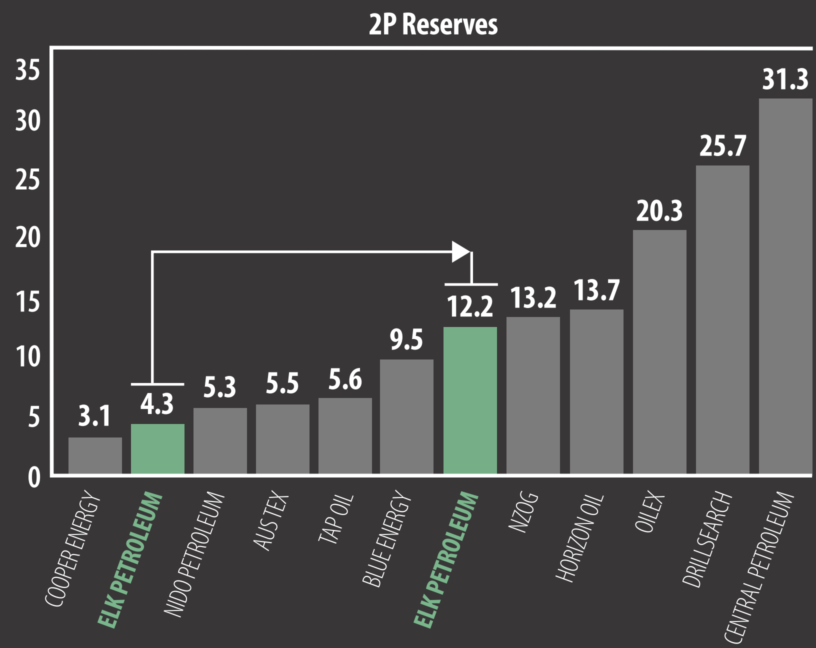
Quality project located in proven EOR production fairway

Over 70% complete - first oil targeted for Q1 2017

- Strong look forward fundamentals - modest remaining capex, robust margins and room for optimisation

Opportunity to increase ownership and control at low oil price and benefit from future upswing

Consolidation will materially increase Elk's reserves position moving from ASX junior to mid-tier.



Chairman's Letter

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present Elk Petroleum Limited's 2015 Annual Report. The report provides an opportunity to reflect on the Company's activities during the 12 months to the end of June 2015, and highlight how Elk it is positioned for what is likely to be a transformational year ahead as it approaches first oil and its Grieve CO_2 Enhanced Oil Recovery (EOR) Project in Wyoming, US.

WEATHERING THE STORM

This is an apt way to characterise the Company's performance over the 2015 financial year. Early in the year, our financial position was constrained by the effects of a number of adverse events: market reaction to material delays in progressing the Grieve CO_2 Enhanced Oil Recovery (EOR) Project, a Share Purchase Plan response that was below our needs, less-than-desired industry responses to our asset sale process, a $1.25 million loan to be repaid in January 2015, and rapidly declining oil prices. At the start of the reporting period, WTI oil prices were above US$100 per barrel, however then fell to around US$65/B by the time of our November 2014 Annual General Meeting. This decline in prices continued to fall reaching just above US$50/B by the end of June 2015. Consequentially, during the reported period, our share price was materially impacted.

By November 2014, the Board reached a decision regarding further fund-raising possibilities and concluded that it was not in the best interest for Shareholders to pursue additional equity in the immediate future. Subsequently Elk commenced a friendly merger proposal with Metgasco Limited, which involved the provision of loans funds. The declining oil price triggered a breach of a condition within the proposal and consequently the merger was terminated in March 2015.

A number of our major Shareholders and other parties, which support Elk retaining its interest in the Grieve Project, provided A$3.6 million by way of a convertible loan, and these funds have allowed the Company to repay Metgasco in full, and more importantly provided additional time for Elk to refocus its strategy.

NEW DAWN RISING

While oil price volatility continued at the start of the current 2016 financial year, the outlook is positive, particularly at the time when Grieve is scheduled to commence oil production in early 2017 and remain at its peak output rate until 2019. Oil price 'futures' for the period of 2017-19 show oil prices reaching above US$55/B. Most CO_2 to be purchased and injected at Grieve before production commencement is expected to remain at low prices, with CO_2 pricing tied to current low oil prices, leading to a material reduction in previously forecast pre-production operating costs. In light of the current economic environment and volatility of oil prices, the Grieve CO_2 EOR Project remains an economically attractive and valuable investment proposition.

This positive outlook has stimulated the Company's effort to seek an increased level of interest in Grieve and to advance discussions with its joint venturer, Denbury Onshore LLC, to acquire some or all of its 65% interest, and potentially for Elk to resume operatorship. Such steps would further cement Elk's position as a material participant in the EOR sector and enhance its capability to take on further projects.

Virtually all plans are in place for the final stage of Grieve development and a major proportion of outstanding equipment, such as CO_2 recycling compressors, has been delivered to storage for installation in 2016. Elk as operator would have the option to accelerate remaining development and first oil timing. Such factors have stimulated revised market and institutional support for Elk to move in this direction.

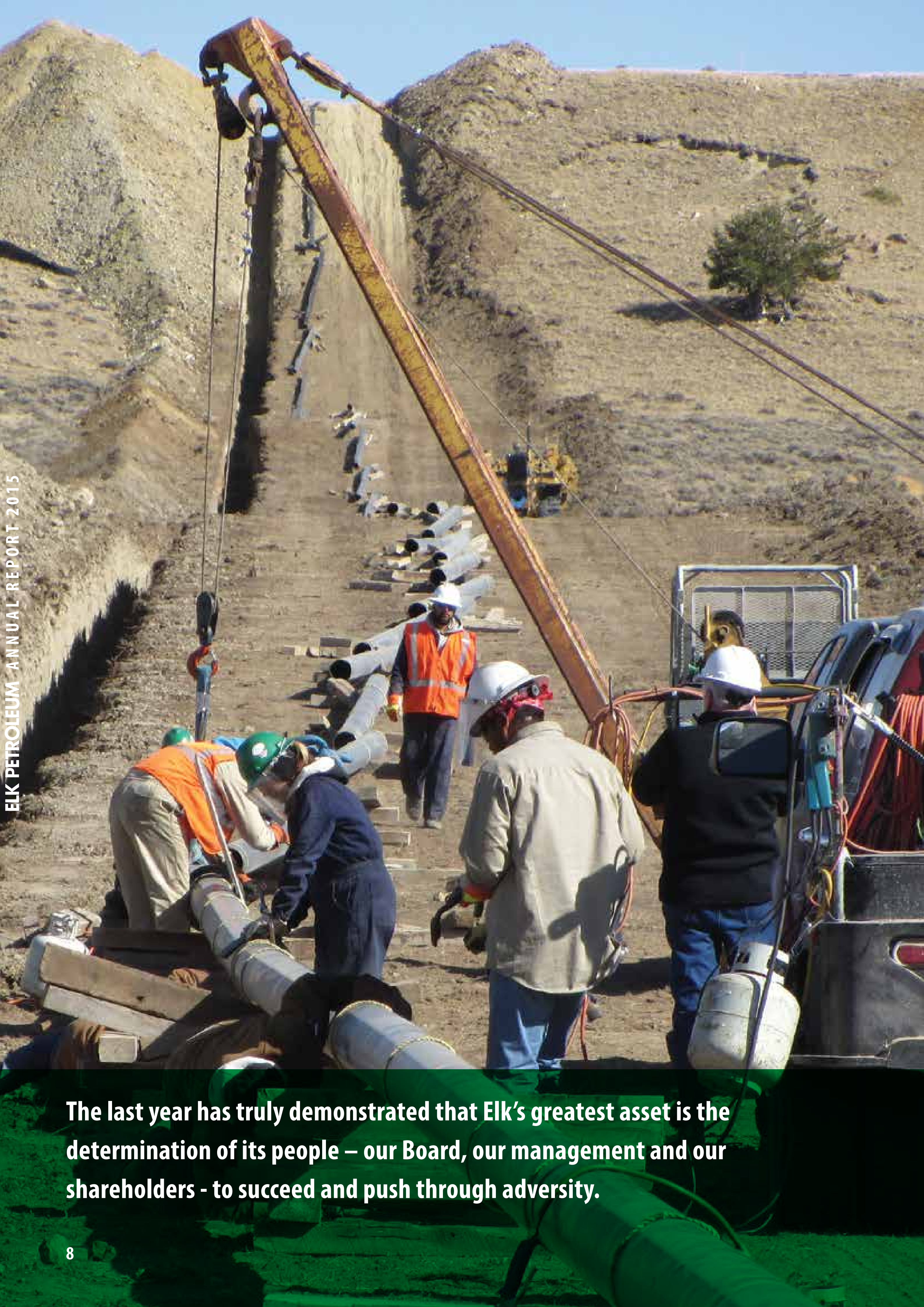
In addition, on 1 August 2015, the Company announced the appointment of Mr. Brad Lingo as Managing Director and Chief Executive. The market reaction was immediate and positively supported by investors. Mr. Lingo's market and financing experience add weight to Elk making a serious bid to acquire, fund and operate the Grieve EOR project. Such outcomes would materially change Elk's industry position in terms of oil reserves: for example, if Elk acquires the remaining 65% of Grieve, Elk's 2P reserves will increase to or above 12 million barrels, all other things being equal.

I would like to thank the Company's Shareholders, Directors, management and staff for their continued support, efforts and contributions during 2014-15. After a year of challenges that it has met head on, a reinvigorated Elk is positioned to execute its focused strategy in what is shaping up to be transformational year for the Company. The remainder of 2015-16 holds significant potential to build on the material share price recovery that has occurred so far in the second half of 2015. The Company looks forward to regularly updating you on Elk's progress on its revised plan throughout this current financial year.

Neale F. Taylor

Neale Taylor
Chairman

After a year of challenges that it has met head on, a reinvigorated Elk is positioned to execute its focused strategy in what is shaping up to be transformational year for the Company.



The last year has truly demonstrated that Elk's greatest asset is the determination of its people – our Board, our management and our shareholders - to succeed and push through adversity.

Managing Director's Report

For the year ended 30 June 2015

DETERMINED

As the saying goes – "Out of adversity comes strength." The Company, its shareholders and its staff have all had to meet the challenges of the last year and with this inaugural Managing Director's Report, I am happy to say we are coming through these trials much stronger, more focused and certainly energised about the Company's future. The last year has truly demonstrated that Elk's greatest asset is the determination of its people – our Board, our management and our shareholders - to succeed and push through adversity.

FOCUSED

It is not only this determination but the quality of Elk's underlying flagship projects that brought me to join the Company and lead it to deliver on its underlying promise. In many respects Elk is uniquely positioned not only as the only ASX-listed company focussed on improved and enhanced oil recovery but as one of the few companies with this dedicated focus in North America. From the outset, Elk has dedicated itself to delivering superior shareholder value by demonstrating the value of rejuvenating and redeveloping mature oil fields with proven improved and enhanced oil recovery processes and technologies.

PROVEN APPROACH IN PROVEN FAIRWAYS

These proven processes and technologies are not new and in many respects were born out of a period when oil prices were low and companies had to find better and better ways to get more oil out of the fields they already had – in many cases simply to survive. Over the last forty years these processes and techniques have been widely applied in key production fairways in North America and the Middle East and have continued to be refined and improved by a number of key players. These companies have learned how to apply these techniques in the right combination to the right types of oil fields. This ultimately demonstrates that the companies successful in improved and enhanced oil recovery are the ones that have focussed on doing it well and committed themselves to technical, commercial and financial excellence based on improved and enhanced oil recovery.

Since its inception, Elk's focus has been identifying, capturing and developing mature oil fields that are good candidates for improved and enhanced oil recovery in proven IOR/EOR production fairways. These activities to date have been in the Northern Rocky Mountain region within the State of Wyoming, which also extends through Montana, Northern Colorado and Utah. Throughout Wyoming, where the Company's Grieve Project is located, CO_2 enhanced oil recovery is very big business. With large proven multi-TCF CO_2 gas field resources discovered and developed by Exxon Mobil in the southwestern corner of the state, and a developed, extensive CO_2 gas pipeline network now extending into north western Colorado and into southern Montana – all solely for the purpose of supplying CO_2 for enhanced oil recovery to mature oil fields across the state. This is the Company's 'backyard' and presents a great opportunity to build the business on an on-going basis.

DELIVERING ON THE PROMISE

The foundations of the Northern Rockies EOR production fairway have provided Elk with the essential ingredients for delivering a successful IOR/EOR focussed oil and gas business. To date capturing this business opportunity has been challenging and the delivery of the Grieve CO_2 EOR Project has faced significant delays. We now feel that the Company and the Grieve Project are heading down the home stretch and nearing the finish line. Over the past six months, our operating joint venture partner, Denbury Resources, an industry leader in CO_2 EOR projects, has increased CO_2 injection into the Grieve Field, which is re-pressuring ahead of expectations. Denbury is also nearing completion of the detailed engineering and construction design for the central oil production and CO_2 recycling and injection facility.

Overall, the Grieve Project is essentially over 70 per cent complete as of the end of the financial year. Denbury has provided the Company with a detailed project plan, which aims to have the Grieve Field commence first oil production in early 2017. The Company's first and foremost goal is to see that the Grieve Project is completed and reaches first oil production in line with Denbury's guidance.

UNCERTAIN TIMES CREATING OPPORTUNITY

Challenges in meeting this target remain but these challenges also provide Elk with a unique opportunity to take full control of the Grieve Project. The challenges of the current oil markets have put pressure on Denbury that may challenge its ability to remain in the project. This creates a fair degree of uncertainty for both Elk and Denbury. As such the Company is moving aggressively to take matters into its own hands. This uncertainty is providing Elk with a major opportunity to not only resume operatorship of the Grieve project but also to acquire all or part of Denbury's interest in the project. Since August of this year, we have been actively engaged with Denbury to acquire their interest in the Grieve Project or, failing this, finding another suitable partner to join Elk in the Grieve Field redevelopment through acquisition of Denbury's interest. In parallel with these discussions, the Company has engaged Miro Advisors as the Company's financial advisor to assist it with negotiations with Denbury and with capital providers and financiers to provide the Company with the necessary funding to acquire Denbury's interest and to complete the project in line with an early 2017 first oil production target.

NOT A ONE TRICK PONY

While remaining focussed on delivering on the promise of the Grieve Project, Elk is not a one trick pony. With completion of the Grieve Project this will provide the Company with increasing cash flows and the ability to generate additional shareholder value through growth in its improved and enhanced oil recovery

Managing Director's Report (CONTINUED)

For the year ended 30 June 2015

focussed business. The Singleton Project, while at a much earlier stage of development, provides the Company with significant follow-on oil field redevelopment growth potential. The Singleton Project, while located in another basin than the Grieve Project, is targeting enhanced oil recovery in the same geologic formation and sands as the Grieve Oil Field.

The Singleton Project is ground-breaking on a number of fronts. First, if successfully developed it will be the first CO_2 EOR project executed in the prolific, but maturing Denver-Julesburg Basin which contains literally hundreds of maturing candidate oil fields likely suitable for CO_2 EOR. Second, it has the potential to open up a significant new source of industrial, pure CO_2 sourced from corn ethanol emissions to be used across the basin and more broadly in proven oil production fairways spanning the corn belt of the United States. Successful development of this form of corn ethanol sourced industrial CO_2 creates a new form of carbon-negative or "green" oil production, which captures more CO_2 emissions than created by use of the new oil produced.

CONTINUED GROWTH IN EOR

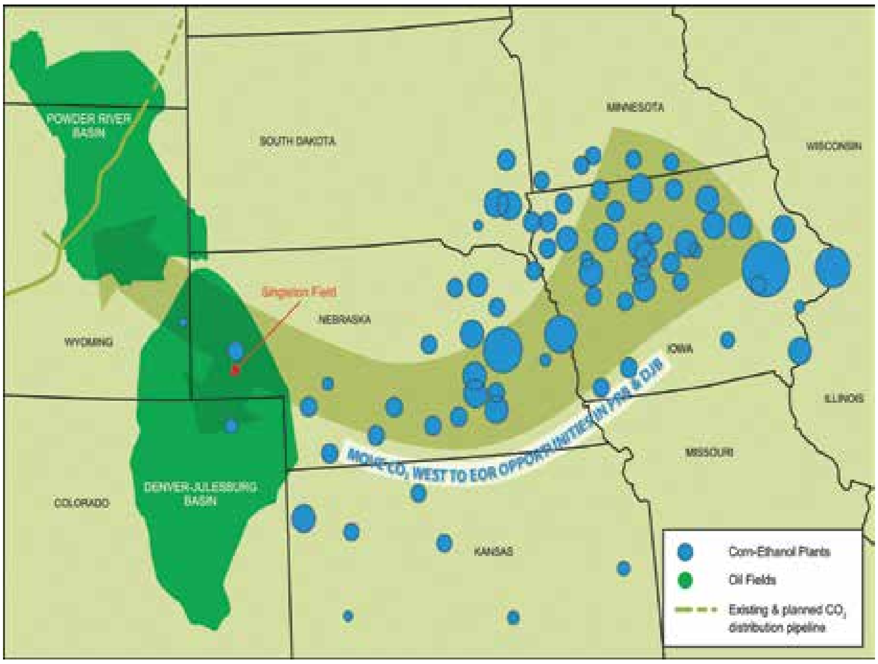
The turbulence in current oil markets is providing a number of additional IOR and EOR field redevelopment opportunities emerging from debt-distressed, over-leveraged oil companies. Beyond the Grieve and Singleton Projects, the Company is aware of a significant number of candidate CO_2 EOR project maturing oil fields that have or are coming onto the market due to financial stress of the current owners. It is estimated that over the next five-years the enhanced oil recovery market is expected to grow by approximately 17% CAGR (compound annual growth rate) and that enhanced oil recovery utilising gas injection is expected to grow at a CAGR of 21% with especially strong growth in the main North American EOR production fairway.

UNTAPPED EOR POTENTIAL

With its unique position as an ASX-listed and Australian headquartered company, Elk has the opportunity to bring its accumulated knowledge and experience to Australasia – a virtually untapped growth market for enhanced oil recovery. Vast oil accumulations have been discovered in Australia, Indonesia and Malaysia and in many instances oil production from these discoveries is maturing quickly. Establishing our knowledge, experience and credentials as a focussed enhanced oil recovery development and production company, Elk has a unique opportunity to be an early mover in bringing these proven field redevelopment and production technologies and processes into these untapped markets.

A COURSE SET, A BRIGHT FUTURE

I personally couldn't be more excited about the future for Elk. I believe that the Company has weathered the current stormy oil markets and with a new course set in and a determined and experienced team I am excited at the opportunity to bring the Grieve Project to first oil.



