Quarterly REPORT

OTTO ENERGY

www.ottoenergy.com

THREE MONTHS ENDED 31 DECEMBER 2016

QUARTERLY HIGHLIGHTS

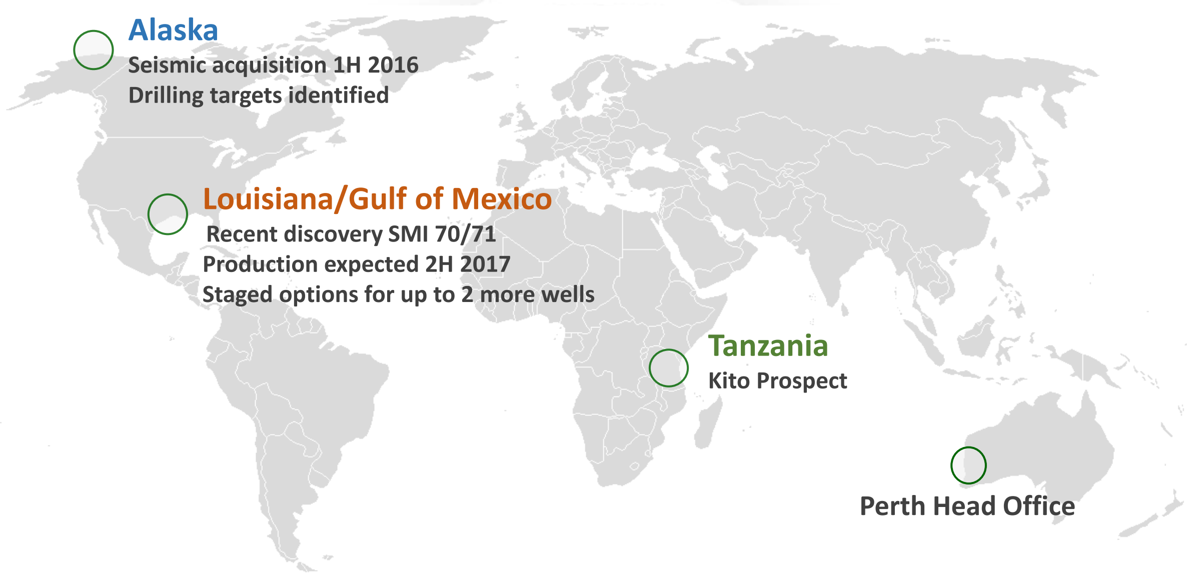
Corporate:
- Continued assessment of new business opportunities
- Closing cash balance of US$16.95m.

Appraisal/Development:
- Louisiana/Gulf of Mexico – South Marsh Island 71 – Joint venture proposal to modify design concept to a manned platform which allows direct tie-in to sales pipelines and significantly enhances project economics

Exploration:
- Louisiana/Gulf of Mexico – South Marsh Island 71 – Post drill inversion interpretation highlights prospective B65 sands which can be tested during additional SM71 development drilling - 2.3 MMboe Net Prospective Resource
- Louisiana/Gulf of Mexico – Bivouac Peak – Operator advises exploration well in Louisiana Transition Zone expected to spud in 2017. Initial well will test multiple amplitude supported objectives with potential of 15.3 MMboe Net Prospective Resource
- Alaska – Drilling target 'Raptor' identified
- Tanzania – Seeking extension to allow drilling of Kito-1 exploration well in 2H 2017

THREE-MONTH OUTLOOK

- Louisiana/Gulf of Mexico – South Marsh Island 71 –submit all necessary development permits and continue refurbishment of tripod jacket, decks and production equipment in readiness for first production in Q4 2017
- Louisiana/Gulf of Mexico – Bivouac Peak – Operator to progress plans to spud well during 2017
- Alaska – Progress drilling plans
- Tanzania – Progress request for extension beyond 20 February 2017 and plan for drilling in 2H 2017
- Business Development - progress screening of new business opportunities with similar characteristics to the SMI-71 discovery with near term drilling



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APPRAISAL/DEVELOPMENT

LOUISIANA/GULF OF MEXICO – SOUTH MARSH ISLAND 70/71

Location: Offshore Gulf of Mexico
Area: 34.29 km^2
Otto's Interest: 50.00% - Earning via staged farm-in with Byron Energy Ltd (Operator)

Otto exercised its option to participate in the drilling of one well in SM-70/71 which lies in a water depth of 131 feet. Combined production from the licences totals 5.9MMbbl and 16Bcf of gas.

