

ASX ANNOUNCEMENT

15 October 2018

BIG TEX EXPLORATION WELL – DRILLING UPDATE

- **The SL 192 PP 31 well on the Big Tex prospect has been drilled to total depth where detailed logs, including high resolution tools, and sidewall cores have been acquired**
- **Despite strong hydrocarbon indications on mud logs, insufficient producible reservoir was encountered to justify setting production casing**
- **The well is currently being plugged and abandoned as a sub-commercial well**

Otto Energy Limited (ASX:OEL) (“Otto” or the “Company”) advises that the initial exploration well, SL 192 PP 031, on the Big Tex prospect has reached a final total depth of 13,722ft MD (13,172ft TVD). A triple combo wireline logging suite was subsequently acquired over the target prospective Middle Miocene Tex W16 and Tex W18 Sand intervals as well as several sidewall cores. Petrophysical log evaluation indicates the presence of a number of hydrocarbon bearing zones, however insufficient producible reservoir was encountered to justify the additional cost of completing the well for production.

The Joint Venture has elected to plug and abandon the SL 192 PP 031 well as sub-commercial.

Refer to the ASX release “Otto Farms in to Eight Well Gulf Coast Package with Hilcorp” dated 31 July 2018 for further details on the overall Hilcorp Gulf Coast eight well program.

Otto’s Managing Director, Matthew Allen, commented: *“The Otto team is obviously disappointed with the results of the two wells this past week, but we have immediately turned our attention to the next well in the Hilcorp program as part of our portfolio approach to exploration.*

“Otto remains confident in the quality of the exploration portfolio that it has assembled and looks forward to the commencement of drilling at the Lightning prospect during November.”

Otto’s Chairman, John Jetter, also commented: *“Although this result is a disappointment, it is only a short-term setback. We have eight more highly prospective wells to be drilled in the next 15 months, seven of which are with our partner Hilcorp in the Gulf of Mexico. We remain highly confident in the prospectivity of those projects.”*

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