

20 April 2015

Manager of Company Announcements  
ASX Limited  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

**By E-Lodgement**

**ASX ANNOUNCEMENT – INVESTOR PRESENTATION**

Please find attached a presentation to be provided to investors on Monday 20<sup>th</sup> April 2015.

Yours faithfully

**Matthew Allen**  
Chief Executive Officer

**OTTO AT A GLANCE**

- ASX-listed oil and gas company with a strategy to grow an integrated petroleum business through high impact exploration
- Focused on South East Asia and East Africa
- Formerly Operator of the producing Galoc oil field in the Philippines

**COMPANY OFFICERS**

Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CEO
Craig Hasson	CFO
Neil Hackett	Company Secretary

www.ottoenergy.com

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# 2015 High Impact Exploration Drilling

INVESTOR PRESENTATION

April 2015

ASX: OEL

**OTTO**  
ENERGY

# Disclaimer

This presentation does not constitute an offer to sell securities and is not a solicitation of an offer to buy securities. It is not to be distributed to third parties without the consent of Otto Energy Limited (the “Company”).

This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market

conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

The Company, its directors, officers and employees make no representation, warranty (express or implied), or assurance as to the completeness or accuracy of forward looking statements.

The reserve and contingent resource information in this report is based on information compiled by Mr Paul Senyica BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Senyica is a full time employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE).

## Prospective Resource Cautionary Statement

The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

## Prospective Resources

Prospective resource estimates in this presentation are prepared as at 28 November 2013 (reference: ASX announcement 28 November 2013), (11 December 2013) (reference: ASX announcement 11 December 2013). The resource estimates have been prepared using the internationally recognised Petroleum Resources

Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at [www.spe.org](http://www.spe.org). The estimates are unrisked and have not been adjusted for both an associated chance of discovery and a chance of development.

Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

# Otto value proposition

100% cash backed with fully carried exploration well in Q3 2015

## Strong Financial Position

### > US\$102M IN CASH AND DEBT FREE

>US\$102 million in cash available following the sale of Galoc

.....  
\$0.064/share to be returned to shareholders

.....  
Full funded for exploration program for two years

.....  
Company is debt free

## Philippines Exploration

### FREE CARRIED, HIGH IMPACT EXPLORATION WELL DRILLING IN Q3 2015

78.18% working interest with US\$24.5 million in committed funding (following BHP Billiton withdrawal)

.....  
Successful farm-out campaign introduces two farm-in candidates

.....  
Success at Hawkeye unlocks significant follow-up potential at Cinco and associated prospects

## Tanzania Exploration

### NEW, HIGHLY PROSPECTIVE FRONTIER REGION

Exploration program, including 2 wells, fully funded

.....  
2D seismic program completed in 2014 - intention to add value to current prospect inventory

.....  
Kito prospect already mapped in Kilombero Basin - Net prospective resource 60.4 MMbbl to Otto

.....  
Farm-outs and further acquisitions will be considered, particularly East Africa Rift System opportunities



# Capital Return to Shareholders

- ◆ Otto proposes to pay a capital return to shareholders of A\$0.064 per share in cash
- ◆ Capital return allows Otto shareholders to participate in substantial upside delivered from the divestment transaction completed in February 2015
- ◆ Capital return is subject to approval by shareholders
- ◆ Otto has sought a Class Ruling from the Australian Tax Office to confirm tax implications for shareholders
- ◆ Assuming all approvals are successfully obtained, Otto anticipates payment of the proposed capital return in Q2 2015.



# Focused Strategy

Otto's strategy to be an integrated petroleum company remains unchanged.

We will continue to build shareholder value through successful exploration, which we aim to convert into production.

## CREDIBLE STRATEGY

Conventional petroleum exploration

.....

Clear geographical focus  
- SE Asia and East Africa Rift System ("EARS")

.....

Material interests in all permits

## PHILIPPINES

High impact exploration in SC55 with Hawkeye-1 exploration well to be drilled in Q3 2015

.....

US\$24.5 million funding from BHP Billiton (BHPB) for Otto is a key enabler for the first well

.....

Hawkeye best estimate of 112 MMbbls gross (74 MMbbls net to Otto)<sup>1</sup>

.....

Significant multi Tcf follow-up potential in success case

## EAST AFRICA RIFT SYSTEM

Established position represents material exposure to highly prospective region

.....

Existing acreage (Kilosa-Kilombero and Pangani) in Tanzania - 2D seismic identified clear structures

.....

High equity to enable farm-down prior to drilling

.....

Drilling program to occur in 2016

## STRONG CAPITAL STRUCTURE

Substantial cash position of US\$43-45m post capital return - fully funded for all activities for two years

.....

Self funded exploration mitigates capital market risk

## EXPERIENCED MANAGEMENT TEAM

Experienced management team with proven exploration and operational expertise

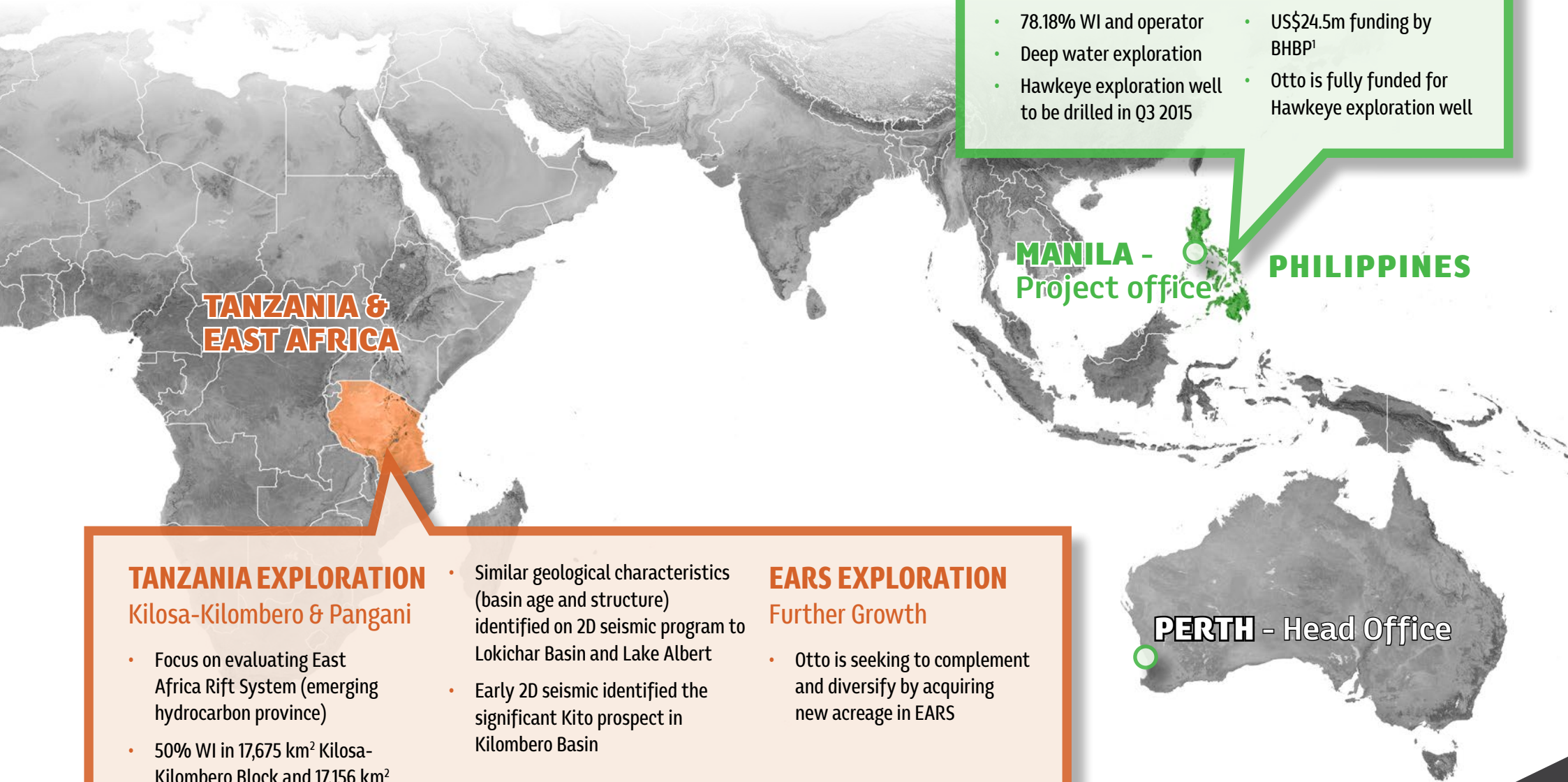
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Track record of disciplined financial management and value creation for shareholders

