ELK PETROLEUM

Proactive Investors Luncheon Presentation

12-13 April 2016

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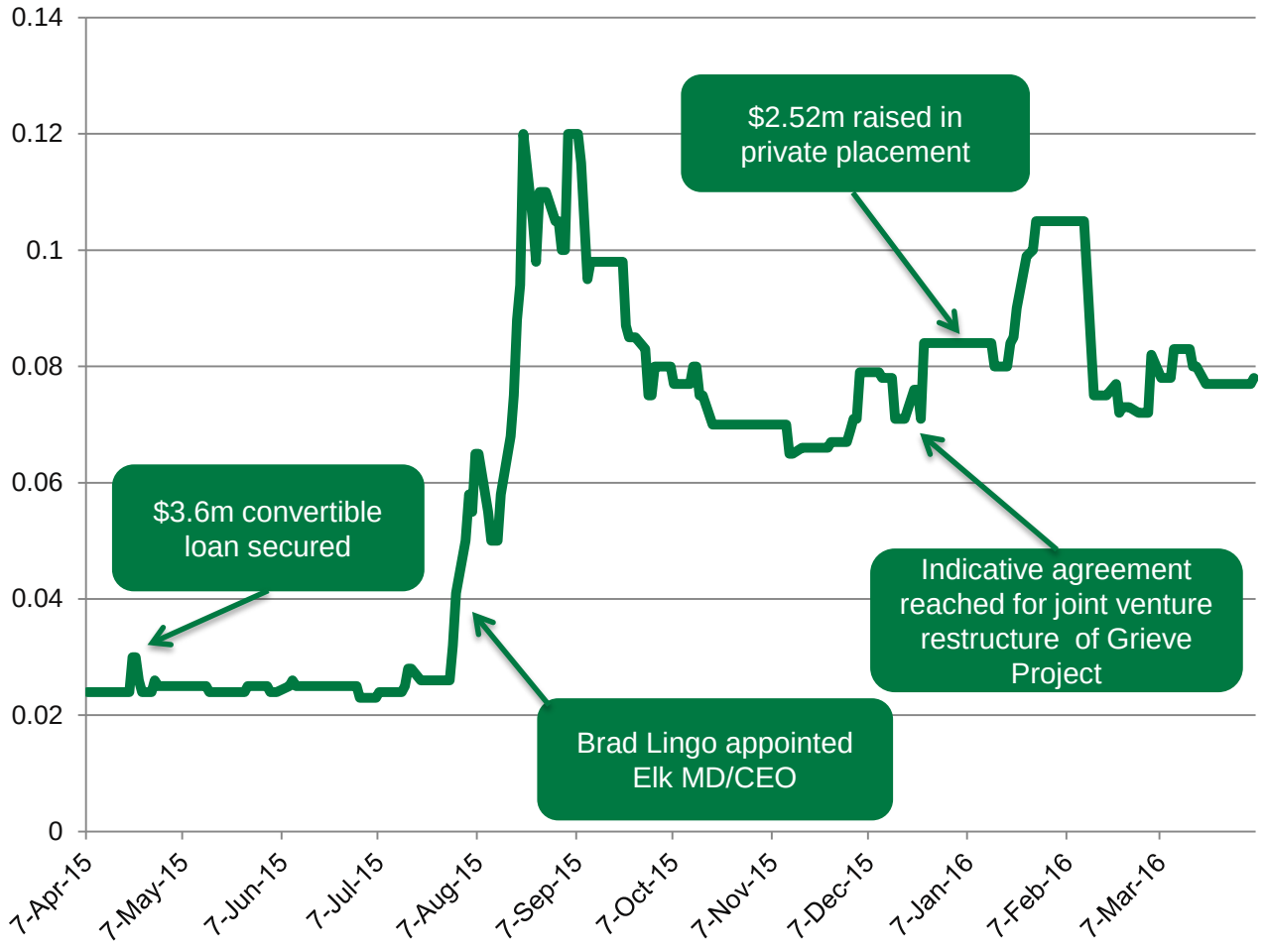
- The reserves and resources assessment follows the guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS).
- The Reserves and Contingent Resources in this announcement relating to the Grieve CO_2 EOR project, operated by Denbury Resources, is based 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.
- The information in this presentation that relates to Reserve and Contingent Resources estimates for the Grieve CO2 EOR project and the Contingent Resource estimates for the Singleton CO2 EOR project have been compiled or in the case of the Singleton CO2 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

The Investment Case

EOR Expertise	▪ Extensive experience and expertise in Enhanced Oil Recovery (EOR)
Existing Assets	▪ Existing US assets provide strong foundation for cash flow and growth
Core Area EOR Opportunities	▪ Significant further EOR project growth potential in core areas
Oil Price	▪ Current oil price environment presents unique opportunity for low cost EOR project accumulation
Global EOR Opportunities	▪ Significant opportunity to apply EOR in largely untapped areas outside of the USA
Strong Leadership	▪ Elk Petroleum has strong leadership with proven track record of value creation
Near-term Transformation	▪ Strong news flow pipeline to first oil across several projects - targeted for CY2017

Elk performance snapshot



Elk one-year share price chart 12-months ending 5 April 2016

Capital Structure

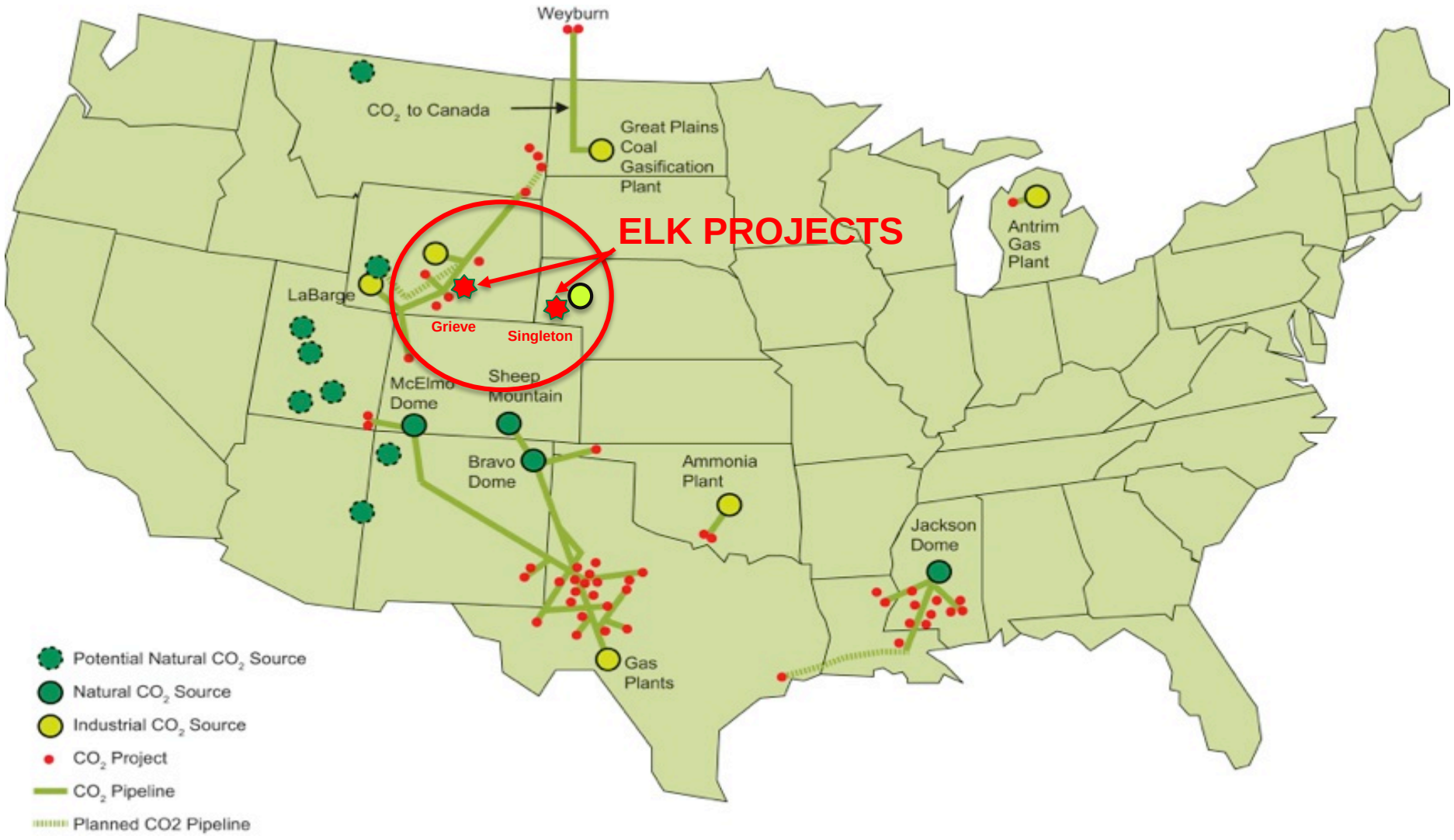
ASX code	ELK
Ordinary Shares / Fully Diluted	262.8m / 369.9m
52-week Low-High (A$ cps)	0.02-0.13
Market cap @ 7.5cps (fully diluted)	A$27.7m
Cash (11 April 2018)	~A$2m
Reserves + Resources (2P+2C)*	~9.3 mmbls

Reserves and Resources as set out in the Company's Quarterly Activities Report ASX Announcement of 29 January 2016.

