



Uruguay Presentation

July 2018

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Managing Director & CEO

Reduced financial exposure to Uruguay

- Petrel reduced its interest in Schuepbach Energy International LLC (“SEI”) in April 2018, from 62.7% to 49% in return for SEI’s interests in the Tesorillo Project
- To fund Uruguay creditors and ongoing expenditure SEI’s other shareholder:
 - has funded \$500,000 in SEI through preferred capital which can be converted for a further 8% interest in SEI no later than 28 September 2018
 - can fund an additional US\$1.5m in SEI and its Uruguay assets to reduce debt for a further 9.5% interest to a potential 68.5%
- The Tesorillo Project in southern Spain is largely self funding
 - a 49.9% interest is being sold to AIM listed Prospec Oil and Gas Plc with sale proceeds of €2.05m used to fund Petrel’s share of a €3.8m work programme
 - work programme includes a magnetotelluric programme in mid-2018 and if successful a Tesorillo appraisal well in 2019

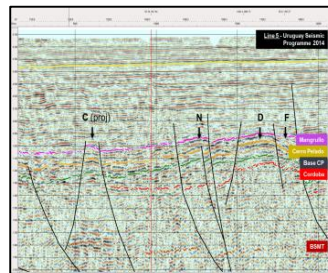
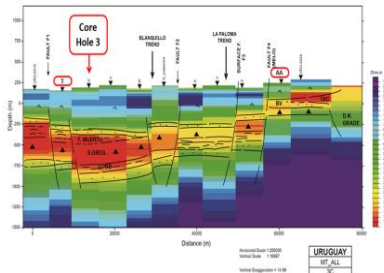
Exploration to date...

Potential

Resource

Targets

Drilling & Partner



- Ideal operating environment with local and regional oil & gas markets
- Petrel acquires concessions in Uruguay
- MT survey carried out - confirms northwest rift basin
- Enabled refinement of corehole programme

- **Corehole programme** confirms oil generation and active petroleum system
- Evidence of free oil in coreholes more than 100km apart
- **Results support seismic acquisition programme**

- **Seismic programme successfully completed**
- NSAI independently certify the Prospective resource in the Salto and Piedra Sola concessions of up to 910 MMBBL oil and 3.1TCF gas
- **AVO's increase prospectivity**

- **First hydrocarbon discovery in Uruguay recovering modest oil to surface from 793m**
- Second well hits a fault
- Petrel reduces Uruguay interest to 41% in return for partner funding and 97.5% of Tesorillo Project

Partner currently funding project & determining next stage of exploration

Frontier Challenges

2016...

2017...

Results...

- **Expectations were high with funded drilling programme...however**
- Partner funding delays rig contract and mobilisation
- Rig mobilised without final fit out
- Resultant knock on effect leads to prolonged shakedown issues
- As a consequence spud delayed until mid year
- Difficult drilling conditions and poor operational decisions result in yet further delays and parting of drill string
- **Operational management changed with immediate impact**

Fishing successful and first well drilled to TD with testing confirming...

- **First hydrocarbon discovery ever in Uruguay and...**
- **First oil recovered to surface in Uruguay**

