

INDEPENDENT PROSPECTIVE RESOURCE FOR BIVOUAC PEAK

- Independent Prospective Resource estimate for Bivouac Peak completed by Collarini Associates
- 15,288 MBOE (un-risked best estimate, net to Otto) identified based on high quality 3D seismic data representing a significant increase from previous reporting
- Drilling planned for 2017

Otto Energy Ltd (ASX: OEL) (“Otto” or the “Company”) is pleased to advise that it has received the independent resources report on the Bivouac Peak opportunity onshore Louisiana from Operator, Byron Energy Limited (ASX: BYE) (“Byron”). The independent resource estimate for Bivouac Peak was prepared by Collarini Associates (“Collarini”), based in Houston.

A summary of the estimate of prospective resources for Bivouac Peak is set out below and represents a significant increase to those previously reported.

OTTO BIVOUAC PEAK NET PROSPECTIVE RESOURCES¹

GROSS		NET TO OTTO		NET TO OTTO
Oil (Mbbbl)	Gas (MMcfc)	Oil (Mbbbl)	Gas (MMcfc)	MBOE (6:1)
15,990	177,666	5,361	59,562	15,288

¹. Subject to election by Otto to participate in the first well drilled in the Bivouac Peak acreage.

Note: Mbbbl = thousand barrels; MMscf = million standard cubic feet; MBoe = thousand barrels of oil equivalent (“BOE”) with a BOE 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

As advised to ASX on 7 July 2016, Otto exercised its option to enter into the Bivouac Peak acreage with Byron. As part of this option exercise, Otto has the ability to earn a 45% working interest (33.525% net revenue interest) through the funding of 60% of the costs of the first well drilled at Bivouac Peak. Any costs above US\$6 million (Otto share) in respect of the first well and all future expenditure will be in accordance with Otto’s participating interest (45%). An initial test well is planned at Bivouac Peak in 2017.

Otto’s Managing Director, Matthew Allen said: “The onshore Louisiana Bivouac Peak acreage adds significant prospective resource potential to Otto’s exploration portfolio. High quality 3D seismic data has been used to define an increased prospective resource potential and Otto is working with the Operator, Byron to finalise the technical work streams ahead of committing to drilling in 2017. Having made an initial discovery with Byron at SMI-71, Otto looks forward to expanding its portfolio with follow up drilling at Bivouac Peak.”

Competent Persons Statement

The information in this report that relates to oil and gas reserves and resources was compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and 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 reserves and resources information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece 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.

LR 5.36 re Bivouac Peak

Bivouac Peak Prospective Resource has increased from 3.1 MMbo and 34.6 Bcf, net to Otto, at time of initial release of Prospective Resource for the project (OEL ASX release dated 11 December 2015, based on Byron Energy Limited's internal estimate and released to ASX on 5 November 2015) to 5.361 MMbo and 59.562 Bcf, net to Otto, as at 30 June 2016, based on estimates by Collarini Associates, post exercise of farmin option by Otto. The increase is mainly due to additional 3D seismic data licensed and evaluated over the Bivouac Peak lease area. This data has documented a deeper prospect on the acreage that has increased the Prospective Resource expectations for the Bivouac Peak project. In addition, further analogue work was undertaken on the initial prospect areas which resulted in upgraded reserve expectations.

Reserves & Resources

- (i) The reserves and prospective resources information in this document is effective as at 30 June, 2016 (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 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)

Prospective Resource Cautionary Statement

The estimated quantities of petroleum that may be potentially recoverable by the application of future development project(s) 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.