



Q1 Quarter FY2019 Report

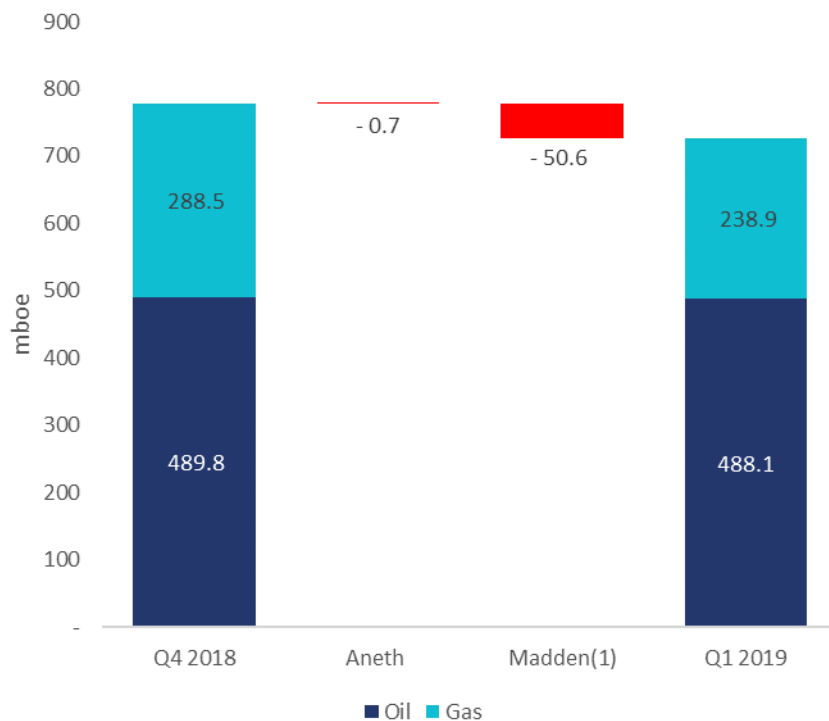
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Sales Production

Steady Production with planned Capital and Operating Developments

Previous financial quarter (Q4 2018 to Q1 2019)

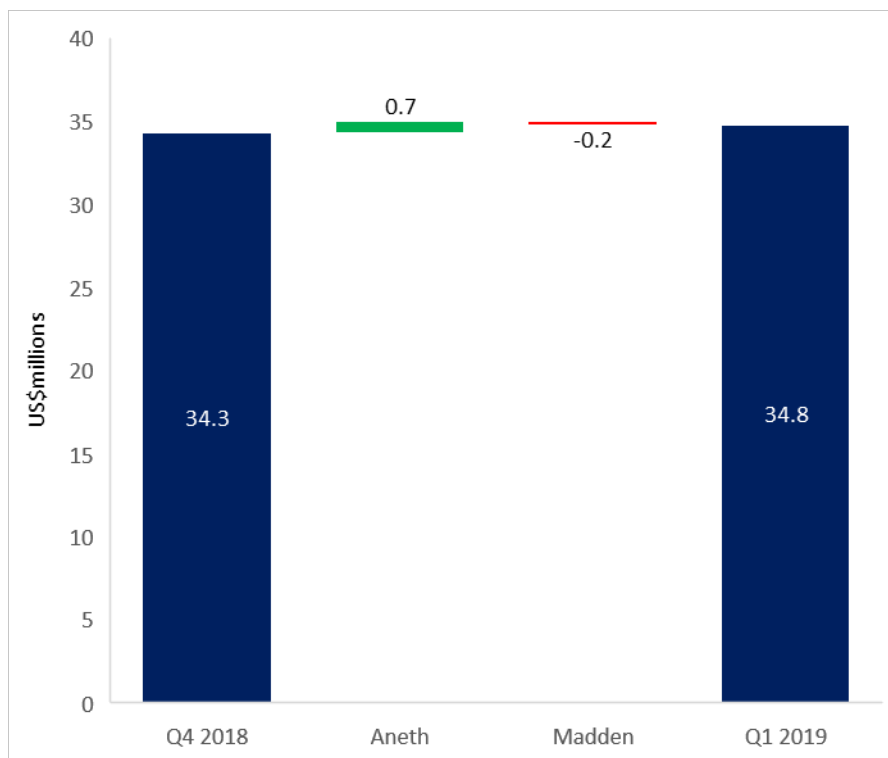


- Oil makes up over 67% of Company's total production
- Minimal change to Quarter on Quarter Oil Production
- Minor Aneth production decrease attributable to temporary production outages associated with execution of planned capital projects- including McElmo Creek Unit (MCU) well deepening program which requires taking existing production wells offline to install well deepenings
- Madden decrease due to scheduled periodic maintenance on Lost Cabin Gas Plant Train 3 in August

