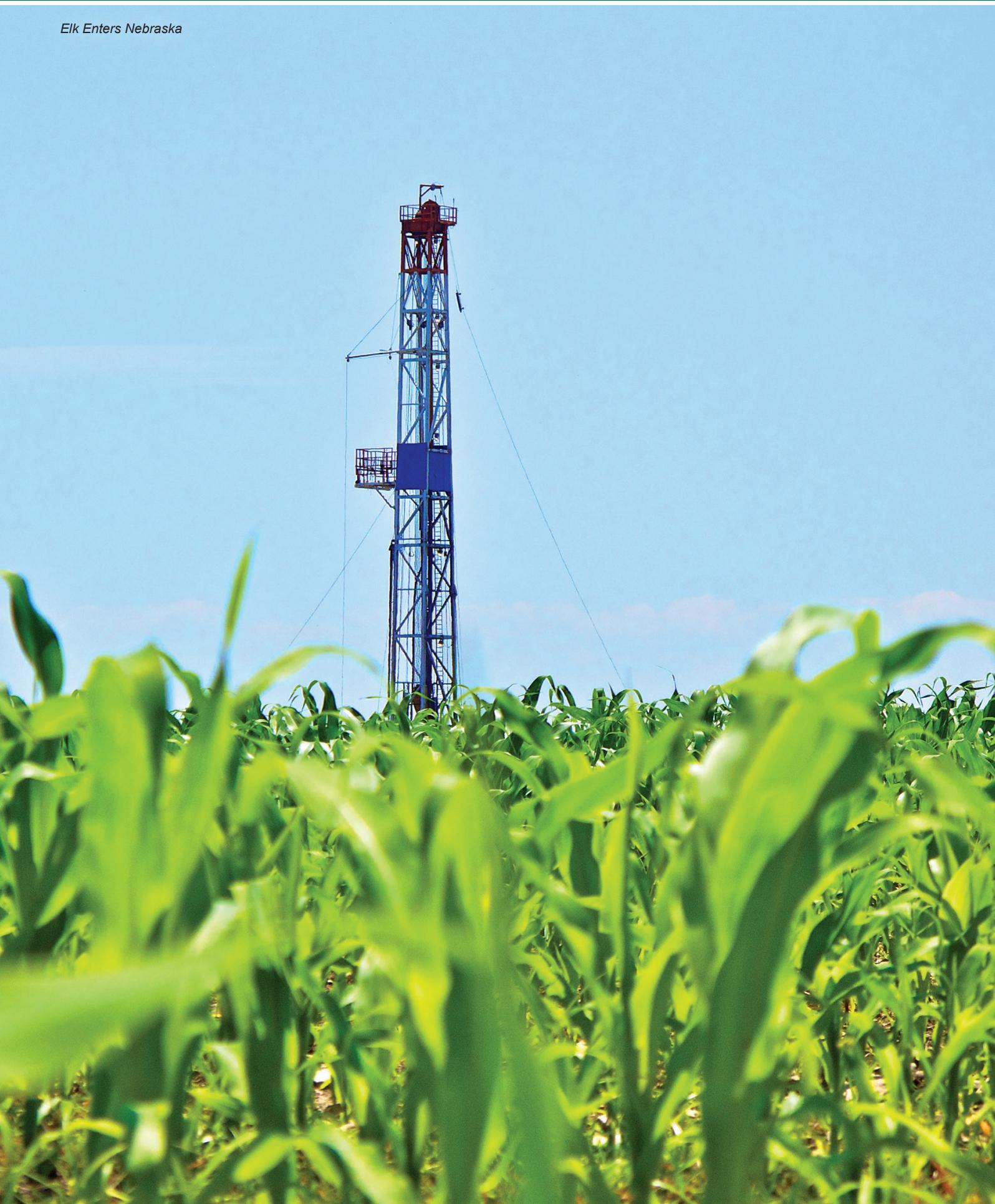


*Elk Enters Nebraska*





Q3

ELK PETROLEUM  
MARCH 2014

## HIGHLIGHTS

### NEW CO<sub>2</sub> EOR PROJECT SECURED IN NEBRASKA

- Singleton Unit acquisition completed with May 1 effective date
- Elk signed carbon dioxide purchase agreement with ethanol plant at the end of 2013
- Facility design at the Bridgeport ethanol plant has started
- Right-of-way (ROW) acquisition work for the CO<sub>2</sub> pipeline to Bridgeport ethanol plant was started



