

ASX ANNOUNCEMENT  
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## SM 71 UPDATE – RIG JACKED UP ON LOCATION

- Enco 68 jack-up rig is now on location preparing to commence the SM 71 F2 well later this week
- Drilling and evaluation time is expected to be approximately one month from commencement
- The SM 71 F2 development well will also test the highly prospective B65 sand
- First production on schedule for late January 2018

Otto Energy Limited (ASX:OEL) ('Otto' or the 'Company') is pleased to advise that the Enco 68 independent leg jack-up drilling rig arrived on location at South Marsh Island Block 71 ("SM 71") on 26 November 2017 and is now pre-loaded and jacked up to working height over the SM 71 F platform. Initial work now involves driving conductor pipe over the SM 71 F1 well to tie it back to the well bay and protect the discovery well during drilling operations. Once that is accomplished, the rig will skid over to the SM 71 F2 slot and begin to drive 24" drive pipe prior to spudding.



The Enco 68 drilling rig under tow on November 26, 2017 in the Gulf of Mexico

The SM 72 F2 well has two targets: the B65 Sand and the D5 Sand. The B65 Sand is an exploration target and has the potential to double the current field size of SM 71.

The 8,965 ft/2,733 metres MD (7,555 ft/2,303 metres TVD) F2 well is estimated to take approximately one month to drill to total depth and evaluate from the spud date.

First production from the SM 71 F platform is currently expected by late January 2018 after completion operations on the SM 71 F1 and F2 wells.

Otto holds a 50% working interest (40.625% net revenue interest) in South Marsh Island Block 71. The operator, Byron, holds the remaining 50% working interest.

Otto intends to report on well progress as material milestones are achieved.

Otto's Managing Director, Matthew Allen, commented: *"Otto is pleased with progress at SM 71 and the commencement of drilling operations represents the culmination of a significant amount of preparatory work. The coming month will see the F2 well test the exciting exploration potential in the B65 sand and bring a second development well location into the field.*

*This is an exciting period for Otto's shareholders with the ST 224 well also nearing the final target."*

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