

3 August 2015

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

By E-Lodgement

HIGHLIGHTS:

- **HAWKEYE-1 EXPLORATION WELL UPDATE**

Otto Energy Ltd (ASX: OEL) (“Otto”) provides the following update on the drilling of the Hawkeye-1 exploration well, offshore Palawan Basin in the Philippines as at 0600 hours (AWST) on 3 August 2015.

Progress

The Hawkeye-1 exploration well was spud at 1610 hours (AWST) on 31 July 2015. The 36” conductor was run to 1,906 metres and the 26” hole subsequently drilled to 2,449 metres. Current operations are to cement the 20” casing string.

Forward Plan

The forward plan is to connect the blow-out preventer to the wellhead and pressure test before commencing to drill the 17 ½” hole to just above the primary target reservoir.

The next update will be provided once the 12 ½” section is drilled into the primary target reservoir, anticipated to occur about two weeks from now.

The Hawkeye-1 exploration well will be plugged and abandoned upon completion of drilling and logging. All measurements are from the rig rotary table.

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 conventional oil plays in proven petroleum provinces
- Formerly Operator of the producing Galoc oil field in the Philippines

COMPANY OFFICERS

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

www.ottoenergy.com

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Appendix 1: Hawkeye Prospect

Service Contract 55 (SC55), offshore Palawan Basin in the Philippines, contains a number of distinct exploration play types that provide material opportunities, including: the carbonate gas/condensate trend that has the potential for an oil charge; and turbidite clastic prospects.

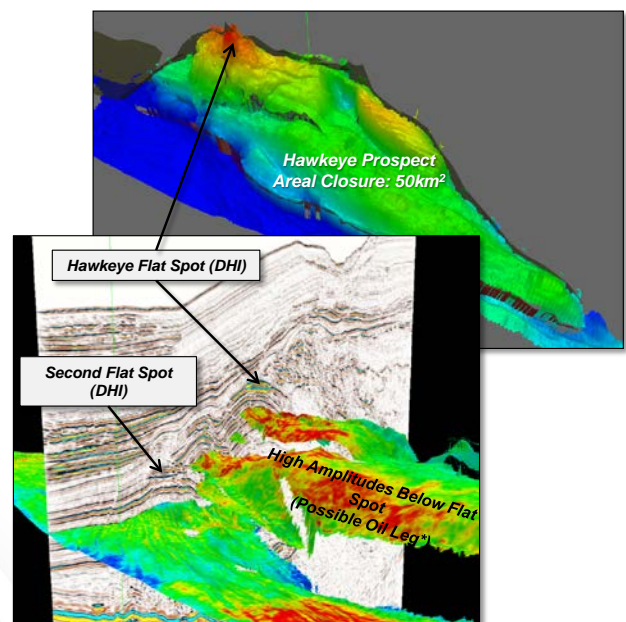
The Hawkeye prospect was identified on 2D seismic originally acquired by Otto in 2007 and further defined with the 600 km² 3D seismic acquisition in late 2009. Hawkeye contains:

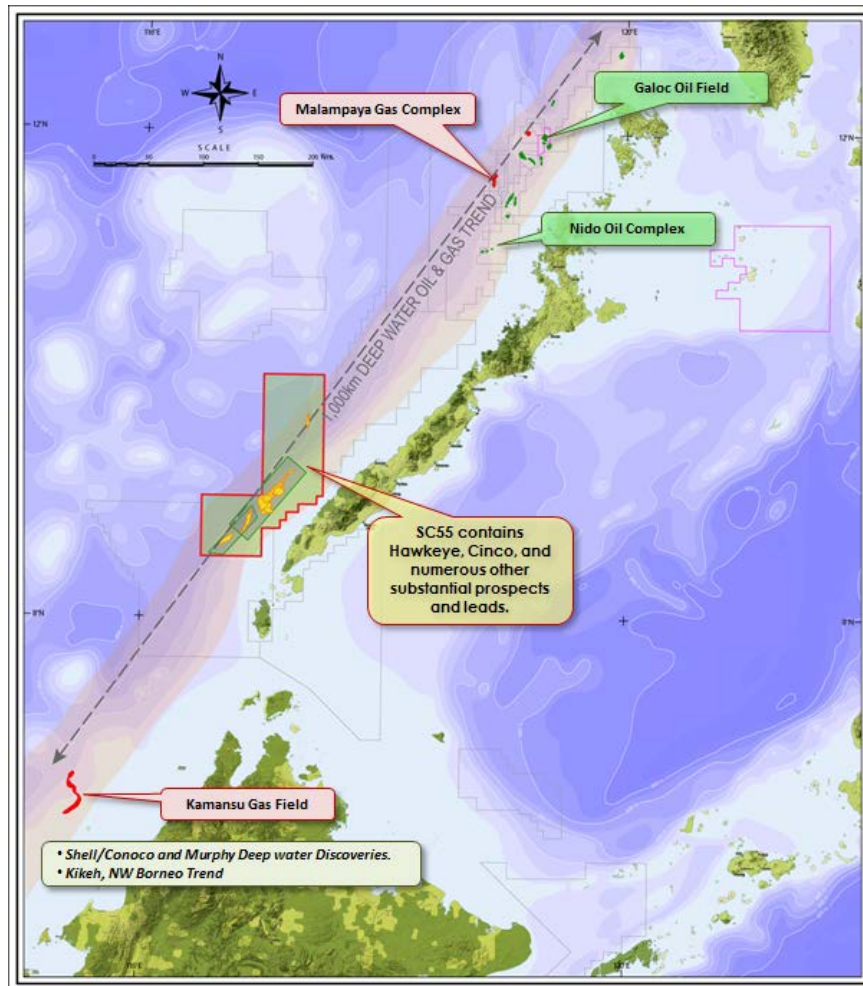
- 'Best Estimate' STOIP of ~ 480 MMbbl of oil; and
- 'Best Estimate' Net Prospective Resource of 65 MMbbl of oil.

Hawkeye is planned as a vertical exploration well to test the clastic late Miocene Pagasa formation. Hawkeye is a thrust, four way closure with direct amplitude support evidenced on high quality 3D seismic acquired in 2010. Otto plans an exploration well to target the crest of the Hawkeye structure and evaluate results. The well will be plugged and abandoned upon completion of drilling.

Otto has operated upstream oil and gas exploration and production assets in the Philippines for over 10 years and regards the fiscal terms as amongst the best in Asia, offering protection from low oil price outcomes.

| Hawkeye Prospect | |
|-------------------------------------|--|
| Location | Offshore, SW Palawan |
| Area of Closure | 50 km ² Up to 500m column height |
| Water Depth | 1,788 metres |
| Objective Depth | 2,887 metres |
| STOIP, mmstb | 87 - 484 - 1,539 (Low – Best- High) |
| Net Prospective Resource (*), MMbbl | 11 - 65 – 232 (Low – Best- High) *Represent Otto 78.18% WI post farm-down to Red Emperor |
| Geological Probability of Success | 27% (GPOS is for oil scenario which is the focus for exploration) |
| Development | FPSO & Tanker Offtake. "Probable" Chance of development given Mid Case Discovery |





Joint Venture Partners:

| <u>Participant</u> | <u>Participating Interest %</u> |
|---|---------------------------------|
| Otto Energy Investments Ltd (Operator) (Wholly owned subsidiary of Otto Energy Ltd) | 33.18% |
| Otto Energy Philippines Inc. (Wholly owned subsidiary of Otto Energy Ltd) | 35.00% |
| Century Red Pte Ltd (Wholly owned subsidiary of Red Emperor Resources NL (ASX RMP)) | 15.00% |
| Palawan55 Exploration and Production Company (Wholly owned subsidiary of Trans-Asia Petroleum Corporation) | 6.82% |
| Pryce Gases Inc (Subsidiary of Pryce Corporation) | 10.00% |