

ASX ANNOUNCEMENT

30 April 2019

GREEN CANYON 21 UPDATE - “BULLEIT” APPRAISAL WELL TO SPUD

- **Final documents have been executed by Otto, Talos Energy and EnVen Energy Ventures, LLC confirming the earn in to the Talos operated Green Canyon 21 lease in the Gulf of Mexico**
- **The Noble Don Taylor drillship is on location and drilling of the Bulleit oil appraisal well is expected to commence in the next few days**
- **Development to deliver first production within 12-18 months through tie back to Talos operated Green Canyon 18A production platform**
- **With success, Talos expects production of 8-15,000 boepd from mid-2020, largely oil weighted**

Otto Energy (“Otto”) (ASX: OEL) is pleased to announce that it has now signed final documents confirming the entry into a joint venture with Talos Energy (NYSE: TALO) which will see it earn a 16.67% working interest in the Green Canyon 21 (GC-21) lease in the Gulf Mexico through paying 22.22% of the cost of the drilling of the “Bulleit” appraisal well. This transaction was first announced on 29 March 2019.

The Green Canyon 21 lease and prospect were initially owned and generated by EnVen, with EnVen selling a 66.67% working interest to Talos. Talos later offered a 16.67% working interest to Otto.

The Noble Don Taylor drillship is now on location and drilling of the Bulleit well is expected to commence over the next few days.

Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMBoe to date. The Bulleit prospect sits in approximately 1,200 feet of water and is 10 miles (16 kilometers) from the GC18A platform.

The well is expected to take approximately 42 days to drill on a trouble free basis. Any material updates will be provided during drilling.

Otto’s Managing Director, Matthew Allen, commented: *“Otto is excited to see the commencement of drilling at the Talos operated Green Canyon 21 Bulleit prospect so quickly after announcing the initial transaction only one month ago. Otto is participating in a highly active drilling campaign during 2019 and looks forward to the results of this well before the end of the quarter.”*

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www.ottoenergy.com

Attachment 1 – Green Canyon 21 Background

Details of the Green Canyon 21 Farm-in Agreement

Otto Energy has agreed to farm-in to the Green Canyon 21 lease and will earn a 16.67% working interest by funding 22.22% of the costs to drill the initial “Bulleit” appraisal well. All subsequent costs of completion and development, including any further wells, shall be at Otto’s working interest of 16.67%. The farm-in agreements include commercial arrangements for oil and gas to be produced through Talos’s Green Canyon 18A platform.

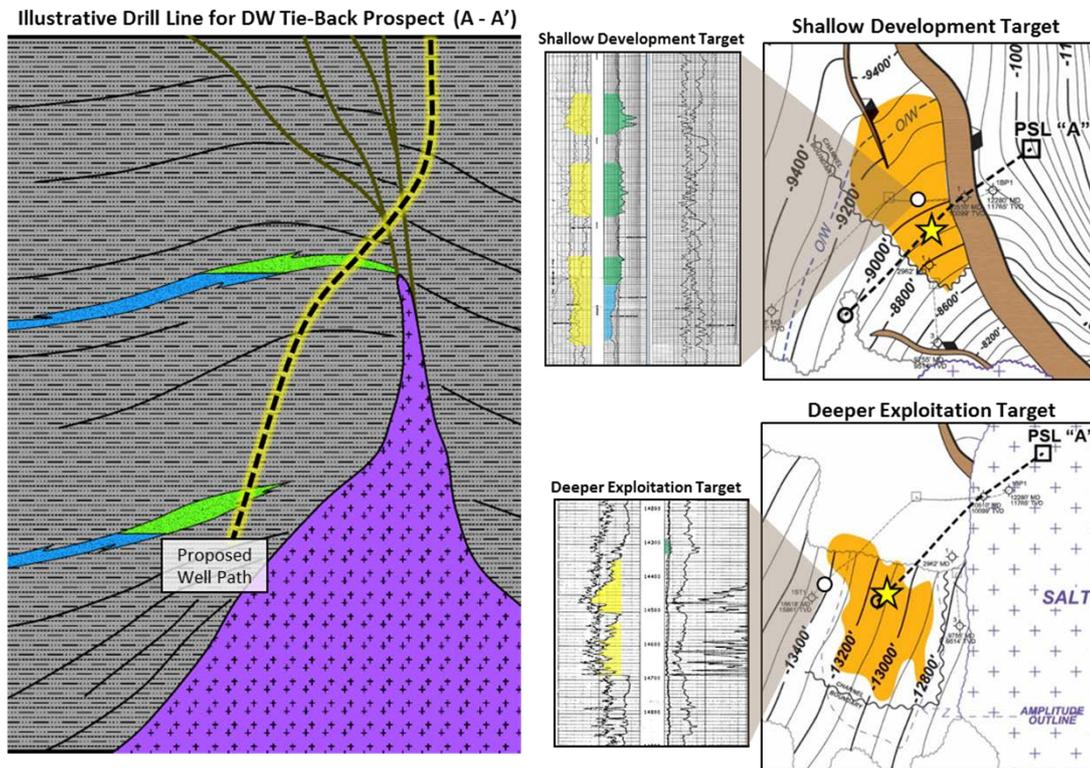
Bulleit Appraisal Well

Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMBoe to date. The Bulleit prospect sits in approximately 1,200 feet of water and is 10 miles (16 kilometers) from the GC18A platform.

