



ASX : OEL

# Investor Update Presentation

**INVESTOR PRESENTATION**  
**Matthew Allen, Managing Director and CEO**

October 2016

**OTTO**  
ENERGY

# Otto Energy – Accomplished E&P Team

Executing complex projects and transactions

## Acquired operatorship of Galoc oil field

Increased working interest to 33.0% and assumed operatorship of field. Purchase price equivalent to US\$11.50 per bbl (2P reserves) in the ground.

## Drilling of multi-well sub-sea tieback at Galoc

Successfully drilled over 8,450 metres of length in two wells including lateral completions. Production increased to 14,000 bopd from 3,500 bopd.

## Delivered AUD 6.4 cents per share to shareholder

Returned A\$74.5 million to shareholders via capital return and dividend.

## Acquired interest in Alaska North Slope acreage

Prolific proven petroleum basin yielding new multi-billion barrel oil discoveries with new 3D seismic technology unlocking conventional play trends previously untested.

## Secured staged multi-well farm in to Gulf of Mexico

Acquisition sets path for Otto to return to production during 2017 in assets which are robust even when viewed against the current backdrop of oil prices

## Upgraded Galoc FPSO delivering top quartile uptime

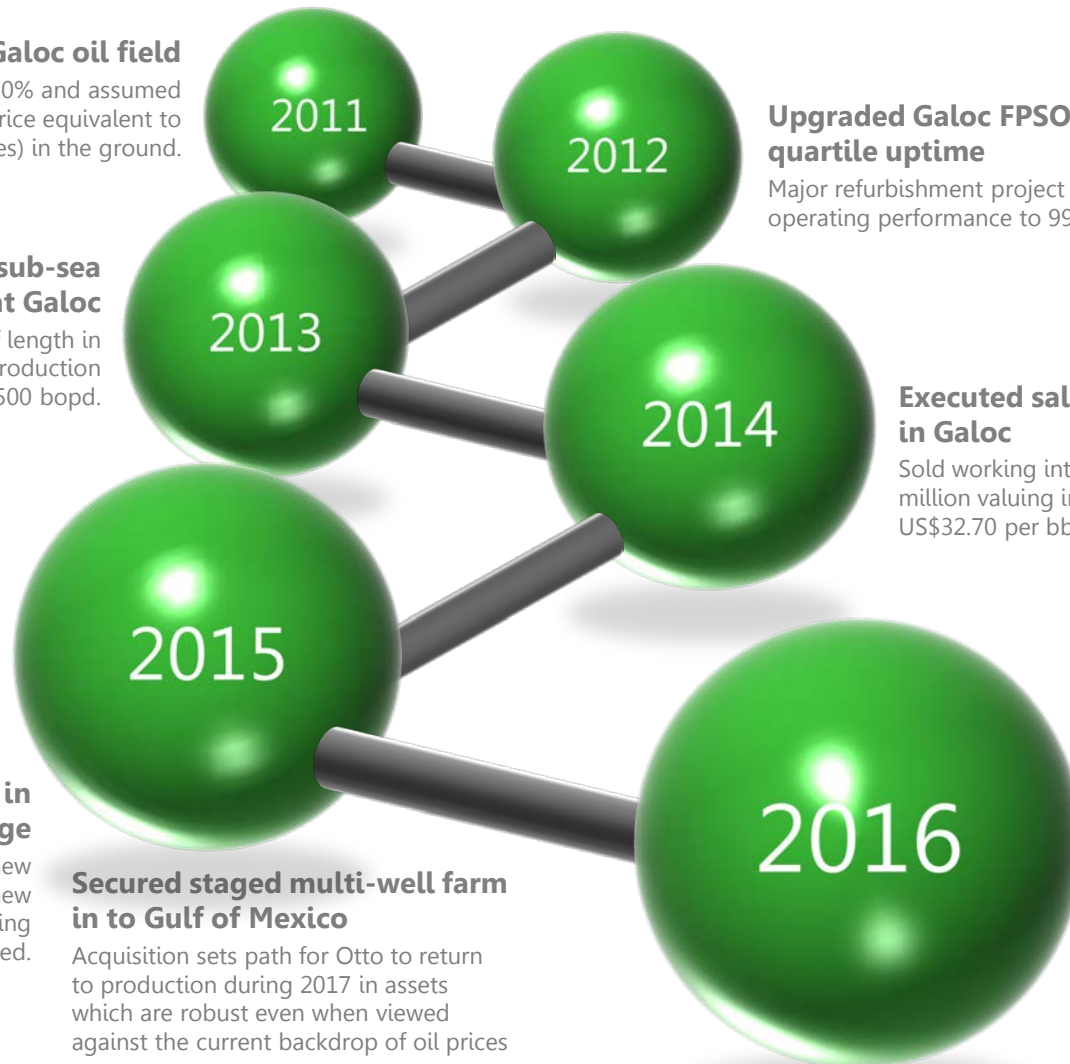
Major refurbishment project undertaken increasing operating performance to 99% uptime from <80%.

## Executed sale of interest in Galoc

Sold working interest for US\$108 million valuing interest at US\$32.70 per bbl in the ground.

## First discovery in SMI-71 #1

May 2016 delivers 2.2 MMbbl net 2P reserves at finding cost of US\$2.11 per bbl.



# Otto Energy

Delivering Growth Against Challenging Sector Conditions

- ◆ **Drilling success sees return to production in 2017**

SM71#1 well yields gross 5 MMbbls and 3.6 Bcf discovery. Production Platform acquired.  
First Production 2H 2017. Potential upside to be tested during development drilling.

- ◆ **Focus on proven basins with well-developed route to market**

Gulf of Mexico onshore/shallow water Miocene focus. Typically 12-18 months to production.  
Alaska North Slope - Largest oil reservoirs in North America.  
Portfolio economically robust at low oil price.

- ◆ **Fully funded drilling campaign**

2016 two-well program in Gulf of Mexico.  
2017 Multi-well program in Alaska, Gulf of Mexico, and Tanzania.

