



ASX : OEL

PRODUCTION & CASHFLOW IMMINENT

MULTI-WELL EXPLORATION PROGRAM COMMENCING

Gulf of Mexico Shelf oil and gas explorer/producer

Matthew Allen, Managing Director and CEO

October 2017

OTTO
ENERGY

Investment Rationale – Why Otto?

- ✓ Highly experienced board & management
- ✓ Tier 1 North American locations for exploration of oil and gas
- ✓ Multiple near-term news events and pathways to significant share price uplift
- ✓ Production & cash flow imminent
- ✓ Low-risk, low-cost, high margin, high impact prospects
- ✓ Pipeline of growth deals under consideration
- ✓ Track record of delivering shareholder returns

Experienced Board & Management Team

Board of Directors



John Jetter – Non-Executive Chairman.
LLB, BEc INSEAD
Former MD/CEO J.P. Morgan Germany.
Non-Executive Director of Venture Minerals and Peak Resources Ltd.



Ian Boserio – Non-Executive Director.
BSc (Hons)
Executive Technical Director of Pathfinder Energy Pty Ltd. Former executive positions with Shell & Woodside in exploration roles.



Ian MacIver – Non-Executive Director.
BComm, FCA, SF Fin, FAICD
Managing Director Grange Consulting.
Non-Executive Chairman of Western Areas.

Senior Management



Matthew Allen – Managing Director & CEO.
BBus, FCA, FFin, GAICD

Global exposure to the upstream oil and gas industry with over 15 years experience in Asia, Africa, USA, Australia and Middle East. Previous senior roles with Woodside over 9 year period.



Paul Senyia – Vice President, Exploration and New Ventures. BSc (Hons), MAppSc

International oil & gas experience gained over 30 years. Specific focus on Australia, USA, South East Asia & Africa. Previous roles at Oilex (Exploration Manager), Woodside Energy (Head of Evaluation) and Shell International.



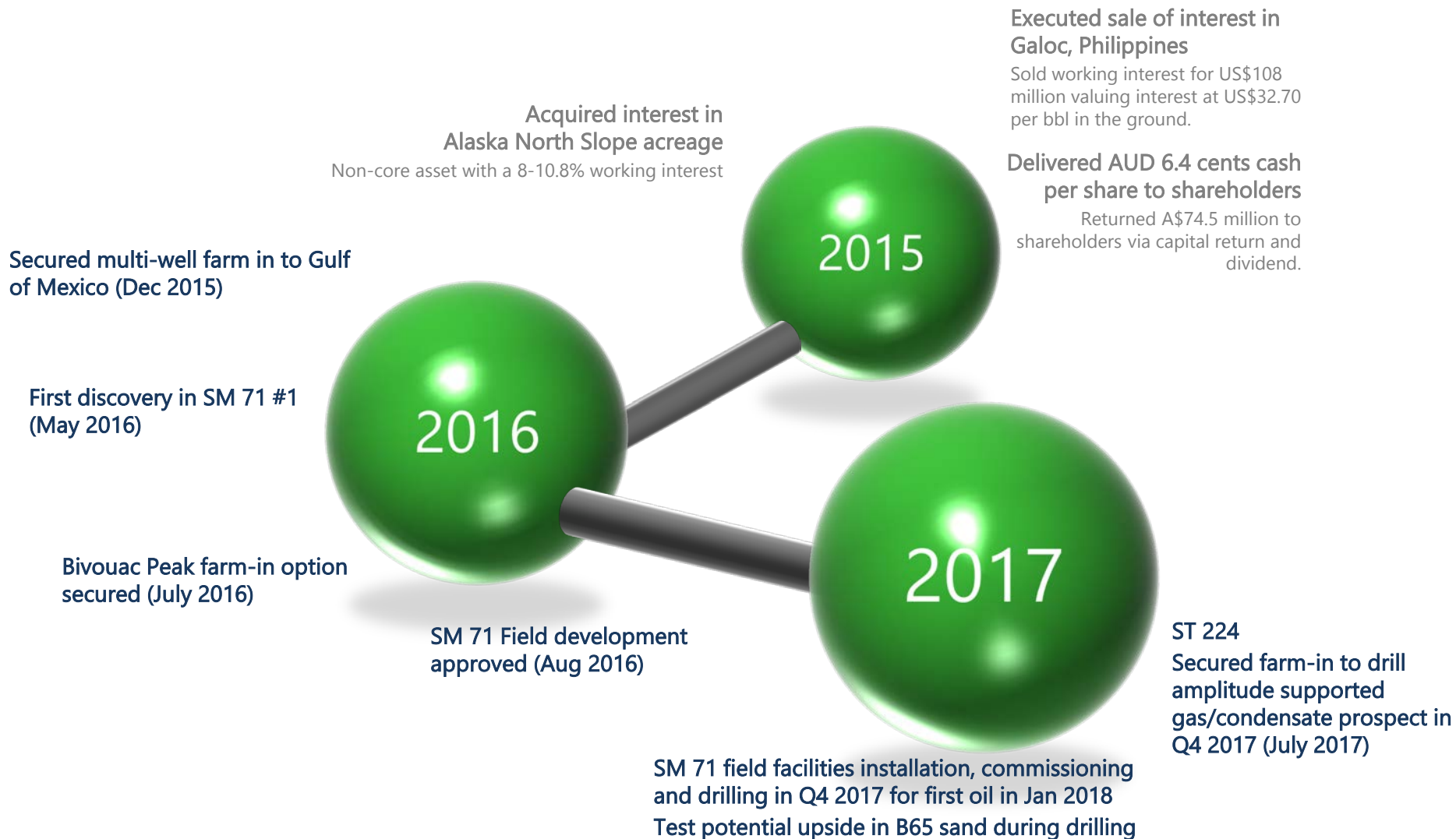
David Rich – Chief Financial Officer & Company Secretary.
BCom. FCA, GAICD, Grad.Dip.CSP AGIA

Experienced public company CFO with the last 15 years as CFO of upstream oil and gas companies with international interests including in Australia, Asia and the USA.

Extensive oil and gas industry and ASX listed company backgrounds with small company experience and approach

Pathway into North America portfolio

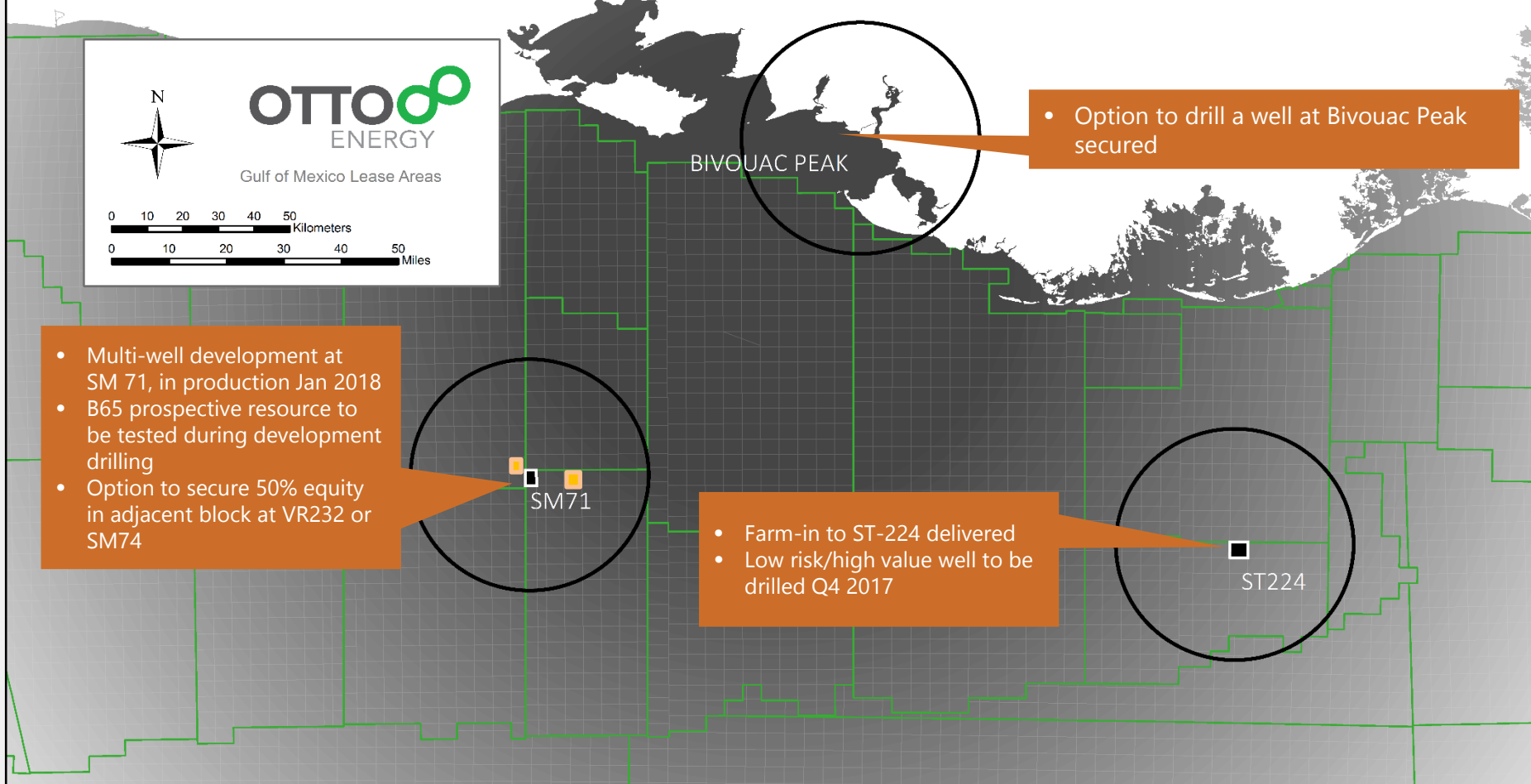
Gulf of Mexico delivers high margin projects at low oil prices



