





HIGHLIGHTS

KEY MILESTONE REACHED IN GRIEVE CO₂ EOR PROJECT DEVELOPMENT

- Minimum miscible pressure of 2,256 PSI achieved through consistent injection of water and CO₂
- Latest downhole surveys show pressures have reached 2480 PSI and at current injection rates, Grieve Oil Field could reach full repressurisation ahead of schedule
- Achievement of milestone prepares Grieve Project for successful commencement of oil production

JOINT VENTURE RESTRUCTURE OF GRIEVE CO₂ EOR PROJECT ADVANCES

- Key commercial terms and final binding documentation of related agreements with Denbury Resources nearing completion
- Deadline for completing definitive documentation extended to 31 May 2016

FINANCIAL POSITION BOLSTERED THROUGH PRIVATE PLACEMENTS

- Total of \$3.52 million (before costs) secured through two separate, strongly supported private placements
- Competitive process ongoing to secure US\$55 million in funding required for Grieve Project JV restructuring
- Discussions with prospective debt providers well advanced towards securing significant funding for Grieve Project JV restructuring





During the March 2016 quarter, the development of the Grieve CO₂ EOR Project reached a major milestone that prepares it for the successful commencement of oil production. Minimum miscible pressure (MMP) – a critical factor in the development of EOR projects - was achieved, indicating that the repressuring of the Grieve Field is progressing as planned.

In addition, the Company's cash position continued to strengthen with the successful completion of two private placements, while substantial progress was made on the restructure of the Grieve Project Joint Venture.

KEY MILESTONE ACHIEVED IN GRIEVE CO₂ EOR PROJECT DEVELOPMENT

Currently, development of the Grieve Project is more than 75% complete.

During the reporting period, operator Denbury Resources Inc. advised that the estimated minimum miscible pressure had been achieved in the development of the Grieve CO₂ Enhanced Oil Recovery (EOR) Project. This is a major milestone for the Project and key to a successful CO₂ EOR project.

Latest field downhole pressure surveys by Denbury show that the repressuring of the Grieve Oil Field has reached MMP following the sustained injection of CO₂ (supplied by Denbury) and water. Since mid-2015, CO₂ and water have been injected into the field and over the last several months CO₂ injection rates have been averaging 55-60 mmscf/day. To date approximately 30 BCF of CO₂ has been injected into the Grieve Oil Field. The latest field downhole pressure survey completed in late March 2016 showed the Grieve

Oil Field pressures are now 2,480 PSI, above the estimated MMP of 2,256 PSI. The survey also indicates that the field continues to build pressure in-line with the injection of CO₂ and water. The repressurization of the field is currently ahead of schedule. Elk believes that based on the current CO₂ injection plan, full repressurization of the field could be achieved ahead of the original full field repressurization forecast of August 2017.

The redevelopment plan for the Grieve Oil Field is based on restoring the field's original pre-production reservoir pressure of approximately 3,000-3,100 PSI before commencing production. This will restore the production wells to a free flowing condition, eliminating the need to install artificial lift pumping to produce the oil to surface, reducing production well capital and operating expenditures. Under the proposed development plan, all of the CO₂ produced is recycled back into the field to recover more of the remaining oil.





GRIEVE PROJECT JOINT VENTURE RESTRUCTURE

During the reporting period, substantial progress was made on the restructure of the Joint Venture of the Grieve CO₂ EOR Project. Elk currently holds a 35% working interest in Grieve with Denbury, which as operator, holds the remaining 65% interest.

Under the new terms of the joint venture, Elk's interest in the Grieve Oil Project will increase to 49% working interest with Elk also receiving an average 70% of the first 2 million barrels of oil production from the project. Denbury will remain the operator of the project. Elk will secure this increased interest in the project through funding US\$55 million - the final 30% of cash capital funding required to complete the project - in return for Denbury agreeing to a fixed cost and schedule for completion of the project and making further capital contributions through supplying all the required CO₂ needed to complete and operate the project.

Final documentation of the Grieve Project JV restructure is close to completion. During the period, significant progress has been made in negotiating the main binding agreements implementing the JV restructure. Based on this progress, the Company expects all the main agreements necessary

to implement the Grieve Project JV restructure will be agreed to shortly, with a view to completing the definitive documentation and financing by 31 May 2016.

JV CONTRIBUTIONS / PAYMENTS TO COMMENCE

Upon reaching agreement with Denbury on the main project agreements, the Company will commence funding the Grieve Project JV restructure. Initial funding of the Grieve Project JV restructure will be made through making payments of US\$500,000 per month towards the US\$55 million restructuring cost. The Company anticipates making an initial payment of US\$ 1 million towards the Grieve Project JV restructure in early May 2016 prior to completing full financial closing of the restructuring, with the full financing anticipated to be completed by the end of May 2016. This initial funding is being made towards the Grieve Oil Field development work program in order to maintain the overall project delivery schedule. All payments provided by Elk prior to completing full closing of the project and financing will be credited against the US\$55 million fixed cost to completion provided for the Grieve Project JV restructuring.

