



**ASX/MEDIA RELEASE**  
**11 December 2017**

**Cerro de Chaga-1 Update**

Petrel Energy Limited (ASX:PRL) announces that Schuepbach Energy Uruguay SRL (SEU) has temporarily suspended operations at the Cerro de Chaga-1 well to review operations and strategy over the Christmas New Year holiday period. This followed continued hole stability issues associated with an unexpected fault. It is expected that site activities will resume after 15th January to coincide with the Uruguayan Holiday period. (Working Interests Petrel 62.7% : Schuepbach Energy LLC 37.3%).

The objective of the conventional Cerro de Chaga-1 well is to:

- Test largest regional high with 4-way dip closure
- Confirm extent, quality and maturity of Devonian or older source and reservoir rock
- Test quality and maturity of secondary Permian source rock - Mangrullo Shale/San Gregorio
- Confirm existence of deeper sedimentary sequence

Managing Director, Mr David Casey, said “Despite making very good progress drilling to near the base of the basalt, a fault was unexpectedly encountered which has resulted in hole stability issues ultimately requiring this zone to be cemented. While somewhat disappointing following the results of the Cerro Padilla-1 well, and given the good progress drilling the basalt before encountering this fault, we can’t forget that we are drilling in a frontier basin and these challenges do arise.”

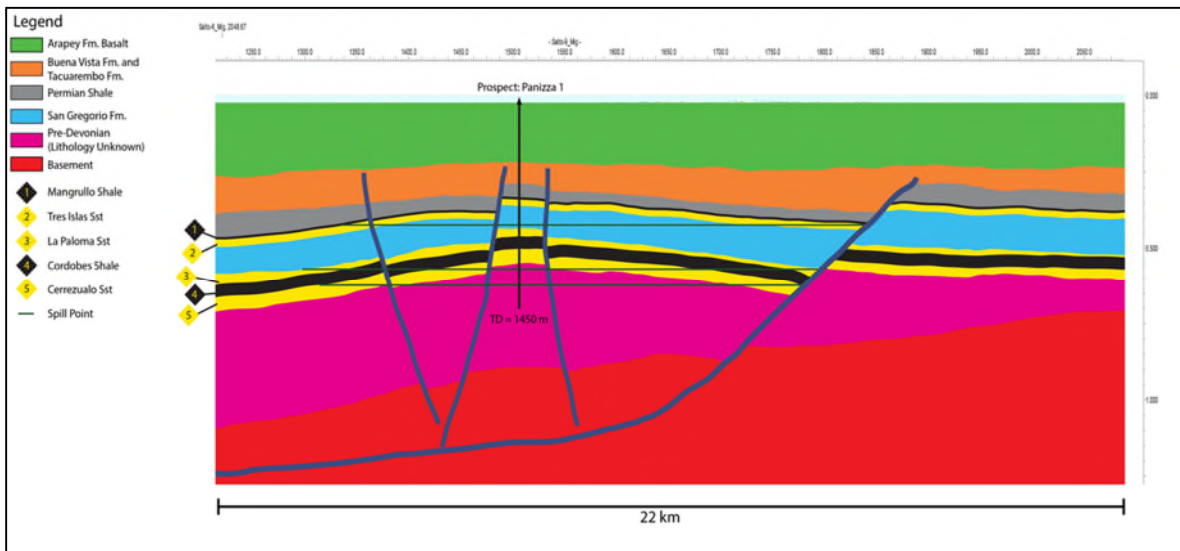
Mr. Casey went on to say, “The decision to suspend operations early ahead of the Holiday period was twofold. Firstly to avoid further problems coming up to the break exacerbated by utilising drilling equipment worn out during previous attempts to stabilise this zone, and secondly to enable our technical team to use this necessitated downtime to review all available options and acquire all necessary equipment mainly from outside Uruguay without incurring ongoing operational charges. ”

**For further information contact:**

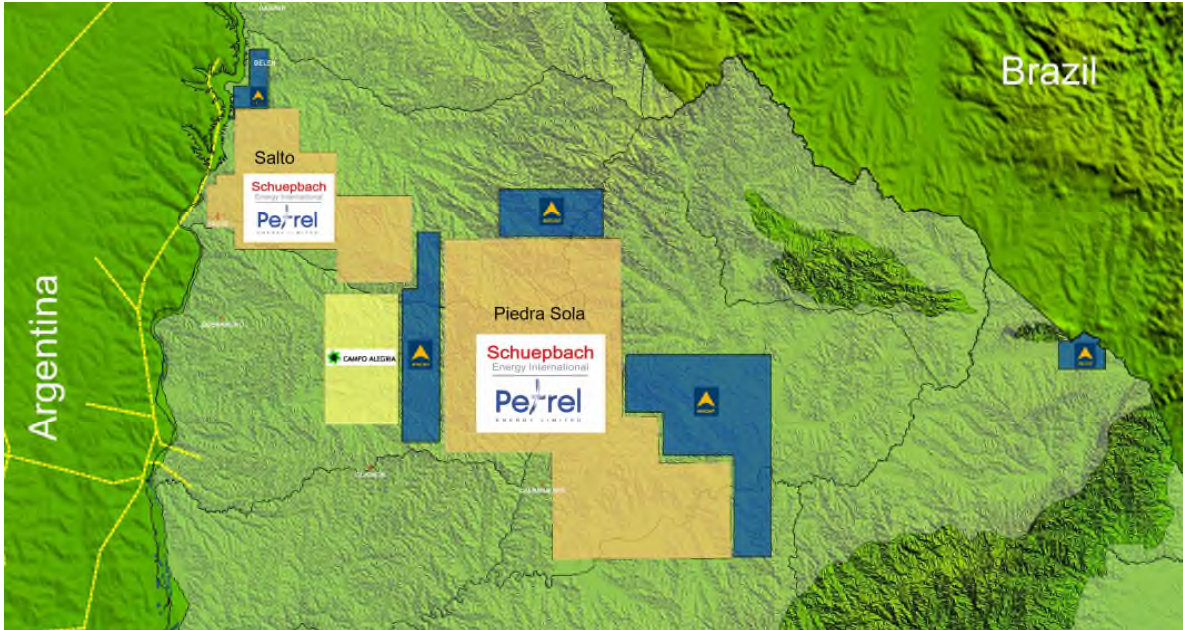
**David Casey - Managing Director**  
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Photo - New Force rig at Cerro de Chaga-1



Cerro de Chaga-1 well (Panizza-1) general schematic cross section



Map – Piedra Sola and Salto concessions onshore Norte Basin Uruguay covering 3.5m acres