

## ASX Announcement / Media Release

13 July 2017

### Change in Reporting Currency

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- **Elk has changed its Reporting Currency from A\$ to US\$ effective from 30 June 2017**
  - **Elk's 30 June 2017 quarterly 5B and 30 June 2017 full year financials will be reported in US\$**
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Elk Petroleum Ltd (ASX: ELK) ("Elk" or the "Company") is pleased to announce that Elk will change its reporting currency from Australian dollars (A\$) to US dollars (US\$) effective from 30 June 2017. The quarterly activities and cash flow reports for the quarter ended 30 June 2017 and the full-year financial report for the year ended 30 June 2017 will be presented in US\$, including all comparative information.

The change to US\$ reporting currency reflects the group's US asset base and US\$ denominated revenue and production costs. Reporting in US\$ better reflects the basis of Elk's operations and will enhance comparability with Elk's industry peer group.

Elk's 30 June 2016 Full Year and 31 December 2016 Half Year historical financial reporting has been restated to US\$ reporting currency and is presented below. This US\$ restated information will be reviewed by Elk's independent auditors during the 30 June 2017 full year audit and as such, is presented unaudited.

#### Explanation of change

Elk has changed its reporting currency from A\$ to US\$ in the current year. The change in reporting currency is a voluntary change that is accounted for retrospectively. All other accounting policies are consistent with those adopted in the annual financial report for the year ended 30 June 2016.

The financial information included for the years ended 30 June 2016 and 30 June 2015 (Statement of Financial Position) and for the half-year ended 31 December 2016, previously reported in A\$, has been restated to US\$ using the procedures outlined below:

- a) Income Statement and Statement of Cash Flows have been translated into US\$ using average foreign currency rates prevailing for the relevant period.
- b) Assets and liabilities in the Statement of Financial Position have been translated into US\$ at the closing foreign currency rates on the relevant balance sheet dates.
- c) The equity section of the Statement of Financial Position, including foreign currency translation reserve, accumulated losses, share capital and the other reserves have been translated into US dollars using historical rates.
- d) Earnings per share has also been restated to US\$ to reflect the change in reporting currency.

The functional currency of the Australian parent entity and its US subsidiaries remains unchanged. The Australian parent entity will retain A\$ as its functional currency and the US subsidiaries retain US\$ as their functional currency.

**Consolidated Statement of profit or loss and other comprehensive income  
Presented in US dollars**

	Year ended 30-Jun-16 US\$	Six months ended 31-Dec-16 US\$
<b>Other income</b>	<b>44,184</b>	13,705
<b>Expenses</b>		
Depreciation and amortisation	(127,906)	(32,182)
Production costs	(230,735)	(243,989)
Professional and corporate services	(1,062,582)	(659,184)
Administrative services	(682,266)	(287,714)
Directors and employee costs	(1,492,633)	(1,038,804)
Loss on derivatives	-	(1,655,513)
Other expenses	(1,316,346)	(560,720)
Finance costs	(356,095)	(3,434)
<b>Loss before income tax expense</b>	<b>(5,224,379)</b>	(4,467,835)
Income tax expense		-
<b>Loss after income tax expense for the period attributable to the owners of Elk Petroleum Limited</b>	<b>(5,224,379)</b>	(4,467,835)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(6,441)	294,110
<b>Other comprehensive income for the period, net of tax</b>	<b>(6,441)</b>	294,110
<b>Total comprehensive income for the period attributable to the owners of Elk Petroleum Limited</b>	<b>(5,230,820)</b>	(4,173,725)
	<b>US Cents</b>	US Cents
Basic loss per share	(1.99)	(0.57)
Diluted loss per share	(1.99)	(0.57)

