

Elk Petroleum Limited: Becomes a Producer After Madden/Lost Cabin US\$10m Closing Payment

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Sydney - [Elk Petroleum Ltd.](#) (ASX:ELK) (OTCMKTS:EKPTF) ("Elk" or the "Company") is pleased to advise that its acquisition of a ~14% working interest in the Madden Gas Field, the Madden Deep Unit Gas Field and the Lost Cabin Gas Plant ("Madden") in Wyoming, USA from subsidiaries of [Freeport-McMoRan Inc.](#) (NYSE:FCX) ("FCX") has closed. This follows Elk's US\$10 million closing payment to FCX, confirmation of receipt of funds by FCX and release of closing documentation by FCX.

- Elk has made US\$10 million acquisition closing payment to Freeport-McMoRan
- Acquisition of ~14% Madden/Lost Cabin interest effective as of 1 January 2017
- Elk now a producer with its Madden/Lost Cabin working interest delivering:
 - o ~70 BCF (~11.6 MMBOE) of Proven 1P Gas Reserves
 - o January 2017 production of 23.5 MMCF/day (4,175 BOE/day)
 - o Forecast 2017 positive free cash flow of over US\$7 million
- US\$5.5 million balance of acquisition price payable by 15 July 2017 (CST)

US\$10m closing payment made, acquisition effective 1 January 2017

Under the final closing agreement announced on 10 March 2017, the parties agreed a revised acquisition price of US\$17.5 million for Madden comprising a US\$2 million deposit paid by Elk in January 2017, a closing payment of US\$10 million to FCX and a final payment of US\$5.5 million to FCX by 15 July 2017 (CST). Elk has made the US\$10m closing payment to FCX who have advised they are in receipt of the funds and closing documentation has been released. The acquisition is effective as of 1 January 2017.

ELK is now a producer with its ~14% Madden interest delivering January 2017 production of 23.5 MMCF/day (4,175 BOE/day), Proven 1P Gas Reserves of ~70 BCF (~11.6 MMBOE), and forecast 2017 positive free cash flow of over US\$7 million.

For full details of the Madden acquisition and funding please refer to Elk's ASX announcements of 4 January 2017 and 10 March 2017.

About Elk Petroleum Limited:

[Elk Petroleum Ltd.](#) (ASX:ELK) (OTCMKTS:EKPTF) 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.

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