

25 May 2016

Elk raises \$1.9 million in private placement

- Elk completes private placement for \$1.9 million
- Elk now in a position to make first payments associated with Grieve JV restructure
- Placement executed in advance of completing closing of US\$55 million JV restructure and associated debt and equity financing to complete the Grieve Project

Elk Petroleum Ltd (ASX: ELK) ("Elk" or the "Company") is pleased to advise it has completed a private placement ("Placement") to sophisticated investors to raise approximately \$1.9 million. Following the placement the Company is in a position to provide initial funding of capital costs associated with the Grieve CO₂ Enhanced Oil Recovery (EOR) Project ("Grieve Project") and the restructuring of the Grieve Joint Venture ("Grieve JV") as outlined in the ASX announcements of 21 December 2015 and 24 February 2016.

The placement was made to several sophisticated investors new to the Elk register. Under the placement, Elk will issue approximately 25.3 million shares priced at \$0.075 per share.

As originally released in the ASX announcement of 21 December 2015, Elk and its joint venture partner, Denbury Resources Inc. ("Denbury"), entered into a letter of intent to restructure the Grieve JV. Under this letter of intent, Elk agreed to provide US\$55 million of funding for the final capital expenditures required to complete the Grieve Project.

As further outlined in the ASX announcement of 24 February 2016, upon Elk and Denbury reaching agreement on the principal definitive agreements implementing the restructure of the Grieve JV, the Company committed to making initial progress payments as part of the overall funding arrangements.

Based on the current progress of settling the definitive agreements, Elk anticipates making an initial progress payment of US\$1.5 million in the next few days. Once made, the initial US\$1.5 million progress payment will reduce the JV restructure funding amount to US\$53.5 million.

Elk's commitment to provide the full US\$55 million of funding remains subject to execution of the definitive agreements and completing funding arrangements. As previously announced, the Company intends to source this funding through a combination of debt and equity. The Company is currently discussing debt financing options with prospective debt providers, and negotiations are at an advanced stage. The balance of funding will come from equity capital, which is likely to be raised by the Company via a pro rata entitlement offer.

ELK PETROLEUM LIMITED

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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 CO₂-based EOR project at the Singleton oil field in Nebraska (Elk – 100% WI & operator).

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ASX LISTING RULE 3.10.5A AND 7.1A.4(b) – SHARE ISSUE

Elk Petroleum Limited (ASX Code: ELK) Company hereby provides notice to the ASX for the purposes of ASX Listing Rule 3.10.5A and 7.1A.4(b) and section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) that on 24 May 2016 it issued 25,332,171 ordinary shares in the Company at an issue price of \$0.075 per share to Professional and Sophisticated Investors and exempt investors.

Of these shares:

- (i) 10,714,575 were issued in accordance with ASX Listing Rule 7.1A; and
- (ii) 14,617,596 were issued in accordance with ASX Listing Rule 7.1.

In relation item (i) above, the shares were issued for cash consideration, to be used for the purpose as approved by shareholders at the 2015 Annual General Meeting, being for the continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

The Company states pursuant to the provisions of ASX Listing Rule 3.10.5A that:

- The placement under ASX Listing Rule 7.1A represented 2.71% of the expanded ordinary shares on issue of the Company, resulting in a dilution to the existing holders of ordinary securities by that amount. For clarity, this is the dilution factor solely on the issue of 10,714,575 shares on the pre allotment share capital (excluding the shares issued under Listing Rule 7.1);
- The equity raising has been completed as a cash placement in order to bring new institutional and sophisticated investors onto the Elk register which will assist in future fund raising activities;
- The placement was not underwritten; and
- A fee of 4.5% (excluding GST) of funds raised is intended to be paid in connection with arranging the placement.

For and on behalf of the Board

Mr Brad Lingo

Managing Director

For further information please contact:

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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 CO₂-based EOR project at the Singleton oil field in Nebraska (Elk – 100% WI & operator).