- ◆ **Demonstrated commitment to shareholder value**

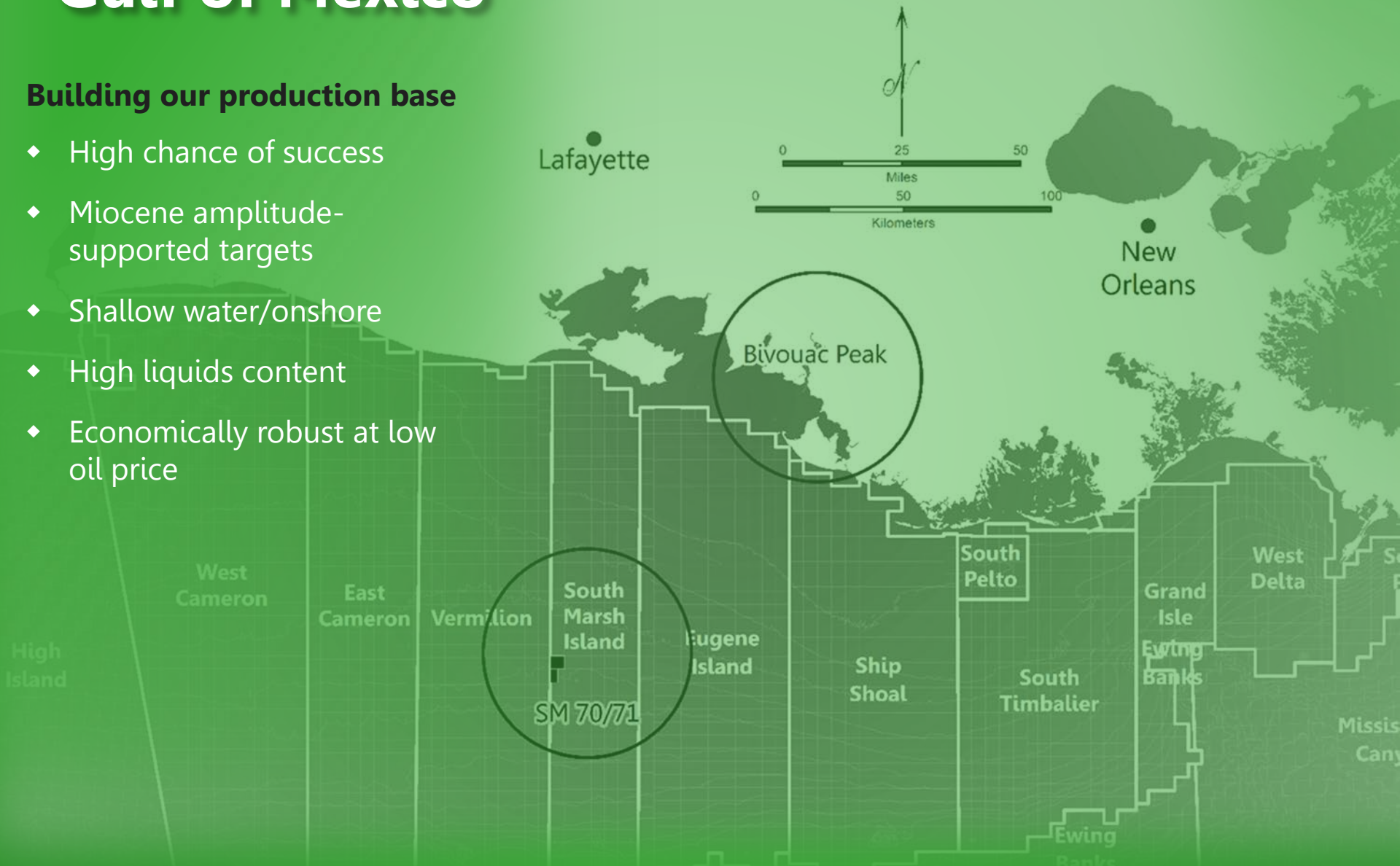
2015 delivered 6.4 cps in dividend/capital return.  
Prudent investment of capital to grow portfolio.  
Timing of asset acquisitions and divestments sets Otto apart.



# Gulf of Mexico

## Building our production base

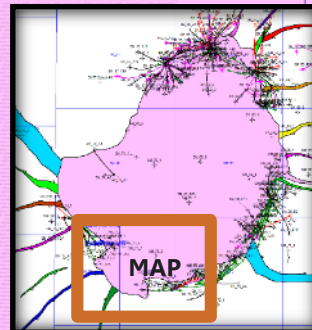
- ◆ High chance of success
- ◆ Miocene amplitude-supported targets
- ◆ Shallow water/onshore
- ◆ High liquids content
- ◆ Economically robust at low oil price



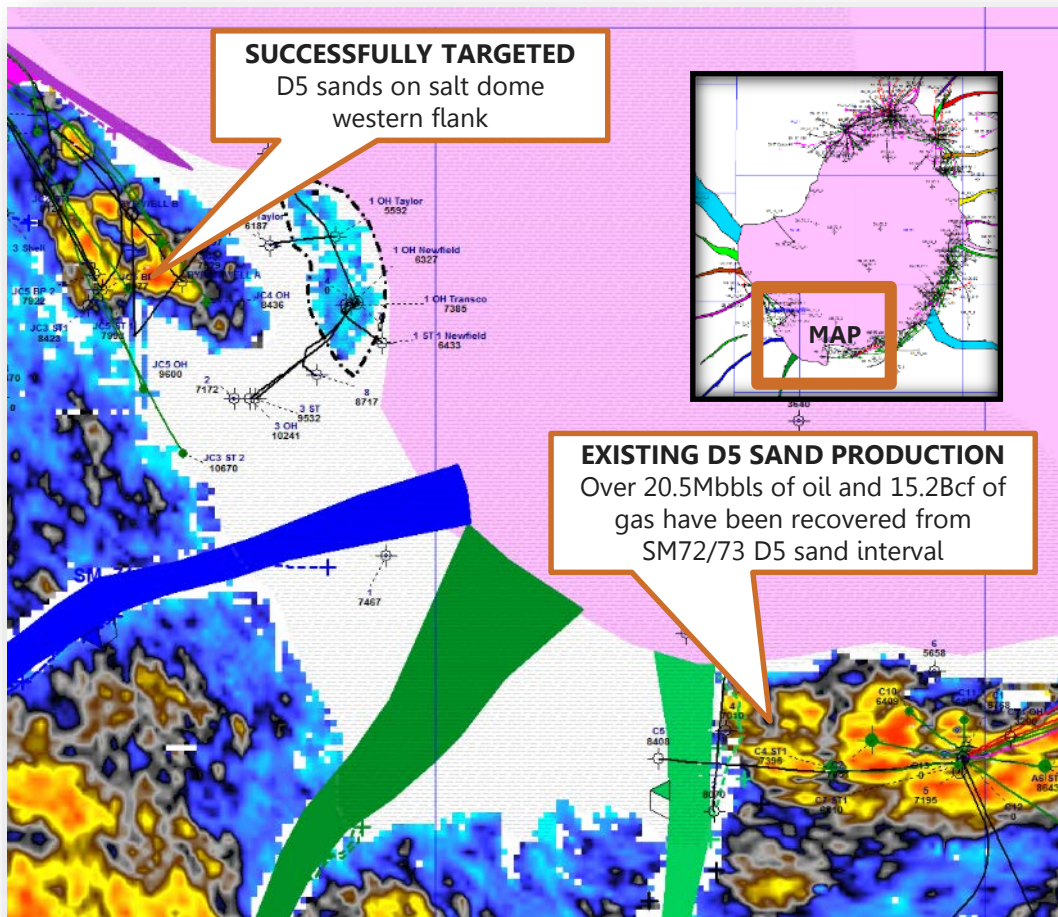


# South Marsh Island 70/71

**SUCCESSFULLY TARGETED**  
D5 sands on salt dome  
western flank



**EXISTING D5 SAND PRODUCTION**  
Over 20.5Mbbbls of oil and 15.2Bcf of  
gas have been recovered from  
SM72/73 D5 sand interval



D5 Sand ARTM Amplitude Map

**Drilling success and technology advantage to  
provide follow-up opportunity**

## SM70/71 Discovery Well

- ◆ 50% WI earned through contribution to well costs during the successful drilling of SM71-1
- ◆ Game-changing oil + gas discovery
- ◆ Proves technology to unlock updip plays
- ◆ Well TD 7,477 feet MD
- ◆ Sample analysis indicates light, sweet crude at three upper intervals, wet gas in lower interval
- ◆ Low finding cost

SM71, 30 June 2016

### Net Reserves\*

	Oil (Mbbbls)	Gas (MMcf)	MBOE (6:1)
1P	582	404	649
2P	2027	1462	2271
3P	2567	1835	2873

