

ASX ANNOUNCEMENT

9 July 2018

OTTO TO PARTICIPATE IN BIVOUAC PEAK EAST WELL

- **Otto to participate in drilling the high-impact Bivouac Peak gas/condensate prospect at 40% WI**
- **32 MMboe¹ high quality, amplitude supported conventional gas/condensate prospect in the highly productive Atchafalaya Bay transition zone of Southern Louisiana**
- **Drilling to commence late August 2018 and is expected to take approximately 75 days**
- **Rapid tie-back to production and future follow up Bivouac Peak Deep prospect in a success case**

Otto Energy Limited (ASX:OEL) (“Otto” or the “Company”) is pleased to advise that it has elected to participate in the initial test well, Weiss-Adler et. al. No. 1, on the Bivouac Peak East prospect which is expected to commence drilling from a barge-mounted rig in the second half of August 2018. The estimated cost for the 18,294 ft MD/18,000 ft TVD well is US\$10.8 million (100% dry hole cost). Otto will earn a 40% working interest by paying 53.33% of the costs of the well to reach the earning depth or up to a cap of US\$5.33 million, whichever occurs first, after which Otto will revert back to paying 40% of all future costs.

The well will be funded from internal cash flow from Otto’s SM 71 oil project which is strongly cash flow positive generating free cash for Otto of over US\$3 million per month.

The operator has substantially progressed the permitting and rig procurement activities that will allow drilling to commence in mid-August. With Otto’s positive election into the well, the joint venture has now committed to all of the available equity and funding to allow the well to progress.

BIVOUAC PEAK BEST ESTIMATE PROSPECTIVE RESOURCES¹

Prospect	GROSS			OTTO 40% WI			OTTO 29.8% NRI		
	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)
East	11.3	125.6	32.2	4.5	50.2	12.9	3.4	37.4	9.6
Deep	4.7	52.1	13.4	1.9	20.9	5.3	1.4	15.5	4.0
Total	16.0	177.7	45.6	6.4	71.1	18.2	4.8	52.9	13.6

Otto’s Managing Director, Matthew Allen, commented: *“Otto is excited to be participating in the highly prospective Bivouac Peak East exploration well which will commence drilling in August 2018. This well continues a program of Gulf Coast exploration drilling with the operator of Otto’s flagship Gulf of Mexico SM 71 development project, Byron Energy.*

“Bivouac Peak East is a high quality, amplitude supported conventional gas/condensate prospect that sits in a very rich basin with nearby production analogues. Success at the initial exploration well would result in production in a very short timeframe and complement Otto’s growing position in the Gulf of Mexico.”

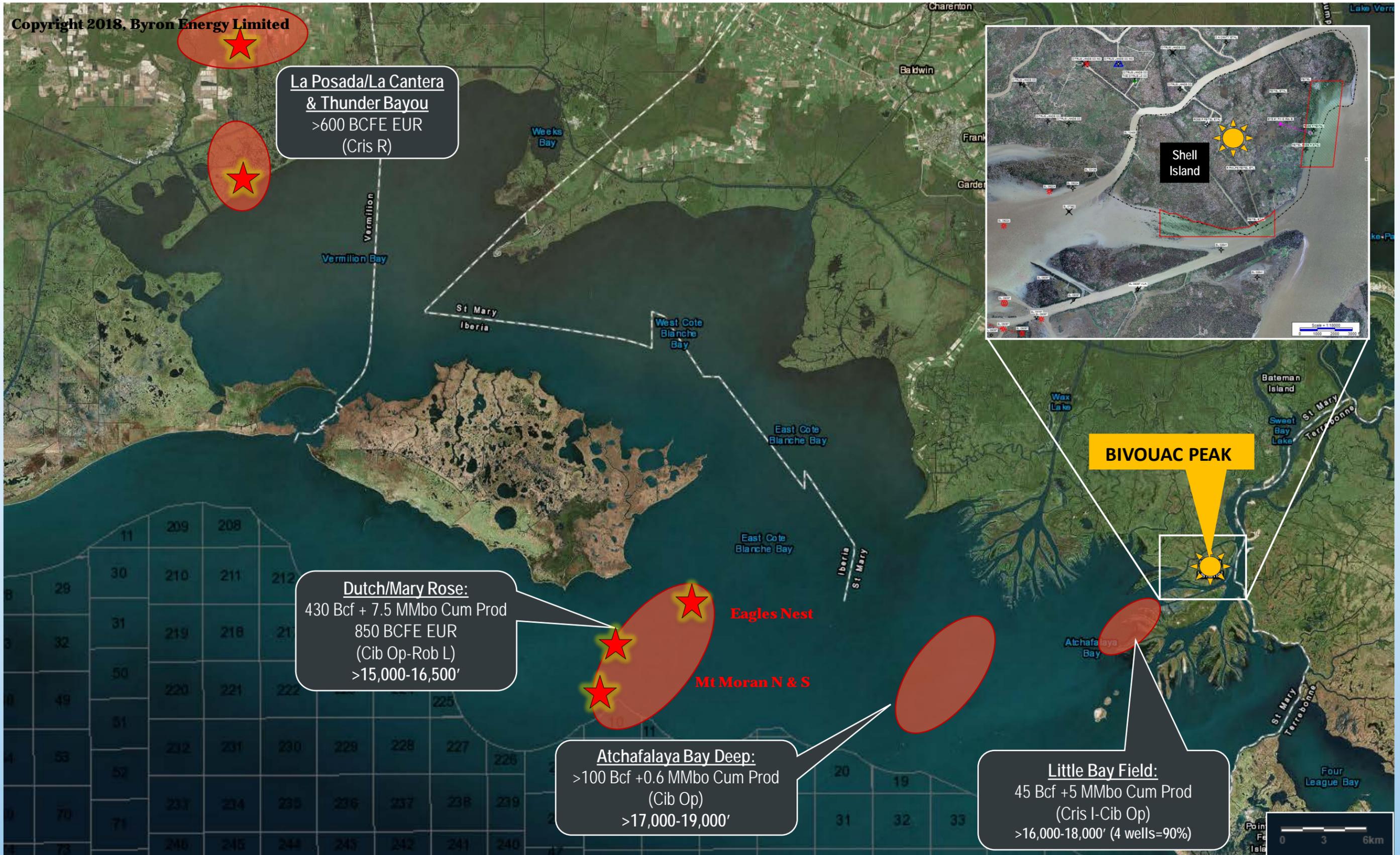
<p>Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 info@ottoenergy.com</p>	<p>Media: Yvonne Ball Citadel-MAGNUS +61 8 6160 4910</p>
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¹ As at 30 June 2017. Refer Otto ASX release of 28 September 2017 and Byron Energy Limited (ASX:BYE) release of 9 July 2018. East prospect prospective resources also reference in the Byron ASX release of 26 July 2016 (p16). Note Otto’s working interest and NRI have reduced since the 28 September 2017 ASX release from 45% and 33.525% to 40% and 29.8% respectively.

