

Quarterly REPORT



THREE MONTHS ENDED 30 SEPTEMBER 2017

QUARTERLY HIGHLIGHTS

Corporate:

- Secured US\$8.2m convertible note funding with conversion price of A\$0.055 per share for SM 71 development
- Closing cash balance of US\$16.21m

Appraisal/Development:

- Louisiana/Gulf of Mexico – South Marsh Island 71 – Secured Ensco 68 jack-up drilling rig to undertake development and exploration drilling starting in November 2017
- Platform decks have been stacked and the remaining activities associated with the platform refurbishment are progressing with installation expected in late 2017

Exploration:

- Louisiana/Gulf of Mexico – South Timbalier 224 – Enterprise 264 jack-up drilling rig is on location and expected to commence drilling the highly prospective ST224 #1 exploration well within days
- Louisiana/Gulf of Mexico – Bivouac Peak – Operator advises that pre-drilling surveys and permitting are being undertaken ahead of issuing drilling proposal

THREE-MONTH OUTLOOK

- Louisiana/Gulf of Mexico – South Marsh Island 71 – complete onshore construction and commissioning of tripod platform facilities prior to load-out and transport to field location. Undertake drilling and completion of the SM 71 F2 well and complete the SM 71 F1 well
- South Timbalier 224 – undertake the drilling of the ST224 #1 exploration well and evaluate objective intervals.
- Louisiana/Gulf of Mexico – Bivouac Peak – Operator to progress permitting and submit well proposal to partners for first well
- Alaska – Operator to secure new funding ahead of commencing a multi-well drilling campaign in early 2018



EXPLORATION/APPRaisal/DEVELOPMENT

LOUISIANA/GULF OF MEXICO – SOUTH MARSH ISLAND 71 (SM 71)

Location: Offshore Gulf of Mexico
Area: 12.16 km²
Otto’s Interest: 50.00% with Byron Energy Inc. (Operator)

Through the drilling of the SM-71 #1 well (now SM 71 F1 well) in April-May 2016, Otto has earned a 50% participating interest (equal to a 40.625% revenue interest) in the licences with Working Interest 2P reported reserves of 2,793 Mboe to Otto. Drilling of SM 71 F1 intersected four separate hydrocarbon bearing sand intervals of which three will ultimately be completed. The well bore has been temporarily suspended awaiting tie-in to production infrastructure. Otto expects that first production will be delivered in January 2018 from SM 71. Additional follow-up opportunities around this salt dome are being progressed by the Operator.

In 2016 the joint venture procured a tripod platform to be modified for use at the SM 71 location.

The joint venture plans to drill and complete the SM 71 F2 well in the D5 sand before completing the SM 71 F1 well in this same interval to optimise field drainage. Both wells are expected to record initial flow rates of 1,500 to 2,000 bopd (gross field production) similar to those recorded on the adjacent SM 72 and SM 73 blocks.

During drilling of the SM 71 F2 well the oil prospective B65 Sand interval will be targeted. This has the potential to double the present block reserve base. Interpretation of post-drill seismic inversion data by the Operator shows promising results defining the D5 Sand extent and clearly delineating the B65 Sand target.



Stacking of Cellar deck.

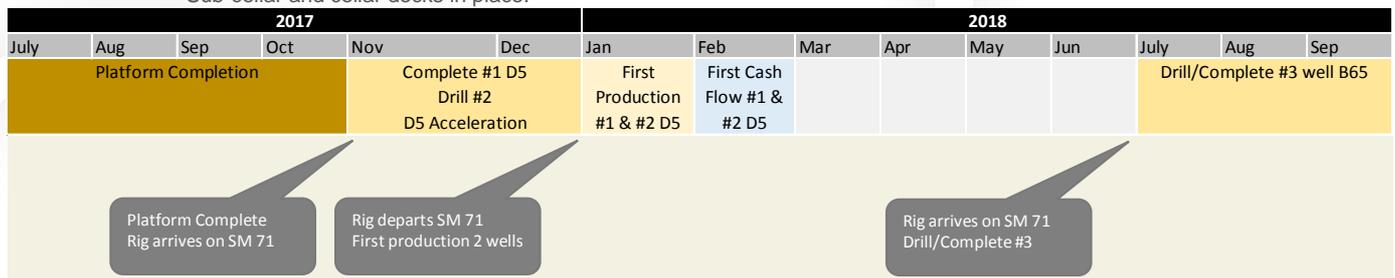
The B65 sands have been assigned a 2.9 MMboe Prospective Resource (Otto 50% share). Given success within the B65, additional development wells would be drilled in due course with scope to utilize all six available slots on the platform.