Otto Energy's Gulf of Mexico Portfolio

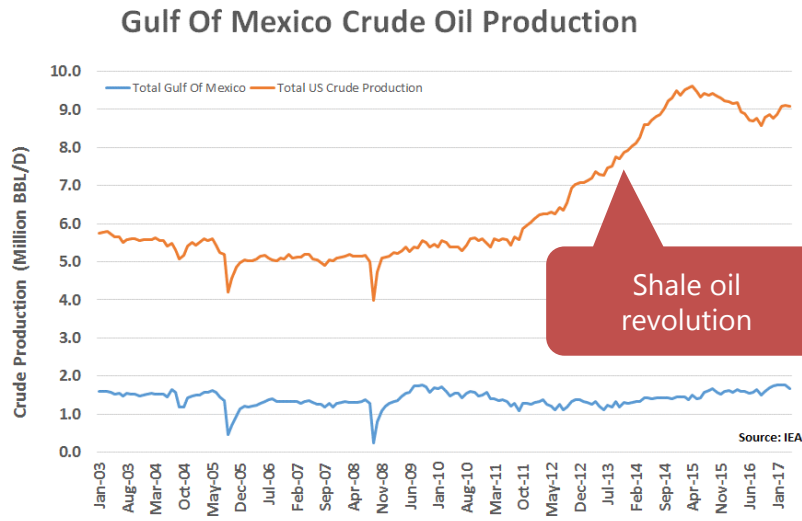
Lafayette

New Orleans



Gulf of Mexico Shelf counter-cyclical play

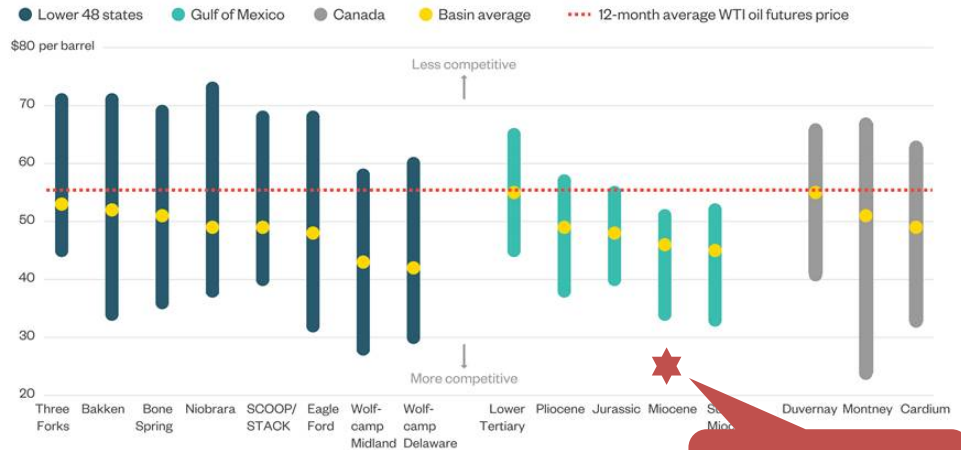
Limited investment in US conventional exploration – mature province yielding new discoveries



- Gulf of Mexico is a mature oil and gas province – producing since 1950's
- Currently produces ~ 2 MM bbl/day
- Shift from shelf to deepwater investment in the past 10 years
- Majors have exited the shelf chasing scale – room for small players
- Technology has improved ability to discover and develop overlooked opportunities in particular RTM seismic data processing.

Point Break

Breakeven oil prices for North America's shale basins and the Gulf of Mexico vary widely, but on average they look competitive even with oil below \$60 a barrel



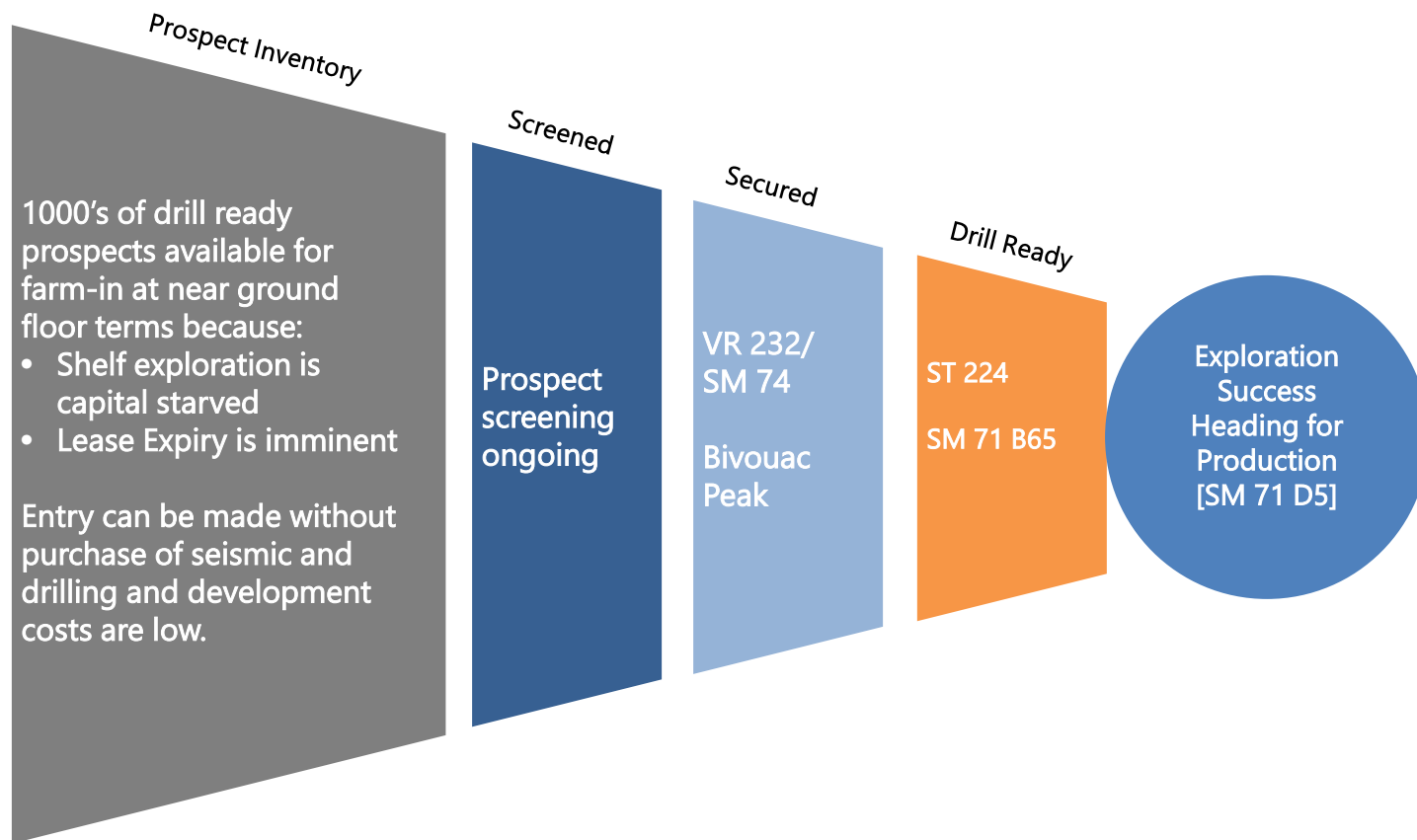
Source: Wood Mackenzie

Note: Breakeven prices reflect projected level needed to generate a 10 percent return on drilling