.....

Cohesive team, which is aligned on strategy

# Clear Regional Focus



## PHILIPPINES EXPLORATION SC55 (Hawkeye/Cinco)

- 78.18% WI and operator
- Deep water exploration
- Hawkeye exploration well to be drilled in Q3 2015
- US\$24.5m funding by BHBP<sup>1</sup>
- Otto is fully funded for Hawkeye exploration well

**MANILA -**  
Project office

**PHILIPPINES**

## TANZANIA EXPLORATION Kilosa-Kilombero & Pangani

- Focus on evaluating East Africa Rift System (emerging hydrocarbon province)
- 50% WI in 17,675 km<sup>2</sup> Kilosa-Kilombero Block and 17,156 km<sup>2</sup> Pangani Blocks
- Similar geological characteristics (basin age and structure) identified on 2D seismic program to Lokichar Basin and Lake Albert
- Early 2D seismic identified the significant Kito prospect in Kilombero Basin

## EARS EXPLORATION Further Growth

- Otto is seeking to complement and diversify by acquiring new acreage in EARS

**PERTH -** Head Office

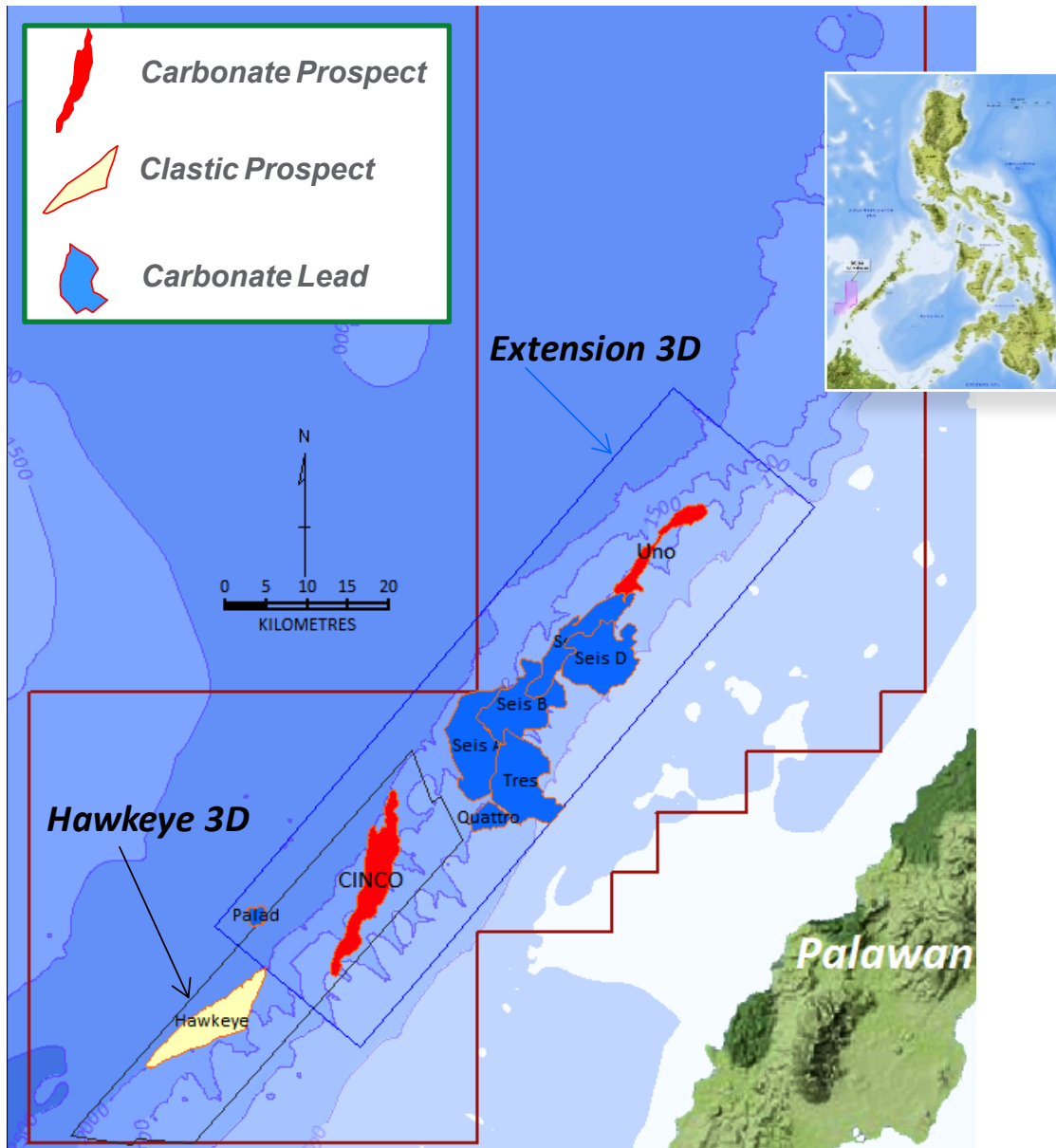


# Philippines

SC55 (OTTO 78.18% OPERATOR)