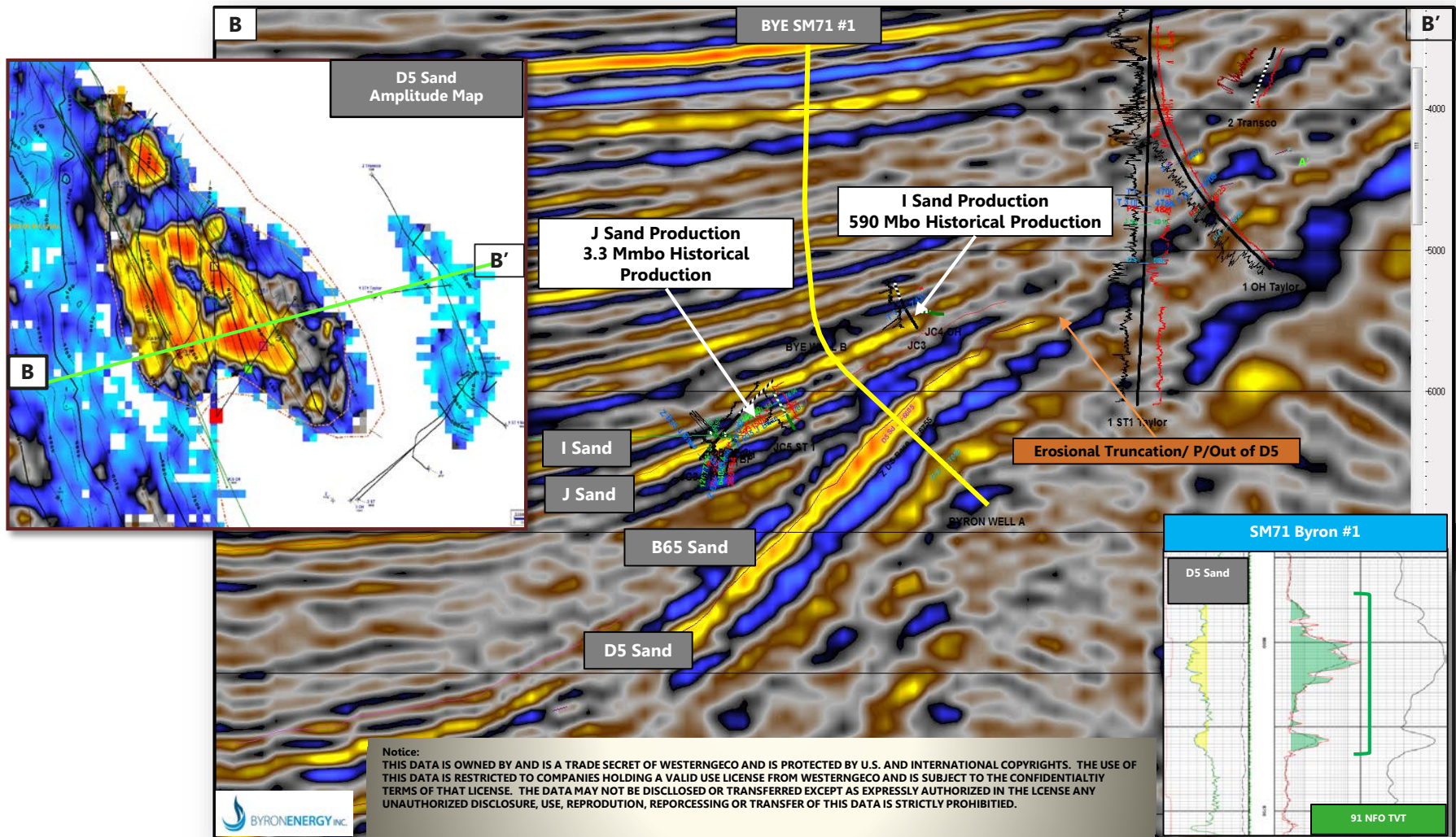
### Net Prospective Resources\*

Oil (Mbbbls)	Gas (MMcf)	MBOE (6:1)
2043	1990	2375

\* OEL ASX release 20 July 2016

# Further upside at SM71 discovery

New target to be appraised during development drilling



Line B-B'



# SM71 Development



## SM71 Production Facility Procured

- ♦ 26/8/2016- Entered purchase and construction agreement with Laredo Construction Inc. for tripod jacket, decks, helideck, boat landing and production equipment
- ♦ Tripod facility is capable of accommodating 6 wells and producing in excess of 5,000 bopd along with produced natural gas.
- ♦ All phases of modification, refurbishment and installation at a fixed cost of less than US\$4.5 Million (US\$2.25 net to Otto)

## Tie-back to platform

8" Flowline tie-back to existing platform, with option for surface or subsea installation

## 12-14 months

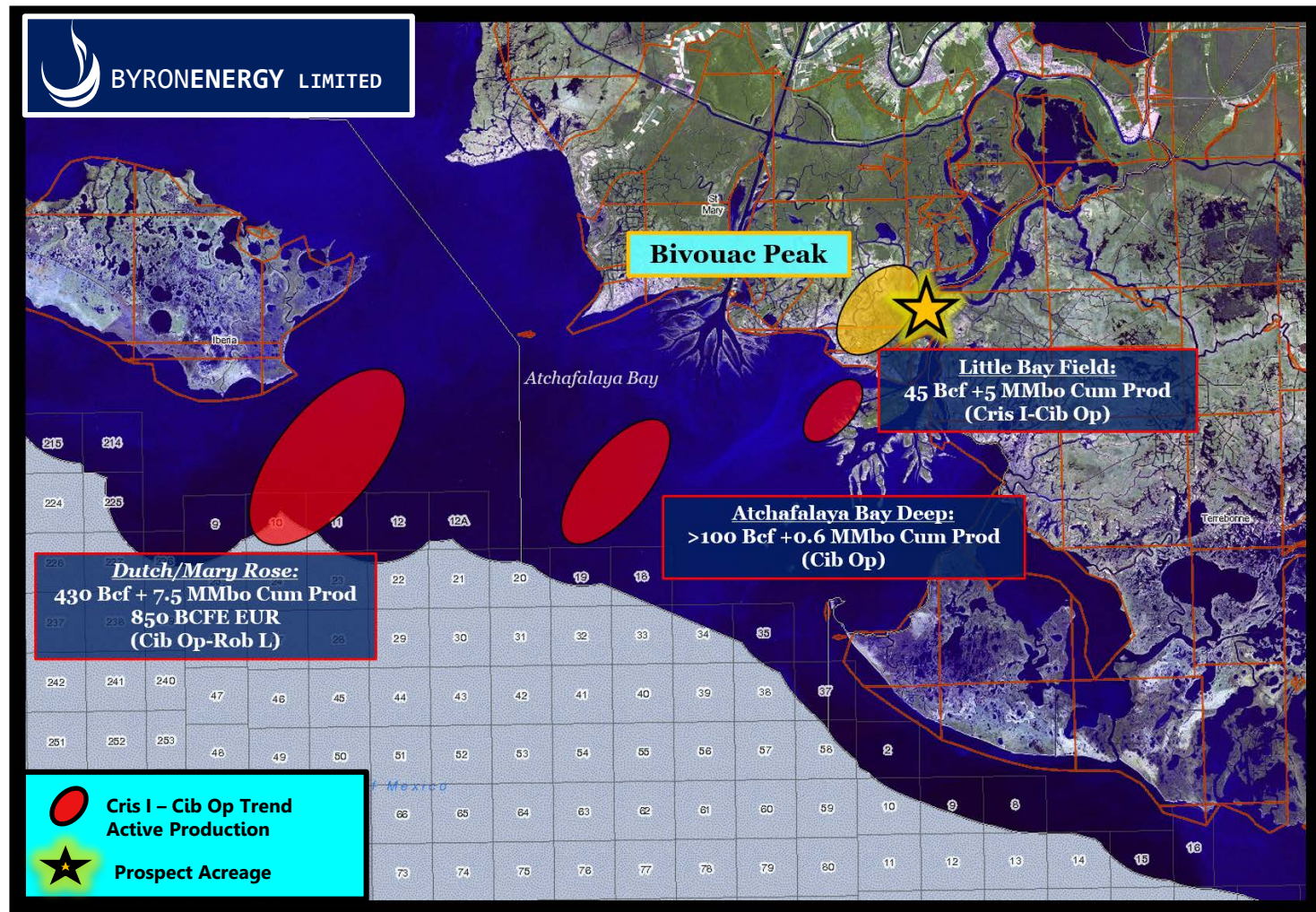
to initial production.  
Initial rate of 1500 to 2000 bopd (gross field production)