Through the drilling of the SM-71 #1 well in April-May 2016, Otto has earned a 50% participating interest (equal to a 40.625% revenue interest) in the licences with net 2P reported reserves of 2,271 Mboe to Otto. During the quarter Otto was advised that it is now officially on the licence.

Drilling of SM-71 #1 intersected four separate hydrocarbon bearing sand intervals that have been completed and suspended awaiting tie-in to production infrastructure. Otto expects that first production will be delivered in Q4 2017 from SMI-71. Additional follow-up opportunities around this salt dome are being progressed.

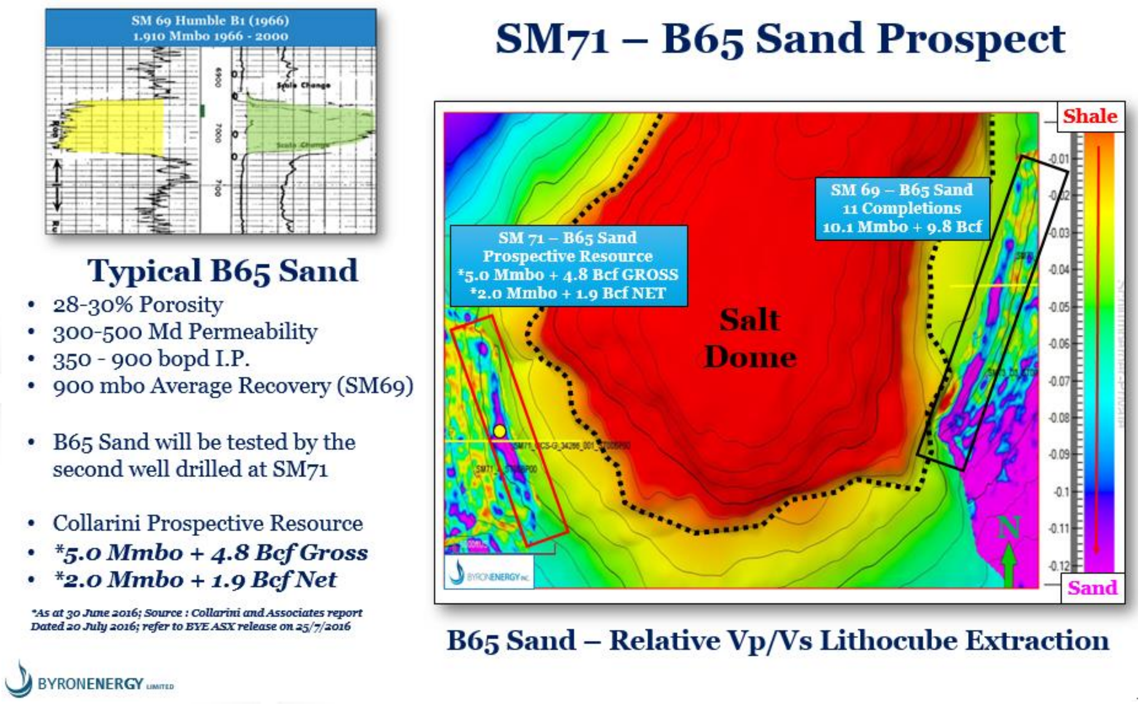
As advised in August 2016, the joint venture has already procured a tripod platform and commenced work to modify the facility for use at the SMI-71 location. Further work undertaken by Byron in respect of the facility has led to a proposal to modify the design concept to a manned platform from the previously proposed unmanned facility.

The proposed manned structure will have the capacity to produce 4,500 Bopd and 5.0 Mmcfpd of gas. Access to adjacent oil and gas sales trunk lines are available on SMI-71 and those lines will be utilized for oil and gas export once production commences. Significant progress has already been made on the refurbishment of the jacket section of the platform and following completion of engineering design work, construction work on the deck portions will begin.

The incremental cost of the proposed manned facility utilizing the platform previously acquired by the joint venture is currently estimated at US$ 3.0 million net to Otto. This incremental cost is more than offset by the benefit of reduced future operating costs and also the ability to deliver higher production rates and project economics. Otto's net contribution to the cost of the single well development is presently estimated at US$9 million (excluding decommissioning and restoration bonds), which can be funded from existing cash reserves.

