



ELK PETROLEUM
L I M I T E D

ASX Release

Friday 29 July 2005

ELK PETROLEUM LIMITED

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For the latest news:

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Directors / Officers:

Richard Wood
Robert Cook
Matthew Wood
Glenda McLoughlin
Timothy Flavel

Issued Capital:

38,060,503 shares

Stock Exchange

Australian Stock Exchange
Symbol: **ELK**

JUNE 2005 QUARTERLY REPORT

HIGHLIGHTS

- Elk Petroleum Limited listed on the ASX on June 17, 2005 with shares opening at 23.5 cents, a premium of 17.5% over the issue price.
- The Company raised approximately \$4.4 million.
- The Company acquired the Grieve Oil Field in Wyoming, with daily production of approximately 20 barrels of oil per day and estimated reserves of 12 million barrels of oil.
- The Company acquired the Sand Draw South Oil Field in Wyoming, with approximately 47 barrels of oil equivalent per day and estimated reserves of 2.2 million barrels of oil.
- Daily production currently at approximately 67 barrels of oil equivalent per day.
- Estimated reserves currently stand at 14.2 million barrels of oil.
- The Company has a workover rig on site at the Grieve Oil Field, which has commenced the first stage of the multi-stage redevelopment programme.
- The strategic redevelopment of the Grieve and South Sand Draw Oil fields in Wyoming will increase daily production accredited to the Company to over 500 barrels of oil per day, within 12 months of listing.
- The Company has put in place a sound strategy for growth and positive cash flow.



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GRIEVE OIL FIELD

The Company has commenced the first stage of the multi-stage redevelopment programme. The programme was commenced ahead of schedule and will be ongoing over the next nine weeks. Elk Petroleum is currently producing oil from the Grieve Oil Field at a rate of approximately 20 barrels of oil per day (BOPD) and this rate will be significantly increased over the next three months.

As part of this redevelopment programme the Company will test the reservoir potential of the underlying Cloverly Formation. The Cloverly Formation has the potential to contain a separate hydrocarbon reservoir beneath the Grieve Muddy Formation in a similar structural setting.

The Grieve Oil Field was discovered in 1954 and is modelled to have original oil in place of approximately 85 million barrels of premium light sweet crude within a highly productive sandstone reservoir. Approximately 30 million barrels of oil have been produced since the discovery of the field. Many of the temporarily abandoned wells will be re-activated in the multi-stage redevelopment programme.

SAND DRAW SOUTH OIL FIELD

The Company has completed the purchase of the Sand Draw South Oil Field in Wyoming, USA. The Sand Draw South Oil Field has current oil production of 47 barrels of oil equivalent per day (BOEPD). The purchase was funded out of existing cash reserves. The Sand Draw South Oil Field includes the following components:

- 100% oil interest in approximately 240 acres, which currently has two producing oil wells and considerable processing and storage facilities. Current oil production of approximately 35 BOPD (86.5% NRI)



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25% interest in 1,920 acres of adjoining property resulting in approximately 75MSCF/D (or 12BOEPD) net Elk production

. Initial assessment undertaken by Elk Petroleum's production team indicates that a redevelopment of the field can be undertaken by:

- The installation of higher volume pumps in current producing wells.
- The re-entry of 2 other wells and the installation of high capacity pumps.
- The potential to develop gas production opportunities in the 100% owned 240 acres.
- Upside potential within the 1,920 joint venture operated property.

NEW PROJECTS

The Company continues to assess a number of additional producing and near term producing opportunities.

CORPORATE

During the Quarter the Company successfully completed its IPO and listed on the Australian Stock Exchange on June 17 2005. The Company shares opened at 23.5 cents, a premium of 17.5% over the issue price.

Cash reserves at 30 June were \$3.342 million.

Robert Cook
Managing Director