

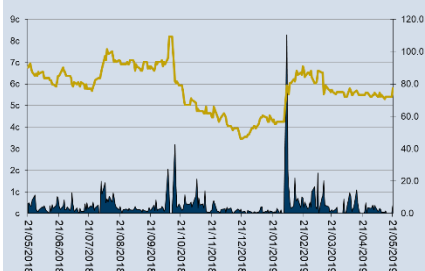
BUY

Current Price \$0.058

Target Price \$0.11

Ticker:	OEL.ASX		
Sector:	Energy		
Shares on Issue (m):	2,460.5		
Market Cap (AU\$m):	142.7		
Cash (AU\$m)*:	36.5		
Debt (AU\$m)**:	0.0		
Enterprise Value (AU\$m):	106.2		
* Argonaut estimate			
** Convertible Note			
Performance Rights (m)	18.8		
Convertible Note (US\$m)	8.2		
Cash Flow (US\$'000's)			
	18A	19E	20E
Operating CF	(2,126)	(26,390)	4,934
Investing CF	(20,826)	(500)	(1,000)
Financing CF	16,699	28,300	-
Closing Cash	5,945	7,355	11,289
Income Statement (US\$'000's)			
Revenue	9,551	29,864	27,952
Gross Profit	8,806	25,018	23,080
EBITDAX	4,973	20,168	17,485
EBITDA	146	(24,092)	6,285
EBIT	(757)	(26,029)	4,503
NPAT	(5,196)	(28,979)	3,152
Ratios			
EV/EBITDAX	20.1	4.9	5.0
EV/EBITDA	675.1	(4.1)	13.8
PE	(18.9)	(3.4)	31.2
Major Shareholders			
Molton Holdings	12.4%		
Perennial Value Manage	6.3%		
Citicorp Nominees	5.4%		
JP Morgan Nominees	4.8%		
BNP Paribas Nominess	2.9%		
National Nominees	2.4%		
AMP Life Ltd	1.8%		

Share Price Graph



Thursday, 23 May 2019

Otto Energy (OEL)

Green Canyon 21 Bulleit Appraisal Well

Analyst | Michael Eidne

Quick Read

Analysis of the results from Logging While Drilling (LWD) data from the Bulleit Appraisal Well have indicated a gross hydrocarbon column of 235ft (78m) with a net to gross ratio of 50 to 60%. The plan is to drill to a deeper target. Pending the results of the deeper objective, the well will be tied back to a nearby Talos facility which has spare capacity. We maintain our Buy recommendation with an updated \$0.11 price target (previous \$0.13).

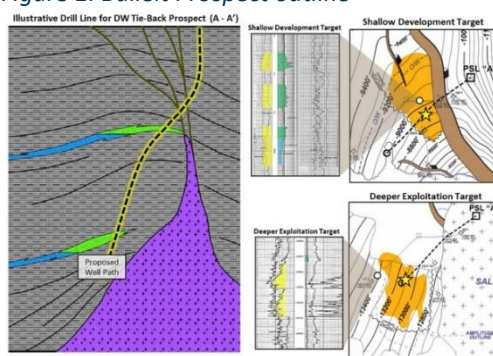
Bulleit Appraisal Well Intersects Hydrocarbons / Positive

The Bulleit Appraisal well (16.67% OEL WI) has encountered hydrocarbons in the DTR-10 sand: Analysis of the results from Logging While Drilling (LWD) data have indicated a gross hydrocarbon column of 235ft (78m) with a net to gross ratio of 50 to 60%. This could translate to a net hydrocarbon column of ~129ft (43m). OEL report that rock properties are excellent, therefore the reservoir will potentially be able to produce oil.

The plan is now to drill deeper: The well will now drill on to the deeper target, the MP sand. This sand was intersected during historical drilling, and 18ft of oil pay was observed. The Bulleit well will be testing the sand in an up-dip position.

Nearby Talos owned infrastructure: The Bulleit Prospective resources on an unrisksed basis are 10 to 30 mmboc. The P50 prospective net to OEL on a revenue basis is 1.9 mmboc. If successful, Talos expects the well to flow at 8 – 15,000 boepd on a gross basis. In the past, the field remained undeveloped due to a lack of infrastructure, but Talos has a nearby platform with spare capacity within tie-back distance of the Green Canyon Field. Pending the results from the deeper target in the MP sand the well will be tied back to this facility.

Figure 1: Bulleit Prospect outline



Source: OEL

Recommendation

We maintain our Buy recommendation with a \$0.11 price target. Our previous \$0.13 has changed due to increased dilution from the recent capital raise.

Please refer to important disclosures at end of the report (from page 2)

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