

ASX ANNOUNCEMENT

20 January 2020

LIGHTNING FIELD PRODUCTION UPDATE

- **Gross production from the Green #1 well increased to 14.3 MMscf/d gas and over 400 bbl/d of condensate with additional upside potential pending pressure stabilization**
- **Green #2ST well perforations have commenced with first production into sales pipeline expected in February 2020**

Otto Energy Limited (ASX:OEL) (“Otto” or the “Company”) is pleased to provide an update on the Green #1 production well at the Lightning field onshore Matagorda County, TX. The operator, Hilcorp Energy (“Hilcorp”) observed static bottom hole pressure after a shut in during Green #2ST open hole drilling operations, highlighting minimal downhole drawdown. Hilcorp has informed Otto it has increased the choke on the Green #1 well in response to this positive result.

Green #1 reached steady state production in June 2019 and was producing 11.9 MMscf.d and 360 bbl/d condensate prior to the shut in. Production resumed following successful completion of drilling activities (as announced 6 January 2020) and is now producing 14.3 MMscf/d (gross) of gas and over 400 bbl/d of condensate post the choke increase. Hilcorp has informed Otto that there could be a further choke increase to the current sales tap limit of 16.0 MMscf/d (gross) if the rate/pressure stabilizes at this level.

Green #2ST well completion operations are ongoing with detailed log evaluation acquired in the past week enabling calibration of existing 3D seismic which will be used for future field development planning.

Perforation of the lowest interval (Tex Miss 3) occurred on 17 January 2020 with further perforations to be added in the coming weeks. It is expected that the Green #2ST well will be brought into production during February 2020. The operator will also increase the sales tap limit to approximately 36 MMscf/day as part of facility upgrades that are occurring at the same time.

Subject to successful production testing and evaluation of the reservoirs encountered in the Green #2ST well, the joint venture would consider the potential for additional wells in the field to further develop the extensive area of the Lightning discovery.

Commenting on the production update at the Lightning field, Otto Energy Managing Director & CEO Mr. Matthew Allen said *“The performance of the Green #1 has been better than expected post Green #2 completion. We are delighted to see the production rate stabilized after the choke increase at Green #1 and look forward to completing Green #2 production testing in the coming weeks. This result highlights the potential for additional wells in the Lightning field and reaffirms our confidence in the Lightning field being a long term valuable contributor for Otto Energy”.*

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About Otto Energy:

Otto is an ASX-listed oil and gas exploration and production company with a regional focus on North America, focused on the Gulf of Mexico region near-term. Otto currently has oil production from its SM 71 oil field in the Gulf of Mexico and gas/condensate production from its Lightning discovery onshore Matagorda County, Texas. Development is underway at the Green Canon 21 oil discovery in the Gulf of Mexico. Cashflow from its producing assets underpins its growth strategy including an active exploration and appraisal program underway in the Gulf of Mexico region.

Lightning Key Details		
JV Partners	Hilcorp (operator)	62.5%
	Otto Energy	37.5%
Lease terms	The well is located on private land in Matagorda County, Texas, USA. Royalty rate 24% Otto net revenue interest is 28.5%.	

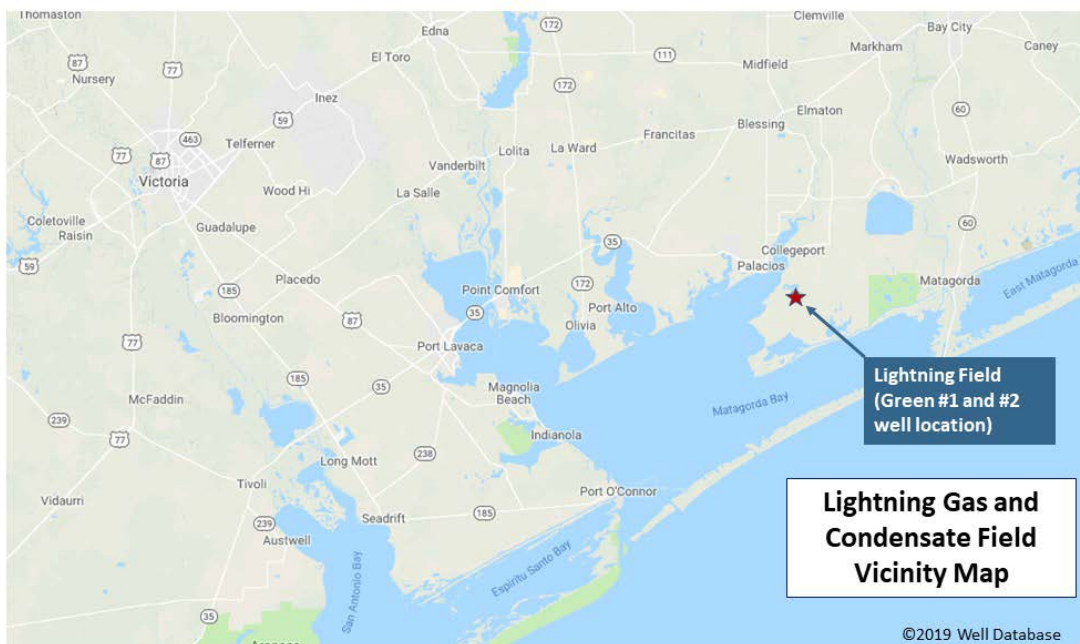


Figure 1: Lightning Vicinity Map