

ELK PETROLEUM

INVESTOR PRESENTATION AUGUST 2011

Elk's focus: Rocky Mountains, USA

- **Proven enhanced oil recovery (EOR) province**
- **Highly rated emerging Niobrara shale oil play**
- **3 current projects**
 - **Grieve CO₂ EOR development project**
 - **Niobrara appraisal well**
 - **Ash Creek chemical EOR development project**

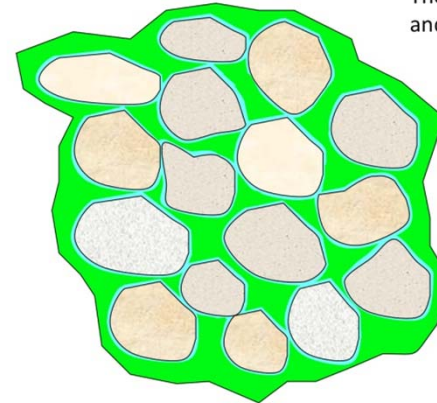
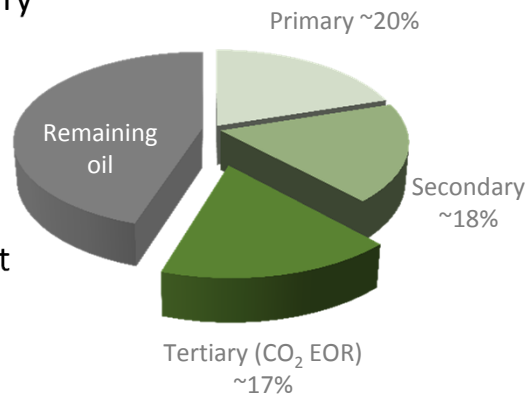
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- 1st joint venture completed with leading US EOR player, Denbury Resources
 - *Elk's position fully funded*
- 2P EOR reserves to come with development/production
 - *4 to 8 million barrels net to Elk*
- Proven ability to execute major deals that boost shareholder value
- Share price has more than doubled in last 9 months
- Further opportunities for growth from leveraging EOR expertise and pipeline & CO₂ supply infrastructure in the focus area

WHAT IS EOR?

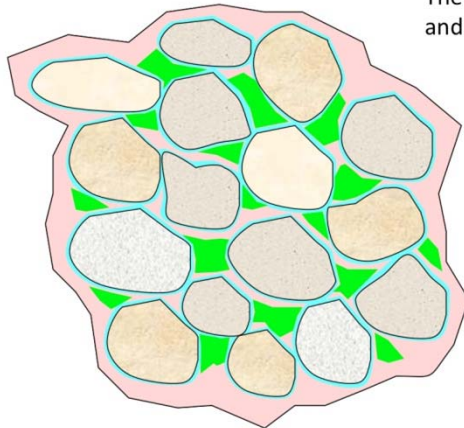
- EOR = enhanced oil recovery
- Recovery is similar to primary and secondary recovery
- Three major types:
 - Chemical flood
 - Miscible displacement (CO₂ injection)
 - Thermal recovery



The reservoir is made up of sand grains and pore space between them.

1. Original state: Water surrounds sand grains, Oil occupies the pore space.

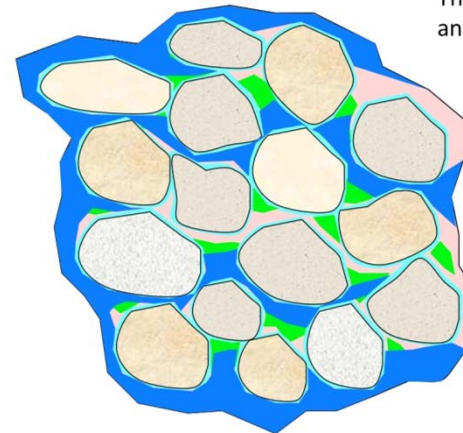
● Sand Grains ● Oil ● CO₂
● Water ● Natural Gas