SM71 breakeven
< US\$25/bbl

- Over US\$21.4 billion in Permian shale M&A transactions in Q1 2017
- Entry price for Permian prohibitive for junior oil and gas companies
- Conventional GoM shelf oil and gas is still economically attractive compared to shale
- Permian is now the marginal barrel in setting global oil prices

Our Growth Strategy



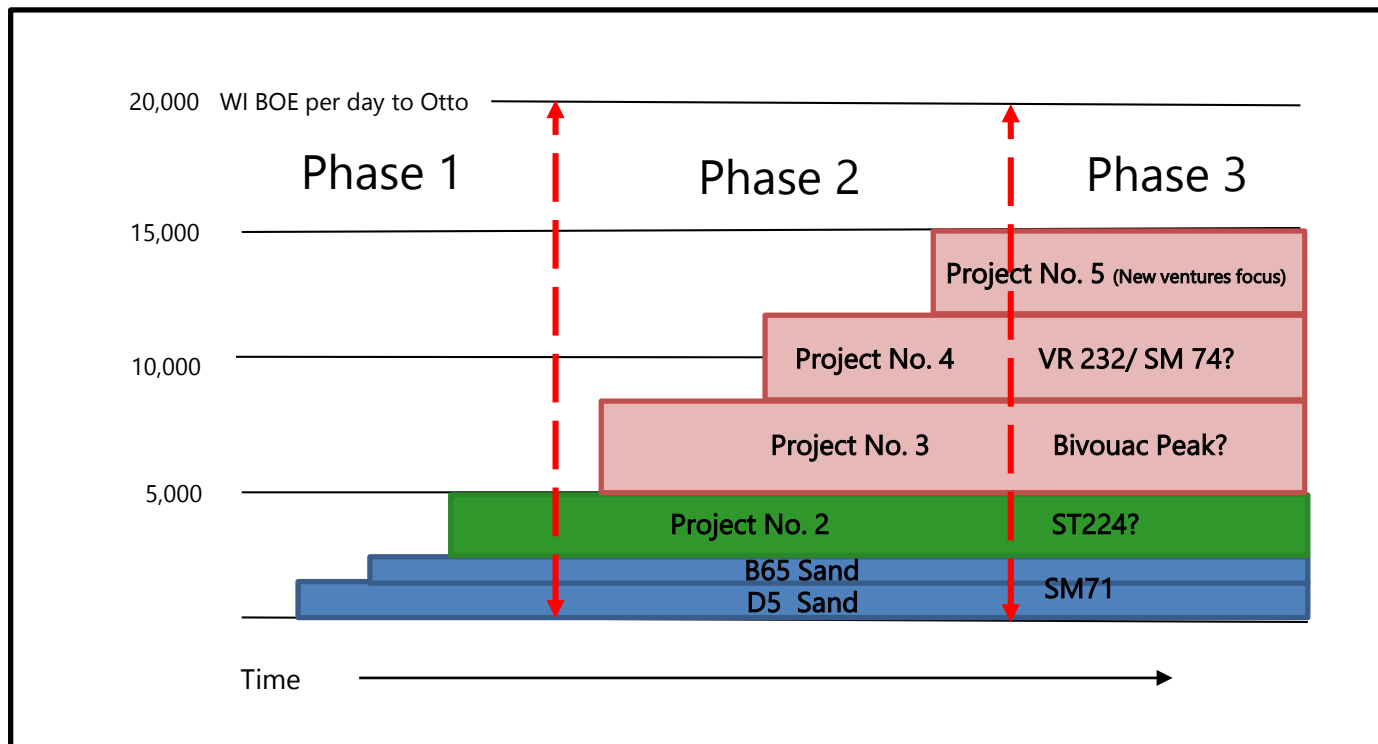
- Non-Operatorship reduces our exposure to financial and operational risk
- Organisation is kept lean – no money or time spent on acquiring acreage and seismic
- Successfully partner with competent and proven prospect generators and operators
- Go straight to drilling the highest quality drilling opportunities

Otto's Gulf of Mexico Strategy

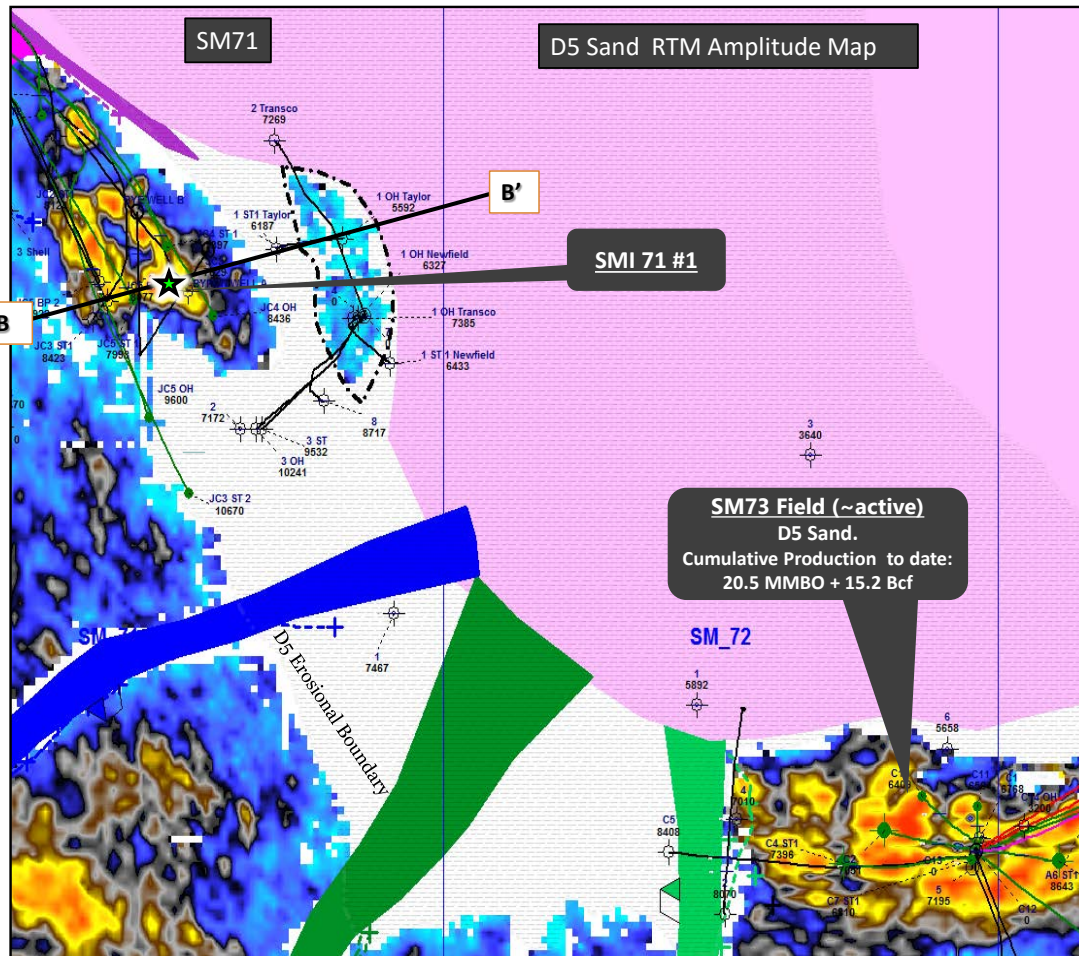
Targeting a portfolio of high margin, high chance of success and near term production assets

Focus on prospects with the following characteristics:

- ♦ Miocene/Pliocene geology which are amplitude supported
- ♦ Investing capital into drilling, not seismic
- ♦ Seeking early cashflow/ROI - ~12-18 months from exploration to production
- ♦ Shallow water (<300 feet, jack-up drilling rig) – keeping capex manageable
- ♦ High liquids yields to increase margins



