

ASX ANNOUNCEMENT

3 November 2017

Company Update

Otto Energy Limited (ASX:OEL) ("Otto") is pleased to provide the following update on the Company's projects.

SM 71 Development

The Operator of SM 71, Byron Energy Ltd (ASX:BYE) has advised that the loading of the decks and jacket onto the transport barge is currently in progress. Production is scheduled to commence at SM 71 in January 2018.

ST 224 Drilling

As of midnight on 2 November 2017 US Central time, the ST 224 #1 well is at a depth of 4615 feet (Measured Depth) / 4590 feet (True Vertical Depth) and the hole is being cleaned prior to running the 16" casing. Planned target depth for this well is 11,439 feet (Measured Depth) / 10,800 feet (True Vertical Depth).

Alaska

Great Bear Petroleum, operator of the Alaska North Slope acreage, has conducted a review of the 148 leases in which Otto Energy hold an interest. 60 of these leases are due to expire on 1 May 2018. Great Bear has applied for lease extensions for 48 of the 60 leases. Based on detailed review of 3D seismic data the 12 lease areas for which Great Bear will not be seeking renewal are considered to be unprospective.

Great Bear Petroleum continues to evaluate potential new funding sources for its working interest share of the forthcoming drilling program. Otto notes that drilling preparations have been deferred by Great Bear Petroleum as no firm funding has been secured to date. Given this deferral, drilling is unlikely to occur in 2018 and Great Bear has advised it is now working towards a 2019 winter season (January to March 2019) drilling program.

Otto notes the recent acquisition by Oil Search of interests in a number of Tier 1 oil assets in the Alaska North Slope. Otto believes Oil Search's decision to invest in the Alaska North Slope validates its own strategy to develop diversified growth and development opportunities and to provide Otto shareholders with exposure to the enormous exploration upside associated with the Alaska North Slope; a world-class and prolific oil producing province.

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