### GRIEVE CO<sub>2</sub> EOR PROJECT ADVANCING

- Re-pressuring of reservoir is matching expectations from reservoir simulation
- Construction of 230,000 volt sub-station completed on schedule.
- 11.4 billion standard cubic feet of carbon dioxide, which occupies the space of 4.9 million barrels at reservoir conditions, has been injected to-date
- 2.7 million barrels of water have been injected to-date



### CARBON-NEGATIVE OIL MARKET BEING INVESTIGATED

- The price of low-carbon-intensity oil in the California Low Carbon Fuel Standard (LCFS) market increased significantly in 2013
- Elk has started conversations with green energy funds to expand its CO<sub>2</sub>-EOR development plans into Nebraska with external financing

### CORPORATE

- Elk had a successful \$1,016,000 capital raising after the reporting period. A total of 8,466,666 shares were issued at a price of \$0.12 with one free attaching option for each share. The options have a 3-year term with a strike price of \$0.25 per share





Q3

ELK PETROLEUM  
MARCH 2014

## CEO'S COMMENTARY

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Elk Petroleum's principal asset in Wyoming, the Grieve CO<sub>2</sub>-EOR project, continued to advance as planned towards first oil production. CO<sub>2</sub> and water injection continued at a high rate during the reporting period, and pressures in the reservoir increased to 1220 psi by the end of March 2014. In order for the oil to be remobilized in the reservoir, the reservoir must be re-pressurized to the minimum miscible pressure (MMP) of the oil for the CO<sub>2</sub> of 2250 psi. After one year of injection the project is now half way to that goal. In April, the operator of the Grieve project, Denbury Resources, notified Elk that sufficient CO<sub>2</sub> has been injected into the reservoir for the oil to be mobilized, once the MMP is reached, and that the continued pressure build up of the reservoir would be achieved entirely with water injection. The suspension of CO<sub>2</sub> injection until closer to first oil production will dramatically reduce the capital investment required to get the project to first oil, which is now expected in 2016.

Elk acquired the Singleton Unit in Nebraska after the reporting period, and will become the operator on May 1. The Nebraska CO<sub>2</sub>-EOR project will capture CO<sub>2</sub> fermentation emissions from a corn ethanol plant in Bridgeport, Nebraska. An option to purchase the CO<sub>2</sub> was signed with Bridgeport Ethanol LLC at the end of 2013, and Elk has until the end 2016 to begin making purchases of the CO<sub>2</sub>. This project has the potential to produce 2 to 4 million barrels of oil from the Singleton Unit over seven to

ten years. As previously reported, the Bridgeport-Singleton project will be producing low-carbon-intensity oil, due to the biogenic source of the CO<sub>2</sub>, and this oil can be sold at a premium price into the California market. Elk Petroleum has approached several institutional green-energy investment funds in the United States to attract external funding for expanding this low-carbon-intensity oil strategy, and the initial reaction has been positive.

After the reporting period, Elk Petroleum had a successful equity raising of \$1,016,000 from qualified investors. This equity raising will be followed by a Share Purchase Plan (SPP) that will allow the existing shareholders of Elk Petroleum to purchase shares on the same terms as the participants in the private placement. Details will be mailed to shareholders in the very near future.

