SHAREHOLDER REVIEW 2017

elk petroleum

HIGHLIGHTS

Madden Gas Field and Lost Cabin Gas Plant

14%

Elk Acquires a 14 % Interest in the Madden Gas Field and Lost Cabin Gas Plant.

33rd

US's 33rd largest field by proved reserves as ranked by the US Energy Information Administration

2nd

2nd largest CO_2 supply source in Wyoming for CO_2 EOR

1.1TCF

Gross remaining sales gas reserves of over 1.1 TCF

300

Lost Cabin Gas Plant has installed gas processing capacity of over 300 MMSCFD

4,000

Net daily sales gas production to Elk of ~4,000 BOE

>13%

Material increase in Reserves and Production with total Madden Gas Field Proved Reserves increase to 79.5BCF (13.3MMBOE) – up 13%

Contents

Grieve Field and Grieve Pipeline

3200

Grieve Field fully pressured and reservoir ready to commence production restoring the field to virgin, pre-discovery pressure with bottom hole pressure reaching over 3200 PSI

✔

All major production facility components have been delivered and installed at the Grieve Central Production Facility including all compression units, production separators, heat exchangers and oil storage and production export and sale facilities

✔

All 3 Oil Production Separator Process Units have been delivered to site and installed in the Central Processing Facility

✔

Final Production and Injection Well construction work has commenced and 3 of the 7 well workovers have been successfully completed and tested

✔

Successfully completed drilling first new oil production well in unswept portion of Grieve Field demonstrating significant live oil shows on logs with free oil produced to surface with drilling fluids

Increase in total Elk Petroleum Oil & Gas Reserves

The Company's total Proven, Probable and Possible Reserves for the Grieve CO_2 EOR Project and the Madden Gas Field are as follows:

Summary of Elk Petroleum Oil & Gas Reserves (as of 30 June 2017)		
Reserve Category	Elk Net (BCFE)	Elk Net (MMBOE)
Proved (1P)	75.3	12.5
Proved + Probable (2P)	118.8	19.8
Proved + Probable + Possible (3P)	140.3	23.4

Reserves independently audited by Netherland Sewell & Associates, Inc and VSO Petroleum Consultants as of 1 January 2017.

CHAIRMAN'S REVIEW

It is a pleasure to table the Company's 2017 Annual Plan and note up-front that the Company has had an outstanding year. I summarise below the highlights and emphasise the consistencies with our previously announced plans.

Sustained Strategic Focus

Elk Petroleum Limited's 2017 performance reflects the Company's continued strategic focus on (1) delivering first oil from its Grieve CO_2 Enhanced Oil Recovery (EOR) Project in Wyoming, USA by late 2017/early 2018, and (2) pursuing new CO_2 EOR projects in the Northern Rockies while modest oil prices prevail in the market.

Delivery on Commitments

Grieve Project Construction Started & On Schedule

At the close of the 2017 financial year, the summer construction program at Grieve was well under way. At the time of this report, the construction phase is over 95% complete and on schedule for commissioning work expected to commence in late 2017. Importantly, the project operator has upgraded its development plan and now expects a more rapid build-up in 2018 oil production than previously forecast.

Madden Field Acquisition Provides US$4.9 Million in Revenue since March 2017

In January 2017, Elk acquired a 14% working interest Madden Field and the associated Lost Cabin Gas Processing Facility in Wyoming. This field produces approximately 175 mmcf/d of sales gas and over 40 mmscf/d of CO_2 into areas of demand for both products. This acquisition has been contributing up to US$2 million net monthly gas sales since January 2017. The Company's post acquisition engagement with the operator and additional technical work shows significant potential for new projects to boost reserves and production.

30 June 2017 Proved and Probable (2P) Reserves Increase

Elk's 2P reserves increase to 20 mmboe and monthly natural gas production rates in the range of over 4,000 boepd place the Company comfortably within the ASX-listed small to mid-cap oil and gas companies. Production will jump again by 30 June 2018 with the addition of new Grieve oil production.

2017-18 Transition to Achieving Goal of Profitability, Materiality and Longevity

In 2017, the Company adopted a new credo: Profitability, Materiality & Longevity. In 2017-18, Grieve and Madden production will see the Company achieve Profitability and Materiality. These achievements are now likely to be extended to include Longevity as a result of the Company's recently announced US$160 million acquisition of operatorship and a 63% operating working interest in the Aneth Oil Field and CO_2 EOR project in SE Utah and located in the Rockies to the south west of Grieve and Madden.

The Company's Annual Report provides a detailed description of this acquisition and conveys that, on completion of the acquisition in 3Q 2017, the Company will achieve not only Longevity but a big boost to Profitability and Materiality.

Long-Term Growth Potential

The Board has taken advantage of the low oil price market of the last few years to reposition the Company for future growth. Growth has been pursued initially by restructuring Grieve and then acquiring an interest in the cash generating Madden Field. These steps required the Company to raise both debt and equity but these needs were more than offset by the Company's market capitalisation increasing from ~$10 million, when the Managing Director embarked on this plan in August 2015, to ~$60 million at 30 June 2017. They also repositioned Elk's presence in the US industry and funds market.

Recognition generated the international respect and support that then allowed the Company to acquire its transformational operating interest in the Aneth Oil Field. Now it is time to convert strategic and size success into value improvement for existing shareholders. The combination of the Company's position in the Aneth and Grieve CO_2 EOR projects and the Madden Gas Field with its substantial gas and CO_2 resources provide a strong platform to deliver this outcome.

Conversion of Reserves, Resources and Production Growth to Increased Share Price

A big plus in acquiring an increased stake in Grieve and the new interests at Madden and Aneth is the significant upside provided to the Company's oil and gas reserves that will be booked. Our current estimate is that the Company's 2P reserves at that time could increase to be 79 mmboe with total 3P net reserves of 109 mmboe. The goal is to convert this upside to value as expeditiously as possible.

Elk will use its operatorship role at Aneth to expedite conversion of upside at this location as a primary objective. In addition, the Company will press the Madden and Grieve Field operators to pursue identified upsides at those locations. The Company expects a significant level of upside conversion to occur over the next 3 years.

This potential is reflected in comparisons of Elk's reserves, production and expected earnings with those of US peer companies. Such comparisons support a material re-rating of the Company's share price. Achieving this re-rating for the benefit of shareholders will become the next major focus for the Company on behalf of its shareholders and other stakeholders.

It is clear to the Board that the key to getting maximum realisation of the Company's value for shareholders is to provide improved share market access for US investors who have greater experience in rating companies with US-based CO_2 EOR projects. Participation by US investors should strongly influence the Company's share price and market value. Our current assessment suggests a material re-rating can be achieved.

In conclusion, I note that the Company has successfully expanded its project portfolio under near-ideal conditions of availability of quality assets from financially-stretched companies at the same time of increased availability of attractively-priced debt and equity funds. Our next challenge is to position the Company so that its assets can be valued using US commercial benchmarks to gain US parity value.

Neale Taylor
Chairman

THE EOR PROCESS

Enhanced oil recovery commonly known as "EOR" is the term used for a wide range of proven, engineering practices and production technologies used for recovering oil from existing oil fields beyond what is recoverable during the initial or "primary" production phase when oil is either produced through natural flow or artificial lift through the installation of above ground or downhole pumps.

The EOR Process

As an oil field is produced over time the natural pressure and flow of oil from the field declines although large quantities of further recoverable oil remains in the field. Over the life of the field, good oil field operators will progressively apply additional operational methods, engineering practices and production technologies to maintain economic levels of oil production. Without investment in and application of these proven methods, practices and technologies, as much as 70-80% of the discovered oil can be left behind.

The ultimate objective of utilising these proven methods, practices and technologies is to recover as much of the discovered oil from any given field on an economically viable basis. Properly applied these proven operational practices can be used to recover up to 60% and in some cases, more of the oil discovered in a field.

Water Flooding

These proven operational methods and engineering practices can include re-injecting produced water back into the oil field in order to maintain the pressure within the field which enables the oil to continue to be produced economically. These practices have been widely used for many years to maintain production in oil fields and are commonly referred to as water flooding and also referred to as "secondary" recovery methods. These techniques can frequently allow for an additional 10-20% of the discovered oil contained in the field to be recovered.

Gas Flooding

Once secondary recovery methods are applied generally at some point these techniques reach the limit of their effectiveness and a good oil field operator will look to apply additional proven operational methods to recover even more of the discovered oil. This third phase of additional oil production methods or "enhanced oil recovery" are also referred to as "tertiary" recovery and can include the injection of CO_2, nitrogen or natural gas liquids. These forms or enhanced oil recovery are generally referred to as "gas displacement" or gas flooding techniques. These approaches are widely applied in both the secondary and tertiary production phases because they are highly efficient in recovering significant amounts of additional oil using widely available resources and in many respects low cost.

