

## ASX ANNOUNCEMENT

4 April 2018

# SM 71 FIELD COMMISSIONING UPDATE AND US EXPANSION STRATEGY

## SM 71 Field Update

Otto Energy Limited (ASX: OEL) ("Otto" or the "Company") is pleased to provide the following update on the Company's 50% owned South Marsh Island Block 71 ("SM 71") oil project following the ASX announcement by the Operator, Byron Energy Limited ("Byron")(ASX: BYE), on 3 April 2018.

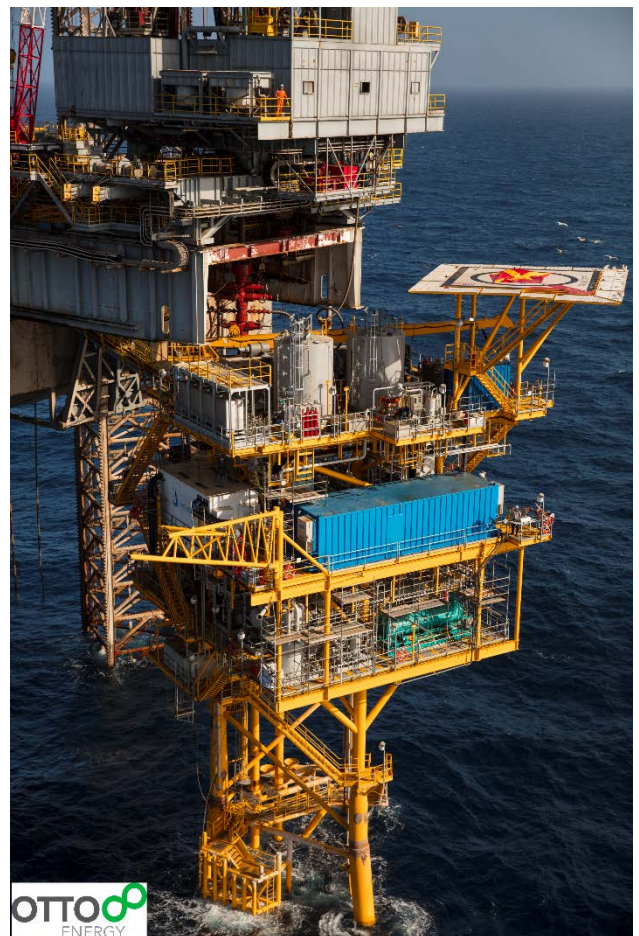
Production from the F1 and F2 wells has been steady at 2,500 bopd and 1,400 mcfpd since production from SM 71 commenced last week. Final activities to commission the F3 well are progressing and production is expected to commence from the F3 well by the end of the week.

Otto holds a 50% working interest (40.625% net revenue interest) in SM 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.

Cashflow from the SM 71 project will contribute materially to the Company beginning this quarter and will significantly underpin Otto's strategy for growth in the Gulf of Mexico.

## US Growth Strategy

Otto's strategy is to grow its presence in the region through the sourcing of high-impact exploration assets with near-term drilling opportunities. The Company expects to participate in a number of drilling events later in 2018, including the Bivouac Peak well, that have the potential to add significant value. Furthermore, deal flow in the Gulf of Mexico shelf continues to be attractive and Otto is working on a number of exciting new opportunities.



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Otto's Managing Director, Matthew Allen, commented: "Otto is at the start of a very exciting phase in its development. Few companies of our size have such substantial cashflow as the basis for funding their growth plans."

"The start of 2018 has been a pivotal point for Otto shareholders and the remainder of 2018 promises to provide significant opportunities for the Company to grow its presence in the Gulf of Mexico."

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