Quarterly REPORT

OTTO ENERGY

THREE MONTHS ENDED 30 JUNE 2017

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QUARTERLY HIGHLIGHTS

Corporate:

- Secured US$8.2m convertible note funding with conversion price of A$0.055 per share for SM 71 development
- Elected to participate in Vermillion Area Block 232 if secured by Byron Energy Ltd in Lease Sale 247, proximal to the SMI-71 discovery area in Gulf of Mexico
- Closing cash balance of US$12.20m

Appraisal/Development:

- Louisiana/Gulf of Mexico – South Marsh Island 71 – Activities associated with manned platform refurbishment progressing with installation expected in late 2017

Exploration:

- Louisiana/Gulf of Mexico – South Timbalier 224 – secured farm-in to participate in drilling gas/condensate prospect in Q4 2017 with rig and approvals secured in July
- Louisiana/Gulf of Mexico – Bivouac Peak – Operator advises that pre-drilling surveys and permitting are being undertaken ahead of proposed drilling campaign
- Tanzania – secured settlement of the various claims and disputes concerning both the Pangani and Kilosa-Kilombero licences and exited the Kilosa-Kilombero licence

THREE-MONTH OUTLOOK

- Louisiana/Gulf of Mexico – South Marsh Island 71 – complete onshore construction and commissioning of tripod platform facilities prior to load-out and transport to field location. Finalise drilling program for Q4 2017
- South Timbalier 224 – with drilling rig and approvals secured in July, commence preparations for undertaking first exploratory well in Q4 2017
- Louisiana/Gulf of Mexico – Bivouac Peak – Operator to progress permitting and submit well proposal to partners for first well
- Alaska – Operator to resolve outstanding exploration rebate credits and new equity investment ahead of drilling in early 2018

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EXPLORATION/APPRAISAL/DEVELOPMENT

LOUISIANA/GULF OF MEXICO – SOUTH MARSH ISLAND 71 (SM 71)

Location: Offshore Gulf of Mexico
Area: 12.16 km^2
Otto's Interest: 50.00% with Byron Energy Ltd (Operator)

Otto exercised its option to participate in the drilling of one well in SM 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.

Drilling of SM-71 #1 intersected four separate hydrocarbon bearing sand intervals of which three will ultimately be completed. The well bore has been temporarily suspended awaiting tie-in to production infrastructure. Otto expects that first production will be delivered in January 2018 from SM 71. Additional follow-up opportunities around this salt dome are being progressed.

In 2016 the joint venture procured a tripod platform to be modified for use at the SMI-71 location.

The 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 SM 71 and those lines will be utilized for oil and gas export once production commences. Refurbishment of the jacket section of the platform is complete and construction of the deck portions is well underway.

Tripod Refurbishment Underway.

The joint venture plans to initially complete the SMI-71 #1 well in the D5 Sand with expectations of recording initial flow rates of 1,500 to 2,000 bopd (gross field production) similar to those recorded on the adjacent SM 72 and SM 73 blocks. In addition to the completion of the SMI-71 #1 well there is potential to drill up to four additional development wells, some of which will target Prospective Resources in the B65 interval which has scope to double the present on block reserves base. Interpretation of post drill seismic inversion data shows promising results defining the D5 sand extent and delineating the future B65 sand targets, the B65 sands contain a 2.3 MMboe Net Prospective Resource.

Decks under construction.

During the June quarter, Byron has continued to progress the platform jacket and deck modifications at Laredo's onshore facility in Galveston, TX. Modifications of the jacket portion of the production platform have been completed. Currently, painting operations are underway with a new coating system being applied to the top of the jacket and all deck areas. As each deck is completed, the yard will install instrument and electrical systems, hang interconnect piping and install skid mounted production equipment. Unless weather issues arise, the decks will be re-stacked and commissioning is expected to begin by mid-September. Load out of the jacket and decks is anticipated by mid to late October.

Byron advises that all permitting is underway with regulators and expectation is to complete the design, fabrication, installation and commissioning of the tripod and pipeline installation later in 2017.