Thermal Recovery

In some cases, to assist in the recovery of additional oil, some fields are well suited to increasing oil recovery through the application of heat into the reservoir through the injection of steam or other direct methods. These forms of enhanced oil recovery are referred to a "thermal" enhanced

Chemical Flooding

Other forms of enhanced oil recovery include the injection of a mixture of water and soap-like chemicals or surfactants into the oil reservoir. These techniques are generally aimed at improving overall recovery by improving the flow of oil from the reservoir through a combination of reducing the oil's adhesion to the reservoir rock or increasing the viscosity of the injected water to give it additional capacity to help sweep more oil from the reservoir rock. With some of these chemical additives, they effectively act in the oil reservoir the way dishwashing detergent releases and breaks down grease and oils from dishes so that it can be flushed away by flowing water. These enhanced oil recovery techniques are commonly referred to a "chemical flooding".

THE CO_2 EOR ADVANTAGE

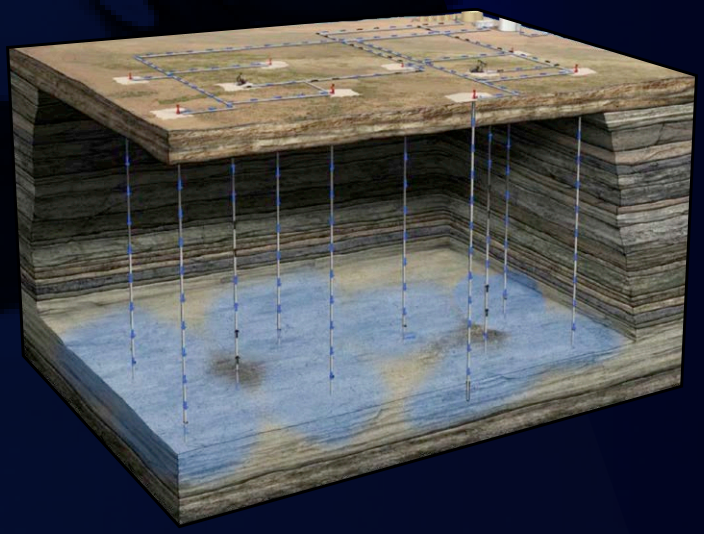
From a commercial perspective, in today's current low oil price market EOR answers the question "How do I profitably get more out of what I already own?" One of the most commonly used methods of enhanced oil recovery is to inject or "flood" maturing oil fields with carbon dioxide (CO_2). This form of enhanced oil recovery is commonly known as "CO_2 EOR" and is considered one of the most efficient and effective forms of enhanced oil recovery recovering the highest percentage of remaining oil. CO_2 EOR is a widely utilised proven production engineering technique and has been in wide scale commercial use since the early 1970s. The United States leads the world in both the number of CO_2 EOR projects and in the volume of CO_2 EOR oil production, in large part because of favourable geology with over 130 projects delivered in North America. Overall CO_2 EOR has a 90%+ success rate and it accounts for approximately 60% of USA EOR production. In 2014, CO_2 EOR delivered over 300,000 barrels of oil production per day and is projected to exceed over 600,000 barrels per day by 2020. CO_2 can be sourced from natural accumulations and man-made sources with the EOR process effectively "re-cycling" the entire oil field-wells, facilities and pipelines. EOR is the only stand-alone profitable form of carbon capture and storage where no subsidies are required.

How CO_2 EOR works

Why does injecting carbon dioxide (CO_2) into the pore spaces of a rock help move crude oil out? CO_2 has two characteristics that make it a good choice for this purpose: it is miscible with crude oil, and it is less expensive than other similarly miscible fluids. What does it mean to be miscible? When CO_2 is injected into an oil reservoir, it becomes mutually soluble with the residual crude oil as light hydrocarbons from the oil dissolve in the CO_2 and CO_2 dissolves in the oil. This occurs most readily when the CO_2 density is high (when it is compressed) and when the oil contains a significant volume of "light" (i.e., lower carbon) hydrocarbons (typically a low-density crude oil). As CO_2 dissolves in the oil it swells the oil and reduces its viscosity; affects that also help to improve the efficiency of the displacement process.

When the injected CO_2 and residual oil are miscible, the physical forces holding the two phases apart (interfacial tension) effectively disappear. This enables the CO_2 to displace the oil from the rock pores, pushing it towards a producing well. In the field, CO_2 is directed to injection wells strategically placed within the pattern of wells to optimise the areal sweep of the reservoir. The injected CO_2 enters the reservoir and moves through the pore spaces of the rock, encountering residual droplets of crude oil, becoming miscible with the oil, and forming a concentrated oil bank that is swept towards the producing wells.

A well-manifold allows for individual wells to be tested to see how much oil, is being produced at each location and if the concentration of oil is increasing as the oil bank reaches the producing wells. Upon reaching the surface, generally at a central production facility, the combined production stream of oil, gas, CO_2 and water produced fluids are separated. Any produced CO_2 is separated from the produced natural gas and the CO_2 is recompressed for reinjection along with additional volumes of newly-purchased CO_2. This process is repeated on a continuous basis over a long period of time – in many cases over a 20 to 30-year period – to recover as much of the remaining oil in the field as long as this CO_2 injection and recycling process remains economic to do so.



Enhanced Oil Recovery Process

MANAGING DIRECTOR'S REPORT

In last year's Managing Director's Report, I focussed on a few key themes – commitment, focus, performance, delivery, opportunity and continued growth in EOR. These themes have truly captured the spirit of the past year and what has been delivered. They also characterize what the Company is already delivering in the year ahead.

Our focus over the past year has been to deliver sustainable growth in shareholder value by building a fundamentally strong oil & gas production company built upon highly profitable, low risk long-life reserves and production through the redevelopment of maturing oil fields as CO_2 enhanced oil recovery projects.

Project Delivery, Production & Positive Cash Flow

To deliver on this business plan, the past year has well and truly been focussed on delivering three key things. First, commencing the final field development of the Grieve Project. Second, securing the Company's future through delivering the Company's first proven developed and producing reserves and the positive free cash flow from that production. Third, positioning the Company to deliver continued growth in production and reserves through the Company's continued focus on CO_2 EOR in our core operating area of the US Rocky Mountains.

During the past financial year, the Company has strongly delivered each of these three things. The Grieve Project is now in its final stage of full field development construction and is on track to be completed by the end of calendar year 2017 with first oil production projected to start in late CY17/early CY18. With the Madden Gas & CO_2 Field and Lost Cabin Gas Plant acquisition, the Company's future is now secure delivering the Company's first proved, developed and producing reserves and finally putting the Company in a sustainable positive free cash flow position with projected economic production continuing through to the year 2066.

Positioned For Growth

In terms of positioning Elk for future growth, the Company has maintained its focus on securing additional positions in existing CO_2 EOR production assets and future development assets in our core operational area of the US Rocky Mountains. Starting with the beginning of CY 2017, there have been quite a few interests in highly attractive CO_2 EOR production assets that have come to market largely being driven by the sellers emerging from bankruptcy re-organization or being forced by other factors to reorganize their portfolios. In each of these circumstances, the sellers opted to sell their interests in existing CO_2 EOR projects with material reserves and production because these assets are highly attractive delivering long-life reserves and production with significant stable free cash flow generation and profits even in a low oil price environment.

Grieve Unit Process Building

The Company's core focus area of the Rocky Mountain, sales were concluded by both Linn Energy and Titan Resources when both companies emerged from Chapter 11 bankruptcy reorganization and in both cases these interests were sold to highly experienced oil and gas companies with significant CO_2 EOR project operations or are otherwise long-terms investors in CO_2 EOR.

In the case of Linn Energy, their 22.5% non-operated working interest in the Salt Creek CO_2 EOR project located in Wyoming near the Madden Gas Field was sold to Denbury Resources for US$ 71.5 million. In the case of Titan Resources, their 25% non-operated working interest in the Rangely CO_2 EOR Project located in NW Colorado and supplied with CO_2 from the same source as Elk's Grieve Project was sold to Merit Resources for US$105 million. Both the Salt Creek and Rangely CO_2 EOR projects are two of the biggest CO_2 EOR projects in the Rocky Mountains with each field containing original oil in place of over 1.5 billion barrels.

Following the completion of the Madden acquisition in March 2017, Elk participated in both the Salt Creek and Rangely sales processes as both interests were highly complementary to Elk's existing Grieve CO_2 EOR Project and the Madden Gas & CO_2 Field interests. Our participation in these processes has given the Company a very good insight on how these interests were being valued, how these interests could be funded and what the overall competitive landscape for these assets is.