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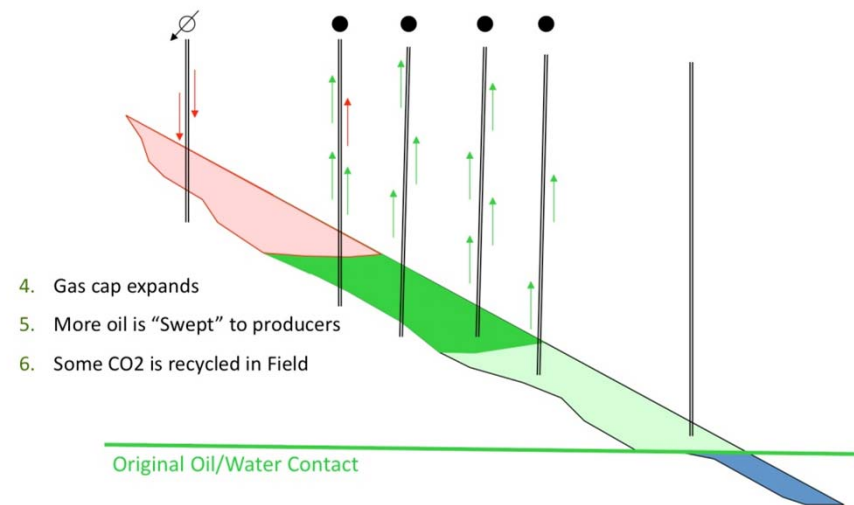
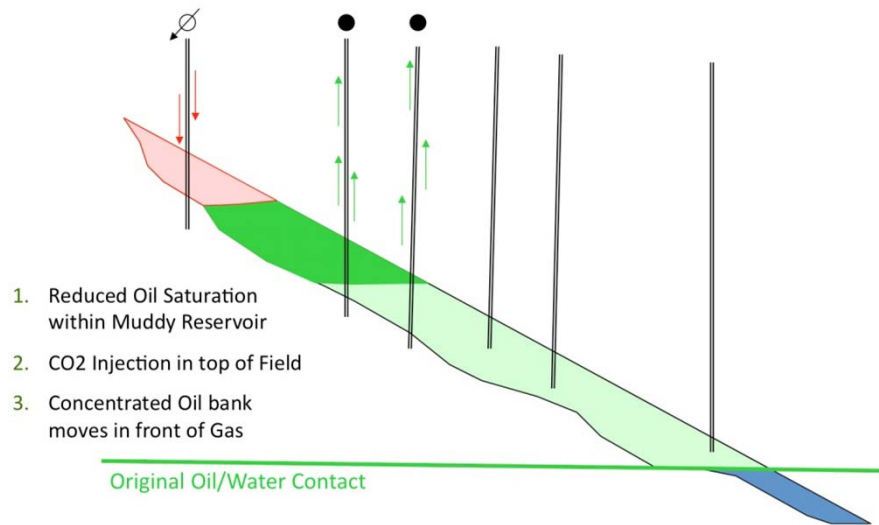
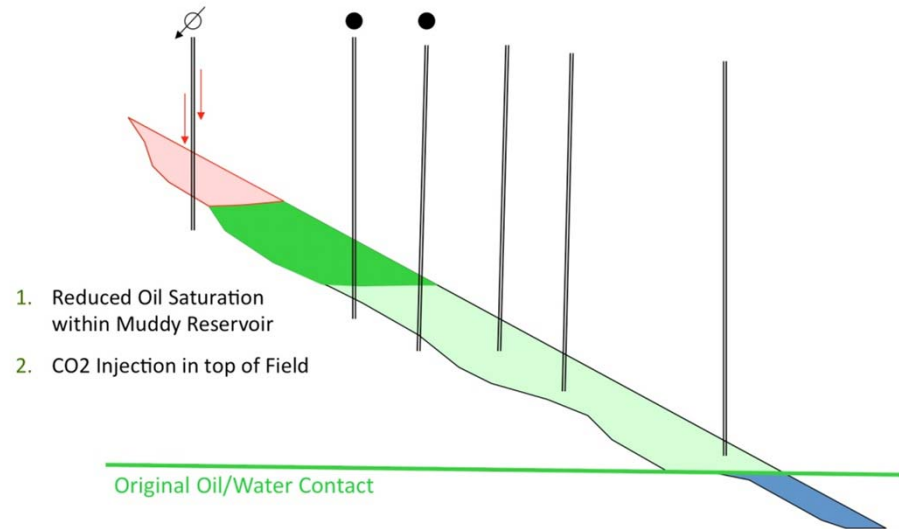
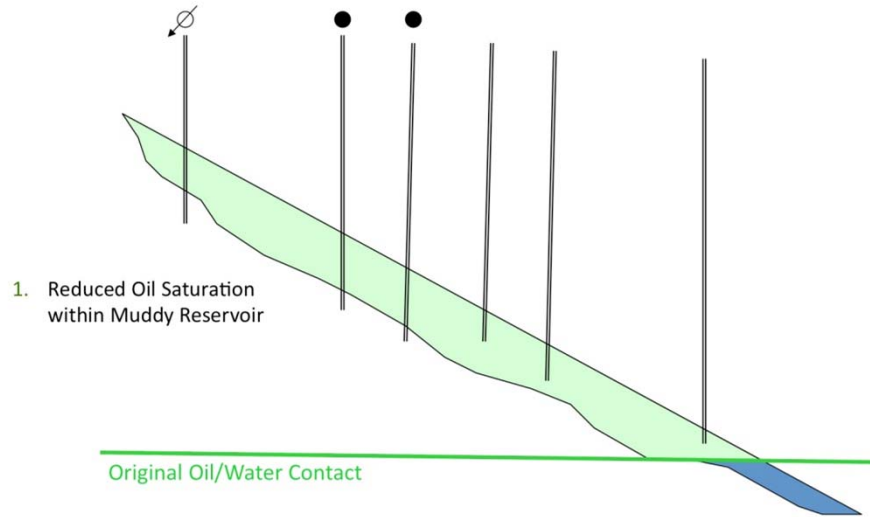
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1. Original state: Water surrounds sand grains, Oil occupies the pore space.
2. Gas cycling: Produced gas is re-injected into the reservoir to “sweep” oil out. Large amount of oil still remains in reservoir.
3. CO₂ Miscible Injection:
 - High pressures – CO₂ and Oil are both liquid
 - Reduces capillary pressure holding oil to the sand grains
 - Promotes oil swelling
 - Reduces fluid viscosity
 - Increases mobility