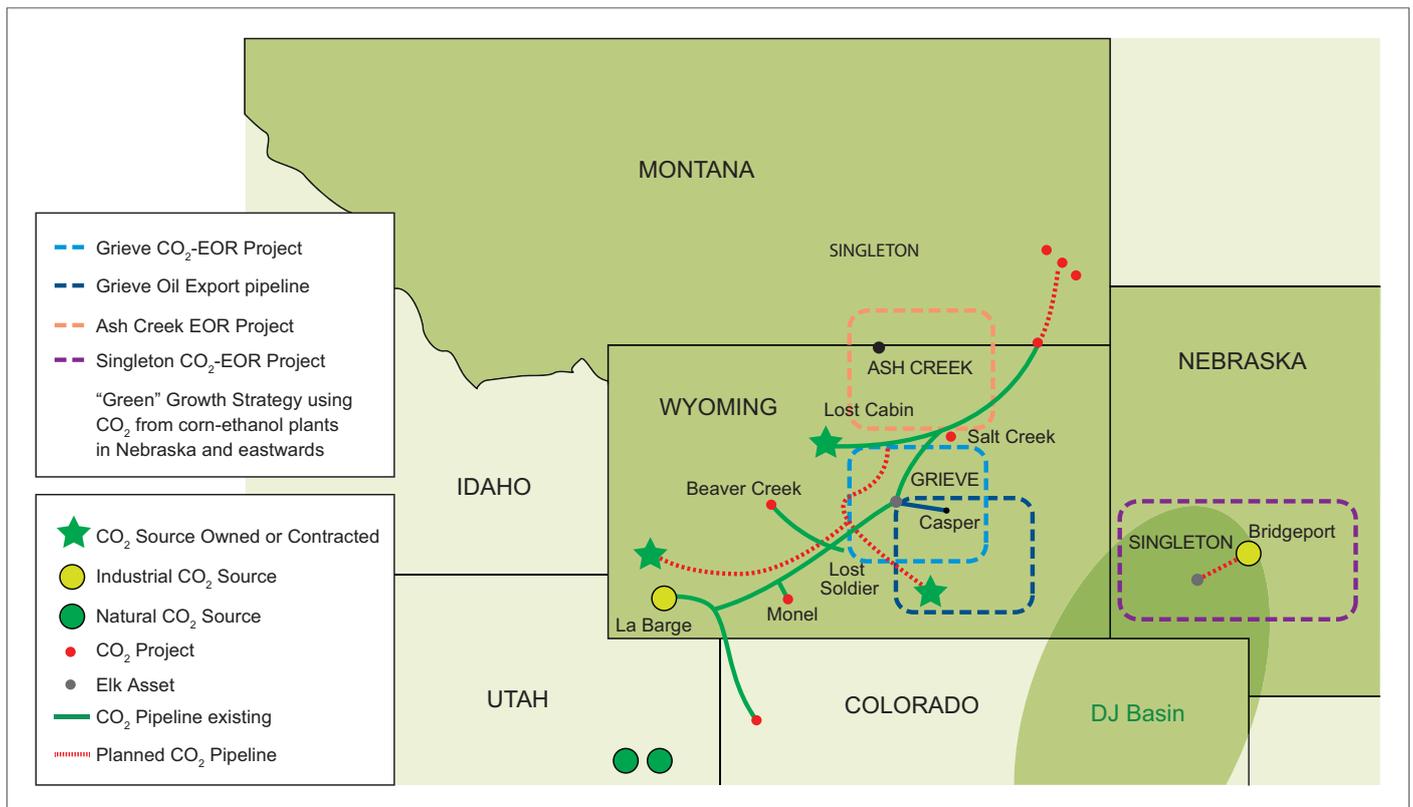
Dr Scott Hornafius  
*Chief Executive Officer*



## GRIEVE ENHANCED OIL RECOVERY (EOR) PROJECT

The operator of the Grieve project, Denbury Resources, continued to inject CO<sub>2</sub> and water for the re-pressurisation of the Grieve oil field during the reporting period. Over 11 billion cubic feet of CO<sub>2</sub> and approximately 2.7 million barrels of water were injected into the Muddy formation wells by the end of March 2014. CO<sub>2</sub> injection was suspended at the end of the reporting period by the operator, since sufficient CO<sub>2</sub> has now been injected into the Grieve field for initial

mobilization of the oil once minimum miscible pressure (MMP) is achieved. The remaining pressure build up needed for the field to reach the MMP will be achieved solely with water injection. This low cost method of increasing the reservoir pressure will greatly reduce the capital cost for the project, and improve the economics, as previously reported in the ASX release of 10 April 2014.