Capturing New Opportunities – The Aneth CO_2 EOR Project

This participation ultimately positioned Elk to be successful on the one opportunity – the Aneth CO_2 EOR Project – that the Company saw had the opportunity to deliver the third objective for the year - continued growth in material long-life reserves and production with significant stable free cash flow generation and profits even in a low oil price environment. The Aneth Oil Field and the CO_2 EOR Project is a unique opportunity for the Company to deliver growth in value to shareholders for many years to come.

With over 1.5 billion barrels of original oil in place and current production of over 10,000 bopd, the Aneth Oil Field is ranked as the 88th largest oil field in the United States by proven reserves and is one of the three biggest CO_2 EOR projects in the US Rocky Mountains along with the Rangely and Salt Creek CO_2 EOR Projects. Following the end of the 2017 financial year, Elk participated in Resolute Energy Corporation's competitive sale process and emerged in early-August as the successful bidder and secured exclusivity to acquire operatorship and Resolute's entire interest in the Aneth Oil Field and CO_2 EOR project for total consideration of approximately US$160 million and to have the entire Resolute Aneth operations and management team – approximately 90 employees in the field operational and Denver technical and management personnel – join the Company.

Starting at the beginning of FY2017, Elk began detailed due diligence and discussions with Resolute Energy regarding the opportunity to farm into the Aneth CO_2 EOR Project to help them continue the development of an already proven CO_2 EOR project. Although these initial discussions did not culminate into a farm in agreement, this engagement did position Elk for ultimate success. In April 2017, Resolute announced that it had decided to become a pure play Permian Basin unconventional tight oil company based on their success starting in 2016 and to run a sales process for their 63% operating interest in the Aneth Oil Field and the CO_2 EOR project to redeploy the sale proceeds into their Permian Basin acreage and drilling programs. As Elk was already fully across the Aneth Oil Field and the CO_2 EOR project, the Company was ideally positioned to focus on how it would potentially continue the development of the CO_2 EOR project and deliver maximum shareholder value from the field.

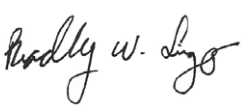
MANAGING DIRECTOR'S REPORT

Aerial View of Grieve Unit

The acquisition of the Aneth Oil Field and the CO_2 EOR project makes Elk one of the most significant CO_2 EOR operators and producers in the US Rocky Mountains – an incredible achievement for the Company – completing the transformation that started in August 2015. This achievement has only been possible with the support of a very strong shareholder base that had the vision and insight to see the opportunity that the team at Elk could deliver.

Commitment, Focus, Performance & Delivery

This has been made possible because of the Company's dedication to four key principals – Commitment, Focus, Performance and Delivery. Ultimately, we want all existing and prospective investors in the Company to associate Elk with three key themes – profitability, materiality and longevity. Again, this can only happen through the continued strong support of our shareholders. As a team, we are absolutely committed to and focussed on performance built on a quality EOR oil development and production base that delivers outstanding operational and financial results for shareholders.



Brad Lingo
Managing Director and CEO

RESERVES AND RESOURCES

Summary of petroleum tenements

Project	Location	Lease Reference	Interest	
			30 June 2017	5 August 2016
Grieve Project				
Grieve Unit Federal	Natrona County, Wyoming	BLM WYW-015813	49%	35%
Grieve Unit Federal	Natrona County, Wyoming	BLM WYW-015814	49%	35%
Grieve Unit Federal	Natrona County, Wyoming	BLM WYW-015815	49%	35%
Grieve Unit Federal	Natrona County, Wyoming	BLM WYW-016008	49%	35%
Grieve Unit Federal - Surface Use	Natrona County, Wyoming	BLM WYW-015824	49%	35%
Grieve Unit Fee	Natrona County, Wyoming	State of Wyoming-012931	49%	35%
Grieve Unit Fee	Natrona County, Wyoming	Diamond Ring Company	49%	35%
Grieve Unit Fee	Natrona County, Wyoming	Dumbell Ranch Company	49%	35%
Grieve Unit Fee	Natrona County, Wyoming	Robert Morton Et Ux	49%	35%
Singleton Project				
Singleton Unit	Banner County, Nebraska	N/A	100%	100%
Singleton South	Banner County, Nebraska	N/A	100%	100%
Madden Project				
Madden Unit (25 leases) Federal	Natrona County, Wyoming	N/A	9.38% –12.5%	–
Madden Unit (67 leases) Federal	Fremont County, Wyoming	N/A	12.5% – 12.77%	–
Madden Unit (14 leases) State	Fremont County, Wyoming	N/A	1.2% – 14.75%	–

Reserves

		30 June 2017 MMboe			5 August 2016 Mbbls			30 June 2015 Mbbls		
Project	**Location**	**1P**	**2P**	**3P**	**1P**	**2P**	**3P**	**1P**	**2P**	**3P**
Grieve	Natrona County, Wyoming	–	5,251	6,900	–	5,251	6,900		3,455	4,660
Madden	Wyoming	12.5	14.5	16.5	–	–	–	–	–	–

Contingent Resources

		30 June 2017 Mbbls			5 August 2016 Mbbls			30 June 2015 Mbbls		
Project	**Location**	**1C**	**2C**	**3C**	**1C**	**2C**	**3C**	**1C**	**2C**	**3C**
Grieve	Natrona County, Wyoming	–	–	6,859			6,859			4,653
Singleton EOR	Banner County, Nebraska	–	2,460	3,280	–	2,460	3,280	–	3,000	4,000

Notes:
Singleton EOR contingent resources were corrected to include an 18% royalty burden
Grieve 3P Reserves include 2P Reserves plus estimated incremental from improved CO_2 Utilization
Grieve 3C Contingent Resources include 2P Reserves plus estimated incremental from purchasing additional CO_2
The premise for Grieve is to either recover additional hydrocarbons via more efficient CO_2 utilization or purchase additional CO_2
Grieve 3P reserves & 3C contingent resources pre-JV restructure were adjusted to include Elk's 2% ORRI after 12.0 MMBO Gross Production
Grieve Reserves and Contingent Resources were increased due to JV restructuring 5 Aug 2016

JORC Statements

The Reserves and Contingent Resources in this financial report relating to the Grieve CO_2 EOR project, operated by Denbury Resources, is based on an independent review and audit conducted by VSO Petroleum Consultants, Inc. (formerly known as 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 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. The information in this financial report that relates to Reserve and Contingent Resources estimates for the Grieve CO_2 EOR project and the Contingent Resource estimates for the Singleton CO_2 EOR project have been compiled or in the case of the Singleton CO_2 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.

PROJECT OVERVIEW

Grieve Field

The Grieve CO_2 EOR Project field development construction is proceeding at a rapid pace and is coming to completion. The reservoir is ready for production with the Grieve Field now fully repressured. The civil construction is completed. The mechanical and electrical construction are in full swing with all major production facilities having been installed at the Central Production Plant. The final production and injection well construction work has commenced and 3 of 7 well workovers and the drilling of 1 new production well has been successfully completed.

Grieve Pipeline

The Grieve Pipeline is a 100% owned and operated 32-mile-long, 8-inch diameter steel export pipeline that extends from the Grieve CO_2 EOR project to a receiving station at the Enbridge oil storage and transportation facility in Casper, Wyoming, our point of oil sale. All upgrade and replacement works on and pre-operating testing of the Grieve Pipeline has been successfully completed and the pipeline is ready to receive oil from the Grieve Central Production Plant with the commencement of first oil production. All of the oil production from the Grieve Oil Field will be transported to Casper via the Grieve Pipeline for a charge of US$3/bbl (escalated) with the tariff paid to Elk Grieve Oil Pipeline, LLC.

Madden Gas Field/ Lost Cabin Gas Plant

Elk acquired a 14% interest in the Madden Gas Field and Lost Cabin Gas Plant and associated gas gathering pipeline systems. The Madden Gas Field and Lost Cabin Gas Plant are in Natrona and Freemont counties, Wyoming approximately 95 km (60 miles) from Elk's Grieve CO_2 EOR project. The Madden Gas Field contains over 1.1 TCF of gross remaining recoverable proven reserves of sales gas and the U.S. Energy Information Administration ranks the Madden Gas Field as the 33rd largest gas field in the USA by proven reserves. The operator of the Madden Gas Field will produce significant quantities of gas on a profitable basis through 2066.

Aneth

The Aneth CO_2 EOR Project is Elk's newest production asset. The Project covers the Greater Aneth Oil Field located in the US Rocky Mountains in SE Utah. The Greater Aneth Oil Field was discovered in 1956 had an original oil in place of over 1.5 billion barrels of oil and currently contains gross proven developed producing oil reserves of 70.5 mmbbls. Through the acquisition, Elk is the operator of the entire Greater Aneth Oil Field with a ~63% operating working in joint venture with the Navajo Nation Oil & Gas Corporation. Gross oil production from the field is over 10,000 BOPD with approximately 6,100 BOPD net to Elk. The U.S. Energy Information Administration ranks the Greater Aneth Oil Field as the 86th largest oil field in the USA by proven reserves. The Aneth CO_2 EOR Project is one of the 3 largest CO_2 EOR Projects in the US Rocky Mountain region.