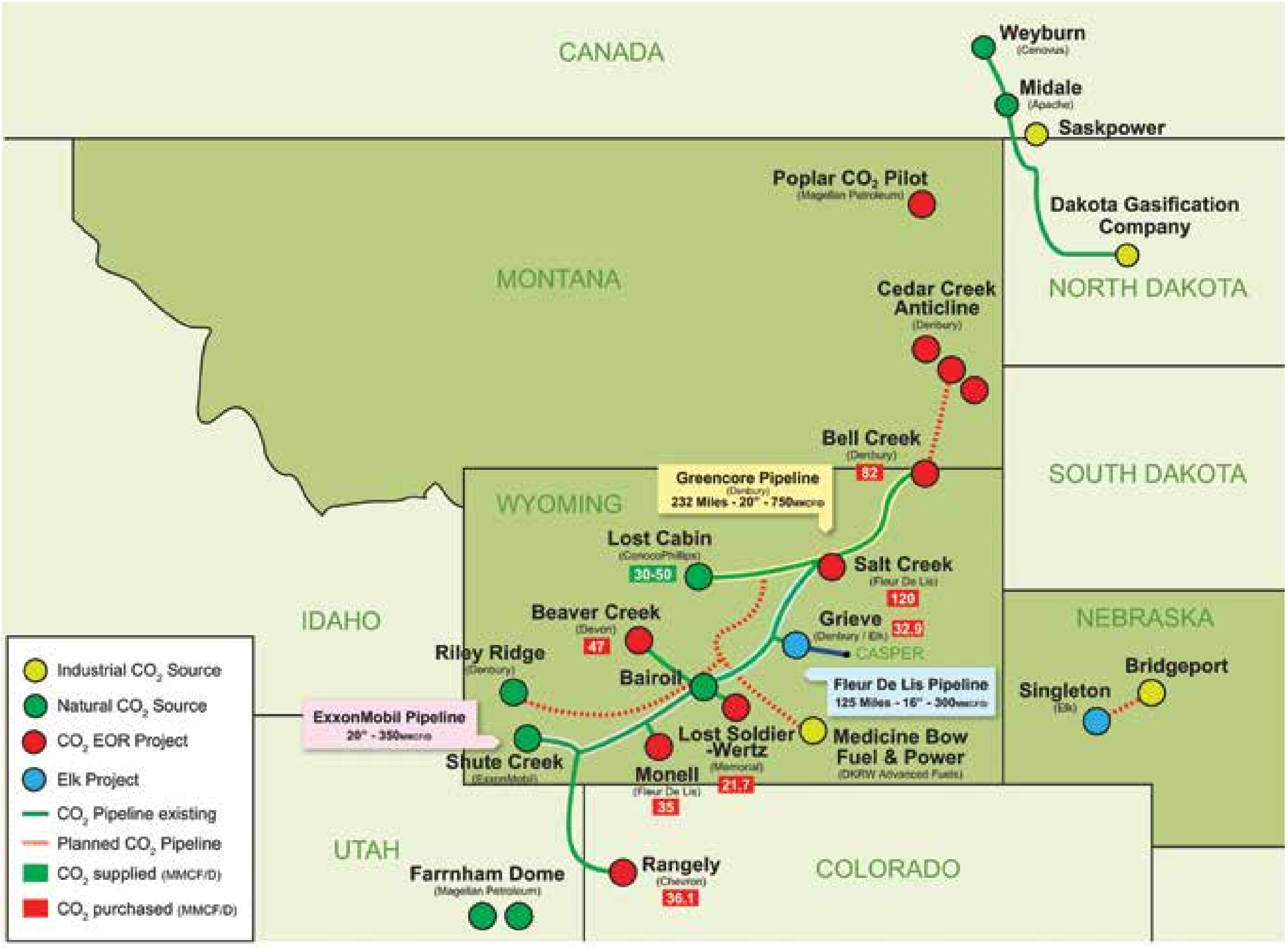
I am equally excited as well as guardedly optimistic about the opportunity to try to resume operatorship of Grieve. All of this can only happen through the continued strong support of our shareholders. The Company's past performance has at many times tested this support but I am encouraged by the recent commitment of the Company's four largest shareholders over the last several months to support Elk and its efforts to deliver on its promises.

Bradly W. Lingo

Brad Lingo
Managing Director
and Chief Executive Officer


BWWC

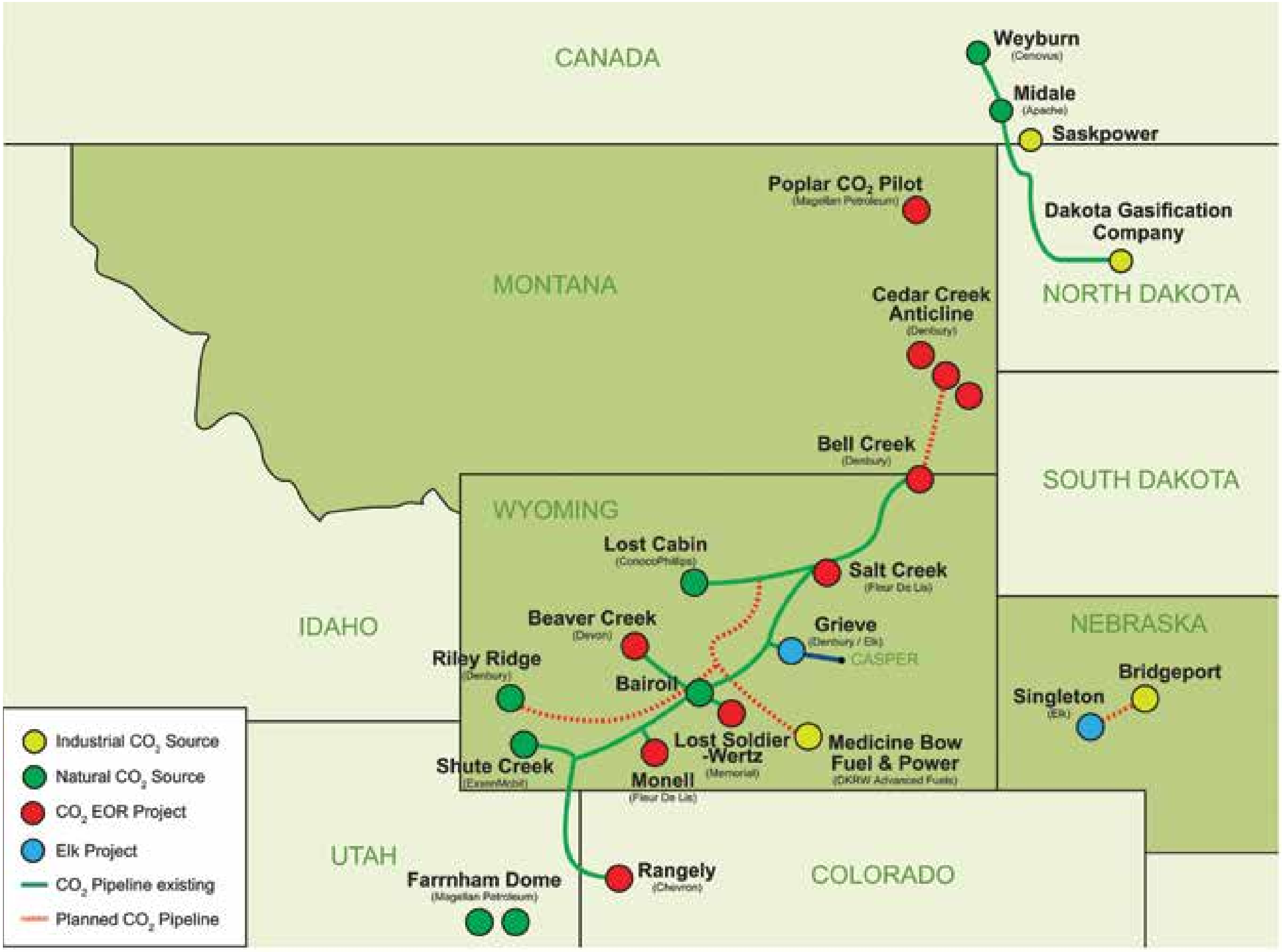
CO_2 Sources & Infrastructure



Location of Elk's Grieve and Singleton Projects in the United States

The year ahead is one of bringing the Grieve Oil Field redevelopment down the homestretch to reach first oil production in early 2017.

Current CO_2 EOR Projects



A close up of the Grieve and Singleton Projects and nearby CO_2 sources and EOR projects

Operations Report

For the year ended 30 June 2015

BUSINESS STRATEGY

Elk Petroleum's business is to create shareholder value through the redevelopment of existing oil fields through the application of well-established and proven secondary or improved oil recovery (IOR) and tertiary or enhanced oil recovery (EOR) techniques to further extend commercial production from these existing oil accumulations.

To date, Elk's principal activity has been the redevelopment of the Grieve Oil Field as a CO_2 EOR project. Elk is also evaluating the development of industrial sources of CO_2 to provide the basis for the Company to pursue CO_2 EOR projects in well established, maturing oil basins that are currently near the end of the primary and secondary recovery stages. The primary focus of these activities has been the evaluation of the Singleton Unit redevelopment utilising industrial CO_2 sourced from CO_2 emissions generated from the production of corn ethanol.

The Company may also engage in additional primary oil production activities in advance of undertaking IOR or EOR field redevelopment projects. Similarly the Company may also seek to undertake gas exploration, appraisal and development activities to procure natural sources of CO_2 to complement its CO_2 EOR development activities.

During the 2014-2015 financial year, Elk focused on three principal operations – (1) development of the Grieve CO_2 EOR project, (2) early stage evaluation of the Singleton Oil Field as a prospective CO_2 EOR field redevelopment project and (3) conduct of an asset sales process, which resulted in the sale of the Ash Creek Oil Field producing asset and chemical EOR project.

Operations Report (CONTINUED)

For the year ended 30 June 2015

GRIEVE CO_2 EOR PROJECT (35% WORKING INTEREST)

The Grieve Oil Field redevelopment is the Company's flagship CO_2 enhanced oil recovery project. Despite significant project delays during FY 2014, over the second half of the 2015 financial year significant progress has been made.

Under the joint venture agreements, Denbury is to provide Elk with a US$10.0 million carry and debt funding of US$12.0 million for its share of the joint venture Grieve Oil Field redevelopment costs. Denbury also agreed to fund certain other development expenditures associated with the Grieve Field CO_2 EOR project on sole funding basis and to provide these facilities to the joint venture under an operating lease cost basis.

Field Development Activities - During the 2014-2015 financial year, the Company and joint venture partner and operator of the project, Denbury, continued development work at the Grieve CO_2 EOR project. This work involved the injection of significant volumes of carbon dioxide (CO_2) and water into the field. Injection is expected to increase the reservoir pressure to the required level at which the CO_2 becomes miscible with the oil and displaces oil to the producing wells. CO_2 injection commenced in March 2013 and has continued at increasing rates throughout the reporting period, reaching an average rate of 45.7 million cubic feet per day in July 2015. Water injection continued throughout the reporting period at an average rate of 14,150 barrels per day.

The operator has run pressure surveys on a quarterly basis since injection began and established that field re-pressuring is occurring in line with forecasts based on the rates and volumes of CO2 and water injected. At the time of this report, re-pressuring of the Grieve oil reservoir is progressing ahead of expectations. The operator has recently advised Elk that first oil production is expected to commence in March 2017. This timing is the result of the schedule for completion and commissioning of the major oil processing and CO2 recompression facilities.

Grieve Project Timeline

January 2005
Acquisition of Grieve for A$700,000

June 2005
Elk lists on the ASX following IPO raising A$4.9 million

February 2006
New hydrocarbon reservoirs identified with recoverable oil of 18mmbbls of light sweet crude

August 2006
Elk commences full technical review of EOR potential of Grieve Field

November 2006
Elk announces focus on pursuing CO_2 EOR redevelopment of the Grieve Field Muddy Formation targeting recovery of 12.5 mmbbls

October 2007
EORI confirms up to 23mmbbls of recoverable oil possible from Muddy Reservoir with potential production rate of 8,000 to 12,000 barrels of oil per day once field is re-pressurised

November 2007
Elk engages Ryder Scott to review work by EORI

July 2012
Elk secures environment approval for Grieve EOR Project

August 2012
Elk increases Grieve acreage by 17.5%

September 2012
CO_2 pipeline tie-in installed

October 2012
Ryder Scott upgrades gross 2P reserves to 18.6 mmbbls

November 2012
First phase of construction of Grieve completed

March 2013
CO_2 injection commences at Grieve

January 2015
Grieve Reserves updated to current 2P of 3,455mmbbls (net to Elk)

April 2008
Ryder Scott independent reserve certification of 18.6mmbbls of 3P 'Possible' Reserves;

December 2008
After delays in securing CO_2 supply, Elk engages Surtek to undertake detailed study of Chemical Flood EOR option for Grieve

November 2009
Elk makes decision to pursue Grieve Phase 1 chemical flood EOR development and pursues multiple funding alternatives

January 2011
Elk secures CO_2 supply contract from ExxonMobil

April 2011
Elk acquires Grieve Oil Pipeline

June 2011
Joint Venture formed with Denbury Resources to develop Grieve

September 2015
Miro Advisors appointed to assist Elk assess Grieve ownership consolidation

LOOKING AHEAD

CY2015
- Commence construction of Grieve Facility
- Potential acquisition of additional Grieve interest

CY2016
- Grieve Field re-pressurisation complete
- Commence commissioning of Grieve Facility

Q1 CY2017
- First oil production – Grieve CO_2 EOR Project

Operations Report (CONTINUED)

For the year ended 30 June 2015

During 2014-2015 financial year the following Grieve CO_2 EOR project redevelopment activities and works have been undertaken:

- Construction of an electrical substation in the Grieve Field and a three-mile 230-kV power line to the substation*;
- Injection of 5.6 BCF of CO_2 taking total CO_2 injection volumes to a total of 17.25 BCF
- Injection of 5.5 million bbls of water into the Grieve Field taking the total water injection volumes to 9.5 million bbls of water;
- Procurement of major long-lead plant, equipment and instrumentation for the construction of the central production facilities, including compression equipment for the CO_2 recompression facilities;*
- Construction of the pouring of the concrete pads at the central production facilities site for the CO_2 recompression facilities;* and
- Continuing well work-over activities.

* Costs for these facilities were funded 100% by Denbury and will be leased to the JV. They are not part of the JV funding arrangements between Elk and Denbury and Elk is not required to contribute to the capital costs associated with these facilities.

Project Expenditures - At the end of 30 June 2015, a total of approximately US$62 million in gross joint venture expenditures has been invested in the Grieve project. Although the amount of expenditure to the joint account is currently being disputed, Elk expects that these funds were fully expended by the date of this financial report.

During 2014-2015 financial year, JV expenditure on the Grieve project as reported by Denbury was US$15.975 million, of which US$5.591 million was attributable to Elk's 35% working interest. The majority of these expenditures were for CO_2 purchases and water injection. Elk's share of expenditures on CO_2 purchases, water injection costs and operation of the field was funded from the pre-agreed loan from Denbury to Elk per their Participation and Development Agreement. At the end of the financial year, the Denbury loan had reached the limit of US$12,000,000 (A$15,676,030 at the forex rate of US$0.7655 per A$1.00 on June 30). The loan and accrued interest is to be repaid from Elk's share of initial oil production.

Capital expenditures for the first half of 2015 were substantially below what was originally forecast by the operator. These expenditure were lower due to Denbury's company-wide spending reductions related to the fall in oil price in late CY2014 and early CY2015. As previously reported by Elk at the November 2014 Annual General Meeting, this overall reduction in capital expenditures by Denbury impacted the Grieve project schedule during the 2014-2015 financial year.

Grieve Oil Pipeline – Elk currently holds a 100% interest in the pipeline through its subsidiary Grieve Pipeline, LLC. The pipeline runs from the Grieve CO_2 EOR project approximately 32 miles to points of sale in Casper, Wyoming. The pipeline will be used to transport Elk's share of oil production from the Grieve CO_2 EOR project. Elk expects Denbury will also use this pipeline to transport Denbury's share of Grieve oil to Casper but Denbury has yet to enter a transportation agreement with Elk. Expenditures on the Grieve oil pipeline were US$30,289 during the reporting period for maintenance costs.

Early in the financial year, the Company also received a firm offer from a third party crude oil pipeline and facilities operator to purchase the Grieve Oil Pipeline. This pipeline offer involves an up-front payment and a series of performance

Operations Report (CONTINUED)

For the year ended 30 June 2015

payments through 2019. The total value of the potential payments is US$5.5 million of which about half would be received up-front. The offer is conditional upon the buyer entering a transportation agreement whereby the new pipeline owner would transport Elk's share of Grieve oil for a tariff that the parties have settled. After due consideration of this offer, Elk entered into a letter of intent with the buyer towards the end of the second quarter of the financial year.

Subsequent to the end of the financial year, a draft proposed Asset Purchase Agreement was received from the buyer. The company is seriously considering acceptance of this offer, conditional upon a successful completion of an Asset Purchase Agreement. The Crude Oil Pipeline is part of the security for the Convertible Loan Facility and any sale of the Crude Oil Pipeline will require the consent of the Convertible Loan Note holders and any of the sale proceeds to be used to repay this indebtedness if these notes have not already been converted into equity.

Operations Report (CONTINUED)

For the year ended 30 June 2015

Other Matters - During the financial year, the Company received several serious offers for its 35% working interest in the Grieve CO_2 EOR project. Initial offers for the Company's interest in the Grieve CO_2 EOR project were below Elk's expectations and counter offers were made to a number of parties. Following further discussions and considerations, these negotiations were terminated by September 2014 for reasons that ranged from not being able to close the value gap or, where this appeared possible, the bidder came to a view it would not be able to gain a subsequent increase in project working interest after the purchase from Elk and/or increased influence on the JV operations. The Company therefore decided at that time to retain its interest in the Grieve CO_2 EOR project, as announced in the September 2014 quarterly report and the 15 September 2014 ASX release.

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 (DOLC), a wholly-owned subsidiary of Denbury Resources, Inc., the ultimate publicly listed parent company. The lawsuit asserted several breaches of the agreements between Elk Petroleum, Inc. and DOLC, including the Participation and Development Agreement (PDA) signed on 6 May 2011 that provides for the development and operation of the Grieve CO_2 EOR project near Casper in Wyoming, USA, as reported in the 18 May 2015 ASX release. DOLC is both a joint venture participant in and operator of the Grieve project. On 15 July 2015 Elk reached an agreement with DOLC to dismiss the lawsuit and to pursue alternative commercial arrangements.

In the agreement to dismiss the lawsuit, DOLC and Elk Petroleum, Inc. (the 'Parties') agreed to attempt good faith negotiations for the sale of all of DOLC'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, DOLC 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 DOLC, or commence litigation concerning the same matters set forth in its lawsuit against DOLC.

