

ASX ANNOUNCEMENT

31 August 2017

SM 71 Construction re-commences post-Hurricane Harvey

Otto Energy Ltd (ASX: OEL) (“Otto” or “the Company”) is pleased to announce that no significant damage has been reported in the wake of Hurricane Harvey and construction operations have resumed on the SM 71 tripod decks and jacket at the Laredo yard in Galveston, Texas.

The operator of the SM 71 project, Byron Energy Ltd (Byron, ASX: BYE) has reported today that construction operations have resumed in Galveston, Texas after the passage of Hurricane Harvey. Byron reports that as of noon August 30, 2017 (Galveston time), an initial 10-man crew had resumed work installing interconnect piping and instrument and electrical equipment in preparation for anticipated load out and setting of the tripod jacket and decks in late October 2017. No significant damage is reported in the Laredo Construction yard, which is located on Pelican Island adjacent to the Galveston Ship Channel, due to Hurricane Harvey which passed through the area beginning on August 25, 2017. The storm produced over 20 inches (50 cm) of rain and high winds in the Galveston area over a five-day period. Storm related damage and reported rainfall amounts were much greater north of Galveston.

The workforce is expected to return to its full complement of 35 workers over the next few days as road conditions in the area improve. Nearly all the production equipment is now fully fabricated and either in the construction yard or will be delivered next week. Currently, work is concentrated on completing the installation of interconnect piping and all the instrumentation and electronics in preparation for re-stacking the decks. Once the decks are stacked in the next two weeks, intra-level piping connections will be made and once hooked up, all equipment will be cycled and tested prior to load out. Current estimates of load out for installation are the second half of October 2017.

Otto has a 50% working interest/40.625% net revenue interest in SM 71. Byron Energy also holds a 50% working interest/40.625% net revenue interest in SM 71 and is the operator.

Otto’s Managing Director, Matthew Allen, commented: *“We are extremely pleased that there are no reports of major injury or damage and that construction has recommenced so quickly after such a devastating storm event. We greatly appreciate the determination and efforts of all the people involved to get back to work so quickly in order to keep the project on schedule for production in January 2018 in what must be difficult circumstances.”*

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