South Marsh Island 71(SM 71) – D5 Sand Discovery

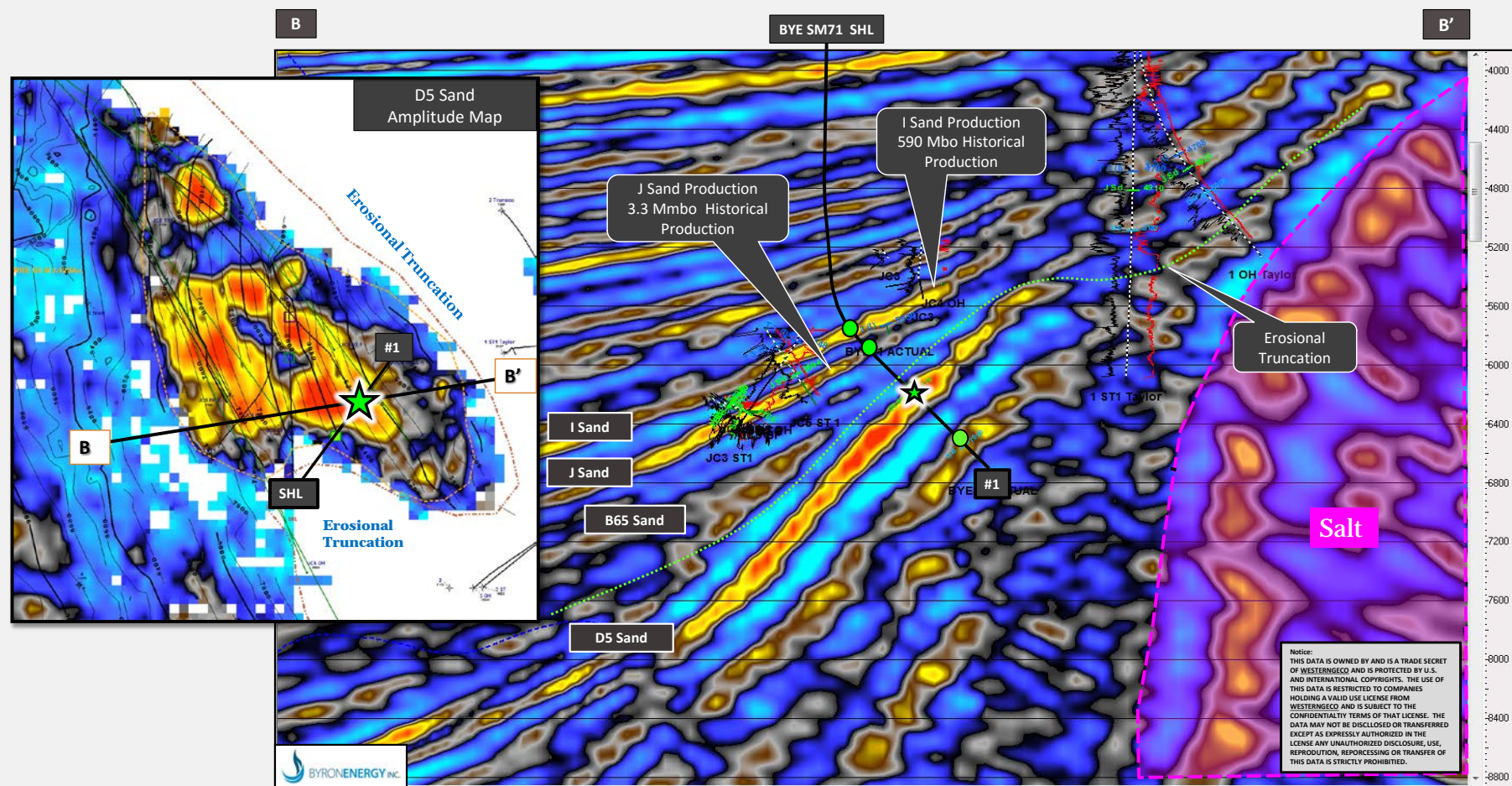


* As at 30/06/2016; Collarini and Associates report dated 20th July 2016; refer ASX releases dated 20/07/2016

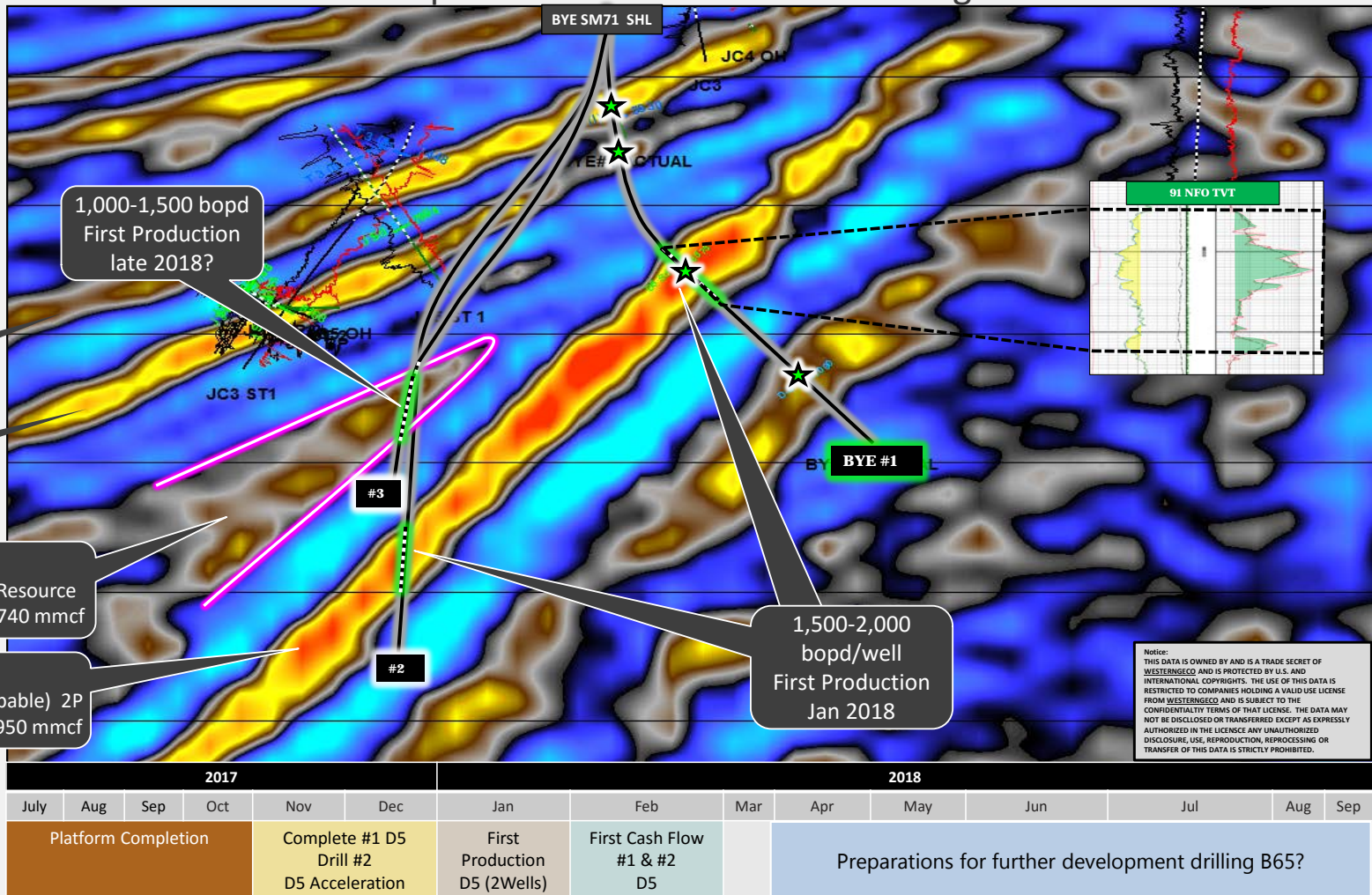
- Production expected to commence in Jan 2018
- Initial projected flow rates over 1,500 bbls/day per well (2 well initial dev)
- SM 71 #1 well logged 151' TVT oil pay in the I3, J, D5 and D6 sands
- SM 71 discovery made possible through use of RTM seismic technology
- Otto Energy 50% WI
- Byron Energy 50% WI (operator)

SM71 Gross Reserves*	Oil (Mbbbl)	Gas (MMcf)
1P	1,432	994
2P	4,990	3,599
3P	6,318	4,516
Prospective Resources	5,029	4,899