● Sand Grains ● Oil ● CO₂
● Water ● Natural Gas

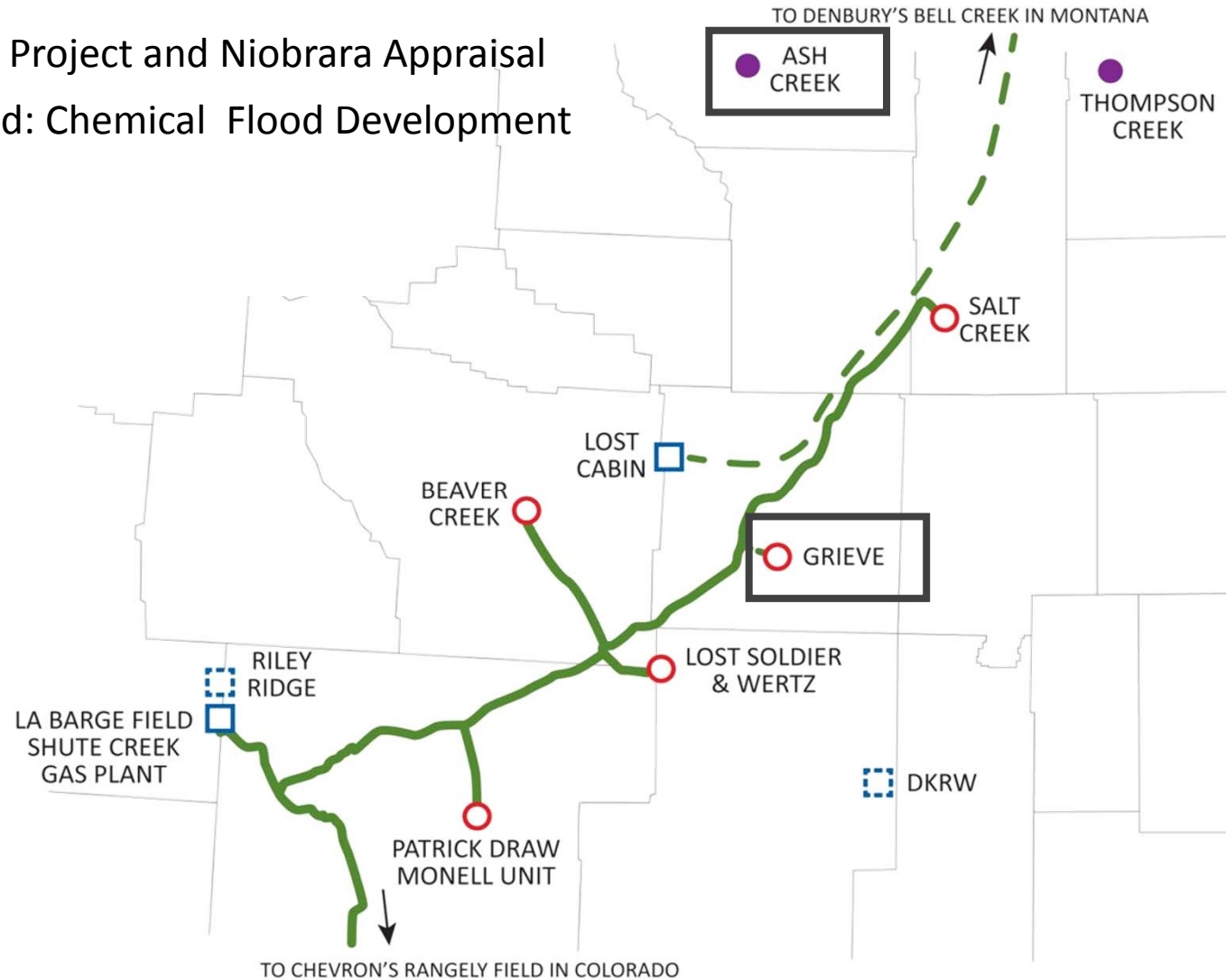
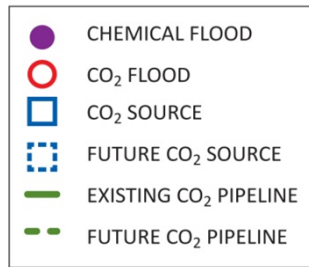
Oil is displaced from the pores much more effectively increasing the overall recovery rates.

CO₂ MISCIBLE FLOOD at GRIEVE



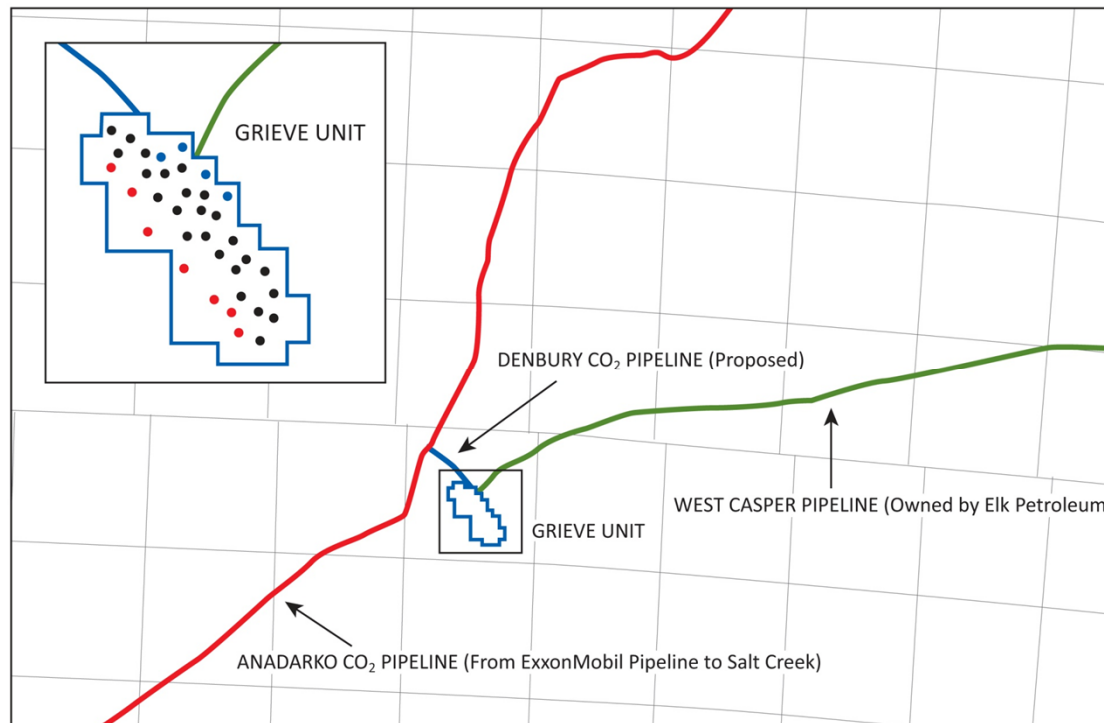
ELK's PROJECTS:

