

ASX ANNOUNCEMENT
29 November 2017

DRILLING AT ST 224 PROGRESSING AS PLANNED - NEARING TARGET

- 13 ⁵/₈" casing has been run to 8,084 feet TVD (8,487 feet MD)
- Rig will drill ahead to intersect the target objective once cementing is complete
- Strong wet gas shows have been observed whilst drilling
- The ST 224 well is targeting 3.2MMbbls oil + 90Bcf gas (Mid-case, 100% Project)*

Otto Energy Limited (ASX: OEL) ('Otto' or the 'Company') is pleased to announce that drilling of the ST 224 #1 well, situated within the South Timbalier 224 ('ST 224') lease on the Gulf Of Mexico shelf, is progressing as planned. The drilling program is targeting a large, amplitude-supported, high CGR (condensate to gas ratio) gas condensate exploration prospect in the prolific Bul. 1 trend. Otto holds a 25% working interest in ST 224 which is operated by W&T Offshore.

The Operator has advised that the ST 224 #1 well has reached a depth of 8,084 feet TVD / 8,487 feet MD and the 13 ⁵/₈" casing has been run. Rig will drill ahead in a 12 ¹/₄" hole to intersect the target objective once cementing is complete.

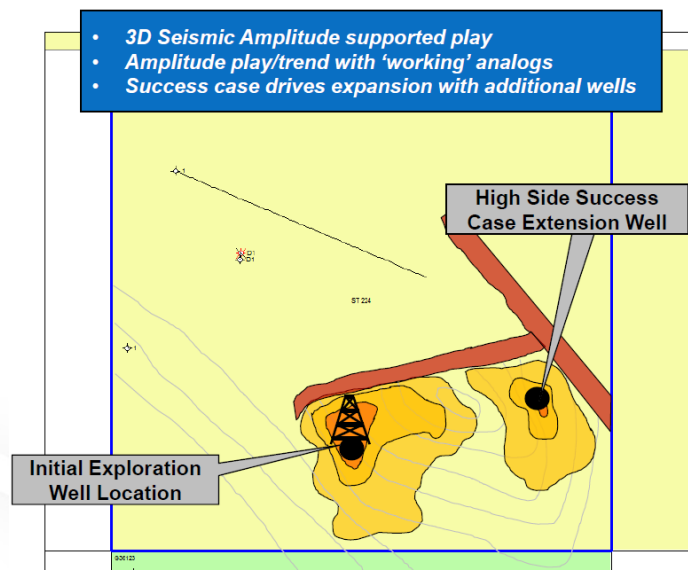
Elevated wet gas readings have been observed from several thin intervals intersected during drilling of the well so far.

The prospect, which sits in approximately 170 feet of water, is being drilled using the Enterprise 264 jack-up drilling rig. The well has a relatively shallow target depth of 10,800 feet (TVD) (11,439feet (MD)).

Otto's Managing Director, Matthew Allen, commented:

"Otto is pleased with the progress of the ST 224 #1 well and looks forward to drilling the primary target shortly. We are encouraged by the wet gas indications seen in several thin intervals in the well so far. These indications are consistent with drilling in a prolific hydrocarbon producing basin."

"We look forward to updating shareholders in the near term with the results of this highly important well."