Major shareholders

Robert Healy	25.23%
Begley Superannuation	11.52%
Republic Investment Management Pte. Ltd	10.89%
HSBC (Including Republic Investment Management)	9.9%
Board & Management	7.0%

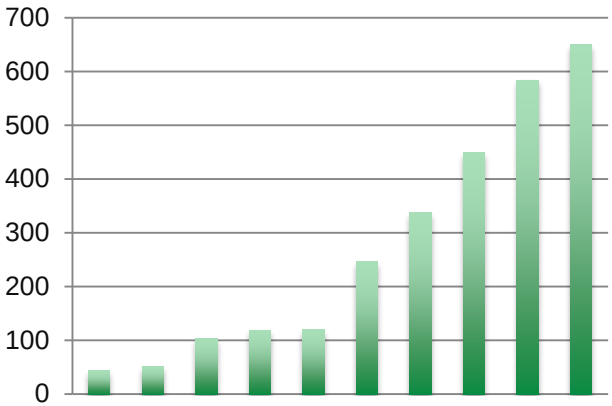
Where do we operate - Our Core US assets



Managing Director & Chief Executive

Brad Lingo

- Appointed 1 August 2015
- Former MD & CEO of Drillsearch Energy
  - 15-fold increase in market valuation / 8-fold increase in share price
  - Became Australia's 3rd largest onshore oil producer
  - Finance - successfully raised ~A$450m in equity and debt
  - Delivered 29 new conventional discoveries
  - Drilled 98 wells over 6-years with 73% success rate
  - Oversaw the production commencement of 12 new fields
- Expertise:
  - Proven upstream/midstream oil & gas company building track record
  - Business development, New Ventures, M&A and corporate finance
- Experience:
  - Tenneco Energy
  - El Paso Corporation
  - Sunshine Gas
  - Commonwealth Bank of Australia (SVP & Head of Oil & Gas)

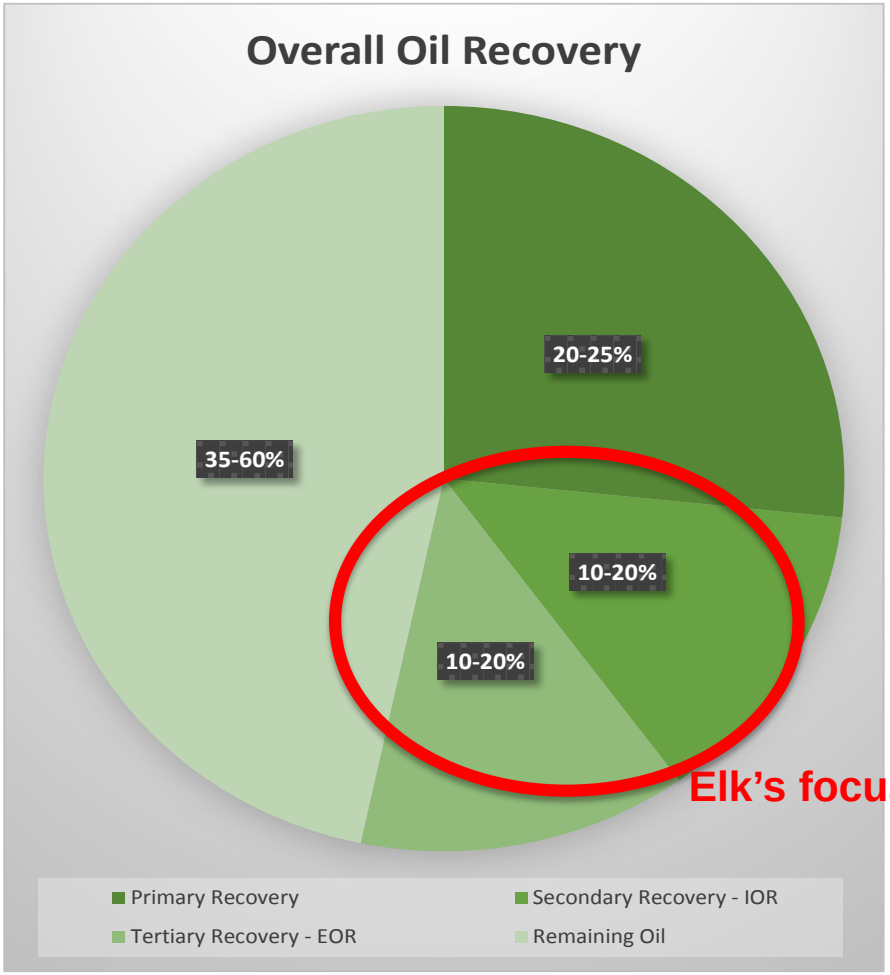


Market cap growth of Drillsearch from 2009 to 2014

What is EOR?

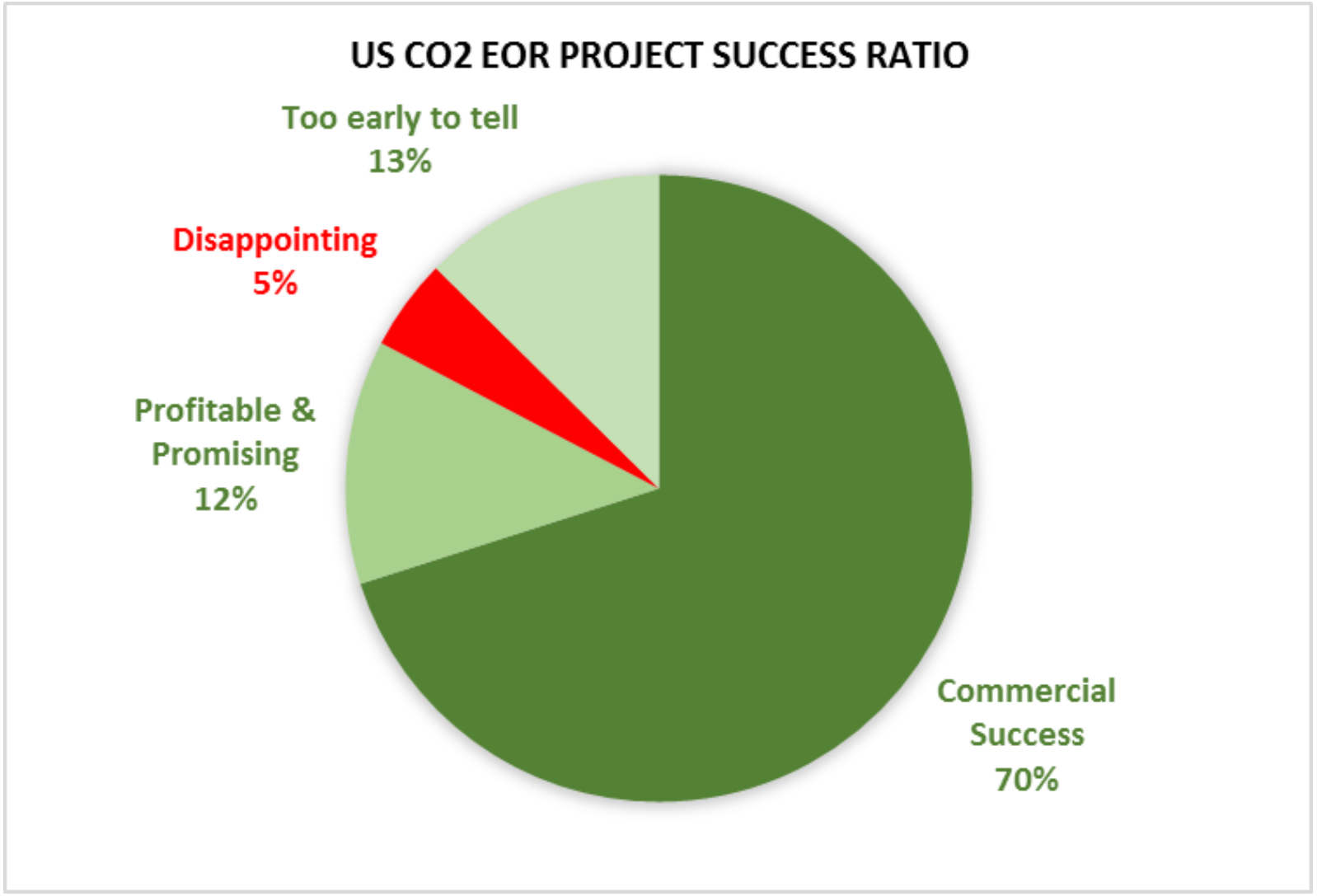
'For every barrel of oil extracted from oil fields in primary recovery phase, there remains 3-4 barrels of stranded oil left in the ground'

- Specialist secondary & tertiary method of oil recovery
- Can extract up to 40% more than primary recovery method
- Substantially increase overall oil recovery from & productive life of fields
- Proven approach successfully deployed for nearly 50 years
- Deliver attractive economics even in low oil price markets
- Used extensively in North America & Middle East
- Largely under-utilized in Australasia
- Widely implemented techniques include CO_2 injection



Source: Advances in Enhanced Oil Recovery Processes – Romero-Zeron – University of New Brunswick (2012)

Proven Approach in Proven Fairways – US CO_2 EOR Success Rate



Source: Oil & Gas Journal/Pennwell 2014 EOR Survey Report

CO_2 EOR – Wood MacKenzie's View

Wood Mackenzie
A Verisk Analytics Business

February 2015

Denbury Resources - US Gulf Coast

Enhanced oil recovery and the need for CO_2

Tertiary CO2 flood operations are low-risk projects that provide consistent, organic production growth. However, these projects require a large amount of upfront capital and multi-year planning before the first production response is experienced. Access to low-cost CO2 reserves and CO2 transportation pipelines are key to Denbury's strategic advantage. Denbury's CO2 source field is Jackson Dome, a Cretaceous-age buried volcano located in central Mississippi. Jackson Dome is the only natural source of CO2 in the Gulf Coast area, giving Denbury a monopoly on regional production of CO2. Natural sources of CO2 are preferable to anthropogenic sources because they produce at pressures suitable for pipeline transport and injection. Wood

