

ASX ANNOUNCEMENT

21 May 2019

GC 21 “BULLEIT” APPRAISAL WELL UPDATE

- **The Bulleit appraisal well in Green Canyon 21 has drilled through the DTR-10 sands and reached the intermediate casing point at 10,615 feet measured depth (“MD”)**
- **LWD data has been acquired through the DTR-10 sand target indicating the DTR-10 sand section is well developed and oil bearing at this location**

Otto Energy (“Otto”) (ASX: OEL) is pleased to announce that the Bulleit oil appraisal well in Green Canyon 21, operated by Talos Energy, Inc (“Talos”) (NYSE: TALO) has now drilled through the DTR-10 target sand. The DTR-10 oil sand, which was the shallower target of the Bulleit well, was first discovered in 1984 and had three wells drilled between 1984 and 1987, all of which logged oil pay within the DTR-10 sand package.

Logging While Drilling (“LWD”) data indicates the DTR-10 sand is well developed at this location, having logged 235 feet of gross true vertical depth (“TVD”) pay across two main pay sands with a 50% - 60% net to gross ratio and excellent rock properties.

As of 6 am on 20 May 2019 US CDT the well was at 10,615 feet MD.

Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous MP sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMBoe to date. The Bulleit prospect sits in approximately 1,200 feet of water and is 10 miles (16 kilometers) from the Talos-owned and operated Green Canyon 18A (“GC 18A”) platform. Once drilling operations are complete, and pending the results of the deeper, main objective test in the MP Sands, the well would be completed and tied back to the GC 18A facility.

Otto Energy will earn a 16.67% working interest in the Green Canyon 21 (GC-21) lease in the Gulf Mexico through paying 22.22% of the cost of the drilling of the Bulleit appraisal well.

Please refer to Otto Energy’s ASX release of 30 April 2019 for details on the Bulleit prospect and appraisal well.

Any material updates will be provided during drilling.

Otto’s Managing Director, Matthew Allen, commented: *“The initial LWD results from the DTR-10 sand are very encouraging compared to the pre-drill estimates. We are excited about the remaining deeper exploration target of the well – the MP sand.”*

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Bulleit, Green Canyon 21 Key Details		
JV Partners	Talos Energy (operator)	50.00%
	EnVen Energy Ventures, LLC	33.33%
	Otto Energy	16.67%
Objective	Development target (DTR-10 Sands) approximately 8,700 ft TVD Exploitation target (MP Sands) approximately 12,800 ft TVD Well to be drilled to 15,500 ft MD/13,823 ft TVD	
Geological Setting	Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous MP sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMboe to date.	
Initial Well	Spud 30 April 2019 Dry hole cost: US\$33 mill. (100%) US\$ 7.4 mill. (Otto share)	
	Note that in addition to the dry hole cost, Otto will also spend US\$1.6 million on other costs required in order to participate in the well and any future development and production activities such as insurance and regulatory requirements.	
Probability of success:	63%	
Lease terms	Royalty rate 18.75%. Otto NRI 13.34%.	
Development Plan	Talos will complete well as a subsea tieback with a smart completion; tying back to the Talos-operated GC 18A Platform. Adequate capacity for a second well if warranted for acceleration. Date of first production is estimated by Talos to be 12-18 months from spud. Talos expects initial production rates from the MP sands to be between 8,000 and 15,000 boepd.	
	Development capex	US\$80-100 mill. (100%) US\$13.3-17.0 mill. (Otto share)



Noble Don Taylor Drillship