



ASX RELEASE

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Cerro Padilla-1 Update

PROGRAMME

- **Current operations focused on procuring drill pipe retrieval (fishing) equipment**
- **Drilling operations temporality suspended with 10m of basalt remaining**
- **Drilling expected to resume by weeks end**
- 4 well 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 Schuepbach Energy Uruguay SRL has identified and is currently having equipment shipped to site to undertake retrieval of a parted drill string. While we have experienced some unexpected delays, if all goes to plan this equipment is expected to be on site and the remaining pipe removed from the hole and drilling recommenced by weeks end.

Moving forward and with an estimated 10m of basalt remaining, which should take less than a half a day to drill, it is hoped that all things being equal drilling to casing point should take another 3-5 days. Following casing the rig will then be able to drill ahead very quickly through to the target zone.

Managing Director David Casey said “while this last setback is disappointing it is not associated with hole conditions and we have ideal circumstances for a speedy and successful fishing and retrieval operation. Moreover, with improved drilling rates through the basalt prior to this failure, and new fit for purpose bits arriving based on lessons learned, I feel we are well placed, particularly with easier drilling conditions expected in the basalt in the remaining wells, to improve our drilling efficiencies going forward.”

He went on to say that “we appreciate and share the frustration of our shareholders over what has been a steep learning curve for all involved, but I am certain we have turned the corner. While getting to this point has been a challenging process, given the fundamental rationale behind the programme, of multiple targets across multiple wells remains the same, it’s exciting despite all our setbacks, that we are now so close to seeing results in this well, with significantly more opportunities ahead of us.”



Photos - New Force rig at Cerro Padilla-1



View from site

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.

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