2017						2018								
July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep
Platform Completion				Complete #1 D5 Drill #2 D5 Acceleration		First Production #1 & #2 D5	First Cash Flow #1 & #2 D5					Drill/Complete #3 well B65		

Platform Complete
Rig arrives on SM 71

Rig departs SM 71
First production 2 wells

Rig arrives on SM 71
Drill/Complete #3

EXPLORATION ASSETS

LOUISIANA/GULF OF MEXICO – SOUTH TIMBALIER 224 (ST 224)

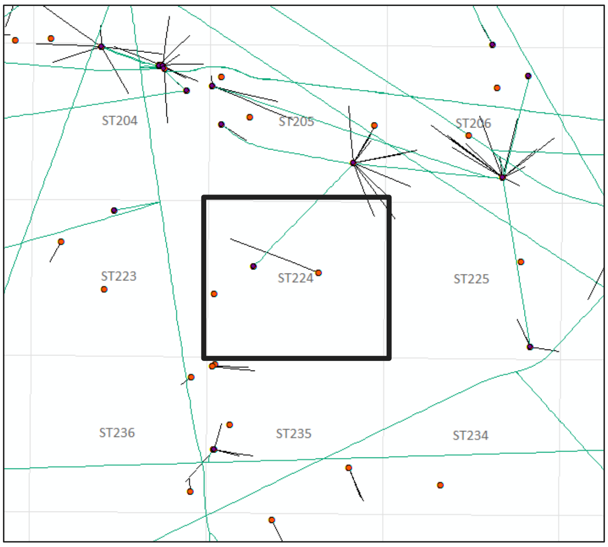
Location: Offshore Gulf of Mexico
Area: 20.23 km^2
Otto's Interest: 25.00%

Otto has secured a farm-in to the South Timbalier 224 licence in the Gulf of Mexico shelf area. Located in 170 feet/52 metres of water, the block contains a large amplitude supported, high condensate to gas ratio (CGR) gas condensate prospect delineated by 3D seismic.

Several existing production platforms fall within tie-back distance of the proposed well making development of any discovered hydrocarbons both quick and cost effective.

The operations are being conducted by respected and experienced operator, W&T Offshore Inc.

Under the terms of the participation agreement, Otto will be required to fund 25% of the initial test well in the ST 224 lease (up to casing point) to earn a 25% working interest in the ST 224 lease. The financial commitment is currently estimated at US$2.7m (Otto share of dry hole costs) including funds to evaluate the well using wireline techniques and in a failure case to P&A the location. Otto also paid US$56,250 in back costs.



Forward Plan

Operator has commenced the well permitting process and secured the Enterprise Offshore 264 jack-up drilling rig to undertake the drilling operations in Q4 2017.

Enterprise Offshore 264 Jackup Rig

EXPLORATION ASSETS (CONTINUED)

LOUISIANA/GULF OF MEXICO – BIVOUAC PEAK

Location: Inshore 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 inshore 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.

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 of discovery.

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%).