1
2
Casper Office
3
Denver Office
4
Cortez Office
Head Office

PROJECT OVERVIEW

1

Panorama View of Grieve Project Area

Grieve Project

Elk 49%, Denbury 51% and Operator

During the first half of the financial year, the Company achieved two major milestones on the Grieve CO_2 EOR Project (the "Grieve Project").

Firstly, on 5 August 2016 the Company completed a comprehensive commercial restructuring of the joint venture and development arrangements for the Grieve Project with our joint venture partner, Denbury Resources Inc. ("Denbury"). The restructure delivered a material increase in the Company's ownership interest in the Grieve Project and a corresponding increase in the Company's share of reserves, production and overall economic interest in the Project.

The restructuring resulted in Elk's ownership interest in the project increasing from 35% to 49%, the Company's 2P net oil reserves increasing by 51% to 5.3 mmbbls up from 3.5 mmbbls and the Company's net economic interest increasing to 60% over the life of the Project. The restructure also saw the elimination of approximately US$20 million in non-recourse project debt funding provided by Denbury.

The key terms of the restructure between Elk and Denbury are:

- Elk's working interest in the Grieve Project increases to 49% with the right to receive 70% of the net operating cash flow from the first 2 million barrels of production;
- Denbury retains Operatorship of the Grieve Project JV and provides a firm commitment to complete the Grieve CO_2 EOR Project development pursuant to a fixed price turnkey contract containing a detailed field development and execution plan with fixed completion milestones;
- Under the fixed price turnkey contract, Elk funds US$55 million to complete the development of the Grieve Project with Denbury to cover any cost overruns;
- Denbury will supply, at no cost to Elk all the CO_2 to be injected into the Grieve field required to reach first oil production and any additional CO_2 up to 82 bcf will be provided on advantageous commercial terms at Denbury's cost of CO_2;
- All oil production from the Grieve Project will be shipped via Elk's 100%-owned and operated Grieve Oil Pipeline under a binding long-term regulated pipeline tariff at a haulage charge of US$3.00 per barrel;
- Denbury will forego recovery from Elk 100% of Grieve Project funding indebtedness with an estimated amount of US$20 million associated with the prior joint venture funding arrangements; and
- Elk and Denbury entered a binding settlement agreement under which all prior claims arising out of the original Grieve Project JV arrangements will be released including legal claims included in the civil lawsuit which the parties previously withdrew pending negotiating a commercial settlement (see ASX announcement 16 July 2015).

Secondly, to assure that the Grieve Project was fully funded through to completion and first oil production, the Company undertook a major recapitalisation. In support of the Grieve Project restructure, the Company completed two significant funding transactions. With the completion of these funding transactions, the Grieve Project is now fully funded through to full project completion and first oil production which is scheduled for late CY2017/early CY2018.

The first funding transaction was announced on 8 August 2016 with the closing of a senior Term Loan Facility with Benefit Street Partners ("BSP") for US$58 million to fund the completion of the Grieve Project through to first oil production. Under the Term Loan Facility, US$55 million is dedicated to funding the direct capital costs of the Grieve Project pursuant to the Turnkey Fixed-Price EPC contract with Denbury as part of the complete commercial restructuring of the project.

At the same time as putting in place the Term Loan Facility the Company implemented a significant oil price hedging program to underwrite a strong oil price going forward for the Grieve Project. In this programme, the Company purchased US$45/bbl put options for 75% of its share of forecast oil production from the Grieve Project during calendar year 2018 and 2019. The put options create a US$45/bbl floor price for the hedged volumes, but do not limit any oil price upside for the project.

The second major funding transaction was the launch and completion of a major equity capital raising through an entitlement offer during the First Quarter, raising $30.6 million (before costs) with the issuance of 408.1 million new fully paid ordinary shares at $0.075 per share.

With the completion of the Grieve project restructure and funding arrangements to assure project delivery, the Grieve Project JV is now undertaking the remaining works needed to realise the enhanced oil recovery project.

During the first half of the year Denbury as Operator and Turnkey EPC contractor developed a comprehensive project execution and completion plan and commenced work on the delivery of this plan. The major engineering works identified for completion on the Grieve Project being the construction of the oil processing and CO_2 recompression facilities with project completion and first oil production in late CY2017/early CY2018.

Substantial progress was achieved in the second quarter with the completion of the final engineering design for the Grieve Central Production Facilities ("GCPF") by Jacobs Engineering and delivered by Denbury to Elk. Finalization of these engineering and construction drawings, in mid-November was facilitated by a comprehensive Hazard and Operability Study (HAZOP) in which Denbury, Elk and the Grieve Project independent engineer participated. This collaborative approach resulted in substantial progress being achieved on procurement of all the major plant and equipment required for the fabrication and construction of the GCPF.

Mid December saw the Company actively participate in the first semi-annual Grieve Project management meeting since the completion of the Grieve Project joint venture restructure. Over two days the Company reviewed with Denbury engineers and geoscientists a comprehensive updated field development plan and project execution schedule. The meetings demonstrating a reinvigorated and amiable level of engagement with Denbury as Operator. The meeting concluded with Denbury confirming that the overall recoveries expected from the Grieve Field are in-line with Elk's independent reserves assessment of 12.5 mmbbls 2P Gross Recoverable oil from the Project.

PROJECT OVERVIEW

Under the project execution schedule presented by Denbury, field development well and construction work commenced in late April 2017, with the remaining well work-over and testing to be completed in mid-September 2017. As well intervention work takes place the remaining infield oil production, CO_2 and water injection flowlines will be laid by late October 2017. With the inclusion of phased mechanical and electrical installation and commissioning works the overall project execution schedule presented by Denbury remains consistent with Elk's prior guidance. The Grieve Project will be completed and commence first oil production by late CY2017/ early CY2018

By the end of January 2017 CO_2 and water injection into the Grieve Field reached a total of 37.5 bcf with a corresponding average bottom hole pressure (BHP) of 2704 psi. In May, a total volume of 40.58 bcf of CO_2 had been injected into the Grieve reservoir and based on well bottom hole pressure sampling reservoir formation pressures stood at around 2900 psi. With targeted reservoir production operating pressure of 3000 psi expected to be reached before the end of July. Pleasingly post year end on July 7th a well pressure survey returned a reading of 3189 psi. This repressurization of the Grieve reservoir was ahead of expectations and schedule. This field pressure is now equivalent to the virgin pressure in the Grieve Field when it was first discovered in 1954. As of 7th July, 41.2 BCF of CO_2 has been injected into the Grieve reservoir. As such CO_2 injection has now been suspended until oil production commences, with water injection continuing to maintain current field pressure.

During the third Quarter, significant progress was made under the Fixed Price Turnkey EPC contract with Denbury on procurement and fabrication of all the major plant and process equipment required for the fabrication and construction of the GCPF. All this work being undertaken in fabrication and testing facilities along the US Gulf coast and then shipped to site when civil engineering works and module foundations were completed at the end of the June Quarter. Post year end piping, underground electrical and mechanical installation contractors mobilised to site in mid-July to begin the plant and equipment hook-up process.

Elk and Denbury conducted two technical workshops during the final Quarter and agreed and finalised the forward Field Development Plan (FDP) for Grieve. It was determined that the field will be exploited most efficiently and economically as a field peripheral flood of CO_2 and water comprising a total well count of 24; 10 production wells, 10 injection wells, 1 injection water source well and 3 dual purpose wells that can be switched between producer/injector status as required. Fifteen of the 24 wells being already configured and available.

Early in the first quarter FY18 a new oil production well, Grieve-55, was drilled at the southern end of the field to optimise oil production from what was determined to be a poorly swept quadrant of the field. In tandem a well work-over and recompletion program of the remaining 7 wells in place was initiated to bring them up to specification, with a second work-over rig being added in August allowing the well work-overs to be completed by Mid-September. The jointly agreed FDP allows for a good degree of well utilisation flexibility depending on early well production outcomes. Again, the costs of the field development being part of the already agreed Denbury fixed price turnkey project with Elk.