# Free carried on high impact exploration



## SC55 Permit Status

Otto is operator with 78.18% interest

Sub-Phase 4 contains a commitment to drill exploration well by 23 December 2015

## Exploration and Drill Targets

SC55 is on trend with Sabah production and recent discoveries, although no wells have yet been drilled in SC55

Drill ready, high impact prospects have been defined by 3D seismic. Net prospective resources are:

- Hawkeye (12 - 266 mmboe oil target)<sup>1</sup>
- Cinco (0.4 - 2.9 TCF gas target)<sup>1</sup>

## Funding of Exploration Drilling

Well cost estimate US\$30-35m

US\$24.5m secured from BHPB for exploration drilling

Farming down 30% equity for free-carry on Hawkeye well

## Next Steps

Execute drilling program in Q3 2015

Note:

<sup>1</sup> Represent Otto 78.18% net working interest in prospective resources (see additional information)

# Free carried on high impact exploration



## Joint Venture Structure

Otto Philippines Inc (a subsidiary of Otto):	45.00%
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Otto Energy Investments Ltd (a subsidiary of Otto):	33.18%
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Red Emperor Resources NL (ASX:RMP):	15.00%
-------------------------------------	--------

Palawan 55 Exploration and Production Company: (a subsidiary of Trans-Asia Petroleum Corporation)	6.82%
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<b>Total:</b>	<b>100%</b>
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PNOC-EC has expressed an interest to farm-in for a 15% working interest in SC55. The farm-in is subject to approval by the Office of the President of the Philippines, which is currently being sought.

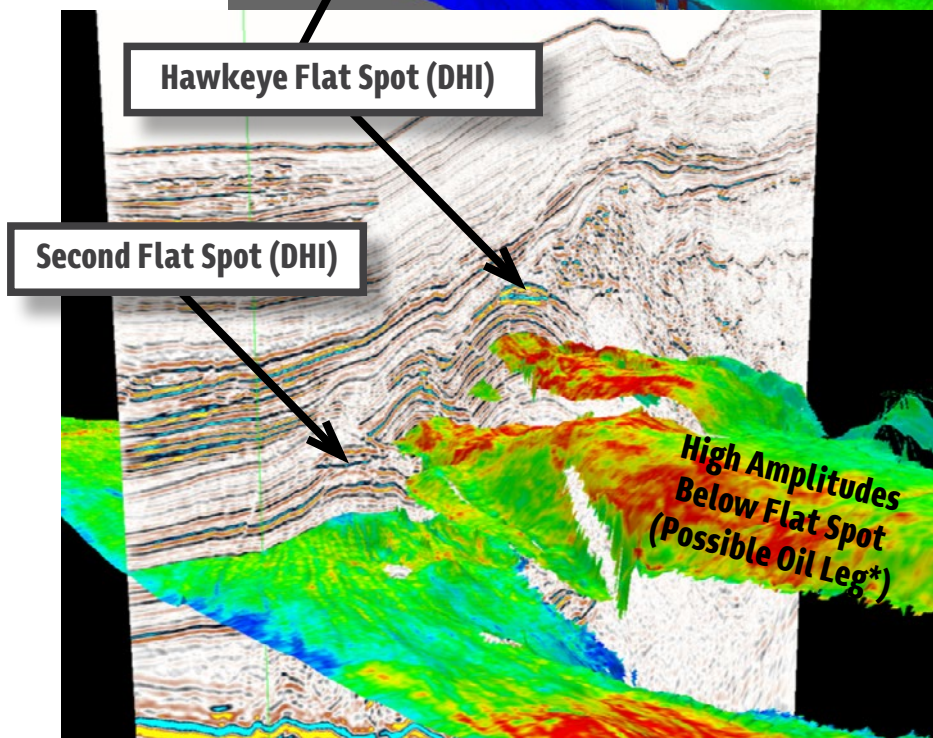
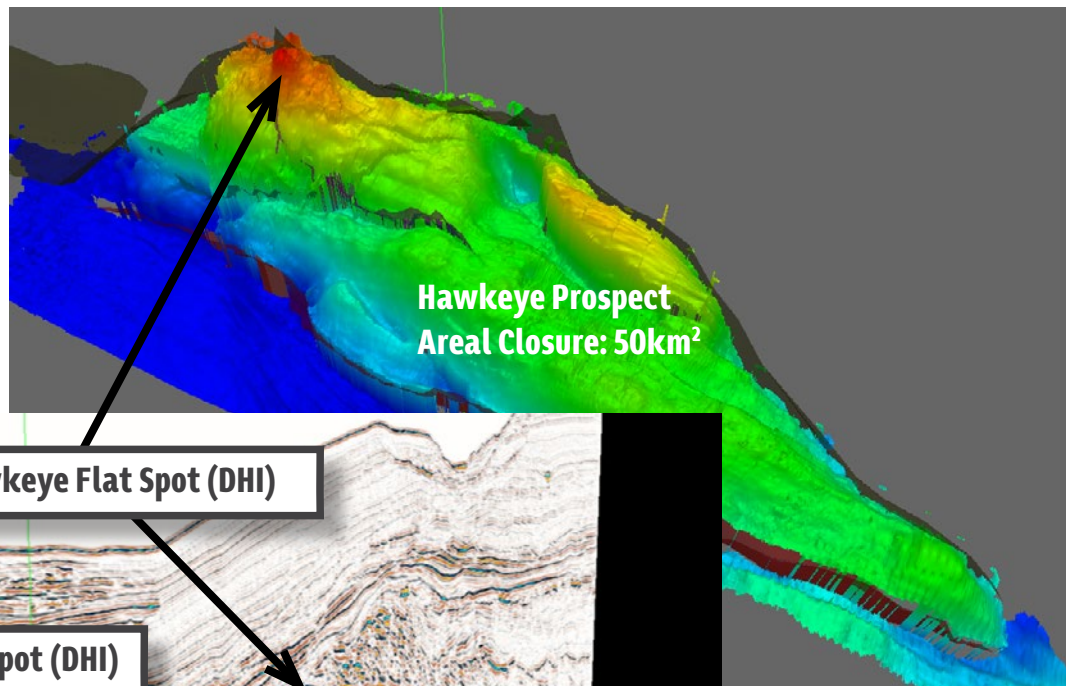
## Next Steps