DOLC agreed to meet with third parties and consultants involved in the potential sale of its interests and present technical overviews of the Grieve CO_2 EOR Project during the period August 1 to September 30, 2015. DOLC will continue to increase the reservoir pressure in the Grieve Unit by the injection of water and/or CO_2 during the negotiation period. Elk and Denbury agreed to a suspension of the requirement for Elk 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.

The sale of DOLC's interest in the Grieve project could occur in one of three ways: (1) Elk arranges a buyout of DOLC's interest in the Grieve CO_2 EOR Project with third party financing, and becomes the operator of the project, (2) DOLC sells its interest to a third party that becomes the new operator of the Grieve CO_2 EOR Project, and Elk Petroleum retains its non-operated interest in the Grieve project with a new joint interest agreement and financing arrangement, or (3) DOLC and Elk both sell their interest in the Grieve CO_2 EOR Project to a third party. Elk is seeking interested parties to explore each of these three potential transactions.
Any sale will need to be mutually agreeable to both parties.

Operations Report (CONTINUED)

For the year ended 30 June 2015

GRIEVE – THE YEAR AHEAD

The Year Ahead for the Project is one of bringing the Grieve Oil Field redevelopment down the homestretch to reach first oil production in early 2017. To achieve this three major activities need to be delivered.

1. CO_2 injection needs to continue at the current rate of approximately 1.5 BCF per month. Maintaining this CO_2 injection rate is expected to achieve minimum miscible pressure within the field and to complete the initial re-pressurisation of the Grieve Field in advance of first oil production.
2. In many respects this will be the biggest task ahead for the coming year - the commencement of construction for the remainder of the central oil production facility and the CO_2 recycling and compression plant. Denbury is well advanced on completing the engineering and detailed construction design for these facilities and has acquired much of the required plant and equipment for these facilities. Based on the schedules recently provided to the Company, construction of these facilities is expected to commence in the June Quarter of 2016 with a view of completing construction and commissioning of these facilities to meet the first oil production target.
3. Finally, a final well workover program is planned for mid-2016. With completion of all these activities it is expected that the Grieve Field will commence oil production from the EOR redevelopment in early 2017.

In addition to these key EOR project activities, Elk is very focussed on working towards acquiring all or part of Denbury's interest in the Grieve Project and resuming operatorship. This is by no means guaranteed to happen but considerable effort is being put into this effort with the view that it is one of the best opportunities to generate significant value for shareholders not only in the short-term but also on a longer-term basis. As this opportunity materialises, we will provide shareholders with regular updates on the progress towards acquiring this interest as well as on the progress of the field development activities outlined above moving towards first oil production.

Operations Report (CONTINUED)

For the year ended 30 June 2015

SINGLETON CO_2 EOR PROJECT (100% WORKING INTEREST)

Elk owns a 100% working interest in and operates the Singleton Unit, which contains the Singleton Oil Field. The Company considers the Singleton Oil Field a potentially suitable CO_2 EOR project. Elk acquired a 100% working interest in the Singleton Unit in Nebraska and became the operator of the unit effective 1 May 2014.

The Singleton Unit was acquired as the basis for a future CO_2 EOR project for Elk to implement after the Grieve CO_2 EOR project generates free operating cash flow, or sooner if alternative funding can be arranged for the project. A contract for the CO_2 supply was secured at the end of 2013 with Bridgeport Ethanol LLC for the start of CO_2 purchases at the end of 2016.

Field Development Activities - Water injection continued at Elk's 100% owned Singleton Unit in Nebraska. This work was part of the Company's plan to commence a CO_2 EOR project at this oil field as well as establish early oil production while development planning proceeds.

During the reporting period, Elk re-entered the Singleton Unit 5 well, in order to condition the well for fracture stimulation. A casing corrosion problem was discovered when pulling the casing, which made the well unsuitable for a re-completion, and the well was plugged and abandoned. Early testing indicated the well bore in Singleton Unit 5 was 100% full of oil with no water; this oil occurrence was very encouraging in that a section of tighter sand not previously produced in any material way could hold substantial upside potential for future oil recovery from conventional development with fracture stimulation.

Project Expenditures - Expenditures for the Singleton Unit working interest expenses through the end of the fiscal year were US$71,490 and the cost of the CO_2 contract, lease option on a 5-acre parcel adjacent to the Bridgeport Ethanol plant, CO_2 pipeline right-of-way acquisition costs and CO_2 pre-purchases totaled US$107,755 during the fiscal year. The initial screening of the Singleton Unit indicates that the property is an excellent candidate for a CO_2 flood, and is capable of producing 2 to 4 million barrels of oil as a CO_2 project.

Operations Report (CONTINUED)

For the year ended 30 June 2015

SINGLETON – THE YEAR AHEAD

The Year Ahead for the Singleton Project is one very focussed on four key activities to establish the feasibility of redeveloping the Singleton Oil Field as a CO_2 EOR project.

1. A program of well integrity and production testing is expected to be undertaken to establish which wells are suitable for use in the field redevelopment as well as testing residual oil saturations in the Singleton Oil Field across the field.
2. Completion of pipeline right-a-way selection, negotiation and acquisition activities that are necessary before commencing construction of a dedicated CO_2 transmission pipeline from the Bridgeport Ethanol Plant to the field.
3. Completion of a detailed geologic field and reservoir simulation models that are necessary to establish how Singleton should be executed.
4. Finally, completion of all necessary arrangements with Bridgeport Ethanol for the supply of CO_2 from their facilities.

Completion of these activities and establishment of the feasibility of redeveloping Singleton as an EOR project should put the Company in a good position to commence field-wide EOR re-development activities at the Singleton Oil Field, following the commencement of first oil production at the Grieve EOR Project.

ASH CREEK EOR PROJECT (100% WORKING INTEREST)

The Company came to the view that the sale of the Ash Creek project should be undertaken as the planned chemical flood was not aligned with the Elk's focus on developing CO_2 EOR projects. On 23 September 2014, the Company concluded the sale of the Ash Creek Oil Field. The final sale price was US$1,700,000 (A$1,807,479) net of disposal costs. Elk has applied US$587,286 of the sales proceeds to pay off loans with First Interstate Bank of Wyoming that were secured by the Ash Creek Oil Field and the Grieve CO_2 EOR project. Elk has no further indebtedness to First Interstate Bank after paying off these loans. Elk incurred in the prior 2013-2014 financial statements a book impairment of US$1,928,945 as result of this then impending sale completion.

Reserves & Resources

For the year ended 30 June 2015

Elk's Reserves and Resources pertaining to its current operations (after deduction of landowner royalties) are shown in the table below.

Elk Petroleum Limited
Grieve CO_2 EOR Project Reserves & Contingent Resources
As of 31 December 2014

Scenario	Net Oil (Mbbls)	Net Capital Expenditure (A$MM)	FNR (A$MM)	FNR discounted at 10%* (A$MM)
1P (Proven)	-	-	-	-
2P (Proven + Probable)	3,455	25.8	125.4	41.1
3P (Proven + Probable + Possible)	4,660	22.4	251.4	90.1
3C (Contingent Resource)	4,685	21.1	235.5	100.9

*Forecast Net Revenue is equivalent to Net Present Value

The values shown in the table above are expressed on a net basis to Elk equal to 28.72% reflecting adjustment of Elk's 35% working interest for the approximate 18% net royalty interests held by third parties, including state and federal royalties.

Under the SPE-PRMS guidelines, reserves are booked at the end of the year based on the average price of oil for the year, which in 2014 was US$94.99 for the West Texas Intermediate (WTI) benchmark.

The resulting estimates for 2P, 3P & 3C Reserve and Resource Estimates and Forecast Net Revenue shown in the table above were previously reported by the company in the ASX release dated 29 January 2015.

Elk Petroleum Limited
Singleton CO_2 EOR Project Contingent Resources
As of 30 June 2015

1C (Mbbls)		2C (Mbbls)		3C (Mbbls)	
Gross	Net	Gross	Net	Gross	Net
-	-	3.0	3.0	4.0	4.0

Oil & Gas Reserves estimation process

Elk estimates and reports its petroleum resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS).

Elk reviews and updates its oil and gas reserves position on an annual basis and reports the updated estimates as of 30 June each year. Separately, Elk reviews and updates its oil and gas reserves position as frequently as required by the magnitude of the petroleum reserves and changes indicated by new data.

During the financial period, Elk engaged the services of Pressler Petroleum Consultants, Inc. ("Pressler"), an independent petroleum engineering firm located in Montgomery, Texas, to prepare an updated reserve report for Elk Petroleum for the Grieve CO_2 EOR project prior to the Group reporting this as of 31 December 2014 in its ASX announcement dated 28 January 2015.

Elk requested Pressler to provide updated reserve estimates for 2P and 3P Reserves cases as well as any Contingent Resources for the project. Pressler provided Reserves and Resources estimates that are compliant with the SPE-PRMS rules and which also meet the latest ASX/JORC rules.

Reserves & Resources (CONTINUED)

For the year ended 30 June 2015

The Reserve and Contingent Resource scenarios provided by Pressler are described below:

2P – Gross Reserves of 12.0 million barrels, which is the historical estimate reported by Denbury for Grieve as published in Investor Relations materials. This estimate of 2P reserves assumes the operator's current plan to purchase 60 BCF of CO_2 for the project, and that 18% of an assumed original-oil-in–place (OOIP) of 68 million barrels of oil will be recovered. The 18% is reflective of a close analogue in the same geological environment as Grieve.

3P – Gross Reserves of 16.1 million barrels, which assumes a recovery of nearly 24% of the OOIP, which is considered possible due to the better quality of the Grieve reservoir versus the 2P analogue, but this estimate is still based on purchasing only 60 BCF of CO_2 for the project.

3C – Gross Contingent Resources of 16.3 million barrels, which again assumes a recovery factor of 24% of OOIP, but assumes an increased amount of CO_2 will be injected into the reservoir early in the life of the flood, with a total of 100 BCF of CO_2 purchased for the project, resulting in an acceleration of the oil production and improved project economics. This case is contingent upon the operator utilizing more than the 60 BCF assumed for the 2P and 3P cases; this scenario is therefore classified as a "contingent resource" case.

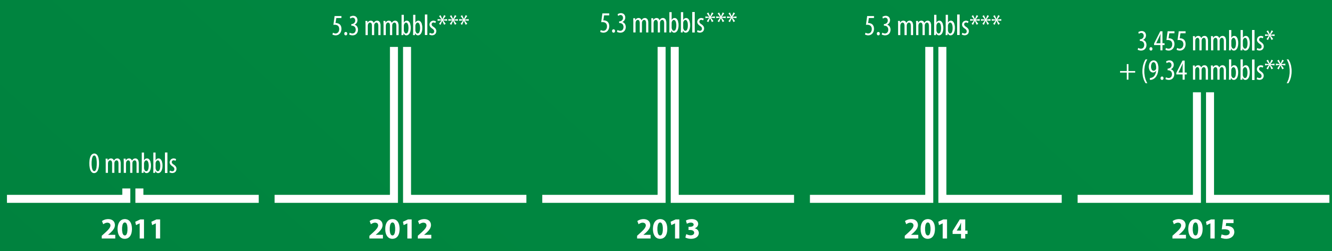
The above estimate of Contingent Resources for the Singleton Unit is based on a potential redevelopment of the field through a CO_2 EOR Project. This Contingent Resources assessment follows the guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS).

The Contingent Resources have been assessed using deterministic methods. The estimate of the Singleton Unit on this basis has been prepared by Mr. Brian Dolan, COO and VP-Engineering of Elk Petroleum USA who is a qualified person as defined under the ASX Listing Rule 5.11 and has consented to the use of the reserves figures in the form and context in which they appear in this presentation.

Mr. Dolan is a full-time employee of the company. Mr. Dolan earned a degree in Mechanical Engineering from the University of Colorado at Boulder and has more than 24 years of relevant experience. Mr. Dolan has sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr. Dolan consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

Financial Report

For the year ended 30 June 2015

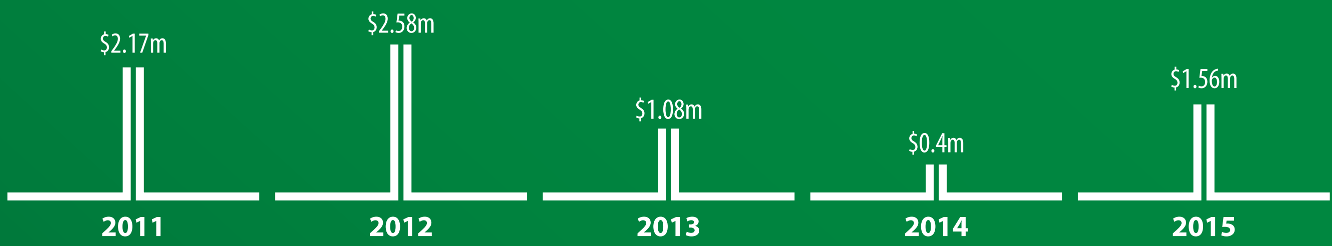


2P Reserves – flow chart

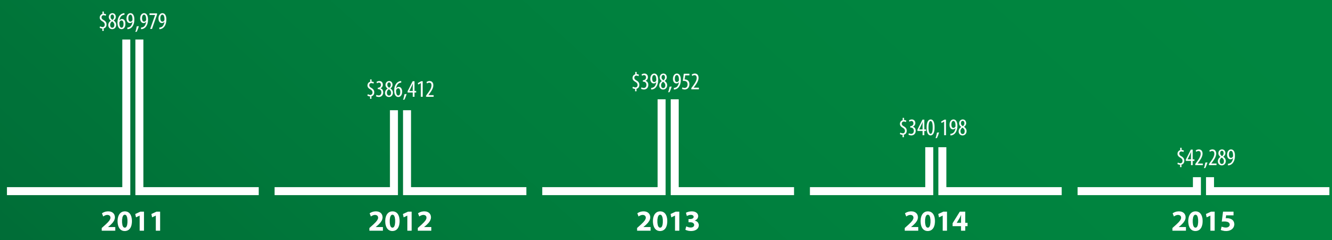
*Adjusted for new ASX reserve reporting guidelines, reflect royalty interests and revised Base Case Gross 2P reserves of 12.2mmbbls after limit to CO_2 injection

** 3P and 3C Reserves & Resources for Grieve on top. Higher volume as reported on the basis of 100bcf CO_2 injected versus Operator's current plan of 60bcf

***Adjusted for new ASX reserve reporting guidelines and using Base Case Gross 2P reserves of 18.6mmbbls



Cash & Cash Equivalent



Revenue

Administrative Expenses

Financial Report (CONTINUED)

For the year ended 30 June 2015

For the 2014-2015 financial year, the group incurred a loss of $3,645,970 after providing for income tax (2014: $7,346,965).

For reference, in 2014, a major share of that year's loss was attributable to non-recurring and one-off charges in relation Ash Creek and the sale of this asset. These Ash Creek charges included an increased annual amortisation and depreciation charge over the fiscal year ($973,352), and a large impairment at year-end due to the sale of the property ($2,060,178) since the sale value was less than Elk's carrying value for Ash Creek. Neither of these charges occurred in the accounts for 2014/15. In addition, the foreign currency transaction for the year was a net gain of exchange rates of $892,763 (2014: loss of $219,301).

The other cost movements contributing to the 2014-15 result included:

- An increase of $153,057 in professional and corporate services, due to increased costs relating to the proposed Metgasco merger and the new convertible note facility executed in April 2015;
- A decrease of $241,070 (or 41% from 2014) in administrative costs;
- Decreased costs of $435,557 for director and employee costs, primarily due to removal of executive director expenses from 2014 reflecting the costs of Robert Cook and Neale Taylor acting as executives in the US on a temporary basis and a transition overlap with the incoming American executives;
- Increased finance and interest charges of $145,180 through a full year and increase in borrowings from January 2014;
- Reductions in other expenses, including lower share based payment expenses and retired lease costs.

Revenue was very low since Ash Creek development work was suspended in 2014 and then sold on 23 September 2014. Revenue from Ash Creek was not sufficient to cover the direct operating costs, overheads and other expenses attributable to the property through to the sale settlement date, with the operating loss for Ash Creek being $232,812.

Total development expenditures for the period was $200,337 (2014: A$390,927). The 2014 expenditures related to work for the Singleton Unit acquisition and the Bridgeport Ethanol pipeline easements.

Cash at the end of the period was $1,567,344 (2014: $403,258).

Corporate Report

For the year ended 30 June 2015

Elk Petroleum Limited is a Company limited by shares and is incorporated and domiciled in Australia. Elk has prepared a consolidated financial report incorporating the subsidiaries that it controlled during the financial year, being wholly-owned Elk Petroleum Inc. (EPI), a company incorporated in Wyoming, USA, and its fully owned subsidiaries Natrona Pipeline LLC, Elk Operating Company LLC, Grieve Pipeline LLC and North Grieve Pipeline LLC.

Capital Raising - Elk successfully completed an A$850,000 capital raising in July 2014, through an underwritten share purchase plan. The capital raising involved the issue of 7,083,334 shares at $0.12 per share and one option for every one share. The options have an exercise price of $0.25 and may be exercised on or before 22 July 2017.

The Company also issued the following outstanding options as part of previous capital raising programs:

- 5,000,000 options under the terms of the January 2014 $1.25 million borrowing noted in 2014 Annual Financial Report; the options have an exercise price of $0.25 and may be exercised on or before 28 October 2015;
- 8,466,666 options under the terms of the April 2014 capital raising noted in 2014 Annual Financial Report; the options have an exercise price of $0.25 and may be exercised on or before 22 July 2017; and
- 7,000,000 options under the terms of the April 2014 capital raising noted in 2014 Annual Financial Report and July 2014 share purchase plan to brokers and underwriters; the options have an exercise price of $0.25 and may be exercised on or before 22 July 2017.

Metgasco Merger - The Company announced on 22 December 2014 that it had entered into a Merger Implementation Deed with Metgasco Limited ("Metgasco" or "MEL") for the acquisition of all of the ordinary shares and listed options in Elk through a Scheme of Arrangement offering to Elk shareholders shares & equivalent options in Metgasco as consideration. Under the terms of the Merger Implementation Deed, completion of the Scheme of Arrangement was subject to the satisfaction of a number of conditions including, but not limited to a Material Adverse Condition associated with material movements in the oil price.