Forward Plan

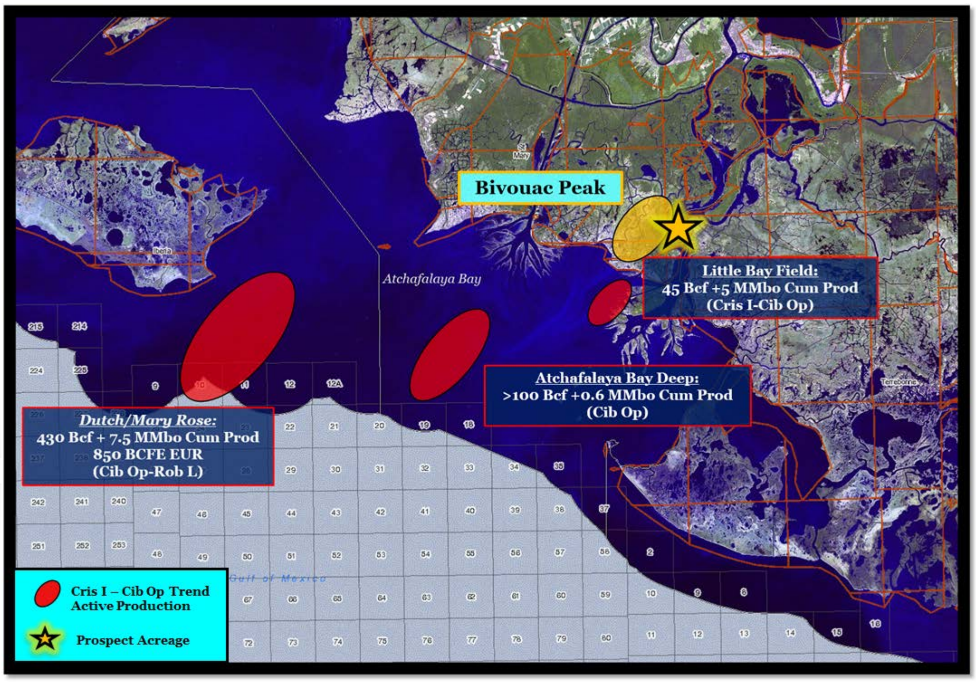
Otto is awaiting a well proposal from Operator prior to committing to participate in the first exploration well.

Otto expects Operator to defer drilling until the SM 71 development is completed and producing.

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 56,712 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 574,716 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 including:

- 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.
- 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.

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:

- In March 2017, the Repsol/Armstrong Horseshoe-1 well immediately to the west of Otto's acreage resulted in a significant conventional oil discovery which is estimated to contain approximately 1.2 billion barrels of recoverable light oil
- ConocoPhillips/Anadarko recently announced a Nanushuk Formation discovery of greater than 300 MMbbl.
- Caelus Energy discovered 2.4 Bbbl EUR light oil at Smith Bay in 2016.
- 88 Energy have drilled and are presently testing the Icewine #2 unconventional HRZ well to the immediate south of Otto's acreage.

Forward Plan

House Bill 111 (HB111) was passed by the Alaska Legislature on 15 July 2017. This has terminated the previous arrangement whereby cash rebates were funded by Alaska instead implementing future deductibility against production royalties.