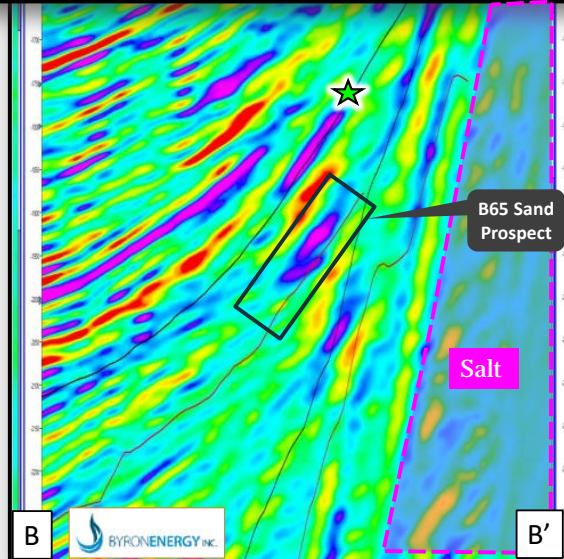
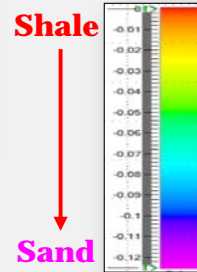
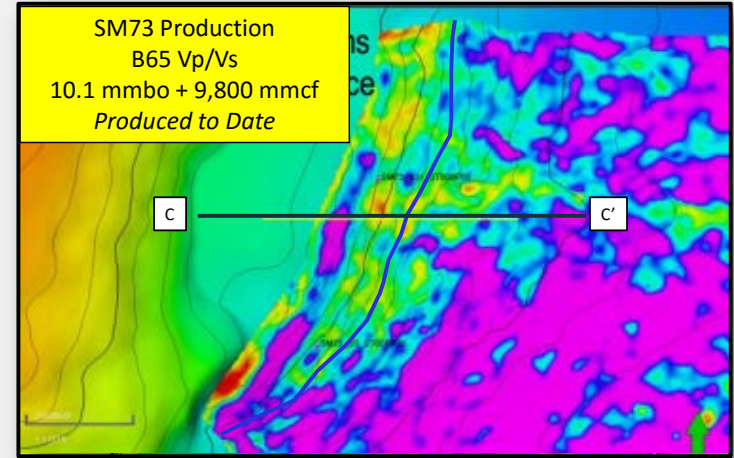
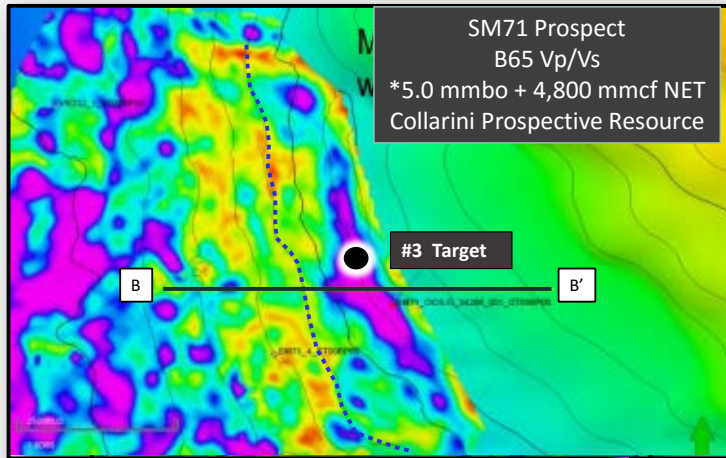
SM71 Byron #1 Well I, J, D5 & D6 Hydrocarbon Sand Intersections



SM71 Development: 3 Well Scenario Conceptual Well Placement and Timing

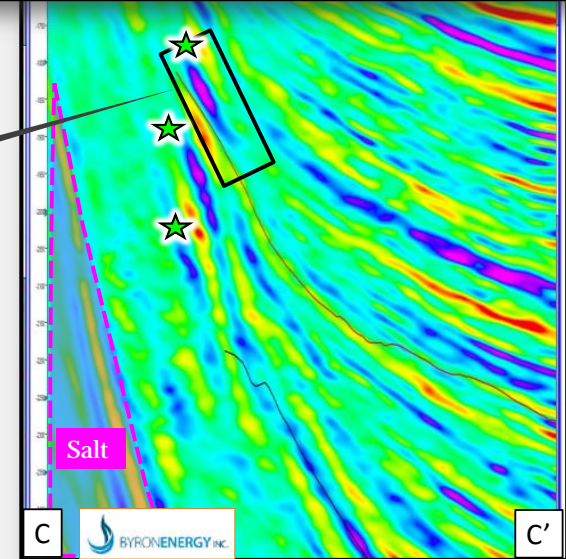


SM71 – B65 Sand – Comparison of Prospect to Production



B65 Sand Production

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South Marsh 71

Development plan

Complete Manned Tripod

Expected completion Sep 2017

Lift boat delivery to SM71 location Oct 2017

Drilling rig arrives Nov 2017 Departs Jan 2018

Complete the **#1 Well** in D5 Sand

Drill the **#2 Well** to test the **B65 Sand** and complete in D5 Sand

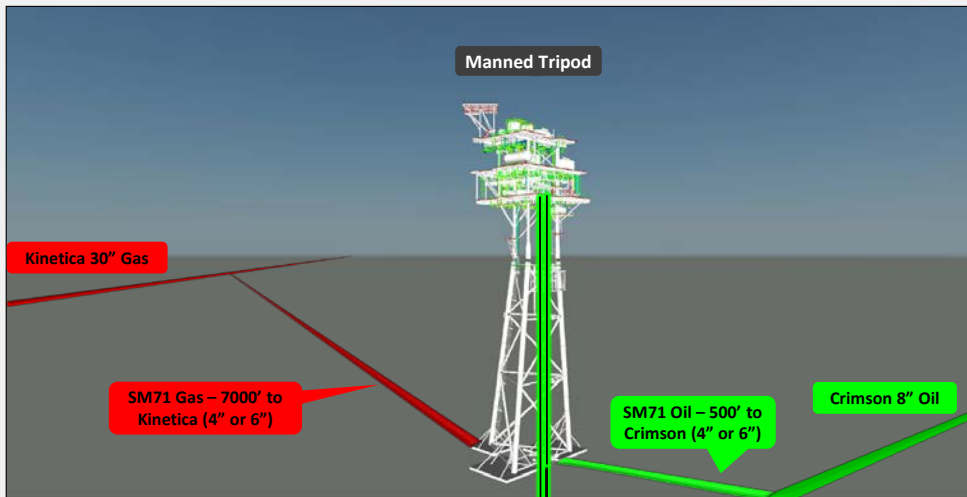
Pipeline work to be completed by Nov 2017

Build and connect (4" or 6") 500' oil pipeline to Crimson 8" oil line

Build and connect (4" or 6") 7,000' gas pipeline to Kinetica 30" gas line

First production Jan 2018

Oil and gas production expected to commence Jan 2018 from the #1 & #2 wells at a combined rate between **3,000 – 4,000 barrels** of oil per day
Fixed low cost **contract operations**



Manned Tripod

Robust oil and gas throughput to handle future exploration success
6 x well capacity

Oil

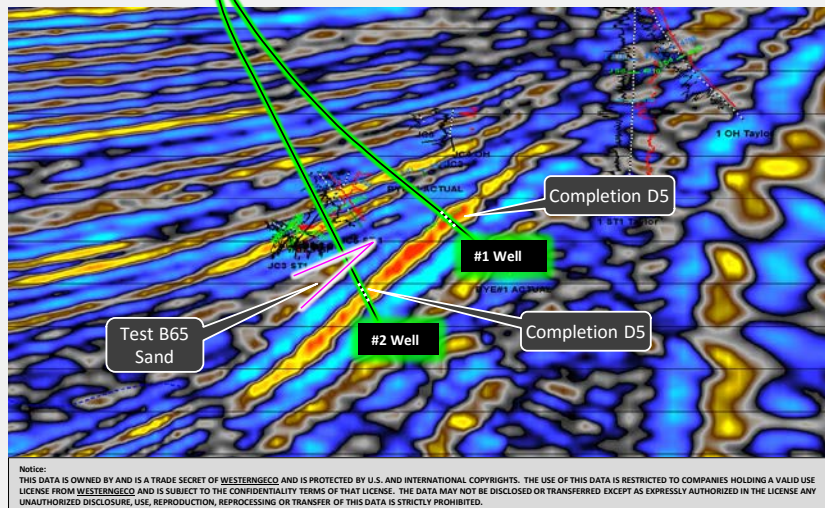
4,500 Bopd from wells on SM71
15,000 Bopd throughput

Gas

20,000 Mcfpd from wells on SM71
75,000 Mcfpd throughput

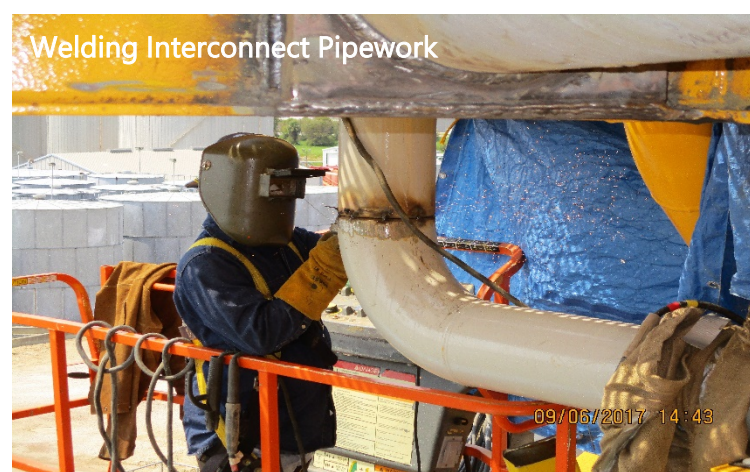
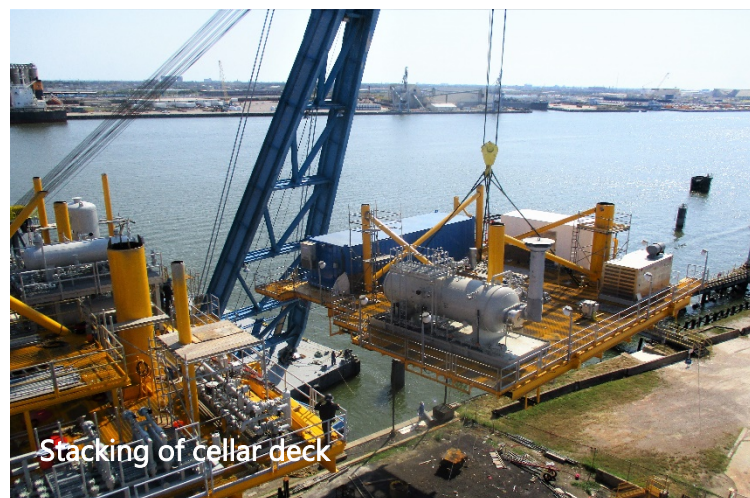
Water

