

ASX ANNOUNCEMENT

23 July 2019

MUSTANG WELL SUCCESSFULLY INTERSECTS 57 FEET OF NET HYDROCARBON PAY

- **Mustang Prospect exploration well, Thunder Gulch #1, successfully drilled to final total depth of 18,164 feet.**
- **Petrophysical evaluation has confirmed the well has intersected a minimum 57 feet of net pay.**
- **Production casing will be run with the well set for completion and testing.**

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") is pleased to advise that the initial exploration well, Thunder Gulch #1, within the Mustang prospect in Chambers County Texas, has reached final total depth of 18,164 ft MD (18,001 ft TVD).

Petrophysical evaluation of wireline logging data together with mudlog hydrocarbon shows seen whilst drilling indicates the presence of a total net hydrocarbon filled sand interval of approximately 57 feet TVT (True Vertical Thickness). This petrophysical evaluation has been undertaken using historical parameters for production performance in the play trend.

The Operator, Hilcorp Energy, is running production casing in the well and is commencing preparations to complete and test the pay zone. The drilling rig will be released in the coming week. A completion rig will be used to install production equipment and begin the testing.

First production is expected to commence in approximately 90 days once well testing has been completed.

Through participation in the drilling of the Thunder Gulch #1 exploration well, Otto has earned a 37.5% working interest in the leases covering the entire prospect.

Otto's Managing Director, Matthew Allen, commented: *"The result of the Mustang well provides the second significant discovery of hydrocarbons in the Gulf Coast drilling program with Hilcorp Energy. The well is expected to further increase Otto's reserves base and to diversify our revenue base.*

The Mustang well outcome is a further significant step in expanding Otto's production base and delivering on our objective of 5,000 boepd production by the end of 2020.

Otto congratulates Hilcorp, the operator of the Mustang well, for the safe and efficient performance by their drilling team and the quality of the geoscience work that has led to this discovery. Otto is proud to be partnering with a successful operator of Hilcorp's calibre."

Refer to the ASX release "Otto Farms in to Eight Well Gulf Coast Package with Hilcorp" dated 31 July 2018 for further details on the overall Hilcorp Gulf Coast eight well program.

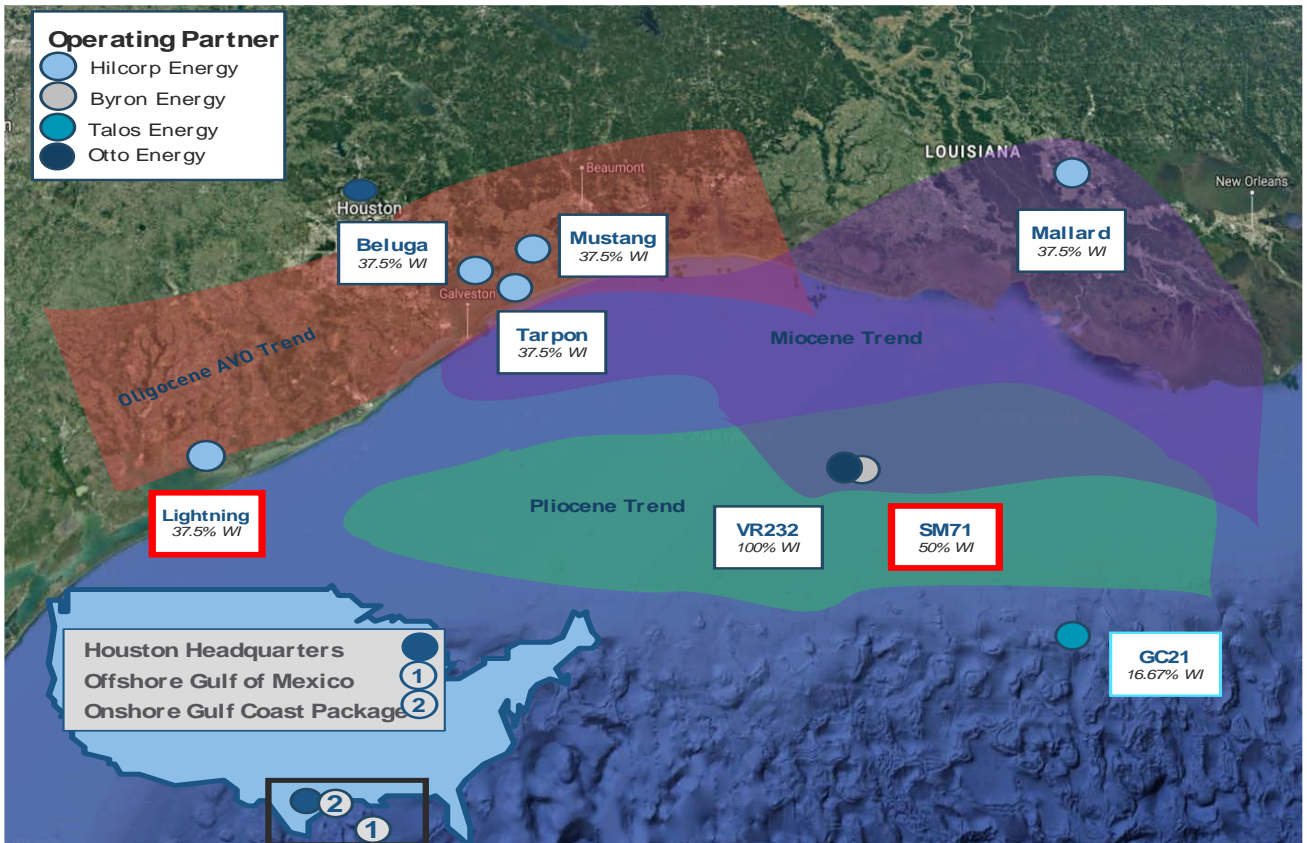


Energy Drilling Company Rig 16 on location at the Thunder Gulch #1 exploration well

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Appendix 1 – Mustang Information

Mustang Key Details	
JV Partners	Hilcorp (operator) 62.50%
	Otto Energy 37.50%
Well Depth	18,164 ft MD/18,000 ft TVD
Geological Setting	<p>Significant historical production exists from the Frio/Tex Miss shelf edge, however the channel/levee setting has only been lightly explored. Overlaying production from the shallower Miocene levels dates back to the early 1930's. Recent drilling in the Vicksburg has confirmed that this relatively underexplored play is yielding multiple new discoveries.</p> <p>The Mustang prospect demonstrates strong AVO (amplitude versus offset) on 3D seismic with good conformance of the amplitude response to structure at multiple levels.</p>
Lease terms	Royalty rate 25%
Development Plan	Completed well will be tied back to an existing gas export line near the well. Estimated completion and development costs US\$3.05 million (Otto share US\$1.30 Million)



Otto Gulf Coast and Shelf interests