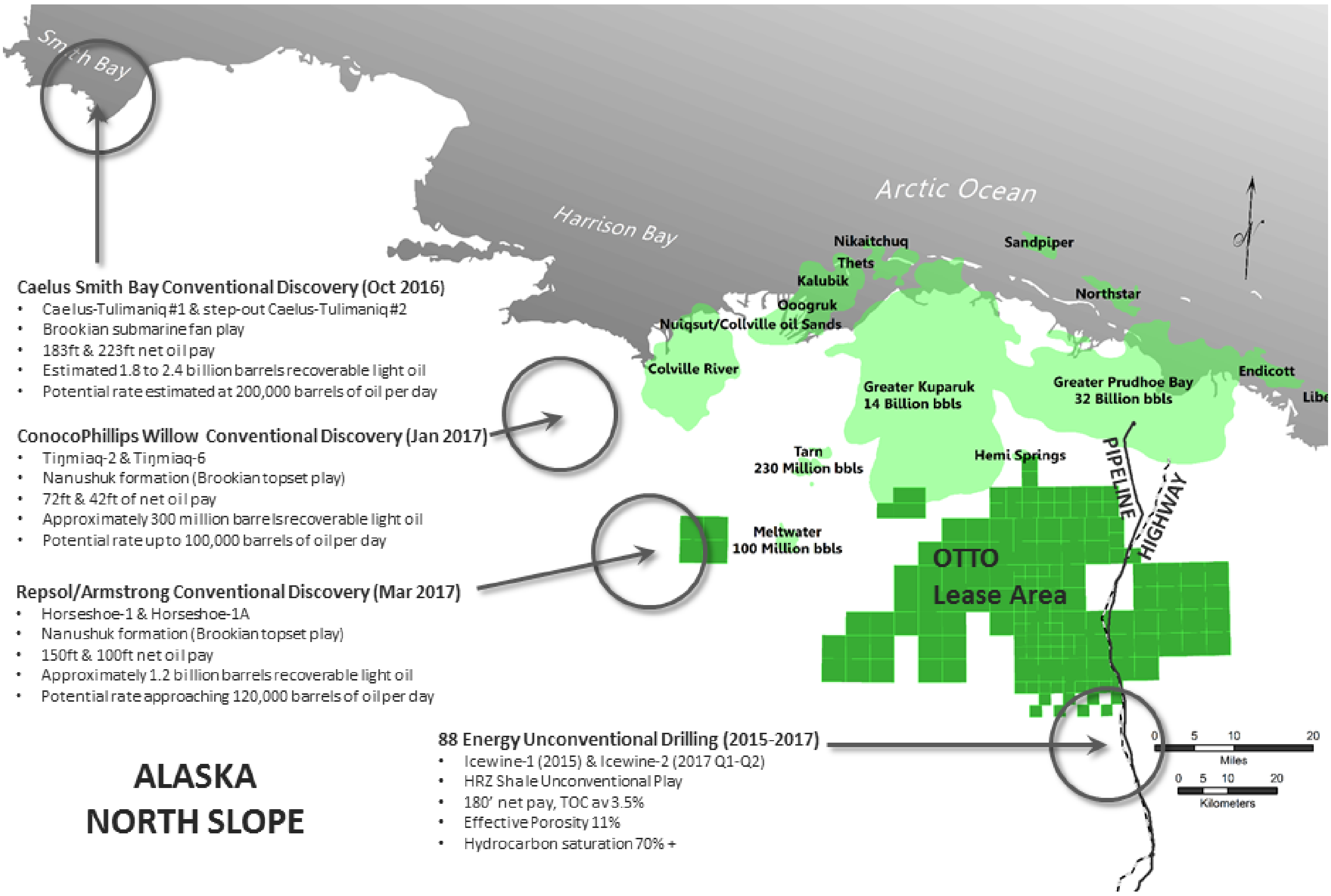
No funding agreement has yet been reached for accrued cash rebates up to 30 June 2017.

Great Bear are resolving outstanding exploration rebate claims with the Alaska government and sourcing additional equity investment ahead of a planned drilling campaign in early 2018.

There are multiple permitted drilling locations which will form the basis of a significant conventional exploration campaign.

EXPLORATION ASSETS (CONTINUED)

ALASKA (continued)



CORPORATE

CASH OUTFLOWS

Otto's free cash reserve at the end of the quarter was US$12.20 million (March 2017: US$15.04 million).

Historic and expected cash outflows/(inflows) in the coming quarter are shown below:

	Sep 17 Qtr US$m Forecast	Jun 17 Qtr US$m Actual	Mar 17 Qtr US$m Actual	Dec 16 Qtr US$m Actual
Louisiana/Gulf of Mexico				
Development	2.36	1.01	0.84	0.75
Exploration	0.34	-	-	0.18
Tanzania	-	0.25	-	-
Alaska	-	0.15	-	0.05
Administration	1.11	1.17	1.00	0.87
Business Development	0.02	0.04	0.08	0.05
Convertible Notes (net of costs)	(7.83)	0.23	-	-
Refundable Security Bonds	0.15	-	-	-
Other	(0.05)	(0.01)	(0.02)	(0.04)
Total	**(3.90)**	**2.84**	**1.90**	**1.86**

CONVERTIBLE NOTE

On 29 May 2017 Otto announced it had entered into binding agreements to raise US$8.2 million via an issue of secured convertible notes to Molton Holdings Limited, a major Otto shareholder (US$8 million), and Mr John Jetter, Otto's Chairman (US$0.2 million).