LOI with Maersk Drilling executed in March 2015 to secure the Maersk Venturer

Long lead items purchased and stored in Labuan

Execute drilling program in Q3 2015

# Philippines Exploration: SC55 – Hawkeye Prospect



## Hawkeye Prospect

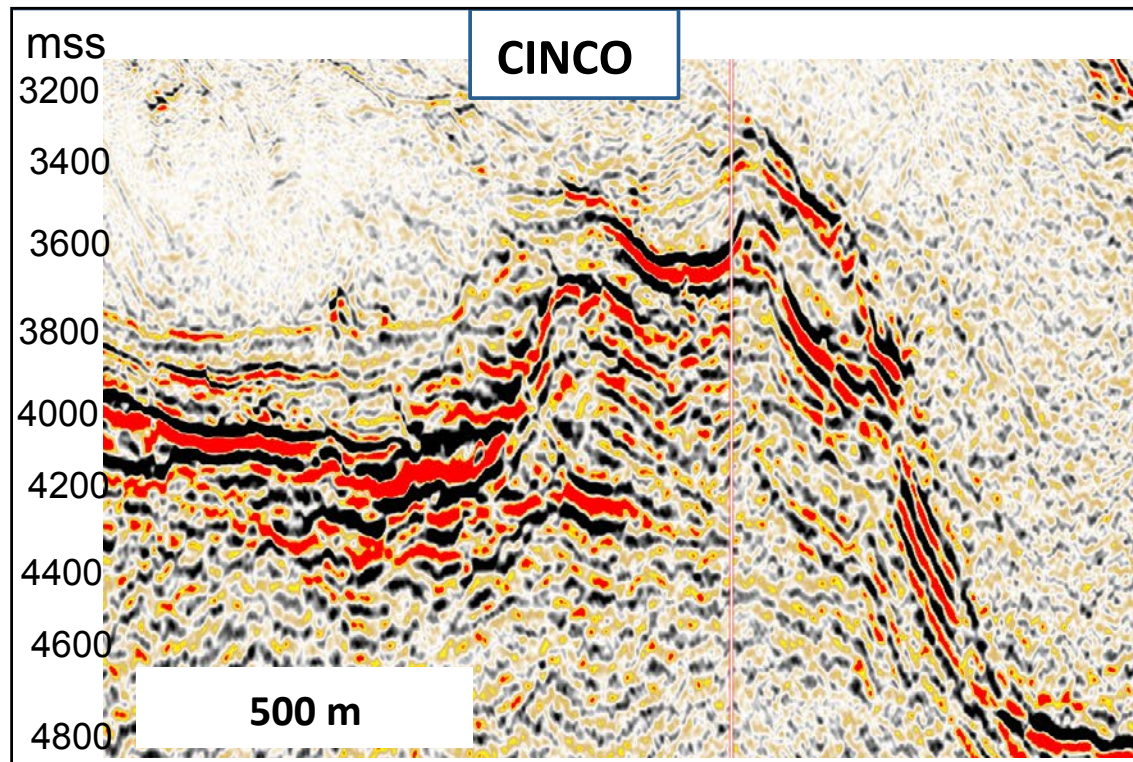
<b>Location</b>	Offshore, SW Palawan
<b>Area of Closure</b>	50 km <sup>2</sup> Up to 500m column height
<b>Water Depth</b>	1,788 metres
<b>Objective Depth</b>	2,887 metres
<b>STOIIP, mmstb</b>	87 - 484 - 1,539 (Low - Best- High)
<b>Net Prospective Resource (*), MMbbl</b>	12 - 74 - 266 (Low - Best- High) *Represent Otto 78.18% WI
<b>Geological Probability of Success</b>	27% (GPOS is for oil scenario which is the primary target)
<b>Development</b>	FPSO & Tanker Offtake. "Probable" Chance of development given Mid Case Discovery

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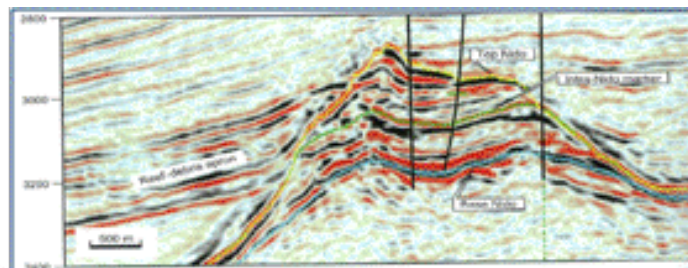
# Philippines Exploration:

## SC55 – Cinco Prospect



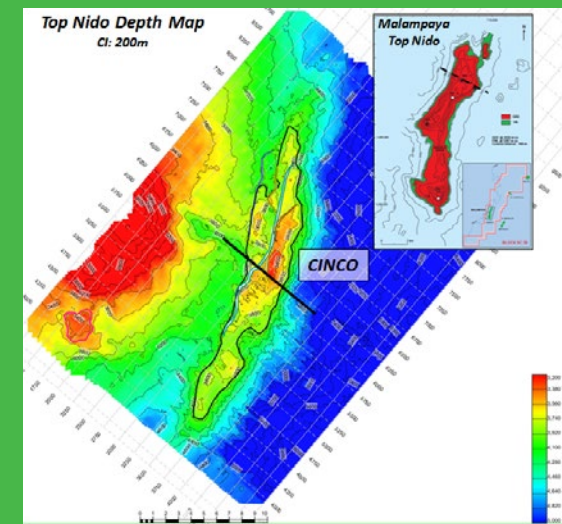
**MALAMPAYA**

Same scale



## Cinco Prospect

<b>Area of Closure</b>	53 km <sup>2</sup>
<b>Water Depth</b>	1,430 metres Up to 500m column height
<b>Objective Depth</b>	3,120 - 4,500 metres
<b>GIIP</b>	0.9 - 2.4 - 6.3 Tscf (Low - Best - High)
<b>Net Prospective Resource (*)</b>	0.4 - 1.1 - 2.9 Tscf gas, plus (Low - Best- High) 14 - 38 - 100 MMbbls condensate (Low - Best- High) *Represent OTTO 78.18% WI

