

**ASX ANNOUNCEMENT**

30 August 2017

## Extension Granted for SM 71 Lease

Otto Energy Ltd (ASX: OEL) ("Otto" or "the Company") is pleased to announce that the Bureau of Safety and Environmental Enforcement ("BSEE") has approved the Operator's (Byron Energy, ASX: BYE) request for an extension of the lease term over the South Marsh Island 71 ("SM 71") lease.

The SM 71 lease was due to expire on 31 July 2017 and the Operator had requested a Suspension of Production ("SOP") from the BSEE to allow time to complete platform construction, install and hook up new production facilities and lay production pipelines.

Byron received notice yesterday that its SOP request for SM 71 has been granted by BSEE and is effective from August 1, 2017 through November 30, 2017 based on the submitted activity schedule. Under the approved activity schedule, operations for drilling of SM 71 #2 well and completion of SM 71 #1 well are expected to commence before the end of November.

Otto has a 50% working interest/40.625% net revenue interest in SM 71. Byron Energy also holds a 50% working interest/40.625% net revenue interest in SM 71 and is the operator.

Otto's Managing Director, Matthew Allen, commented: *"This regulatory approval is another important step in the process toward drilling in late 2017 and production from SM 71 in January 2018. Otto is particularly excited at the prospect of drilling the SM 71#2 well given the exploration upside observed in the B65 interval which has potential to double the current field size of 2.2 MMboe of 2P Reserves net to Otto\*."*

*Combined with late 2017 drilling at Otto's ST 224 lease, near term activities could significantly boost Otto's reserve base."*

\*The B65 interval has a Net Prospective Resource 2.3 MMboe per OEL announcement on 7 July 2016.

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**Persons compiling information about hydrocarbons**

The reserve and contingent resource information in this report in relation to SM 71 is based on information compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and 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 are 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.

**Reserves Cautionary Statement**

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.

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