The terms of the convertible notes are very attractive, with a conversion price of A$0.055 per share which represented an 89% premium to the 30 day VWAP (volume weighted average price) prior to announcement, an interest rate of 14% and a success fee. Key terms of the convertible notes are set out in the Notice of Meeting released to ASX on 23 June 2017.

On 25 July 2017 shareholders approved the issue at a general meeting. Documentation is now being completed and the convertible notes are expected to be issued shortly.

Funds raised via the issue will be used to develop Otto's SM 71 oil project.

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CORPORATE (CONTINUED)

SHAREHOLDERS

Otto's issued capital as at 30 June 2017:

	Number
Fully paid ordinary shares	1,186,298,324
Options	-
Performance Rights[1]	7,670,000

[1] 316,665 employee performance rights lapsed during the quarter.

Otto's Top 20 Holders as at 30 June 2017:

Rank	Name	Units	% of Units
1	Molton Holdings Limited	241,910,757	20.39%
2	Santo Holding AG	241,910,757	20.39%
3	J P Morgan Nominees Australia Limited	45,216,421	3.81%
4	BNP Paribas Nominees Pty Ltd	40,390,587	3.40%
5	Citicorp Nominees Pty Limited	20,873,927	1.76%
6	John Jetter (Consolidated Relevant Interest)	16,589,175	1.40%
7	DBS Vickers Securities (Singapore) Pte Ltd	14,020,833	1.18%
8	Rick Crabb (Consolidated Relevant Interest)	11,295,052	0.95%
9	HSBC Custody Nominees (Australia) Limited	10,299,510	0.87%
10	Sphinx Holdings Ltd	10,227,361	0.86%
11	Stuart Andrew Pty Ltd	8,814,621	0.74%
12	Mr Brian Lesleigh Williams & Mrs Valerie Ruby Dawn Williams	8,400,000	0.71%
13	Forsyth Barr Custodians Ltd	7,243,942	0.61%
14	Mr Andrew McCrea Coulter & Mrs Sally Anne Travis	6,590,000	0.56%
15	Mr Timothy Frances Clive McDonnell & Mrs Mila McDonnell	5,888,888	0.50%
16	Matthew Gerard Allen (Consolidated Relevant Interest)	5,243,000	0.44%
17	Mr Conrad James Smith	5,119,000	0.43%
18	Ian Macliver (Consolidated Relevant Interest)	4,549,721	0.38%
19	Navigator Australia Ltd	4,340,774	0.37%
20	Mr William George Williams	4,100,000	0.35%
Total Top 20 Shareholders		**713,024,326**	**60.10%**
Total Remaining Shareholders		473,273,998	39.90%
Total Shares on Issue		**1,186,298,324**	**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 early 2018
- Focus on proven basins with well-developed route to market
- 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 & Company Secretary:
David Rich