Bivouac Peak Key Details									
JV Partners	<table border="0"> <tr> <td>Byron Energy (ASX:BYE) (operator)</td> <td>43%</td> </tr> <tr> <td>Otto Energy</td> <td>40%</td> </tr> <tr> <td>Metgasco (ASX: MEL)</td> <td>10%</td> </tr> <tr> <td>Private US Entity</td> <td>7%</td> </tr> </table>	Byron Energy (ASX:BYE) (operator)	43%	Otto Energy	40%	Metgasco (ASX: MEL)	10%	Private US Entity	7%
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Objective	18,294 ft MD/18,000 ft TVD targeting upper and middle Miocene reservoirs in East Prospect. Although the prospects are independent, success at the East prospect would provide positive seismic calibration potentially reducing the risk at the Deep Prospect at ~20,000 ft (TVD). Targets are amplitude supported on 3D seismic.								
Prospective Resources	<table border="0"> <tr> <td>Gross (100%):</td> <td>Best Estimate 45.6 MMboe*</td> </tr> <tr> <td>WI (40%):</td> <td>Best Estimate 18.2 MMboe*</td> </tr> <tr> <td>NRI (29.8%):</td> <td>Best Estimate 13.6 MMboe*</td> </tr> </table>	Gross (100%):	Best Estimate 45.6 MMboe*	WI (40%):	Best Estimate 18.2 MMboe*	NRI (29.8%):	Best Estimate 13.6 MMboe*		
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WI (40%):	Best Estimate 18.2 MMboe*								
NRI (29.8%):	Best Estimate 13.6 MMboe*								
Lease terms	<ul style="list-style-type: none"> • Private lease (2,492 acres) 23.0% royalty • State lease (#21778, 200 acres) 21.5% royalty • State lease (#21779, 130 acres) 25.0% royalty 								
Development Plan	Estimated completion and development costs to bring the well into production are US\$9-11 million with the well on production within 8-10 months from initial discovery								

*Total includes both the East and Deep prospects. Refer to ASX release of 28 September 2017. Note Otto's working interest and NRI have reduced since the 28 September 2017 ASX release from 45% and 33.525% to 40% and 29.8% respectively.

Bivouac Peak Regional Map - LA Transition Zone



Bivouac Peak Lease Map



Definitions

“\$m” means USD millions of dollars	“boe” or “BOE” means barrels of oil equivalent 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
“bbl” means barrel	“Mboe” means thousand barrels of oil equivalent (“BOE”)
“bbls” means barrels	“MMboe” means million barrels of oil equivalent (“BOE”)
“bopd” means barrels of oil per day	“MMbtu” means million British thermal units
“Mbbl” means thousand barrels	“NGLs” means natural gas liquids
“Mscf” means 1000 standard cubic feet	
“MMscf” means million standard cubic feet	

Competent Persons Statement

The reserve and contingent resource information in this report in relation to Bivouac Peak is based on information compiled by technical employees of independent consultants Collarini Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini 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 is 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 Cautionary Statement

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 appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources – Information in respect of LR 5.25

Prospective resource estimates in this report for Bivouac Peak are prepared as at 30 June 2017. Refer to the ASX release of 28 September 2017. 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 prospective resource estimates have been prepared using the deterministic method. 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.