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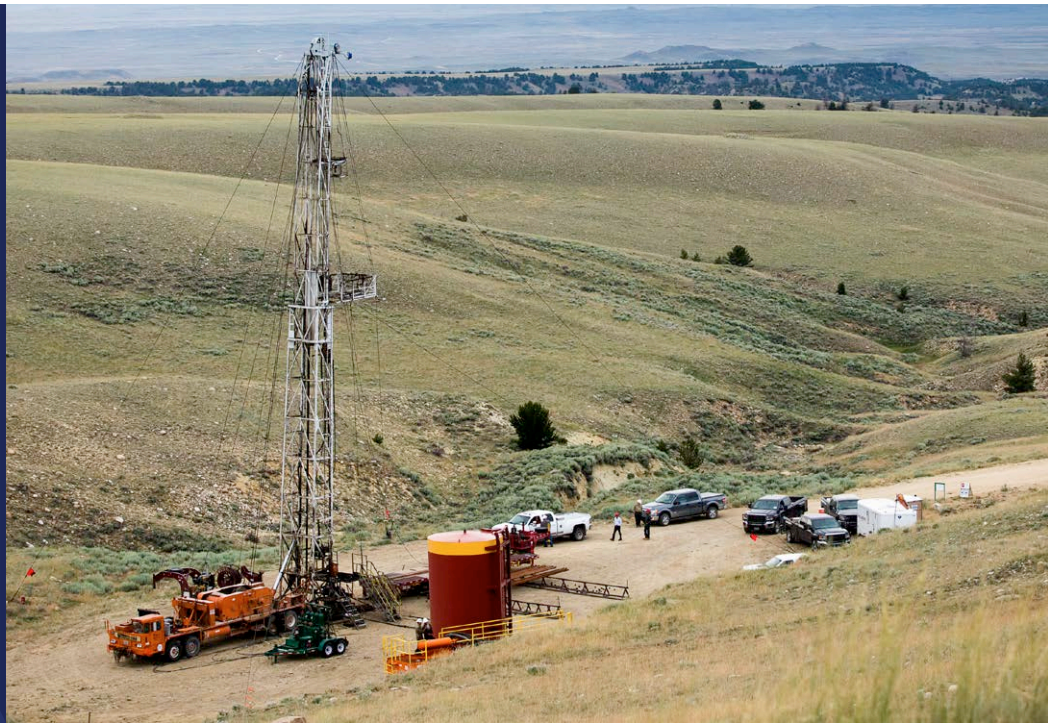

Grieve Field and Drilling Rig

2

Enbridge Oil Storage & Transport Facility and Pipeline Interconnect

Grieve Oil Pipeline

Elk (100% – Operator)

Elk through its subsidiary Elk Grieve Oil Pipeline, LLC owns and operates 100% of the 32-mile-long, 8-inch diameter steel export oil pipeline that extends from the Grieve CO_2 EOR project to a receiving station at the Enbridge (formerly Spectra Energy) oil storage facility in Casper, Wyoming, our point of oil sale. During the first Quarter Denbury entered into an oil transportation agreement with Elk to use the pipeline to transport its share of Grieve oil to Casper, for a charge of US$3/bbl (escalated) on 100% of production.

Within days of closing the senior Term Loan Facility with Benefit Street Partners in early August 2016 Elk mobilized to location and safely undertook and completed, without incident and within budget all corrosion related pipeline repairs as of 6th October 2016, with minimum disturbance for our stakeholders. During the first two quarters, approximately US $2.2 million was spent on upgrading Elk's 100% owned Grieve oil pipeline. This included digging 64 inspection trenches along the pipes length and renewing around 10,000ft of pipeline. Late in the December Quarter pipeline cathodic protection works commenced and these works were completed in February 2017. The Company then successfully undertook a partial pressure test and an internal pipeline intelligent pigging inspection enabling us to make a reliable wall thickness comparison with historical surveys prior to the end of the third quarter. In addition, preliminary design drawings to connect the pipeline into Grieve and Enbridge facilities were completed during the third quarter.

The third quarter also saw the Company commence the licensing of the pipeline with the Federal Energy Regulatory Commission ("FERC"). As part of this process the Company conducted an "open season" marketing capacity on the pipeline. This open season process confirmed Denbury's entitlement to the necessary pipeline capacity to transport all crude oil production from the Grieve CO_2 EOR Project, the process being satisfactorily completed in the fourth quarter.

In the June Quarter Elk received the final pipeline survey report from the previous quarter's internal intelligent pigging inspection of the Grieve Crude Oil Pipeline. To verify and calibrate the results of the pigging inspection report test holes were excavated at a small number of pipeline locations and joints and using pipeline wall thickness measuring equipment comparisons made with the remotely acquired intelligent pig data. Comparisons with recent and 2012 pigging data show the pipeline to be within operational wall thickness tolerances. The pipelines integrity was subsequently confirmed with its passing of a hydrostatic pressure test early in the new financial year. As part of the pipeline's corrosion protection programme Elk has also completed a new pipe-to-soil survey to determine the level of cathodic protection over the pipeline.

During the final quarter Elk signed purchase orders and fabrication is underway on the pig launcher, pig receiver and control skid assemblies. This equipment was delivered and installed in July. This will allow Enbridge to begin and complete their interconnection by the end of August, with additional pipeline measuring and monitoring equipment connected at the Grieve facility and Enbridge by end first quarter FY18.

PROJECT OVERVIEW

Madden Gas Field & Lost Cabin Gas Plant

Elk 14% ConocoPhillips 46% and Operator

Elk Net 1P Reserves = ~12.5 mmboe 2P Reserves = ~14.5 mmboe

Following the end of the December 2016 Quarter, on 4th January 2017, Elk announced that it had entered into a formal purchase and sale agreement with subsidiaries of Freeport-McMoRan Inc. ("FCX") to acquire all FCX's interest in the Madden Gas Field, the Madden Deep Unit Gas Field and the Lost Cabin Gas Plant for US$20 million. On 10th March 2017 Elk announced a revised acquisition price of US$17.5 million with a closing date of 17th March 2017 (US CST). The Madden Gas Field and the Lost Cabin Gas Plant are in Natrona and Freemont counties, Wyoming approximately 95 kms (60 miles) from Elk's Grieve CO_2 enhanced oil recovery project.

Pursuant to the PSA, Elk acquired a 14% non-operating working interest in the Madden Gas Field and the Lost Cabin Gas Plant and associated gas gathering pipeline systems. The Madden Gas Field and the Lost Cabin Gas Plant is operated by Conoco Phillips (46%) and the balance of the unit and gas plant is owned by Moncrief Oil (30%) and various other private interest holders. The purchase of Freeport McMoRan interest in the Madden Gas Field and the Lost Cabin Gas Plant was not subject to any pre-emptive rights and the PSA was subject to completion of extensive due diligence for title, environmental and other customary matters. The acquisition was completed by mid- March 2017 with an effective date 1 January 2017.

Discovered in 1968, the Madden Gas Field is a giant, conventional gas field located in the Wind River Basin and is the second largest gas field and gas producer in Wyoming. In energy terms, the State of Wyoming is the USA's fourth largest natural gas producer and eighth largest crude oil producer. The field sits on the Madden Anticline and covers an area of over 200 sq. miles/518 km^2/ 128,000 acres. The field produces from multiple reservoir units ranging in depth from 5,000 to 25,000 feet (1500 meters to 7600 meters). With an estimated original gas in place of over 5.5 tcf, to date the Madden Gas Field has produced over 2.42 tcf of natural gas.

According to the US Department of Energy's, Energy Information Administration, the Madden Gas Field is the 33rd largest gas field in the US as ranked by Proved Reserves (Energy Information Administration's US Crude Oil and Natural Gas Proved Reserves 2015 publication).

Production from the Madden Gas Field is transported through an extensive gas gathering system for processing through the dedicated Lost Cabin Gas Plant (LCGP) which includes 3 raw gas processing trains with a total raw gas processing capacity of 310 mmscf/day. The raw gas stream is comprised of 68% methane CH_4, 20% carbon dioxide CO_2 and 12% hydrogen sulphide H_2S. Currently approximately 240 mmscf/day of raw gas is processed through the gas plant. The Lost Cabin Gas Plant is very similar in capacity to the Moomba Gas Plant in South Australia's Cooper Basin which was designed for 902 mmscf/day (see South Australia Department of State Development – Petroleum Division website) and has current gas processing capacity of 375 tj per day with an 80% utilisation rate.

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Madden Gas Field & Lost Cabin Gas Plant Facility

3

Madden Gas Field & Lost Cabin Gas Plant Facility

Sales gas is delivered from the gas plant into several interstate sales gas transmission pipelines: Lost Creek Pipeline (for delivery to Colorado Interstate Gas, Wyoming Interstate Gas, and Rockies Express) and Mountain Gas Resources Inc. (for delivery to Colorado Interstate Gas). Both CO_2 and H_2S are also captured and processed for sale. The plant produces 1200-1400 tons per day of sales high grade Sulphur the majority of which is transported by rail to supply the fertilizer market in Tampa, Florida with the remainder transported to a local fertilizer plant located in SW Wyoming.

