

ASX ANNOUNCEMENT 30 July 2018

## DEFINITIVE AGREEMENTS EXECUTED FOR ALASKA WESTERN BLOCKS

- Definitive agreements have been executed for Otto to go to 22.5% working interest
- Large prospect to be drilled in early 2019
- Permitting underway

Otto Energy Limited (ASX:OEL) ("Otto" or the "Company") is pleased to advise that, via its wholly owned subsidiary Borealis Alaska LLC, it has executed definitive agreements with Great Bear Petroleum, along with the Consortium Partners, 88 Energy (Captivate Energy Alaska, Inc) and Red Emperor, to acquire the majority of Great Bear's working interest in exchange for drilling a commitment well on the Western Blocks prior to 30 May 2019.

The Western Blocks contain a 3D seismic defined oil prospect in the successful Nanushuk play fairway with a gross best estimate prospective resource volume of 400 MMbbls and a geological chance of success in the range of 25-30%. Otto's 18.75% net revenue interest (before Great Bear 10% back in refer table below) in the prospect would be 75 MMbbls. Please note that information in relation to the prospective resources was first released on 25 June 2018.

Prospective Resource 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.

Pursuant to the agreement, the Consortium Partners have funded their share of a US\$3,000,000 performance bond to the State of Alaska and a US\$500,000 cash payment to Great Bear as part of the consideration for the acquisition of the working interests in the Western Blocks.

The details of the working interests are described in the below table:

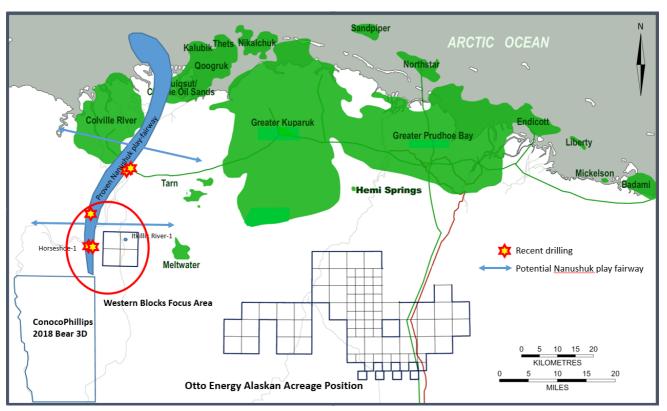
	Current Post-transaction				
	Working	Working Interest	Paying Interest	Net Revenue	Working Interest
	Interest	(before back-in)	(before back-in)	Interest*	(after back-in)
				(before back-in)	
Otto Energy	10.8%	22.5%	25.0%	18.75%	20.0%
88 Energy (Drilling	-	36.0%	40.0%	30.00%	32.0%
Management)					
Red Emperor	-	31.5%	35.0%	26.25%	28.0%
Great Bear	89.2%	10.0%	-	8.33%	20.0%
Petroleum**					
State of Alaska	-	-	_	16.67%	
	100%	100.0%	100%	100%	100%

<sup>\*</sup>Government royalty of 16.67%. \*\*Currently Operator of record on leases.



For further details related to the transaction, please refer ASX announcement dated 25 June 2018. Please note that information in relation to the prospective resources was first released on 25 June 2018.

Internal interpretation by incoming operator 88 Energy of the 3D seismic over the Western Blocks has confirmed the original interpretation by Otto's technical team, which identified the 400 million barrel prospect. A location to optimally test the prospect has been selected and permitting is underway, ahead of scheduled drilling in the first quarter of 2019.



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## **Competent Persons Statement**

The information in this report that relates to oil and gas resources in relation to Alaska was compiled by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Senycia 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 Senycia. Mr Senycia 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 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**

The prospective resources information in this document is effective as at 30 April 2018 (Listing Rule (LR) 5.25.1).

The 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).

The prospective resources information in this document has been estimated and prepared using the deterministic 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).