- Grieve Field: EOR Project and Niobrara Appraisal
- Ash Creek Oil Field: Chemical Flood Development

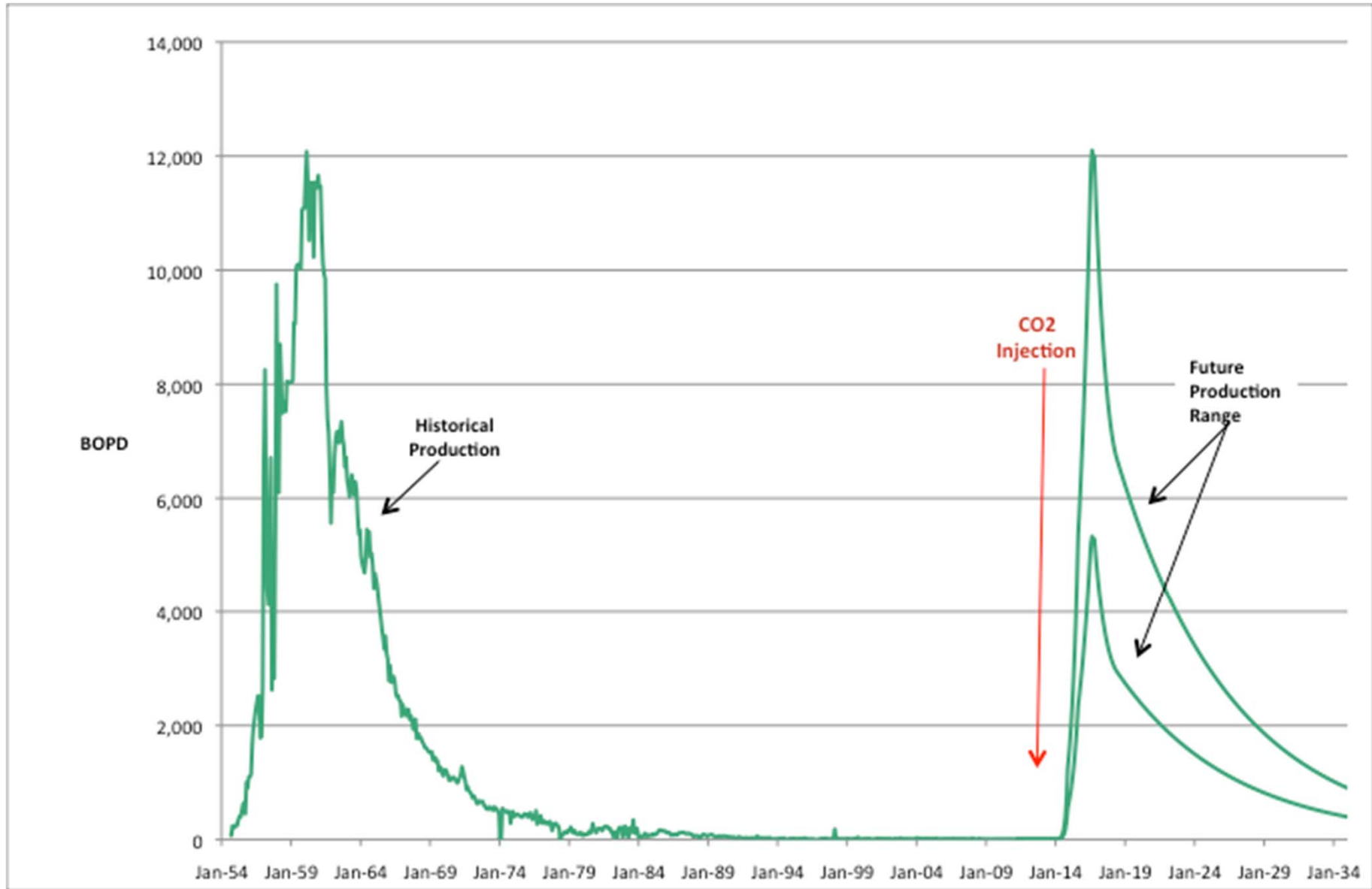


FLAGSHIP GRIEVE FIELD CO₂ EOR PROJECT

- Proven technology
 - One of the most efficient tertiary oil recovery methods
- Project significantly de-risked by
 - Extensive geological knowledge
 - Simulation studies
 - Other CO₂ EOR projects in area
 - Expert Operator
- 12 - 24 MMbbls gross EOR oil recovery
- Certified 18.6 MMbbls Possible reserves (3P)
 - Conversion to Probable (2P) reserves to be sought at earliest opportunity
 - Firm CO₂ supply & transportation agreements
 - Firm development plan being finalised by operator

