

ASX ANNOUNCEMENT

5 March 2018

SM 71 UPDATE: F2 WELL SUCCESSFULLY COMPLETED FOR PRODUCTION

- **B65 Sand successfully perforated with sand control measures installed**
- **2 7/8-inch production tubing run and the well now shut-in**
- **Completion operations on the SM 71 F3 well have commenced**
- **SM 71 remains on track for production to commence this month**

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") is pleased to advise that perforation and sand control operations have concluded on the OCS-G34266 #F2 well ("F2") on South Marsh Island Block 71 ("SM 71"). A 72-foot measured depth interval of the B65 Sand was perforated on 26 February 2018 and sand control measures were pumped across the interval on 28 February 2018. After rigging down the pumping equipment, 2 7/8" production tubing was run in the well. After the production tubing was landed, a short flow back to recover completion fluids and oil occurred before the F2 well was shut in by closing a surface controlled subsurface safety valve.

No production rates were determined during this phase of the project due to limited oil storage tank capacity currently on location. As each SM 71 well is hooked into the production manifold and SM 71 lease pipelines, it will be individually tested, and optimal rates will be established based on reservoir pressure drawdown.

The F2 well is the second of three completions on the SM 71 F platform. The Operator, Byron Energy Limited (ASX: BYE) has advised that the pressures of both wells have met expectations.

The Ensco 68 drilling rig has now skidded into position over the SM 71 F3 well and completion operations in the D5 Sand have begun. The D5 Sand in the F3 well will be completed with sand control measures similar to the F1 and F2 wells. These sand control measures are designed to improve the production rate and to minimize reservoir pressure drawdown, resulting in better performance and longevity. The SM 71 F3 well will be the last well completed for production during this phase of the project and production will commence shortly after the F3 well is finished.

Final piping and instrumentation work on the SM 71 F platform is nearing completion. Production start-up is targeted for later this month. It is anticipated that the three wells will utilize a high percentage of the SM 71 F Platform's oil and gas production capacity.

Otto holds a 50% working interest (40.625% net revenue interest) in South Marsh Island Block 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.

Otto will issue progress reports regarding the ongoing completion operations at SM 71 as material developments occur.

Otto's Managing Director, Matthew Allen, commented: *"We are pleased with progress toward the commencement of production this month at SM 71 and the resultant significant cash flows."*

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