

**ASX ANNOUNCEMENT**

8 August 2019

**GC 21 “BULLEIT” INTERSECTS OIL PAY ZONE IN THE DEEPER MP SANDS TARGET**

- The GC21 “Bulleit” well has successfully reached target depth of 15,675 ft MD / 13,828 ft TVD
- Approximately 110 feet of net true vertical depth (TVD) oil pay intersected in the MP sand
- This adds to the DTR-10 sand commercial oil discovery announced 13 June 2019
- Current operations are to run a production liner, suspend the well for production and release the drilling rig
- The Operator (Talos) will complete the well in the first half of 2020

Otto Energy (“Otto”) (ASX: OEL) is pleased to announce that the Green Canyon 21 (GC 21) “Bulleit” well, operated by Talos Energy, Inc (“Talos”) (NYSE: TALO) has been successfully drilled to Total Depth. The well drilled through the deeper exploration target, the MP sands, after intersecting oil pay in the shallower DTR-10 sand package as announced to the ASX 13 June 2019.

The well has now intersected the following discovered intervals:

- DTR-10 interval – net 140 feet of TVD oil pay encountered; and
- MP interval – approximately net 110 feet of TVD oil pay expected to be delivered in high quality reservoir consistent with analogue wells in the GC18 field.

Logging evaluation of the deeper MP sand has included the recovery of fluid samples using a Reservoir Description Tool (RDT) that will be used to optimize the development plans for the discovery.

**Development Program**

The Operator will complete the well as a production well in the first half of 2020 and then tie it back to the Talos-owned and operated Green Canyon 18 (GC 18A) facility approximately 10 miles (~16 km) west of the “Bulleit” well. The development will involve the use of a subsea completion that is common for projects of this nature and water depth in the Gulf of Mexico.

**Financial Commitments and Development Funding**

Since the previous report on 13 June 2019, the attempt to drill to the deeper objective MP sands had been delayed due to poor hole conditions and compromised drilling operations requiring side-tracking. In addition, the passing of Hurricane Barry required the rig to disconnect to ensure safe operations. As a result of these operations, the cost of drilling GC21 “Bulleit” the well has exceeded the pre-drill estimates of US\$9.0m net to Otto.

The effect of these events is now expected to increase Otto’s financial exposure to the Bulleit well by approximately US\$6.5 to US\$7.5m net to Otto.

The joint venture expects to develop the GC21 “Bulleit” discovery as a subsea tieback to the GC18A facility and the updated development capital cost estimates will be provided in due course by the operator, when all final data collected in the exploration phase is received and evaluated.

Otto also advises that it has for some time been progressing its ability to finance its development requirements and that it is now in late stage negotiations with a select group of major financial institutions to provide development capital funding for the GC21 development and future capital developments within Otto’s growing portfolio of high quality oil and gas assets. The successful acquisition of wireline logs over the MP sand and confirming commerciality of the GC 21 “Bulleit” development has been the last element to allow negotiations to be finalized.

Otto expects to finalise this financing in the near term which will include any cost overruns as part of the delay in GC 21 drilling.

Otto’s Managing Director, Matthew Allen, commented: *“Otto is very pleased to announce the successful completion of drilling operations at the GC 21 “Bulleit” well with the well now being suspended as a future producer.*

*This is Otto’s fourth commercial discovery in the Gulf of Mexico and will be a highly important well in delivering the planned 5,000 bopd production target by the end of 2020. Combined with Otto’s existing production assets already on stream, the completion of the GC21 field in the first half of 2020 will see Otto deliver on this important milestone target.*

*With further development and exploration drilling activities still yet to be completed in the current program, Otto is extremely pleased with the progress that has been made in such a short period of time to build a successful independent oil and gas business partnering with some of the best operators in the Gulf of Mexico oil and gas region.*

*The GC 21 “Bulleit” has been a very challenging well to drill and has been capably managed by the Talos Energy operational and drilling team. Otto would like to congratulate the Talos team on the outcome of the GC 21 “Bulleit” well and Otto looks forward to building on this successful result. “*

**Video Conference and Call**

Otto will host a video conference and call for investors on 9 August 2019 at 10 am [AEDT] / 8 am [AWST] / [7 pm US CST Thursday 8 August] to discuss this announcement. Please refer to the following page for joining details.

<p>Contact:          Matthew Allen          Managing Director &amp; CEO          +61 8 6467 8800  <a href="mailto:info@ottoenergy.com">info@ottoenergy.com</a></p>	<p>Investor Relations:          Krista Walter          Mark Lindh (Adelaide Equity)          Investor-relations@ottoenergy.com          +61 2 4017 1257 / +61 414 551 361</p>
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www.ottoenergy.com

### **Video Conference and Call**

Otto will hold a video conference and call for investors on Friday 9th August 2019 at 10 am [AEDT] / 8 am [AWST] / [7 pm US CST Thursday 8 August] to discuss this announcement and the recently released Quarterly Report. Please refer below for the dial-in details. Please use the computer login if you wish to submit typed questions during the call via the “chat” functionality. Alternately, questions can be emailed in advance to [investor-relations@ottoenergy.com](mailto:investor-relations@ottoenergy.com) to be queued for the investor call.