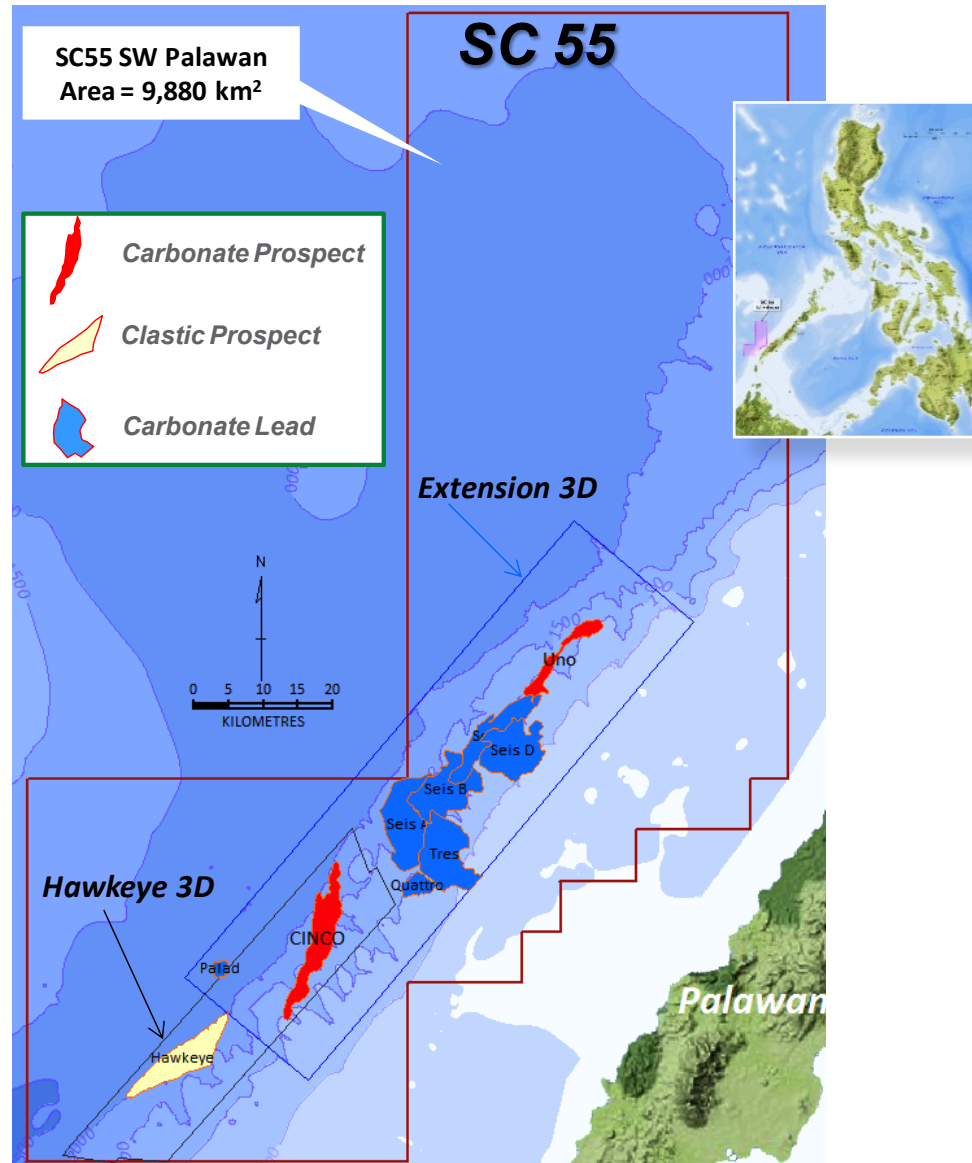


The estimated quantities of petroleum that may potentially be recoverable by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.



# Philippines Exploration:

## SC55 – Additional Leads Post Hawkeye/Cinco



An **impressive gas and condensate portfolio**, developed on an emerging major regional trend, parallel to the island of Palawan

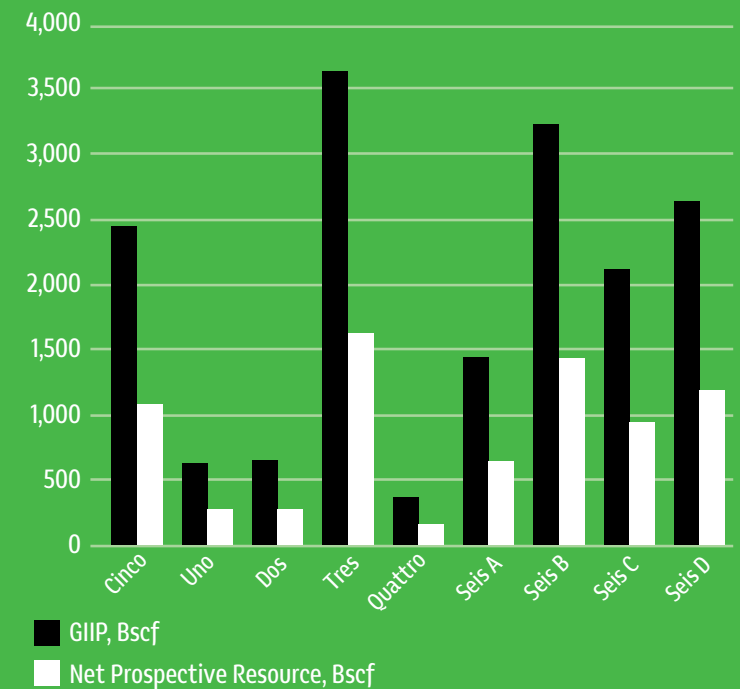
Arithmetically Aggregated **‘Best Estimate’**

GIIP 17 Tscf

Net Prospective Resource Gas 8 Tscf

Net Prospective Resources Condensate 266 MMbbls

### SC 55 Prospect & Lead Portfolio



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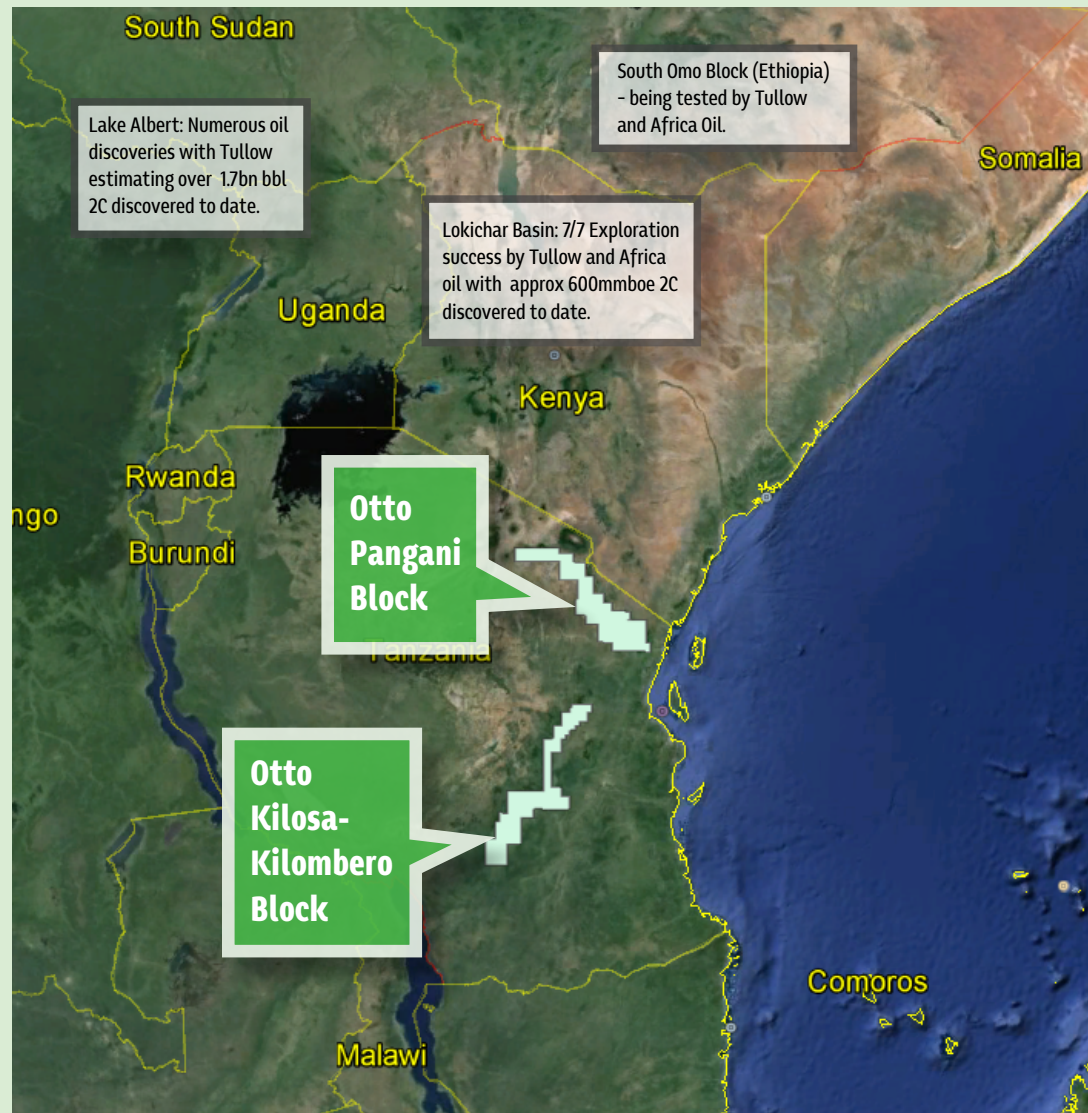


