

ASX ANNOUNCEMENT

10 December 2019

GREEN #2 DEVELOPMENT WELL UPDATE

- **The Green #2 well reached total depth (TD) of 15,244 Feet MD (measured depth)**
- **Mudlog shows and LWD Gamma Ray log relays indicated this well may have encountered more feet of hydrocarbons than logged in the Green #1 discovery well**
- **Challenging downhole conditions in the open-hole portion of the well have resulted in the commencement of a sidetrack out of casing to the same planned bottom hole location and total depth as the original Green #2 well**
- **Hilcorp Energy has estimated an additional ~30 days will be required to finish the well**

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") is pleased to provide an update on the Green #2 development well, currently drilling at the Lightning field onshore Matagorda County, TX. The Operator, Hilcorp Energy ("Hilcorp"), has reach TD and obtained encouraging mud log shows and LWD (Logging while drilling) Gamma Ray over the target interval which are similar in character and potentially greater in thickness than the initial responses in the Green #1 producing well, which further logging and analysis will evaluate in a planned sidetrack.

The Operator has encountered difficulties while obtaining wireline logs, which resulted in a stuck wireline tool and subsequent successful recovery, and difficulties in the hole clean out operations following recovery which has resulted in the commencement of a sidetrack.

The Operator estimates approximately 30 days to complete the sidetrack, logging and casing operations at an incremental cost of US\$1.5M (Gross – after insurance recoveries) or US\$0.6M to Otto.

The Green #1 well production was shut in during Green #2 open hole drilling operations from the final casing point at 11,870 ft to TD as per standard operating procedure and remains shut-in while continuing operations are in progress. The Green #1 well is expected over the course of the Green #2 operations to be shut in for approximately a total of 70 days.

The Green #2 well will further evaluate the Tex Miss 1 and Tex Miss 2/3 reservoir units that are currently producing from the Green #1 well at the Lightning field. The Lightning Field was discovered in February 2019 and commenced production in May 2019. The Lightning field achieved steady state production in June 2019 and producing 11.9 MMscf/d and 360 bbl/d condensate as at 30 September 2019.

Subject to a successful outcome of the reservoir evaluation planned for the Green #2 well, the joint venture would consider the potential for additional wells in the field to further develop the extensive area of the Lightning discovery. There is the potential for up to five wells being required to ultimately develop the entire Lightning accumulation.

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About Otto Energy:

Otto is an ASX-listed oil and gas exploration and production company with a regional focus on North America, focused on the Gulf of Mexico region near-term. Otto currently has oil production from its SM 71 oil field in the Gulf of Mexico and gas/condensate production from its Lightning discovery onshore Matagorda County, Texas. Development is underway at the Green Canon 21 oil discovery in the Gulf of Mexico. Cashflow from its producing assets underpins its growth strategy including an active exploration and appraisal program underway in the Gulf of Mexico region.

Lightning Key Details

JV Partners	Hilcorp (operator) 62.5% Otto Energy 37.5%
Lease terms	The well is located on private land in Matagorda County, Texas, USA. Royalty rate 24% Otto net revenue interest is 28.5%.

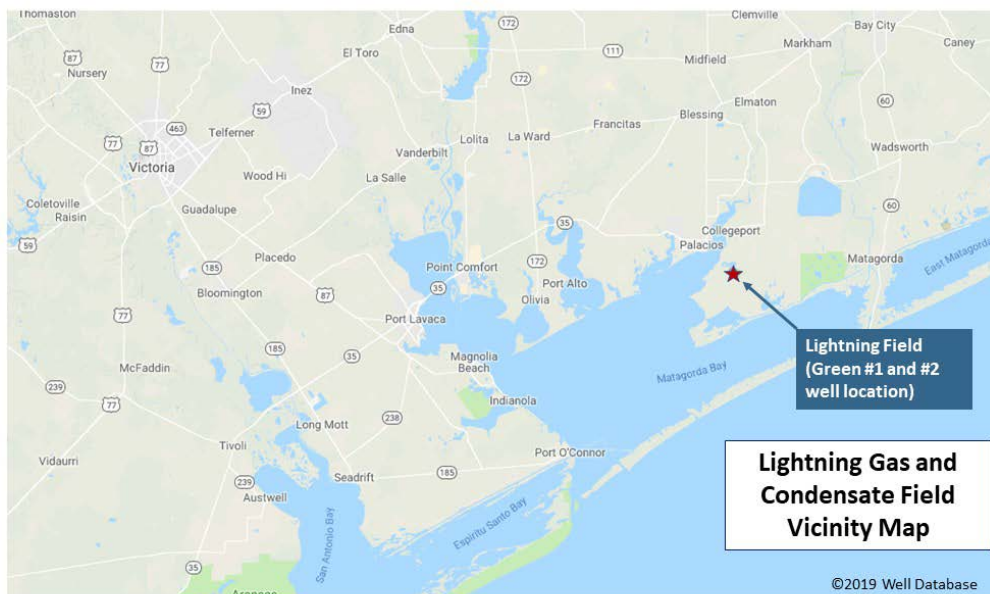


Figure 1: Lightning Vicinity Map