Since 2013, the Lost Cabin Gas Plant has also been equipped to capture, process and deliver for sale the CO_2 from the Madden Gas Field raw gas stream. This CO_2 is under a long-term supply contract to Denbury Resources. From 2013 to 2016 the CO_2 from the Lost Cabin Gas Plant was the principal source of CO_2 supply for Denbury's Bell Creek EOR Project located north of the Lost Cabin Gas Plant on the Wyoming-Montana border.

With the Madden Deep Gas Field acquisition, Elk secured substantial, high quality, long-life reserves that materially increase not only the quantity but the quality of the Company's reserves base. The acquisition delivers approximately 75 bcf (12.5 mmboe) of Proven (1P) gas reserves of which 67 bcf (11.2 mmboe) of the gas reserves and all the natural gas liquids are reserves classified by Netherland Sewell and Associates, Inc. ("NSAI") as Proved Developed Producing and increases Elk's 2P oil and gas reserves by 79% to approximately 20 mmboe up from 5.3 mmboe attributable to the Grieve CO_2 EOR Project.

Elk has quickly developed a strongly interactive relationship in its dealings with Operator ConocoPhillips since the acquisition of our 14% of the field and facilities. The June Quarter was marked by an increase in execution of approved Capital Projects, as the Northern hemisphere spring progressed. With most of these CAPEX AFE's being approved prior to the acquisition of Madden/Lost Cabin from Freeport. The focus of the final quarter and the first half of the new financial year being an integrated approach to implementing operating cost reduction projects and scheduled processing plant turnarounds. Specifically, during May gas processing Train 3 was taken down for a planned maintenance turnaround (TAR) over a seven-day period. The Operators strategy is to have a scheduled major turnaround for each train every 2 years; with a small maintenance outage, every other year. TAR's are primarily driven by plant cleaning requirements, repairs and modifications with the goal always being to minimize duration and cost without compromising reliability.

In the Madden Shallow Gas Field, compressor station overhaul maintenance was undertaken to ensure safe and efficient ongoing production of future sales of natural gas from this field. Other scheduled works during the quarter in the Madden Shallow Gas Field focused on minor well intervention projects to reduce frictional pressure losses in the wellbore by installing larger diameter tubing and undertaking water wash well stimulations to mitigate scaling. On surface works included line looping which was undertaken to reduce frictional pressure drops through to the Lost Cabin Gas Plant (LCGP) and selected well head choke modifications. In addition, a water circulation pump was introduced into the production system to reduce inlet pressure. All the projects undertaken resulting in a strongly positive rate of return on investment, and showing an increase in gas production and throughput rates.

PROJECT OVERVIEW

Aneth

The Greater Aneth Oil Field is the largest producing oil field in the State of Utah, with current production of approximately 10,000 bbls of oil per day, and is the 86th largest oil field in the United States by proven reserves as ranked by the US Energy Information Administration. The Greater Aneth Oil Field covers over 48,000 acres (19,500 ha) and is also one of the three biggest CO_2 EOR projects in the US Rocky Mountains. Greater Aneth is located in the southern Rocky Mountains in south-eastern Utah near the Colorado and New Mexico borders in an area known as the Four Corners Region. The field was discovered in 1956 and is the largest oil field in the Paradox Basin. The Greater Aneth Oil Field is comprised of three contiguous operating units: the Aneth Unit, the McElmo Unit and the Ratherford Unit. Collectively these three operating units are known as the Greater Aneth Oil Field.

At its peak, the Greater Aneth Oil Field produced over 100,000 bbls of oil per day and to date has produced over 448 million barrels of oil of the estimated 1.5 billion bbls of original oil in place ("OOIP") (Utah Division of Oil, Gas and Mining, 2017a). Currently, the field produces from 444 wells. As of 1 January 2017, cumulative production was 448 million BO, 440.2 billion cubic feet of gas (BCFG), (Utah Division of Oil, Gas and Mining, 2017a).

The Greater Aneth Oil Field is an extensive carbonate stratigraphic trap created by alternating facies that seal the reservoir laterally with additional seals above and below. In addition, minor fractures and small faults create a structural component to the field. The field produces oil and small amounts of gas from carbonate reservoir rocks in the Desert Creek zone of the Pennsylvanian (Carboniferous) Paradox Formation. The average net reservoir thickness of the Desert Creek zone at Greater Aneth is 50 feet (15 m) over a 48,260-acre (19,530 ha) area. Porosity ranges from 9% to 13% (but can be significantly higher, 16% or greater) in interparticle, moldic, and intercrystallite networks enhanced by fractures; permeability averages 10 millidarcies (mD), ranging from 3 to 100s mD.

Extensive EOR development both, secondary recovery through waterflood and tertiary recovery through carbon dioxide (CO_2) flooding, have been implemented across the Greater Aneth Oil Field. The implementation of these secondary and tertiary enhanced oil recovery developments makes the Greater Aneth Oil Field the largest waterflood program and the only CO_2 enhanced oil recovery operation in Utah. Waterflood (secondary recovery) operations began in 1961 and have been implemented in all the Greater Aneth Oil Field units and carbon dioxide flooding (tertiary recovery) through a water alternating gas (WAG) EOR program began in the McElmo Creek Unit in 1985 by Texaco Oil Company and were further expanded by Resolute Energy into the Aneth Unit starting in 2007. CO_2 EOR operations have not been extended into the Ratherford Unit which is under extensive waterflood recovery. Overall, there are 333 injection wells exist in the field as of the end of 2016. Oil is exported via the Running Horse Oil Pipeline to Western Refining 's Gallup, New Mexico refinery.

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Aneth Oil Field Unit

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Greater Aneth Oil Field

Extensive and successful horizontal drilling programs have also been conducted across the Greater Aneth field. These drilling programs were carried out primarily in the Aneth (in 1996) and Ratherford (in 1994) Units in the northwest and southeast parts of the field, respectively. Horizontal wells in the primary Desert Creek zone have successfully increased production in these units.

CO_2 is supplied to the Greater Aneth Oil Field by Kinder Morgan under long-term contract from the McElmo Dome CO_2 Field located in southwestern Colorado via a 28 mile 8-inch pipeline which is owned and operated by the Greater Aneth Joint Venture. The McElmo Dome CO_2 Field is the largest source, producer and supplier of CO_2 for CO_2 EOR operating in the US producing over 1.1 BCF of CO_2 a day with over 6 TCF of remaining proven CO_2 gas reserves.

The large amount of remaining oil in the Greater Aneth Oil Field and the demonstrated success of EOR by CO_2 flooding to date gives Elk the confidence (technical and commercial) that it can take over operatorship and implement additional cost effective production optimisation programs to create shareholder return from this world class asset across multiple years.

Singleton South & Singleton Unit

Elk (100% – Operator)

Singleton South Field, Nebraska. During the September Quarter Elk mobilized crews and safely re-entered, worked over and production tested the lower Muddy Formation J3 oil prone sand in the Opis-1P well. Twenty feet of behind pipe J3 Sand with similar characteristics to the nearby Singleton Unit oil production well number 5 was stimulated and placed on pump. Oil was recovered on test from the J3 sand, however it was deemed sub economic, with the sand having lower permeability and higher water saturation than the equivalent Singleton Unit 5 well sand 1,200 feet to the north. Post well analysis determined that the J3 sand at this well location is not in communication with the Singleton Unit 5 well, being outside the better-quality sand fairway of the Singleton Unit. While the results from the Opis-1P test were discouraging, there remains significant oil production potential in Nebraska, particularly for EOR projects. The well however has not been abandoned as its potential as a water injection source to support a future Singleton Unit EOR Project continues to be evaluated, along with the viability of the redevelopment of the Singleton Oil Field through CO_2 enhanced oil recovery. During the December Quarter, given the progress the Company was making on securing the Madden Gas and CO_2 Field acquisition, the decision was taken to place the Singleton CO_2 EOR Project on care and maintenance to minimize expenditures on this project.

PROJECT OVERVIEW

Basis of Preparation of Reserves and Resources Estimates

Unless otherwise stated, references in this release to estimates of petroleum reserves and resources are as at 30 June 2017, modified for production and released to the ASX by Elk Petroleum Limited on 11 April 2017. Elk confirms that it is not aware of any new information or data that materially affects the information included and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Elk prepares its petroleum reserves and resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Unless otherwise stated, all references to petroleum reserves and resources quantities in this presentation are Elks net share. Petroleum reserves and resources are aggregated by arithmetic summation.

The reserve and resource estimates in this release are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Geologist Mr. David Evans, Elk Petroleum Limited COO and Petroleum Engineer Mr. Brian Dolan, COO-USA and VP-Engineering of Elk Petroleum Inc. who are both qualified persons as defined under the ASX Listing Rule 5.11 and both have consented in writing to the use of the reserves and resources figures in the form and context in which they appear in this release.