## Reserves + upside

\$59 Million AUD  
2P Reserves  
+ \$58 Million AUD  
Prospective Resource

# Bivouac Peak

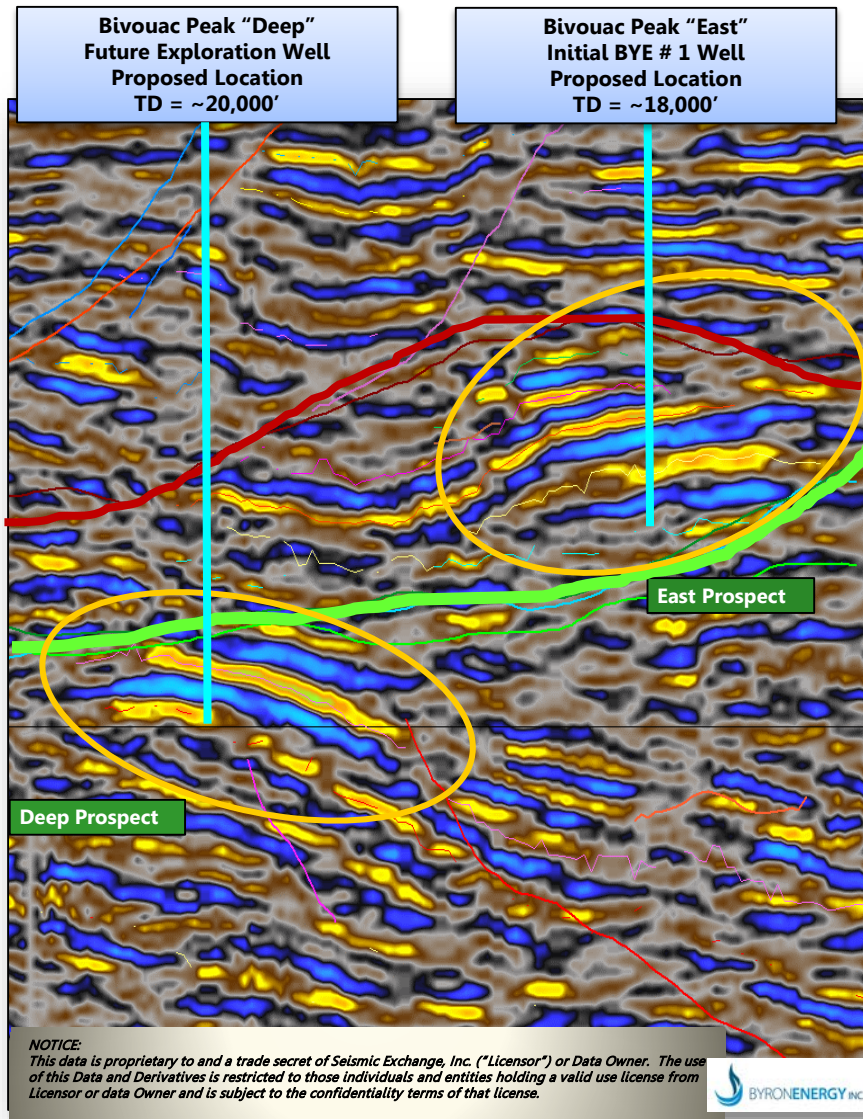
Onshore Louisiana with analogue fields



Note: Otto will earn interests in the above resources volumes by participating in wells. 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.



# Bivouac Peak



## Multi-play Lease Block

- ♦ 45% WI in 2500 acre lease exercisable upon contribution to well costs (60% capped at US\$6m)
- ♦ Multiple amplitude-supported opportunities
- ♦ Independent prospective resource estimate based on high-quality 3D data
- ♦ Accessible by barge mounted drilling rig

### Attractive production potential

- ♦ Estimated completion and production costs: US\$8.5m
- ♦ 6 months to bring into production

Bivouac Peak, 30 June 2016

### Combined Prospective Resources

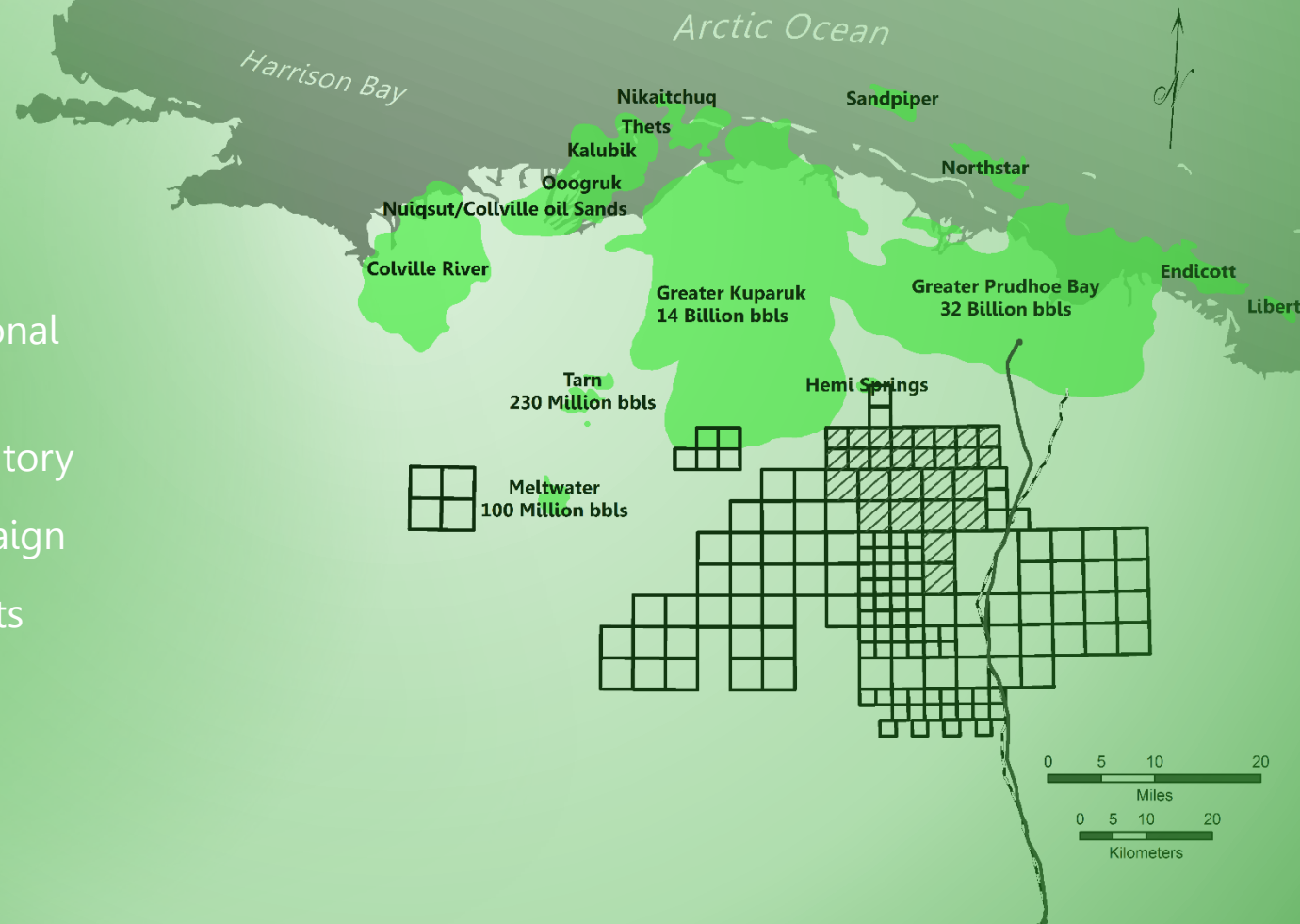
Gross		Net to Otto		
Oil (Mbbbls)	Gas (MMcf)	Oil (Mbbbls)	Gas (MMcf)	(MBOE 6:1)
15,990	177,666	5,361	59,562	15,288