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EOR's Competitive Advantage

'We can't control the oil price, so we have to focus on how much we get out of the ground and what it costs"

CO_2 EOR	Shale & Tight Oil
Conventional	Unconventional
No fracking required	Fracking essential
Low cost production: = <$15-25/bbl of recovered oil	High cost production = Avg. Shale Oil >$50-60/bbl
Low CAPEX per barrel	High CAPEX per barrel
High Recovery Factors = >50%-65% of OOIP	Low Recovery Factors = <5%-10% of OOIP
Low production decline rates = <10% per year	High production decline rates = >60%-90% over 3 years
Applicable to 1000s of existing proven conventional oil fields	Potentially applicable to many shale and tight oil rocks
Lower cost, Higher recoveries and Longer lasting	**Higher cost, Lower recoveries and Short-lived**
Source: http://fossilbayenergy.com/2015/01/28/replace-unconventional-shale-oil-production-with-portable-co2-eor-oil-production/	

CO2 EOR generates significant environmental benefits by using, capturing & storing substantial quantities of natural and man-made CO2 not realized in other oil & gas operations

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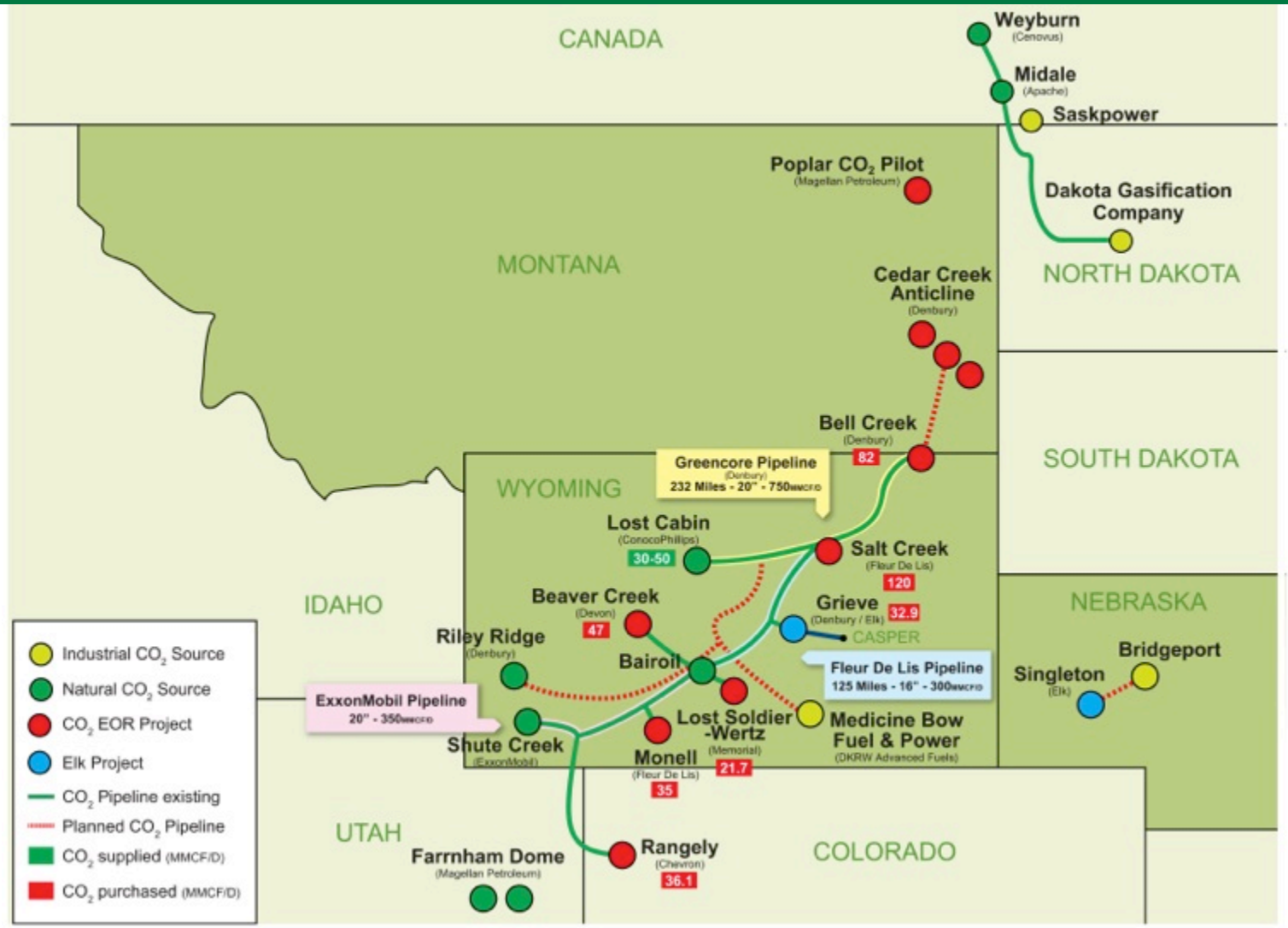
Source: http://foss	*13/01/28/replace-unconventional-shale-oil-production-with-portable-co2-eor-oil-production/*

CO_2 EOR Low Risk, Low Cost, High Recovery, Long Life Production

CO_2 EOR generates significant environmental benefits by using, capturing & storing substantial quantities of natural and man-made CO_2 not realized in other oil & gas operations

Proven Approach in Proven Fairways

Elk's Grieve Project is located in a region where there is high EOR activity



Grieve CO_2 EOR Project - Overview

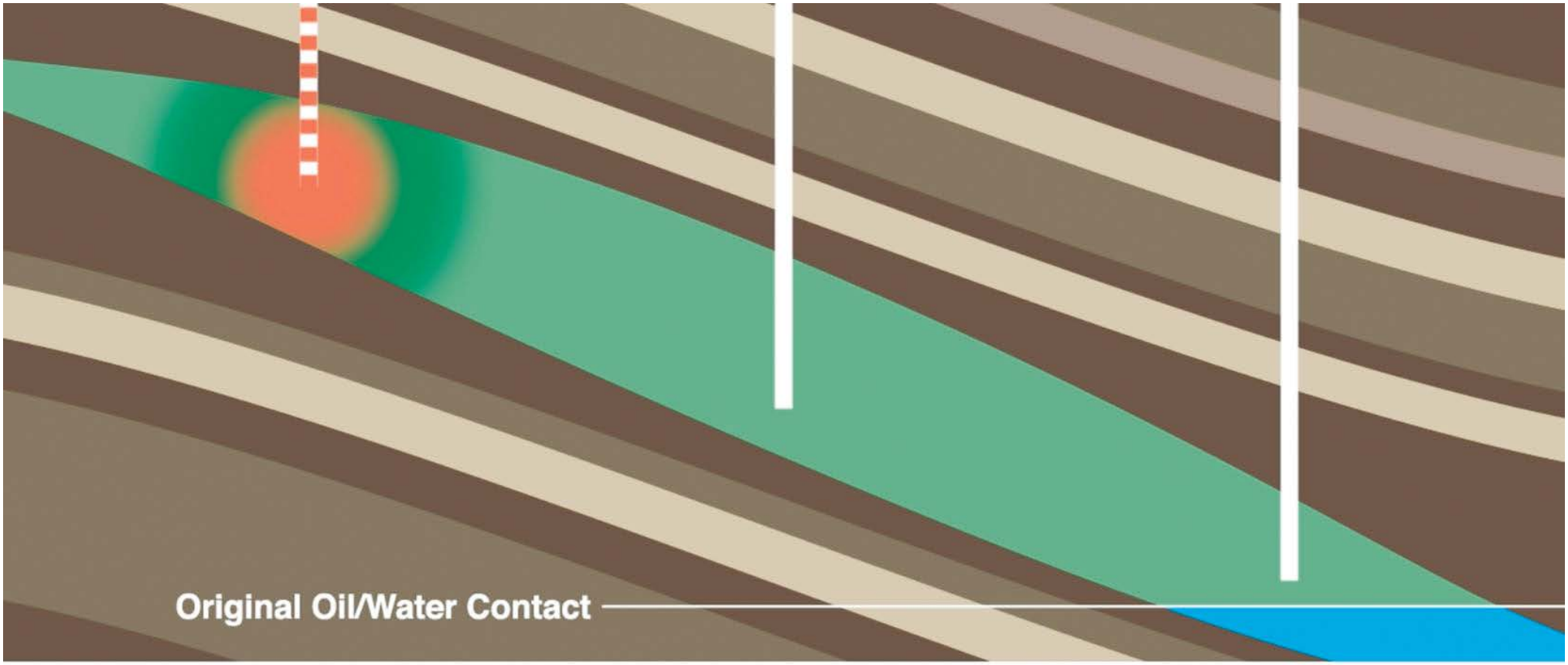
- Field easily accessible
- Project over 75% complete
- Agreement on JV restructure
- Material increase in reserves
- Significant cost savings and controls
- Outstanding F&D and operating costs
- Robust and financeable economics
- Strong look forward economics
- Compares favourably to other top tier projects
- New arrangements deliver superior share of project value
- Elk gets significant additional income from 100% owned oil export pipeline
- First oil scheduled for late 2017 / early 2018