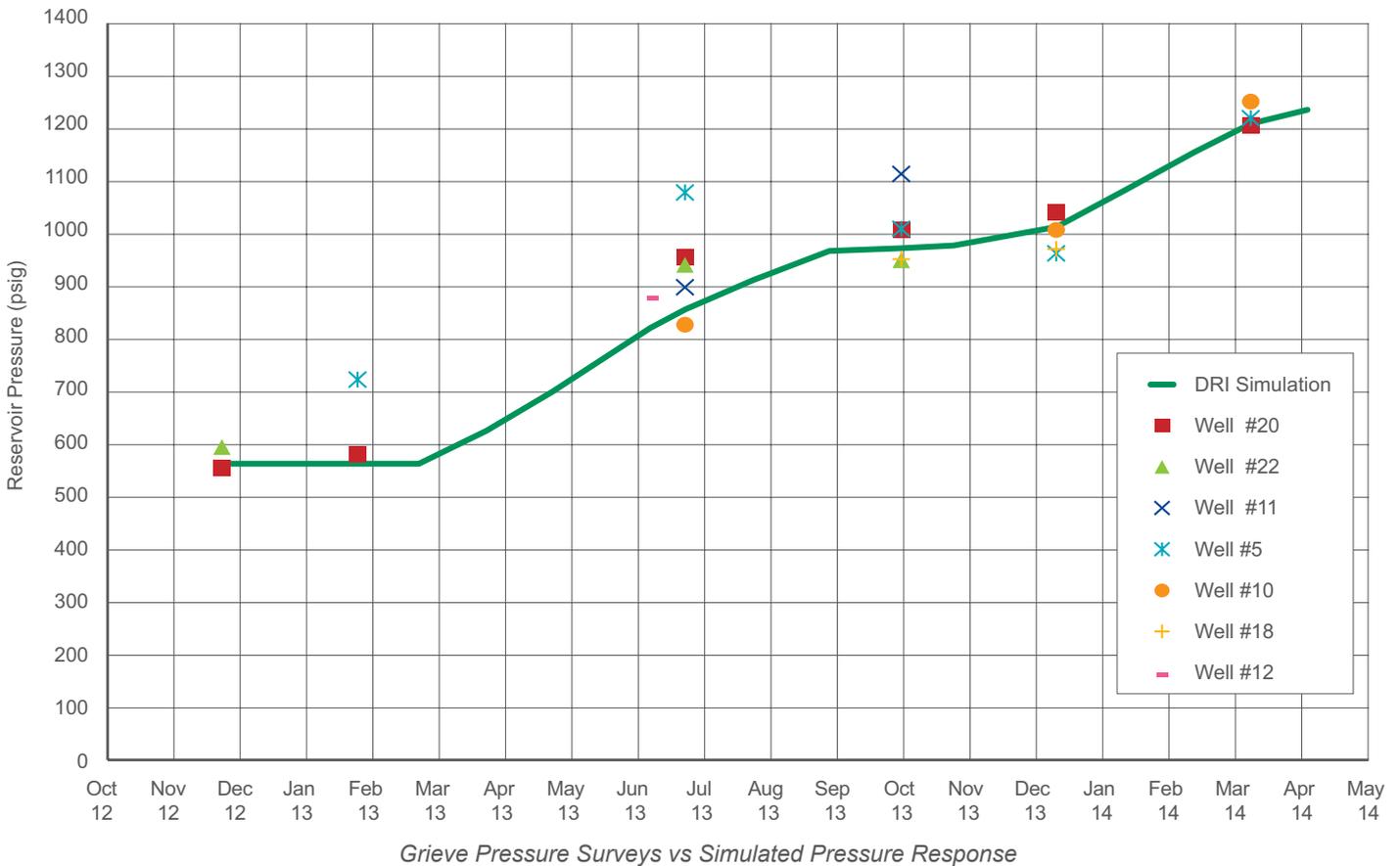
*Elk's current projects*

Bottom hole pressures surveys are regularly undertaken by the Grieve field operator and the most recent readings (mid-March 2014) are incorporated in the update of the earlier projection of the reservoir pressure increase (see plot below). The slow down in the pressure build up in September through November of 2013 was due to the suspension of CO<sub>2</sub> injection during the annual maintenance period at ExxonMobil's Shute Creek gas processing plant

and the temporary suspension of water injection at Grieve while Denbury was installing a larger submersible pump in the Grieve #62 water source well. Water injection is currently at 17 to 19 thousand barrels of water per day into the Muddy formation at Grieve and the pressure build up is progressing as forecast by the operator's reservoir model.

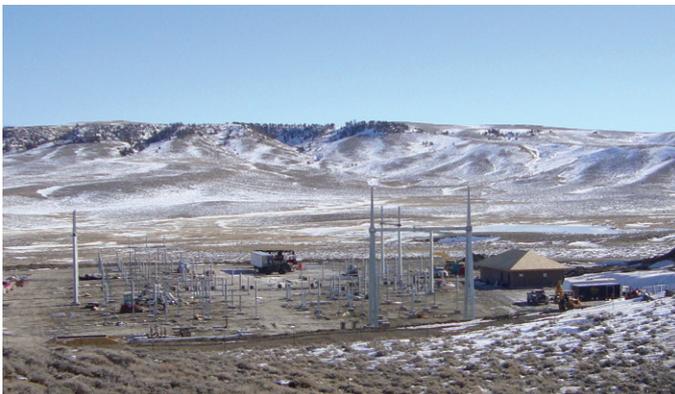


## GRIEVE ENHANCED OIL RECOVERY (EOR) PROJECT cont.



The operator of the Grieve project will be starting site works for the recycling plant and oil processing facilities at the Grieve field in 2014. Once the high voltage power line is completed to the Grieve field in December 2014, the water injection rate into the field will be doubled, so that the rate of pressure build up in the reservoir can be accelerated. First oil production from the Grieve field is projected to occur in 2016.