OEL ASX release 25 July 2016; Collarini and Associates report 1 July 2016

# Alaska

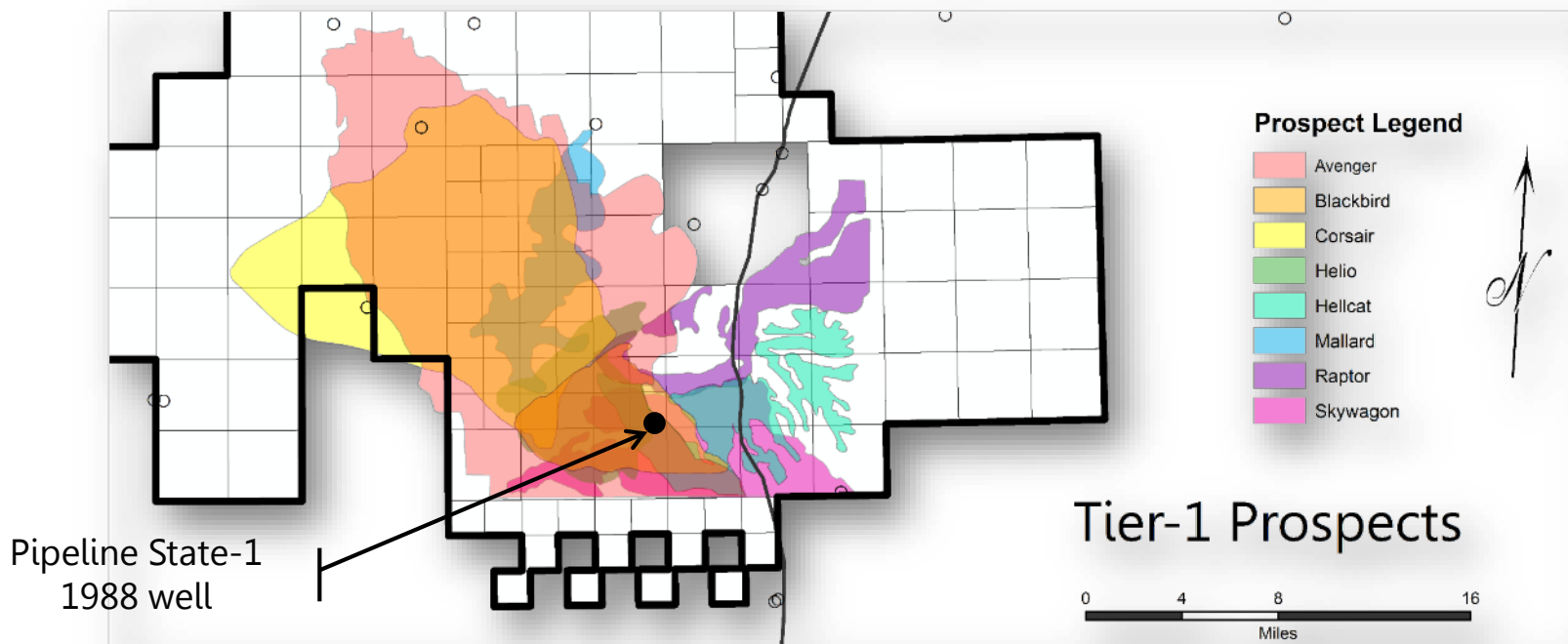
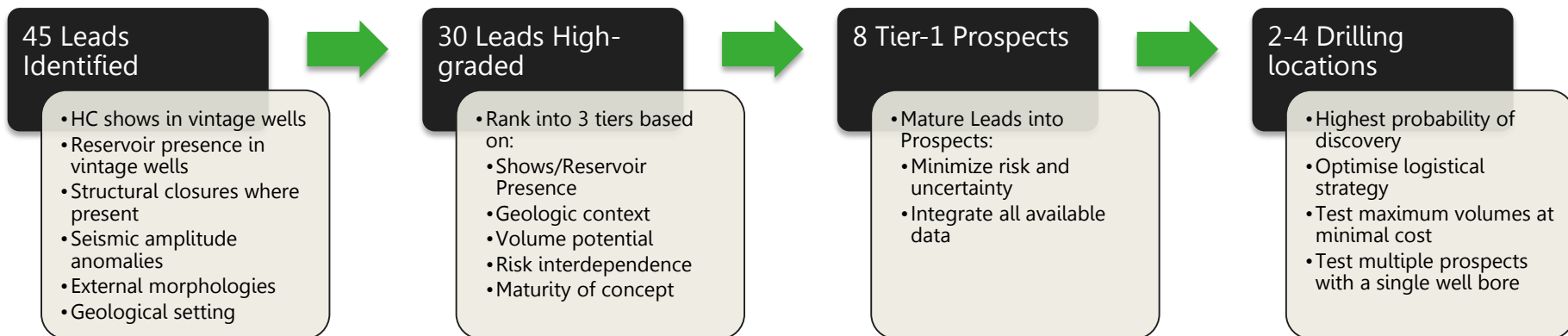
## North Slope

- ◆ Light oil in conventional reservoirs
- ◆ Large prospect inventory
- ◆ Imminent drill campaign
- ◆ Low-risk capped costs
- ◆ Infrastructure access



# Tier-1 Prospects

Developed from extensive lead inventory





## On-block vintage well de-risks the acreage

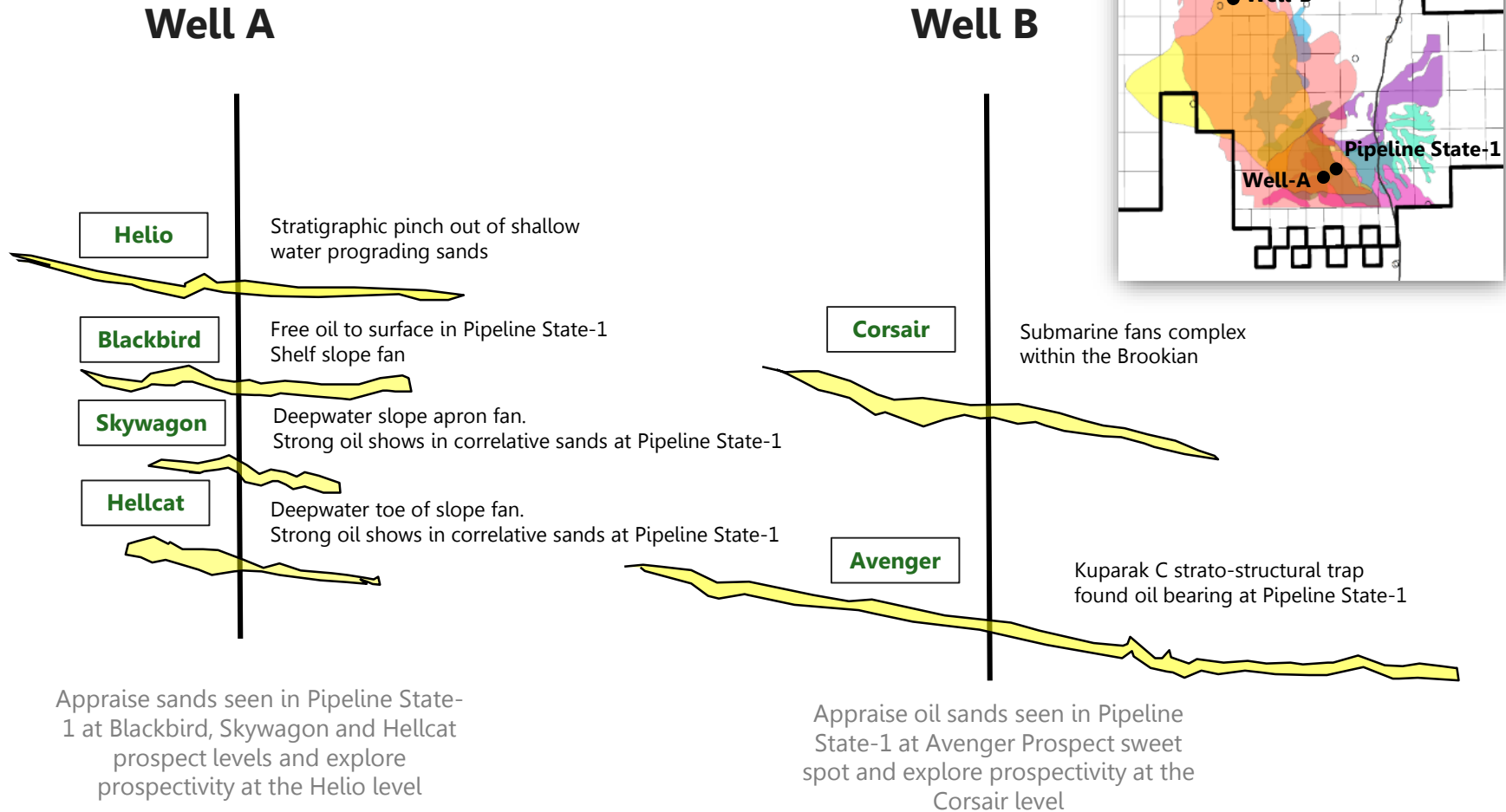
Extraction techniques now far surpass what was available in the 1980's. Recent advances, such as horizontal drilling and fracture stimulation, enable economic development of these types of reservoirs.