# Tanzania

(OTTO 50% WI)

# Otto's Tanzania Position is a Material First Step

## EXPLORATION SUCCESS AND OTTO ACREAGE



## HISTORY

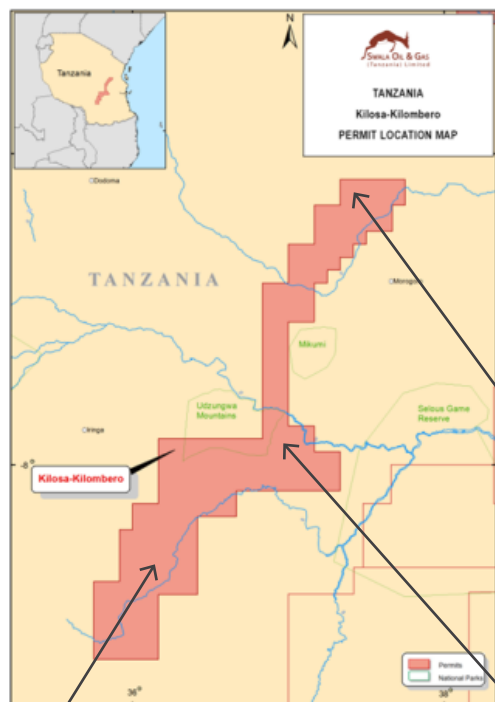
- Pre 2006** No material exploration success
- 2006** First discovery in Uganda
- 2008-09** Further discoveries result in >1.5 Bn boe prospective resources in Uganda
- 2012** First two modern wells in Kenya successful
- 2013** Three further discoveries in Kenya. Exploration expands into Ethiopia
- 2014** 2 further discoveries in Kenya

## RESULTS TO DATE

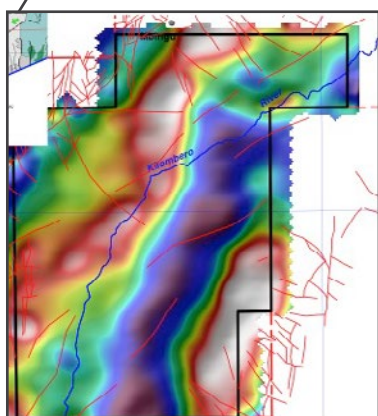
- Uganda**
  - 66/79 successful wells
  - 11 Fields
  - > 1.5 Bn boe discovered by Tullow and other participants
- Kenya**
  - 7/8 successful wells by Africa Oil and Tullow Joint Venture
  - Approx 600mmboe 2C discovered



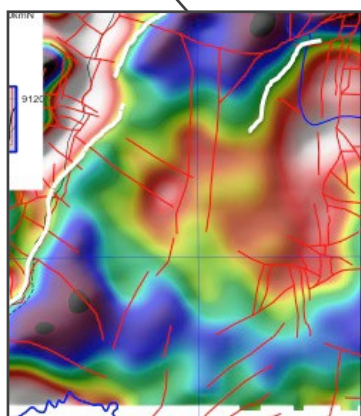
# High WI in permits covering prospective basins



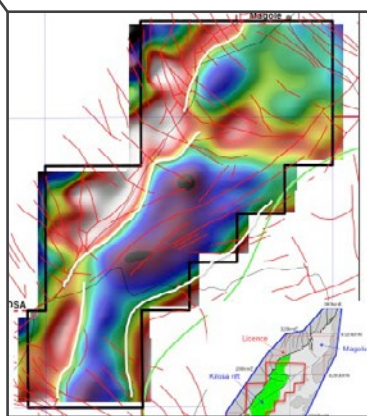
Areas of interest: 3 basins of 3 - 6km depth



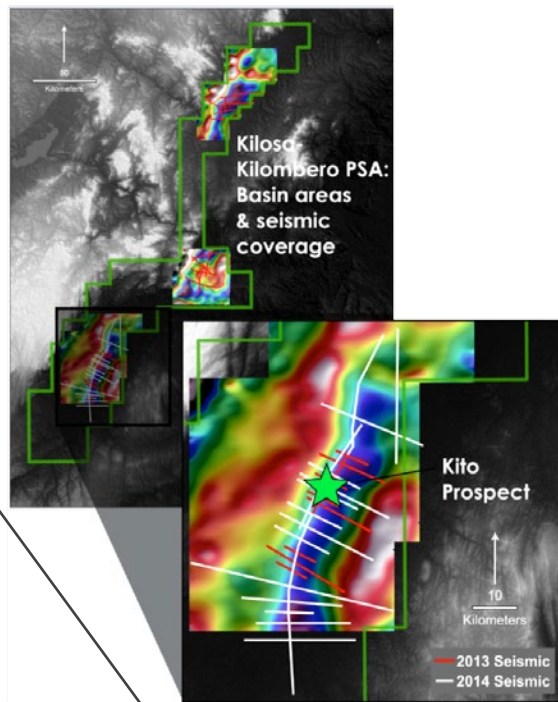
Kilombero



Kidatu



Kilosa



## Work completed to date has provided encouraging results

**2012:** Completed airborne gravity, magnetic surveying and sampling over Kilosa-Kilombero and Pangani – **five potential basin areas identified**