Grieve CO_2 EOR Project Reserves & Resources

Scenario	Post JV Restructure (MMbbl)	
	Gross	**Net**
2P (Probable Reserves)	12.2	5.3
3P (Probable + Possible Reserves)	16.3	7.0
3C (Contingent Resources)	16.3	7.0

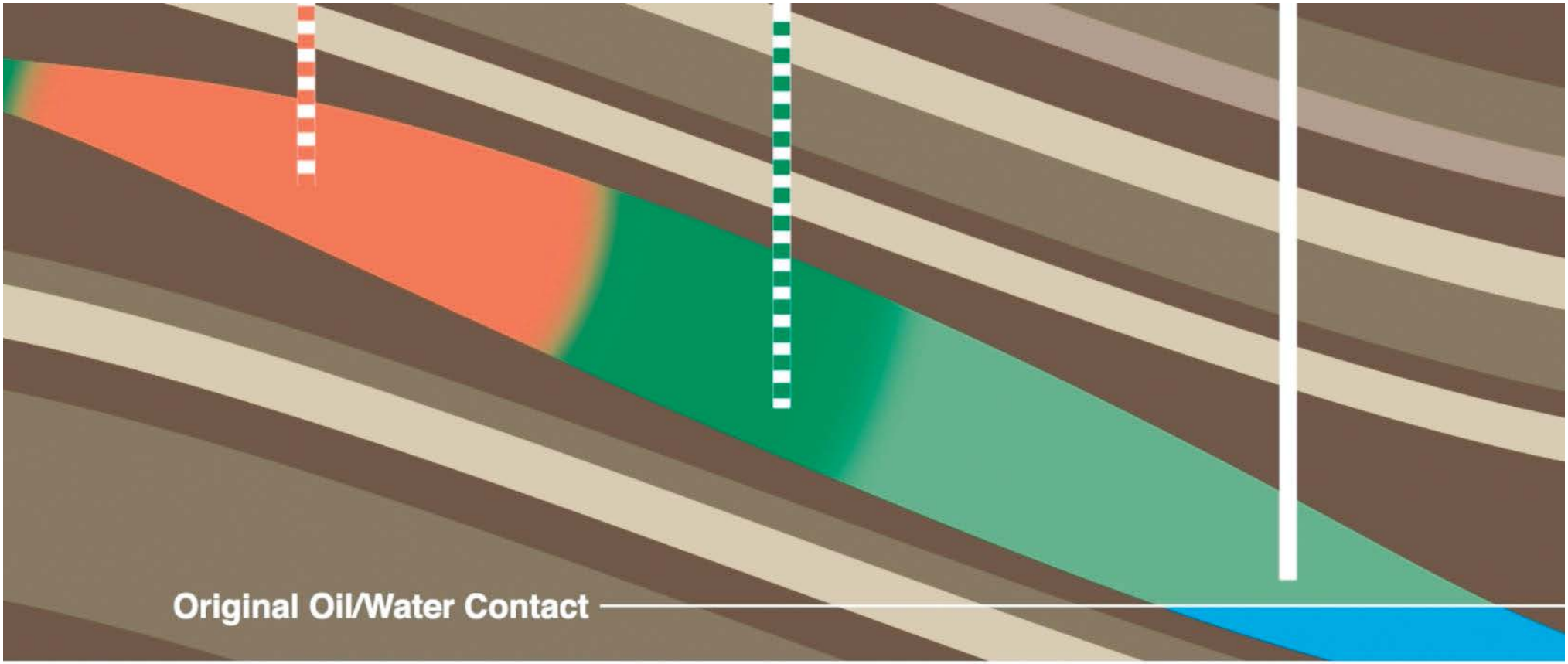
Refer to Elk announcement dated 21 December 2015 for further information in relation to the re-structure

Grieve CO_2 EOR Project – A Reservoir-level View



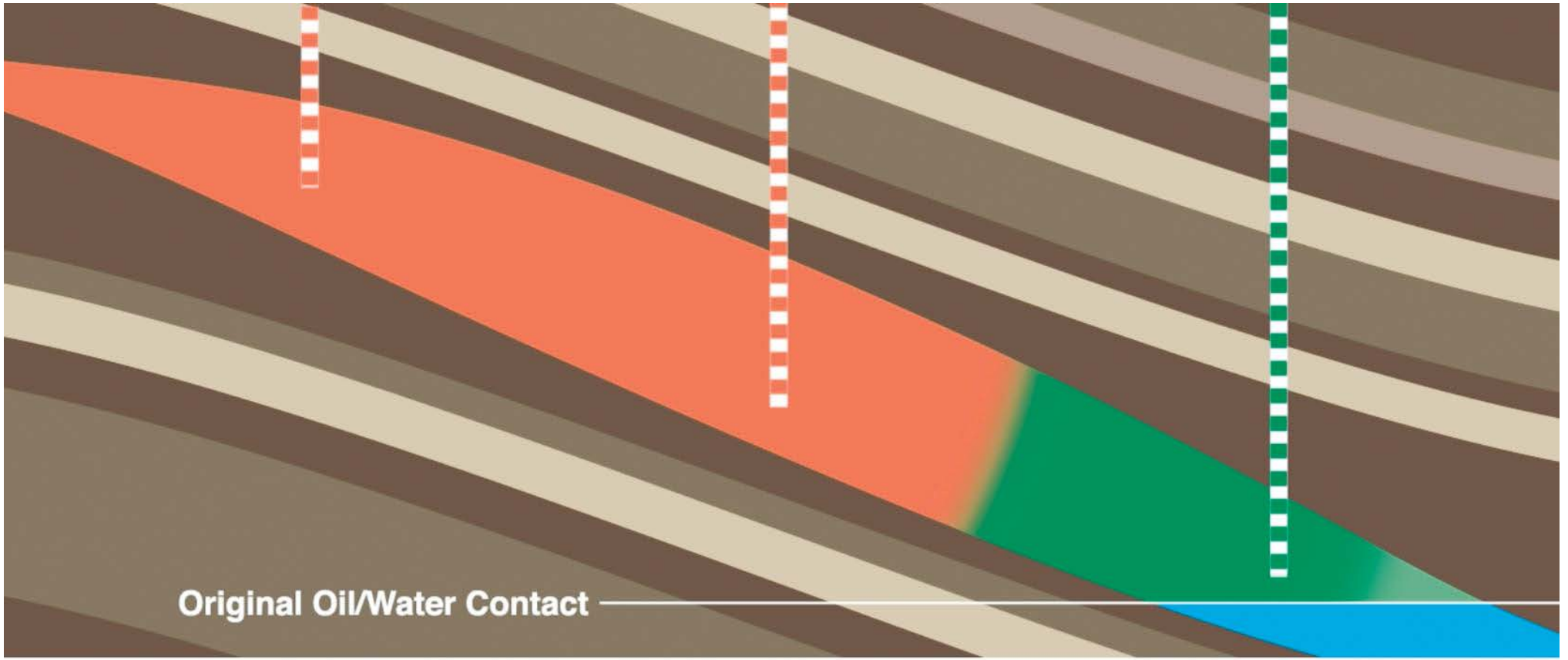
Residual oil and water left in the Muddy reservoir
after primary and secondary recoveries

Grieve CO_2 EOR Project – A Reservoir-level View



Injected high pressured CO_2 forms
a miscible phase with residual oil

Grieve CO_2 EOR Project – A Reservoir-level View



The CO_2-oil miscible phase is produced to surface and CO_2 advances down dip mixing with residual oil to form the miscible phase

Grieve CO_2 EOR Project – Where are we – progress to date

Work Completed

New injection and production wells	✓
In-field CO_2/water injection & oil production flow lines	✓
Power supply from local grid installed	✓
Site works and production manifold	✓
3-mile CO_2 supply line	✓
Crude oil export pipeline upgrade	✓

Reservoir repressurising

10+ million barrels water injected	✓
30+ BCF of CO_2 injected	✓
Est. 20 BCF of additional CO_2 required to achieve first oil	✓
Currently injecting CO_2 at 55-60 MMCFD	✓
Minimum Miscible Reservoir Pressure achieved & rising ahead of forecast	✓

Remaining Steps

Construction of oil processing & CO_2 recompression facilities	Commence H2 CY2016
Continue injection of water and CO_2 into Grieve field	Ongoing

FIRST OIL – TARGETED LATE 2017

Grieve CO_2 EOR Project – Where are we – progress to date

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In-field CO_2/water injection & oil production flow lines	✓
Power supply from local grid installed	✓
Site works and production manifold	✓
3-mile CO_2 supply line	✓
Crude oil export pipeline upgrade	✓

