

ASX RELEASE

25 July 2017

Cerro Padilla-1 Update

PROGRAMME

- **New Force rig has drilled to ~100 metres and set surface casing**
- **BOP has been installed and successfully tested**
- **Awaiting final operational approvals**
- **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 New Force rig at Cerro Padilla-1 has set surface casing to 100 metres and installed and successfully tested the BOP. The final operational approvals process is underway with the relevant authorities for the 4 well programme. The rig is ready to drill ahead once the approvals process is complete.

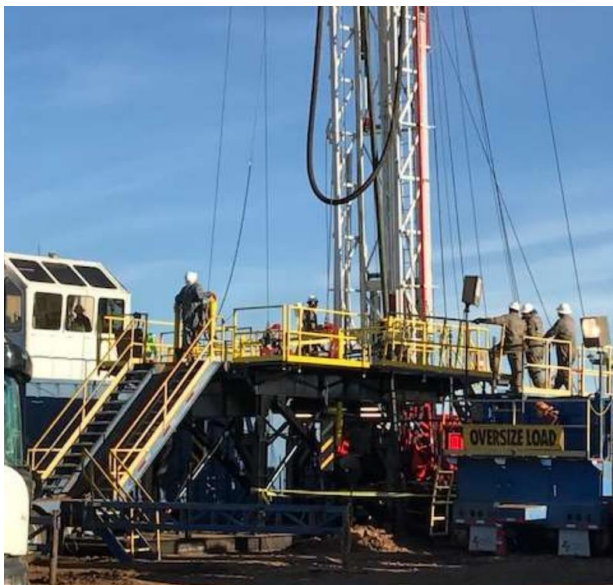


Photo - New Force rig at Cerro Padilla-1



CEO onsite during overnight drilling operations



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