As part of the transitional arrangements under the Merger Implementation Deed, Metgasco also agreed to provide Elk with up to a $2.5 million convertible loan facility to assist with the Company's immediate funding requirements pending completion of the Scheme of Arrangement. This loan was convertible to ordinary shares in Elk at Metgasco's election based on the Volume Weighted Price of the ordinary shares for the 20 day period up to the conversion date subject to a cap of $0.047 per Elk share. Under the terms of the Merger Implementation Deed, in the event that the Merger Implementation Deed was terminated, the amount outstanding under the convertible loan would become due and payable within 30-days from termination if Metgasco did not otherwise elect to convert the loan into Elk shares. Following extension of this loan, the Company used proceeds from the convertible loan to repay the January 2014 $1.25 million short-term loan facility.

On 16 March 2015, Metgasco advised the Company that due to the decline in oil prices that it would not be proceeding with the proposed Scheme of Arrangement and as such exercised its right under the Merger Implementation Deed to terminate the agreement and not to proceed with the proposed Scheme of Arrangement. Upon this termination, the outstanding convertible loan facility of approximately $1.75 million became repayable within 30 days.

Republic Convertible Loan – During the financial year the Company was able to secure significant support from institutional investors with strong support from Republic Investment Management Pte. Ltd, manager of a Singapore-based investment fund. Republic is one of the Company's existing major shareholders and a supporter of Elk retaining its current CO2 EOR project interests in Wyoming and Nebraska. To enable the Company to repay the Metgasco convertible loan, on 16 April 2015 Elk secured new funding arrangements providing $3.6 million under a secured convertible note facility. Part of the convertible note proceeds were used to repay the Metgasco convertible loan facility. The key terms of the convertible loan facility are:

- Term: 12 months with right to convert outstanding monies to Elk shares within the Term,
- Interest rate: 12.5% pa with most interest expected to be accrued for payment at end of term or converted to Elk shares. Interest to be capitalised monthly, which, in that case, would increase the effective interest rate,
- Conversion price: 3.8 cents,
- Other terms and conditions are typical of a loan of this nature and include granting of security, penalty interest rates, and the need for shareholder and other approvals, as required, and
- 4,739,470 Elk shares issued on 16 April 2015 and 12 May 2015 as a fee for arranging these new loan funds.

Corporate Report (CONTINUED)

For the year ended 30 June 2015

Board Changes – A number of significant changes in the Board of Directors occurred during the financial year as part of the overall renewal of the company. Mr. Robert Cook and Mr. Barry Cook ceased to be Directors on 21 November 2014. Mr. Anthony Strasser resigned as a director on 13 March 2015. Mr. Russell Krause was appointed as non-executive director on 13 March 2015. A brief profile of Mr. Krause is contained elsewhere in this report. Mr. Timothy Hargreaves was appointed as non-executive director on 12 May 2015. A brief profile of Mr. Hargreaves is contained elsewhere in this report. Subsequent to the reporting period, on 1 August 2015, Mr. Bradley Lingo was appointed as Managing Director and Chief Executive Officer. A brief profile of Mr. Lingo is contained elsewhere in this report.

Dividends - There were no dividends paid, recommended or declared during the current or previous financial year.

Other Matters - Crow Tribe Dispute - In March 2014, Elk filed a Complaint seeking Declaratory Relief in a Montana permit dispute with the Crow Tribe. This matter, after being pursued through a number of judicial bodies established to deal with such matters through the Bureau of Indian Affairs will now be heard at Elk's request by a US District Court in Montana. The Crow Tribe filed an Answer and Counterclaim to Elk's Complaint for Declaratory Relief in February 2015 and Elk's attorney has responded to this Counterclaim. Elk believes it is highly unlikely the Court will address this matter in 2015 and it could take considerably longer before it hears Elk's complaint and request for relief from the Crow Tribe's claim, which Elk rejects. This matter and Elk's rejection of this claim has been noted in Elk's accounts over a number of years.

Directors' Report

For the year ended 30 June 2015

The material presented in the Operations Report, Reserves & Resources, Financial Report and Corporate Report is taken from the Directors' Report section of the Company's Annual Financial Report for the year ending 30 June 2015 and lodged with ASX on 30 September 2015 and this material above in this section and the material from the Annual Financial Report is incorporated into this Directors' Report by reference.

INFORMATION ABOUT DIRECTORS

The names and details of the directors of Elk Petroleum Ltd in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Neale Taylor - Non-Executive Director and Chairman

Dr. Taylor has extensive technical, operating and commercial experience in oil and gas exploration and production with Esso Australia, Nexus Energy, and Cambrian Oil & Gas Plc. He is a former non-executive director of Terra Gas Trader, former non-executive chairman of Tap Oil, a former managing director of Cambrian Oil & Gas Plc and director of various subsidiaries of Xtract Energy Plc. He is a member of the Society of Petroleum Engineers and a Fellow of the Australian Institute of Company Directors.

Special responsibilities: Member of the audit committee, risk committee and remuneration committee.
Other current directorships: None
Former directorships (last 3 years): Tap Oil Limited

Bradley Lingo - Managing Director and Chief Executive Officer (appointed 1 August 2015)

Mr. Lingo is an experienced international resource & energy executive with a proven track record of successfully of building companies in the upstream and midstream oil & gas energy sectors. Mr. Lingo held 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.

Special responsibilities: None.
Other current directorships: None
Former directorships (last 3 years): Drillsearch Energy Limited, Mont Dór Petroleum Limited, Ambassador Energy Limited, Acer Energy Limited

Matt Healy - Non-Executive Director

Mr. Healy currently holds a management position at one of Australia's foremost property development and infrastructure groups, is an active investor in the resources sector and has over 15 years of experience working in management and operational roles primarily working on project development of large and complex assets. Mr. Healy has a degree in construction engineering and holds a post-graduate MBA (Exec) from the Australian Graduate School of Management in Sydney. Mr. Healy is an associate of Elk's major shareholder.

Special responsibilities: Member of the audit committee and chair of the remuneration committee.
Other current directorships: None
Former directorships (last 3 years): None

Russell Krause - Non-Executive Director (appointed 13 March 2015)

Mr. Krause has over 25 years' experience in Stockbroking and Investment Management with a primary focus on the resources sector. He has held a number of Directorships and Senior Management positions with a number of Australia's leading firms, including firms with US oil and gas assets. For the past ten years he has worked on a number of North American oil and gas projects in relation to Capital Raising and Corporate Advisory.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Special responsibilities: Member of the remuneration committee and risk committee and Chair of the audit committee.
Other current directorships: Carbine Tungsten Limited, Red Sky Energy Limited, Austex Oil Limited
Former directorships: (last 3 years): None

Timothy Hargreaves - Non-Executive Director (appointed 12 May 2015)

Mr. Hargreaves has over 35 years' experience in technical and managerial roles in the petroleum and mining sectors in Asia and the Middle East for major companies including BHP, Fletcher Challenge and Union Texas Petroleum as well as startups and small to mid-sized independents. He has led successful exploration and commercialisation campaigns in Pakistan and Egypt, which were dependent upon technical and commercial innovation in complex regulatory environments. Since 2009 he has been Research Director of Resources for Republic Investment Management, manager of a Singapore-based investment fund, which is a major investor in ELK and the major participant in the Convertible Secured Loan Facility for funds recently raised by the Company and, until recently, he was a Director of The Environmental Group Limited (ASX : EGL).

Special responsibilities: Chair of the risk committee.
Other current directorships: None
Former directorships (last 3 years): The Environmental Group Limited

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Executives

The names and details of the company's Chief Executive Officer and Company Secretaries of Elk Petroleum in office during the financial year and until the date of this report are as follows. Secretaries were in office for this entire period unless otherwise stated.

J. Scott Hornafius - Ph.D. President of Elk's subsidiaries in Denver, US

Dr. Hornafius has 32 years of exploration, technical, management, and funding experience in the oil and gas industry including 16 years with Mobil in the US, PNG and UK before founding MegaEnergy in 2000. As President of MegaEnergy, he was responsible for joint ventures involving play identification, land acquisitions, drilling and development programs and major funding programs and developed a 100,000 acre position over the Marcellus shale gas play in the Appalachian Basin which was ultimately divested for over $100 million. He is a founding Director of Canning Petroleum Pty Ltd, which now holds very large onshore permit areas in WA.

David Franks B.Ec, CA, F Fin, JP Joint Company Secretary

Mr. Franks is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University.

With over 20 years in finance and accounting, initially qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) in their Business Services and Corporate Finance Divisions, Mr. Franks has been CFO, Company secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare.

Andrew Bursill - B. Agr. Ec, CA Joint Company Secretary

Mr. Bursill holds a Bachelor of Agricultural Economics from the University of Sydney and is a Chartered Accountant, qualifying with PricewaterhouseCoopers (formerly Price Waterhouse).

Since commencing his career as an outsourced CFO and company secretary in 1998, Mr. Bursill has been CFO, company secretary and/or director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group' or 'consolidated entity') consisting of Elk Petroleum Limited (referred to hereafter as Elk, the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2015.

Principal activities

Elk Petroleum Limited was established to generate significant shareholder value by focusing on the commercial redevelopment and production of oil from existing accumulations through the application of proven improved oil recovery (IOR) and enhanced oil recovery (EOR) techniques. This goal may be supplemented by the company undertaking complimentary pre-enhanced oil recovery projects under suitable conditions to boost the overall value of the company.

The principal activities of the consolidated entity during the course of the 2014-2015 financial year consisted of the (1) redevelopment of the Grieve Oil Field in the Wind River Basin in south central Wyoming, USA, as a CO_2 EOR project, (2) evaluation for redevelopment of the Singleton Oil Field in the Denver-Julesburg Basin in western Nebraska, USA, (3) production of oil from the Ash Creek Oil Field (until its sale on 23 September 2014), and (4) identification and screening of other new improved or enhanced oil recovery acquisition opportunities.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Rights issue proposed to be issued after 30 June 2015 for FY 2015 year

In 2014, shareholders re-approved for a further three years, the EIR & NEDA Plans. The company intends shortly to grant 3,400,000 performance rights and 150,000 retention rights to employees and advisers. In addition the company notes that it plans to allot 300,000 performance rights and 150,000 retention rights to the current non-executive directors, subject to shareholder approval at the 2015 Annual General Meeting for rights to be granted to new directors Mr. Krause and Mr. Hargreaves. All of these rights will be effective from 1 July 2015 and will be assessed over criteria in line with the EIR & NEDA Plans. Further details will be provided in due course.

The current total number of currently outstanding rights issued over the last three years (2012 – 2014) under these plans (including the proposed allotment to Employees, Consultants and Directors noted above) is 11,151,425. This total percentage is within both the 6% guideline cap established by the company to apply over a three year period and the regulatory maximum cap of 5% which allows for certain exemptions of separately approved grants to Directors, consultants and officers. In deciding on the level of 2015 grants, the total level of grants under the policy meet the company's annual guideline cap of granting in any given year no more than the equivalent of 2% of the total number of issued shares. Meeting the 2% cap required a materially scaled down 2015 allocation of rights to that which would be determined under the plan rules normally.

The proposed performance rights to be granted in 2015 will have differing performance hurdles and fall into three equal tranches: increases in enterprise value will be used as the performance hurdles for tranches one and two, which will be measured over 1 and 2 years respectively, and an Absolute Shareholder Total Return (ATSR), or essentially increase in share price, hurdle for tranche three. In relation to the share price hurdle, the performance at the end of three years will determine increasing levels of rights to be converted to shares; this share price hurdle is unchanged from those previously published and requires approximately a 100% increase in share price over 3 years for the maximum possible 100% vesting. The benchmark price for rights to be granted in 2015 will be $0.0844, which is the 20 day volume weighted share price up to and including the 30 August 2015, rather than 30 June 2015 which produced a significantly lower price hurdle and below prices at the time the grants were assessed. Full details of the enterprise value hurdles will be provided in due course upon finalisation of the proposed allotments.

In addition, it is noted that the 2015 Annual General Meeting will also consider approval of the allotment of securities to Mr. Lingo, further to his executive employment agreement as announced previously. These allotments are outside those referenced in the above paragraphs; Mr. Lingo will not receive any rights under the existing EIR Plan as proposed above.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year that have not been referenced in the preceding or following commentary.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Prospects for future financial years

Elk's new Managing Director and CEO brings a new set of relationships and experiences that Elk looks to utilize in revising its business strategy and to create substantial shareholder value as Australia's only oil and gas company focused on enhanced oil recovery. The main drivers of the company's future financial performance are:

- The company's ability to successfully complete the Grieve Oil Field redevelopment as a CO_2 EOR project;
- The timing of first oil production at the Grieve CO_2 EOR project and the levels of early oil production;
- The company's ability to secure flexible, alternative financial arrangements for the funding of its share of development costs for the Grieve CO_2 EOR project than are currently in place under the Grieve Joint Venture;
- The company's ability to generate significant operational free cash flow from the commencement of first oil production from the Grieve CO_2 EOR project;
- The company's ability to resolve outstanding joint venture disputes with Denbury as the operator of the Grieve CO_2 EOR project.

Currently, the company believes that the best opportunity to achieve some or all of these above outcomes and generate superior future financial performance is through the company's ability to acquire all or part of Denbury's 65% working interest in the Grieve CO_2 EOR Project and resume operatorship of the project and deliver first oil production in or before the first quarter of CY2017.

Material business risks

The main risks that the company faces that may have a material impact on its current or future financial or operational performance include but are not necessarily limited to:

- The timing of first oil production and early oil production levels from the Grieve CO_2 EOR project;
- The ultimate recoverable oil achieved from the Grieve CO_2 EOR project;
- The volume and rate of CO_2 and water injection at the Grieve CO_2 EOR project required before and after first oil production is achieved;
- The ultimate cost of CO_2 needed for the Grieve CO_2 EOR project;
- The ultimate oil sales price of oil achieved for production from the Grieve CO_2 EOR project;
- The ability of the company to resolve outstanding disputes with the operator of the Grieve CO_2 EOR project;
- The commercial viability of the Singleton Unit in Nebraska developed as either a conventional oil field or a CO_2 EOR project; or
- The company's ability to secure appropriate funding for the business strategy set out above.

Other than as referred to in this report, further information as to likely developments in the operations of the consolidated entity and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the consolidated entity and its shareholders.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Matters subsequent to the end of the financial year

On 16 July 2015, the company advised 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_2-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. EPI and Denbury reached an agreement by which they will attempt good faith negotiations for the sale of all of Denbury's interest in the Grieve project on terms agreeable to Denbury. Negotiations will continue until 1 November 2015 or until viable and productive negotiations cease. The sale of Denbury's interest could occur in one of three ways: (1) EPI and Denbury both sell their interest in the Grieve project, (2) Denbury sells its operated interest and EPI retains a non-operated interest in the Grieve project, and (3) EPI arranges a buyout of Denbury's interest and becomes the operator of the Grieve project.

On 1 August 2015, Mr Bradley Lingo was appointed Managing Director and Chief Executive Officer.

On 3 September 2015, the company announced the appointment of Miro Advisors Pty. Ltd. ("Miro"), an independent corporate advisory firm, to assist the company with the potential acquisition of the JV operator's 65% working interest in the Grieve CO_2 Enhanced Oil Recovery (EOR) project and the associated funding for the acquisition and development of the project. Among other things, Miro will assist the company in assessing the merits of acquiring the 65% operating interest in the Grieve project it does not already own and in conducting good faith negotiations with the Operator for the acquisition of its majority operating working interest in the Grieve project.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Likely developments and expected results of operations

Information as to likely developments in the operations of the consolidated entity and expected results of those operations are disclosed in this report.

Environmental regulation

The consolidated entity's operations are subject to certain laws regarding environmental matters and discharge of hazardous waste materials. The consolidated entity conducts its activities in an environmentally responsible manner in accordance with all applicable laws and regulations. The directors are not aware of any breaches in relation to environmental matters.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
N Taylor	18	18	3	3	1	1
M Healy	18	18	2	2	2	2
R Krause *	5	5	1	1	1	1
R Cook **	5	5	-	-	1	1
T Strasser ***	12	12	2	2	-	-
Barry Smith **	5	5	1	1	1	1

	Risk Committee Attended	Risk Committee Held
N Taylor	1	1
R Cook **	1	1
T Strasser ***	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

* Appointed 13 March 2015
** Ceased 21 November 2014
*** Ceased 13 March 2015

No Board meeting has been held since T Hargreaves was appointed on 12 May 2015.

No meeting has been held since M Healy joined the Risk Committee.

Remuneration report (audited)
This Remuneration Report outlines the remuneration arrangements which were in place during the year, for the directors and other key management personnel of Elk Petroleum. The remuneration details of key management personnel during the year are set out in the table below. There are no other key management personnel of the consolidated entity other than those listed.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the group's and company's executive reward framework are to provide incentives for employees to pursue growth in Elk's share price, reward performance, reflects the company's state of affairs at any given time, is appropriate for the results delivered and ensure the company remains competitive in recruiting high-quality executive and technical professionals. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation; and
- transparency

The Remuneration Committee is responsible for recommending and reviewing remuneration arrangements for the Company's directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In accordance with best practice corporate governance, the remuneration of non-executive directors and executive remunerations are administrated under separate structures and systems.

Non-executive directors and company secretary remuneration
The aggregate amount of remuneration that may be paid to non-executive directors is $350,000. This remuneration may be divided among the non-executive directors in such a fashion as the Board may determine. Notice of any proposed increase in the aggregate amount of non-executive directors' remuneration must be given to members in the notice convening the general meeting at which the increase in aggregate amount is to be proposed. Non-executive directors also receive retention rights and performance rights as supplementary incentives in accordance with the shareholder approved Non-Executive Directors & Advisers ("NEDA") Plan.

Executive remuneration
The group and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:
- base pay or fee and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation, long service leave and special allowances

Directors' Report (CONTINUED)

For the year ended 30 June 2015

The combination of these components comprises the executive's total remuneration.

Remuneration of Elk's key management personnel comprises some or all of the following elements: fixed salary/fee; rights scheme; and other benefits including motor vehicle allowances and health insurances.

1. Fixed Annual Remuneration ("FAR")
Each director and employee is paid a fixed annual salary or fee in cash. The company's objective is that the fixed annual remuneration be within the range of +/- 20% of the prevailing competitive market practice.

2. Short Term Incentives ("STI")
The Board retains the discretion to make special cash awards (0-20% FAR) each year. No special awards were made to key management personnel in the year to 30 June 2015.

3. Long Term Incentives ("LTI")
Long term incentives are made as share-based payments in the form of retention rights and performance rights within the company's Employee Incentive Rights ("EIR") Plan and Non-Executive Directors & Advisers ("NEDA") Plan. These plans have been approved by shareholders and full explanation of these plans are available on Elk's website: www.elkpet.com. There has been no change in the plan's rates and criteria for the 30 June 2015 year end. The company retains a previous Employee Options Plan, but no new options have been issued since approval of the EIR and NEDA plans. All retention and performance rights granted to directors were approved by shareholders under ASX Listing Rule 10.14.