25 May 2016

SECTION 708A NOTICE – SHARE ISSUE

Elk Petroleum Limited (ASX Code: ELK) Company hereby provides notice to the ASX for the purpose of section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) that on 24 May 2016 it issued 25,332,171 ordinary shares in the Company at an issue price of \$0.075 per share to Professional and Sophisticated Investors and exempt investors.

An Appendix 3B relating to the share issue is attached.

The Company states pursuant to the provisions of section 708A(5)(e) of the Corporations Act 2001 that:

- the Securities were issued without disclosure to investors under Part 6D.2 of the Corporations Act 2001;
- this notice is being given under section 708A(5)(e) of the Corporations Act 2001;
- as at the date of this notice, it has complied with the relevant provisions of Chapter 2M of the Corporations Act 2001 as they apply to the Company, and section 674 of the Corporations Act 2001; and
- as at the date of this notice, there is no information which is excluded, as that term is defined in Section 708A(7) of the Corporations Act 2001.

For and on behalf of the Board

Mr Brad Lingo

Managing Director

For further information please contact:

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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 CO₂-based EOR project at the Singleton oil field in Nebraska (Elk – 100% WI & operator).

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

ELK PETROLEUM LIMITED

ABN

38 112 566 499

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|-------------------------------------|
| 1 | +Class of +securities issued or to be issued | 1. Ordinary shares (ELK) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 25,332,171 Ordinary shares (ELK) |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Ordinary shares (ELK) |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>1. YES</p>
5	Issue price or consideration	<p>1. 7.5 cents per share, \$1,899,912.82 total</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>1. For the continued exploration and feasibility study expenditure on the company's current assets and general working capital</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>27 November 2015</p>
6c	Number of +securities issued without security holder approval under rule 7.1	<p>14,617,596</p>
6d	Number of +securities issued with security holder approval under rule 7.1A	<p>10,714,575</p>

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	0
6f	Number of +securities issued under an exception in rule 7.2	0
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	1. YES ISSUE DATE : 24 MAY 2016 ISSUE PRICE : 7.50 CENTS 75% OF PRIOR 15 TRADING DAYS VWAP : 6.89 cents SOURCE OF VWAP DATA VWAP FROM ORIENT CAPITAL
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	1. refer annexure 1
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	1. 24 May 2016

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		410,073,919	ORDINARY SHARES (ELK)
		22,675,000	LISTED OPTIONS, EXERCISE PRICE \$0.25, EXPIRY DATE 22/07/2017 (ELKO)
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		56,054	RETENTION RIGHTS CONVERSION PRICE - VWAP OVER 20 DAYS PRIOR TO AND INCLUDING 30 JUNE 2016
		736,286	RETENTION RIGHTS CONVERSION PRICE - VWAP OVER 20 DAYS PRIOR TO AND INCLUDING 30 JUNE 2017
		792,340	TOTAL CLASS - ELKAI
		4,527,825	PERFORMANCE RIGHTS CONVERSION PRICE - VWAP OVER 20 DAYS PRIOR TO 30 JUNE 2016
		5,000,000	PERFORMANCE RIGHTS CEO
		2,833,119	PERFORMANCE RIGHTS CONVERSION PRICE - VWAP OVER 20 DAYS PRIOR TO 30 JUNE 2017
		12,360,944	TOTAL CLASS - ELKAK
		1,433,333	BALANCE OPTIONS (UNLISTED) OVER UNISSUED ORDINARY SHARES (ELKAM)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

- | | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the ⁺ securities will be offered | |
| 14 | ⁺ Class of ⁺ securities to which the offer relates | |
| 15 | ⁺ Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | <p>Names of countries in which the entity has security holders who will not be sent new offer documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p> | |
| 19 | Closing date for receipt of acceptances or renunciations | |

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 25 May 2016
(Joint Company secretary)

Print name: David Franks

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	201,017,023
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	0 128,908,779 0
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	329,925,802

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	49,488,870
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	48,488,870
“C”	48,488,870
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	49,488,870
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	48,488,870
Total [“A” x 0.15] – “C”	1,000,000 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	329,925,802
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	32,992,580
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	32,992,580
“E”	32,992,580

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	32,992,580
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	32,992,580
Total [“A” x 0.10] – “E”	0 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.