

ASX ANNOUNCEMENT

22 August 2019

SM 71 UPDATE: SM 71 F4 AND F5 WELLS PROPOSED

- **Two new wells currently being permitted for SM 71 by the Operator**
- **One step out well to extend the limits of the D5 reservoir and a development well to more efficiently drain the remaining D5 reserves at SM 71**
- **A rig has been identified to drill the SM 71 F4 and F5 wells and is expected on location early October**
- **Otto will formally review the proposed wells next week and elect to participate or not following technical evaluation**

Otto Energy ("Otto") (ASX: OEL) is pleased to announce that the operator of SM 71, (Byron Energy Limited ("Byron" or "Operator") (ASX: BYE) has advised that it has completed the interpretation of the reprocessed seismic data, received earlier this year, under the South Marsh Island Project Seismic Reprocessing project from WesternGeco, a Schlumberger subsidiary. This interpretation has resulted in the Operator identifying two areas in the D5 Sand reservoir which it believes will not be drained efficiently by the currently producing SM 71F1 and SM 71 F3 wells. To effectively drain these two areas, the Operator has estimated that two additional wells will be needed to fully develop the D5 Sand reservoir at SM 71.

The first of these proposed wells, the SM 71 F4, would test a D5 Sand reservoir anomaly that is outboard of the main D5 field, (see attached illustration). If successful, this would extend and prove up additional reserves in the D5 reservoir. The second proposed well, the SM 71 F5, will test an area that the Operator believes will be poorly drained, if at all, by the F3.

The Operator estimates that after the SM71 F4 and SM71 F5 wells are completed, assuming success, the D5 reservoir at SM 71 will be fully developed except for an attic well required in three- or four-years' time.

Otto holds a 50% working interest and a 40.625% net revenue interest in SM 71. Byron, through its wholly owned subsidiary Byron Energy Inc. is the operator and holds the remaining interest in SM 71.

Otto has the right to participate in the wells at its working interest of 50%. Otto will consider all materials provided by the operator and evaluate the proposed wells using its own recently reprocessed 3D data over the area. Operator has advised that it is in final stages of negotiating a rig contract for this drilling program and it is expected to be available and on location in early October, pending final permit approvals.

Otto's Managing Director, Matthew Allen, commented: *"Otto is excited about the prospect of drilling two further wells on the high-performing SM 71 field. We will carefully consider the proposals to be put forward by the Operator before committing to participation. This process is not expected to take more than a few weeks."*

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SM 71 D5 Sand