## Consolidated Statement of Financial Position Presented in US dollars

	Six months ended 31-Dec-16 US\$	Year ended 30-Jun-16 US\$	Year ended 30-Jun-15 US\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	817,248	13,443,508	1,203,472
Trade and other receivables	73,709	1,339,396	128,737
Restricted cash	10,284,566	-	-
Non-current assets classified as held for sale	-	-	622,718
<b>Total current assets</b>	<b>11,175,523</b>	<b>14,782,904</b>	<b>1,954,927</b>
<b>Non-current assets</b>			
Derivative financial instruments	2,751,652	-	-
Property, plant and equipment	118,124	117,660	20,014
Oil and gas properties - Grieve project	49,316,626	28,631,921	19,926,267
Oil and gas properties - Singleton South Field	417,711	247,380	-
Oil and gas properties - Singleton project	2,009,696	2,022,027	2,207,190
Other	219,609	177,812	30,000
<b>Total non-current assets</b>	<b>54,833,418</b>	<b>31,196,800</b>	<b>22,183,471</b>
<b>Total assets</b>	<b>66,008,941</b>	<b>45,979,704</b>	<b>24,138,398</b>
<b>Liabilities</b>			
Trade and other payables	1,231,803	10,092,235	3,351,110
Other financial liabilities	3,815	-	-
Borrowings	117,081	3,158	2,753,550
<b>Total current liabilities</b>	<b>1,352,699</b>	<b>10,095,393</b>	<b>6,104,660</b>
<b>Non-current liabilities</b>			
Borrowings - Denbury JV	-	16,078,479	14,491,609
Borrowings - Benefit Street Partners	38,680,830	-	-
Other financial liabilities	99,926	362,561	-
Provisions	2,880,965	2,515,770	2,462,184
<b>Total non-current liabilities</b>	<b>41,661,721</b>	<b>18,956,810</b>	<b>16,953,793</b>
<b>Total liabilities</b>	<b>43,014,420</b>	<b>29,052,203</b>	<b>23,058,453</b>
<b>Net assets</b>	<b>22,994,521</b>	<b>16,927,501</b>	<b>1,079,945</b>
<b>Equity</b>			
Issued capital	63,411,960	53,208,975	32,254,185
Reserves - Options	1,901,671	1,863,911	1,740,325
Reserves - FCTR	8,919,811	7,691,399	7,064,859
Accumulated losses	(51,238,921)	(45,836,784)	(39,979,424)
<b>Total equity</b>	<b>22,994,521</b>	<b>16,927,501</b>	<b>1,079,945</b>

## Consolidated Statement of Cash Flows Presented in US dollars

	Year ended 30-Jun-16 US\$	Six months ended 31-Dec-16 US\$
<b>Cash flows from operating activities</b>		
Receipts from customers	18,448	5,331
Payments to suppliers	(3,169,980)	(2,611,557)
Interest received	8,056	7,982
Finance costs	(908)	(3,434)
Management fees and other receipts	22,362	-
Net cash used in operating activities	<u>(3,122,022)</u>	<u>(2,601,678)</u>
<b>Cash flows from investing activities</b>		
Payment for oil and gas property plant and equipment	(127,724)	(1,171,925)
Payments for acquisition of leases	(81,815)	(40,908)
Payments for development	(2,106,102)	(25,419,625)
Payments for bonds and deposits	(152,664)	(45,264)
Purchase of put options	-	(4,407,165)
Proceeds from disposal of plant and equipment	17,000	-
Net cash used in investing activities	<u>(2,451,305)</u>	<u>(31,084,887)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	18,636,214	7,310,846
Proceeds from borrowings (BSP Loan)	-	43,517,763
Transfers to/from restricted cash accounts	-	(10,284,566)
Repayment of borrowings	(102,168)	(15,502,243)
Share issue transaction costs	(707,447)	(613,767)
Transaction costs related to loans borrowings	-	(3,213,000)
Net cash from financing activities	<u>17,826,599</u>	<u>21,215,033</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>12,253,272</b>	<b>(12,471,532)</b>
Cash and cash equivalents at beginning of the period	1,203,472	13,443,508
Effects of exchange rate changes on cash and cash equivalents	<u>(13,236)</u>	<u>(154,728)</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>13,443,508</u></b>	<b><u>817,248</u></b>

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***ABOUT ELK PETROLEUM***

Elk Petroleum Limited (ASX: ELK) is an oil and gas company specialising in Enhanced Oil Recovery (EOR), with assets located in one of the richest onshore oil regions of the USA, the Rocky Mountains. Elk's strategy is focused on applying proven EOR technologies to mature oil fields, which significantly de-risks the Company's strategy of finding and exploiting oil field reserves.