Oil shows in sands reported on mudlog, elevated gas readings, log response consistent with oil filled sandstone reservoir




# First Two Wells - Possible Configuration

Increase chance of success by intersecting multiple independent reservoirs with each wellbore



# Alaska: The First Two Wells

Prospect	Gross Prospective Resource				Net Prospective Resource	
	Low (MMbbls)	Best (MMbbls)	High (MMbbls)	Mean (MMbbls)	Mean Net WI (MMbbls)	POS*
<b>Blackbird</b>	6	20	62	28	3	24%
<b>Helio</b>	17	49	144	66	7	30%
<b>Hellcat</b>	13	47	172	72	8	40%
<b>Skywagon</b>	13	40	126	57	6	24%
<b>Avenger</b>	20	65	227	96	10	23%
<b>Corsair</b>	56	216	758	332	36	10%



**Gross Prospective Resource: Mean Case 650 MMbbls,  
High Case 1489 MMbbls<sup>†</sup>**



## Ready to test these opportunities

- ◆ Six independent play types
- ◆ Intersect multiple low risk intervals containing reservoir sands and oil shows/live oil in offset wells
- ◆ Test prospects with significant volumetric capacity

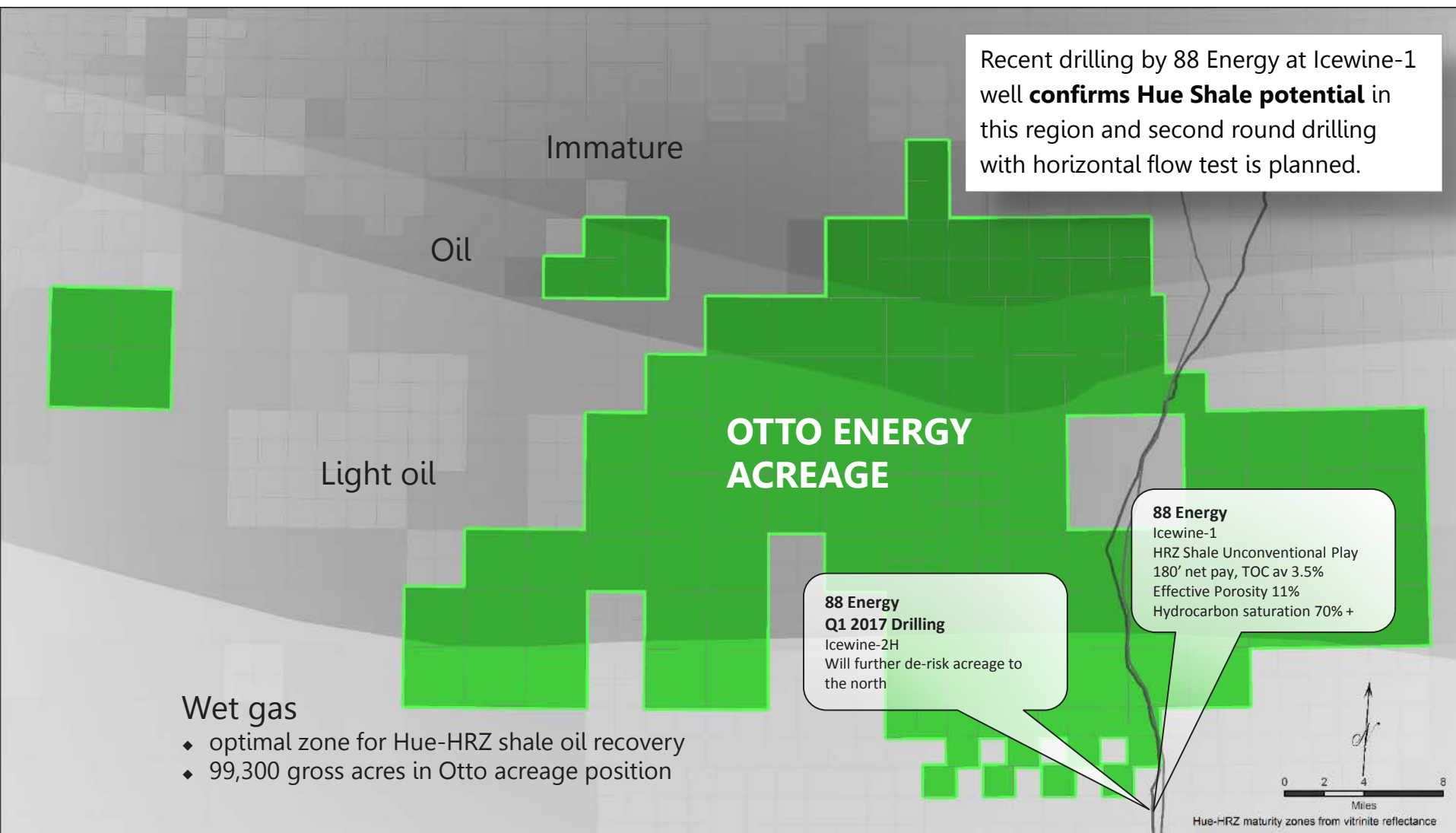
<sup>†</sup> Deterministic Prospective Resource

*\* Probability of Success estimate does not include reservoir effectiveness risk which can be addressed by horizontal drilling and fracture stimulation. 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.*



# Unconventional Upside: Hue/HRZ

Optimal location for potential major shale play



# Tanzania

## Large Volume Exploration Target

- ◆ Kito Prospect analogous to Kenya & Uganda discoveries
- ◆ Additional delineated leads may be drilled in success case