5,000 Bwpd



South Marsh Island 71 (SM 71)

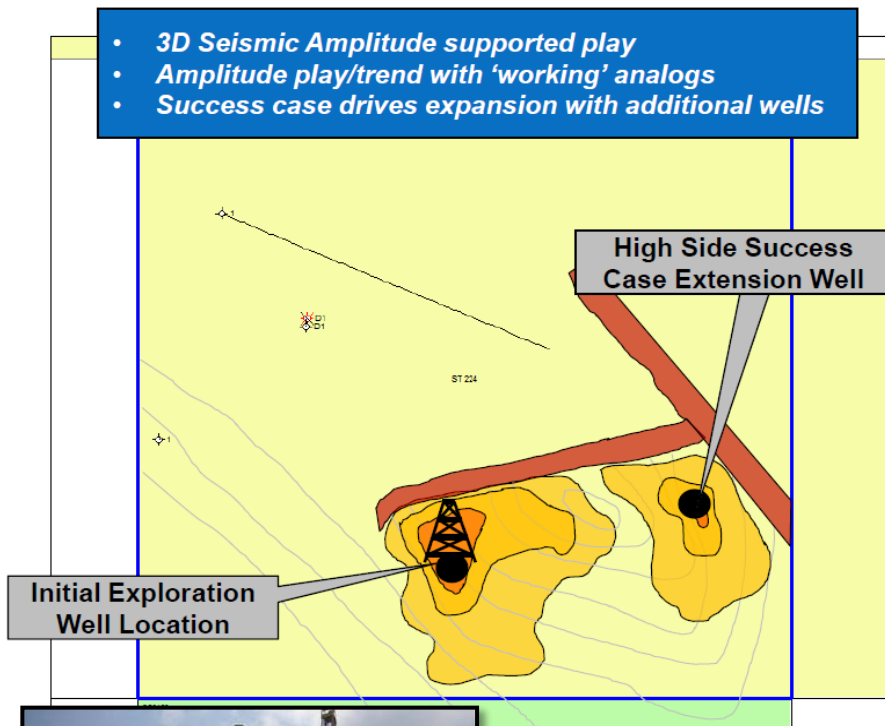
Otto's first GoM shelf discovery – production to start Jan 2018



Construction progress on tripod platform and production equipment

South Timbalier 224 (ST 224)

Amplitude supported, gas/condensate prospect about to commence drilling



Enterprise 264 jack-up drilling rig

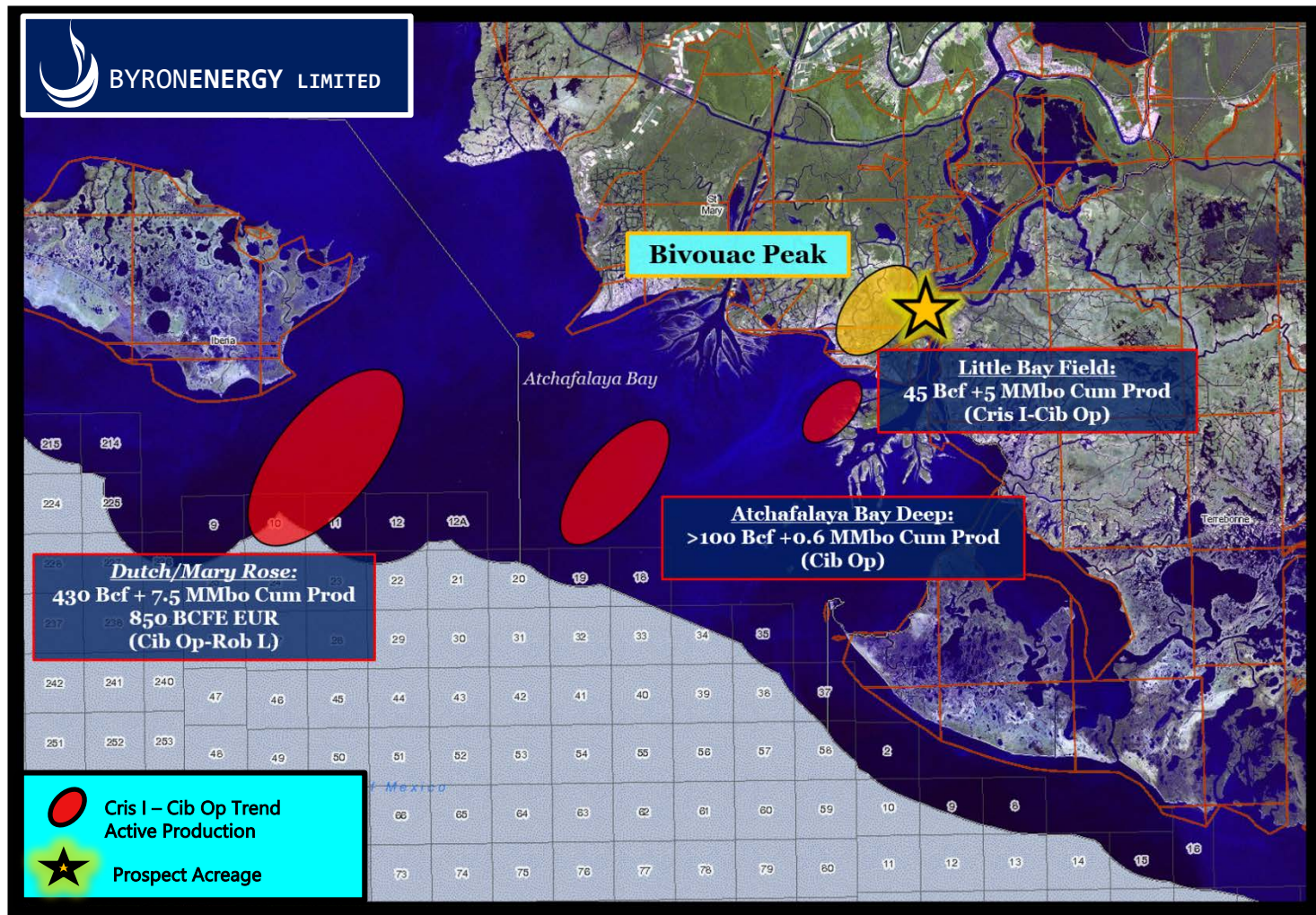
W&T OFFSHORE | 28

ST224 Prospect

JV Partners	W&T Offshore (operator)	39%
	Otto Energy	25%
	Houston Energy	11%
	Other private US company	25%
Reservoir type/target	<ul style="list-style-type: none"> • Upper Pliocene – Bul 1 trend amplitude supported gas/condensate prospect • Modern 3D seismic coverage • Nearby analogues contain high CGR – high liquids projects deliver higher margins 	
Objective Depth	10,800 feet (TVD)/11,439 feet (MD)	
Water depth	170 feet	
Prospective Resource	Gross:	14.3 – 18.2 – 22.7 MMboe
	Net:	3.6 – 4.5 – 5.6 MMboe (Low – Mid – High)
Drilling program	<ul style="list-style-type: none"> • Enterprise 264 contracted and currently mobilising to drilling location. • Expect 55 days of drilling and evaluation. • Otto exposure US\$2.7m to drilling costs. 	
Development options	<ul style="list-style-type: none"> • ST224 #1 in success case will be suspended for production. • Multiple production platforms in tie-back range. • JV is planning for first production by 2H 2018. 	

Bivouac Peak

Onshore Louisiana gas/condensate prospect to be drilled in 2018



Note: Otto will earn interests in the above resources volumes by participating in wells. The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) 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.