Progress on the platform jacket and deck modifications at Laredo’s onshore facility in Galveston, Texas has continued despite the significant impact in the region of Hurricane Harvey during the quarter. Modifications to the jacket portion of the production platform have been completed. Installation of instrument and electrical systems, hanging of interconnect piping and installation of skid mounted production equipment is substantially completed. The recent completion of a second heavy lift now has all major decks stacked in preparation for Load out of the jacket and decks anticipated by late October.

Upon completion of the offshore installation works in November, the contracted Ensco 68 drilling rig will drill and complete the F2 well and undertake the completion of the F1 well. Subsea pipeline installation works are expected to occur in mid-October 2017 with final hook-up following installation of the platform.



Sub-cellar and cellar decks in place.



EXPLORATION ASSETS

LOUISIANA/GULF OF MEXICO – SOUTH TIMBALIER 224 (ST 224)

Location: Offshore Gulf of Mexico
Area: 20.23 km²
Otto's Interest: 25.00%

Otto has secured a farm-in to the South Timbalier 224 licence in the Gulf of Mexico shelf area. Located in 170 feet/52 metres of water. The operations are being conducted by respected and experienced operator, W&T Offshore Inc.

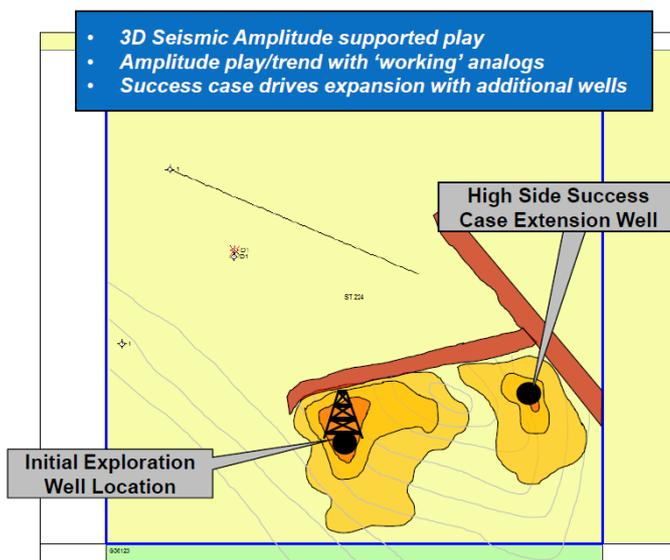
Drilling will target a large, amplitude supported, high CGR (condensate gas ratio) gas condensate exploration prospect located in the prolific Bul. 1 trend. The prospect is delineated by 3D seismic. In house technical work indicates that the prospect being targeted has the potential to hold recoverable prospective resource volumes as shown in the table below.

ST 224 Recoverable Prospective Resources

	100% Project	Otto Net 25% WI before payout (boe @ 6:1)
Low case	2.5 MMbbls oil + 71 Bcf gas	0.6 MMbbls oil + 18.0 Bcf gas (3.60 MMboe)
Mid case	3.2 MMbbls oil + 90 Bcf gas	0.8 MMbbls oil + 22.5 Bcf gas (4.55 MMboe)
High case	8.5 MMbbls oil + 85 Bcf gas	2.1 MMbbls oil + 21.2 Bcf gas (5.63 MMboe)

The prospect, which sits in approximately 170 feet of water, will be drilled using the Enterprise 264 jack up drilling rig. The well has a relatively shallow target depth of 10,800ft (TVD) (11,439ft (MD)) and is expected to take around 55 days to drill and evaluate.

Under the terms of the participation agreement, Otto is required to fund 25% of the initial test well in the ST 224 lease (up to casing point) to earn a 25% working interest in the ST 224 lease. The financial commitment is currently estimated at US\$2.7m (Otto share of dry hole costs) including funds to evaluate the well using wireline techniques and in a failure case to P&A the location. Otto also paid US\$56,250 in back costs.



W&T OFFSHORE | 28

Given the high chance of success of this opportunity, the well has been planned so as to optimize a subsequent development. Should significant hydrocarbons be intersected, the plan is to accelerate development by completing this first well as a producer. Several existing production platforms fall within tie-back distance of the exploration well providing multiple options for rapid development. Otto is confident that a discovery can be brought on to production quickly and cost effectively.

Forward Plan

The Operator, W&T Offshore, advises that the Enterprise 264 jack-up drilling rig is on location and expected to commence drilling within days. Operations are expected take approximately 55 days to drill and evaluate the prospect.

