

ASX ANNOUNCEMENT  
22 June 2017

## OTTO TO ACQUIRE 50% INTEREST IN NEW GULF OF MEXICO LEASE

Otto Energy Limited ("Otto" or "the Company") (ASX:OEL) is pleased to report that it has elected pursuant to the Participation Agreement between its wholly owned subsidiary, Otto Energy (Louisiana) LLC, and a wholly owned subsidiary of Byron Energy Limited ("Byron")(ASX:BYE) to participate for up to a fifty percent (50%) working interest in the acquisition of one new asset acquired by Byron prior to 31 March 2017. Otto has elected to participate in earning a fifty percent (50%) working interest in the Vermillion Area Block 232 ("VR 232") licence, if Byron is awarded that licence.

Byron has today announced that it has been advised by the Bureau of Ocean Energy Management ("BOEM") that its bid for VR 232 has been rejected by the BOEM. Under lease sale policy, any high bidder whose bid is rejected, may, within 15 days of such rejection file a written request for reconsideration. Byron intends to file for reconsideration by the BOEM.

Byron and Otto will jointly work on Byron's appeal submission with respect to VR 232 which will be submitted within the prescribed 15 day period. If the lease is ultimately awarded to Byron, Otto will have a right to acquire a 50% working interest/40.625% net revenue interest, leaving Byron with a 50% working interest/40.625% net revenue interest.

Should Byron ultimately not acquire VR 232, Otto will have the right to acquire a 50% working interest in Byron's 100% owned SM 74 on the same terms.

SM 74 and VR 232 (if awarded on appeal) are near Otto's previously announced South Marsh Island block 71 ("SM-71") discovery. Otto owns a 50% Working Interest and a 40.625% Net Revenue Interest in SM-71.

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