**2013:** Completed 570km 2D seismic over the three Kilosa-Kilombero basins and two Pangani basins

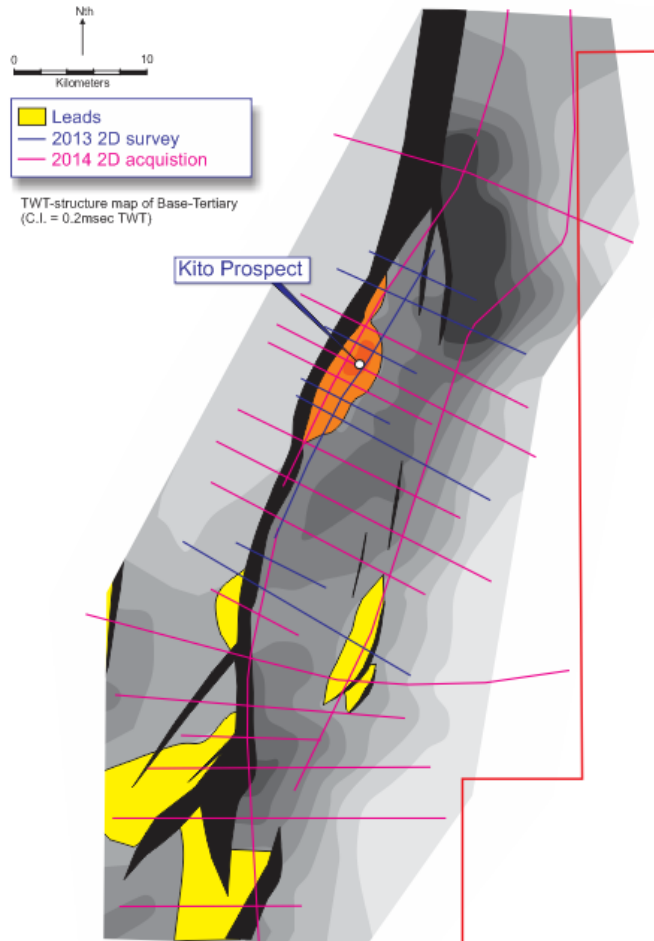
- **Kilosa-Kilombero:** Neogene basin defined, Kito prospect identified, potential for further targets indicated.
- **Pangani:** Moshi area has been identified as being location of significant Neogene-aged basin.

**2014:** Completed 630km 2D seismic over Kilombero and Moshi basins

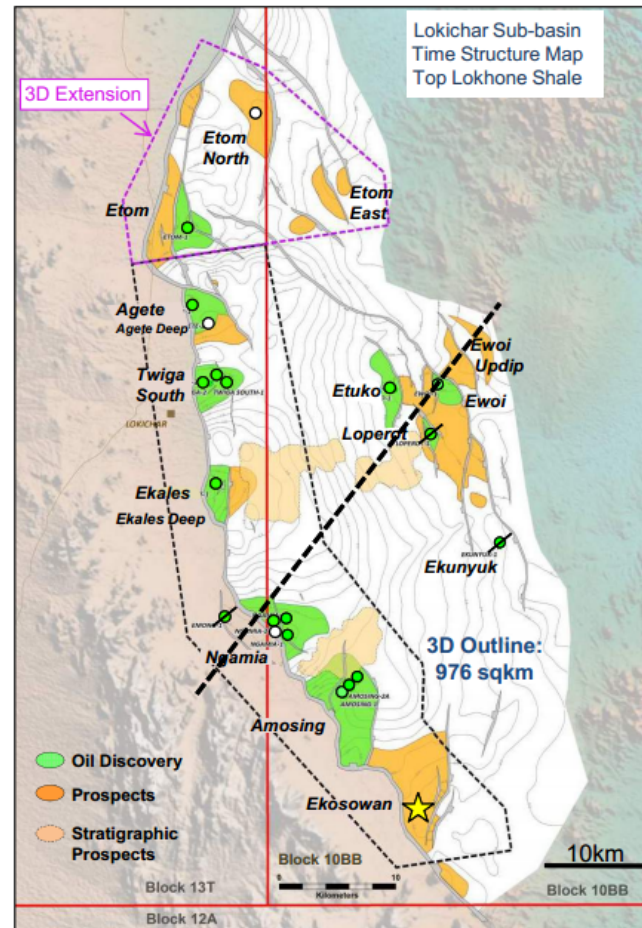
Block	Otto (WI %)	JVP	Size (km <sup>2</sup> )
Kilosa-Kilombero	50%	Swala Oil and Gas (Tanzania) Limited: (operator) 50%	17,675
Pangani	50%		17,156



# Kilombero Basin analogous to Lokichar Basin



**Tanzania:** Kilosa-Kilombero Leads & Prospects



**Kenya:** Lokichar Basin Discoveries

## Kilombero Basin appears analogous to the Lokichar Basin in Kenya

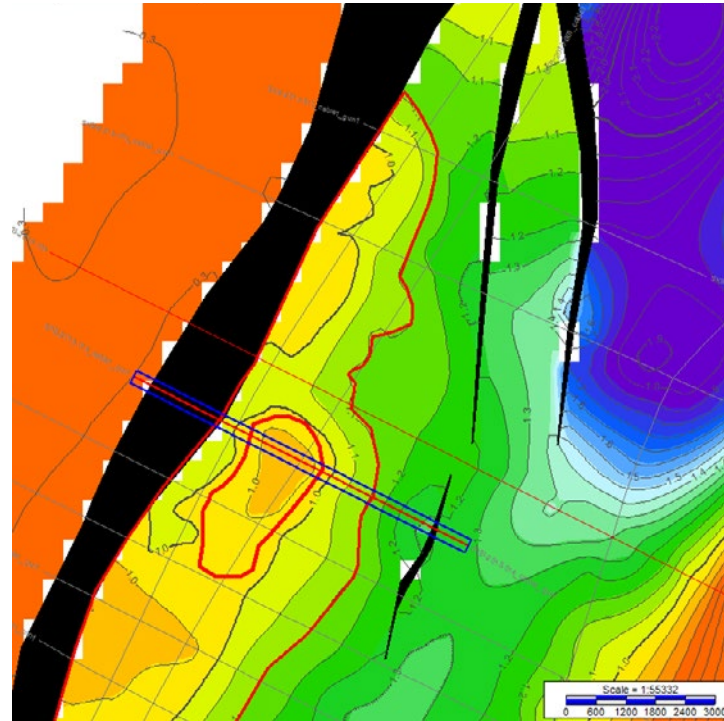
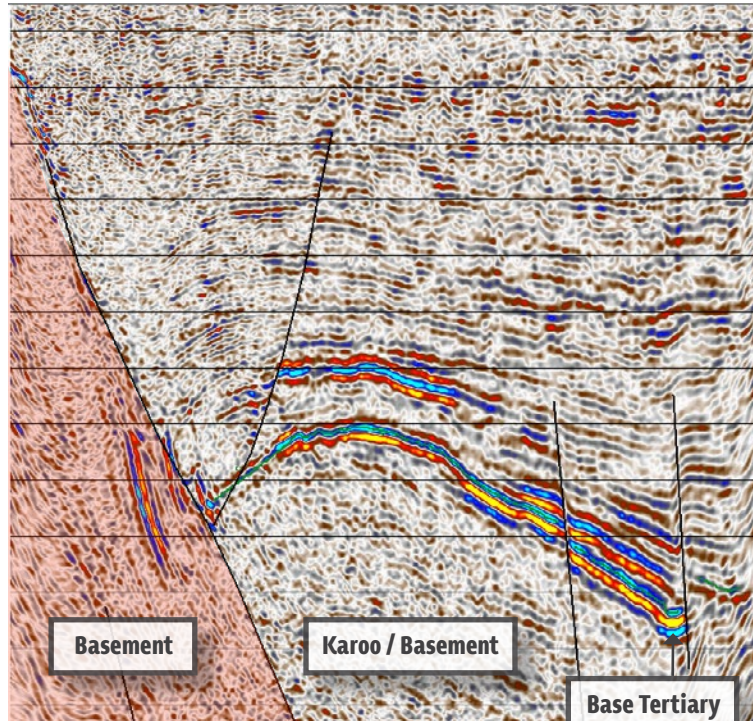
Kilombero interpreted as Neogene-age basin with a depth to basement in excess of 3,000m