Dodoma

Morogoro

Stone Town

Dar es Salaam

Iringa

Leads  
& Prospects

0 50 100 200  
Kilometers

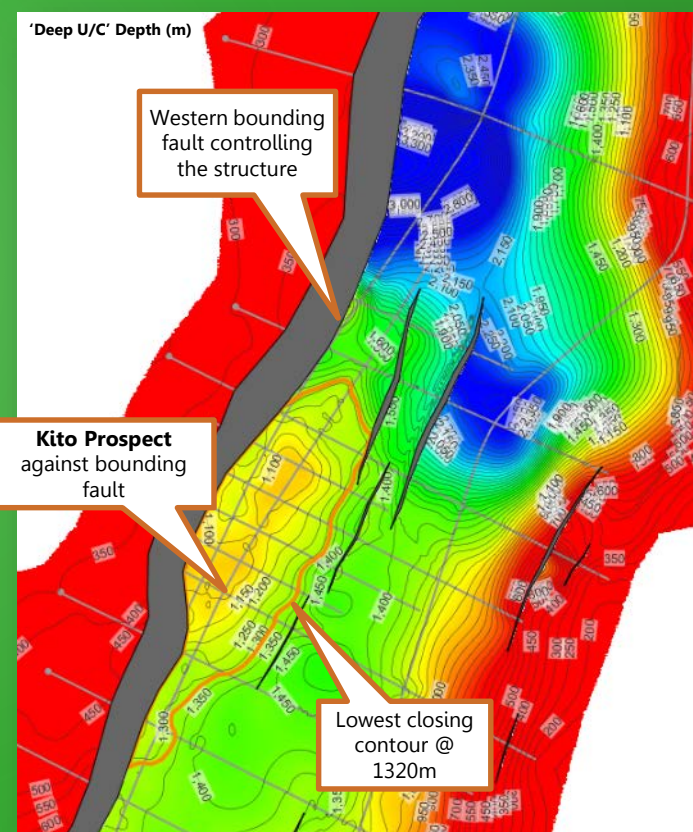
# Kilosa-Kilombero PSA

Kito Prospect	
<b>Area of Closure</b>	50 km <sup>2</sup> Up to 250m column height
<b>Reservoir type</b>	Miocene (Neogene)
<b>Objective Depth</b>	900 – 1,300 metres
<b>STOIIP</b>	269 – 780 – 1,954 MMbbls (Low – Best- High)
<b>Net Prospective Resource (*)</b>	15 – 48.5 – 137 MMbbls (Low – Best – High) *Represent OTTO 25% WI subject to completion of farm-down
<b>Geological Chance of Success</b>	15% chance of intersecting oil or gas within net prospective resource range
<b>Key Risks</b>	Presence of an active petroleum system in the Kilombero Basin
<b>Drilling program</b>	Expected well costs ~US\$10 million (gross joint venture, dry hole basis)

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.

## Kito Prospect

- ♦ Large frontier exploration prospect
- ♦ Similar to discoveries in Kenya & Uganda in terms of tertiary age, structural setting, and regional paleoclimate