4. Other remuneration (including superannuation, long service leave and special allowances)
The company follows regulated requirements in regard to superannuation and long service leave. Special allowances were provided to Robert Cook and Neale Taylor for the duration of their executive work assignments in the USA in 2014; they were provided with allowances for accommodation, medical insurance, use of personal laptops, travel and relocation expenses.

Consolidated entity performance and link to remuneration
Remuneration incentives for certain individuals is directly linked to performance of the consolidated entity. Vesting of performance rights are dependent on share price targets being met.

Voting and comments made at the company's Annual General Meeting ('AGM')
At the 30 June 2014 year end AGM, the remuneration report vote for, while carried, had more than 25% of the votes cast against the resolution and as a result, this constitutes a first strike for the purposes of the Corporations Act.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the group are set out in the following tables.

The key management personnel of the group consisted of the following directors of Elk Petroleum Ltd:
- Neale Taylor
- M Healy
- R Krause (appointed 13 March 2015)
- T Hargreaves (appointed 12 May 2015)
- T Strasser (ceased 13 March 2015)
- Robert Cook (ceased 21 November 2014)
- Barry Smith (ceased 21 November 2014)

And the following persons:
- Scott Hornafius - CEO
- David Franks and Andrew Bursill - Joint Company Secretaries

Directors' Report (CONTINUED)

For the year ended 30 June 2015

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Director/KMP fees $	Other fees (1) $	Other (2) $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
N Taylor	114,920	164,545	1,000	20,080	-	24,530	325,075
M Healy	63,750	-	1,000	-	-	467	65,217
R Krause *	13,125	-	-	-	-	-	13,125
T Hargreaves **	6,544	-	-	-	-	-	6,544
T Strasser ***	47,251	-	1,000	4,374	-	4,298	56,923
B Smith ****	34,379	-	-	3,184	-	4,313	41,876
Executive Directors:							
R Cook ****	36,563	-	-	-	-	17,116	53,679
Other Key Management Personnel:							
S Hornafius	420,767	-	35,276	12,566	-	75,488	544,097
D Franks	-	-	-	-	-	5,565	5,565
	737,299	164,545	38,276	40,204	-	131,777	1,112,101

* Appointed 13 March 2015
** Appointed 12 May 2015
*** Ceased 13 March 2015
**** Ceased 21 November 2014

(1) Includes consultancy fees paid to entity related to N Taylor, refer to note 30, related party transactions.
(2) Short-term benefits - other includes allowances for health and medical insurance, use of personal laptops and travel expenses.

D Franks and A Bursill company secretary services are paid to Franks & Associates Pty Ltd, a company in which they are a director and principal respectively. Franks & Associates Pty Ltd were paid $168,766 (2013: $127,188), excluding GST and out-of-pocket expenses, during the year.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

2014	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Director fees $	Base salary and fees $	Other $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
T Strasser	41,190	-	-	3,810	-	4,912	49,912
M Healy *	35,913	-	-	-	-	1,190	37,103
B Smith	41,190	-	-	3,810	-	3,820	48,820
Executive Directors:							
N Taylor ***	45,000	197,361	63,984	6,272	-	34,012	346,629
R Cook ***	22,500	336,555	66,916	8,570	-	30,916	465,457
Other Key Management Personnel:							
S Hornafius	-	381,882	31,630	15,275	-	111,750	540,537
D Franks	-	-	-	-	-	3,918	3,918
	185,793	915,798	162,530	37,737	-	190,518	1,492,376

* Re-appointed 13 September 2013.
** Includes allowances for accommodation, medical insurance, use of personal laptops, travel and relocation expenses.
*** Includes untaken leave days and travel allowances while serving as executive directors.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2015	Fixed remuneration 2014	At risk - STI 2015	At risk - STI 2014	At risk - LTI 2015	At risk - LTI 2014
Non-Executive Directors:						
N Taylor	92%	90%	-%	-%	8%	10%
M Healy	99%	97%	-%	-%	1%	3%
R Krause *	100%	-%	-%	-%	-%	-%
T Hargreaves **	100%	-%	-%	-%	-%	-%
T Strasser ***	92%	90%	-%	-%	8%	10%
B Smith ****	90%	92%	-%	-%	10%	8%
Executive Directors:						
R Cook ****	68%	93%	-%	-%	32%	7%
Other Key Management Personnel:						
S Hornafius	86%	79%	-%	-%	14%	21%
D Franks	100%	-%	-%	-%	-%	100%

* Appointed 13 March 2015
** Appointed 12 May 2015
*** Ceased 13 March 2015
**** Ceased 21 November 2014

Service agreements

Chief Executive Officer (CEO) to 31 July 2015, president Elk Petroleum Inc.- Scott Hornafius

Dr Hornafius commenced employment as Chief Executive Officer of the company and President of Elk Petroleum Inc. from 1 June 2013 for a period of 3 years. The agreement can be extended annually by agreement one year ahead of expiry of the initial term. Dr Hornafius may resign from his position and thus terminate his contract at any time by giving six months written notice. The company may terminate his employment agreement by providing six months written notice or providing payment in lieu of the notice period. The company may also terminate the contract at any time immediately if serious misconduct has occurred. Dr Hornafius's base annual remuneration is set at US$350,000 per annum and subject to annual adjustment. The contract provides for Dr Hornafius to participate in the EIR plan.

Managing Director (MD) and Chief Executive Officer (CEO) - Brad Lingo (effective 1 August 2015)

From 1 August 2015, Mr Lingo commenced employment as Managing Director (MD) and Chief Executive Officer (CEO) under an executive employment agreement until 30 June 2018. The term can be extended for a further year by mutual agreement in writing one year ahead of expiry of the term. Mr Lingo may resign from his position and thus terminate his contract at any time by giving six months written notice. The company may terminate his employment agreement by providing six months written notice or providing payment in lieu of the notice period. The company may terminate the contract at any time without notice if serious misconduct has occurred. The contract provides for Mr Lingo to participate in the company's retention rights based on length of service under the EIR Plan. In addition, Mr Lingo is entitled to additional awards in cash or shares for securing additional funding and to retention rights based on the company's growth in reserves and production. All awards are subject to shareholder approval, however, in the event shareholder approval is not obtained, the company shall pay the cash equivalence of a vested award's value.

Mr Lingo's base annual remuneration salary is set at $350,000, inclusive of superannuation contributions and subject to annual adjustment.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of new compensation during the year ended 30 June 2015.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2015.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price target for vesting	Fair value per right at grant date
13/08/2013	30/06/2016	30/06/2016	$0.000	$0.032
30/11/2013	30/06/2016	30/06/2016	$0.000	$0.030
30/11/2013	30/06/2016	30/06/2016	$0.000	$0.045
30/11/2013	30/06/2017	30/06/2017	$0.000	$0.022
30/11/2013	30/06/2018	30/06/2018	$0.000	$0.007
05/09/2014	30/06/2017	30/06/2017	$0.000	$0.020
18/12/2014	30/06/2017	30/06/2017	$0.000	$0.002

Performance rights granted carry no dividend or voting rights.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Details of performance rights over ordinary shares granted and vested for directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted $	Value of rights vested $
N Taylor *	18/12/2014	30/06/2017	126,731	253	84
S Hornafius	05/09/2014	30/06/2017	1,310,757	26,215	8,738
D Franks	05/09/2014	30/06/2017	247,126	4,943	1,648

* These rights were issued under the Shareholder approved NEDA Plan, where approval had been sought under ASX Listing Rule 10.14

Retention rights

The terms and conditions of each grant of retention rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Share price target for vesting	Fair value per right at grant date
13/08/2013	30/06/2016	30/06/2016	$0.000	$0.080
18/12/2014	30/06/2017	30/06/2017	$0.000	$0.020

Retention rights granted carry no dividend or voting rights.

The Board is cognisant of general shareholder concern that long-term equity-based reward for employees and directors should be linked to the achievement by the company or employee/director against certain retention and performance measures. Retention rights and performance rights granted to EIR & NEDA plan participants will be subject to the retention and performance measures determined by the Board. Performance rights granted up to 30 June 2015 vest to ordinary shares on achievement of specific performance objectives and market based performance - based on the Compound Annual Growth Rate ("CAGR") of Total Shareholder Return ('TSR") achieved by the company between the beginning and end of the Measure Period (ie. over 3 years). No monies are payable on conversion to ordinary shares if the performance rights vest. Retention rights granted up to 30 June 2015 vest to ordinary shares based on completion of service over a 3 year period. If the holder of a retention right ceases service before the end of the vesting period, none of the retention rights vest into ordinary shares. On the other hand, 100% of the retention rights vest into ordinary shares in the company on full completion of the retention period. Both performance and retention rights are issue for nil consideration and detailed criteria remain as set out in the Notice of the 2011 AGM. The required measured performance must be achieved by the company or participant before rights vest and an appropriate proportion of shares are issued to an employee or director.

Details of retention rights over ordinary shares granted and vested for directors and other key management personnel as part of compensation during the year ended 30 June 2015 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted $	Value of rights vested $	Number of rights lapsed	Value of rights lapsed $
N Taylor	18/12/2014	30/06/2017	140,000	2,800	933	-	-
T Strasser *	18/12/2014	30/06/2017	70,000	1,400	467	(53,714)	(716)
M Healy	18/12/2014	30/06/2017	70,000	1,400	467	-	-

* Cancelled on cessation of directorship

All these rights were issued under the Shareholder approved NEDA Plan, where approval had been sought under ASX Listing Rule 10.14

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Additional information

The earnings of the group for the five years to 30 June 2015 are summarised below:

	2015 $	2014 $	2013 $	2012 $	2011 $
Loss after income tax	(3,645,970)	(7,346,965)	(5,595,663)	(3,912,862)	(2,515,989)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2015	2014	2013	2012	2011
Share price at financial year end ($)	0.02	0.11	0.17	0.15	0.21
Basic earnings per share (cents per share)	(1.85)	(4.08)	(3.51)	(2.87)	(2.23)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Exercise of retention rights	Additions share purchase plan	Other	Balance at the end of the year
Ordinary shares					
N Taylor	604,937	60,608	50,000	-	715,545
R Cook (ceased 21 November 2014)*	2,728,948	-	-	(2,728,948)	-
T Strasser (ceased 13 March 2015)*	333,333	35,953	-	(369,286)	-
M Healy	1,300,000	2,275	50,000	733	1,353,008
B Smith (ceased 21 November 2014)*	-	1,054	125,000	(126,054)	-
T Hargreaves **	-	-	-	3,543,669	3,543,669
Scott Hornafius (CEO)	235,408	-	-	-	235,408
	5,202,626	99,890	225,000	320,114	5,847,630

* These directors ceased during the year but held shares as disclosed above in the 'other' column on cessation.
** Interests in shares on date of appointment 12 May 2015.

R Krause does not hold any ordinary shares in the company.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Other	Balance at the end of the year
Options over ordinary shares					
N Taylor	-	50,000	-	-	50,000
M Healy	-	50,000	-	-	50,000
B Smith *	-	125,000	-	(125,000)	-
T Hargreaves **	-	-	-	833,333	833,333
	-	225,000	-	708,333	933,333

* These directors ceased during the year but held options as disclosed above in the 'other' column on cessation.
** Interests in options on date of appointment 12 May 2015.

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Lapsed	Other *	Balance at the end of the year
Performance rights over ordinary shares					
N Taylor	1,973,497	126,731	(557,000)	-	1,543,228
R Cook (ceased 21 November 2014)*	1,561,656	-	(786,000)	(775,656)	-
T Strasser (ceased 13 March 2015)*	130,000	-	(38,000)	(92,000)	-
B Smith (ceased 21 November 2014)*	82,090	-	(35,000)	(47,090)	-
Scott Hornafius (CEO)	6,000,000	2,280,327	(1,000,000)	-	7,280,327
D Franks (Company Secretary)	367,299	247,126	-	-	614,425
	10,114,542	2,654,184	(2,416,000)	(914,746)	9,437,980

* These directors ceased during the year but held options as disclosed above in the 'other' column on cessation.

Retention rights holding

The number of retention rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised/ expired / lapsed	Other *	Balance at the end of the year
Retention rights over ordinary shares					
N Taylor	35,000	140,000	-	-	175,000
T Strasser (ceased 13 March 2015)*	64,000	70,000	(113,188)	(20,812)	-
M Healy	-	70,000	-	-	70,000
B Smith (ceased 21 November 2014)*	86,000	-	(69,472)	(16,528)	-
	185,000	280,000	(182,660)	(37,340)	245,000

* These directors ceased during the year but still hold retention rights as disclosed above in the 'other' column.

This concludes the remuneration report, which has been audited.

Loans to directors and executives

At the reporting date, there were no loans to directors and executives.

Shares under option

Unissued ordinary shares of Elk Petroleum Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
01/07/2011	30/06/2016	$0.200	100,000
23/07/2014	22/07/2017	$0.250	125,000
23/07/2014	22/07/2017	$0.250	2,600,000
29/07/2014	28/10/2015	$0.250	5,000,000
29/07/2014	22/07/2017	$0.250	12,950,000
05/09/2014	22/07/2017	$0.250	7,000,000
			27,775,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Elk Petroleum Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
13/08/2013	30/06/2016	$0.000	3,450,306
30/11/2013	30/06/2016	$0.000	1,077,519
30/11/2013	30/06/2016	$0.000	1,000,000
30/11/2013	30/06/2017	$0.000	2,000,000
30/11/2013	30/06/2018	$0.000	2,000,000
05/09/2014	30/06/2017	$0.000	2,706,388
18/12/2014	30/06/2017	$0.000	126,731
			12,360,944

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares under retention rights
Unissued ordinary shares of Elk Petroleum Ltd under retention rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
13/08/2013	30/06/2016	$0.000	56,054
05/09/2014	30/06/2017	$0.000	510,000
18/12/2014	30/06/2017	$0.000	226,286
			792,340

No person entitled to exercise the retention rights had or has any right by virtue of the retention right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Elk Petroleum Ltd issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Elk Petroleum Ltd issued on the exercise of performance rights during the year ended 30 June 2015 and up to the date of this report.

Shares issued on the exercise of retention rights
The following ordinary shares of Elk Petroleum Ltd were issued during the year ended 30 June 2015 and up to the date of this report on the exercise of retention rights granted:

Date retention rights granted	Exercise price	Number of shares issued
24/02/2012	$0.000	174,707
15/08/2012	$0.000	95,316
12/12/2012	$0.000	1,054
		271,077

Directors' Report (CONTINUED)

For the year ended 30 June 2015

Indemnity and insurance of officers
Elk Petroleum has made an agreement to indemnify all the directors and officers of the group against all indemnifiable losses or liabilities incurred by each director and officer in their capacities as directors and officers of the consolidated entity. During the year Elk Petroleum paid insurance premiums in respect of directors and officers liability insurance contracts for current officers of the company, including officers of the company's subsidiaries. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of BDO East Coast Partnership
There are no officers of the company who are former partners of BDO East Coast Partnership.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor
BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Neale F. Taylor

Neale Taylor
Chairman

30 September 2015
Sydney

Auditor's Independence Declaration

For the year ended 30 June 2015

BDO

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Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF ELK PETROLEUM LIMITED

As lead auditor of Elk Petroleum Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Elk Petroleum Limited and the entities it controlled during the year.

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 30 September 2015

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue	4	42,289	340,198
Expenses			
Cost of sales		(263,582)	(802,557)
Professional and corporate services	5	(1,019,422)	(866,365)
Administrative expenses	5	(347,425)	(588,495)
Directors and employees costs	5	(1,346,307)	(1,781,864)
Other expenses	5	(430,770)	(3,512,309)
Finance costs	5	(280,753)	(135,573)
Loss before income tax expense		(3,645,970)	(7,346,965)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Elk Petroleum Ltd		(3,645,970)	(7,346,965)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		892,763	(219,301)
Other comprehensive income for the year, net of tax		892,763	(219,301)
Total comprehensive income for the year attributable to the owners of Elk Petroleum Ltd		(2,753,207)	(7,566,266)
		Cents	**Cents**
Basic earnings per share	36	(1.85)	(4.08)
Diluted earnings per share	36	(1.85)	(4.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position

For the year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	7	1,567,344	403,258
Trade and other receivables	8	168,172	34,824
Inventories	9	-	8,519
Other	10	-	425,948
		1,735,516	872,549
Non-current assets classified as held for sale	11	813,479	2,388,489
Total current assets		2,548,995	3,261,038
Non-current assets			
Property, plant and equipment	12	26,145	47,991
Oil and gas properties - Grieve project	13	26,030,398	15,882,152
Oil and gas properties - Singleton project	14	2,883,331	3,841,553
Other	15	39,190	404,077
Total non-current assets		28,979,064	20,175,773
Total assets		31,528,059	23,436,811
Liabilities			
Current liabilities			
Trade and other payables	16	4,376,790	584,642
Borrowings	17	3,585,360	2,315,753
Total current liabilities		7,962,150	2,900,395
Non-current liabilities			
Borrowings - Denbury JV	18	18,930,906	12,586,364
Borrowings	19	-	2,508
Provisions	20	3,216,439	4,796,618
Total non-current liabilities		22,147,345	17,385,490
Total liabilities		30,109,495	20,285,885
Net assets		1,418,564	3,150,926
Equity			
Issued capital	21	37,761,520	36,919,205
Reserves	22	1,690,482	619,189
Accumulated losses		(38,033,438)	(34,387,468)
Total equity		1,418,564	3,150,926

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the year ended 30 June 2015

Consolidated	Contributed equity $	Foreign Currency Translation reserve $	Option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2013	34,247,253	(1,071,028)	1,691,553	(27,040,503)	7,827,275
Loss after income tax expense for the year	-	-	-	(7,346,965)	(7,346,965)
Other comprehensive income for the year, net of tax	-	(219,301)	-	-	(219,301)
Total comprehensive income for the year	-	(219,301)	-	(7,346,965)	(7,566,266)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	2,671,952	-	-	-	2,671,952
Share-based payments (note 37)	-	-	217,965	-	217,965
Balance at 30 June 2014	36,919,205	(1,290,329)	1,909,518	(34,387,468)	3,150,926

Consolidated	Contributed equity $	Foreign Currency Translation reserve $	Option reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2014	36,919,205	(1,290,329)	1,909,518	(34,387,468)	3,150,926
Loss after income tax expense for the year	-	-	-	(3,645,970)	(3,645,970)
Other comprehensive income for the year, net of tax	-	892,763	-	-	892,763
Total comprehensive income for the year	-	892,763	-	(3,645,970)	(2,753,207)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 21)	842,315	-	-	-	842,315
Share-based payments (note 37)	-	-	178,530	-	178,530
Balance at 30 June 2015	37,761,520	(397,566)	2,088,048	(38,033,438)	1,418,564

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		38,952	295,386
Payments to suppliers		(3,238,825)	(3,907,976)
Interest received		4,451	13,525
Finance costs		(162,099)	(135,573)
Management fees and other receipts		20,080	22,144
Net cash used in operating activities	35	(3,337,441)	(3,712,494)
Cash flows from investing activities			
Acquisition of plant and equipment		(7,890)	(9,856)
Acquisition of oil and gas properties		-	(478,063)
Exploration and development expenditure	14	(200,337)	(390,927)
Payment for security deposit for bank loan		-	(1,333)
Proceeds from disposal of oil and gas properties, net of costs	11	1,807,479	-
Proceeds from release of security and bonds deposits		960,466	16,838
Net cash from/(used in) investing activities		2,559,718	(863,341)
Cash flows from financing activities			
Proceeds from issue of shares	21	850,000	3,016,000
Share issue transaction costs		(137,222)	(344,048)
Proceeds from borrowings		5,268,712	1,352,983
Repayment of borrowings		(4,068,754)	(119,738)
Net cash from financing activities		1,912,736	3,905,197
Net increase/(decrease) in cash and cash equivalents		1,135,013	(670,638)
Cash and cash equivalents at the beginning of the financial year		403,258	1,085,813
Effects of exchange rate changes on cash and cash equivalents		29,073	(11,917)
Cash and cash equivalents at the end of the financial year	7	1,567,344	403,258

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the group:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The group has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The group has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

The group has applied 2013-7 from 1 July 2014. The amendments remove the specific requirements in relation to consolidation from AASB 1038 Life Insurance Contracts thereby leaving AASB 10 as the only standard containing consolidation requirements for life insurers.

AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part B)
The group has applied Part B of 2013-9 from 1 July 2014, which amends particular Australian Accounting Standards to delete references to AASB 1031 Materiality as part of the AASB's aim to eventually withdraw AASB 1031.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The group has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

AASB 1031- Materiality
The revised standard is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments were effective from 1 July 2014.

Note 1. Significant accounting policies (continued)

Going concern
The group incurred a loss for the year after tax of $3,645,970 (2014: $7,346,965) and a net cash out flow from operating activities of $3,337,441 (2014: $3,712,494). The financial report has been prepared on the basis of a going concern, notwithstanding the fact the execution of the $3.6 million convertible loan facility in April 2015 and the existing funding arrangements with Denbury for the development of the Grieve CO_2 EOR Project, there exists material future timing and other uncertainties. These conditions indicate a material uncertainty which may cast significant doubt over Elk's ability to continue as a going concern.

The company does not expect to have a significant revenue stream from operations until after the first material oil production is achieved at the Grieve CO_2 EOR Project. Current guidance from the operator indicates that the Grieve CO_2 EOR Project is expected to commence late in the first quarter of 2017. As such in the interim the company must rely on raising money from one or more other sources. These sources may include (1) the sale of assets (such as the Grieve oil pipeline, which is being pursued), (2) securing a material new equity investment into the company, (3) securing senior, mezzanine or hybrid debt facilities, (4) extending / conversion of existing debts, or (5) through some form of corporate transaction. A combination of one or more of these sources of funding may be used to enable the company to retain a substantial interest in the Grieve CO_2 EOR Project which is expected to generate significant cash flows from operations in the future from 2017 onward. At the date of this report, Elk is in discussions with various parties about one or more such arrangements.

While the group has limited financial resources in the period until it has material cash flow from projects, which are under development, it will need to raise money from time to time in pursuit of its objectives to grow the value of the company. Any such fund raisings may be subject to factors beyond the control of the consolidated entity and its Directors. When the group requires further funding for its programs, then it is the group's intention that the additional funds would be raised in a manner deemed most expedient by the Board of Directors at the time, taking into account working capital, exploration results, budgets, share market conditions, capital raising opportunities, availability of debt funding and the interest of investors in co-participation in the consolidated entity's programs and projects. It is the group's plan that any required capital will be raised by any one or a combination of the following: farm out, sale of assets, a corporate transaction, secured and/or unsecured loan facility, placement of shares to excluded offerees, pro-rata issue to shareholders, and/or a further issue of shares to the public.

Management has demonstrated a successful track record of buying and selling assets as well as long history of successfully raising required funding to support project development and overheads. Despite the group's strong asset position, there is uncertainty that adequate funds will be available when needed in the period until the company's Grieve CO_2 EOR Project is generating material cash flow. Notwithstanding, management believe that there is significant value of assets in excess of carrying value which would deliver cash above present cash needs if asset sales were required. In this regard the financial report has been prepared on the basis of a going concern, as the Directors believe that adequate funding will be raised to enable the group to pay its debts as and when they become due for a period of twelve months from the date of approving this report.

Should the group be unable to meet its short term funding requirements at the times required, it may be necessary to realise some or all assets and discharge its liabilities in the normal course of business at amounts different to those stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elk Petroleum Ltd ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Elk Petroleum Ltd and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Elk Petroleum Ltd.'s functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
Rendering of services revenue is recognised when services have been completed.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Financial instruments and other financial assets
Financial assets are recognised at fair value through profit and loss. Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months of the balance sheet date.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are net off against the non-current assets classified as held for sale on the face of the statement of financial position.

Note 1. Significant accounting policies (continued)

Joint ventures
The group has recognised its joint venture arrangement with Denbury ("Denbury JV") as a farm-out arrangement whereby the group uses the carrying amount of the interest before the farm-out as the carrying amount for the portion of the interest retained; credits any cash consideration received against the carrying amount, with any excess included as a gain in profit or loss; and the group does not record exploration expenditures on the oil and gas properties made by the Denbury JV.

Property, plant and equipment
Costs and valuation
All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where carrying values exceed their recoverable amount, assets are written down to their recoverable amount.

Depreciation/Amortisation
Property, plant and equipment, excluding land, are depreciated at rates based on the expected useful economic life of each item, using the straight line method. Oil field plant is amortised using the lesser of its useful life or the life of the field based on the straight-line or unit of production method respectively. Buildings and equipment, which includes vehicles and furniture, are depreciated on the straight-line basis at rates, which will reduce their book values to estimated residual values over their expected useful lives. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The major depreciation rates for all periods presented are:

- Plant and equipment, including assets held under lease 4-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Development expenditure
Well development expenditure represents the costs incurred in preparing wells for production and costs reclassified from exploration and evaluation. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related field. Once production commences, these costs are amortised using the units-of-production method based on the estimated economically recoverable reserves to which they relate or are written off if the field is abandoned.

Exploration and evaluation expenditure
Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure and exploration licence acquisition costs are capitalised and subject to half yearly impairment testing and all exploration and evaluation costs including general permit activity, geological and geophysical costs and new venture activity costs, are capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

The costs of drilling exploration wells are initially capitalised as exploration and evaluation expenditure pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project.

Note 1. Significant accounting policies (continued)

When the technical feasibility and commercial viability of extracting a mineral resource has been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised oil field development expenditure. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at an "area of interest" level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 1. Significant accounting policies (continued)

Oil and gas properties
Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation costs, and the cost of development wells. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are charged to the income statement during the financial period in which they are incurred.

Depreciation
Oil and gas properties and plant and equipment, other than freehold land, are depreciated to their residual values on a unit of production basis. The remaining assets use the diminishing value approach. Oil and gas properties - plant and equipment are amortised on a unit of production basis.

Impairment
The carrying values of oil and gas property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. The recoverable amount of oil and gas properties and plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Environmental rehabilitation expenditure
The provision for rehabilitation represents the cost of restoring site damage following initial disturbance. Increases in the provision are charged to oil field assets and amortised over the life of the field using the units of production method on estimated proven and probable reserves. Expenditure on ongoing rehabilitation costs is brought to account when incurred.

Gross rehabilitation costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risk specific to the liability.

Note 1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 1. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Elk Petroleum Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2015. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Rehabilitation provision
A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean-up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Impairment
The Board has reviewed the carrying values of all its major assets and exercised its judgement in electing to make no impairment to any current carrying value as discussed in the financial statements.

Contingent liabilities
The Board has reviewed the state of its Montana lease dispute with the Crow Tribe and exercised its judgement in electing to make no change in the reporting of the state of affairs in regards to this dispute.

Note 3. Operating segments

Geographical segments

The group's reportable segments are based on geographical areas as follows. The exploration assets located in the US have been aggregated in the US reportable segment.

Australia
The parent company of the group is based in Sydney and comprises the corporate head office function.

US
The subsidiaries of the group are based in Casper, Wyoming and comprise administration, production, exploration, evaluation and development of oil and gas fields and ownership of pipelines. The company and its subsidiaries opened a small office in Denver, Colorado, where the President of the subsidiaries is based together with the Vice President of Operations of the subsidiaries. All remaining operations continue to be managed out of Casper.

Operating segment information

Consolidated - 2015	United States $	Australia $	Intersegment eliminations/ unallocated $	Total $
Revenue				
Sales to external customers	30,770	-	-	30,770
Interest revenue	2,693	1,758	-	4,451
Other revenue	7,068	-	-	7,068
Total revenue	40,531	1,758	-	42,289
Total revenue above	40,531	1,758	-	42,289
Other expenses	(2,260,224)	(1,428,035)	-	(3,688,259)
Loss before income tax expense	(2,219,693)	(1,426,277)	-	(3,645,970)
Income tax expense				-
Loss after income tax expense				(3,645,970)
Assets				
Segment assets	30,059,600	1,468,459	-	31,528,059
Total assets				31,528,059
Liabilities				
Segment liabilities	26,256,101	3,853,394	-	30,109,495
Total liabilities				30,109,495

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 3. Operating segments (continued)

Consolidated - 2014	United States $	Australia $	Intersegment eliminations/ unallocated $	Total $
Revenue				
Sales to external customers	319,612	-	-	319,612
Interest revenue	2,791	10,734	-	13,525
Other revenue	7,061	-	-	7,061
Total revenue	329,464	10,734	-	340,198
Total revenue above	329,464	10,734	-	340,198
Other expenses	(6,559,017)	(1,128,146)	-	(7,687,163)
Loss before income tax expense	(6,229,553)	(1,117,412)	-	(7,346,965)
Income tax expense				-
Loss after income tax expense				(7,346,965)
Assets				
Segment assets	23,407,367	4,619,095	(4,589,651)	23,436,811
Total assets				23,436,811
Liabilities				
Segment liabilities	18,847,159	1,438,726	-	20,285,885
Total liabilities				20,285,885

Note 4. Revenue

	Consolidated 2015 $	Consolidated 2014 $
Sales revenue		
Sale of oil	30,770	319,612
Rendering of services	7,068	7,061
	37,838	326,673
Other revenue		
Interest	4,451	13,525
Revenue	42,289	340,198

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 5. Expenses

	Consolidated 2015 $	Consolidated 2014 $
Loss before income tax includes the following specific expenses:		
Professional and corporate services		
Accounting, auditing and tax fees	284,994	243,697
Consultants fees	398,140	346,228
Legal fees	160,443	127,930
Share registry, ASX and ASIC fees	57,979	43,372
Contract services- company secretary	117,866	105,138
	1,019,422	866,365
Administrative expenses		
Serviced office	91,108	123,274
Travel and accommodation	34,379	156,081
Insurance	99,229	74,739
Computer, website and marketing	29,476	26,672
Other	93,233	207,729
	347,425	588,495
Director and employee costs		
Directors and executives fees and salaries	535,687	1,023,492
Non-executive directors fees	112,250	148,415
Employee wages	515,851	416,448
Employee benefits	182,519	193,509
	1,346,307	1,781,864
Finance costs		
Interest and finance charges paid/payable	280,753	135,573
Other expenses		
Foreign exchange (gain)/loss	(609)	86
Depreciation and amortisation	242,823	1,049,852
Share based payment expense	178,530	217,965
Other -retired leases/disposed assets	10,026	184,228
Impairment of Ask Creek project	-	2,060,178
	430,770	3,512,309

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 6. Income tax expense

	Consolidated 2015 $	Consolidated 2014 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,645,970)	(7,346,965)
Tax at the statutory tax rate of 30%	(1,093,791)	(2,204,090)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	53,559	65,390
Non-deductible / (taxable) amounts	62,785	(103,214)
Unrealised foreign exchange difference	-	26
	(977,447)	(2,241,888)
Current year tax losses not recognised	977,447	2,241,888
Income tax expense	-	-

	Consolidated 2015 $	Consolidated 2014 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	36,519,013	33,260,855
Potential tax benefit @ 30%	10,955,705	9,978,257

Unused tax losses include losses of the US subsidiaries. The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 7. Current assets - cash and cash equivalents

	Consolidated 2015 $	Consolidated 2014 $
Cash on hand and deposits on call	1,567,344	403,258

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 8. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	$	$
Trade receivables	43,497	17,557
Other receivables	124,675	17,267
	168,172	34,824

Terms and conditions relating to the above financial instruments:

- Trade receivables are non-interest bearing and generally on 60 day terms
- Other receivables are non-interest bearing and have repayment terms between 30 and 90 days
- Security deposits are interest bearing and provide security towards performance bonds provided by the consolidated entity bank to state governmental agencies against environmental obligations

Note 9. Current assets - inventories

	Consolidated	
	2015	2014
	$	$
Oil in tanks - at net realisable value	-	8,519

Note 10. Current assets - other

	Consolidated	
	2015	2014
	$	$
Other deposits	-	425,948

Other deposit relates to security deposit of US$400,000 with a US bank with respect to bank facilities provided to a US subsidiary of the consolidated entity. These were released during the year following repayment of the bank facilities.

Note 11. Current assets - non-current assets classified as held for sale

	Consolidated	
	2015	2014
	$	$
Oil and gas properties - Ash Creek project	-	3,384,236
Rehabilitation provision - Ash Creek project	-	(1,669,616)
Oil and gas properties - Grieve pipeline	813,479	673,869
	813,479	2,388,489

Note 11. Current assets - non-current assets classified as held for sale (continued)

Grieve oil pipeline
In 2014, the Grieve oil pipeline was transferred from non-current assets at carrying value. Offers received to date have not materialised in any sale at the date of this report. On the basis that the value of these offers were higher than carrying value, the directors estimate the carrying value remains appropriate.

Ash Creek Project
The company acquired the Wyoming leases over the former Ash Creek oil field in 2006 with the view to utilize the abandoned wells to re-develop the field. At that time Ash Creek had been identified by an independent consulting company that specializes in chemical flood EOR projects, as one of the best candidates in Wyoming for a chemical flood. Elk subsequently undertook a number of studies and laboratory tests involving reservoir core and reservoir fluids to assess applicability of chemical flood to Ash Creek and later used this data to construct a simulation model to assess the potential oil recovery from such a project. Elk commenced supporting development work in 2012 while further studies continued. In the prior year, the company decided to sell the Ash Creek Field, due to the lack of funds needed to implement the chemical flood.

A purchase and sale agreement was signed on 18 August 2014 and completed on 23 September 2014, resulting in disposal proceeds of US$1.7 million (A$1,807,479), net of disposal costs.

The above assets were part of the US segments of Elk's operations.

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2015 $	Consolidated 2014 $
Furniture and fittings - at cost	374,692	305,825
Less: Accumulated depreciation	(367,664)	(287,233)
	7,028	18,592
Plant and equipment - at cost	175,579	424,864
Less: Accumulated depreciation	(156,462)	(395,465)
	19,117	29,399
	26,145	47,991

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture and fittings $	Plant and equipment $	Total $
Balance at 1 July 2013	42,344	113,669	156,013
Disposals	-	(61,207)	(61,207)
Exchange differences	(735)	(2,847)	(3,582)
Depreciation expense	(23,017)	(20,216)	(43,233)
Balance at 30 June 2014	18,592	29,399	47,991
Disposals	-	(4,442)	(4,442)
Exchange differences	3,283	9,886	13,169
Depreciation expense	(14,847)	(15,726)	(30,573)
Balance at 30 June 2015	7,028	19,117	26,145

Note 12. Non-current assets - property, plant and equipment (continued)

Property, plant and equipment secured under finance leases
Refer to note 29 for further information on property, plant and equipment secured under finance leases.

Note 13. Non-current assets - Oil and gas properties - Grieve project

	Consolidated 2015 $	Consolidated 2014 $
Oil properties acquired - at cost	50,550	34,713
Less: Accumulated amortisation	(19,512)	(15,857)
	31,038	18,856
Oil field plant and equipment - at cost	265,643	370,110
Less: Accumulated amortisation	(261,162)	(350,729)
	4,481	19,381
Oil field development expenditure - at cost	26,986,410	15,988,943
Less: Accumulated amortisation	(1,207,221)	(981,132)
	25,779,189	15,007,811
Closure costs - at cost	215,690	836,104
	26,030,398	15,882,152

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Oil and gas properties $	Total $
Balance at 1 July 2013	8,325,933	8,325,933
Expenditure during the year	8,818,818	8,818,818
Exchange differences	(428,695)	(428,695)
Write off of assets	(149,833)	(149,833)
Provision for closure costs	(673,869)	(673,869)
Amortisation expense	(10,202)	(10,202)
Balance at 30 June 2014	15,882,152	15,882,152
Additions	12,822	12,822
Expenditure during the year	7,073,333	7,073,333
Disposals	(171,689)	(171,689)
Exchange differences	4,148,428	4,148,428
Provision for closure costs	(802,719)	(802,719)
Amortisation expense	(111,929)	(111,929)
Balance at 30 June 2015	26,030,398	26,030,398

Expenditure during the year was principally financed by Denbury through their facility and extended trade credit.

Additions above relate to equipment costs attributed to the project during the year. Expenditure includes field/well development costs capitalised during the year.

Note 14. Non-current assets - Oil and gas properties - Singleton project

	Consolidated 2015 $	Consolidated 2014 $
Oil field plant and equipment - at cost	21,125	9,746
Oil field development expenditure - at cost	1,245,856	822,229
Closure costs - at cost	1,616,350	3,009,578
	2,883,331	3,841,553

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Oil and gas properties $	Total $
Balance at 1 July 2013	-	-
Additions	464,822	464,822
Expenditure during the year	390,927	390,927
Exchange differences	(23,774)	(23,774)
Transfers in/(out)	3,009,578	3,009,578
Balance at 30 June 2014	3,841,553	3,841,553
Additions	7,890	7,890
Expenditure during the year	207,524	207,524
Exchange differences	832,735	832,735
Provision for closure costs	(1,906,051)	(1,906,051)
Amortisation expense	(100,320)	(100,320)
Balance at 30 June 2015	2,883,331	2,883,331

Additions above relate to equipment costs attributed to the project during the year. Expenditure includes field/well development costs capitalised during the year.

