



ASX RELEASE

26 June 2017

Cerro Padilla-1 Update

PROGRAMME

- **Equipment ordered to expedite drilling programme**
- **Crew back towards end of week**
- 4 well low cost conventional programme will address:
 - multiple wells different targets
 - significant conventional potential with very material upside
 - oil and gas targets
 - non-binary outcome, 3 of 4 wells have multiple objectives

Petrel Energy Limited (ASX:PRL) announces that the Operator after a thorough review of operations has implemented a series of initiatives designed at improving onsite operations. These initiatives which include, but are not limited to, downhole motors and diamond drill bits will significantly improve drilling efficiency, particularly in the unexpectedly hard shallow formation, enabling the Operator to pick up some of the time lost during extended rig setup and during the temporary shutdown.

Managing Director David Casey said “while it’s obvious some of the complexities and unexpected difficulties around pulling everything together for the first onshore drilling programme in 40 years have resulted in delays, I would like to reiterate that nothing has changed with regard to the prospectivity or expectations that we have for this very exciting drilling programme.”

He went on to say “we are also confident with all things being equal, that these improvements and efficiencies, should allow us to pick up some of the time lost as a result of previous delays.”

Petrel’s overarching vision for Uruguay is to drill four wells to cover as much of the concession area as possible while targeting multiple and different conventional exploration objectives within and across each well. More specifically the programme will seek to answer questions from the 2015 partner process such as:

- confirm source rock maturity, quality and extent
- confirm conventional reservoir quality and extent – Darcy permeability (>1000md) already measured in core samples 30km apart
- confirm migration and potential trap integrity - while not the primary objective 3 of the 4 wells are also targeting conventional structures for oil and gas trapped in either the same sequence or up-dip of oil shows and/or weeping core samples as well as



provide new insights into the regional geology of this largely unknown sub-basin of the larger Parana Basin

- confirm validity of AVO anomalies identified on seismic

Ultimately Petrel would like to see this as yet another significant step for Uruguay along the path to potential energy self-sufficiency and possible energy exporter at some point in the future.

For further information contact:

David Casey - Managing Director

Phone +61 2 9254 9000