Sales Revenue

Revenue⁽¹⁾ continues to stay strong

Previous financial quarter (Q4 2018 to Q1 2019)



- Production Revenue up 1.4% over previous quarter
- Revenue increase driven by increased realised oil price
- Decrease in Madden revenues due to scheduled maintenance outages

Projects

Successfully Delivered McElmo Creek Unit well deepening project and Grieve Project well clean up operations begin

Aneth

- McElmo Creek Unit (MCU), well-deepening project commenced in June and was completed during the quarter. Eight producers and three injectors were deepened
- MCU well deepening project delivered significantly under budget adding 425 BOPD (gross) incremental oil production based on late October production test results
- First monobore well repair undertaken in the Aneth unit
- Temporary production outages (~200 BOEPD) were associated with the planned MCU well deepening expansion project

Madden

- A scheduled Lost Cabin Gas Plant maintenance shutdown was completed on the Train 3 gas processing facilities during August
- Train 3 scheduled plant turnaround was completed under budget and ahead of time during the quarter
- Sales gas, Sulphur and CO₂ production continues at steady rates in line with FY2018 Guidance

Grieve

- Grieve Project production start up commenced on 17 April 2018 with well clean up operations across the field
- During the first quarter Grieve #1 was worked over and recompleted as a water disposal well
- The field is now producing fluid and gas at high rates, by the end of the quarter total daily fluid throughput is ~14,000 barrels per day
- By the end of October (subsequent to the end of the quarter) 5,000 bbls of oil had been transferred into the Grieve Oil Pipeline

Elk Corporate Update

Elk Corporate Debt Refinancing

- Elk and its adviser RBC continue to run a competitive debt refinancing process
- In refinancing its current debt instruments with new debt, Elk has several clear refinancing objectives including simplification of the capital structure, reduction of the cost debt capital, reduction in overall mandatory debt amortization and ultimately deliver greater cash flows to equity and our shareholders with a focus on debt-only solutions
- Elk has received debt refinancing proposals and will continue to work with existing and potential new lenders to establish the best debt refinancing outcome for the company
- Refinancing outcomes from refinancing existing asset level loans with new debt, through to refinancing all company and asset level loans with a consolidated debt instrument are being considered
- Implementation of the debt refinancing will continue during calendar year 2018 with closing currently scheduled before end December 2018, subject to market conditions



Data tables

Production

Elk's Share of production for quarter ended 30 September 2018 with historical comparatives

Production (post royalty)			Three months ended		Year to Date	
Project	Product	Units	Q1 2019	Q4 2018	Q1 2019	Q1 2018
Aneth	Oil	Bbl	487,915	489,638	487,915	n/a
	Sales Gas	MMSCF	147	141	147	n/a
Madden	Sales Gas	MMSCF	1,383	1,590	1,383	1,795
	Sulphur	Long ton	6,825	10,159	6,825	13,324
	CO ₂	MMSCF	209	305	209	n/a
	Oil	Bbl	146	203	146	201
Grieve	Oil	Bbl	n/a	n/a	n/a	n/a
Total ¹		BOE	743,061	778,341	743,061	299,368

Production Rates

Average daily production rates (100% project) for quarter ended 30 September 2018 with historical comparatives

Production Rates - gross pre-royalty				100% Project		Remarks
Project	Product	Units	Elk Share %	Q1 2019	Q4 2018	
Aneth	Oil	Bbl/d	~63%	9,788	9,918	Production Rate remains steady quarter-on-quarter with low decline rate
	Sales Gas	MMSCF/d	~63%	3	3	
Madden	Sales Gas	MMSCF/d	~14%	142	168	Production Decrease due to Train 3 maintenance
	Sulphur	Long ton/d	~14%	710	1,019	
	CO ₂	MMSCF/d	~14%	22	30	CO ₂ Sales to Denbury Resources Continue
	Oil	Bbl/d	~14%	17	22	
Grieve ¹	Oil	Bbl/d	49%	~80	n/a	Continuous production operation commenced in mid-June 2018