Comparison with Lokichar Basin identifies similar:

1. Depositional geometries within the basins
2. Potential trapping geometries, basin size and depth
3. Interpreted sediment age

**COMPARABLE SIZED STRUCTURES TO LOKICHAR RIFT**

# Kito prospect “best estimate” 60.4 MMbbl Net Prospective Resource



- Robust rollover structure into basement footwall
- No evidence of crestal faulting / trap breach
- Possible brightening over crest

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	Low Estimate (P90) (MMbbl)	Best Estimate (P50) (MMbbl)	High Estimate (P10) (MMbbl)
Gross undiscovered unrisks oil in place	193	596	1,602
Gross prospective unrisks oil resources	48	151	424
Net of Government back-in rights	38.5	120.8	339.2
OEL	19.2	60.4	169.6

# Additional Information





# Strong Capital Structure:

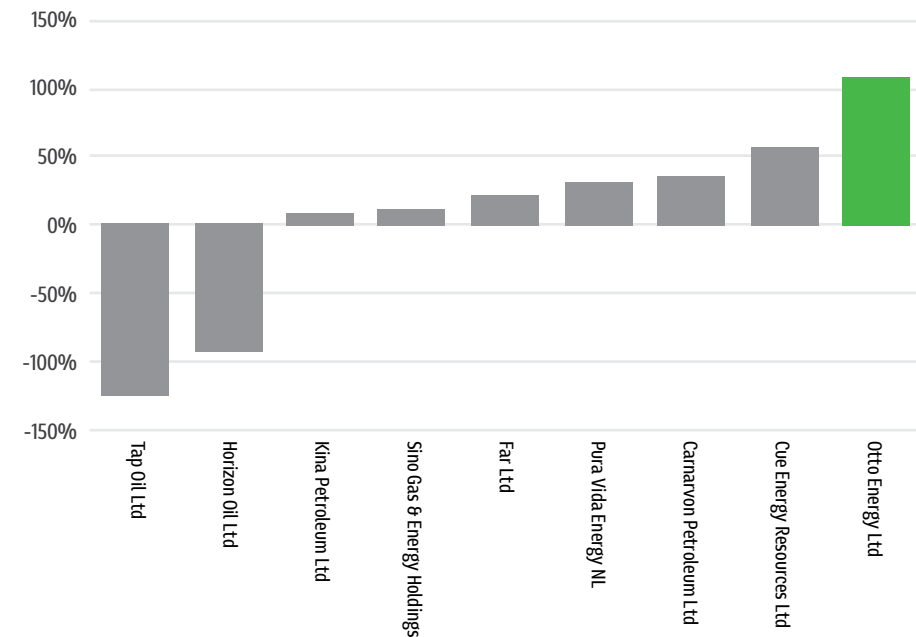
## 100% Cash backed with Free-Carried Exploration

Otto is fully cash backed with a free-carried, high impact exploration well to be drilled in Q3 2015



12 Month Turnover = 36.34% of issued capital  
Average daily volume last 12 months = 1.664 million shares/day

% Market Capitalisation in Cash



## Capital Structure

Fully paid ordinary shares	1.16b
Unlisted options <sup>1</sup>	8.0m
Performance Rights	7.3m
Market capitalisation <sup>2</sup>	A\$122m
Cash (Mar 2015)	US\$102m (A\$134m)
Debt (Mar 2015)	US\$0m

## Shareholders

Molton Holdings	20.8%
Santo Holdings	20.8%
Acorn Capital	7.9%
Directors & Management	4.3%
Shareholders	3,769

Note: <sup>1</sup> Exercisable at 11.1 cents per share.

<sup>2</sup> Undiluted at 10.5 cents per share as at 9 April 2015



# Experienced Board & Management Team



**Rick Crabb** – Chairman.

**BJuris (Hons), LLB, MBA**

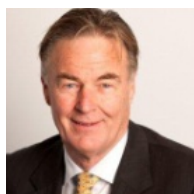
Former energy, resources and corporate lawyer with over 25 years Australian and international experience. Chairman of Paladin Energy.



**John Jetter** – Non-Executive Director.

**LLB, BEc INSEAD**

Former MD/CEO J.P. Morgan Germany. Non-Executive Director of Venture Minerals and Peak Resources Ltd.



**Ian Boserio** – Non-Executive Director.

**BSc (Hons)**

Former executive positions with Shell & Woodside in exploration roles.



**Ian MacIver** – Non-Executive Director.

**BComm, CA, FFin, MAICD**

Managing Director Grange Consulting. Chairman of Western Areas and Non-Executive Director of Select Exploration.



**Rufino Bomasang** – Non-Executive Director

**BSc, MBE**

Former President/CEO and current Non-Executive Director of PNOC-EC. Former Undersecretary of Energy for Philippines DOE.



**Matthew Allen** – Chief Executive Officer.

**BBus, FCA, FFin, GAICD**

Global exposure to the upstream oil and gas industry with 14 years experience in Asia, Africa, Australia and Middle East. Previous senior roles with Woodside over 9 year period. Previously held the role of CFO of Otto Energy.



**Paul Senycia** – Vice President, Exploration and New Ventures.

**BSc (Hons), MAppSc**

International oil & gas experience gained over 30 years. Specific focus on Australia, South East Asia & Africa. Previous roles at Oilex (Exploration Manager), Woodside Energy (Head of Evaluation) and Shell International.



**Craig Hasson** – Chief Financial Officer.

**BCom, CA, AGIA**

Chartered Accountant with over 12 years experience in resources in Australia, Europe and Africa. Previous roles at Cairn Energy, Dragon Mining, Resolute Mining and Ernst & Young.



**Matthew Worner** – Commercial Manager

**BBus, LLB**

Commercial lawyer with experience in international oil and gas venture acquisitions, government and JV liaison and commercial transactions across Africa, Australia and Asia. Previous roles at Pura Vida, Rialto and Tap Oil, Steinepreis Paganin and Phillips Fox.

# Further Information

[www.ottoenergy.com.au](http://www.ottoenergy.com.au)

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