Background to Wyoming Asset Sale & Funding Activities
& Nebraska Project Update
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**ELK’S CURRENT PROJECTS**

- Grieve CO₂-EOR Project
- Grieve Oil Export pipeline
- Ash Creek EOR Project
- Singleton CO₂-EOR Project

"Green" Growth Strategy using CO₂ from corn-ethanol plants in Nebraska and eastwards

- CO₂ Source Owned or Contracted
- Industrial CO₂ Source
- Natural CO₂ Source
- CO₂ Project
- Elk Asset
- CO₂ Pipeline existing
- Planned CO₂ Pipeline

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NEWS: ELK COMMENCES SALE OF WYOMING ASSETS

WHAT
- GRIEVE CO₂-EOR PROJECT: 35% WI - 6.5 million barrels 2P reserves
- GRIEVE OIL EXPORT PIPELINE: 100% WI - approved to transport Grieve EOR oil
- GRIEVE NIOBRARA RIGHTS: 100% WI - over 2900 acres
- ASH CREEK CHEMICAL EOR PROJECT: 100% WI - 2-3 million barrels of 2C oil resource

WHY
- LOW MARKET CAP OF A$17 MILLION
- US$60 MILLION GROSS PROJECT EXPENDITURE IN GRIEVE CO₂-EOR PROJECT
- LIMITED AUSTRALIAN FUNDING CAPABILITY
- TARGET: US CO₂-EOR INDUSTRY SECTOR PROVIDES EXPERIENCED MARKET

HOW
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Development scenario for Grieve

Grieve Average Daily CO₂ and Water Injection Rates

Reservoir Pressure Response to CO₂ and Water Injection
PROJECT SUMMARY

- Total initial gross project investment to be > US$100 million
- Total to date gross project capital & operating costs, including CO₂ purchases ~US$60 million
- Attractive economics and material cash flow outlook provided by Ryder Scott in 2013*:
  - NCF in range of US$15-25 million/yr for 10 yrs
- Elk has decided to sell the Grieve project now, rather than wait to receive later free cash flow from the project
- Even the minimum value of Ryder Scott’s value range is more than that assigned by the Australian market

* See background in ASX announcement on 12 February 2013
PROJECT STATUS

Completed Work
- Wells and flow lines
- Site works & production manifold
- 3-mile CO₂ supply line

11.5 Bcf of CO₂ injected
- Sufficient to achieve initial miscibility
- CO₂ injection suspended until close to first oil
  - Significant boost to rate of return
  - First oil delay into 2016

3.5 million barrels of water injected
- Reservoir pressure rising in line with forecast (see figure)
Construct operator-owned oil processing & CO$_2$ recompression facilities

- construction to commence in 2014-15; cost of ~US$50 million

Install high-voltage power line and substation at the Grieve field

- commence in late 2014 and allow water injection to 40,000 BWPD
- accelerate re-pressurization

CO$_2$ injection into the field planned to restart prior to first oil in 2016
GRIEVE OIL EXPORT PIPELINE

- 100% owned oil pipeline from the Grieve project to Casper
- 32-mile X 8” diameter
- Sole BLM approved export route for Grieve oil
- Value is function of tariff to be agreed
- Supplementary income when combined with Elk’s 35% WI in Grieve CO₂-EOR Project
Laboratory work and reservoir modeling to support a chemical flood EOR project

Options for early cash flow and lower risk

Completed: 12 well work-overs; 41,155 feet flow lines; tank batteries, power lines, and injection facilities

Over US$5 million spent

Ready to begin chemical injection

Previously published 2C oil resource in range of 2-3 million barrels
MARKET CAPITALIZATION: as low as A$15 million in early June 2014

RYDER SCOTT INDEPENDENT VALUATION: value range well above current Australian market capitalization (FEBRUARY 2013)

US INDUSTRY ASSET SALE MARKET: well-experienced in valuing CO₂-EOR projects

TIMING IS RIGHT: Teapot Dome sale will attract buyers looking for entry to Wyoming CO₂-EOR project market and looking for access to CO₂

MAXIMIZE SHAREHOLDER VALUE: realize US market value of assets now versus later cash flow
# ELK PETROLEUM WYOMING ASSET SALE SCHEDULE

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<td>Data room opens</td>
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<td>Early August</td>
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Recently completed acquisition of 100% WI in Singleton Unit

Hold CO$_2$ supply contract from Bridgeport Ethanol plant
SINGLETON CO$_2$-EOR DEVELOPMENT

Elk AOI IN PANHANDLE OF NEBRASKA PROVIDES LOW COST ENTRY TO NEW CO$_2$ AREA

- 16-24 million barrels OOIP @ Singleton
- 25 miles southwest of Bridgeport
- Area of Interest (AOI) has 10 oil fields
  - produced a combined 51 million BO
- 5 largest oil fields in AOI
  - Goal: develop as a staged CO$_2$ project
- Indicative Potential:
  - Singleton: 2-4 million BO
  - AOI: 25 million BO
- Development concept:
  - CO$_2$ pipeline to Singleton as hub for staged expansion by farmins or acquisitions
- Initial screening indicates attractive IRR that improves markedly with expansion
SINGLETON OIL FIELD – SUITABLE FOR EOR DEVELOPMENT

- Excellent sand quality
- Setting ideal for CO$_2$-oil miscibility
- Over 18 well bores available
- Expect rapid response to injected CO$_2$
- 2-4 million oil barrels potential
- Good local infrastructure

Singleton Unit - J Sand Isopach
Elk has initiated sales process for its major assets in Wyoming
- Appointed Meagher Energy Advisers as broker

Successful asset sale can lead to:
- Recapitalization of the company
- Cash distribution to shareholders or share buyback
- Rerating of the Company’s value and share price

Successful asset sale can provide early benefits to existing shareholders

Open Share Purchase Plan (SPP) and placement of any SPP shortfall
- See Elk’s website for SPP details
- Contact lead manager DJ Carmichael to participate