

**ASX ANNOUNCEMENT**

7 November 2019

**MAIDEN RESERVES FOR GREEN CANYON 21 RECOGNISED**

**Highlights**

- **Maiden Green Canyon 21 Proved and Probable Reserves (2P) of 1.828 MMboe and 3P Reserves of 2.095 MMboe net to Otto recognized**
- **Green Canyon 21 development progressing for first production in Q3 2020**

Otto Energy (Otto, ASX:OEL) (“Otto” or the “Company”) is pleased to provide the following report of estimates of reserves and resources for the Green Canyon 21 discovery as at 29 October 2019.

Subsequent to the successful completion of drilling operations in early August, the Green Canyon 21 “Bulleit” well has been suspended as a future production well. The operator, Talos Energy, Inc (NYSE:TALO) is progressing development plans to bring the well into production in late Q3 2020. Offshore installation activities have commenced at the host platform that will receive production from the GC21 well and procurement of required long lead items is underway.

Additional updates to reserves information at GC21 will come once production commences and additional reservoir performance data is gathered. It is expected that an initial flow rate of 7,000 – 10,000 Boe/d gross is achievable from a single subsea completion of the deeper MP sand. A recompletion to the shallower DTR-10 reservoir will be undertaken once the MP sand has depleted. The GC 21 field has an anticipated life of approximately 8 years.

Otto is fully funded for this development following the recently announced funding facility with Macquarie Bank Limited and the project is formally sanctioned for development.

**Reserves Summary for Green Canyon 21**

GC21	Gross (100%)			Otto Net (13.336%)		
	Oil (Mbbl)	Gas (MMscf)	MBoe	Oil (Mbbl)	Gas (MMscf)	MBoe
Proved Producing	-	-	-	-	-	-
Proved Behind Pipe	-	-	-	-	-	-
Proved Undeveloped	5,582	5,243	6,455	744	699	861
<b>Proven (1P)</b>	<b>5,582</b>	<b>5,243</b>	<b>6,455</b>	<b>744</b>	<b>699</b>	<b>861</b>
Probable	6,123	6,753	7,248	817	901	967
<b>Proven Plus Probable (2P)</b>	<b>11,705</b>	<b>11,996</b>	<b>13,704</b>	<b>1,561</b>	<b>1,600</b>	<b>1,828</b>
Possible	1,710	1,755	2,002	228	234	267
<b>Proven Plus Probable Plus Possible (3P)</b>	<b>13,415</b>	<b>13,751</b>	<b>15,706</b>	<b>1,789</b>	<b>1,834</b>	<b>2,095</b>
Total Prospective Resource (best estimate, unrisks)	-	-	-	-	-	-

**Prospective Resources Cautionary Statement** - The estimated quantities of petroleum that may potentially be recovered 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.

Commenting on the Green Canyon 21 reserves statement Otto Energy Managing Director Matthew Allen said:

*“The maiden reserves being reported for Green Canyon 21 follows from the recently announced financing facility and formal development sanction. The project is expected to add materially to Otto’s production and cashflow once it commences in late Q3 2020. We look forward to seeing the Green Canyon 21 progress and production commencing.”*

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Bulleit, Green Canyon 21 Key Details							
<b>JV Partners</b>	<table> <tr> <td>Talos Energy (operator)</td> <td>50.00%</td> </tr> <tr> <td>EnVen Energy Ventures, LLC</td> <td>33.33%</td> </tr> <tr> <td>Otto Energy</td> <td>16.67%</td> </tr> </table> <p>Otto Energy has earned a 16.67% working interest in the Green Canyon 21 (GC-21) lease in the Gulf Mexico.</p>	Talos Energy (operator)	50.00%	EnVen Energy Ventures, LLC	33.33%	Otto Energy	16.67%
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EnVen Energy Ventures, LLC	33.33%						
Otto Energy	16.67%						
<b>Bulleit Prospect</b>	The Green Canyon Block 21 Bulleit exploration well was drilled to target depth of 15,675 ft MD / 13,828 ft TVD and encountered approximately 140 feet of net true vertical depth (“TVD”) oil pay in the shallow target, the DTR-10 Sand, and approximately 110 feet of net TVD oil pay in the deeper MP Sand.						
<b>Lease terms</b>	Royalty rate 18.75%. Otto NRI 13.34%.						
<b>Development Plan</b>	<p>Talos will complete the well as a subsea tieback; tying back to the Talos-operated GC 18A facility.</p> <p>Talos expects first production in the third quarter of 2020</p>						

## **Appendix B – Notes to Green Canyon 21 Reserves and Resources Statement**

### **Reserves and Resources Governance**

Otto's reserves estimates are compiled annually. Otto engages Ryder Scott Company, a qualified external petroleum engineering consultant, to conduct an independent assessment of the Green Canyon 21 Field reserves on behalf of Otto. Ryder Scott Company is an independent petroleum engineering consulting firm that has been providing petroleum consulting services in the USA for more than fifty years. Ryder Scott Company does not have any financial interest or own any shares in the Company. The fees paid to Ryder Scott Company are not contingent on the reserves outcome of the reserves report.

### **Competent Persons Statement**

The information in this report that relates to oil and gas reserves and resources at the Green Canyon 21 Field was compiled by technical employees of independent consultants Ryder Scott Company, under the supervision of Mr. Ali Porbandarwala PE. Mr. Porbandarwala is a Senior Vice President at Ryder Scott Company and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Engineers (SPE). He has a B.S. Chemical Engineering from the University of Kansas and an MBA from the University of Texas. The reserves 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 information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of Mr. Porbandarwala. Mr. Porbandarwala 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.

### **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 statements.

### **Prospective Resources Cautionary Statement**

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

### **Pricing Assumptions**

Oil price assumptions used in the independent report represent forward prices (CME Nymex) as at 28 June 2019.

### **ASX Reserves and Resources Reporting Notes**

- (i) The reserves and prospective resources information in this document is effective as at 29 October, 2019 (Listing Rule (LR) 5.25.1)
- (ii) The reserves and prospective resources information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- (iii) The reserves and prospective resources information in this document is reported according to the Company's economic interest in each of the reserves and prospective resource net of royalties (LR 5.25.5)
- (iv) The reserves and prospective resources information in this document has been estimated and prepared using the deterministic method (LR 5.25.6)
- (v) The reserves and prospective resources information in this document has been estimated using a ratio of 6,000 cubic feet of natural gas to one barrel of oil. This conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- (vi) The reserves and prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5)

- (vii) *The method of aggregation used in calculating estimated reserves was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation (LR 5.26.7 & 5.26.8)*
- (viii) *Prospective resources are reported on a best estimate basis (LR 5.28.1)*
- (ix) *For prospective resources, the estimated quantities of petroleum that may potentially be recovered 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 (LR 5.28.2)*
- (x) *The reserve numbers assume some investment over the life of the field outlined above.*

### **Glossary**

Bbl = barrels  
bcf = billion cubic feet  
Bcfe = billion cubic feet equivalent  
boe = barrels of oil equivalent  
Bopd = barrels of oil per day  
Btu = British Thermal Units  
EUR = Economic Ultimate Recovery  
Mcfg = thousand cubic of gas  
Mcfgpd = thousand cubic feet of gas per day  
MMcf = million cubic feet  
MBL = thousand barrels of oil  
MMBL = million barrels of oil  
Mboe = thousand barrels of oil equivalent  
MMboe = million barrels of oil equivalent  
MCF = thousand cubic feet  
mmbtu = million British Thermal Units