



**ASX/MEDIA RELEASE**  
**19 December 2017**

**New investor to fund Tesorillo**

- **Partner found for appraisal of large gas discovery in southern Spain**
- **SEI to sell up to 49.9% of Tesorillo project in southern Spain**
- **Defined work programme costing ~€3.8m includes MT and 1 well**
- **Sale proceeds totalling ~€2m will fund SEI's share of work programme**
- **Partner with similar projects and experience elsewhere in Europe**

Petrel Energy Limited (ASX:PRL) is pleased to announce that its 62.7% subsidiary Schuepbach Energy International LLC ("SEI") has entered into a Share Purchase Agreement ("SPA") to sell up to a 49.9% of its wholly owned subsidiary Schuepbach Energy Espania S.L.U. ("SEE") to AIM listed Prospex Oil and Gas Plc ("Prospex") for up to €2,053,750. SEE owns the Tesorillo project in southern Spain.

Under the SPA, SEI can sell up to 49.9% of the ordinary shares in SEE to Prospex in three tranches. An initial consideration of €48,250 is payable at first closing. A further €280,000 is payable at second closing, subject to, amongst other conditions, the result of a trial magnetotelluric programme, by 31 December 2018. A final consideration of €1,725,000 is payable at the final closing, subject to, amongst other conditions, the completion of a full magnetotelluric programme and the approval of an appraisal Tesorillo well for drilling within the 6 year licence period.

Sale proceeds of €2,053,750 will be used by SEI to fund its share of an agreed Tesorillo work programme (estimated at €3,823,000) which includes a trial magnetotelluric programme, followed by a full magnetotelluric programme and if successful, a well to target the Almarchal-1 discovery drilled in 1956.

Prospex (via its subsidiary), SEI and SEE have entered into a detailed Shareholders' Agreement ("SHA") to regulate the future relationship between SEE and its shareholders and to carry out the Tesorillo work programme. The SHA contains usual industry standard provisions on sole risk, default and for the operations to be controlled by Prospex.

The Almarchal-1 discovery well was drilled in 1956 by the Spanish firm Valdebro, and intersected a thick section of possible gas pay which upon testing flowed gas to surface. The well is located 3km from the North African Maghreb gas trunkline providing ready access to high priced European gas markets.

Netherland Sewell and Associates ("NSAI") have independently certified an unrisked Prospective Resource of up to 2,289 BCF\* (2.3 TCF) (1,435 BCF net to Petrel) for the Tesorillo Project as outlined below.

Tesorillo	Prospective Resource BCF		Original Gas In Place BCF	
	62.7%	31.4%	62.7%	31.4%
Net to Petrel <sup>^</sup>	138	69	460	231
Low Estimate (P90)	520	261	1,041	522
Best (Median) Estimate (P50)	1,435	719	2,050	1,027
High Estimate (P10)				

<sup>^</sup> Current working interest is 62.7% but will reduce to 31.4% upon completion of 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 and has consented to the inclusion of this information in the form and context in which it appears.

Managing Director, Mr. David Casey said “On the back of recent successes in Uruguay it’s very exciting to have secured funding and a partner for our Spanish project. While our recent efforts and focus have for obvious reasons been Uruguay, Tesorillo is a very attractive and large gas prospect in its own right and is a much larger variant of the fore-deep plays which Prospex will produce from in Suceava, Romania and flow test in the Po Valley, Italy.”

Mr. Casey went on to say, “Having a company based in the UK with a presence in Spain and experience in similar geological settings involved in appraising Tesorillo, definitely lays the foundation for a successful exploration programme.”

“With strong gas prices and proximity to markets, and with a new partner with similar projects elsewhere in Europe and Prospex’s experience and success in similar geological plays, we see Spain making a valuable contribution to Petrel’s portfolio.”

“Prospex is a European focused oil and gas player with a growing portfolio of interests and an expert management team, and we look forward to working with them on the Tesorillo Project.