Vice President, Exploration and New Ventures:
Paul Senycia

CONTACTS

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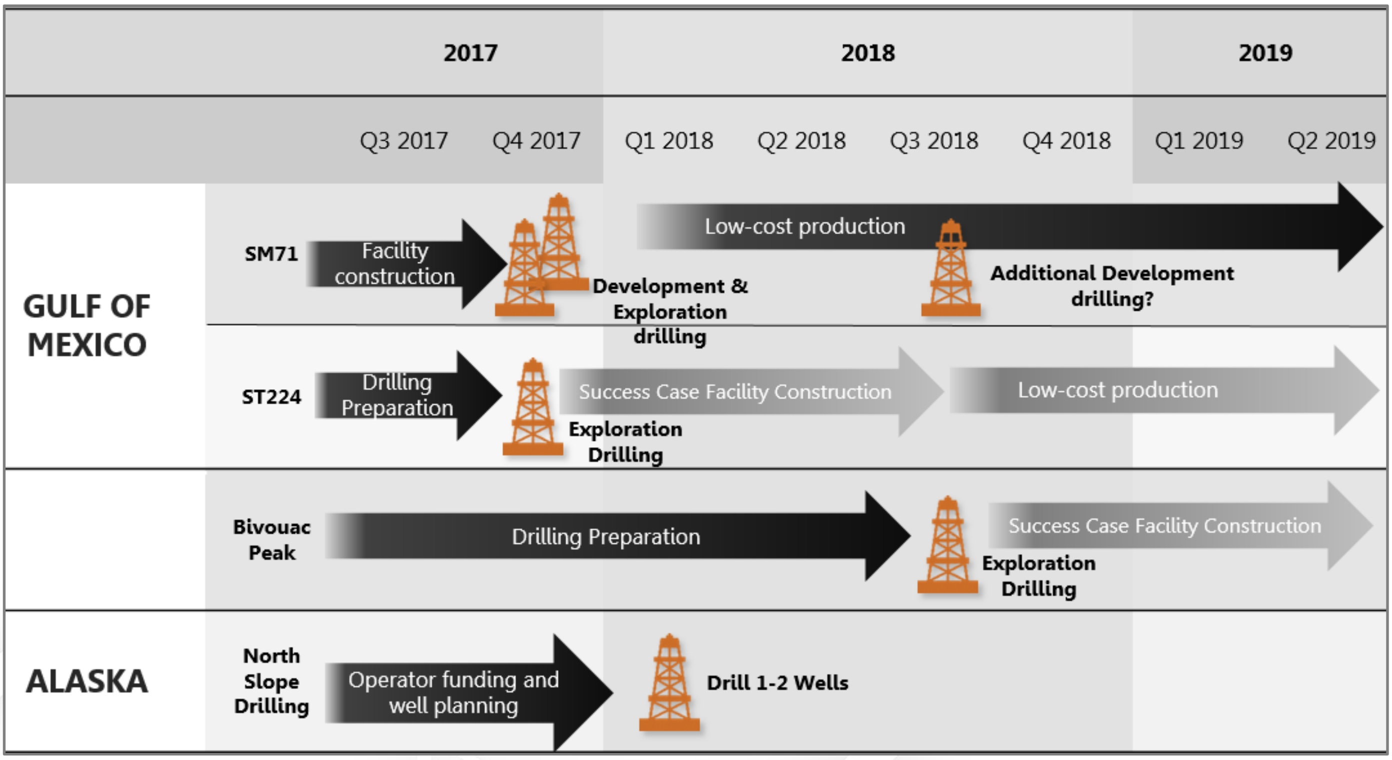
FORWARD ACTIVITY TIMELINE



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 SM /71 and Bivouac Peak 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.

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.

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+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	30 June 2017

Consolidated statement of cash flows			**Current quarter $US'000**	**Year to date (12 months) $US'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	exploration & evaluation	(384)	(659)
	(b)	development	(1,007)	(2,896)
	(c)	production	-	-
	(d)	staff costs	(547)	(2,110)
	(e)	administration and corporate costs	(662)	(2,122)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		36	113
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		(61)	(61)
1.7	Research and development refunds		-	-
1.8	Other (provide details if material)		6	24
	- Refundable Security Bond		-	(175)
1.9	**Net cash from / (used in) operating activities**		**(2,619)**	**(7,886)**

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (12 months) $US'000**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(4)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	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)**

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	(225)	(225)
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**	**(225)**	**(225)**

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (12 months) $US'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,039	20,309
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,619)	(7,886)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(225)	(225)
4.5	Effect of movement in exchange rates on cash held	4	3
4.6	**Cash and cash equivalents at end of period**	**12,199**	**12,199**

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	12,199	15,039
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)**	**12,199**	**15,039**

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	123
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	92
Non-Executive Directors	31
Total	123

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	(340)
9.2	Development	(2,355)
9.3	Production	-
9.4	Staff costs	(487)
9.5	Administration and corporate costs	(643)
9.6	Other (provide details if material)	
	- Refundable Security Bond	(150)
9.7	**Total estimated cash outflows**	**(3,975)**

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	Kilosa-Kilombero, Tanzania	Working interest in Production Sharing Agreement	50%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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: 31 July 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.