The joint venture plans to initially complete the SMI-71 #1 well in the D5 Sand with expectations of recording initial flow rates of 1500 to 2000 bopd (gross field production) similar to those recorded on the adjacent SMI-72 and SMI-73 blocks. After completion of the SMI-71 #1 well there is potential to drill up to four additional development wells, some of which will be able to target Prospective Resources in the B65 interval which has scope to double the present reserve base of the block. Post drill inversion interpretation shows promising results defining the D5 sand extent and delineating future B65 sand targets, the B65 sands contain a 2.3 MMboe Net Prospective Resource.

Otto, has indicated it's in-principle support for the manned facility, subject to receiving Byron's final proposed authority for expenditure and development plan. The final development plan is subject to JV approval.



EXPLORATION ASSETS

LOUISIANA/GULF OF MEXICO – BIVOUAC PEAK

Location: Offshore Gulf of Mexico
Area: 10 km^2
Otto's Interest: 45.00% - Earning via staged farm-in with Byron Energy Ltd (Operator)

Otto has the option to acquire a 45% working interest in the Bivouac Peak lease, which covers approximately 2,500 acres of highly prospective acreage in the transitional zone onshore southern Louisiana. Byron has identified multiple prospects at both the Middle and Lower Miocene levels demonstrating stacked amplitude and AVO (amplitude versus offset) support. Follow-up drilling options have been identified at the Lower Miocene level that could increase the scale of the overall opportunity.

An independent resource estimate for Bivouac Peak was prepared by Collarini Associates, which assigned a Prospective Resource net to Otto's proposed 45% working interest (33.525% net revenue interest) of 5,361 Mbbl of oil and 59,562 Bcf of gas.

Additional geological and geophysical work is being undertaken by the joint venture in order to progress to drilling of the first well in the lease.

Significant production exists in the adjacent Miocene sequence at the Little Bay field (>45 Bcf gas and 5 MMbbl condensate) and the Atchafalaya Bay field (>100 Bcf gas and 0.6 MMbbl condensate).

With nearby production infrastructure already in place, any successful well at Bivouac Peak would be capable of being brought into production within 6-12 months.

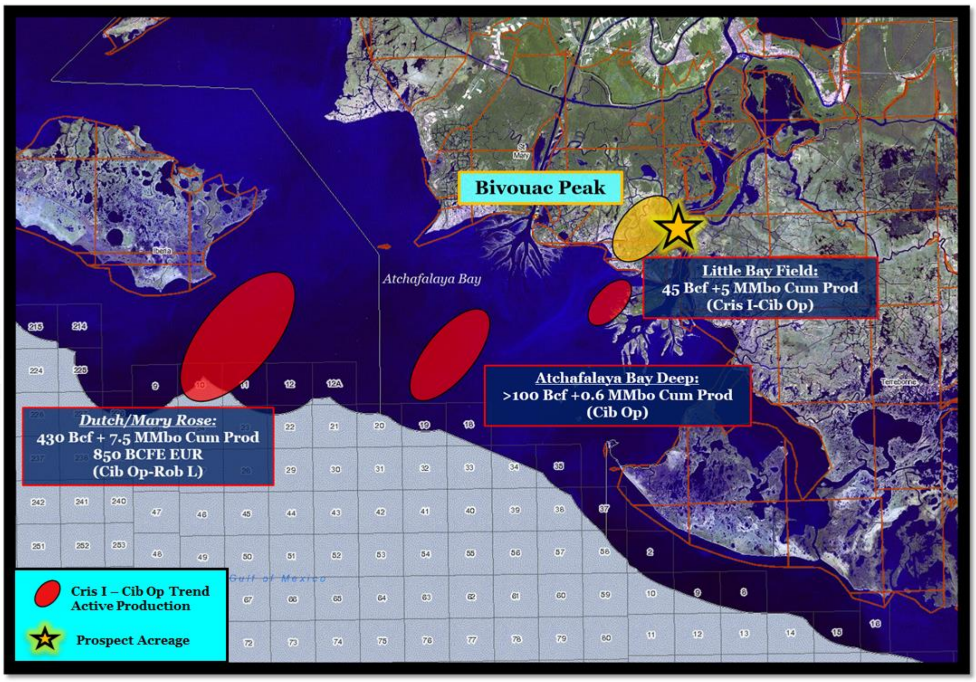
Otto has the ability to earn a 45% working interest (33.525% net revenue interest) through the funding of 60% of the cost of the first well drilled at Bivouac Peak. Any costs above US$6 million (Otto share) in respect of the first well and all future expenditure will be in accordance with Otto's participating interest (45%). An initial well is planned at Bivouac Peak in 2017.