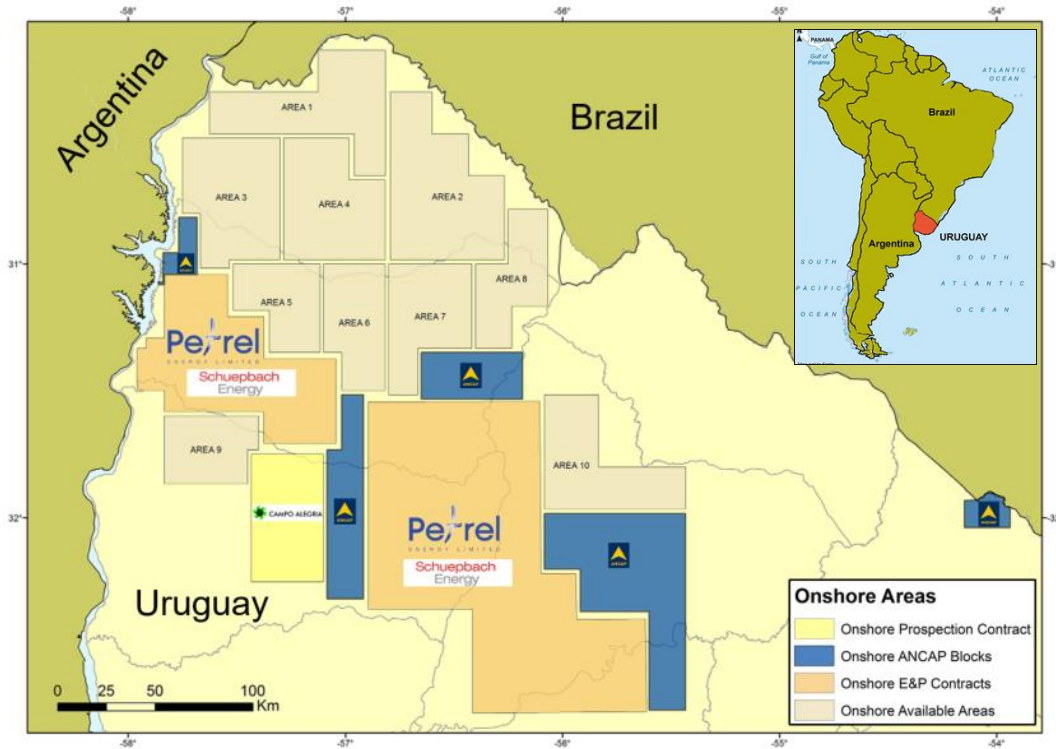


Despite challenging operational issues still achieved goal of discovering **first hydrocarbons** in Uruguay!

Why Uruguay?

- ✓ **Stable political and financial regime**
- ✓ **Educated workforce and sound legal system**
- ✓ **Extremely under-explored**
- ✓ **Very large resource upside**
- ✓ **Domestic and regional oil & gas markets**
- ✓ **Modest infrastructure development required**

Material Acreage Position



- **3.5 million acres** provides a basin controlling position in Uruguay's most prospective onshore basin
- NSAI estimated P50 recoverable resource (PRL only) of **405 MMbbl oil and 1.5 TCF of gas** in conventional plays
- World class reservoir rock – **very high permeability and porosity, oil shows**
- With no production currently imports in excess of **40,000bopd**
- Gas production would replace LNG – prices currently around **\$8/mscf**

Company making first mover advantage with material upside

Excellent Reservoir Potential?

- ✓ Material certified “company defining” resource in Uruguay on 3.5m acres
- ✓ Multi TCF gas and billion barrel oil potential
- ✓ Excellent source and reservoir rock potential



Darcy Permeability in Cardozo Chico and Achar Coreholes

Conventional Resource Certification by NSAI ⁽¹⁾

Salto & Piedra Sola Concessions 100%	Prospective Resource (MMbbl)	Prospective Resource (BCF)
Low Estimate (P90)	148	575
Best Estimate (P50)	405	1472
High Estimate (P10)	910	3104

Recent Success...Oil Discovery @ Cerro Padilla 1

- ✓ Well successfully drilled to Total Depth (TD) of 845m
- ✓ Logging confirmed 2m of oil saturated sand at 793m with fluorescence (oil shows) across extended interval
- ✓ **Testing confirms first ever discovery with oil to surface in Uruguay**
- ✓ Very encouraging but further work required as appears well missed top of structure



Modest initial discovery but **quantum leap in hydrocarbon prospectivity** of Uruguay

Recent Success...

Petrel Energy
@PetrelEnergy

ANCAP News: Cerro Padilla-1 analysis shows 2 metres of sand with oil saturation at a depth of 793 m. [\\$PRL.ancap.com.uy/innovaportal/v ...](http://$PRL.ancap.com.uy/innovaportal/v...)



Cosse called the finding "significant advance" and reiterated the need for "prudence"

The Minister of Industry described as "good news" the finding of an oil system and added that "it is only a step in a long way".

Wednesday, November 01, 2017 8:13 PM

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Minister Carolina Cosse. Photo: El País Archive

News

Published: 10/20/17

On October 20, 2017, the Cerro Padilla X-1 well, located northeast of the department of Paysandú, reached a total depth of 845 m, with the sandstone of the Tres Islas formation being the exploratory objective.