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Remaining Steps

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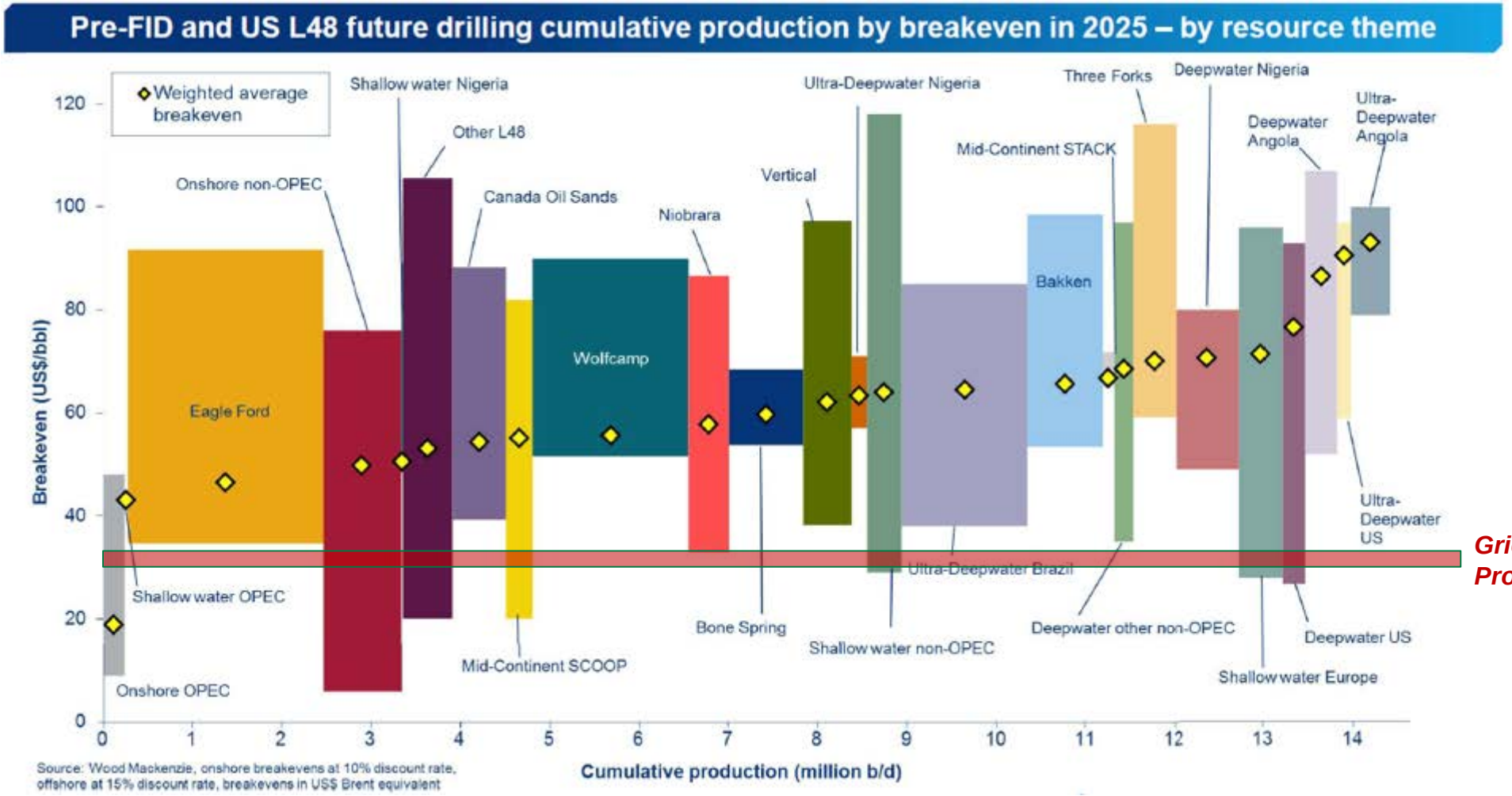
Grieve Project currently over 75% complete

FIRST OIL – TARGETED LATE 2017

Development Cost Comparison

The Grieve Project compares favourably to other tier 1 energy developments globally



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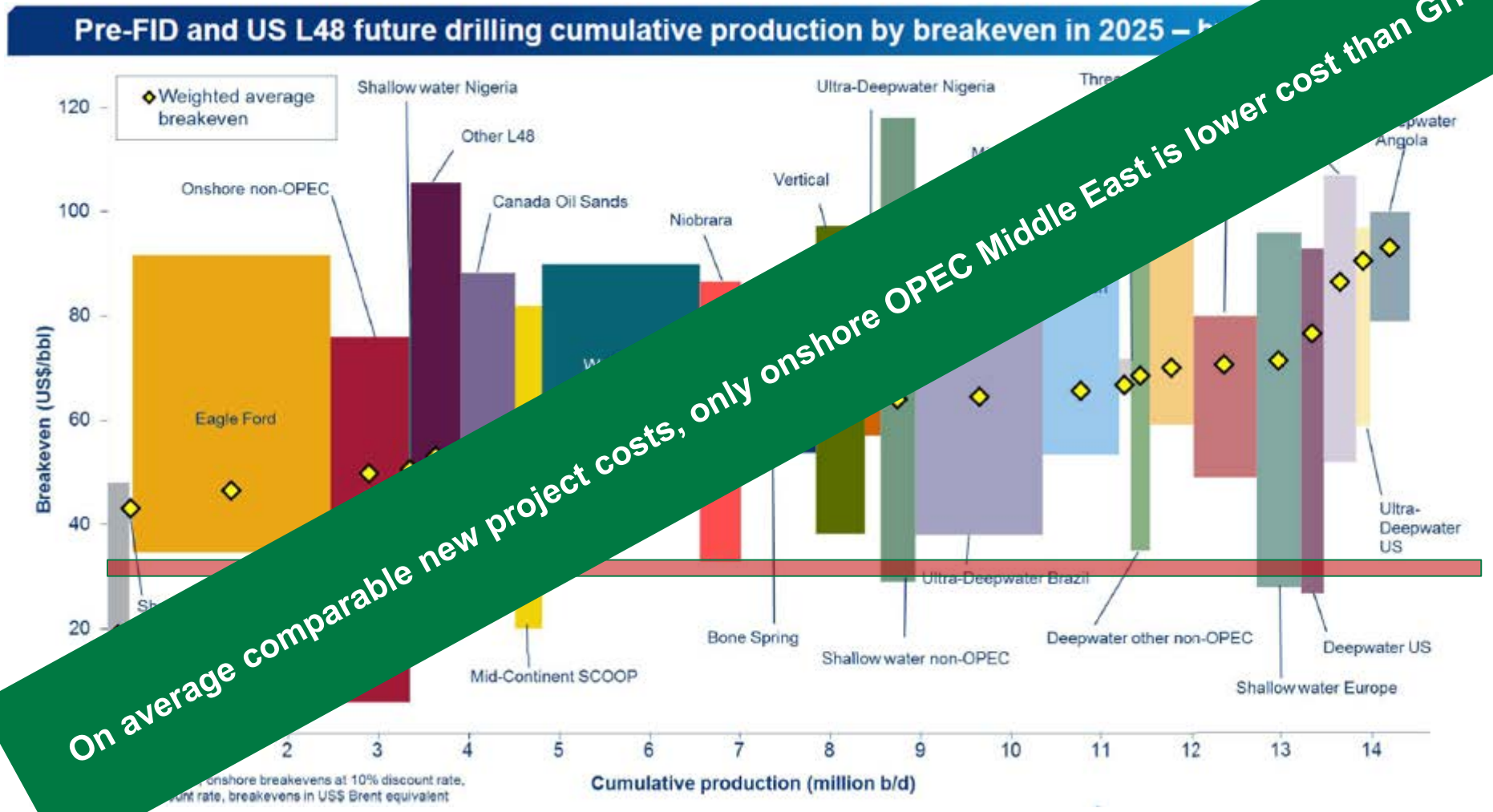
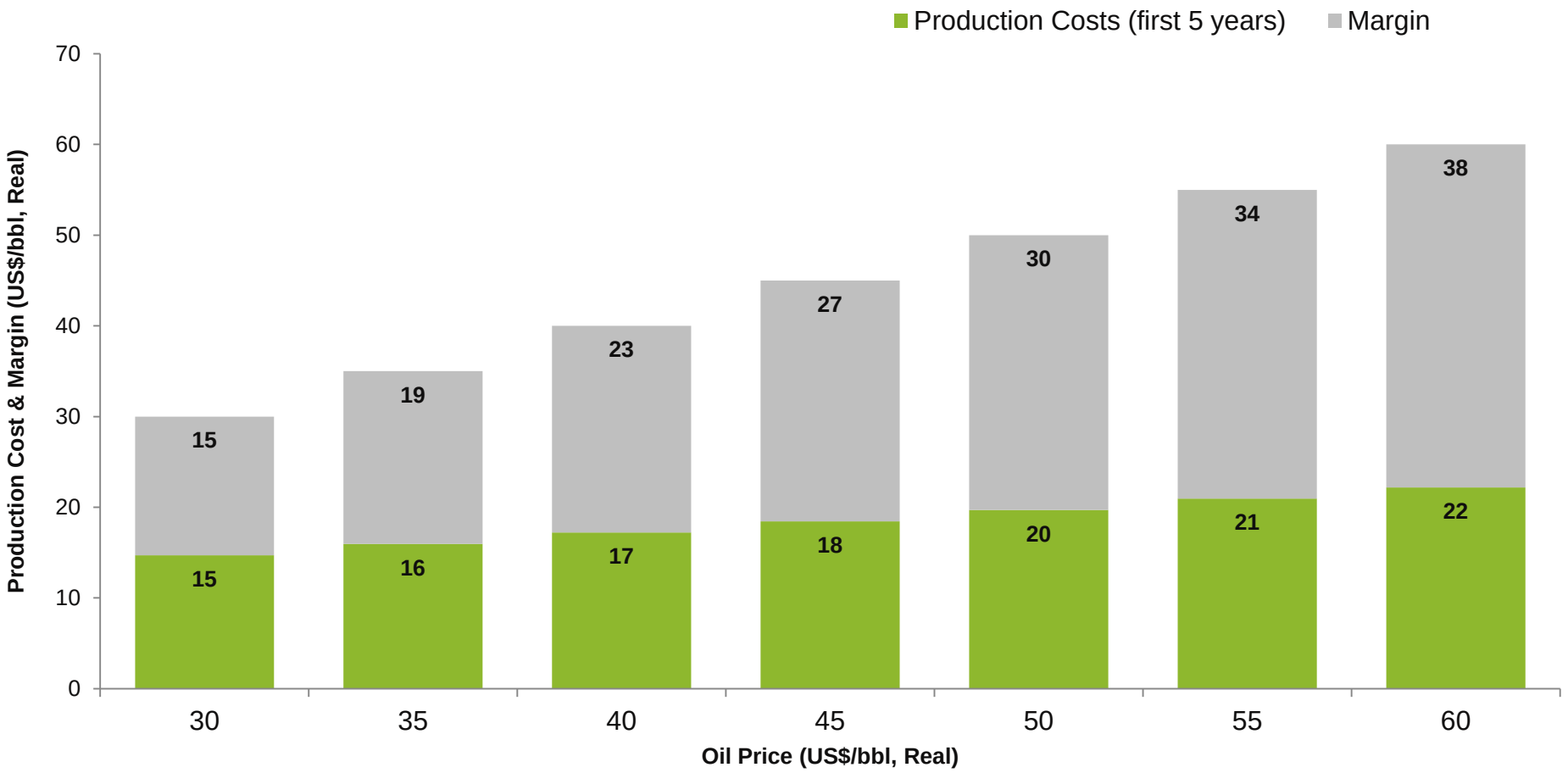