OTTO BIVOUAC PEAK NET PROSPECTIVE RESOURCES[1]

GROSS		NET TO OTTO		NET TO OTTO
Oil (Mbbl)	Gas (MMcf)	Oil (Mbbl)	Gas (MMcf)	MBOE (6:1)
15,990	177,666	5,361	59,562	15,288

[1]. Subject to election by Otto to participate in the first well drilled in the Bivouac Peak acreage.

Note: Mbbl = thousand barrels; MMcf = million standard cubic feet; MBoe = thousand barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency



EXPLORATION ASSETS (CONTINUED)

ALASKA

Location: Onshore North Slope Alaska
Area: 2,259 km^2
Otto's Interest: 8%-10.8% – Great Bear Petroleum Operating (Operator)

Great Bear Acreage - Overview

Through its agreements with Great Bear Petroleum Operating ("Great Bear") in 2015, Otto acquired between an 8% and 10.8% working interest (equivalent to 58,334 net acres) in two areas of Alaskan North Slope exploration acreage held by Great Bear.

Great Bear is a private exploration company focused exclusively on exploring and developing conventional and unconventional resources on the North Slope of Alaska.

Great Bear is the dominant exploration acreage holder in this highly prospective basin; holding 579,374 gross acres in a major play fairway south of the Prudhoe Bay and Kuparuk giant oil fields. Great Bear has undertaken significant exploration work on the acreage since 2011 with a cumulative spend in excess of US$200 million, supported by generous tax rebates from the State of Alaska.

The work conducted by Great Bear includes:

- Acquisition and processing of approximately 2,970 km^2 of 3D seismic data (1,170 km^2 in 2016).
- Drilling of two unconventional stratigraphic test wells which cored three primary unconventional targets. Results from these wells indicate that the majority of the Great Bear acreage is expected to be liquids rich. These wells also encountered light oil in various conventional formations.
- Drilling of a conventional exploration well (Alkaid-1) which specifically targeted a 3D defined Brookian reservoir. The Alkaid well results are under evaluation.

The extensive, modern 3D seismic coverage, existing well control and proximity to the all-weather Dalton Highway and Trans-Alaskan Pipeline System (TAPS) means the acreage is well positioned for exploration.

Existing 3D seismic has allowed development of an extensive prospect portfolio which includes at least 4 well locations.

The Raptor Prospect is a conventional all season drilling target on the Dalton Highway where a drilling permit has already been obtained

Otto's exposure on the first 3 wells is limited to US$2.6M/well.

Nearby Alaska Activity

Adjacent to Otto Energy acreage, exploration success by other North Slope operators continues to be achieved:

- Repsol/Armstrong made significant discoveries in the Brookian Nanushuk Formation in 2014-2015. Armstrong are about to spud the Horseshoe-1 well immediately to the west of Otto's acreage
- Caelus Energy discovered 2.4 Bbbl EUR light oil at Smith Bay in 2016.
- ConocoPhillips/Anadarko recently announced Nanushuk Formation discovery of greater than 300 MMbbl.
- 88 Energy to drill the exciting Icewine #2 unconventional HRZ well during H1 2017 to the immediate south of Otto's acreage.