The first Australian Studies Centre in Latin America will be launched at Universidad ORT Uruguay

15/11/2016



On the 24th November the [Australian Studies Centre \(ASC\)](#) at Universidad ORT Uruguay (ORT) will be inaugurated. Australian Ambassador to Argentina, Paraguay and Uruguay, Noel Campbell and Austrade's Senior trade and investment commissioner (Andean Latin America), Shannon Powell will attend the event.

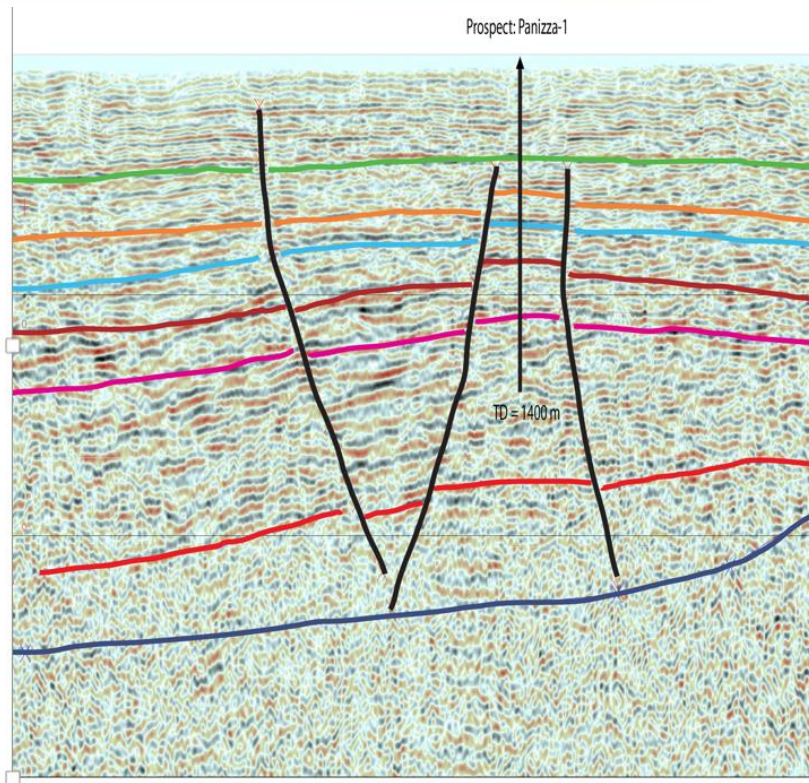
The ORT-ASC is an academic institute for the study of Australian history, politics, international relations, economics, business, society, education, culture and literature. The Centre aims to strengthen the links between Australia and the region, particularly with Uruguay and it is totally interdisciplinary in its structure and activities. The ORT-ASC welcomes working with researchers, students and academics in any field of study in Australia helping to cement intellectual links between the two regions.

The Centre is initially funded by Petrel Energy and Universidad ORT Uruguay and counts with the support of the Australian Embassy in Argentina, Paraguay and Uruguay, the Uruguayan Embassy in Australia, Austrade and the Chamber Uruguay Australia.

Cerro de Chaga 1 well (Panizza)

Well objectives:

- Test largest regional high with 4-way dip closure
- Confirm extent, quality and maturity of Devonian source and reservoir rock
- Test quality and maturity of secondary Permian source rock - Mangrullo Shale
- Test deeper sedimentary section
- Devonian (**only**) OGIP P90 = 796BCF & OOIP P90 = 996MMB

