

1 June 2016

## **ELK MANDATES FINANCIER FOR GRIEVE PROJECT SENIOR LOAN FACILITY**

- **Financier mandated for providing Grieve Project debt financing**
- **Loan facility initial availability in excess of US\$55,000,000**
- **Final loan approvals expected within 2 weeks**
- **Loan financing closing targeted for 30 June 2016**

Elk Petroleum Ltd (ASX: ELK) ("Elk" or the "Company") is pleased to advise it has mandated the credit arm of a premier global asset management firm to provide a senior loan facility to fund the restructure of the Grieve CO<sub>2</sub> Enhanced Oil Recovery (EOR) Project ("Grieve Project") Joint Venture ("Grieve JV").

As previously notified on 27 May 2016, Elk has agreed the terms for restructuring the Grieve Project JV and the funding arrangements for the development of the Grieve Project. Under the terms for the restructuring of the Grieve Project JV, Elk is to provide US\$55 million – the final 1/3 of capex – necessary to complete the development of the Grieve Project. This funding requirement remains subject to execution of the Definitive Transaction Documents with the Grieve Project Operator, Denbury Resources and Elk completing securing funding necessary under the Grieve Project restructuring.

The mandated lender is the credit arm of a premier global asset management firm with a Houston-based oil and gas lending team, highly experienced in financing US CO<sub>2</sub> EOR projects including those developed and operated by Denbury. The terms of the mandate letter executed provide for senior secured loan facilities of US\$55 million for direct Grieve Project development funding plus additional facility amounts to cover hedging and other associated Grieve Project restructuring transaction costs. While the financier has conducted a significant technical review already, the mandate is subject to customary terms and conditions as well as final credit and other internal approvals. The financier has indicated that these approvals should be received within the next two weeks.

Elk Managing Director, Mr. Lingo commented: "We have received strong interest and support from both debt and equity financiers for the Grieve Project and the restructure of the Grieve JV with Denbury Resources. We are very pleased to have mandated a financier for the senior secured loan facility from a shortlist who tabled detailed proposals and term sheets. It has been a highly competitive process and the quantum of the facility demonstrates the outstanding

technical and economic attributes of the Grieve Project while providing the Company with all funds necessary to complete the Grieve Project and progress to first oil.”

Elk is being advised by Miro Advisors for the mandated senior loan facility.

**For further information, please contact:**

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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 CO<sub>2</sub>-based EOR project at the Singleton oil field in Nebraska (Elk – 100% WI & operator).

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