Alaska North Slope

New conventional discoveries add to prospectivity of this prolific region

Caelus Smith Bay Conventional Discovery (Oct 2016)

- Caelus-Tulimaniq #1 & step-out Caelus-Tulimaniq #2
- Brookian submarine fan play
- 183ft & 223ft net oil pay
- Estimated 1.8 to 2.4 billion barrels recoverable light oil
- Potential rate estimated at 200,000 barrels of oil per day

ConocoPhillips Willow Conventional Discovery (Jan 2017)

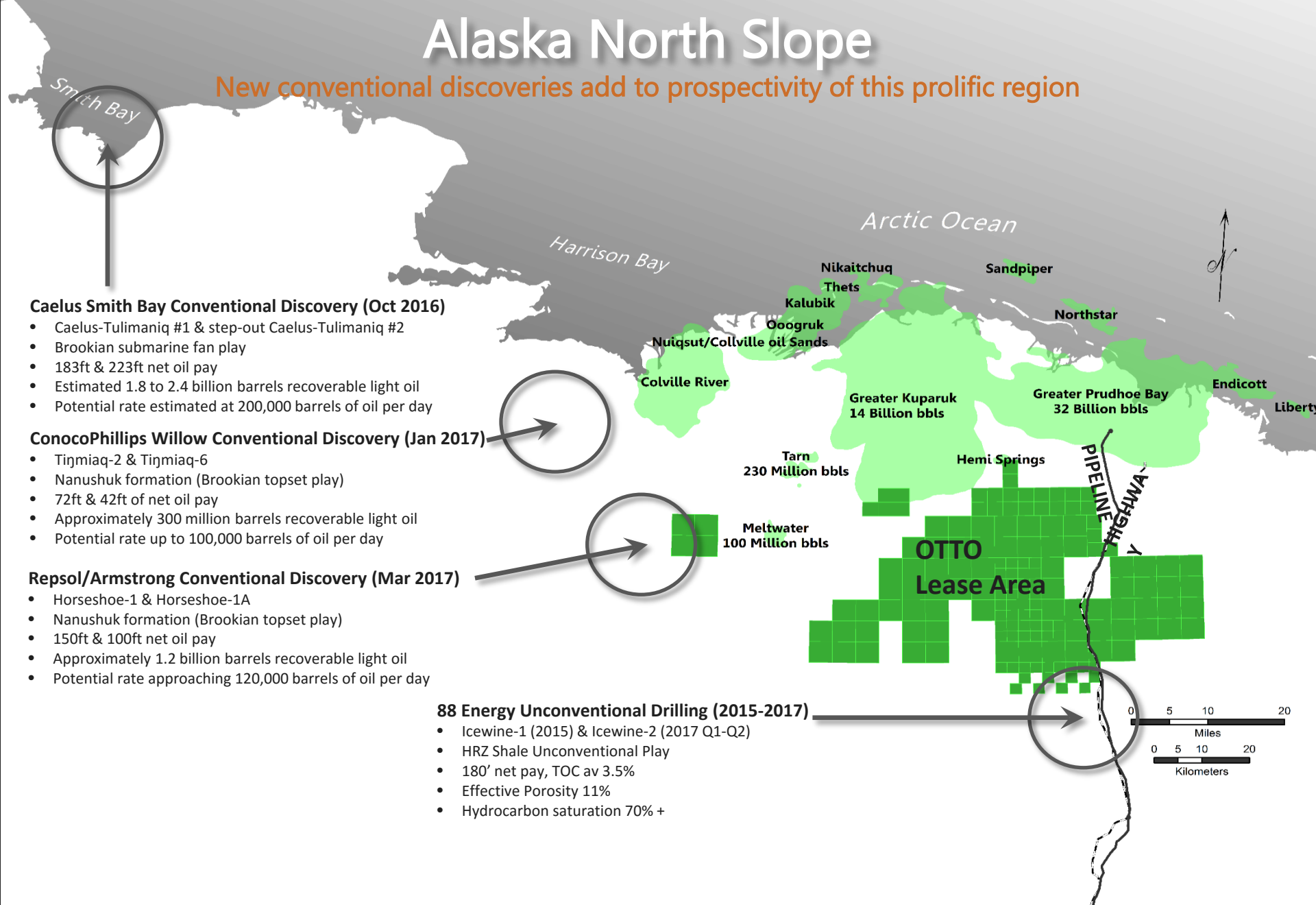
- Tiñmīaq-2 & Tiñmīaq-6
- Nanushuk formation (Brookian topset play)
- 72ft & 42ft of net oil pay
- Approximately 300 million barrels recoverable light oil
- Potential rate up to 100,000 barrels of oil per day

Repsol/Armstrong Conventional Discovery (Mar 2017)

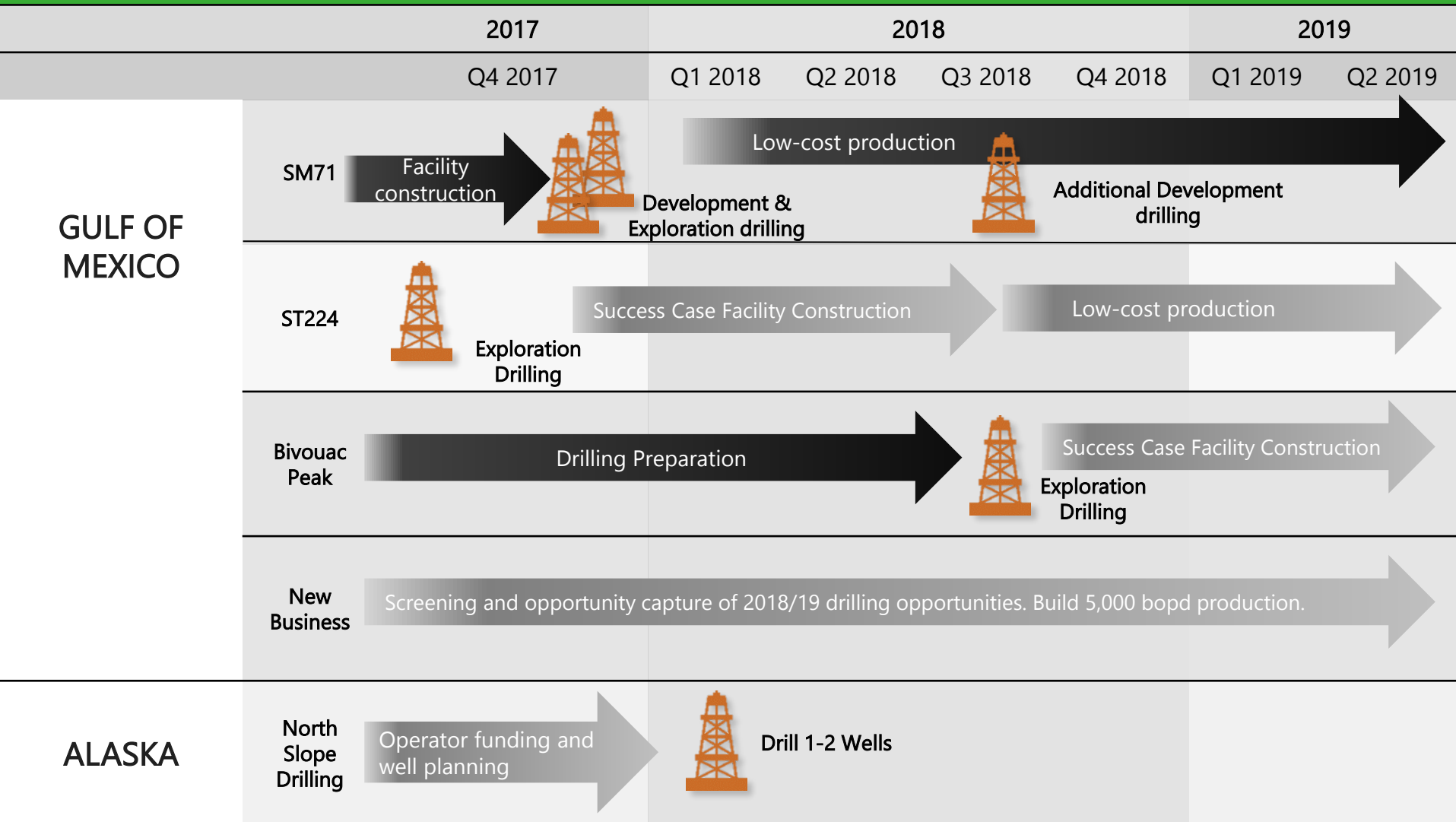
- Horseshoe-1 & Horseshoe-1A
- Nanushuk formation (Brookian topset play)
- 150ft & 100ft net oil pay
- Approximately 1.2 billion barrels recoverable light oil
- Potential rate approaching 120,000 barrels of oil per day