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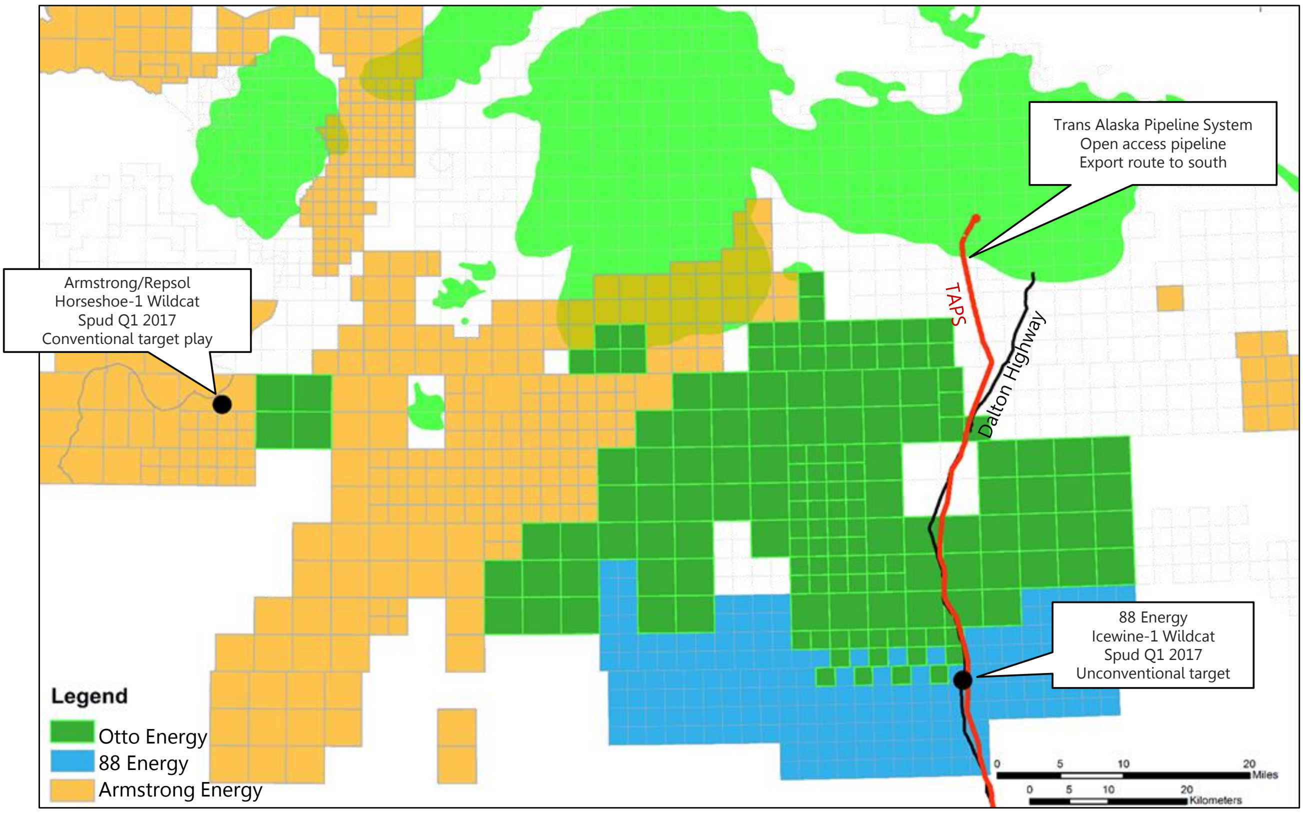
EXPLORATION ASSETS (CONTINUED)

ALASKA (continued)

