



ASX/MEDIA RELEASE
7 December 2017

Exposure to Uruguay increased by 22.9%

Petrel Energy Limited (ASX:PRL) is pleased to announce that it has increased Petrel's 51% interest in Schuepbach Energy International LLC ("SEI"), the operator of the Company's Uruguay and Spain projects, by 22.9% to 62.7%. Specifically, Petrel agreed to not only fund its US\$2.04 million 51.0% share of recent cash calls but also exercise a US\$1 million short term option to increase its interest to 62.7% in SEI.

The Cerro de Chaga-1 (Panizza) well reached the base of the basalt at around 558m where difficult drilling conditions were encountered. This followed 7 days of downtime (not charged to Operator) due to a mechanical failure and waiting for parts. At present the rig is continuing operations to improve hole stability.

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 source and reservoir rock
- Test quality and maturity of secondary Permian source rock - Mangrullo Shale
- Confirm existence of deeper sedimentary sequence

The results of the Panizza well will provide critical insights into the make-up of the deeper "Salto Basin", which was discovered via the seismic survey conducted by SEU.

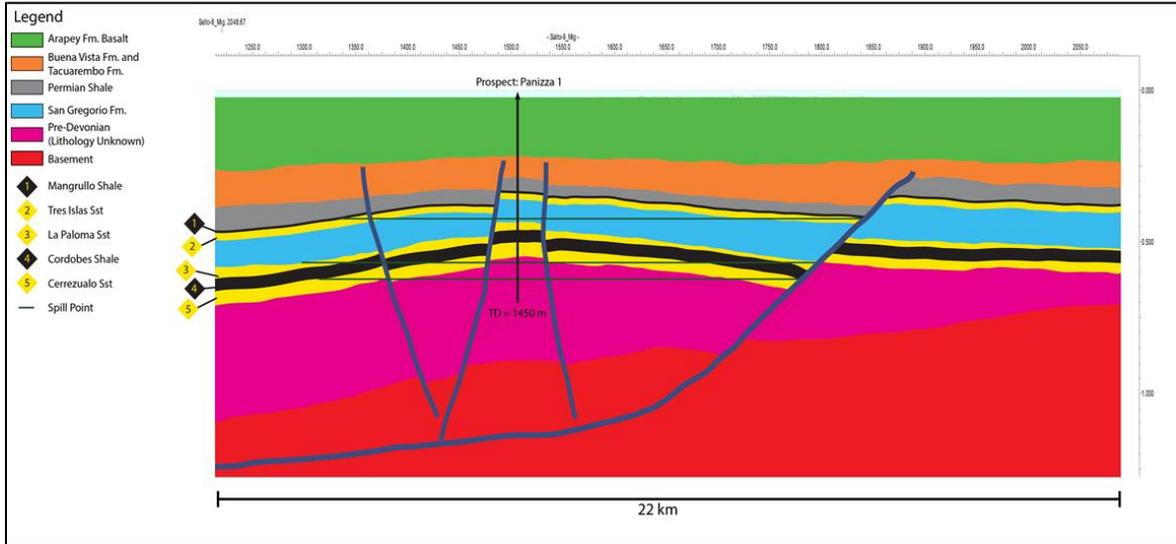
Managing Director, Mr David Casey, said "a short term opportunity to increase our ownership arose when our partners did not fund the most recent funding deadline for the Uruguay drilling programme. This opportunity to acquire an additional interest in the Uruguay project coincides with Petrel being entered into the Register of Oil Companies which provides Petrel the ability to operate in Uruguay directly. To fund both drilling and increase our ownership by 22.9% is money well spent."

Mr. Casey went on to say, "as a result of the 20 days spent testing Cerro Padilla-1 well for "first oil in Uruguay" and Petrel's 100% funding of this round, we essentially utilised the funds planned for our 3rd well. This 62.7% interest in SEI will provide an additional 22.9% interest in the 3.5million acre concessions if funding is available or will provide a much higher base from which to dilute to fund the project going forward. Our partner retains the right to fund its 37.3% share of all SEI future capital requirements".

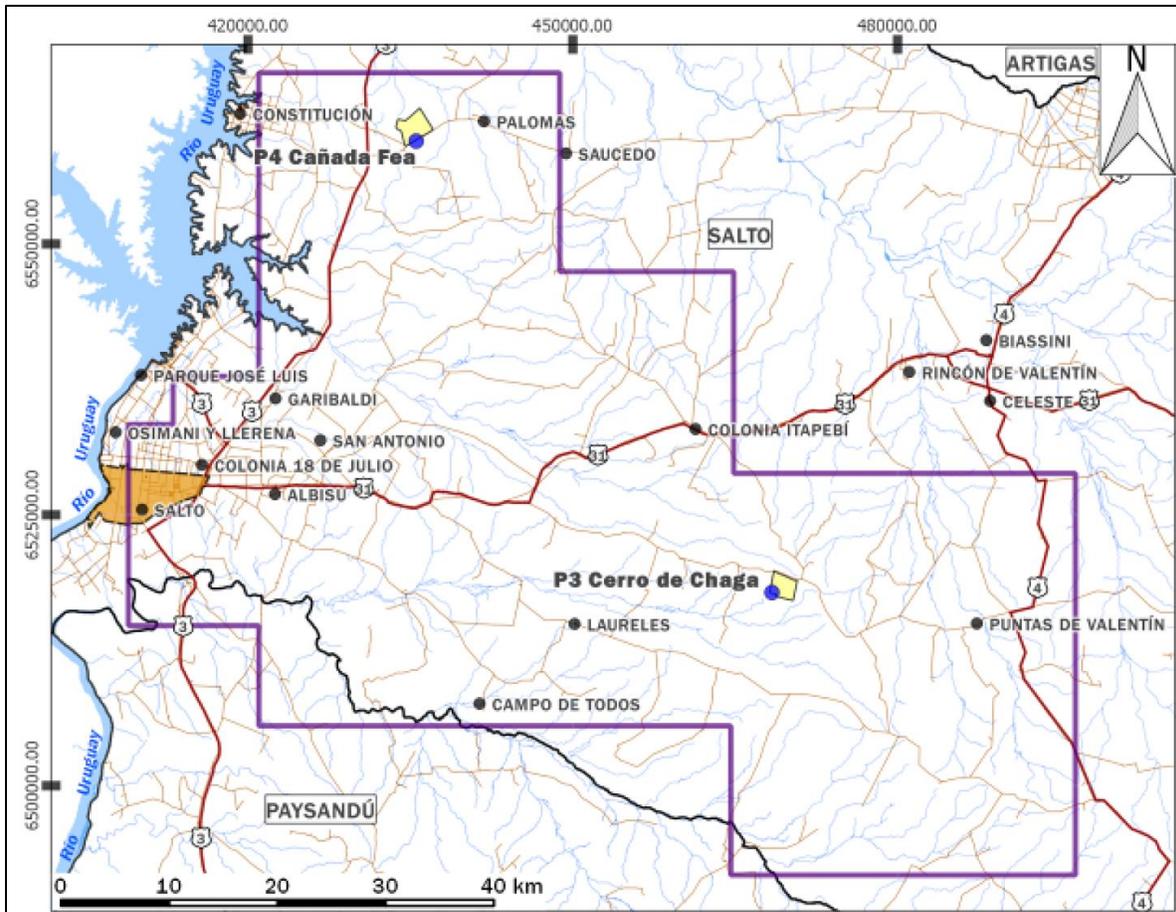
For further information contact:

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



Map – Cerro de Chaga-1 in the Salto concessions onshore Uruguay



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