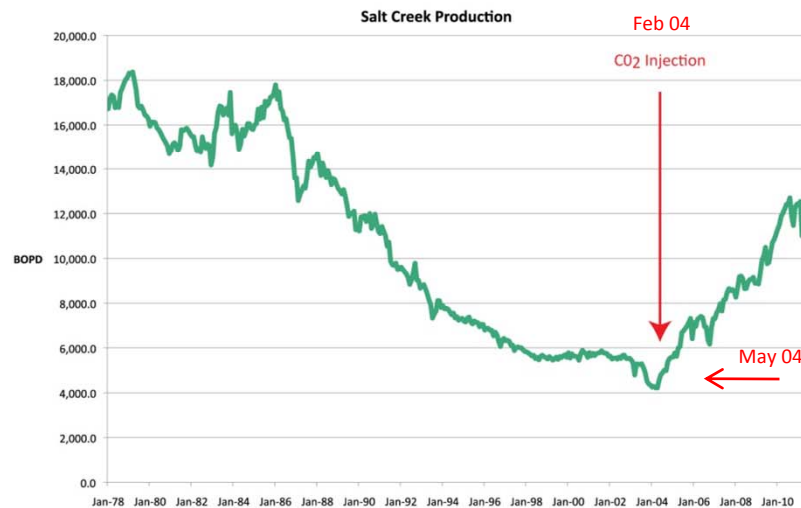
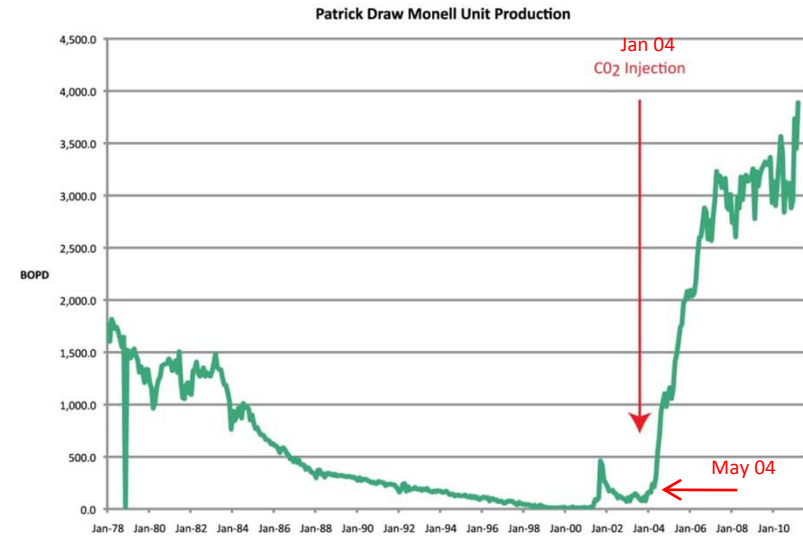
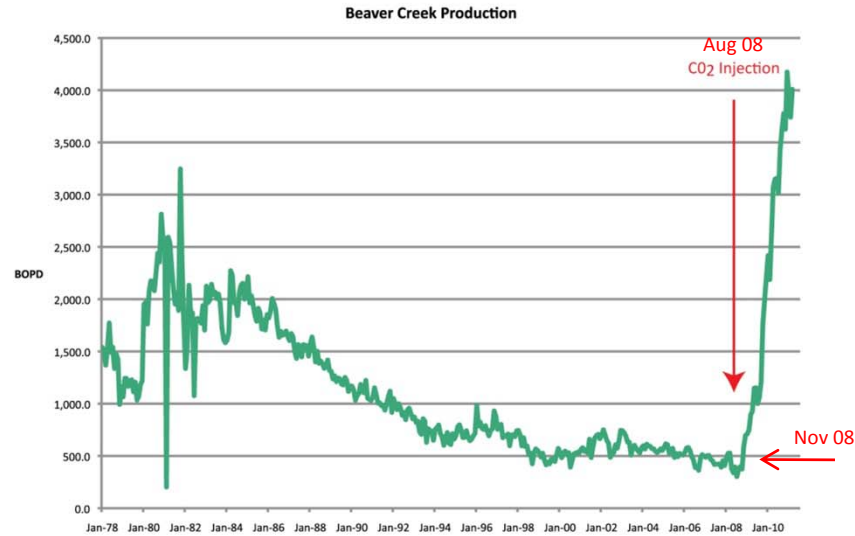