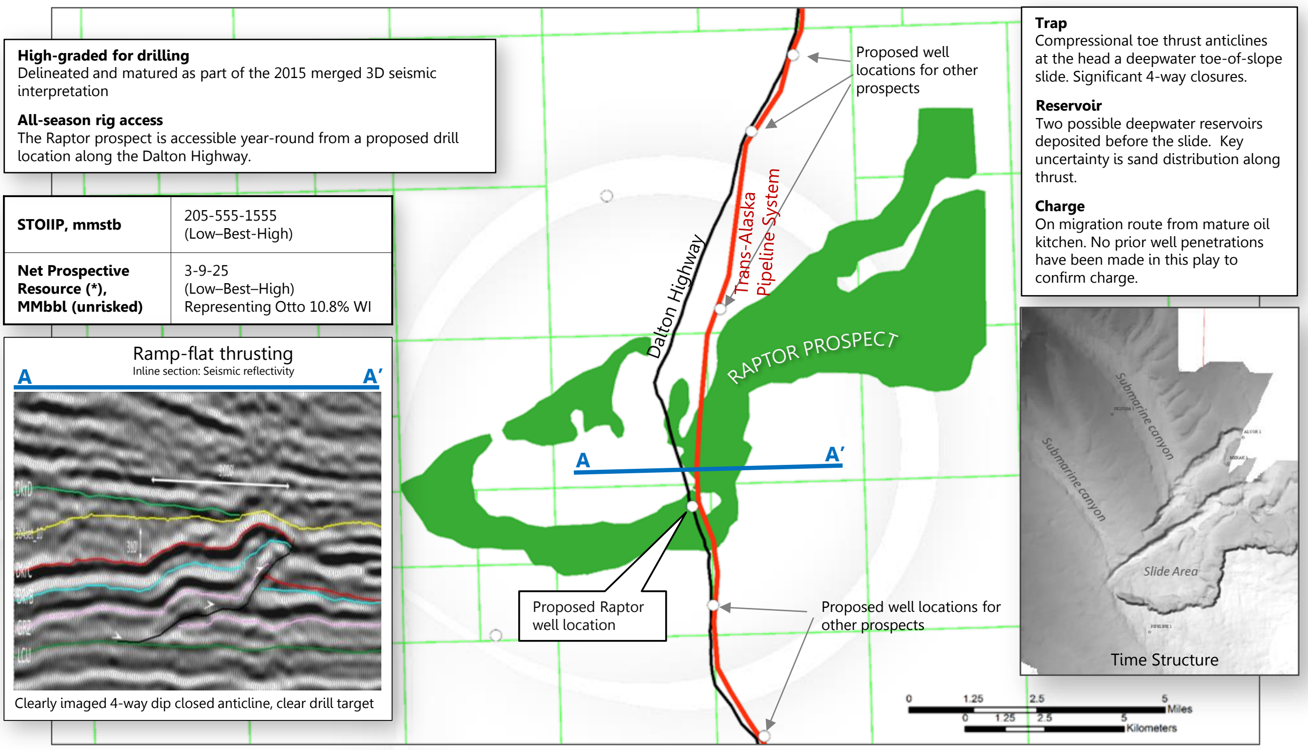
Alaska North Slope

Early 2017 will see drilling of key plays in close proximity prior to Otto's first well



Raptor Prospect

Conventional toe-thrust anticline to be tested from all-weather drilling pad



EXPLORATION ASSETS (CONTINUED)

KILOSA-KILOMBERO

Location: Onshore, Tanzania
Area: 17,675 km^2
Otto's Interest: 50% - Swala Oil and Gas (Tanzania) Plc (Operator)

A total of 440 km of 2D seismic were acquired over the Kilombero basin in 2013 and 2014. Results suggest the presence of a Neogene-age basin with a maximum depth to basement in excess of 3,000m. The age of the sediments recorded (based on low seismic velocities) appears to be similar to that of sediments observed in the now proven oil basins of Lokichar (Kenya) and Lake Albert (Uganda), where Africa Oil (TSX.V:AOI) and Tullow Oil (LSE: TLE) have had significant success.

Dip lines across the basin suggest the presence of both structural traps and traps against the main basin-bounding fault, with possible Direct Hydrocarbon Indicators (DHIs or 'Flat Spots') observed at several levels at the crest.

The Kito-1 exploration well will target a Miocene aged basin bounding fault structure proximal to the prognosed basin source kitchen. The Kito structure has been estimated to contain a prospective unrisked resource of between 30 and 274 MMbbls net to Otto (50% working interest, pre government back in rights), with a best estimate of 97 MMbbls.

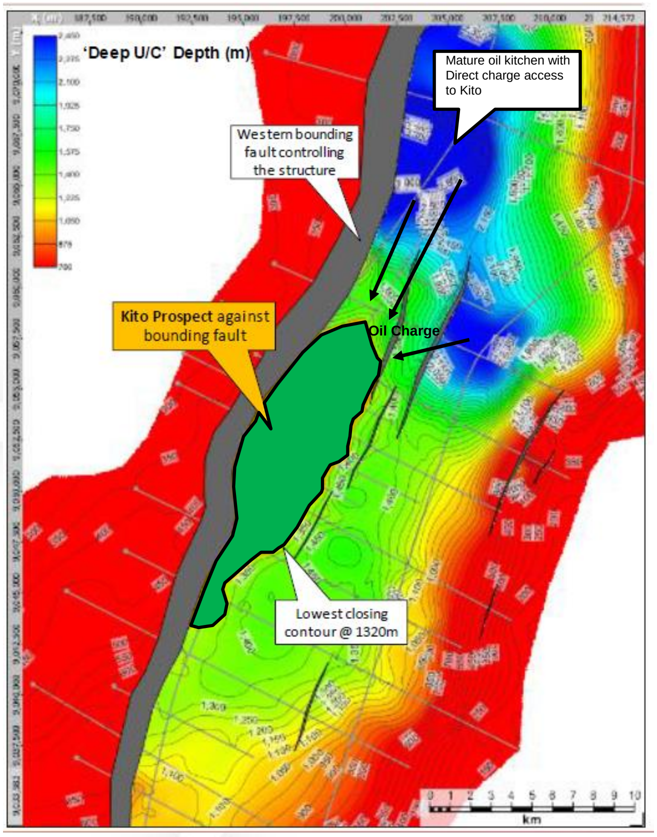
Success on the first exploration well in this basin would unlock significant additional follow-up potential.