Note 15. Non-current assets - other

	Consolidated 2015 $	Consolidated 2014 $
Environmental bond deposits	39,190	404,077

Environmental bond deposits represents the restricted funds set aside as required with the State and Federal regulatory agencies for Elk Petroleum's wells and oil fields. These are rolled on an annual basis and matched to the underlying asset. Bonds were refunded during the year following the disposal of Ash Creek.

Note 16. Current liabilities - trade and other payables

	Consolidated 2015 $	Consolidated 2014 $
Trade payables	4,156,958	155,727
Accruals and other liabilities	219,832	428,915
	4,376,790	584,642

Refer to note 24 for further information on financial instruments.

Trade payables are non-interest bearing. Refer to note 30 for further information on related party transactions.

In 2015, an amount of $3,929,881 is included within trade payables as outstanding to Denbury Onshore LLC as at 30 June 2015 (30 June 2014: $nil). This amount reflects the Denbury advised joint venture expenditure above the loan limit, from approximately December 2014 to year end.

At the date of this report, an amount of $3,290,000 (US$2,518,496) (excluding any finance expense adjustments) is claimed by Elk as being overcharged joint venture costs (Elk's implied share) which was the subject of the complaint lodged by Elk as announced on 18 May 2015. For the current status of this amount, please refer to the ASX release made on 16 July 2015.

Note 17. Current liabilities - borrowings

	Consolidated 2015 $	Consolidated 2014 $
Bank loans	-	1,060,693
Other loans	3,582,829	1,250,000
Lease liability	2,531	5,060
	3,585,360	2,315,753

Refer to note 24 for further information on financial instruments.

Note 17. Current liabilities - borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2015 $	Consolidated 2014 $
Total facilities		
Bank loans	-	1,199,703
Other loan - unsecured	-	1,250,000
Convertible loan - secured	3,582,829	-
	3,582,829	2,449,703
Used at the reporting date		
Bank loans	-	1,060,693
Other loan - unsecured	-	1,250,000
Convertible loan - secured	3,582,829	-
	3,582,829	2,310,693
Unused at the reporting date		
Bank loans	-	139,010
Other loan - unsecured	-	-
Convertible loan - secured	-	-
	-	139,010

The bank loans were credit facilities for a maximum of US$1.13 million with First Interstate Bank, Wyoming. The total loans outstanding in the amount of US$0.98 million loans were paid out and settled in September 2014. All securities against these loans were released in September 2014.

The 12.5% interest unsecured short term loan of $1.25 million which was entered into in January 2014 was fully repaid together with associated loan interest on 8 January 2015. The terms of the loan included the issue of 5 million options (four per dollar loaned) at an exercise price of $0.25 expiring on 28 October 2015.

On 21 December 2014, Metgasco Limited had provided a convertible loan facility of up to $2.5 million to Elk with terms and conditions to assist with immediate funding requirements through to the conclusion of a proposed merger with Metgasco. Following termination of the proposed merger with Metgasco on 16 March 2015, loan and interest of $1.75m were fully repaid.

On 16 April 2015, the company entered into 12.5% interest (compounded monthly) secured convertible loan facilities agreements totalling $3.6 million for a period of 12 months. Interest is accrued and is either paid together with the principal at the end of the loan term or can be converted into new shares of the company at $0.038 per share.

Note 18. Non-current liabilities - borrowings - Denbury JV

	Consolidated 2015 $	Consolidated 2014 $
Financial liability to Denbury JV	18,930,906	12,586,364

Refer to note 24 for further information on financial instruments.

The Denbury financial liability relates to the Elk Petroleum Inc.'s portion of JV costs incurred at the Grieve EOR project, being Tranche 2 of the loan financing arrangements as per Elk's agreement with Denbury Onshore, LLC (a subsidiary of Denbury Resources NYSE:DNR) executed in April 2011, plus interest accrued under that agreement.

Included in the Denbury loan is interest capitalised for the financial year of US$1,458,971 (2014:US$925,284).

Note 18. Non-current liabilities - borrowings - Denbury JV (continued)

In line with billing arrangement, a further amount of $3,929,881 is included within trade payables as outstanding to Denbury Onshore LLC as at 30 June 2015 (30 June 2014: $nil). At the date of this report, an amount of $3,290,000 (US$2,518,496) (excluding any finance expense adjustments) is claimed by Elk as being overcharged joint venture costs (Elk's implied share) which was the subject of the complaint lodged by Elk as announced on 18 May 2015. For the current status of this amount, please refer to the ASX release made on 16 July 2015.

Note 19. Non-current liabilities - borrowings

	Consolidated	
	2015	**2014**
	$	**$**
Lease liability	-	2,508

Refer to note 24 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Bank loans	-	1,060,693
Lease liability	2,531	7,568
Convertible loan - secured	3,582,829	-
	3,585,360	1,068,261

Assets pledged as security
During the reporting year, a number of US bank facilities were secured by mortgages over the assets of Elk Petroleum, Inc., a US subsidiary of the consolidated entity but were subsidiary to Elk's Denbury loan. These facilities were paid out and liens cancelled in September 2014.

Convertible notes were secured over the assets of the Company and Elk Petroleum Inc., a subsidiary of the group. The security provided in relation to Elk's 35% working interest in the Grieve Oil CO_2 EOR Project is secondary to Elk's Denbury loan.

The lease liabilities were effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 20. Non-current liabilities - provisions

	Consolidated	
	2015	**2014**
	$	**$**
Rehabilitation costs	3,216,439	4,796,618

Note 20. Non-current liabilities - provisions (continued)

Rehabilitation
A provision for rehabilitation is recognised in relation to the exploration and production activities for costs associated with the rehabilitation of the various sites. Estimates of the rehabilitation obligations are based on anticipated technology and legal requirements and future costs. In determining the rehabilitation provision the entity has assumed no significant changes will occur in the relevant Federal and State legislation to rehabilitation in the future. The Singleton Oil Field liability was re-estimated for FY2015 financial statements. The revised estimate is based on actual costs to abandon the Singleton Unit 5 well in 2015 and a decrease in number of wells under this provision. This updated data has resulted in a significant decrease in estimated total abandonment liability provision from the previous year. Furthermore, an inflation rate adjustment occurred in the calculation change for both Grieve Oil Field and Singleton Oil Field from 6.0% to 4.3%.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2015	Rehabilitation costs $
Carrying amount at the start of the year	4,796,618
Amounts used	(2,480,341)
Foreign exchange difference	694,199
Amount provided during the year	205,963
Carrying amount at the end of the year	3,216,439

Note 21. Equity - issued capital

	Consolidated			
	2015 Shares	**2014 Shares**	**2015 $**	**2014 $**
Ordinary shares - fully paid	201,113,393	188,894,512	37,761,520	36,919,205

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2013	167,927,846		34,247,253
Share placement	7 August 2013	9,375,000	$0.160	1,500,000
Share placement	20 September 2013	3,125,000	$0.160	500,000
Share placement	30 April 2014	8,466,666	$0.120	1,016,000
Share issue costs		-	$0.000	(344,048)
Balance	30 June 2014	188,894,512		36,919,205
Share issue - share purchase plan	7 July 2014	125,000	$0.120	15,000
Share issue - exercise of 2011 retention rights	7 July 2014	174,707	$0.000	-
Share issue - share purchase plan	23 July 2014	2,600,000	$0.120	312,000
Share issue to underwriters	29 July 2014	4,483,334	$0.120	538,000
Share issue to holders of convertible loan	16 April 2015	3,950,000	$0.024	94,800
Share issue to holders of convertible loan	12 May 2015	789,470	$0.025	19,737
Share issue - exercise of 2012 retention rights	30 June 2015	96,370	$0.000	-
Share issue costs		-	$0.000	(137,222)
Balance	30 June 2015	201,113,393		37,761,520

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 21. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The directors' primary objective is to maintain a capital structure that ensures the lowest cost of capital available to the group. At balance date, the group has external borrowings for working capital, plant and equipment and for the Denbury JV.

The group is not subject to any externally imposed capital requirements.

Note 22. Equity - reserves

	Consolidated 2015 $	Consolidated 2014 $
Foreign currency reserve	(397,566)	(1,290,329)
Share-based payments reserve	2,088,048	1,909,518
	1,690,482	619,189

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $	Share-based payment $	Total $
Balance at 1 July 2013	(1,071,028)	1,691,553	620,525
Foreign currency translation	(219,301)	-	(219,301)
Share based payment	-	217,965	217,965
Balance at 30 June 2014	(1,290,329)	1,909,518	619,189
Foreign currency translation	892,763	-	892,763
Share based payment	-	178,530	178,530
Balance at 30 June 2015	(397,566)	2,088,048	1,690,482

Note 23. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity also has transactional foreign exchange exposures. Sale of oil and gas by Elk Petroleum Inc. is priced in US dollars based on the average market price for the month. The accounts of Elk Petroleum Inc. are prepared in US dollars and accordingly, its revenue recognition is exposed to foreign exchange movements. The consolidated entity does not use any hedging instruments to manage foreign currency risk.

The effect on profit and equity as a result of changes to the value of the Australian Dollar (AUD) to the United States Dollar (USD) with all other variables remaining constant is as follows:

	AUD strengthened			AUD weakened		
Consolidated - 2015	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US Dollars	5%	110,985	190,175	5%	(110,985)	(190,175)

	AUD strengthened			AUD weakened		
Consolidated - 2014	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
US Dollars	5%	311,478	228,010	5%	(14,728)	(228,010)

Price risk

The group was exposed to price risk during the year. However, due to the low volume of sales in 2015, any price risk is considered to be minimal in 2015, hence, no sensitivity analysis is required at year end.

	Average price increase			Average price decrease		
Consolidated - 2014	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Crude oil price	10%	31,961	-	10%	(31,961)	-

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

Note 24. Financial instruments (continued)

Interest rate risk
The group's exposure to the risk of changes in market interest rates relates primarily to the group's Denbury loan facility with floating interest rates. The variable interest bank loan was fully repaid during the year. Financial instruments with variable rates expose the group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables, including the convertible loan are non-interest bearing or bear fixed interest rates. The group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

As at the balance sheet date, the group had the following variable rate borrowings outstanding:

	2015		2014	
Consolidated	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Bank loans	-%	-	6.00%	1,060,693
Financial liability - Denbury JV	11.00%	18,930,906	11.00%	12,586,364
Net exposure to cash flow interest rate risk		18,930,906		13,647,057

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

The effect on profit and equity as a result of changes in the interest rate, on the assumption that all other variables remain unchanged, is as follows:

	Basis points increase			Basis points decrease		
Consolidated - 2015	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Financial liability - Denbury JV	100	(189,309)	-	100	189,309	-

	Basis points increase			Basis points decrease		
Consolidated - 2014	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Bank loans	100	(10,607)	-	100	10,607	-
Financial liability - Denbury JV	100	(125,863)	-	100	125,863	-
		(136,470)	-		136,470	-

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 24. Financial instruments (continued)

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2015 $	Consolidated 2014 $
Bank loans	-	139,010

Remaining contractual maturities
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities, except for the Denbury JV loan which is shown as its carrying amount at year end. This amount is shown because the amount of interest that will be payable is dependent on the date of repayment to Denbury which cannot be assessed at the reporting date, due to the amount of interest to be paid cannot be accurately determined since it is dependent upon Elk's share of future oil production sales to repay the loan. Therefore, these totals may differ from their carrying amount in the statement of financial position. For the convertible loans, it assumes monthly capitalisation of interest payments.

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-%	4,376,790	-	-	-	4,376,790
Interest-bearing - variable						
Lease liability	7.20%	2,531	-	-	-	2,531
Financial liability to Denbury JV	11.00%	-	-	18,930,906	-	18,930,906
Interest-bearing - fixed rate						
Convertible loans	12.50%	4,071,538	-	-	-	4,071,538
Total non-derivatives		8,450,859	-	18,930,906	-	27,381,765

Consolidated - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-%	584,642	-	-	-	584,642
Interest-bearing - variable						
Bank loans	6.00%	1,060,693	-	-	-	1,060,693
Lease liability	7.20%	5,060	2,508	-	-	7,568
Financial liability to Denbury JV	11.00%	-	-	12,586,364	-	12,586,364
Interest-bearing - fixed rate						
Other loans	12.50%	1,250,000	-	-	-	1,250,000
Total non-derivatives		2,900,395	2,508	12,586,364	-	15,489,267

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. The convertible loans can be converted to shares in the company at the end of the 12 months term.

Note 24. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Fair value measurement

Fair value hierarchy
The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Non-current assets classified as held for sale	-	-	813,479	813,479
Total assets	-	-	813,479	813,479
Liabilities				
Other loan - Denbury JV	-	18,930,906	-	18,930,906
Convertible loans	-	3,582,829	-	3,582,829
Obligations under finance leases	-	2,531	-	2,531
Total liabilities	-	22,516,266	-	22,516,266

Consolidated - 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Non-current assets classified as held for sale	-	-	2,388,489	2,388,489
Total assets	-	-	2,388,489	2,388,489
Liabilities				
Bank loans	-	1,060,693	-	1,060,693
Other loan - Denbury JV	-	12,586,364	-	12,586,364
Loan - Other	-	1,250,000	-	1,250,000
Obligations under finance leases	-	10,076	-	10,076
Total liabilities	-	14,907,133	-	14,907,133

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. Unless otherwise stated, the carrying amounts of the financial liabilities reflect their fair value.

The fair value of the Grieve pipeline, included in non-current assets classified as held for sale, was determined based on its carrying value being lower than the value of offers received to date.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	940,120	1,264,121
Post-employment benefits	40,204	37,737
Share-based payments	131,777	190,518
	1,112,101	1,492,376

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company, and unrelated firms:

	Consolidated	
	2015 $	2014 $
Audit services - BDO East Coast Partnership		
Audit or review of the financial statements	80,378	61,988
Audit services - unrelated firms		
Audit or review of the financial statements	30,414	26,696

Note 28. Contingent liabilities

The company is involved in a legal dispute with the Crow Tribe over the validity of an agreement to lease at Uluru, Montana, USA. The company has appealed a decision made by the Bureau of Indian Affairs that a valid lease existed. The Interior Board of Indian Appeals (IBIA) took Elk's appeal under advisement on March 31, 2011.

During 2013, the IBIA provided an opinion on the matter. That opinion has been received and the IBIA has rejected Elk's appeal of the earlier Bureau of Indian Affairs decision in favour of the Crow Tribe.

As a result of the IBIA's decision and Elk's view of the matters in dispute, in March 2014, Elk filed a Complaint seeking Declaratory Relief in a Montana permit dispute with the Crow Tribe. This matter after being pursued through a number of judicial bodies established to deal with such matters through the Bureau of Indian Affairs will now be heard at Elk's request by a US District Court in Montana. The Crow Tribe filed an Answer and Counterclaim to Elk's Complaint for Declaratory Relief in February 2015 and Elk's attorney has responded to this Counterclaim.. Elk believes it is highly unlikely the Court will address this matter in 2015 and it could take considerably longer before it hears Elk's complaint and request for relief from the Crow Tribe's claim, which Elk rejects. This matter and Elk's rejection of this claim has been noted in Elk's accounts over a number of years.

Note 29. Commitments

	Consolidated 2015 $	Consolidated 2014 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,948	50,566
One to five years	-	75,849
	3,948	126,415
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	2,531	5,060
One to five years	-	2,508
Total commitment	2,531	7,568
Less: Future finance charges	-	-
Net commitment recognised as liabilities	2,531	7,568
Representing:		
Lease liability - current (note 17)	2,531	5,060
Lease liability - non-current (note 19)	-	2,508
	2,531	7,568

The group moved out of the offices in Casper, Wyoming during the year and terminated its lease agreement which was due to run until 31 December 2016. A new lease agreement was subsequently entered in until 31 August 2015 after which date the lease is a month to month licence, resulting in no operating lease commitments after August 2015.

Note 30. Related party transactions

Parent entity
Elk Petroleum Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Joint operations
Interests in joint operations are set out in note 33.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report in the directors' report.

Transactions with related parties
Caper Creative, a company of which R Cook's daughter is a director, was paid $5,975 (2014: $29,004) during the year for graphic design services.

OFM Consulting Pty Ltd, a company of which R Cook is a director, was paid $Nil consulting fees (2014: $73,369).

Franks & Associates Pty Ltd, a company in which D Franks and A Bursill are director and principal respectively, were paid company secretarial and accounting fees of $161,043 (2014: $168,766), excluding GST and out-of-pocket expenses, during the year.

Note 30. Related party transactions (continued)

Katherine Hornafius, S Hornafius' daughter, was paid $Nil consulting fees (2014: $24,565 for research activities related to quantifying the value of "green" nature of enhanced oil production from a carbon dioxide-EOR project sourcing its supply of carbon dioxide from anthropogenic sources such as the Bridgeport Ethanol plan to Elk's Singleton Unit and being sold in California under that State's carbon credit system).

The company incurred consultancy fees of $181,000, inclusive of GST (2014: nil) from Oil & Gas Worx Pty Ltd, a company in which N Taylor is a director; by agreement, none of these monies owed have been paid as at the date of this report and will be paid when the company next raises capital or by some alternative agreement. These amounts are included as fees paid to directors in the remuneration report. The fees relate to supplementary consulting services provided by N Taylor over the period from 1 January 2014 to 11 September 2015; the services were provided in relation to the Jan 2014 loan, various 2014 capital raisings, the Metgasco merger proposal, the April 2015 convertible loan facility, and a number of other tasks that are outside N Taylor's duties as a non-executive director.

As at 30 June 2015, amounts owed to non-executive directors with respect to deferred director fees were to N Taylor $60,000 (2014: $22,500) and to M Healy $22,500 (2014: $18,750).

Loans to/from related parties
Mr. T Hargreaves holds convertible notes with a subscription value of $100,000 in the company. The loan accrues interest at 12.5%. No interest was paid during the year ended 30 June 2015.

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2015	**2014**
	$	**$**
Loss after income tax	(2,753,209)	(7,566,266)
Total comprehensive income	(2,753,209)	(7,566,266)

Statement of financial position

	Parent	
	2015	**2014**
	$	**$**
Total current assets	1,468,456	29,444
Total assets	5,272,044	4,589,651
Total current liabilities	3,853,484	1,438,726
Total liabilities	3,853,484	1,438,726
Equity		
Issued capital	37,761,520	36,919,206
Share-based payments reserve	2,088,048	1,909,518
Accumulated losses	(38,431,008)	(35,677,799)
Total equity	1,418,560	3,150,925

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015 and 30 June 2014.

Note 31. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2015 and 30 June 2014

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2015	2014
Name	**Country of incorporation**	**%**	**%**
Elk Petroleum Inc. LLC	USA	100.00%	100.00%
Grieve Pipeline LLC*	USA	100.00%	100.00%
North Grieve LLC *	USA	100.00%	100.00%
Natrona Pipeline LLC *	USA	100.00%	100.00%
Elk Operating Company LLC *	USA	100.00%	100.00%

* Subsidiaries of Elk Petroleum Inc.