GRIEVE CO₂ EOR - ELK's PROJECTED RESPONSE RANGE

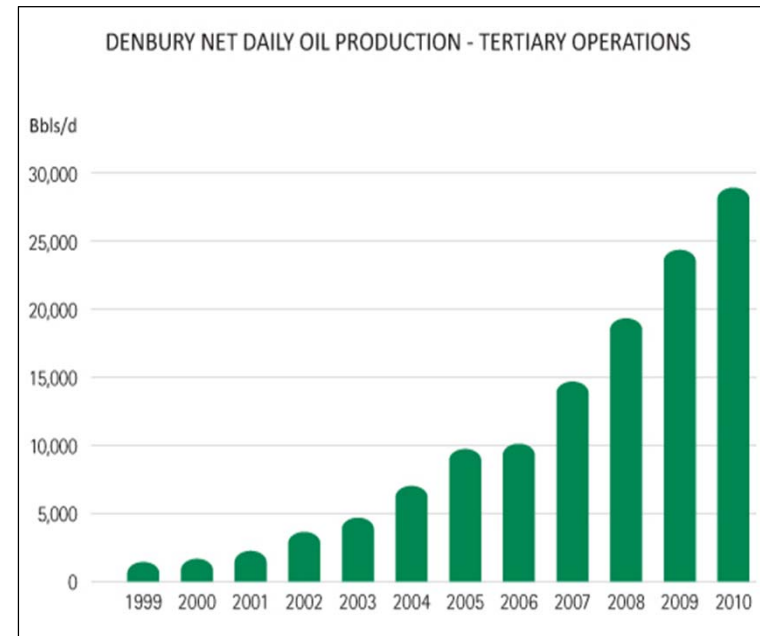


EXISTING WYOMING CO₂ FLOOD PROJECTS

US DoE estimates 3.2 billion barrels recoverable from Rocky Mountain region using CO₂ EOR



- Rapid growth in CO₂ EOR operations
- CO₂ EOR production & proven reserves
 - CO₂ EOR production 31,139 BOPD (4Q10)
 - 163.3 MMbbls of proven oil reserves (via CO₂ EOR @ Dec 2010)
- Proven CO₂ Supply
 - 8 TCF of 1P reserves
 - 1.9 TCF of 2P reserves in Rockies
- Depth of CO₂ EOR experience
- Attractive gross margin
- Balance sheet strength



Denbury Gulf Coast EOR Benchmark

	US\$/bbl
Average Capex	\$11.50
Average Opex	\$21.50
Gross margin	\$45.75*
IRR	36%

* Based on Nymex \$80/bbl & \$1.25/bbl Nymex differential

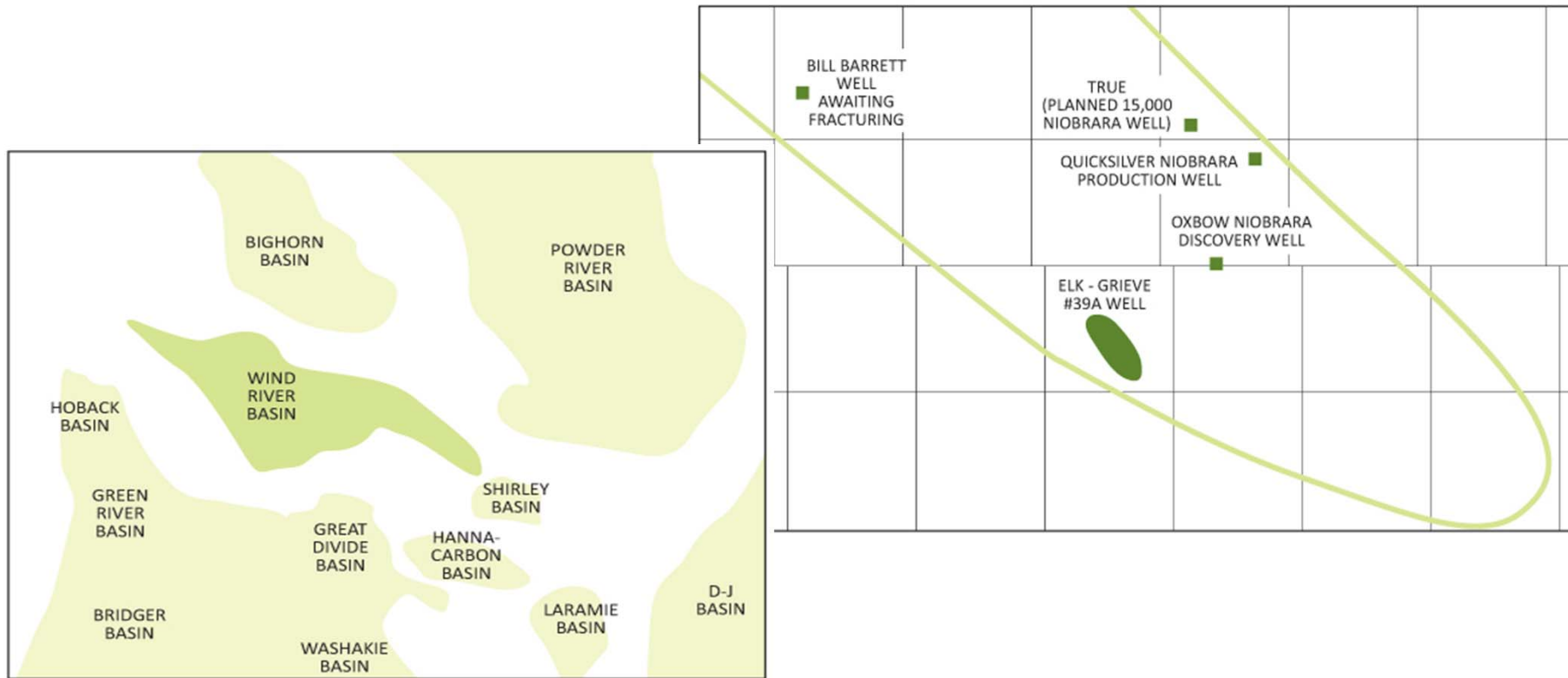
Significant funding benefits to ELK

- Denbury will:
 - Sole fund all project costs up to US\$28.5MM (gross)
 - At Elk's election, fund next US\$34.3MM total field expenditure (gross). Elk to incur interest charges
 - 100% build, own and operate a three mile CO₂ supply pipeline (est. US\$1.2MM) to be leased to JV
 - 100% build, own and operate surface facilities and plant (est. US\$50MM) to be leased to JV
- Elk not expected to contribute any further funding to reach first production
- Elk retains 100% ownership of crude export pipeline
 - Expected tariff revenue in excess of US\$25MM gross – 12 MMbbls
 - Expected tariff revenue in excess of US\$50MM gross – 24+ MMbbls
- Elk retains 100% of rights to overlying Niobrara Formation