GRIEVE PROJECT FINANCING

Elk has made substantial progress towards securing the debt and equity capital necessary to fund its contractual share of Grieve.

As previously advised, Elk has engaged Miro Advisors to assist with negotiating the Grieve JV restructure and to assist with the required financing. To further assist with this effort, during the reporting period, Elk entered into an agreement and term sheet with Durham Capital Corporation to arrange a US\$30-35 million senior secured field development financing facility. During the March Quarter, Elk and its advisors have been conducting a competitive process involving a number of experienced bank and non-bank senior and mezzanine debt funding providers. The Company is working with several of these parties aiming to secure up to US\$50 million of secured project debt financing. Since the end of the March Quarter, discussions

with several of these parties has reached an advanced stage with a view that the Company will secure a binding financing commitment by early May 2016 and agree and close a senior project debt facility for the Grieve Project JV by the end of May 2016.

In addition, Elk is also working with Republic Investment Management, one of Elk's largest shareholders and lenders under the current April 2015 Convertible Loans to secure additional equity funding from new investors to provide the balance of the US\$55 million Grieve funding requirement. The Company, Miro and Republic are encouraged with the progress of discussions to date, with documentation underway and the expectation that the majority of funds will be sourced from institutional investors and high net worth family companies.



CROW TRIBE DISPUTE UPDATE

During the period, the Company was advised of an update relating to the Montana permit dispute (Indian Mineral Development Act Agreement (IMDAA)) with the Crow Tribe. As advised in March 2014, Elk filed a Complaint seeking Declaratory Relief in the dispute and the matter, after being pursued through a number of judicial bodies established to deal with such matters through the Bureau of Indian Affairs (BIA), was heard by a US District Court in Montana at Elk's request. The Crow Tribe filed an Answer and Counterclaim to Elk's Complaint for Declaratory Relief in February 2015 and Elk's attorney responded to this Counterclaim. This matter and Elk's rejection of this claim has been noted in the Company's accounts over a number of years.

As advised on 23 February 2016, Elk was advised that the US District Court in Montana has denied Elk's motions and issued a decision in favour of the Crow Tribe, including that Elk is liable for payments under the IMDAA and owes BIA US\$869,177. Since this time Elk has reached agreement of the settlement of this judgement and the Company and the BIA are finalising a settlement agreement pursuant to which the Company will pay the Crow Tribe the full amount of the judgement in 20 installments of \$43,458.85 per month starting on 1 June 2016.

FINANCE

The Company's closing cash position as at 31 March 2016 was A\$2.116 million.

In January 2016, Elk raised A\$2.52 million (before costs) in an oversubscribed private placement to professional and sophisticated investors. Approximately 40 million fully paid ordinary shares at \$0.063 each were issued. Taylor Collison acted as the Lead Manager to the placement.

Subsequent to the reporting period (on 1 April 2016), two major financial transactions have been completed.

First, Elk completed a \$1 million (before costs) private placement to a sophisticated investor new to the Company's register. The placement comprised of approximately 13.3 million shares priced at \$0.075 per share, with an option to subscribe for a further 1,333,333 shares in the Company at an exercise price of \$0.075 on or before 31 March 2018. Funds raised provide Elk with additional capital to fund initial

development activities associated with the Grieve CO₂ EOR Project and the restructuring of the Grieve Joint Venture.

Second, on 15 April 2016, the lenders under the A\$3.6 million Convertible Loan Facility entered into 15 April 2015 gave notice of their election to convert the full principal amount and accrued interest of A\$4,071,538.26 under the facility into Elk newly issued shares at an exercise price of A\$0.038 per share. Following the exercise of the conversion option under the Convertible Loan Facility, the Company issued to the Convertible Loan lenders 107,145,743 new ordinary shares in full repayment of the loan. Following the issuance of these shares the Company had 384,149,643 on issue.

With the conversion of the Convertible Loan Facility and the issuance of new shares in repayment of these loans, the Company has remaining equity placement capacity of 26,332,771 shares.



COMPETENT PERSONS STATEMENT

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 report relating to the Grieve CO₂ EOR Project, operated by Denbury Resources, is based on an independent review and audit conducted by VSO 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 VSO 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.

VSO Petroleum Consultants, Inc. was formally known as Pressler Petroleum Consultants, Inc. The Company would like to note that it has not changed the independent petroleum consultant used to provide an independent expert's certification of reserves and resources of the Company. The Company has been advised that effective as of 31 December 2015, Pressler Petroleum Consultants, Inc. is known as VSO Petroleum Consultants, Inc. and that the firm remains the same independent petroleum consulting firm.

The information in this report that relates to Reserve and Contingent Resources estimates for the Grieve CO₂ EOR project and the Reserve and Contingent Resource estimates for the Singleton CO₂ EOR project have been compiled or in the case of the Singleton CO₂ EOR project and the newly acquired Devon Oil Properties prepared by Mr. Brian Dolan, COO and VP-Engineering of Elk Petroleum Inc. 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 report. 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 report of the matters based on the information in the form and context in which it appears.