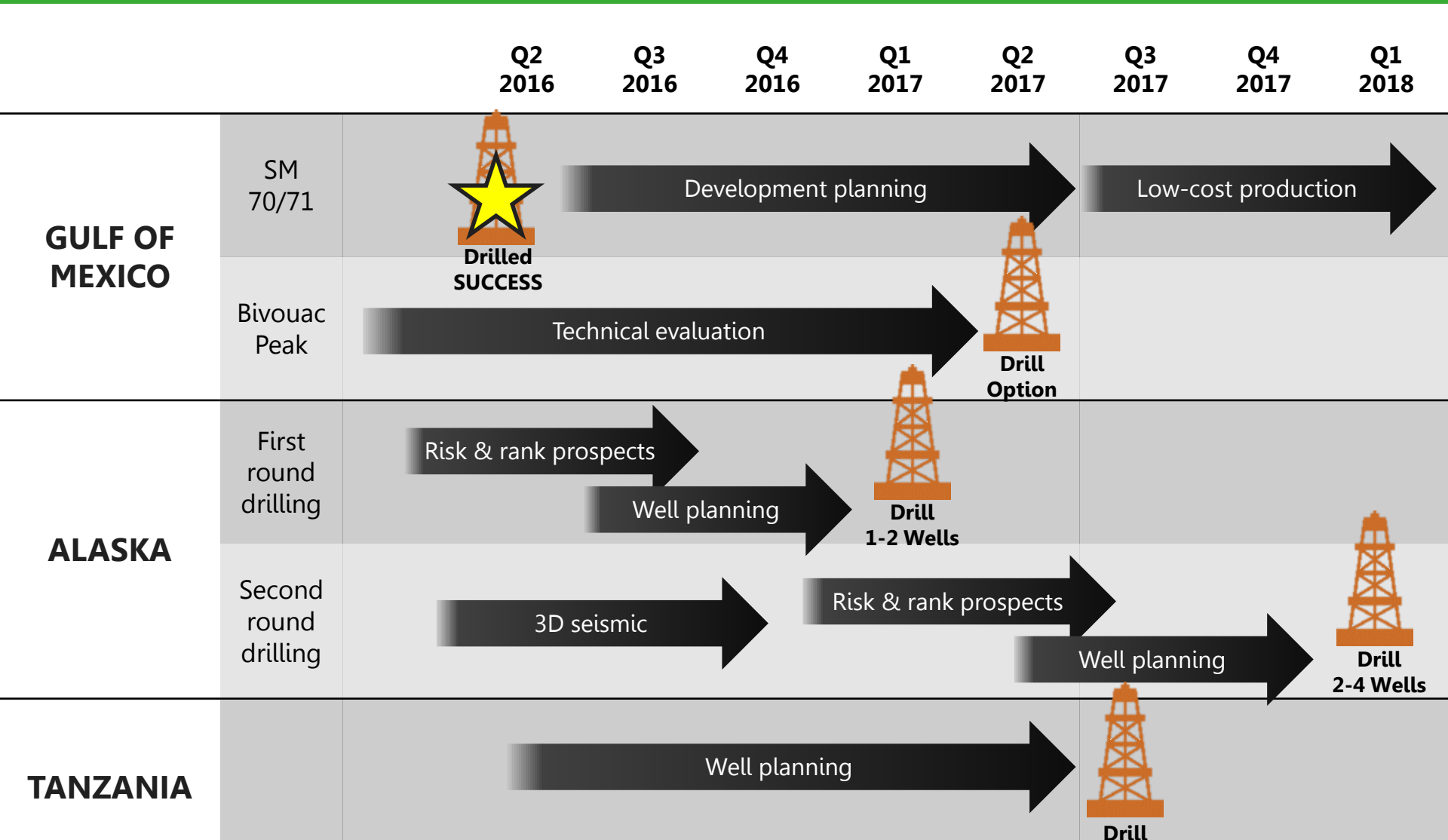


# Forward Activity

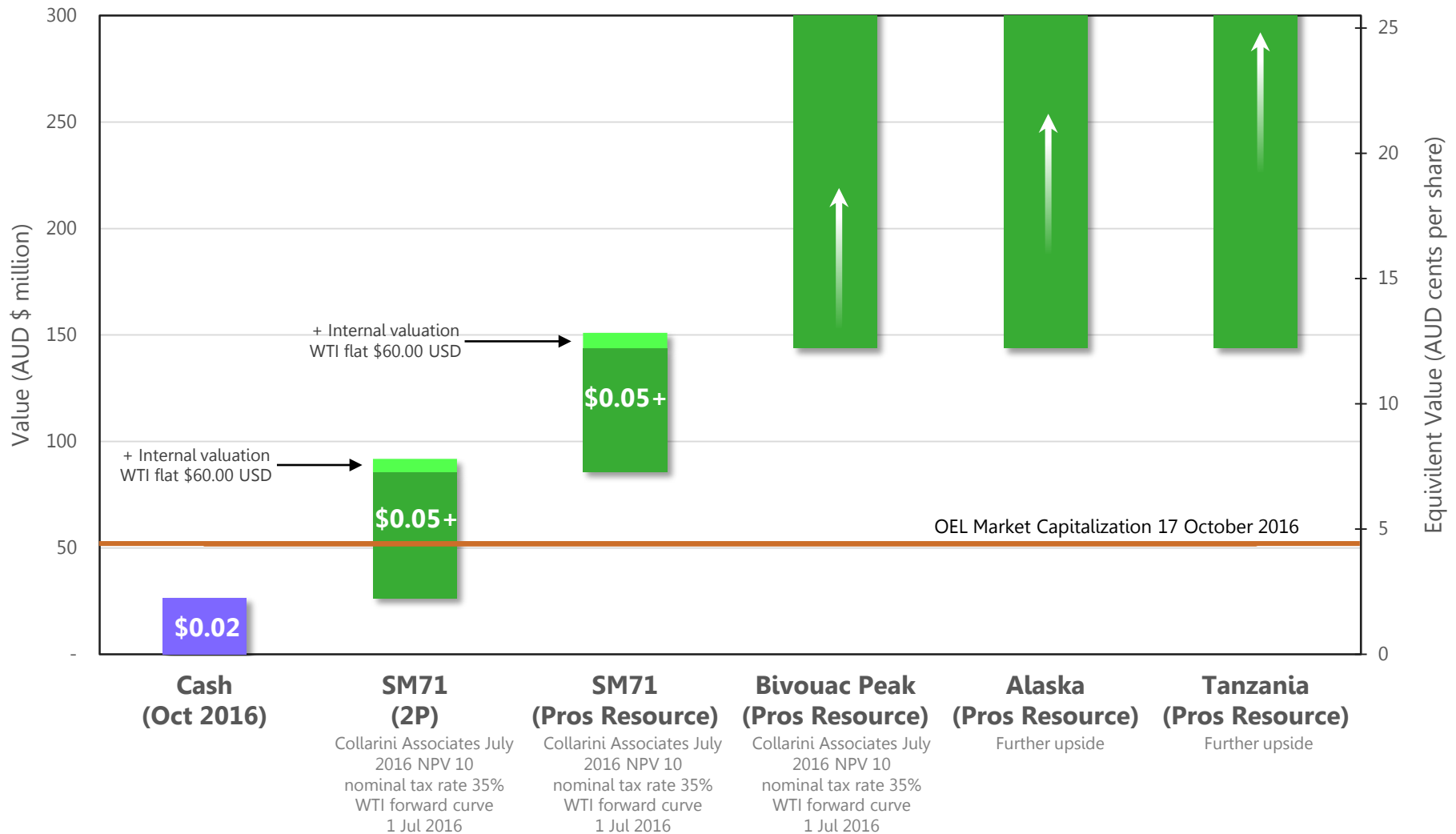
## **Positioning for high-impact growth**

- ◆ SM71 development underway
- ◆ 2017 return to production
- ◆ Drilling program beginning in early 2017 to test multiple high-impact targets
- ◆ Funded from current cash balance

# Activity Timeline



# Corporate Value





# Additional Information

## **Otto Energy Ltd**

32 Delhi Street

West Perth

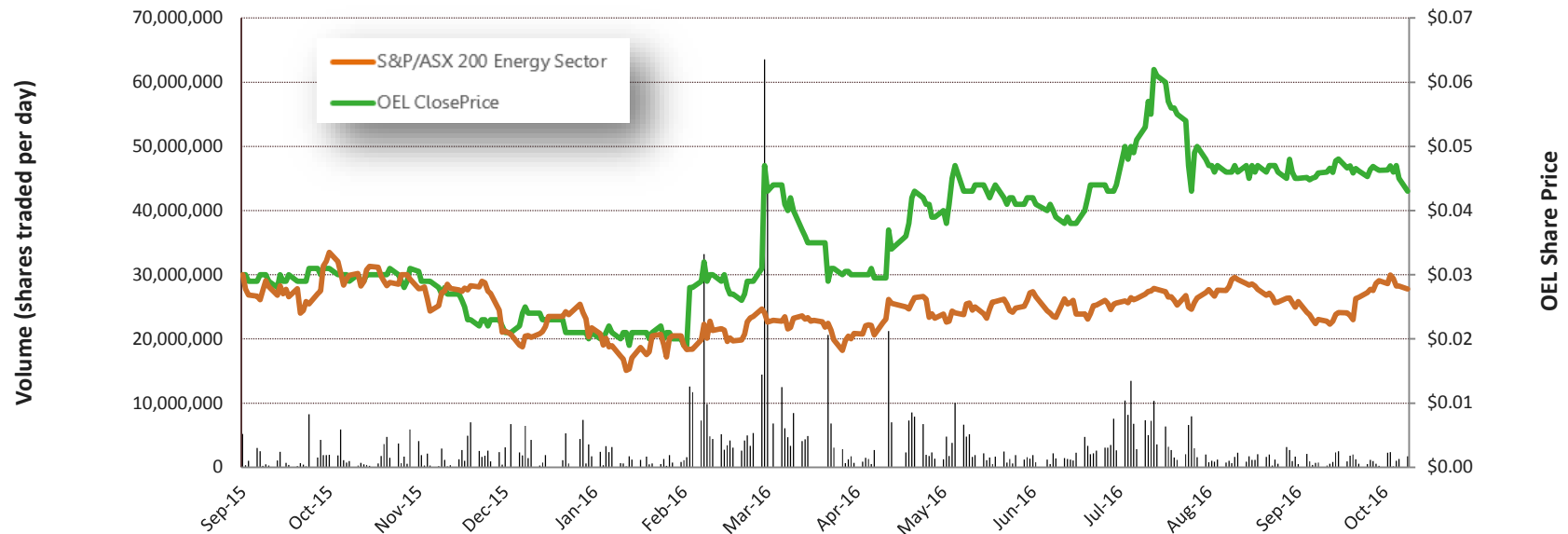
Western Australia 6005

Telephone: **+61 8 6467 8800**

Facsimile: **+61 8 6467 8801**

**[info@ottoenergy.com](mailto:info@ottoenergy.com)**

# Corporate Snapshot



## Capital Structure

Fully paid ordinary shares	1.181b
Unlisted options <sup>1</sup>	8.0m
Performance Rights	14.7m
Market capitalisation <sup>2</sup>	A\$55m
Cash (Sept 2016)	US\$18.8m
Debt (Sept 2016)	US\$0m

## Shareholders

Molton Holdings	20.5%
Santo Holdings	20.5%
Directors & Management	2.2%
Shareholders	4,785

12 Month Turnover = 55.16% of issued capital  
Average daily volume last 12 months = 2,566 million shares/day

<sup>1</sup>. Exercisable at 5.49 cents per share.

<sup>2</sup>. Undiluted at 4.6 cents per share as at 11 October 2016

<sup>3</sup>. ASX 200 Energy Index normalized to 9 September 2015 OEL share price and 2/3X10<sup>-5</sup> scale

# Experienced Board & Management Team

## Board of Directors



**John Jetter – Non-Executive Chairman.**  
**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)**

Executive Technical Director of Pathfinder  
Energy Pty Ltd. Former executive positions  
with Shell & Woodside in exploration  
roles.



**Ian MacIver – Non-Executive Director.**  
**BComm, FCA, SF Fin, FAICD**

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

## Senior Management



**Matthew Allen – Managing Director & CEO.**  
**BBus, FCA, FFin, GAICD**

Global exposure to the upstream oil and gas industry with  
over 15 years experience in Asia, Africa, Australia and Middle  
East. Previous senior roles with Woodside over 9 year period.



**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 transaction across Africa, Australia and Asia.  
Previous roles at Pura Vida, Rialto, Tap Oil, Steinepreis  
Paganin and Phillips Fox.



# 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.

## Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to Alaska was compiled by technical employees of Great Bear Petroleum, the Operator of the Alaskan acreage, and subsequently reviewed by Mr Paul Senycia 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 Senycia 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). The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Senycia. Mr Senycia is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The reserve and contingent resource information in this report in relation to Tanzania is based on information compiled by Mr Paul Senycia 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 Senycia 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).

The reserve and contingent resource information in this report in relation to SMI70/71 is based on information compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The reserve and contingent resource information in this report in relation to Bivouac Peak is based on information compiled by Mr William Sack (BSc. Earth Sci./Physics, MSc. Geology, MBA), an Executive Director of Byron Energy Limited. Mr William Sack is a member of American Association of Petroleum Geologists. The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this release are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Sack. Mr Sack is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

## Prospective Resources

Prospective resource estimates in this presentation are prepared as at June 2016. 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 un-risked 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.

## Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.