Elk independently carries out reviews and audits of its Reserves and Resources assessments, using Netherland Sewell and Associates Inc. ("NSAI" related to the Madden Gas Field) and VSO Petroleum Consultants, Inc ("VSO" related to the Grieve CO_2 EOR project), carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines. Both the NSAI and VSO independent reserve audits were prepared on a deterministic basis in accordance with U.S. Securities and Exchange Commission guidelines and standards consistent with existing U.S. oil and gas reserve auditing and reporting standards and practice.

Sales gas is converted to equivalent barrels of oil (boe) using a factor of 6,000 cubic feet per barrel of oil equivalent (boe).

The Reserves and Contingent Resources in this announcement relating to the Madden Gas Field is based on an independent review and audit conducted by Netherland, Sewell & Associates, Inc. for Elk Petroleum Limited 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. Shane M. Howell and Mr. John R. Cliver, both Vice Presidents of Netherland, Sewell & Associates, Inc., an independent petroleum advisory firm. Mr. Howell is a Registered Professional Geologist in the State of Texas and Mr. Cliver is a Registered Professional Engineer in the State of Texas.

Mr. Howell's qualifications include Master of Science in Geological Sciences, San Diego State University and a Bachelor of Science in Geological Sciences, San Diego State University. Mr. Howell has more than 10 years of relevant experience. Mr. Cliver's qualifications include a Masters of Business Administration from the University of Texas, Austin and a Bachelor of Science in Chemical Engineering from Rice University. Mr. Cliver has more than 10 years of relevant experience. Mr. Howell and Mr. Cliver meet the requirements of Qualified Petroleum Reserve and Resource Evaluator as defined in Chapter 19 of the ASX Listing Rules.

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 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.

SUSTAINABILITY REPORT

During FY 2017 as the company has grown with the addition of the working interest in Madden and Lost Cabin Gas Plant, Elk has continued to broaden its sustainability strategy and future sustainability reporting scope as we further our transition into an active, best practice, oil field operator. This has been Elk's transformational year and we are building a strong foundation of operating business values in health, safety and environment that will ensure our employees and contractors are able to do what we ask of them within a transparent and useable HSE management system. This well considered approach also encapsulates other areas of good corporate governance as management structures are enhanced to deliver more robust systems that in turn are focused on providing continued shareholder return.

Elk's COO continued to be responsible for steering its sustainability governance structure during the past year. This oversight ensures sustainability themes are implemented into and across our everyday business practices in the areas we operate in. This implementation allows us to measure, refine and further develop sustainability goals and targets as the company grows.

Four core areas have been identified by Elk as the focus of its sustainability reporting:

People
- Health and safety of our staff and contractors
- Wellbeing of our staff and contractors
- Diversity & Equality

Community
- Landowner interaction
- Corporate citizenship

Environment
- Operating footprint
- Land & Water management
- Regulatory compliance and reporting

Economic
- Elk's benefit on local communities and businesses

As Elk transitions into an active Operator role in the US State of Wyoming during FY 2018 we have proactively grown our profile during FY 2017 in the US with the addition of staff and contractors, whilst engaging with other primary Stakeholders, regulators, landholders, local communities, and shareholders. Our engagement and relationship building as non-operator in the Grieve EOR project Joint Venture Partner, Denbury (51%) as Operator, and Conoco Phillips Operated (46%) Madden/ LCGP is a highlight and testament to our commitment to grow the business for all Elk Primary Stakeholders. Elk intends to further develop this 'communications' strength and utilize it as a tool to attract other likeminded JV and business partners in the coming year.

This year Elk as an Operator and 100% owner has delivered, without incident, on time and budget, while dealing with approximately 20 private landowners and Wyoming State Authorities the Grieve Oil Pipeline refurbishment project, with the line now poised to take Grieve crude oil. Likewise, the execution of the Singleton South, Opis -1P re-entry and test in Nebraska.

For the benefit of all Elk Stakeholders during our continued transition, Elk will adhere to and benchmark its sustainability strategy and reporting against global oil industry guidelines for social and environmental issues as set down by IPIECA (International Petroleum Industry Environmental Conservation Association). Elk will also be utilizing components of the GRI (Global Reporting Initiative) guidelines to develop our sustainability performance and disclosure for the benefit of all Stakeholders.

BOARD OF DIRECTORS


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Neale Taylor (a)

Non-executive Director and Chairman

Dr. Taylor has extensive technical, operating and commercial experience in oil and gas exploration and production with Esso Australia, Nexus Energy, and Cambrian Oil & Gas Plc. He is a former non-executive director of Terra Gas Trader, former non-executive chairman of Tap Oil, a former managing director of Cambrian Oil & Gas Plc and director of various subsidiaries of Xtract Energy Plc. He is a member of the Society of Petroleum Engineers and a Fellow of the Australian Institute of Company Directors.

Special responsibilities:
Member of the audit committee, risk committee and remuneration committee.

Other current directorships:
None

Former directorships (last 3 years):
None

Bradley Lingo (b)

Managing Director and Chief Executive Officer

Mr. Lingo is an experienced international resource & energy executive with a proven track record of successfully building companies in the upstream and midstream oil & gas energy sectors. Mr. Lingo held previous roles in business development, new ventures, mergers and acquisitions and corporate finance with Tenneco Energy and El Paso Corporation in the US and Australia, and Senior Vice President and Head of Oil & Gas at the Commonwealth Bank of Australia. More recently Mr. Lingo was Managing Director and CEO of Drillsearch Energy Limited, where he oversaw more than an eight-fold increase in share price and market cap over a period of six years, helping build that company into one of Australia's leading onshore oil and gas producers.

Mr. Lingo's skills include leadership, ability to build market confidence, financial and technical skills, organisation building, business development and funding capability, and entrepreneurship. His experience also includes equity and debt capital raising, project and transaction financing and structuring to achieve attractive financial, tax, accounting and legal treatment for complex commercial, project and financing transactions, similar to Elk's current needs.

Special responsibilities:
Member of the risk committee and remuneration committee.

Other current directorships:
Oilex Ltd

Former directorships (last 3 years):
Drillsearch Energy Limited, Mont Dór Petroleum Limited, Ambassador Energy Limited

Russell Krause (c)

Non-executive Director

Mr. Krause has over 25 years' experience in Stockbroking and Investment Management with a primary focus on the resources sector. He has held a number of Directorships and Senior Management positions with a number of Australia's leading firms, including firms with US oil and gas assets. For the past ten years he has worked on a number of North American oil and gas projects in relation to Capital Raising and Corporate Advisory.

Special responsibilities:
Member of the remuneration committee and risk committee and Chair of the audit committee.

Other current directorships:
Carbine Tungsten Limited, Red Sky Energy Limited, Austex Oil Limited

Former directorships (last 3 years):
None

Timothy Hargreaves (d)

Non-executive Director

Mr. Hargreaves has over 35 years' experience in technical and managerial roles in the petroleum and minerals sectors in Asia and the Middle East for major companies including BHP, Union Texas Petroleum and Fletcher Challenge Petroleum as well as start-ups and independents. He has led successful exploration and commercialisation campaigns in Pakistan and Egypt which were dependent upon technical and commercial innovation in complex regulatory environments. Since 2009 he has been Research Director of Resources for Republic Investment Management, a Singapore based investment fund that is a major investor in Elk and has been a major participant in the rejuvenation of Elk including being the lead investor in the Convertible Loan Facility of April 2015 and a sub-underwriter of the June 2016 Entitlement Offer. He is a Director of Skyland Petroleum Limited (ASX : SKP) and is a former Director of The Environmental Group Limited (ASX : EGL).

Special responsibilities:
Chair of the risk committee.

Other current directorships:
None

Former directorships (last 3 years):
Skyland Petroleum Ltd, The Environmental Group Ltd.

EXECUTIVES


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Alexander Hunter (a)

CFO, Sydney

Mr. Hunter has over ten years' experience in resources sector M&A and capital raising, and previously worked for ten years in construction and infrastructure project management. Alex was most recently General Manager Business Development at Drillsearch Energy where he helped to rationalise and grow the business leading various successful takeovers, divestments and capital raisings. He holds an MBA from University of Southern California Marshall School of Business, a Bachelor of Engineering, and postgraduate qualifications in corporate finance and business law.

David Evans (b)

COO, Sydney

Mr. Evans is a geologist with 30 years upstream global oil & gas development, production and exploration experience, with significant exposure to Brownfield redevelopments and EOR projects. He joins Elk Petroleum from the former Drillsearch where over a 6-year period he held the positions of Chief Technical Officer and Acting Chief Operating Officer.

