



ASX/MEDIA RELEASE
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Cerro de Chaga-1 Update

Petrel Energy Limited (ASX:PRL) advises that Schuepbach Energy Uruguay SRL (SEU) operations at the Cerro de Chaga-1 (Panizza) remain suspended due to delays repairing equipment in Argentina and shipping additional equipment out of the US. We had expected site activities to resume once repairs were completed after 15th January but now expect this to occur in mid-February. As a consequence, we have taken the opportunity to not only reassess our operational strategy and options, but are also reviewing funding going forward.

On 7 December 2017 Petrel announced that its Uruguay partners did not fund the most recent Schuepbach Energy International LLC ("SEI") funding requirement allowing Petrel to increase its interests in both its Uruguay and Spain projects from 51% to 62.7% (relative increase of 22.9%).

Petrel continues to discuss forward funding with its partner in SEI, who retain the option to fund 37.3% share of all future SEI capital requirements. Petrel's strategy, as with its recent Spanish asset transaction, has always been to share the risk on this frontier project, and it has commenced a dialogue with a number of potential new partners to fund some or all of the current programme.

Managing Director, Mr David Casey, said "the opportunity to increase our ownership in SEI at short notice at a concessional price was welcomed, but given the high risk reward profile inherent in very large early stage exploration concessions such as this, financing is best supported across a number of groups. We are therefore glad to have increased our holding in the Uruguay project to 62.7% which provides scope to introduce a new 20% partner whilst still retaining more than 50% of the project."

He went on to say "while we appreciate the restart delay is frustrating for our shareholders it is probably very timely in that it will allow us to land another pumping unit and extra equipment in Country to give us the best chance to drill ahead out of the cement at Cerro de Chaga-1. Furthermore, building on the success of Uruguay's first ever oil discovery, it will provide additional time for us finalise discussions with our current and possible new partners to secure potential funding at the asset level to minimise shareholder dilution going forward."

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