The construction of the 230,000 volt electrical sub-station approximately 3 miles from the Grieve field has been completed on schedule and work is progressing on the corresponding switchgear facility at Grieve. Power for the Grieve processing facilities will be supplied from the new sub-station.



Sub-station mid January 2014

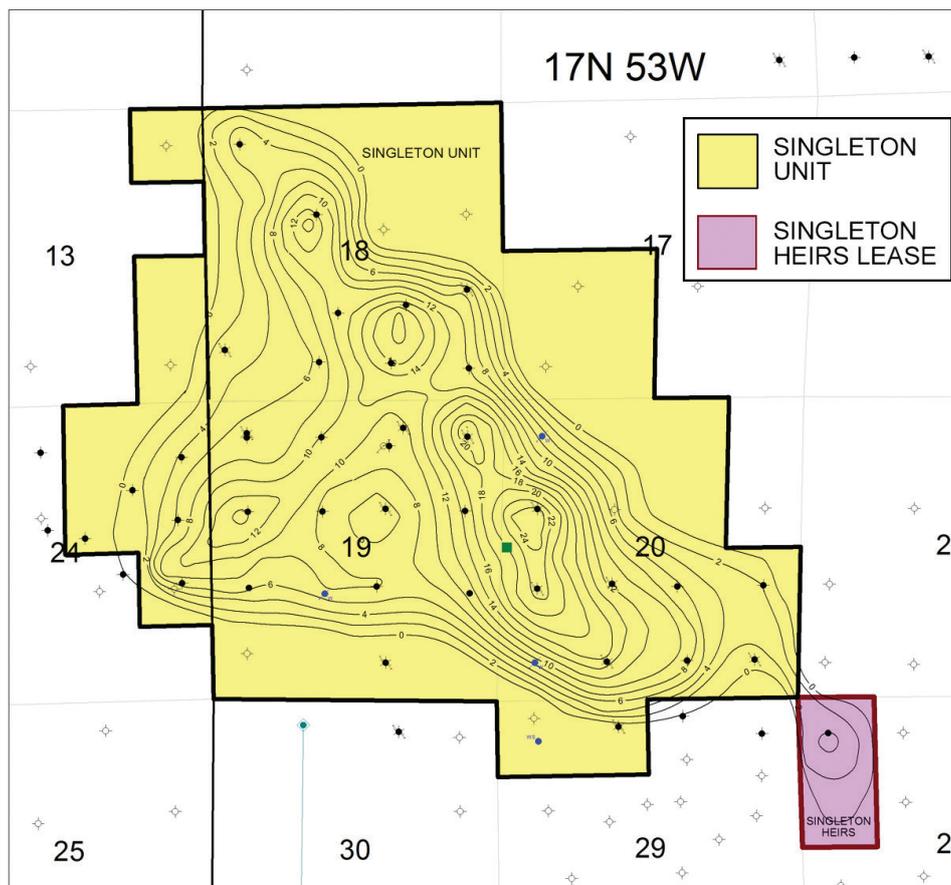


Sub-station mid March 2014



## SINGLETON EOR PROJECT

The closing of the Purchase and Sale Agreement (PSA) executed in 2013 for Elk's acquisition of the Singleton Unit in Nebraska was completed in April. Elk becomes the operator of the Singleton Unit on May 1 and has commenced acquiring pipeline ROW's and early design work while funding is arranged for the project.