The joint venture was preparing to undertake drilling of the Kito-1 exploration well in 2016, however, due to delays in obtaining necessary permits the 2016 weather window to drill the well was missed. The Joint Venture is currently seeking a licence extension beyond the current expiry date of 20 February 2017 to allow drilling to be planned for later this year.

During the June 2016 Quarter, Otto successfully secured a farm-out of a 25% participating interest in the Kito-1 exploration well to MV Upstream Tanzania Limited. MV Upstream Tanzania Limited is a joint venture between Vegas Oil & Gas Limited and Motor Oil Hellas SA.

Completion of the farm-out agreement is pending subject to the terms being reassessed due to the delay in drilling past 2016 and various JV issues.

Otto has issued dispute notices to Operator, Swala Oil & Gas (Tanzania) plc, in respect of issues under the relevant joint operating agreements. Operator has issued a default notice to Otto and Tata Petrodyne for failure to pay July 2016 cash calls of US$240,000 (OEL share 50%) – Otto notes this default notice may be defective. Otto continues to discuss these matters with Swala Oil & Gas (Tanzania) plc and local authorities to ascertain the best way forward.



CORPORATE

CASH OUTFLOWS

Otto's free cash reserve at the end of the quarter was US$16.95 million (September: US$18.83 million).

Historic and expected cash outflows in the coming quarter are shown below:

	Mar 17 Qtr US$m Forecast	Dec 16 Qtr US$m Actual	Sep 16 Qtr US$m Actual	Jun 16 Qtr US$m Actual
Louisiana/Gulf of Mexico				
Development	0.98	0.75	0.30	2.28
Exploration	-	0.18	-	2.57
Tanzania	-	-	-	0.51
Alaska	0.02	0.05	0.03	0.15
Administration	0.98	0.92	1.01	0.97
Refundable Security Bonds	-	-	0.18	-
Total	**1.98**	**1.90**	**1.52**	**6.48**

LEGAL DISPUTE

Otto has commenced legal action in the Federal Court against Swala Energy Ltd, Swala Oil & Gas (Tanzania) plc and current and former directors of those entities in respect of the Pangani Licence in Tanzania. The matter is proceeding and updates will be given as and when appropriate.

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CORPORATE (CONTINUED)

SHAREHOLDERS

Otto's issued capital as at 31 December 2016:

	Number
Fully paid ordinary shares	1,181,908,323
Unlisted Options[1]	-
Performance Rights[2]	14,418,332

[1] 8,000,000 unlisted options exercisable at 5.49 per share expired in December 2016.
[2] 256,666 employee performance rights expired in December 2016.

Otto's Top 20 Holders as at 31 December 2016:

TOP 20 SHAREHOLDERS AS AT 31 DECEMBER 2016

Rank	Name	Units	% of Units
1	SANTO HOLDING AG	241,910,757	20.47%
2	MOLTON HOLDINGS LIMITED	241,910,757	20.47%
3	CITICORP NOMINEES PTY LIMITED	42,324,099	3.58%
4	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	34,447,733	2.91%
5	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	21,749,453	1.84%
6	JOHN JETTER (CONSOLIDATED RELEVANT INTEREST)	16,089,175	1.36%
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	14,020,833	1.19%
8	RICK CRABB (CONSOLIDATED RELEVANT INTEREST)	11,295,052	0.96%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,238,074	0.87%
10	SPHINX HOLDINGS LTD	10,227,361	0.87%
11	MR BRIAN LESLEIGH WILLIAMS & MRS VALERIE RUBY DAWN WILLIAMS <WILLIAMS S/F A/C>	8,400,000	0.71%
12	STUART ANDREW PTY LTD	7,639,000	0.65%
13	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	7,373,767	0.62%
14	IAN MACLIVER (CONSOLIDATED RELEVANT INTEREST)	4,549,721	0.38%
15	MR TIMOTHY FRANCIS CLIVE MCDONNELL & MRS MILA MCDONNELL <MCDONNELL SUPER FUND A/C>	4,100,000	0.35%
16	TATTERSFIELD SECURITIES LIMITED	3,999,538	0.34%
17	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	3,840,774	0.32%
18	MR CRAIG GRANT RADFORD & MRS SARAH JANE RADFORD	3,787,504	0.32%
19	MATTHEW GERARD ALLEN (CONSOLIDATED RELEVANT INTEREST)	3,643,000	0.31%
20	MR CONRAN JAMES SMITH	3,504,000	0.30%
TOTAL TOP 20 SHAREHOLDERS		**695,050,598**	**58.81%**
TOTAL REMAINING SHAREHOLDERS		486,857,725	41.19%
TOTAL SHARES ON ISSUE		**1,181,908,323**	**100.0%**