Revenue

Elk's Share of sales and operating revenue¹ for quarter ended 30 September 2018 with historic comparatives

Revenue (US\$ million)		Three months ended		Year to Date	
Project	Product	Q1 2019	Q4 2018	Q1 2019	Q1 2018
Aneth	Oil	30.7	29.7	30.7	n/a
	Sales Gas	0.1	0.3	0.1	n/a
Madden	Sales Gas	3.2	3.1	3.2	5.0
	Sulphur	0.8	1.2	0.8	n/a
	CO ₂	0.0	0.0	0.0	n/a
	Oil	0.0	0.0	0.0	0.0
Grieve	Oil	n/a ²	n/a	n/a	n/a
Total Sales Revenue		34.8	34.3	34.8	5.0
Grieve Pipeline Revenue		n/a ²	n/a	n/a	n/a
Other Revenue		n/a	n/a	n/a	n/a
Total Operating Revenue		34.8	34.3	34.8	5.0

Expenditure

Elk's Share of expenditure¹ for quarter ended 30 September 2018 with historic comparatives

Expenditure (US\$ million)		Three months ended		Year to Date	
Project	Expense	Q1 2019	Q4 2018	Q1 2019	Q1 2018
Aneth	Lease Operating Expense	13.2	11.7	13.2	n/a
	CO ₂ Capex	1.4	1.6	1.4	n/a
	Maintenance Capex	0.6	0.8	0.6	n/a
	Development Capex	2.3	0.7	2.3	n/a
Madden ²	Lease Operating Expense	3.7	3.9	3.7	3.2
	Maintenance Capex	0.1	0.2	0.1	0.9
Grieve	Lease Operating Expense	0.0	n/a	0.0	n/a
	CO ₂ Capex	n/a	n/a	n/a	n/a
	Maintenance Capex	n/a	n/a	n/a	n/a
	Development Capex ³	2.6 ⁴	1.1	2.6	7.4
Grieve Pipeline	Operating Expense	0.0	n/a	0.0	n/a
	Development Capex	0.0	0.0	0.0	0.5
Total Operating Expense		17.0	15.6	17.0	3.2
Total Capital Expense		7.0	4.6	7.0	8.8

1. Unaudited

2. Includes Sulphur transportation from 1 October 2017 onwards

3. Under IFRS all Grieve capex & interest on Benefit Street Partners Loan is classified as development Capex until first sales of Grieve oil

4. All Capital costs for April to September 2018 including Grieve disposal well costs as well as capitalised loan interest

Realised Prices

Realised product prices for the quarter ended 30 September 2018 with historic comparatives

Realised Prices (US\$/unit)			Three months ended		Three months ended		
Project	Product	Units	Q1 2019	Q4 2018	Units	Q1 2019	Q4 2018
Aneth	Oil	\$/Bbl	62.9	60.7	\$/boe	62.9	60.7
	Sales Gas	\$/MSCF	0.3	2.1	\$/boe	2.1	12.4
	Sales Gas	\$/MSCF	2.3	1.9	\$/boe	13.9	11.7
Madden	Sulphur ²	\$/Long ton	121.0	115.4	\$/boe	n/a	n/a
	CO ₂	\$/MSCF	0.1	0.0	\$/boe	n/a	n/a
	Oil	\$/Bbl	61.0	57.5	\$/boe	61.0	57.5
Grieve	Oil	\$/Bbl	n/a	n/a	\$/boe	n/a	n/a
Average realised prices ¹					\$/boe	45.7	42.5
Dated NYMEX WTI					\$/bbl	69.5	68.0

Developments

Grieve Project well and surface equipment clean up flows started on 17th April

Development Activities

At the beginning of June 2018 and ahead of schedule, the first new field development activities since completing the acquisition and assuming operatorship of the field commenced-the McElmo Creek Unit (MCU) well-deepening project and the first well repair using a monobore completion on the Aneth field. These works were safely completed underbudget during the first quarter

Aneth

As of end of Sept Quarter, Aneth and McElmo Creek Unit (MCU) CO₂ recycling facilities running at ~ 97% plant efficiency. 4 workover rigs were working in the field to maintain production as part of on-going routine field operations, and completing the MCU well deepening project.

