



ASX/MEDIA RELEASE
27 April 2018

Interim funding achieved for Uruguay Project and Spanish interests transferred to Petrel

HIGHLIGHTS

- **All SEI Spanish interests will be transferred to Petrel in return for a controlling interest in SEI and its Uruguay Project (PRL 49% : SIH 51%)**
- **Existing partner SIH to fund SEI with up to US\$500k in return for a further 8% interest in SEI (PRL 41% : SIH 59%)**
- **Partner process continues with five weeks to introduce a new funding partner into the Uruguay Project**
- **Additional opportunity for SIH to fund up to another US\$1.5m in return for a further 9.5% interest in SEI (PRL 31.5% : SEI 68.5%)**

Petrel Energy Limited (ASX:PRL) is pleased to announce that interim funding for its Uruguay Project has been arranged with existing partner Schuepbach International holdings ("SIH"). Petrel has agreed to adjust its interest in Schuepbach Energy International LLC ("SEI") so that it no longer has to fund Schuepbach Energy Uruguay SRL ("SEU") but takes control of all SEI's Spanish interests.

Shareholders of SEI have agreed that all its interests in the Tessorillo Project, being shares in Schuepbach Energy Espania S.L.U. ("SEE"), will be transferred to Petrel in return for Petrel transferring a 13.7% interest in SEI to SIH. This will provide SIH a 51% controlling interest in SEI and its Uruguay Project and Petrel with all of SEI's interests in the Tessorillo Project in Spain.

SIH will have the option to invest up to \$500,000, as preferred capital convertible to repay outstanding liabilities in return for a further 8% interest in SEI. SIH may elect to convert this preferred capital no later than 28 September 2018.

SEI has provided Petrel five weeks to complete its partner process, which is ongoing with active groups in the data room, and negotiate a Letter of Intent for a new funding partner for the Uruguay Project. Any transaction will require ANCAP approval and dilution will be proportionate to SEI unit holdings at the time the transaction is completed.

If Petrel fails to negotiate a Letter of Intent with a new funding partner for the Uruguay Project, then a new Joint Venture Agreement will be agreed allowing SEI unitholders to hold their interests directly in the Uruguay Project assets. SIH will have the right to exclusively



fund the new Joint Venture (JV) for \$1,500,000 which could increase its interests 9.5% to 68.5% if all contributions above had been made.

Managing Director, Mr David Casey, said “on the back of a clear directive from our shareholders on funding, we are very pleased that we have been able to agree a way forward with a current partner to cover past costs, to continue operations and maintain an interest in the Uruguay Project. This has been a focus for Petrel for over 5 years now and on the back of the fantastic support that we have received we are still very committed to achieving an outcome not only for our shareholders but for all our stakeholders in the Uruguay Project. Importantly the current agreement still allows for a larger player to come into the Uruguay Project asset which in many respects is required to unlock the full potential of what is still a largely unknown and significant unexplored basin.

He went on to say “the ability to acquire all of SEI’s interest in the Tesorillo project in southern Spain is a great outcome for Petrel under the circumstances. Tesorillo is a large gas prospect with a Prospective Resource of up to 2.3 TCF*, a currently defined work programme of ~€3.8m and funding from AIM listed Prospex Oil and Gas, this represents a very attractive opportunity in its own right, particularly with a magnetotelluric programme to commence in June ahead of drilling next year.

For further information contact:

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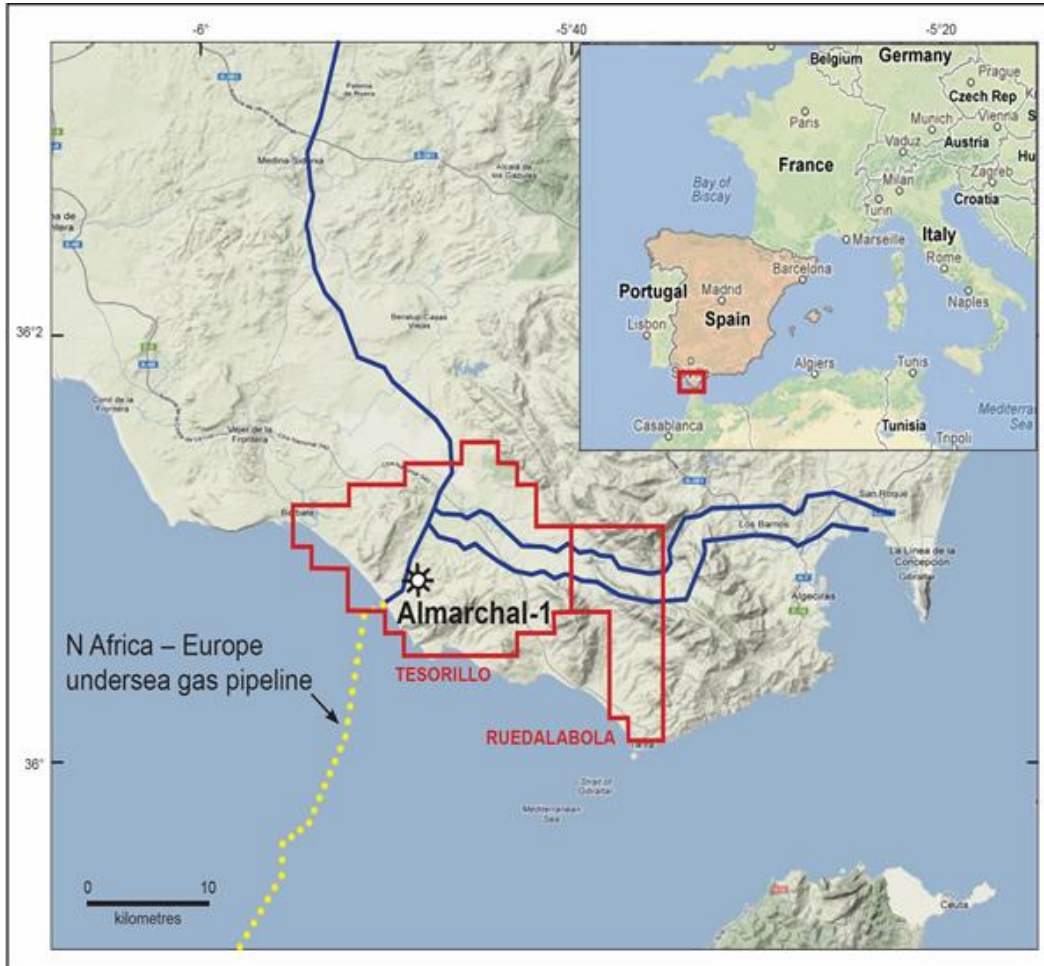
Netherland Sewell and Associates (“NSAI”) have independently certified an unrisks Prospective Resource of up to 2,289 BCF* (2.3TCF) (2,232 BCF 97.5% net to Petrel reducing to 1,147 BCF 50.1% net to Petrel upon completion of Prospex Share Purchase Agreement transaction) for the Tesorillo Project as outlined below.

Tesorillo	Prospective Resource BCF		Original Gas In Place BCF	
	97.5%	50.1%	97.5%	50.1%
Net to Petrel [^]	215	110	716	368
Low Estimate (P90)	809	416	1,619	832
Best (Median) Estimate (P50)	2,232	1,147	3,188	1,638
High Estimate (P10)				

[^] Current working interest is 97.5% but will reduce to 50.1% upon completion of Prospex Share Purchase Agreement transaction. The estimates of net volumes provided in this statement were derived from estimates of gross volumes for each prospect determined by Mr Dan Walker, a full time employee of Netherland, Sewell and Associates Inc., Dallas, Texas, USA, on 5 May 2015, in accordance with Petroleum Resources Management System guidelines. Mr Dan Walker is a Licensed Petroleum Geologist, a qualified person as defined under the ASX Listing Rule 5.41.

Tesorillo Project

[Link to March 2018 Project Update](#)



Map – Tesorillo and Ruedalabola covering 94,000 acres (38,000ha)

- Two contiguous license areas total 38,000ha (94,000 acres), Cadiz province, southern Spain
- 1956 Almachal-1 flowed gas from stacked porous & permeable Tertiary sandstones at shallow depths
- Large seismically defined structure
- Potential access available to 40" Nth Africa to Europe gas pipeline with excess capacity 3km from well location