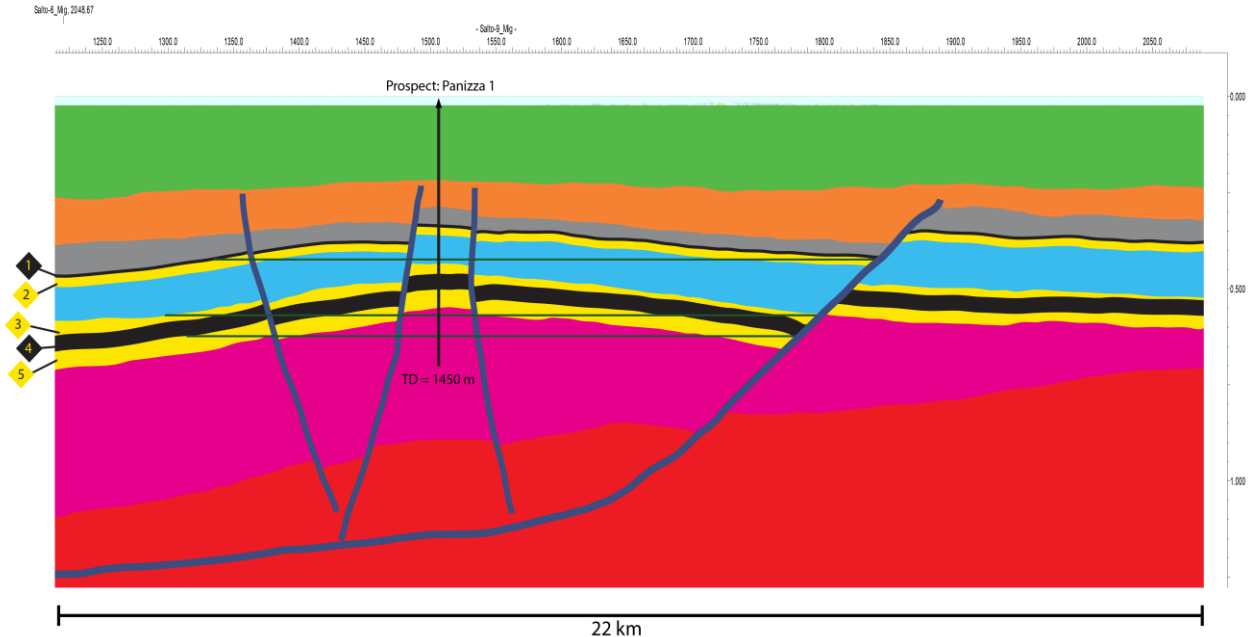


Very large regional structure with multiple source rock and reservoir targets

Cerro de Chaga 1 well (Panizza)

Legend

- Arapey Fm. Basalt
- Buena Vista Fm. and Tacuarembo Fm.
- Permian Shale
- San Gregorio Fm.
- Pre-Devonian (Lithology Unknown)
- Basement
- Mangrullo Shale
- Tres Islas Sst
- La Paloma Sst
- Cordobes Shale
- Cerrezuolo Sst
- Spill Point

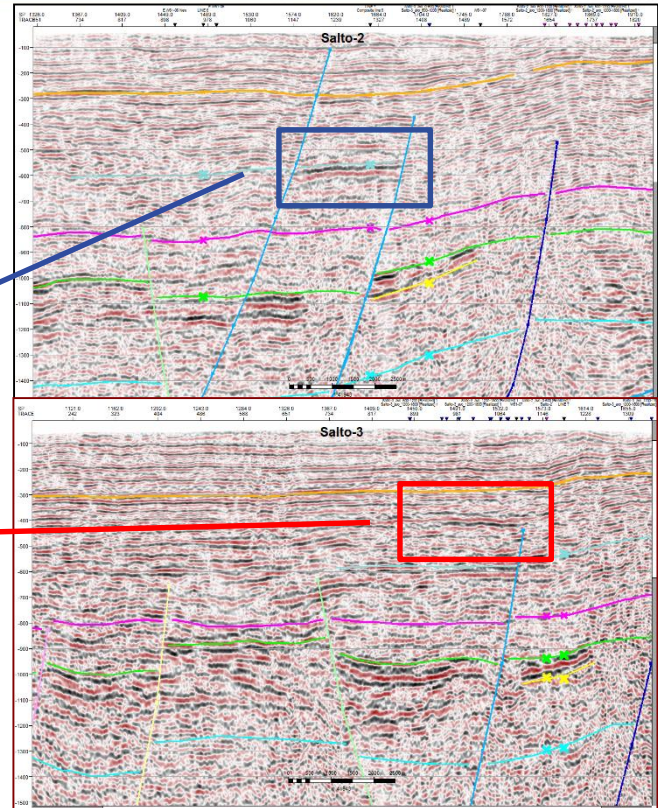
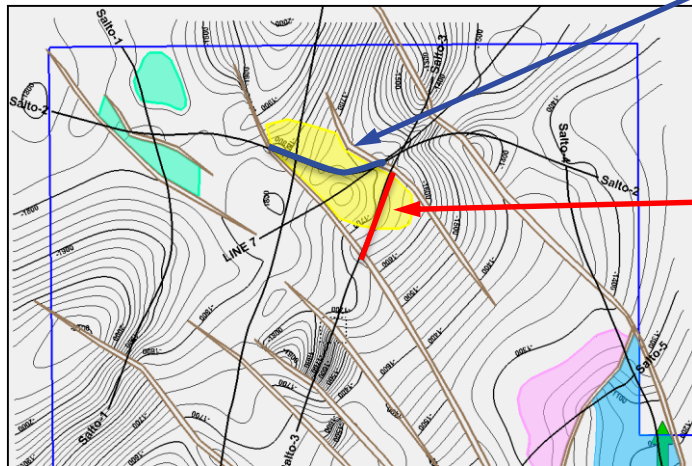