These new field development projects commencing in June 2018 are detailed in the Company's Investor Update released to the ASX on 14th June 2018.

Madden Deep

A scheduled Train 2 gas processing maintenance turnaround was safely completed in June and Train 3 at the end of Q1 19

Madden Shallow

No significant maintenance or development works undertaken.

Grieve

Grieve Project total daily fluid throughput reached ~14,000 barrels per day by quarter end. Subsequent to Quarter end, ~5,000 bbls of oil have been shipped into the Grieve Crude Oil Export Pipeline.



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Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

ELK PETROLEUM LIMITED

ABN

38 112 566 499

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities			
1.1 Receipts from customers ⁽¹⁾		33,977	33,977
1.2 Payments for			
(a) exploration & evaluation		-	-
(b) development		(1,675)	(1,675)
(c) production		(15,575)	(15,575)
(d) staff costs		(2,315)	(2,315)
(e) administration and corporate costs ⁽²⁾		(11,763)	(11,763)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		17	17
1.5 Interest and other costs of finance paid ⁽³⁾		(5,573)	(5,573)
1.6 Income taxes paid		-	-
1.7 Research and development refunds		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(2,907)	(2,907)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(221)	(221)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets (producing assets)	(4,310)	(4,310)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (deposit reimbursement)	(49)	(49)
2.6	Net cash from / (used in) investing activities	(4,482)	(4,482)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of:		
	- shares ⁽⁴⁾	5,858	5,858
	- preferred stock	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes, options or preferred stock	(131)	(131)
3.5	Proceeds from borrowings ⁽⁵⁾	19,030	19,030
3.6	Repayment of borrowings ⁽⁶⁾	(15,741)	(15,741)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other		
	- Amount transferred from / (to) Reserve Account as required under the financing arrangement with Benefit Street Partners ("BSP") ⁽⁷⁾	36	36
	- Amount transferred from / (to) Aneth Restricted Cash Escrow Account ⁽⁸⁾	-	-
3.10	Net cash from / (used in) financing activities	9,052	9,052

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	34,918	34,918
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,907)	(2,907)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,482)	(4,482)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,052	9,052
4.5	Effect of movement in exchange rates on cash held	(34)	(34)
4.6	Cash and cash equivalents at end of period	36,547	36,547
	Cash on deposit in USA available for:		
	a) completion of the Grieve Project under the Grieve Term Loan (in addition to item 4.6 above) ⁽⁹⁾	530	530
	b) settling rehabilitation obligations of the Aneth Field (in addition to item 4.6 above) ⁽⁸⁾	22,861	22,861
	Total cash and cash equivalents at end of the period (including cash on deposits in USA)	59,938	59,938
	Total cash and total liquidity ⁽¹⁰⁾	64,938	64,938

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	36,547	34,918
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	36,547	34,918
Cash on deposit in USA available for:		
a) completion of the Grieve Project under the Grieve Term Loan (in addition to item 5.5 above) ⁽⁹⁾	530	566
b) settling rehabilitation obligations of the Aneth Field (in addition to item 5.5 above) ⁽⁸⁾	22,861	22,861
Total cash and cash equivalents at end of the period (including cash on deposits in USA)	59,938	58,345
Total cash and total liquidity ⁽¹⁰⁾	64,938	67,795

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$US'000**

251

-

The amount represents directors' (and their associates) remuneration including salaries and fees.

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities ⁽¹¹⁾	199,450	189,550
8.2 Credit standby arrangements ⁽¹¹⁾	550	550
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

See footnotes on page 6 and 7.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Exploration and evaluation	-
9.2 Development ⁽¹³⁾	1,689
9.3 Production ⁽¹³⁾	23,532
9.4 Staff costs ⁽¹³⁾	3,035
9.5 Administration and corporate costs ⁽¹³⁾	1,331
9.6 Other (provide details if material)	
- Production assets ⁽¹²⁾ ⁽¹³⁾	6,998
- Aneth Contingent consideration ⁽¹³⁾	10,000
9.7 Total estimated cash outflows	46,585