NIOBRARA IN S-W WIND RIVER BASIN

Elk has 3,700 acres in the one of hottest plays in the USA – overlying EOR project

- Nearby exploration & appraisal underway
- Leases are selling for up to \$2,000+ per acre
- Plan to farmout for near-term drilling in 2011-2012



2009 drilling of Grieve #39A well revealed promising oil shows

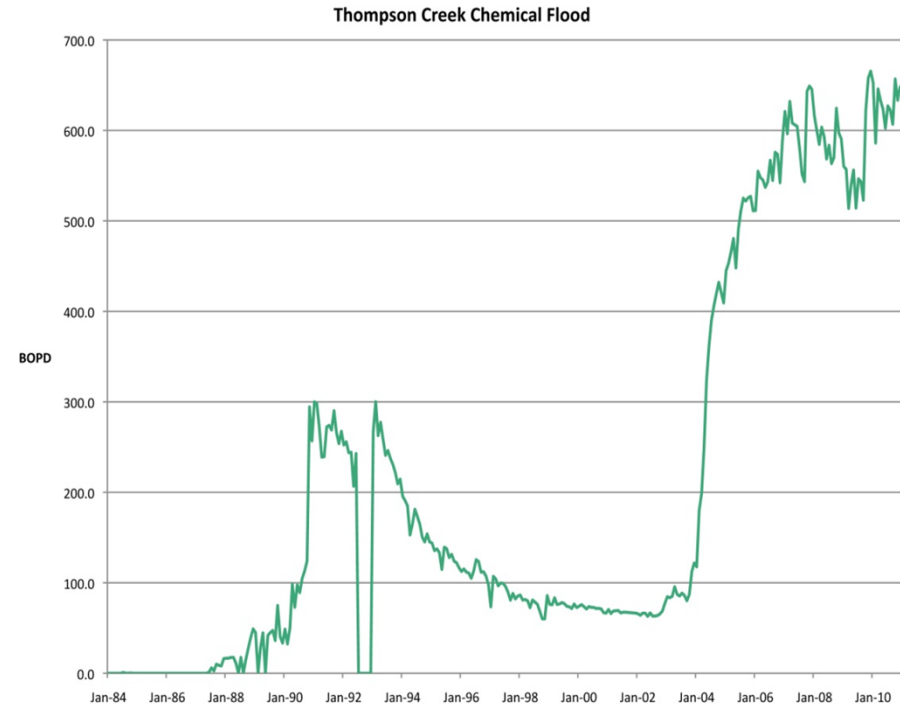
- Local experts (GFA) assess potential for commercial oil production
 - 65 metres of fractured oil-bearing section
- GFA has prepared design work for extended horizontal appraisal well
 - Well location selected on Grieve 39A well pad
 - Seeking regulatory approvals
 - Monitoring tests underway in adjoining areas
- Farmin offers being sought
 - Numerous local companies active in Niobrara
 - GFA appointed to pursue potential farminees
- Appraisal well: target - drilled in 2011-12

Suspended Grieve 39A well



Three stage redevelopment of the field:

- Stage 1: re-entry and testing several abandoned wells.
Status: complete & ongoing testing
- Stage 2: lab testing, coring, simulation studies, & project design.
Status: Underway (with Surtek)
- Stage 3: initiate development
Status: Target start for 2012



Proven Nearby Analogy at Thompson Creek Field
- see location on slide 5

Plan to farm down for carried interest in chemical flood

Corporate Valuation

<u>ELK Valuation</u>	<u>\$mm.</u>	<u>\$/share</u>
Grieve	\$55	\$0.35
Niobrara	\$24	\$0.15
Other	\$6	\$0.04
Cash (post issue)	\$10	\$0.06
Corporate	-\$6	-\$0.04
Total	\$90	\$0.57

“Peak production rates ranging between 4,000 and 12,000 BOPD will deliver ELK an EBITDA between US\$29M and US\$67M pa for those peak years”