Note 33. Interests in joint operations

Elk Petroleum Inc., a controlled entity, entered into a joint operation with Denbury Onshore, LLC (a subsidiary of Denbury Resources NYSE:DNR) in May 2011 in which Denbury gained a 65% working interest in and is the operator of the Grieve oil project. Elk retains a 35% working interest in the Grieve field.

The joint operation covers all geological horizons at the Grieve field except the Niobrara formation in which Elk has retained 100% working interest. The terms of the joint operation require Denbury to fully carry Elk for the first US$28.571 million gross expenditure of the project (=US$10 million Elk share) and to provide access to loan funds to cover Elk's share of development and operating costs for up to a further US$12 million net to Elk should the project costs exceed US$28.751 million gross. The US$12 million loan plus accrued interest (at 11%) will be paid out of Elk's share of oil production until "payout" is reached. There was some minor 2011-2012 oil production that was accrued and Elk's share of this pre-development oil production and sales will be credited to the "payout" amount.

Denbury is to own 100% and operate the processing and carbon dioxide recompression facilities at the Grieve and the now installed new 3-mile-long carbon dioxide connecting/supply pipeline and will charge the joint operation monthly processing and transportation fees calculated by amortising the investment over 15 years at a 12% interest rate.

Elk transferred to Denbury it rights to the carbon dioxide supply contract with ExxonMobil as well as the rights to the carbon dioxide transportation contract with Anadarko. Under various agreements with Denbury, Elk retains certain rights to the supply the carbon dioxide and Anadarko's transportation of carbon dioxide under it various agreement with Denbury. In January 2013, Denbury acquired a number of rights from ExxonMobil; these rights included the rights to the carbon dioxide supply contract with ExxonMobil. Denbury has advised Elk that it will meet all its obligations to Elk under the original agreements. Elk has accounted for its share of the Grieve Property with a corresponding entry in borrowings.

Note 33. Interests in joint operations (continued)

On 18 May 2015, EPI filed a civil lawsuit in the Wyoming Federal Court asserting several breaches of the agreements between EPI and Denbury including the Participation and Development Agreement (PDA) signed on 6 May 2011 that provides for the development and operation of the Grieve CO_2-EOR project. Since filing the lawsuit, EPI has discussed these matters with Denbury in an effort to find a resolution to the dispute. A resolution was not reached prior to the requirement for Denbury to respond to Elk's Complaint. Denbury therefore filed an Answer to Elk's Complaint and Counterclaims in the United States District Court for the District of Wyoming. Please refer to subsequent events note below relating to this matter.

Note 34. Events after the reporting period

On 16 July 2015, the company advised 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_2-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. EPI and Denbury reached an agreement by which they will attempt good faith negotiations for the sale of all of Denbury's interest in the Grieve project on terms agreeable to Denbury. Negotiations will continue until 1 November 2015 or until viable and productive negotiations cease. The sale of Denbury's interest could occur in one of three ways: (1) EPI and Denbury both sell their interest in the Grieve project, (2) Denbury sells its operated interest and EPI retains a non-operated interest in the Grieve project, and (3) EPI arranges a buyout of Denbury's interest and becomes the operator of the Grieve project.

On 1 August 2015, Mr Bradley Lingo was appointed Managing Director and Chief Executive Officer.

On 3 September 2015, the company announced the appointment of Miro Advisors Pty. Ltd. ("Miro"), an independent corporate advisory firm, to assist the company with the potential acquisition of the JV operator's 65% working interest in the Grieve CO_2 Enhanced Oil Recovery (EOR) project and the associated funding for the acquisition and development of the project. Among other things, Miro will assist the company in assessing the merits of acquiring the 65% operating interest in the Grieve project it does not already own and in conducting good faith negotiations with the Operator for the acquisition of its majority operating working interest in the Grieve project.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2015	**2014**
	$	**$**
Loss after income tax expense for the year	(3,645,970)	(7,346,965)
Adjustments for:		
Share-based payments	178,530	217,965
Foreign exchange differences	(806)	86
Depreciation and amortisation	242,822	1,049,852
Impairment of development expenditure	-	2,060,178
Loss on asset disposal	10,260	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	84,537	135,272
Decrease in inventories	8,519	35,756
Increase/(decrease) in trade and other payables	(215,333)	135,362
Net cash used in operating activities	(3,337,441)	(3,712,494)

Note 36. Earnings per share

	Consolidated 2015 $	Consolidated 2014 $
Loss after income tax attributable to the owners of Elk Petroleum Ltd	(3,645,970)	(7,346,965)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	196,669,387	180,164,741
Weighted average number of ordinary shares used in calculating diluted earnings per share	196,669,387	180,164,741
	Cents	**Cents**
Basic earnings per share	(1.85)	(4.08)
Diluted earnings per share	(1.85)	(4.08)

Note 37. Share-based payments

The company has an employee share option plan, an employee incentive performance and retention rights plan and a non-executive director and advisor rights plan. The objective of the plans are to assist in the recruitment, reward, retention and motivation of non-executives and employees of Elk Petroleum and its subsidiaries.

Under the option plan, directors and employees are invited to participate in the plan and receive options. An individual may receive the options or nominate a relative or associate to receive them.

Under the performance and retention rights plans, rights are not transferrable. The measurement periods are over the 3 years following the commencement date for each grant of performance rights, at the end of which the Board will determine the extent to which vesting has been achieved (the vested rights) in relation to each tranche. Any retention rights or performance rights that do not vest will be forfeited.

The performance rights vest on achievement of specific performance objectives including Compound Annual Growth Rate of Total Shareholder Return achieved by the company over the 3 years following the commencement date for each grant of performance rights.

The retention rights vest to ordinary shares based on completion of 3 years of service. Generally, if service ceased before completion of 3 years of service, none of the retention rights vest whereas if service is continuous until completion of 3 years of service, then 100% of the retention rights will vest.

Set out below are summaries of options granted under the employee share option plan:

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2011	30/06/2016	$0.200	100,000	-	-	-	100,000
			100,000	-	-	-	100,000

Note 37. Share-based payments (continued)

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
18/11/2008	13/10/2013	$0.230	200,000	-	-	(200,000)	-
25/06/2009	24/06/2014	$0.200	50,000	-	-	(50,000)	-
01/07/2010	30/06/2015	$0.200	81,450	-	-	(81,450)	-
11/10/2010	01/01/2010	$0.200	129,000	-	-	(129,000)	-
25/10/2010	24/10/2015	$0.200	200,000	-	-	(200,000)	-
31/01/2011	05/12/2015	$0.200	100,000	-	-	(100,000)	-
01/07/2011	30/06/2016	$0.200	750,000	-	-	(650,000)	100,000
			1,510,450	-	-	(1,410,450)	100,000

Options granted under the plan are for no consideration.

The weighted average remaining contractual life of employee share options outstanding at the end of the financial year was 1 year (2014: 2 years). The weighted average exercise price is $0.20 (2014: $0.20).

Set out below are summaries of performance rights granted under the plan:

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Vested	Lapsed	Balance at the end of the year
15/08/2012	30/06/2015	$0.000	1,311,000	-	-	(1,311,000)	-
12/12/2012	30/06/2015	$0.000	592,000	-	-	(592,000)	-
13/08/2013	30/06/2016	$0.000	3,450,306	-	-	-	3,450,306
30/11/2013	30/06/2016	$0.000	1,077,519	-	-	-	1,077,519
30/11/2013	30/06/2015	$0.000	1,000,000	-	-	(1,000,000)	-
30/11/2013	30/06/2016	$0.000	1,000,000	-	-	-	1,000,000
30/11/2013	30/06/2017	$0.000	2,000,000	-	-	-	2,000,000
30/11/2013	30/06/2018	$0.000	2,000,000	-	-	-	2,000,000
05/09/2014	30/06/2017	$0.000	-	2,706,388	-	-	2,706,388
18/12/2014	30/06/2017	$0.000	-	126,731	-	-	126,731
			12,430,825	2,833,119	-	(2,903,000)	12,360,944

Performance rights issued to non-executive directors and employees under the non-executive director and advisor rights and employee incentive rights plans.

Performance rights are issued for nil consideration and will vest after three years to ordinary shares based on market based performance conditions. The fair value of the performance rights granted on 5 September 2014 and 18 December 2014 were $0.0200 and $0.0020 respectively.

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

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	N/A	100%

2P Reserves statement				
Project	**Location**	**30 Jun 2015[1] Mbbls**	**30 Jun 2014[2] Mbbls**	**10 Aug 2015[3] Mbbls**
Grieve	Natrona County, Wyoming	3,455	6,500	3,455

The reserves in the above table relate to Elks' 35% working interest in the Grieve project. The reasons for the decrease in reserves estimate from the previous year is two-fold, firstly due to a re-evaluation in gross oil recovery from 18.6 million barrels to 12 million barrels by Pressler Petroleum Consultants, Inc and secondly, due to allowing for royalty interests held by third parties of approximately 18%.

Other Reserves statement				
Reserves	**Project and location**	**30 Jun 2015[1] Mbbls**	**30 Jun 2014[2] Mbbls**	**10 Aug 2015[3] Mbbls**
3P	Grieve, Natrona County, Wyoming	4,660	-	4,660
2C	Singleton, Banner County, Nebraska	-	-	3,000
3C	Grieve, Natrona County, Wyoming	4,685	-	4,685
3C	Singleton, Banner County, Nebraska	-	-	4.000

1 ASX announcement 29 January 2015
2 ASX announcement 4 September 2012
3 ASX announcement 10 August 2015

Notes to the Financial Statements (CONTINUED)

For the year ended 30 June 2015

JORC Statements

The Reserves and Contingent Resources in this financial report relating to the Grieve CO_2 EOR project, operated by Denbury Resources, is based on an independent review and audit conducted by Pressler Petroleum Consultants, Inc. and fairly represents the information and supporting documentation reviewed. The review and audit was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Grant Olsen, a Director of Pressler Petroleum Consultants, Inc., an independent petroleum advisory firm. Mr. Olsen is a Registered Professional Engineer in the State of Texas and his qualifications include a Bachelor of Science and Master of Science (both in Petroleum Engineering) from Texas A&M University. He has more than 10 years of relevant experience. Mr. Olsen is a member of the Society of Petroleum Engineers (SPE) and an Associate Member of the Society of Petroleum Evaluation Engineers. Mr. Olsen meets the requirements of Qualified Petroleum Reserve and Resource Evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this report.

Directors' Declaration

For the year ended 30 June 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Neale F. Taylor

Neale Taylor
Chairman

30 September 2015
Sydney

Independent Auditor's Report

For the year ended 30 June 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of Elk Petroleum Limited

Report on the Financial Report

We have audited the accompanying financial report of Elk Petroleum Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elk Petroleum Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Independent Auditor's Report (CONTINUED)

For the year ended 30 June 2015

Opinion

In our opinion:

(a) the financial report of Elk Petroleum Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon funding the future successful development of its Grieve oil project, either through sale of assets, securing a material new equity investment into the company, securing senior mezzanine or hybrid debt facilities, extending / conversion of existing debts or through some form of corporate transaction. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 44 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Elk Petroleum Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 30 September 2015

Shareholder Information

For the year ended 30 June 2015

The shareholder information set out below was applicable as at 23 September 2015.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	96	-
1,001 to 5,000	299	-
5,001 to 10,000	193	-
10,001 to 100,000	489	26
100,001 and over	178	30
	1,255	56
Holding less than a marketable parcel	411	14

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
MR ROBERT ANTHONY HEALY	45,534,258	22.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,583,150	10.73
BEGLEY SUPERANNUATION CO PTY LTD <BEGLEY ENGINEERING S/F A/C>	17,629,760	8.77
MS TRACEY LEANNE MARSHALL	8,625,733	4.29
LINK TRADERS (AUST) PTY LTD	6,092,389	3.03
NEFCO NOMINEES PTY LTD	4,863,000	2.42
OCCOLD HOLDINGS PTY LIMITED <OCCOLD SUPER FUND A/C>	4,206,959	2.09
MRS SARASA SCHIRMER	2,520,000	1.25
INVIA CUSTODIAN PTY LIMITED <HARGREAVES S/FUND A/C>	2,393,669	1.19
MR GEOFFREY RAYMOND MARSHALL	2,115,183	1.05
PHESOJ PTY LTD <THE POWER SUPER FUND A/C>	1,996,748	0.99
MR ROBERT JOHN COOK + MS CHRISTINE ANNE COOK <R & C SUPER FUND A/C>	1,928,948	0.96
MR BRADLEY WILLIAM LINGO	1,860,429	0.93
CORAL PRODUCTION CORPORATION	1,800,000	0.90
MAGNIM PTY LTD <IAN COX SUPER FUND A/C>	1,608,130	0.80
LINK TRADERS (AUST) PTY LIMITED	1,400,000	0.70
IVYLINE INVESTMENTS PTY LTD <THE BERNLOR HOLDINGS S/F A/C>	1,376,995	0.68
BEGLEY SUPERANNUATION CO PTY LTD <BEGLEY ENGINEERING S/F A/C>	1,333,334	0.66
MS AMY ELIZABETH ANDERSON	1,220,408	0.61
CITICORP NOMINEES PTY LIMITED	1,169,584	0.58
	131,258,677	65.27

Shareholder Information (CONTINUED)

For the year ended 30 June 2015

	Options over ordinary shares Number held	Options over ordinary shares % of total options issued
MR LUKE KUKULJ	4,170,000	18.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,916,667	12.86
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,333,333	10.29
CORAL PRODUCTION CORPORATION	1,800,000	7.94
MR ROBERT ANTHONY HEALY	1,500,000	6.62
MR RODNEY HARPER + MRS ELIZABETH HARPER <HARPER MUMBY SUPER FUND A/C>	1,200,000	5.29
BEGLEY SUPERANNUATION CO PTY LTD <BEGLEY ENGINEERING S/F A/C>	833,333	3.68
INVIA CUSTODIAN PTY LIMITED <HARGREAVES S/FUND A/C>	833,333	3.68
UNITING PROPERTIES PTY LTD	818,333	3.61
DJ CARMICHAEL PTY LTD	800,000	3.53
IVYLINE INVESTMENTS PTY LTD <THE BERNLOR HOLDINGS S/F A/C>	625,000	2.76
JOJO ENTERPRISES PTY LTD <SFI FAMILY A/C>	416,667	1.84
MRS MARGARET MURDOCK + MR NICHOLAS MURDOCK	416,666	1.84
MRS MANISHA MUDE	350,000	1.54
MR RODNEY EGAN ODGAARD	265,000	1.17
GLENKIAH INVESTMENTS PTY LTD	241,500	1.07
MR JASWINDER SINGH TAKHAR	209,000	0.92
MSRF PTY LIMITED <MICHAEL SMITH RETIREMENT A/C>	200,000	0.88
MR SALVATORE DI VINCENZO	166,668	0.74
MR AARON JENN LUNG LIM	166,666	0.74
	20,262,166	89.36

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued expiring on 30/06/2016 @ $0.20	100,000	1
Options over ordinary shares issued expiring on 28/10/2015 @ $0.25	5,000,000	6

Holders of 20% or more of unquoted equity securities:

Name	Class	Number held
MILTO PTY LTD	options expiring 28/10/2015 @ $0.25	2,000,000
IBT HOLDINGS PTY LTD	options expiring 28/10/2015 @ $0.25	1,200,000

Unlisted rights

Rights	Expiry	Number on issue	Number of holders
Retention rights 2013	30 June 2016	56,054	3
Performance rights 2013	30 June 2016	4,527,825	13
Performance rights 2013	30 June 2016	1,000,000	1
Performance rights 2013	30 June 2017	2,000,000	1
Performance rights 2013	30 June 2018	2,000,000	1
Retention rights 2014	30 June 2017	736,286	4
Performance rights 2014	30 June 2017	2,833,119	8

Shareholder Information (CONTINUED)

For the year ended 30 June 2015

	Ordinary shares Number held	Ordinary shares % of total shares issued
MR ROBERT ANTHONY HEALY *	42,359,443	21.06
REPUBLIC INVESTMENT MANAGEMENT PTE. LTD.	21,891,503	10.89
BEGLEY SUPERANNUATION CO PTY LTD (BEGLEY ENGINEERING S/F A/C)	18,389,760	9.14

* Mr Healy has advised that he currently holds shares, which represents 22.65% of the Company.

Ordinary shares

All ordinary shares carry one vote per share without restriction. Performance rights options do not carry any voting rights.

On-market buy back

There is no current on-market buy back.

Listing Rule 3.13.1 and 14.3

The Annual General Meeting is scheduled to be held on 27 November 2015.

Shareholder Information (CONTINUED)

For the year ended 30 June 2015

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	N/A	100%

2P Reserves statement				
Project	**Location**	**30 Jun 2015[1] Mbbls**	**30 Jun 2014[2] Mbbls**	**10 Aug 2015[3] Mbbls**
Grieve	Natrona County, Wyoming	3,455	6,500	3,455

The reserves in the above table relate to Elks' 35% working interest in the Grieve project. The reasons for the decrease in reserves estimate from the previous year is two-fold, firstly due to a re-evaluation in gross oil recovery from 18.6 million barrels to 12 million barrels by Pressler Petroleum Consultants, Inc and secondly, due to allowing for royalty interests held by third parties of approximately 18%.

Other Reserves statement				
Reserves	**Project and location**	**30 Jun 2015[1] Mbbls**	**30 Jun 2014[2] Mbbls**	**10 Aug 2015[3] Mbbls**
3P	Grieve, Natrona County, Wyoming	4,660	-	4,660
2C	Singleton, Banner County, Nebraska	-	-	3,000
3C	Grieve, Natrona County, Wyoming	4,685	-	4,685
3C	Singleton, Banner County, Nebraska	-	-	4.000

1 ASX announcement 29 January 2015
2 ASX announcement 4 September 2012
3 ASX announcement 10 August 2015

Shareholder Information (CONTINUED)

For the year ended 30 June 2015

The information in this financial report that relates to Reserve and Contingent Resources estimates for the Grieve CO_2 EOR project and the Contingent Resource estimates for the Singleton CO_2 EOR project have been compiled or in the case of the Singleton CO_2 EOR project prepared by Mr. Brian Dolan, COO and VP-Engineering of Elk Petroleum USA who is a qualified person as defined under the ASX Listing Rule 5.11 and has consented to the use of the reserves figures in the form and context in which they appear in this presentation. Mr. Dolan is a full-time employee of the company. Mr. Dolan earned a degree in Mechanical Engineering from the University of Colorado at Boulder and has more than 23 years of relevant experience. Mr. Dolan has sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr. Dolan consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

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ELK PETROLEUM