Production Cost & Margin

Production margins remain robust, even in low oil price conditions

Production Costs (Including Royalties) and Margin (US$/bbl, Real)(1)

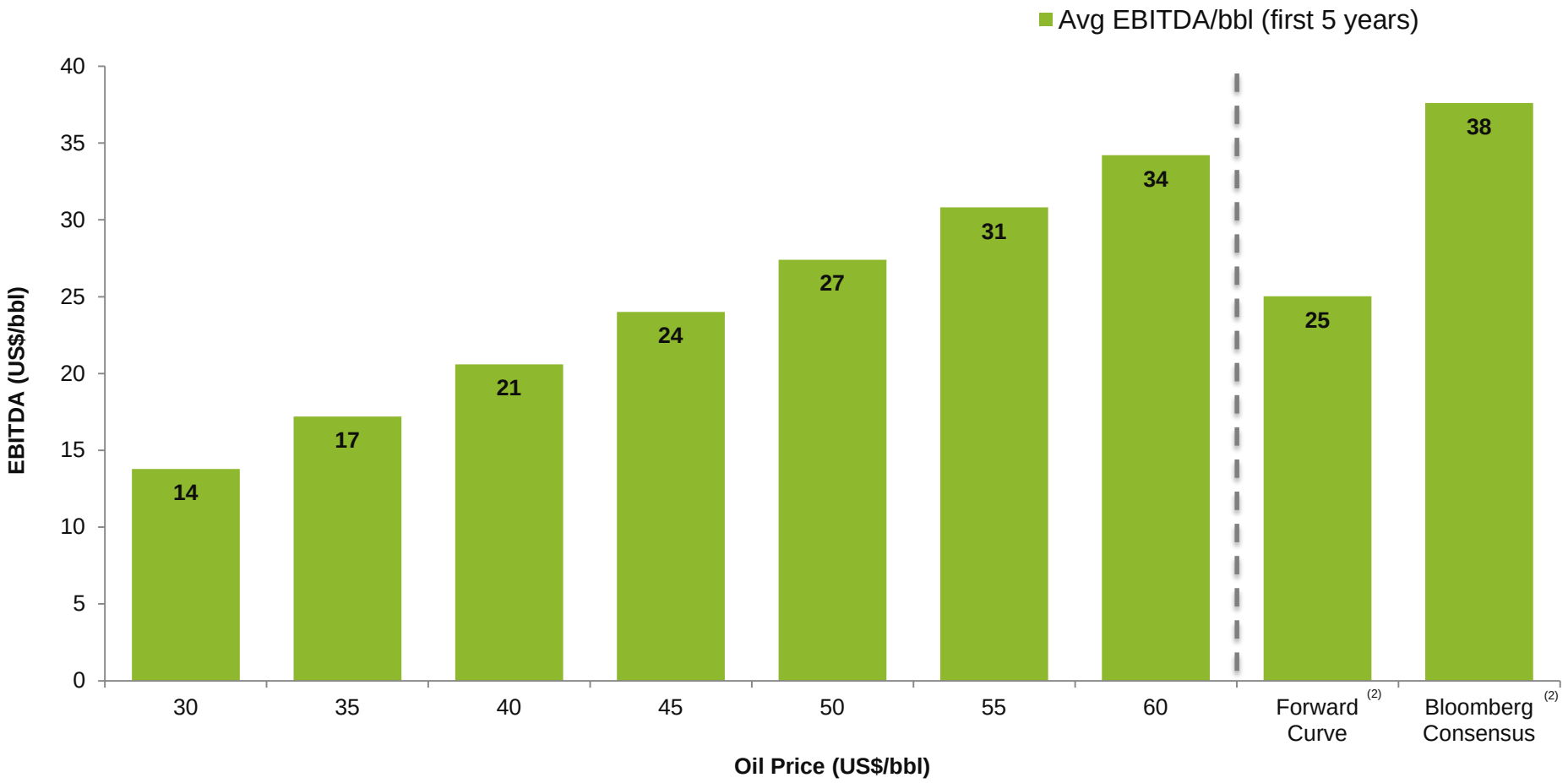


(1) Includes all Elk's share of the Grieve Oil Pipeline cash flows

Project Economics: EBITDA

Earnings remain positive, even in low oil price conditions

EBITDA/bbl, Including Royalties & Grieve Oil Pipeline (US$/bbl, Real)(1)

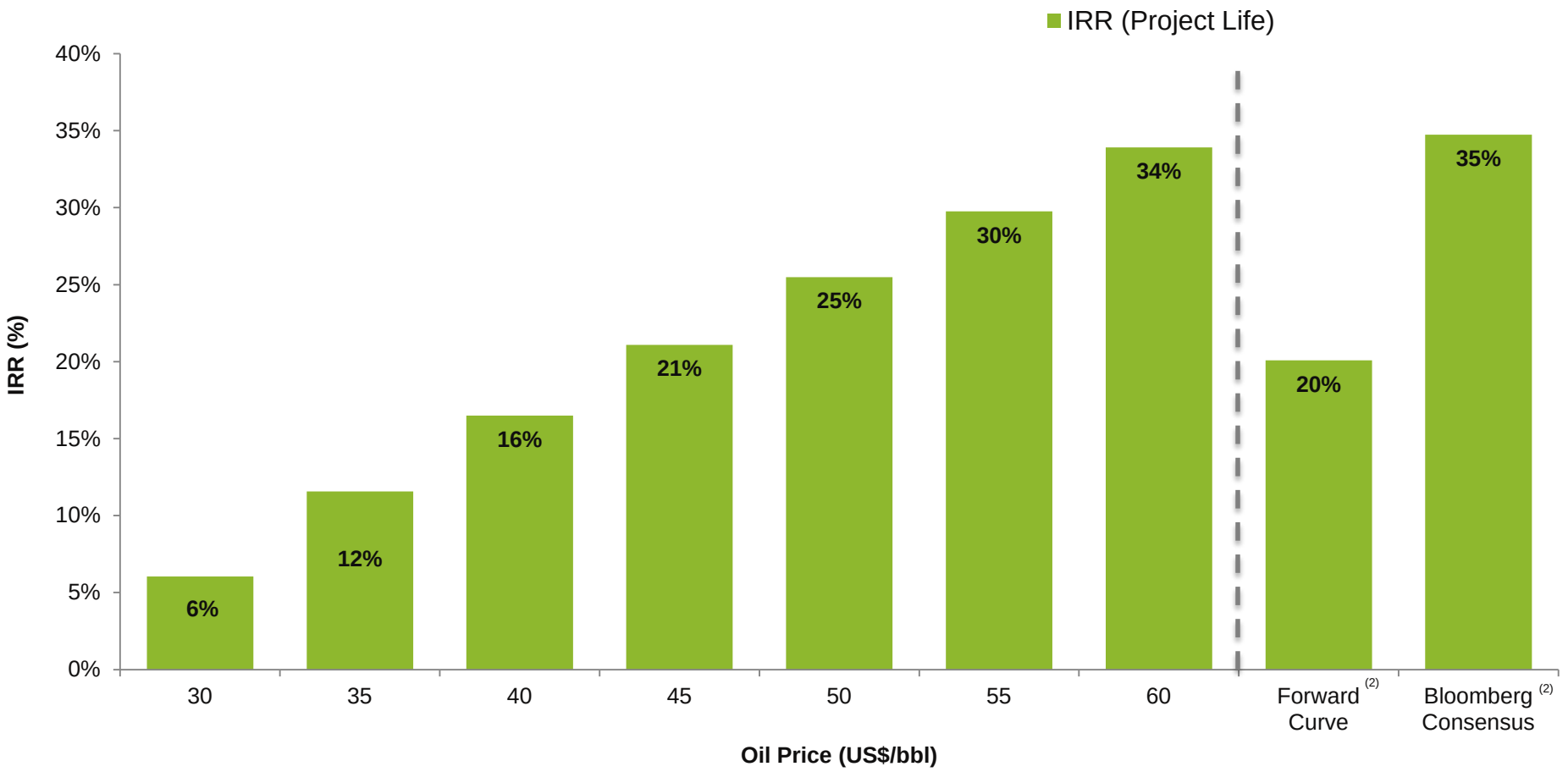


(1) Includes Elk's share of the Grieve Oil Pipeline cash flows
(2) Bloomberg (6 April 2016)