The DTR-10 oil sand, which is the primary target of the Bulleit well, was first discovered in 1984. Three wells, all with logged oil pay within the DTR-10 Sand Package, were drilled between 1984 and 1987. A sidetrack of the first well also found oil pay in both DTR-10 and deeper MP Sands. Drill stem tests from first and third sand packages in the DTR-10 sand were undertaken in 1985. Production rates expected from the MP sand when tied into a production platform are expected to deliver between 8-15,000 boepd. These high production rate oil wells are common for deepwater prospects whereas Bulleit has the advantage of being in significantly shallower water.

The discoveries were not developed at the time of discovery as there was no infrastructure available.

Talos has the GC 18A platform with spare capacity within tie back distance of GC-21. A subsea development is planned to tie the Bulleit well into the GC18A platform.



Green Canyon 21 “Bulleit” Prospect Outline

Additional Upside

The MP sand is a second, deeper target to be tested in the initial well. The MP sand was also intersected in the 1980's in a downdip position with 18' of oil pay observed in cores acquired at the time. The Bulleit well will test this sand in an updip position.

About Talos Energy

Talos Energy (NYSE: TALO) is a technically driven independent exploration and production company with operations in the United States Gulf of Mexico and in the shallow waters off the coast of Mexico. Talos's focus in the United States Gulf of Mexico is the exploration, acquisition, exploitation and development of shallow and deepwater assets near existing infrastructure. The shallow waters off the coast of Mexico provide Talos with high impact exploration opportunities in an emerging basin. The Company's website is located at www.talosenergy.com.

Bulleit Prospective Resources

Prospective resources (P50) are 14.5 MMboe (gross) and 1.9 MMboe (Net Revenue Interest). Talos has advised that gross prospective resources are expected to be between 10 to 30 MMboe on an unrisksed basis.

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.



Talos operated Green Canyon 18A Production Facility

Bulleit, Green Canyon 21 Key Details							
JV Partners	<table border="0"> <tr> <td>Talos Energy (operator)</td> <td>50.00%</td> </tr> <tr> <td>EnVen</td> <td>33.33%</td> </tr> <tr> <td>Otto Energy</td> <td>16.67%</td> </tr> </table>	Talos Energy (operator)	50.00%	EnVen	33.33%	Otto Energy	16.67%
Talos Energy (operator)	50.00%						
EnVen	33.33%						
Otto Energy	16.67%						
Objective	Development target (DTR-10 Sands) approximately 8,700 ft TVD Exploitation target (MP Sands) approximately 12,800 ft TVD Well to be drilled to 15,500 ft MD/13,823 ft TVD						
Geological Setting	Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMboe to date.						
Initial Well	Expected spud Q2 2019 Dry hole cost: US\$33 mill. (100%) US\$ 7.4 mill. (Otto share) Note that in addition to the dry hole cost, Otto will also spend US\$1.6 million on other costs required in order to participate in the well and any future development and production activities such as insurance and regulatory requirements.						
Probability of success:	63%						
Lease terms	Royalty rate 18.75%. Otto NRI 13.34%.						
Development Plan	Talos will complete well as a subsea tieback with a smart completion; tying back to the Talos operated GC 18A Platform. Adequate capacity for a second well if warranted for acceleration. Date of first production is estimated by Talos to be 12-18 months from spud. Talos expects initial production rates from the MP sands to be between 8,000 and 15,000 boepd. Development capex US\$80-100 mill. (100%) US\$13.3-17.0 mill. (Otto share)						

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Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to Green Canyon 21 (GC-21) in the Gulf of Mexico was compiled technical employees of Talos Energy and reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Armstrong is an 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 Armstrong. Mr Armstrong 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

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. 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.

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.

Prospective Resources Reporting Notes for the Bulleit prospect in Green Canyon 21:

- The prospective resources information is effective as at 22 February 2019 (Listing Rule (LR) 5.25.1).
- The prospective resources information has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2).
- The prospective resources information is reported according to the Company's economic interest in each of the resources and net of royalties (LR 5.25.5).
- The prospective resources information in this document has been estimated and prepared using the probabalistic method (LR 5.25.6).
- The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).
- Prospective resources are reported on a P50 basis. A range of high and low cases are also advised (LR 5.28.1).
- Refer to the ASX release of 29 March 2019 entitled "Capital Raising, Farm In to GC-21 and Redemption of Notes".

Definitions

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| <ul style="list-style-type: none"> - "US\$" means United States dollars - "bbl" means barrel - "bbls" means barrels - "BOE" or boe means barrel of oil equivalent determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency - "boepd" means barrels of oil equivalent per day - "bopd" means barrels of oil per day - "Mbbl" means thousand barrels | <ul style="list-style-type: none"> - "Mcf" means 1000 cubic feet - "Mboe" or "MBoe" means thousand BOE - "MMbbl" means million barrels - "MMcf" means million cubic feet - "MMboe" means million BOE - "Peak Production Rate" means the maximum steady state rate at which a well is expected to produce. - "VWAP" is the volume weighted average price. - "TERP" the theoretical ex - rights prices at which Otto Energy shares should trade immediately after the ex - date of the Entitlement Offer. |
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