David Franks B.Ec, CA F Fin, JP (c)

Joint Company Secretary

Mr. Franks has 20 years in finance and accounting, initially qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) in their Business Services and Corporate Finance Divisions, Mr. Franks has been CFO, Company secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare.

Current directorships:
JCurve Solutions Limited.

Andrew Bursill B. Agr. Ec, CA (d)

Joint Company Secretary

Mr. Bursill qualified with PricewaterhouseCoopers then began his career as an outsourced CFO and company secretary in 1998. Mr. Bursill has been CFO, company secretary and/or director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution.

Current directorships:
Argonaut Resources Limited and ShareRoot Limited.

J.Scott Hornafius (e)

President, Denver

Dr. Hornafius has 32 years of exploration, technical, management and funding experience in the oil and gas industry including 16 years with Mobil in the USA, PNG and UK before founding MegaEnergy in 2000. As President of MegaEnergy he developed a 100,000 area position over the Marcellus shale gas play in the Appalachian Basin. The divestment of this position was completed in 2012 for approximately US$100 million.

Brian Dolan (f)

COO, Denver

Mr. Dolan brings 26 years of diverse engineering management and operations experience in the oil and gas industry to the Elk team. Mr. Dolan has held several leadership positions while working for Shell, Amoco, and three independent E&P companies over his career. His experience ranges from shallow CSG development plays to deep complex exploration environments. Before joining Elk in January 2014, he spent the last seven years developing shale resources with horizontal drilling in four different plays.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated	
	Note	2017 US$	Restated 2016 US$
Revenue	4	4,964,568	44,184
Expenses			
Depreciation, depletion and amortisation expense	5	(1,376,748)	(127,906)
Loss on derivatives asset – oil	10	(522,191)	–
Gain on derivative liability – convertible notes	17	686,881	–
Production costs		(4,366,227)	(230,735)
Professional and corporate services	5	(1,117,194)	(1,062,582)
Administrative expenses	5	(1,147,059)	(682,266)
Directors and employees costs	5	(2,529,331)	(1,492,633)
Other expenses	5	(1,710,229)	(1,316,346)
Finance costs		(999,992)	(356,095)
Loss before income tax expense		(8,117,522)	(5,224,379)
Income tax expense	6	–	–
Loss after income tax expense for the year attributable to the owners of Elk Petroleum Ltd		(8,117,522)	(5,224,379)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		338,339	(6,441)
Other comprehensive income for the year, net of tax		338,339	(6,441)
Total comprehensive income for the year attributable to the owners of Elk Petroleum Ltd		(7,779,183)	(5,230,820)
		US Cents	**US Cents**
Basic earnings per share	32	(1.0)	(2.0)
Diluted earnings per share	32	(1.0)	(2.0)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		Consolidated		
	Note	30 June 2017 US$	Restated 30 June 2016 US$	Restated 1 July 2015 US$
Assets				
Current assets				
Cash and cash equivalents	7	4,858,679	13,443,508	1,203,472
Trade and other receivables	8	2,184,084	1,339,396	128,737
Restricted cash	9	7,373,265	–	–
Derivative financial instruments	10	866,700	–	–
Non-current classified as held for sale		–	–	622,718
Total current assets		15,282,728	14,782,904	1,954,927
Non-current assets				
Derivative financial instruments	11	3,018,274	–	–
Property, plant and equipment		104,887	117,660	20,014
Oil and gas properties	12	93,063,504	30,901,328	22,133,457
Other non-current assets		228,648	177,812	30,000
Total non-current assets		96,415,313	31,196,800	22,183,471
Total assets		111,698,041	45,979,704	24,138,398
Liabilities				
Current liabilities				
Trade and other payables	13	10,794,753	10,092,235	3,351,110
Borrowings	14	6,736,002	3,158	2,753,550
Total current liabilities		17,530,755	10,095,393	6,104,660
Non-current liabilities				
Borrowings – Denbury JV	15	–	16,078,479	14,491,609
Borrowings	16	55,845,569	362,561	–
Derivative financial instruments – convertible notes	17	3,603,337	–	–
Provisions	18	14,213,186	2,515,770	2,462,184
Total non-current liabilities		73,662,092	18,956,810	16,953,793
Total liabilities		91,192,847	29,052,203	23,058,453
Net assets		20,505,194	16,927,501	1,079,945
Equity				
Issued capital	19	63,454,564	53,208,975	32,254,185
Reserves	20	11,004,936	9,555,310	8,805,184
Accumulated losses		(53,954,306)	(45,836,784)	(39,979,424)
Total equity		20,505,194	16,927,501	1,079,945

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Contributed equity US$	Foreign Currency Translation reserve US$	Share-based payments reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2015 – restated	32,254,185	7,064,859	1,740,325	(39,979,424)	1,079,945
Loss after income tax expense for the year	–	–	–	(5,224,379)	(5,224,379)
Other comprehensive income for the year, net of tax	–	626,540	–	(632,981)	(6,441)
Total comprehensive income for the year	–	626,540	–	(5,857,360)	(5,230,820)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 19)	20,954,790	–	–	–	20,954,790
Share-based payments (note 33)	–	–	123,586	–	123,586
Balance at 30 June 2016	53,208,975	7,691,399	1,863,911	(45,836,784)	16,927,501

Consolidated	Contributed equity US$	Foreign Currency Translation reserve US$	Share-based payments reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2016 – restated	53,208,975	7,691,399	1,863,911	(45,836,784)	16,927,501
Loss after income tax expense for the year	–	–	–	(8,117,522)	(8,117,522)
Other comprehensive income for the year, net of tax	–	338,339	–	–	338,339
Total comprehensive income for the year	–	338,339	–	(8,117,522)	(7,779,183)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 19)	10,202,985	–	–	–	10,202,985
Share-based payments (note 33)	42,604	–	1,111,287	–	1,153,891
Balance at 30 June 2017	63,454,564	8,029,738	2,975,198	(53,954,306)	20,505,194

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 US$	Consolidated Restated 2016 US$
Cash flows from operating activities			
Receipts from customers		3,624,557	18,448
Payments to suppliers		(6,163,248)	(3,169,980)
Interest received		11,871	8,056
Finance costs		(557,150)	(908)
Management fees and other receipts		–	22,362
Net cash used in operating activities	31	(3,083,970)	(3,122,022)
Cash flows from investing activities			
Acquisition of plant and equipment		(2,711,000)	(127,724)
Acquisition of leases		(11,233,971)	(81,815)
Exploration and development expenditure		(38,149,546)	(2,106,102)
Payment for security and bonds deposits		(50,836)	(152,664)
Proceeds from disposal of plant and equipment		–	17,000
Purchase of put options		(4,407,165)	–
Net cash used in investing activities		(56,552,518)	(2,451,305)
Cash flows from financing activities			
Proceeds from issue of shares	19	7,319,645	18,636,214
Share issue transaction costs		(612,319)	(707,447)
Proceeds from borrowings (BSP Loan)		56,260,865	–
Proceeds from borrowings (Convertible Loan)		14,405,028	–
Transfers to restricted cash accounts		(7,373,265)	–
Transaction costs related to loans borrowings		(3,205,057)	–
Repayment of borrowings		(15,760,720)	(102,168)
Net cash from financing activities		51,034,177	17,826,599
Net (decrease)/increase in cash and cash equivalents		(8,602,311)	12,253,272
Cash and cash equivalents at the beginning of the financial year		13,443,508	1,203,472
Effects of exchange rate changes on cash and cash equivalents		17,482	(13,236)
Cash and cash equivalents at the end of the financial year	7	4,858,679	13,443,508

The above statement of cash flows should be read in conjunction with the accompanying notes.

CORPORATE DIRECTORY

Directors
Neale Taylor (Chairman)
Bradley Lingo (Managing Director and Chief Executive Officer)
Russell Krause (Non-Executive Director)
Tim Hargreaves (Non-Executive Director)

Company Secretary
David Franks and **Andrew Bursill**

Management
Bradley Lingo (Managing Director and Chief Executive Officer)
Alexander Hunter (Chief Financial Officer)
David Evans (Chief Operating Officer)
Scott Hornafius (President-USA Subsidiary)
Brian Dolan (Chief Operating Officer-USA Subsidiary)

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Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Telephone +61 3 9415 5000

Facsimile +61 3 9473 2500

Auditor
BDO East Coast Partnership
1 Margaret Street
Sydney NSW 2000

Stock exchange listing
Elk Petroleum Ltd shares are listed on the Australian Securities Exchange (**ASX code: ELK**).

As at the date of this report, the company also had one series of options listed on the Australian Securities Exchange (**ASX code: ELKO**).

Website
www.elkpet.com

Corporate Governance Statement
www.elkpet.com/governance-and-compliance

Elk Petroleum Limited
ACN 112566 499
ABN 38 112 566 499

Lost Cabin CO2 sales gas pipeline

elk petroleum