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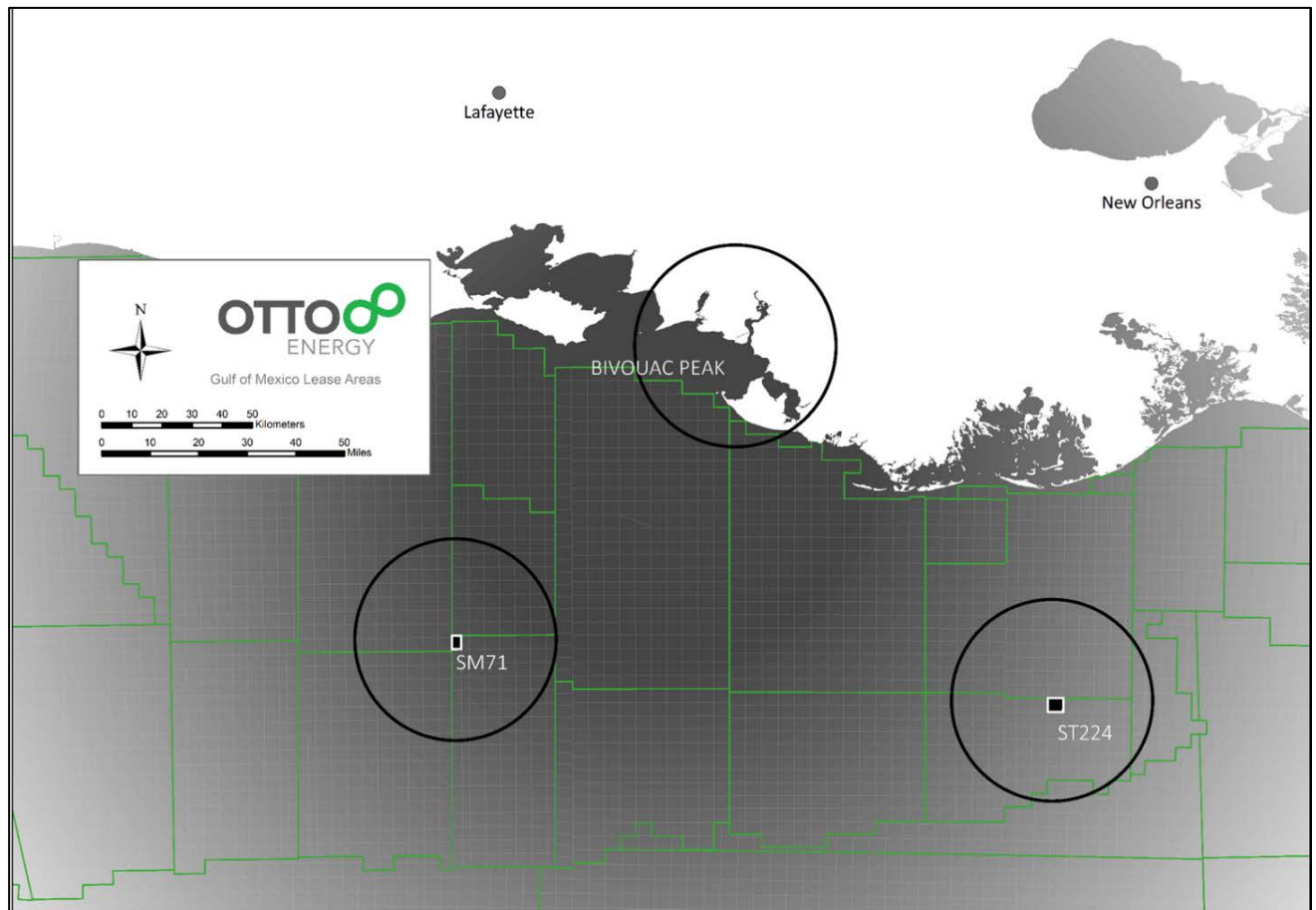
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*The resources referred to in this report were reported on 5 October 2017 (refer to the Company's announcement on 5 October 2017).

SCHEDULE 1 – BACKGROUND ON ST 224 PROSPECT

LOUISIANA/GULF OF MEXICO – SOUTH TIMBALIER 224

Location:	Offshore Gulf of Mexico
Gross Area:	20.23 km ² (5,000 acres)
Otto's Initial Working Interest:	25%
Water Depth:	170 feet
Prospect Target Depth:	10,800 feet (TVD), 11,439 feet (MD)



Definitions:

TVD	True Vertical Depth (vertical distance from the wellhead to the target level)
MD	Measured Depth (distance along the well bore from the wellhead – for inclined wells, this will be longer than the TVD)