Shallow opportunity to test very thick Devonian Cordobes Shale and deeper sedimentary sequence

Canada de Fea 1 well (shallow AVO)

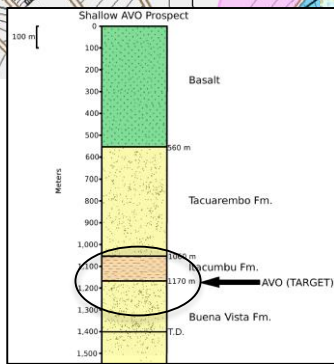
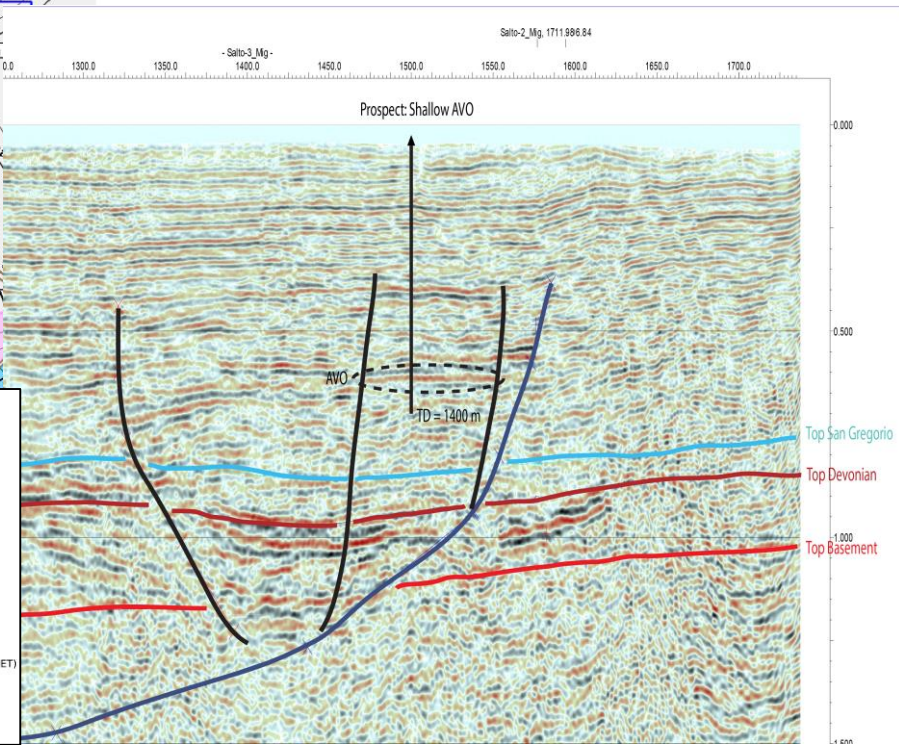
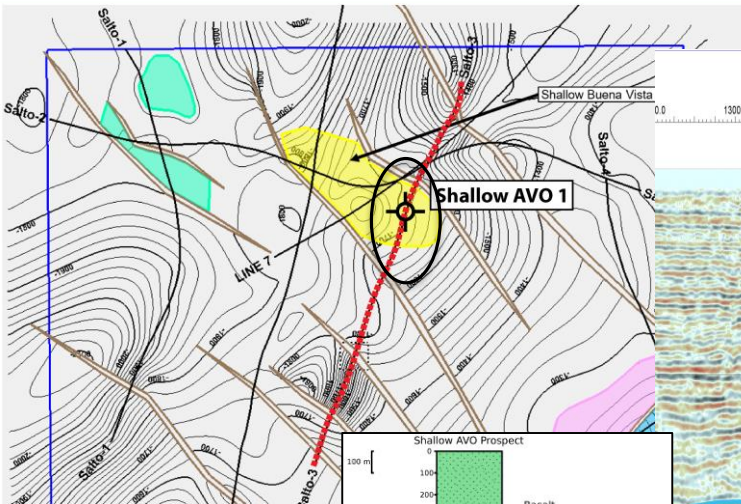
Well objectives:

- Test shallow AVO prospect identified by several seismic lines
- Confirm and refine thermal maturity model
- Establish potential of additional targets
- **NSAI certified P50 prospective resource of 240bcf**



Even at an early stage existence of potential AVO's significantly de-risk exploration programme

Canada de Fea 1 well (shallow AVO)



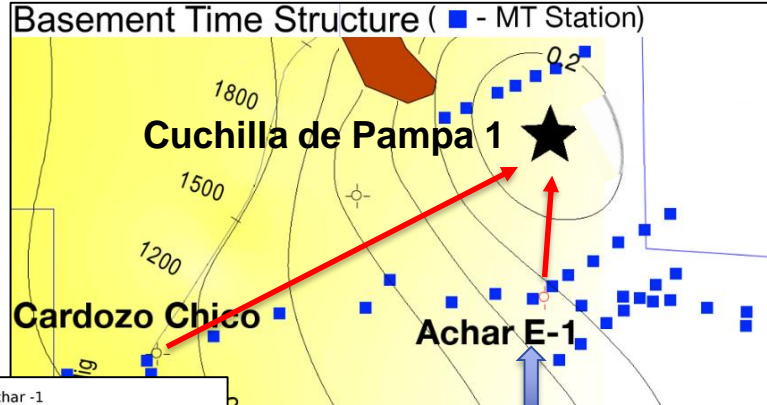
- AVO is :**
- coincident with sandstone unit
 - Beneath potential shale/seal
 - Between potential sealing faults

AVO's can become a very successful exploration tool when "calibrated" for local geology and with many more identified there is considerable additional upside potential

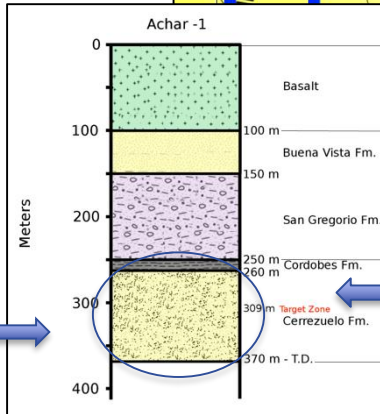
Cuchilla de Pampa 1 well (Achar)

Well objectives:

- Cordobes shale quality and development
- Testing oil **migration** in highly (+1000md) permeable sands up dip of Achar E-1 corehole
- Devonian OOIP P90 = 460MMB



Darcy Permeability in Cardozo Chico and Achar Coreholes



Corehole Achar E-1; Oil leaching from Devonian sandstones just below Cordobes Shales

- ANCAP currently imports in excess of 40,000bopd into the La Teja Refinery in Montevideo
- Uruguay imports were \$11.6B in 2014, led by oil and gas which was \$1.7B (\$2.3B in 2013)
- If Uruguay can be oil and gas self sufficient its negative trade balance of \$2.4B (\$1.9B in 2013) would be largely eliminated
- Neighbour Argentina imported \$5.5B of gas and \$3.9B of refined petroleum in 2014

Source: [MIT Media Lab](http://atlas.media.mit.edu/en/profile/country/ury/#Imports)

<http://atlas.media.mit.edu/en/profile/country/ury/#Imports>



La Teja Refinery

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