#### **Details**

Time: 10am AEDT / 8am AWST  
 Date: Friday 9 August 2019

Computer login: <https://global.gotomeeting.com/join/923174181>

If dialing in by phone:

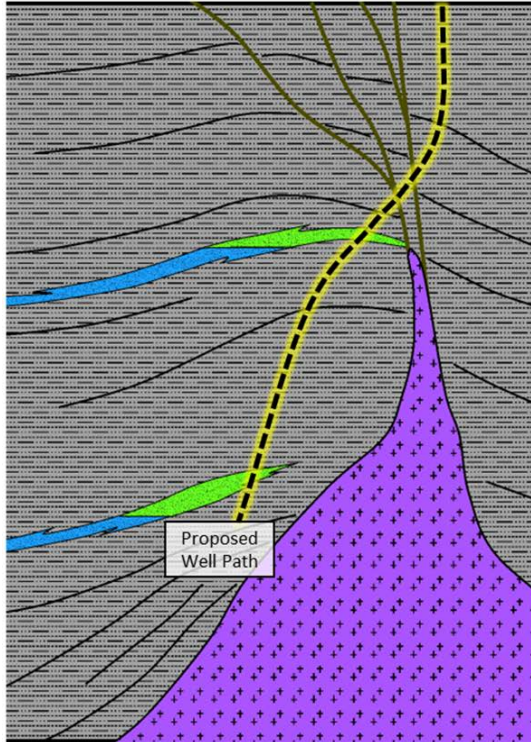
Australia: +61 2 8355 1038  
 United States: +1 (669) 224-3319  
 New Zealand: +64 9 913 2226  
 Switzerland: +41 225 4599 60  
 United Kingdom: +44 20 3713 5011

**Access Code: 923-174-181**

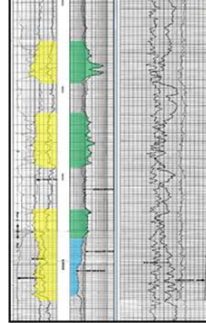
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<b>Bulleit, Green Canyon 21 Key Details</b>							
<b>JV Partners</b>	<table border="0"> <tr> <td>Talos Energy (operator)</td> <td>50.00%</td> </tr> <tr> <td>EnVen Energy Ventures, LLC</td> <td>33.33%</td> </tr> <tr> <td>Otto Energy</td> <td>16.67%</td> </tr> </table> <p>Otto Energy has earned a 16.67% working interest in the Green Canyon 21 (GC-21) lease in the Gulf Mexico through paying 22.22% of the cost of the drilling of the Bulleit appraisal well up to AFE plus 10% and then 16.67% of all remaining costs.</p>	Talos Energy (operator)	50.00%	EnVen Energy Ventures, LLC	33.33%	Otto Energy	16.67%
Talos Energy (operator)	50.00%						
EnVen Energy Ventures, LLC	33.33%						
Otto Energy	16.67%						
<b>Geological Setting</b>	Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous MP sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMboe to date.						
<b>Lease terms</b>	Royalty rate 18.75%. Otto NRI 13.34%.						
<b>Development Plan</b>	<p>Talos will complete the well as a subsea tieback; tying back to the Talos-operated GC 18A facility. Adequate capacity for a second well if warranted for acceleration.</p> <p>Development capex will be updated once all final data collected in the exploration phase is received and evaluated.</p>						

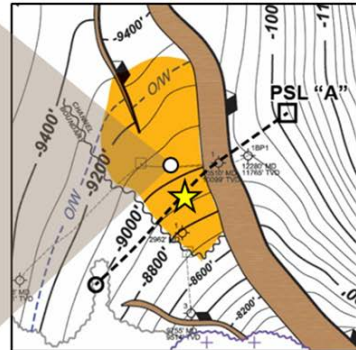
Illustrative Drill Line for DW Tie-Back Prospect (A - A')



Shallow Development Target

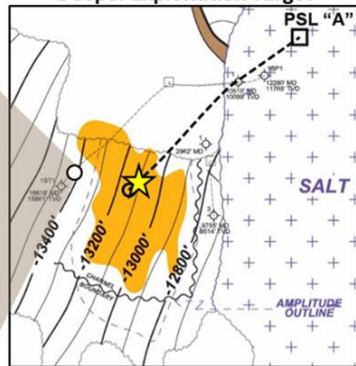
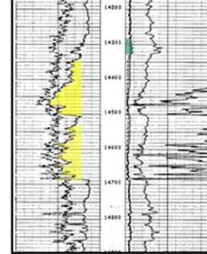


Shallow Development Target

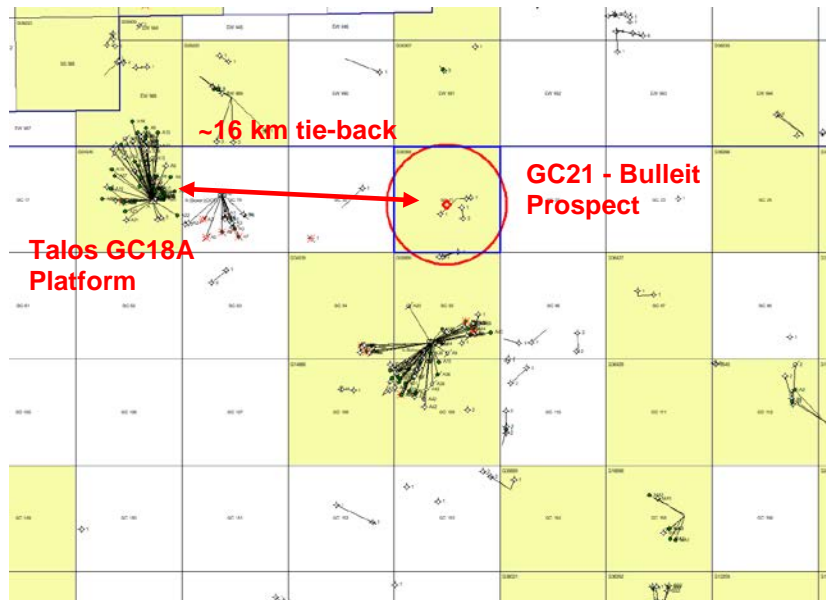


Deeper Exploitation Target

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GC 21 pre-drill mapping and offset logs



GC21 Development scenario map