Singleton Unit - J Sand Isopach



Singleton Unit from #16 well

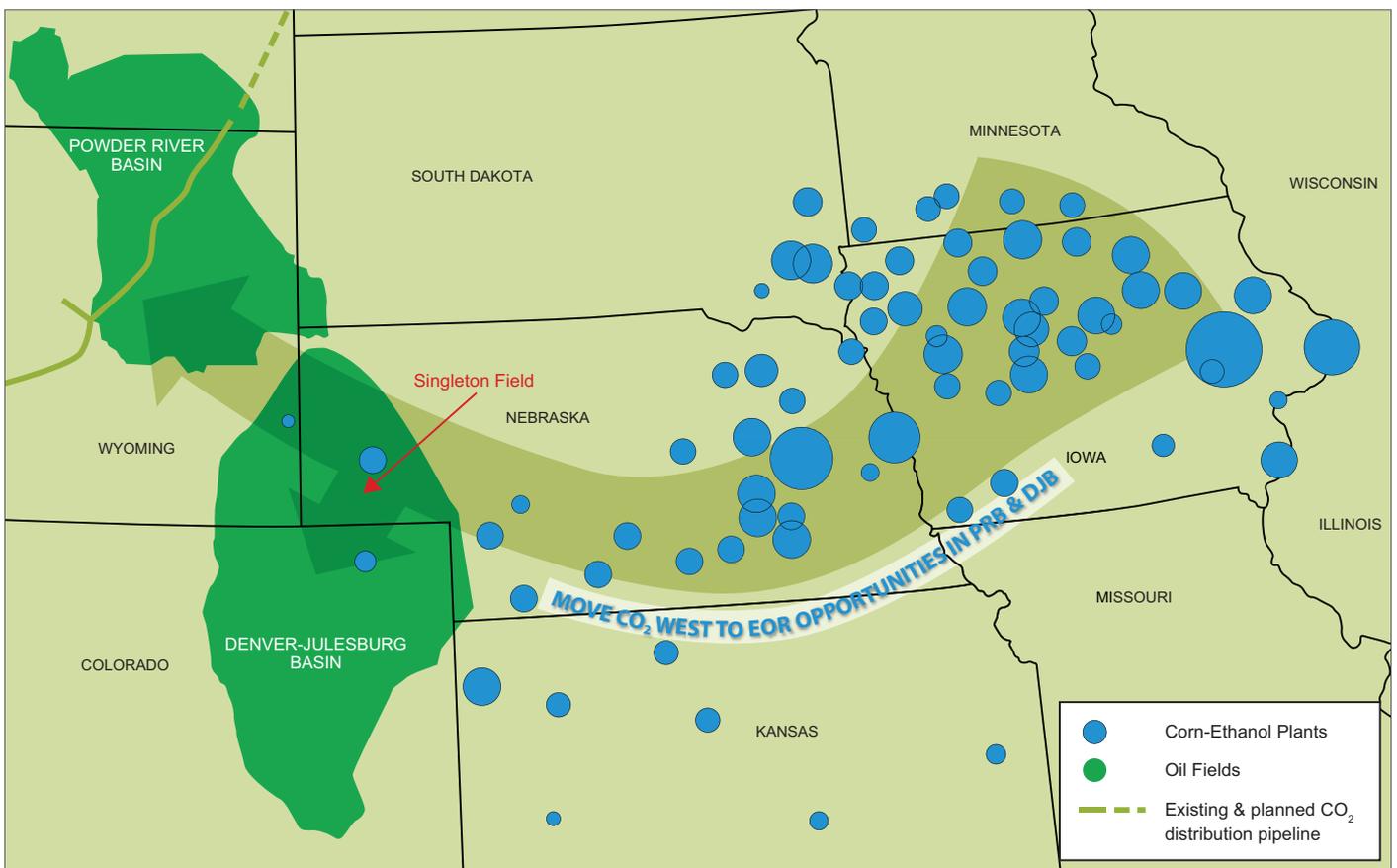


Bridgeport Ethanol Plant

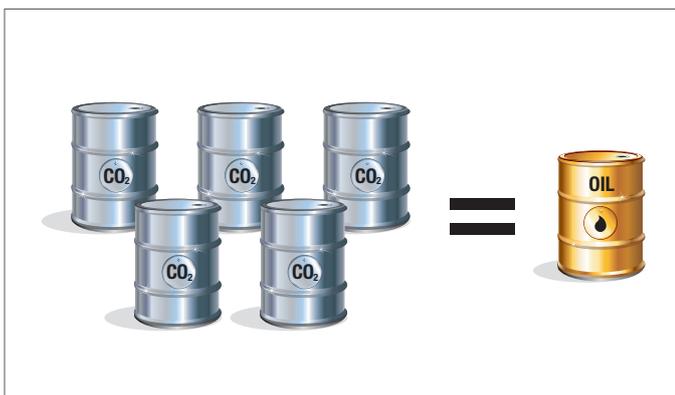


## NEBRASKA CARBON-NEGATIVE OIL

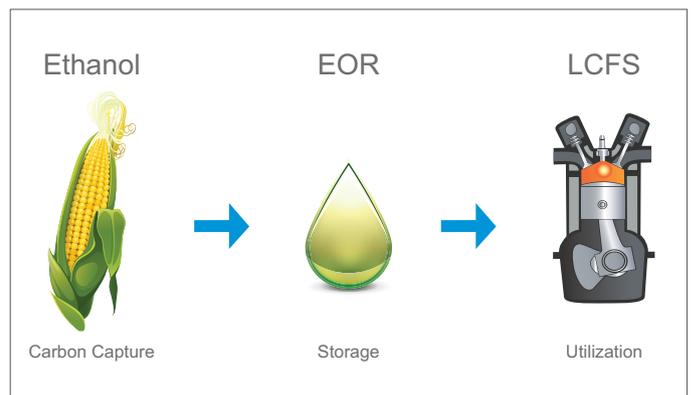
The oil produced from the Singleton Unit in Nebraska will have the unique property of being carbon negative, due to the source of the CO<sub>2</sub> being from a corn ethanol plant. This low-carbon-intensity oil will attract a premium price in the California Low Carbon Fuel Standard (LCFS) market. In 2013 the premium being paid for a carbon neutral barrel of oil in the LCFS market increased to \$32 per barrel above Brent prices. Elk has begun discussions with green energy funds in the US to finance the Nebraska carbon-negative oil project, and has received a high level of interest in this innovative means of achieving the goals of the California LCFS.



