

11 July 2016

## **GRIEVE PROJECT CLOSING UPDATE**

- **Parties agree Grieve Project Restructure & Financing to close simultaneously**
- **Loan documentation well advanced**
- **Closing scheduled to occur by 5 August 2016**

Elk Petroleum Ltd (ASX: ELK) (“Elk” or the “Company”) is pleased to advise that the Company, Denbury Onshore LLC (“Denbury”) and Benefit Street Partners L.L.C. (“Benefit Street Partners”) as Elk’s mandated lender have all agreed that the closing of the Grieve CO<sub>2</sub> Enhanced Oil Recovery Project Joint Venture restructure and the US\$58 million loan facility will occur simultaneously on or before 5 August 2016.

As previously announced in the ASX announcement of 1 July 2016, Benefit Street Partners had received final credit approval to provide to Elk a US\$58 million senior debt loan facility to be used in connection with the Grieve Project JV restructuring and that the closing of this debt facility was subject to definitive legal documentation and was targeted for the second half of July 2016.

Definitive loan documentation with Benefit Street Partners is well advanced with comments on the central credit agreement already having been exchanged and all ancillary loan documents are anticipated to be exchanged during the coming week. Benefit Street Partners is also engaging directly with Denbury to make sure certain loan arrangements are accommodated in the Grieve Project JV restructuring agreements.

To accommodate simultaneous closing of the Grieve Project JV restructuring and Elk’s US\$58 million senior debt financing, Elk and Denbury have executed an extension agreement setting a deadline of 5 August 2016 for the simultaneous closing of both the JV restructure and the associated senior debt financing with Benefit Street Partners. In order to maintain continued progress on the development of the Grieve CO<sub>2</sub> EOR Project, Elk has made a further payment to Denbury of US\$1.5 million, the final amount required to be paid at closing under the Grieve Project JV restructuring agreements. Subsequent progress payments of a further US\$51.5 million comprising debt and equity contributions will continue under the fixed price turnkey contract between Elk and Denbury following closing.

Elk Managing Director, Mr. Lingo commented: “This is a great outcome for the Company. We can now make sure that there is a seamless fit between the Grieve Project JV restructuring with Denbury and the US\$58 million senior debt financing with Benefit Street Partners. This avoids the Company having to make later changes in the JV restructuring agreements necessary to complete the debt financing. Overall, this makes successful completion of the transaction much lower risk for both Elk and our joint venture partner, Denbury. All three parties

– Elk, Denbury and Benefit Street Partners are all working together to make this happen.”

Elk is being advised by Miro Advisors and Norton Rose Fulbright for the senior loan facility and Grieve JV restructure.

**For further information, please contact:**

Brad Lingo  
Managing Director/CEO  
P: +61 2 9093 5400  
E: [ir@elkpet.com](mailto:ir@elkpet.com)

Alex Hunter  
Chief Financial Officer  
P: +61 2 9093 5400  
E: [ir@elkpet.com](mailto:ir@elkpet.com)

***ABOUT ELK PETROLEUM***

Elk Petroleum Limited (ASX: ELK) is an oil and gas company specialising in Enhanced Oil Recovery (EOR), with assets located in one of the richest onshore oil regions of the USA, the Rocky Mountains. Listed on the ASX in 2005, Elk's strategy is focused on applying proven EOR technologies to mature oil fields, which significantly de-risks the Company's strategy of finding and exploiting oil field reserves. Leveraging proven EOR technology and Company expertise and experience, Elk is currently developing the Grieve oil field in Wyoming (Elk – 35% WI) and is planning for a CO<sub>2</sub>-based EOR project at the Singleton oil field in Nebraska (Elk – 100% WI & operator).

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**ELK PETROLEUM LIMITED**

Exchange House  
Suite 101, Level 1  
10 Bridge Street  
Sydney NSW 2000

**Tel** +61 2 9093 5400  
**Email** [IR@elkpet.com](mailto:IR@elkpet.com)  
**Website** [www.elkpet.com](http://www.elkpet.com)