

ASX ANNOUNCEMENT

15 March 2018

SM 71 UPDATE ON COMPLETION OPERATIONS

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") would like to provide an interim report on the progress of the completion of the SM 71 F3 well. Early this morning US time, after perforating a 184-foot interval of the D5 Sand, hydraulic sand control measures were pumped into the formation. After what appeared to be a normal and successful job, based on all surface pressure readings, the drill-pipe became mechanically stuck across the packer, leaving drill pipe and other completion equipment in the wellbore. Attempts to pull this assembly free have been unsuccessful so far. Because of the fragile nature of this type of equipment, it is not prudent to pull extremely hard on the stuck assembly.

The Operator has mobilised coiled tubing equipment to the location and expects it to arrive on Thursday 15 March 2018 (USA Central time). Once it is offloaded and set up, the equipment will be used to clean out the drill pipe and then attempts to pull it free with jarring equipment will be made.

This operation could take 7-10 days. In the interim, the Operator is investigating ways to bring the SM 71 F1 and F2 wells into production. Equipment to accomplish this is on site, but simultaneous operational safety measures must be addressed before production can begin.

Otto holds a 50% working interest (40.625% net revenue interest) in South Marsh Island Block 71 through a wholly owned subsidiary Otto Energy (Louisiana) LLC. The operator, Byron Energy Inc., a wholly owned subsidiary of Byron Energy Limited (ASX: BYE) holds the remaining 50% working interest.

Otto will advise the market of progress on both issues as the situation changes.

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