*Corn Ethanol CO<sub>2</sub>-EOR Strategy*



*Corn Ethanol CO<sub>2</sub>-EOR Makes Carbon Negative Oil*



*Carbon Value Chain*



# Q3

ELK PETROLEUM  
MARCH 2014

## CAPITAL RAISING

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Elk had a successful share placement after the reporting period of \$1.016 million by qualified private and institutional investors. The price of the shares was 12 cents. One free option was attached to each share, with a strike price of \$0.25 cents and a term of three years. A Share Purchase Plan (SPP) is associated with this capital raising, which will provide existing shareholders with the opportunity to participate in the placement on the same terms.

## PRODUCTION

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Total gross production during the March 2014 Quarter was 943 barrels from Ash Creek, which was approximately 33 per cent lower than the March 2013 Quarter. The decrease is the result of significant downtime. The issues that were causing the downtime have been rectified and production is anticipated to return to the prior quarterly volume.

## FINANCIAL POSITION

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Elk's closing cash position as at 31 December 2013 was AU\$ 0.496 million. Cash at the date of this report was AU\$ 0.484 million, reflecting the addition of loan funds raised in January, less expenses during the quarter.

Expenditures of AU\$ 1.1 million during the March 2014 quarter covered operations at Ash Creek, prospect acquisition costs for the Singleton Unit and Bridgeport Ethanol project, other project studies and overheads.

The average price received for Ash Creek oil for the Quarter was US\$ 81 per barrel. The average exchange rate for the period was 0.8958 USD per AUD.

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For further information please contact:

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Chief Executive Officer  
+1 307 265 3326  
[info@elkpet.com](mailto:info@elkpet.com)  
[www.elkpet.com](http://www.elkpet.com)

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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 CO<sub>2</sub> flood technology, Elk is currently involved in several 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](http://www.elkpet.com).

# 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 2014

### 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	59	174
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(162)	(589)
(d) administration	(726)	(2,506)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	13
1.5 Interest and other costs of finance paid	(18)	(52)
1.6 Income taxes paid	-	-
1.7 Other (Receipts (or reimbursements)& management fees)	7	7
<b>Net Operating Cash Flows</b>	<b>(837)</b>	<b>(2,953)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	(292)	(444)
(b) equity investments	-	-
(c) other fixed assets	-	(8)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (projects)	-	(27)
Other (collateral deposit)	(1)	(1)
<b>Net investing cash flows</b>	<b>(293)</b>	<b>(480)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,130)</b>	<b>(3,433)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,130)	(3,433)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	2,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (net)	1,169	1,169
1.17	Repayment of borrowings	(1)	(117)
1.18	Dividends paid		
1.19	Other (share issue costs)	-	(169)
<b>Net financing cash flows</b>		1,168	2,883
<b>Net increase (decrease) in cash held</b>		38	(550)
1.20	Cash at beginning of quarter/year to date	496	1,086
1.21	Exchange rate adjustments to item 1.20	(50)	(52)
1.22	<b>Cash at end of quarter</b>	484	484

**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	72
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 \$10K  
 Executive Directors \$62K

**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	Amount used
3.1 Loan facilities	US\$930k and A\$1.25m	US\$ 902k and A\$1.25m
3.2 Credit standby arrangements		

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	314
4.3 Production	35
4.4 Administration	365
<b>Total</b>	<b>714**</b>

**\*\* on 23 April 2014, the company announced the following capital raisings :**

- *share placement of \$1.016 million to sophisticated investors*
- *Share purchase plan capped at \$3 million to existing shareholders*

## 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	484	496
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>484</b>	<b>496</b>

## 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			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased

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**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 <b>Preference +securities</b> <i>(description)</i>	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 <b>+Ordinary securities</b>				
7.4 Changes during quarter  (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	Closing 180,427,846  N/A  N/A  Closing 180,427,846	Closing 180,427,846  N/A  N/A  Closing 180,427,846	N/A  N/A  N/A	N/A  N/A  N/A
<b>+Performance Rights</b>				
Changes during quarter  (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	Opening 15,120,825  N/A  N/A  Closing 15,120,825	Not listed  Not listed	N/A  N/A	N/A  N/A

+ See chapter 19 for defined terms.