Project Economics: IRR

Elk is forecast to realise a positive IRR above US$30/bbl

IRR, Net to Elk (%, pre-tax, pre-finance, Nominal)[1]



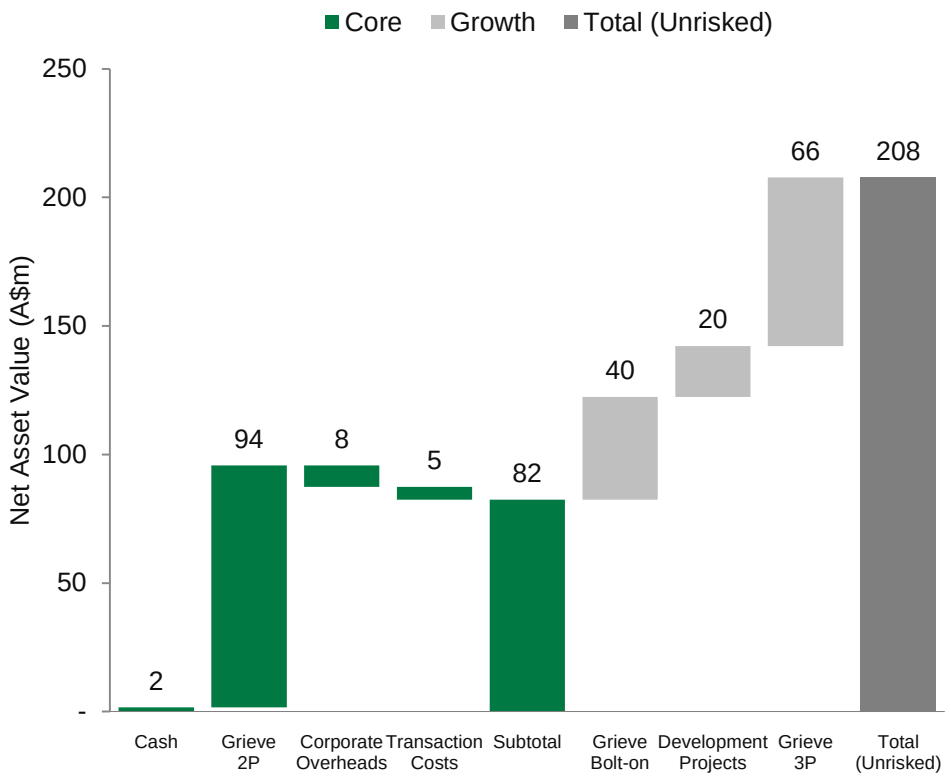
(1) Includes Elk's share of the Grieve Oil Pipeline cash flows
(2) Bloomberg (6 April 2016)

Indicative Valuation

The implied Elk 2P valuation ranges ~A$80m to ~A$210m NAV and between 22 to 56 A$cps

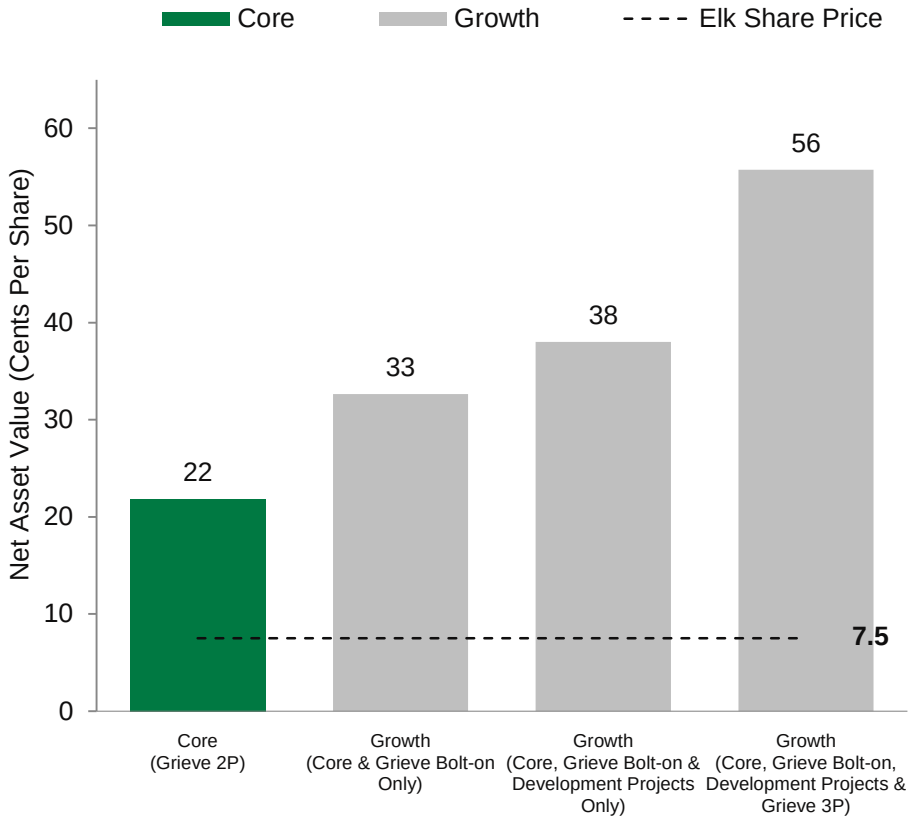
Elk Net Asset Value, Pre-tax (A$m)

Bloomberg Consensus Oil Price (6 April 16)



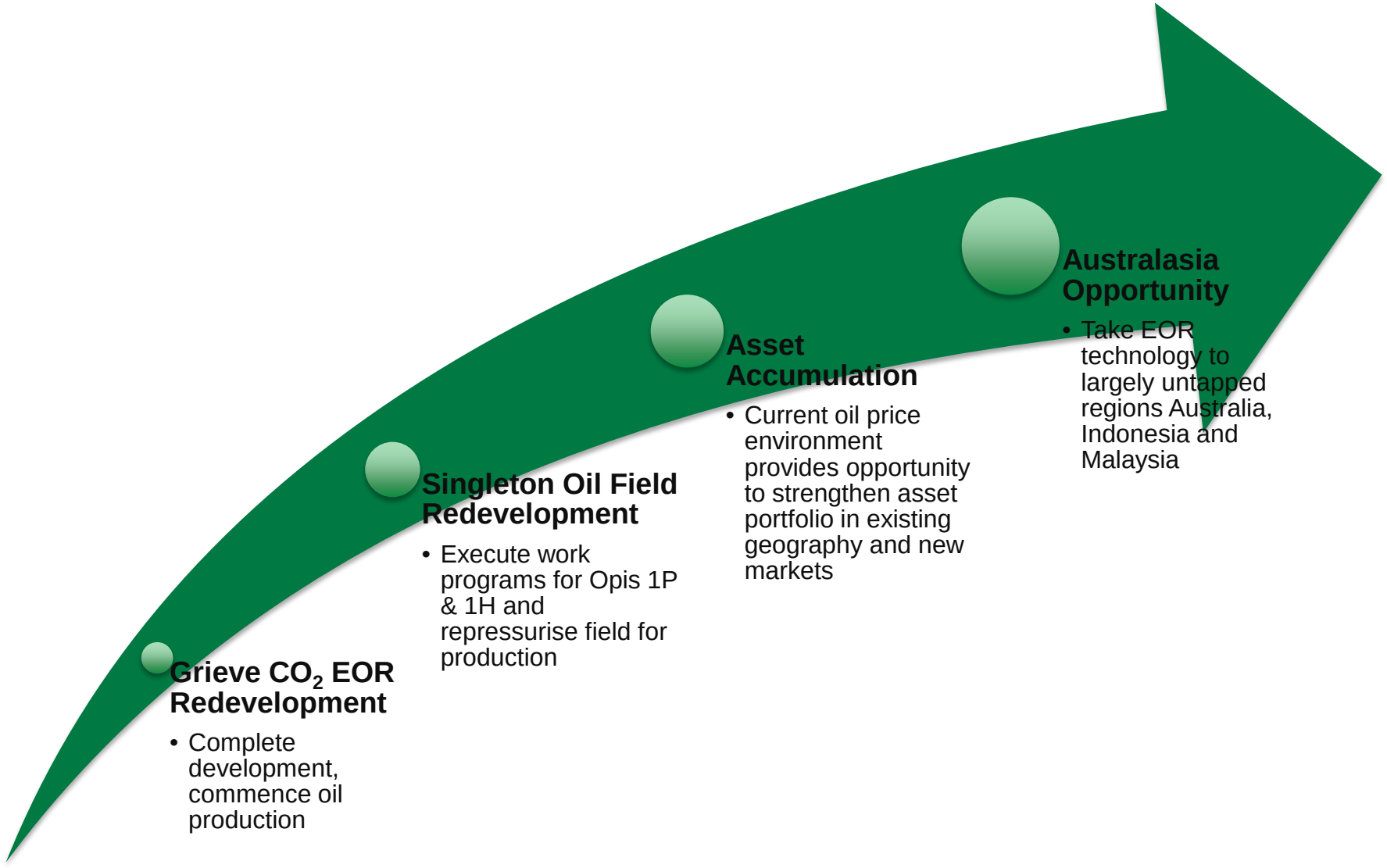
Elk Net Asset Value, Pre-Tax (A$ Cents per Share)[1]