88 Energy Unconventional Drilling (2015-2017)

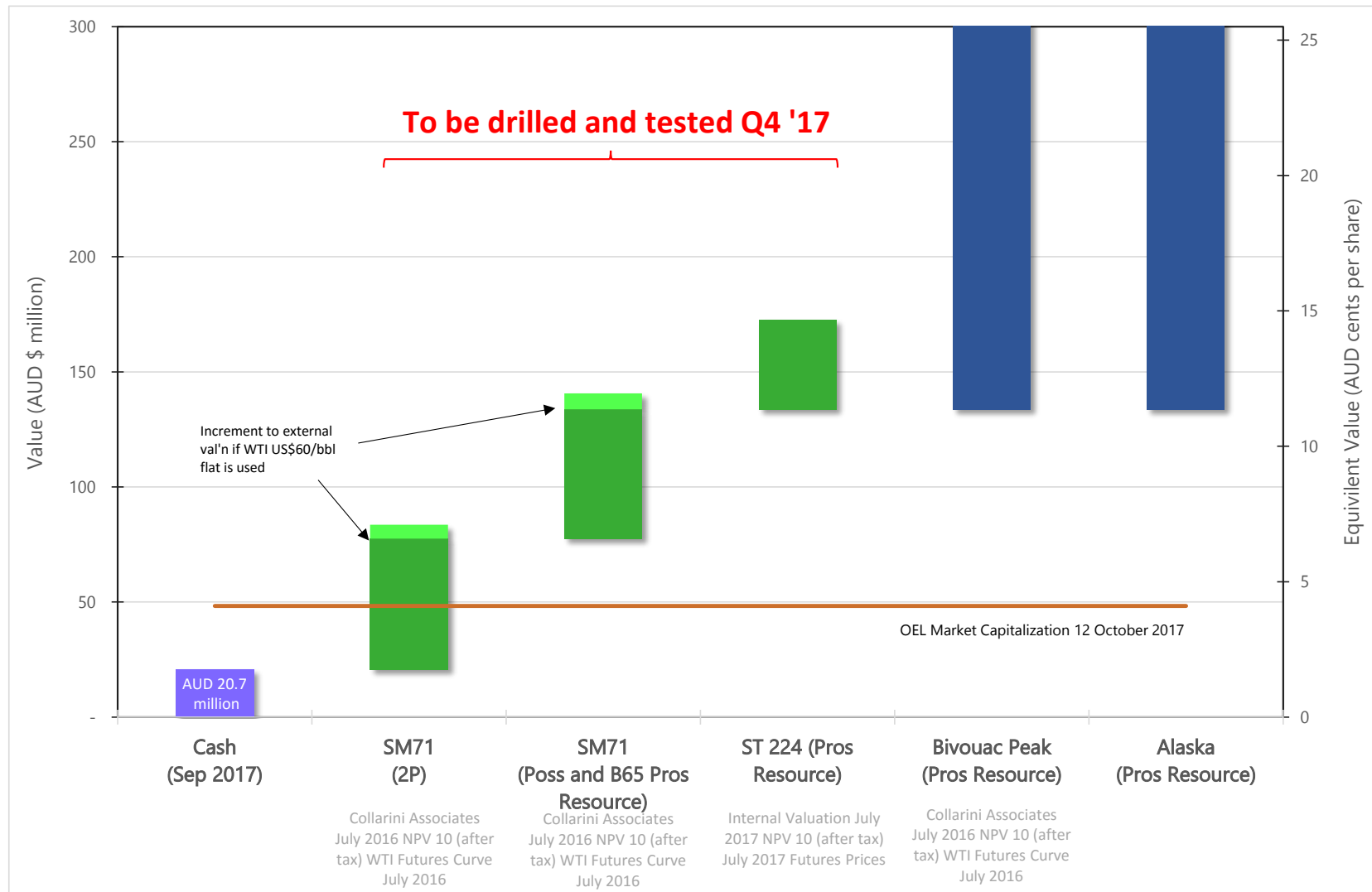
- Icewine-1 (2015) & Icewine-2 (2017 Q1-Q2)
- HRZ Shale Unconventional Play
- 180' net pay, TOC av 3.5%
- Effective Porosity 11%
- Hydrocarbon saturation 70% +



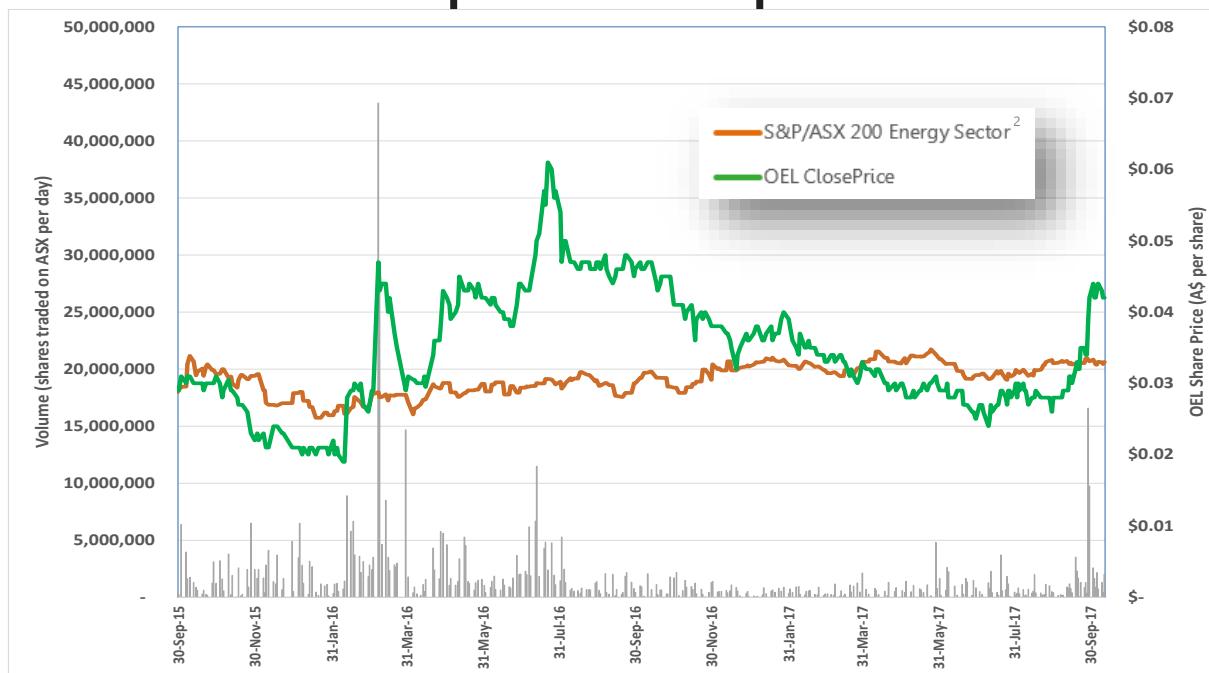
Activity Driving Value Growth



Significant Value Upside in Coming Three Months



Corporate Snapshot



Capital Structure		Funding Position		Shareholders	
Fully paid ordinary shares	1.186b	Cash (30 Sep 2017)	US\$16.2m	Molton Holdings	20.4%
Unlisted options	Nil	Convertible Note Liability (30 Sep 2017) ³	US\$8.2m	Santo Holdings	20.4%
Performance Rights	7.7m	Debt (30 Sep 2017)	Nil	Directors & Management	2.4%
Convertible Notes (US\$1 per note) ³	8.2m				
Market capitalisation ¹	A\$50m				

Annualised Turnover = 55.32% of issued capital
Average daily volume last month = 2.380 million shares/day

1. Undiluted at 4.2 cents per share as at 11 October 2017

2. ASX 200 Energy Index normalized to 30 September 2015 OEL share price

3. Convertible note issue for US\$8.2m announced 29 May 2017, issued 2 August 2017. Conversion price of 5.5 cps, maturity 30 June 2019. The notes have a face value of US\$1.00 and may be converted at A\$0.055. At the 31 August 2017 AUD:USD rate of 0.79 the 8.2 million notes would have converted to 188.7 million shares.

Disclaimer

This presentation does not constitute an offer to sell securities and is not a solicitation of an offer to buy securities. It is not to be distributed to third parties without the consent of Otto Energy Limited (the “Company”).

This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

The Company, its directors, officers and employees make no representation, warranty (express or implied), or assurance as to the completeness or accuracy of forward looking statements.

Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to Alaska was compiled by technical employees of Great Bear Petroleum, the Operator of the Alaska acreage, and subsequently reviewed by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears. The information in this report that relates to oil and gas resources in relation to ST 224 was compiled by technical employees of Otto, and subsequently reviewed by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Senycia is an employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The 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 resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Senycia. Mr Senycia 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.

The reserve and contingent resource information in this report in relation to SM 71 and 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

Prospective resource estimates in this report for Alaska and Bivouac Peak are prepared as at 30 June 2017. The prospective resource estimates included in this report for ST 224 are prepared as at 5 October 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 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.

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.

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.

Thank You

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