**For further information contact:**

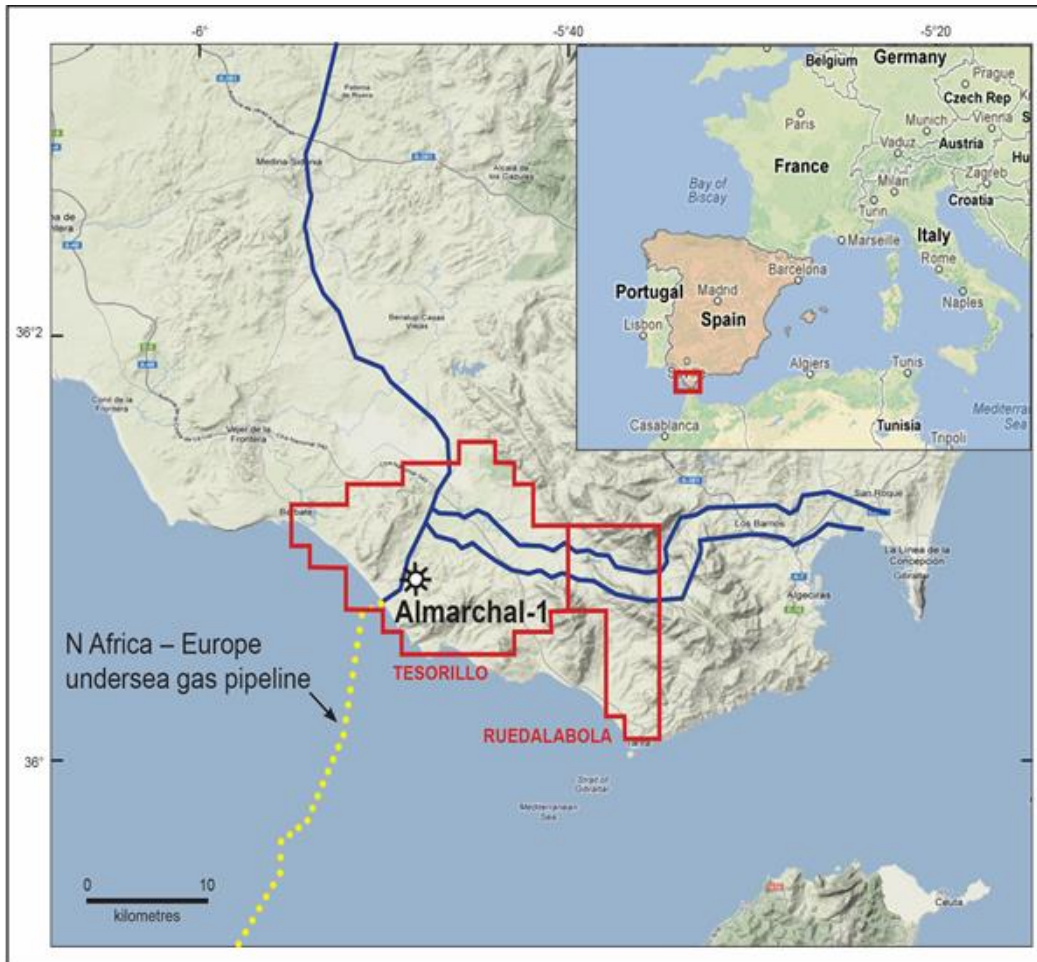
**David Casey - Managing Director**

**Phone +61 2 9254 9000**

**About Prospex**

Prospex Oil and Gas Plc is an AIM listed investment company focussed on high impact onshore and shallow offshore European opportunities with short timelines to production. It’s strategy is to acquire undervalued projects with multiple, tangible value trigger points that can be realised within 12 months of acquisition and then applying low cost re-evaluation techniques to identify and de-risk prospects.

## Tesorillo Project



Map – Tesorillo and Ruedalobola 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
- Access available to 40" Nth Africa to Europe gas pipeline with excess capacity 3km from well location