Source: Strachan Corporate - July 2011

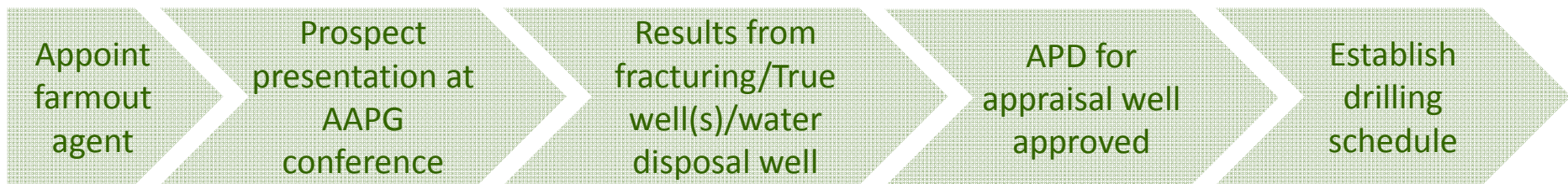
KEY MILESTONES



Grieve EOR Project



Niobrara Shale Oil



Ash Creek Chemical Flood Project



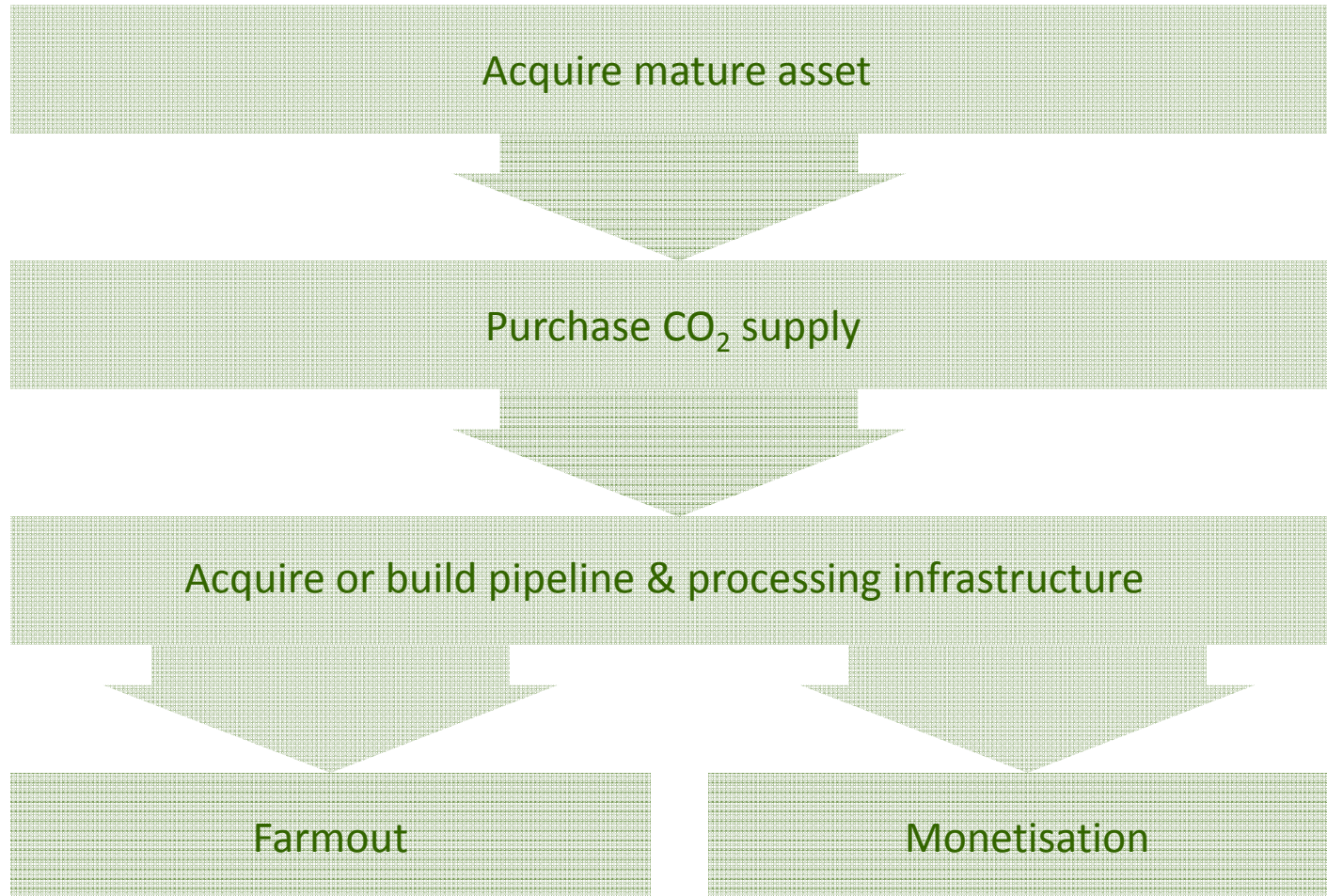
Assess potential for new acquisitions in focus area - if in line with strategy

- **Market capitalisation:** approximately \$23 million
- **Issued capital:** 115.8 million
- **Share price:** 20 cents as at 28/07/11
- **Average volume traded:** 238,000 per day
- **52 week high:** 38 cents
52 week low: 9.2 cents
- **Cash:** A\$2.0 million as at 30/06/11
- **Debt:** nil
- **Major shareholders:**

Robert Healy	19.0%
Link Traders	5.5%
Begley Super Co	5.3%
Craig Marshall	4.4%
Phesoj Pty Ltd	2.6%



Recent JV success for Grieve EOR project enhances Elk ability to implement its clear business model with unique & tight regional focus





Neale Taylor, Chairman

Over 40 years of technical, operating and commercial experience in oil and gas exploration, production, planning and evaluation, acquisition and joint venture management with major industry players, including Esso Australia. He is also Chairman of Tap Oil Limited.



Bob Cook, Managing Director

Has over 40 years experience in the energy and petroleum industries, including 18 years with Esso Australia and four years with Ampolex in senior management positions.



Tony Strasser, Non-Executive Director

A qualified accountant with extensive experience in corporate finance and advisory services over two decades. He is currently Executive Director and Chief Financial officer at Bridgeport Energy Ltd.



Matt Healy, Non-Executive Director

A construction engineer, Matt has worked in various executive and operational roles primarily facilitating development and project management. He currently holds an executive position with the Westfield Group.