<b>+Retention Rights</b>				
Changes during quarter	Opening 531,667	Not listed		
(a) Increases through issues	N/A	N/A	N/A	N/A
(b) Decreases through returns of capital, buy-backs	N/A	Not listed	N/A	N/A
	Closing 531,667			
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	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 <b>Options</b> <i>(description and conversion factor)</i>	100,000 6,250,000	Not listed Not listed	<i>Exercise price</i> 20 cents 25 cents	<i>Expiry date</i> 30 June 2016 1 February 2015
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	<b>Lapsed:</b> 50,000 50,000 100,000 200,000 0	Not listed Not listed Not listed Not listed Not listed	<i>Exercise price</i> 20 cents 20 cents 20 cents 20 cents 25 cents	<i>Expiry date</i> 24 June 2014 30 June 2015 24 October 2015 30 June 2016 1 February 2015
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A	N/A		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	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: ..... Date: 29 April 2014  
(Company secretary)

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 2014**

<b>Project</b>	<b>Location</b>	<b>Lease Reference</b>	<b>Interest</b>
Ash Creek Federal WYW-173553	Sheridan County, Wyoming	WYW-173553	100%
Ash Creek Federal WYW-173554	Sheridan County, Wyoming	WW-173554	100%
Ash Creek Federal WYW-173557	Sheridan County, Wyoming	WYW-173557	100%
Ash Creek State of WY 12-00111	Sheridan County, Wyoming	WY-12-00111	100%
Ash Creek State of WY 12-00112	Sheridan County, Wyoming	WY-12-00112	100%
Ash Creek Mineral Leases -Trusler Wells	Sheridan County, Wyoming	WY001040	100%
Ash Creek Mineral Leases -Trusler Wells	Sheridan County, Wyoming	WY001040A	100%
Ash Creek Mineral Leases - Baker Wells	Sheridan County, Wyoming	WY001030	100%
Ash Creek Mineral Leases - Barry Wells	Sheridan County, Wyoming	WY001037A	100%
Ash Creek - Randall Trust - Surface Use	Sheridan County, Wyoming	WY001044S	100%
Ash Creek - W.R. Baker - Surface Use	Sheridan County, Wyoming	WY001046S	100%
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%
Walkabout St of MT OG-39996-10	Yellowstone County, Montana	OG-39996-10	100%
Walkabout St of MT OG-39997-10	Yellowstone County, Montana	OG-39997-10	100%
Walkabout St of MT OG-39998-10	Yellowstone County, Montana	OG-39998-10	100%
Walkabout St of MT OG-39999-10	Yellowstone County, Montana	OG-39999-10	100%
Walkabout St of MT OG-40000-10	Yellowstone County, Montana	OG-40000-10	100%

**Table 2 - Summary of petroleum tenements acquired in March 2014 Quarter**

<b>Project</b>	<b>Location</b>	<b>Lease Reference</b>	<b>Interest</b>
N/A	N/A	N/A	N/A

**Table 3 - Summary of petroleum tenements disposed of in March 2014 Quarter**

<b>Project</b>	<b>Location</b>	<b>Lease Reference</b>	<b>Interest</b>
Didgeridoo St. of MT OG-39735-10	Big Horn County, Montana	OG-39735-10	75%
Didgeridoo St. of MT OG-39736-10	Big Horn County, Montana	OG-39736-10	75%
Kakadu St. of MT OG-39734-10	Yellowstone County, Montana	OG-39734-10	100%
Kakadu St. of MT OG-39993-10	Yellowstone County, Montana	OG-39993-10	100%
Kakadu St. of MT OG-39994-10	Yellowstone County, Montana	OG-39994-10	100%
Kakadu St. of MT OG-39995-10	Yellowstone County, Montana	OG-39995-10	100%
Kakadu St of MT OG-40006-10	Yellowstone County, Montana	OG-40006-10	100%
Walkabout St of MT OG-40002-10	Yellowstone County, Montana	OG-40002-10	100%
Walkabout St of MT OG-40003-10	Yellowstone County, Montana	OG-40003-10	100%
Walkabout St of MT OG-40004-10	Yellowstone County, Montana	OG-40004-10	100%
Walkabout St of MT OG-40005-10	Yellowstone County, Montana	OG-40005-10	100%