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OTTO AT A GLANCE

- ASX-listed company with a focus on high impact exploration for oil and gas with a regional focus on North America
- Drilling success sees return to production in 2017
- Focus on proven basins with well-developed route to market
- Strong cash position
- Demonstrated commitment to shareholder value

DIRECTORS

Chairman:
John Jetter

Non-Executive Directors:
Ian Boserio
Ian Macliver

OFFICERS AND KEY MANAGEMENT

Managing Director & CEO:
Matthew Allen

Chief Financial Officer:
Craig Hasson

Company Secretary:
Neil Hackett

Vice President, Exploration and New Ventures:
Paul Senycia

Commercial Manager:
Matthew Worner

CONTACTS

ASX Code: OEL

32 Delhi Street
West Perth WA 6005 Australia

E: info@ottoenergy.com
P: +61 8 6467 8800
F: +61 8 6467 8801

MEDIA

Citadel-MAGNUS

Richard Glass
E: rglass@citadelmagnus.com
P: +61 8 6160 4900

John Gardner
E: jgardner@citadelmagnus.com
P: +61 8 6160 4900

Definitions

(1) "$m" means USD millions of dollars
(2) "bbl" means barrel
(3) "bbls" means barrels
(4) "Mbbl" means thousand barrels
(5) "Mboe" means thousand barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency
(6) "MMcf" means million standard cubic feet
(7) "MMboe" means million barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency

Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to Alaska was compiled by technical employees of Great Bear Petroleum, the Operator of the Alaskan acreage, and subsequently reviewed by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Senycia is a full time employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Senycia. Mr Senycia is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The reserve and contingent resource information in this report in relation to Tanzania is based on information compiled by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Senycia is a full time employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE).

The reserve and contingent resource information in this report in relation to SMI70/71 is based on information compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The reserve and contingent resource information in this report in relation to Bivouac Peak is based on information compiled by Mr William Sack (BSc. Earth Sci./Physics, MSc. Geology, MBA), an Executive Director of Byron Energy Limited. Mr William Sack is a member of American Association of Petroleum Geologists. The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this release are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Sack. Mr Sack is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Prospective Resources

Prospective resource estimates in this report are prepared as at June 2016. The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org. The estimates are un-risked and have not been adjusted for both an associated chance of discovery and a chance of development. Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Otto Energy Limited

ABN	**Quarter ended ("current quarter")**
56 107 555 046	31 December 2016

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(239)	(265)
	(b) development	(745)	(1,045)
	(c) production	-	-
	(d) staff costs	(501)	(962)
	(e) administration and corporate costs	(414)	(960)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	22	47
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	5	11
	- Refundable Security Bond	-	(175)
1.9	**Net cash from / (used in) operating activities**	**(1,872)**	**(3,349)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4)	(4)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	2	2
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(2)**	**(2)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	18,832	20,309
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,872)	(3,349)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
4.6	**Cash and cash equivalents at end of period**	**16,952**	**16,952**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $US'000**	**Previous quarter $US'000**
5.1	Bank balances	16,952	18,832
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,952**	**18,832**

6.	**Payments to directors of the entity and their associates**	**Current quarter $US'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	125
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees including superannuation where applicable

	$US'000
Executive Director	93
Non-Executive Directors	32
Total	125

7.	**Payments to related entities of the entity and their associates**	**Current quarter $US'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$US'000**
9.1	Exploration and evaluation	(22)
9.2	Development	(982)
9.3	Production	-
9.4	Staff costs	(445)
9.5	Administration and corporate costs	(531)
9.6	Other (provide details if material)	-
	- Refundable Security Bond	-
9.7	**Total estimated cash outflows**	**(1,980)**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	South Marsh Island 70 and 71, offshore Louisiana, USA	-	50% (40.625% net revenue interest)

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 30 January 2017

Managing Director & Chief Executive Officer

Print name: Matthew Allen

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.