Bloomberg Consensus Oil Price (6 April 16)



(1) 369.9m Elk shares on a diluted basis (post the conversion of the in -the money convertible notes 107.1m shares)
Source: Bloomberg (6 April 2016), AUD:USD exchange rate of 0.75

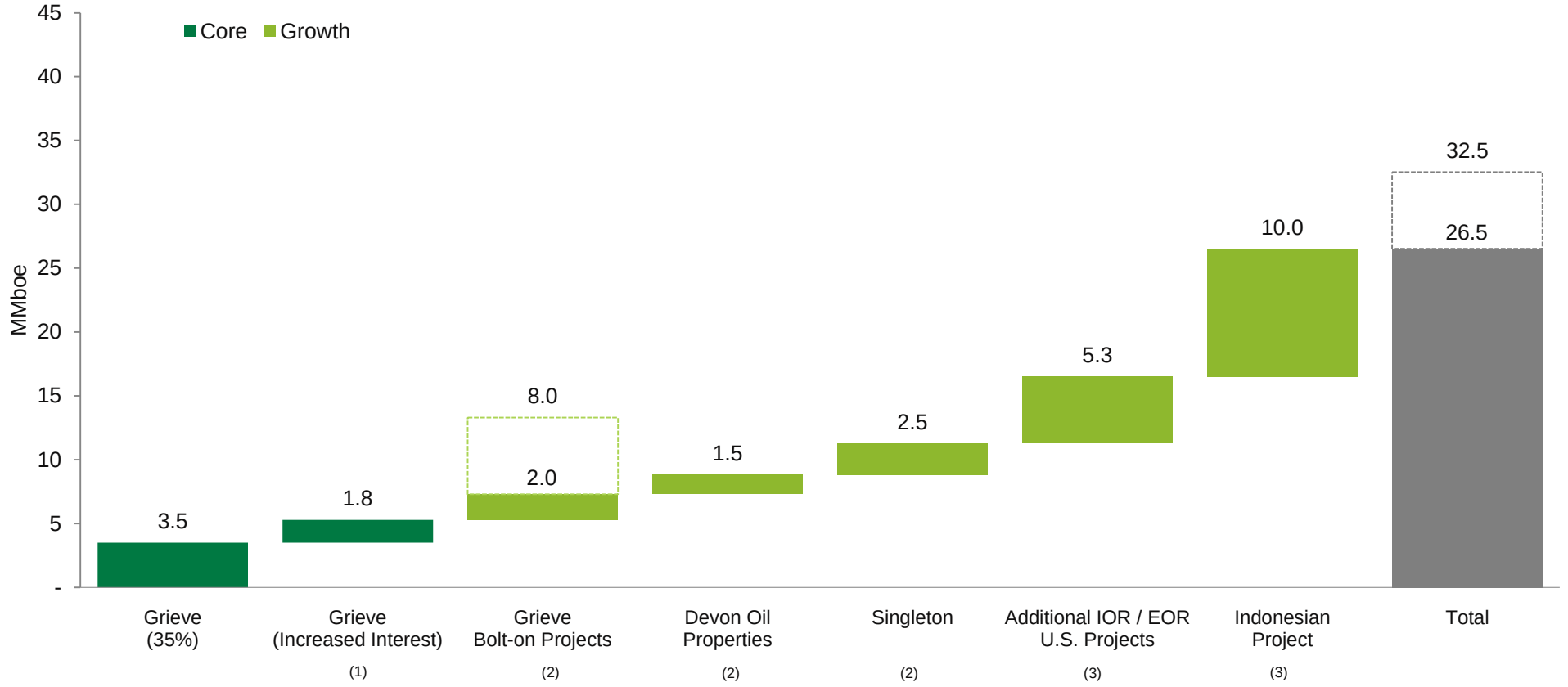
Value-add Strategy



Beyond Grieve: Elk Growth Potential

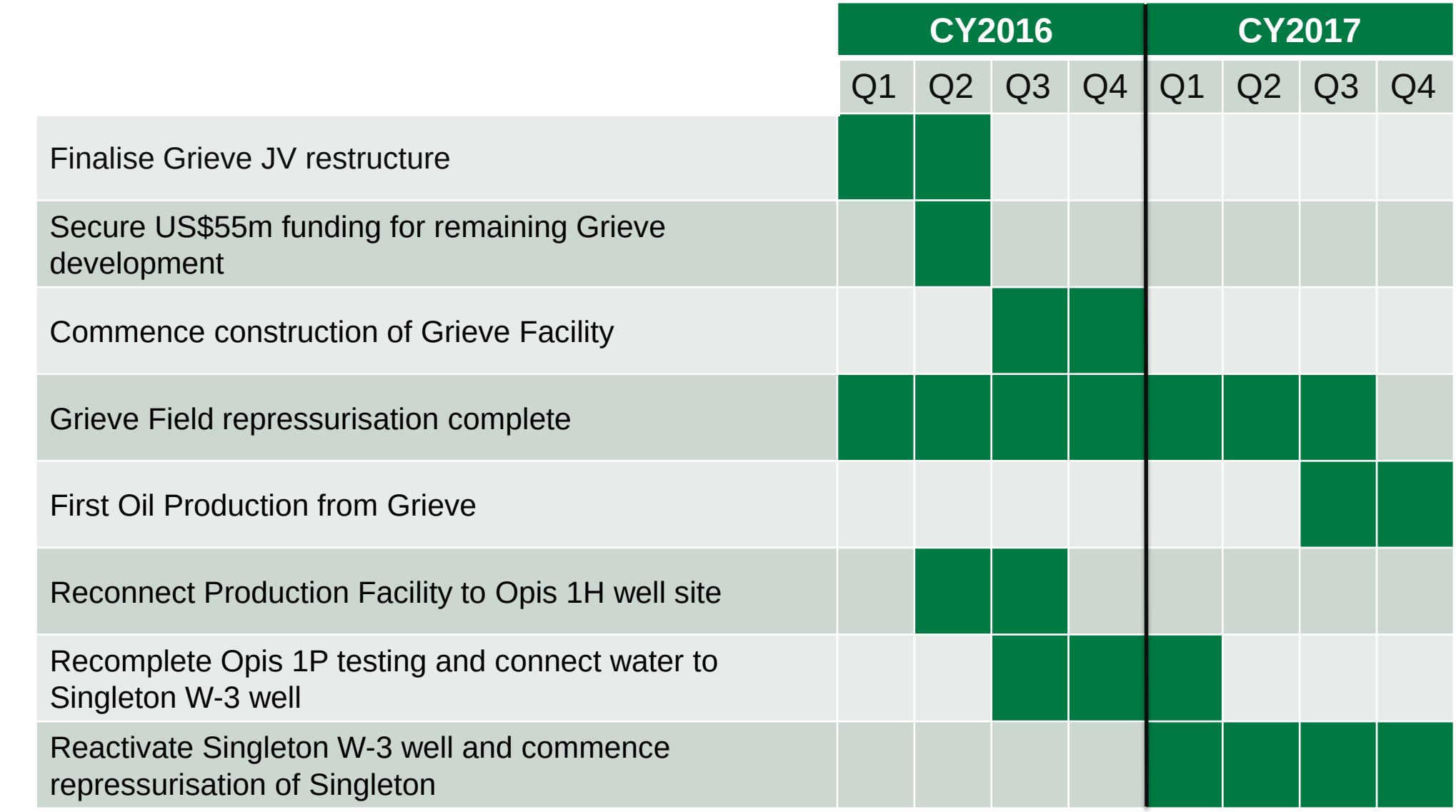
Elk has identified additional EOR opportunities that are achievable in the next 12 months

Potential 2P Volumes, Net to Elk



(1) Assuming an increased interest in Grieve reflecting current discussions with Denbury
(2) Assuming conversion of 2C resources into 2P reserves
(3) On the basis of initial exploratory engagement
Note: Volumes shown are rounded to 1 decimal place

When will it happen? Activity Pipeline



Key Takeaways – Investing in Elk

- Only ASX-listed oil company focussed on enhanced oil recovery (EOR)
- Pipeline of high-quality projects ranging from early stage to late stage nearing completion
- Main projects are in the prolific Northern Rocky Mountain Oil Fairway in the states of Wyoming, Montana & Nebraska, USA
- Company's flagship EOR Project – the Grieve Project – is over 75% complete and will commence production late 2017/early 2018
- To deliver the Grieve Project, ELK has partnered with Denbury Resources, North America's leading EOR oil production company
- Under new partnership arrangements Denbury is guaranteeing both cost and time for completion, and project start-up
- ELK has agreed to fund the US$55m – the last 30% of CAPEX – in return for 60% of the profits & 49% of the equity
- Significant annuity revenue to Elk from 100%-owned Grieve Oil Pipeline
- Annual EBITDA for first 5-years averages US$15-25 million
- Grieve Project is repeatable and ELK has already identified additional projects with 20 miles of the Grieve Project supporting additional growth
- Grieve Project funding will come from combination of senior and mezzanine debt and new equity capital funding

Grieve Project Economics	
Project life	20 years
Capex invested to date	US$120m
Remaining capex spend	US$55m
Development cost (/bbl)	US$7-10
Operating cost (/bbl)	US$14
Profit margin (/bbl)	US$27-39
Annual EBITDA (first 5 years)	US$15-25m
Total projected revenue*	US$240-320m

**forecast Elk net revenue over 20 year project life*

ELK PETROLEUM

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