For further information please contact:

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ABOUT ELK PETROLEUM

Elk Petroleum Limited ABN 38 112 566 499 (ASX: ELK) is an oil and gas producer and developer 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 established enhanced oil recovery (EOR) technologies to mature oil fields. This strategy significantly de-risks the process of finding and exploiting oil field reserves.

Leveraging proven EOR technology and experience particularly those involving CO₂ flood technology, Elk is currently involved in two mature oil fields in the Rocky Mountain region of the USA and is pursuing other opportunities that will benefit from the application of EOR technologies.

For more information on Elk, see Elk's most recent Investor Presentations which are available on Elk's website www.elkpet.com.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ELK PETROLEUM LIMITED

ABN

38 112 566 499

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	(10)	(42)
	(c) production	(51)	(165)
	(d) administration	(1,036)	(2,539)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	6
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Receipts (or reimbursements)& management fees)	-	3
Net Operating Cash Flows		(1,092)	(2,737)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	(139)
	(b) equity investments	-	-
	(c) other fixed assets	(67)	(141)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	24	24
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (bonds purchased)	-	(150)
	Other (security lease deposit)	(9)	(9)
Net investing cash flows		(52)	(415)
1.13	Total operating and investing cash flows (carried forward)	(1,144)	(3,152)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,144)	(3,152)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,520 *	4,170
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (gross)	-	-
1.17	Repayment of borrowings	-	(1)
1.18	Dividends paid	-	-
1.19	Other - share issue costs	(115)	(121)
	Other - borrowing costs	(360)	(360)
	Net financing cash flows	3,045	3,688
	Net increase (decrease) in cash held	1,901	536
1.20	Cash at beginning of quarter/year to date	200	1,567
1.21	Exchange rate adjustments to item 1.20	15	13
1.22	Cash at end of quarter	2,116	2,116

* Elk raised A\$1.00 million (before costs) in a private placement to a sophisticated investor. These funds were received in the 31 March 2016 quarter and are included in the above figure, with the placement made on 1 April 2016. The placement comprised approximately 13.3 million fully paid ordinary shares at \$0.075 each, with a one for 10 free attaching option, exercisable at \$0.075 each and expiring at 31 March 2018.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	297
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions Payments to directors (item 1.23) Non-executive directors: \$158K Executive directors: \$139K (including \$24K to an associate)	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
Convertible loan facility	3,600	3,600
3.2 Credit standby arrangements		

On 14 April 2016, all of the lenders under the \$3.6 million Convertible Loan Facility maturing on 15 April 2016 gave notice to Elk electing to convert the full principal balance and accrued interest of the loan into ordinary shares in Elk. The total outstanding balance of the Convertible Loans including accrued interest was \$4,071,538.26 and with the election to convert this loan balance into shares, the Company issued on 18 April 2016 107,145,743 new ordinary shares in full repayment and satisfaction of the outstanding Convertible Loans.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	75
4.3 Production	25
4.4 Administration	950
Total	1,050

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,116	200
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,116	200

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	N/A	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 *Ordinary securities				
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Opening 222,780,059 40,890,508 N/A Closing 263,670,567	Opening 22,780,059 40,890,508 N/A Closing 263,670,567	N/A N/A	N/A N/A

+ See chapter 19 for defined terms.

	+Performance Rights				
	Changes during quarter	Opening 12,360,944	Not listed		
	(a) Increases through issues	N/A	N/A	N/A	N/A
	(b) Decreases through lapses	N/A	N/A	N/A	N/A
		Closing 12,360,944			
	+Retention Rights				
	Changes during quarter	Opening 792,340	Not listed		
	(a) Increases through issues	N/A	N/A	N/A	N/A
	(b) Decreases through exercise of rights	N/A	Not listed	N/A	N/A
		Closing 792,340			
7.5	+Convertible debt securities (description)	N/A	N/A	N/A	N/A
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7	Options (description and conversion factor)	100,000 22,675,000	Not listed Listed	<i>Exercise price</i> 20 cents 25 cents	<i>Expiry date</i> 30 June 2016 22 July 2017
7.8	Issued during quarter	N/A	N/A	N/A	N/A
7.9	Exercised during quarter	N/A	N/A	N/A	N/A
7.10	Expired during quarter	N/A	N/A	N/A	N/A
7.11	Debentures (totals only)	N/A	N/A		
7.12	Unsecured notes (totals only)	N/A	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 28 April 2016

Print name: **David Franks**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Table 1 - Summary of petroleum tenements as at 31 March 2016

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, USA	N/A	100%
OPIS Unit	Banner County, Nebraska, USA	N/A	100%

Table 2 - Summary of petroleum tenements acquired in Quarter

Project	Location	Lease Reference	Interest
N/A	N/A	N/A	N/A

Table 3 - Summary of petroleum tenements disposed of in Quarter

Project	Location	Lease Reference	Interest
N/A	N/A	N/A	N/A