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Footnotes

- (1) During the quarter the company received cash from oil sales in Aneth of US\$30.0 million. The remainder of cash received during the quarter related to Madden. Madden revenue decreased in the quarter owing to scheduled maintenance outages.
- (2) During the quarter the company settled Aneth oil swaps resulting in realised hedge settlements of US\$8.2 million. The company also incurred one off cost relating to software payments, increased audit fees and payment of 6 months of insurance costs.
- (3) During the quarter the company paid interest of US\$3.4 million to senior loan providers and dividends of US\$2.0 million to preferred stock holders.
- (4) During the quarter the company completed an SPP and placement to existing institutional, professional and sophisticated investors resulting in a cash inflow of US\$5.9 million. Cash inflow of US\$9.1 million in relation to this placement was received in the previous quarter.
- (5) During the quarter the company withdrew US\$19.0 million of the US\$20.0 million revolving facility with CrossFirst Bank in order to provide working capital support for its Aneth operations. The outstanding balance of the revolving facility as at 30 September 2018 was US\$14.5 million.
- (6) During the quarter the repaid US\$14.5m of the US\$20.0 million revolving facility and quarterly instalment of US\$1.3 million borrowings associated with Elk's US\$122.0 million Aneth Term Loan Facility. The outstanding balance of the revolving facility as at 30 June 2018 was US\$14.5 million.
- (7) US dollar debt service reserve account controlled by Benefit Street Partners associated with Elk's term loan agreement. Balance at 30 September 2018 was US\$0.5 million.
- (8) The balance of US dollar restricted escrow cash account associated with Elk's Aneth rehabilitation obligations at 30 September 2018 was US\$22.9 million.
- (9) Balance of US dollar debt service reserve account associated with Elk's Grieve term loan agreement, at 30 September 2018 was US\$0.5 million.
- (10) includes revolving loan available balance of US\$5.0 million (previous quarter: US\$9.45m).
- (11) The company has a US\$58 million senior secured term loan facility with Benefit Street Partners for the Grieve Project JV restructure. Under the term loan, the funds can only be used to fund the field development expenditures committed by Elk as part of the Grieve JV restructure, minor upgrades to Elk's 100% owned Grieve oil pipeline and associated costs. The outstanding balance as at 30 September 2018 was US\$58.0 million.

The company also has a US\$122 million senior term loan with HPS Investments Partners, LLC, Riverstone Credit Partners, L.P and AB Energy Opportunity Fund, L.P. Under the term loan, US\$98 million was used to acquire the Aneth Field and US\$24 million will be used to fund projects in the Aneth Stage 1 Field Development Program. The outstanding balance as at 30 September 2018 was US\$117.0 million.

Further, as part of the Aneth transaction, the company put in place a US\$20 million revolving facility with CrossFirst Bank in order to provide working capital support for Aneth. US\$0.55 million of the revolving facility supports a letter of credit in relation to Aneth. The outstanding balance as at 30 June 2018 was US\$14.5 million.
- (12) Cash outflows relating to Aneth growth projects will be funded from proceeds of the Aneth senior loan.

- (13) Other cash outflows will be funded from existing cash, positive cashflow from the Aneth Oil Field and Madden Gas & CO₂ Field, and revolver balance available. The impact of hedging relies on oil spot pricing in the future and has not been included.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Original version signed.....
(Company secretary)

Date: 31 October 2018

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Table 1 - Summary of petroleum tenements as at 30 September 2018

Project	Location	Lease Reference	Interest
Grieve Unit Federal	Natrona County, Wyoming	WYW-015813	49%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015814	49%
Grieve Unit Federal	Natrona County, Wyoming	WYW-015815	49%
Grieve Unit Federal	Natrona County, Wyoming	WYW-016008	49%
Grieve (In & Out) Federal Grieve Unit – Surface Use	Natrona County, Wyoming	WYW-015824	49%
Aneth Unit - Federal	San Juan County, UT	UTU-068927A	62%
McElmo Creek Unit - Federal	San Juan County, UT	UTU-068930A	67.5%
Ratherford Unit - Federal	San Juan County, UT	UTU-068931A	58.6%
Madden Unit (25 leases) - Federal	Natrona County, Wyoming	N/A	9.38% to 12.5%
Madden Unit (67 leases) - Federal	Fremont County, Wyoming	N/A	12.5% to 12.77%
Madden Unit (14 leases) - State	Fremont County, Wyoming	N/A	1.2% to 14.75%

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