EXPLORATION ASSETS (CONTINUED)

LOUISIANA/GULF OF MEXICO – BIVOUAC PEAK

Location:	Inshore Gulf of Mexico
Area:	10 km ²
Otto's Interest:	45.00% - Earning via staged farm-in with Byron Energy Inc. (Operator)

Otto has the option to earn a 45% working interest in the Bivouac Peak lease, which covers approximately 2,500 acres of highly prospective acreage in the transitional zone inshore southern Louisiana. Byron has identified multiple prospects at both the Middle and Lower Miocene levels demonstrating stacked amplitude and AVO (amplitude versus offset) support. Follow-up drilling options have been identified at the Lower Miocene level that could increase the scale of the overall opportunity.

An independent resource estimate for Bivouac Peak was prepared by Collarini Associates, which assigned a Prospective Resource at Otto's proposed 45% working interest (33.525% net revenue interest) of 7,196 Mbbl of oil and 79,950 Bcf of gas.

Significant production exists in the adjacent Miocene sequence at the Little Bay field (>45 Bcf gas and 5 MMbbl condensate) and the Atchafalaya Bay field (>100 Bcf gas and 0.6 MMbbl condensate).

With nearby production infrastructure already in place, any successful well at Bivouac Peak would be capable of being brought into production within 6-12 months of discovery.

Otto has the ability to earn a 45% working interest (33.525% net revenue interest) through the funding of 60% of the cost of the first well drilled at Bivouac Peak. Any costs above US\$6 million (Otto share) in respect of the first well and all future expenditure will be in accordance with Otto's participating interest (45%).

Forward Plan

Otto is awaiting a well proposal from Operator prior to committing to participate in the first exploration well.

Otto expects Operator to defer drilling until the SM 71 development is completed and producing.

OTTO BIVOUAC PEAK NET PROSPECTIVE RESOURCES¹

GROSS		NET TO OTTO		NET TO OTTO
Oil (Mbbbl)	Gas (MMcf)	Oil (Mbbbl)	Gas (MMscf)	MBOE (6:1)
15,990	177,666	7,196	79,950	20,520

¹. Subject to election by Otto to participate in the first well drilled in the Bivouac Peak acreage.

EXPLORATION ASSETS (CONTINUED)**ALASKA**

Location:	Onshore North Slope Alaska
Area:	2,259 km ²
Otto's Interest:	8%-10.8% – Great Bear Petroleum Operating (Operator)

Great Bear Acreage - Overview

Through its agreements with Great Bear Petroleum Operating ("Great Bear") in 2015, Otto acquired between an 8% and 10.8% working interest (equivalent to 56,712 net acres) in two areas of Alaskan North Slope exploration acreage held by Great Bear.

Great Bear is a private exploration company focused exclusively on exploring and developing conventional and unconventional resources on the North Slope of Alaska.

Great Bear is the dominant exploration acreage holder in this highly prospective basin; holding 574,716 gross acres in a major play fairway south of the Prudhoe Bay and Kuparuk giant oil fields. Great Bear has undertaken significant exploration work on the acreage since 2011 including:

- Acquisition and processing of approximately 2,970 km² of 3D seismic data (1,170 km² in 2016).
- Drilling of two unconventional stratigraphic test wells which cored three primary unconventional targets.
- Drilling of a conventional exploration well (Alkaid-1) which specifically targeted a 3D defined Brookian reservoir. The Alkaid well results are under evaluation.

The extensive, modern 3D seismic coverage, existing well control and proximity to the all-weather Dalton Highway and Trans-Alaskan Pipeline System (TAPS) means the acreage is well positioned for exploration.

Existing 3D seismic has allowed development of an extensive prospect portfolio which includes at least 4 well locations.

Otto's exposure on the first 3 wells is limited to US\$2.6m/well.

Nearby Alaska Activity

Adjacent to Otto Energy acreage, exploration success by other North Slope operators continues:

- In March 2017, the Repsol/Armstrong Horseshoe-1 well immediately to the west of Otto's acreage resulted in a significant conventional oil discovery which is estimated to contain approximately 1.2 billion barrels of recoverable light oil
- ConocoPhillips/Anadarko recently announced a Nanushuk Formation discovery of greater than 300 MMbbl.
- Caelus Energy discovered 2.4 Bbbl EUR light oil at Smith Bay in 2016.
- 88 Energy have drilled and are presently testing the Icewine #2 unconventional HRZ well to the immediate south of Otto's acreage.

Forward Plan

House Bill 111 (HB111) was passed by the Alaska Legislature on 15 July 2017. This has terminated the previous arrangement whereby cash rebates were funded by Alaska instead implementing future deductibility against production royalties.

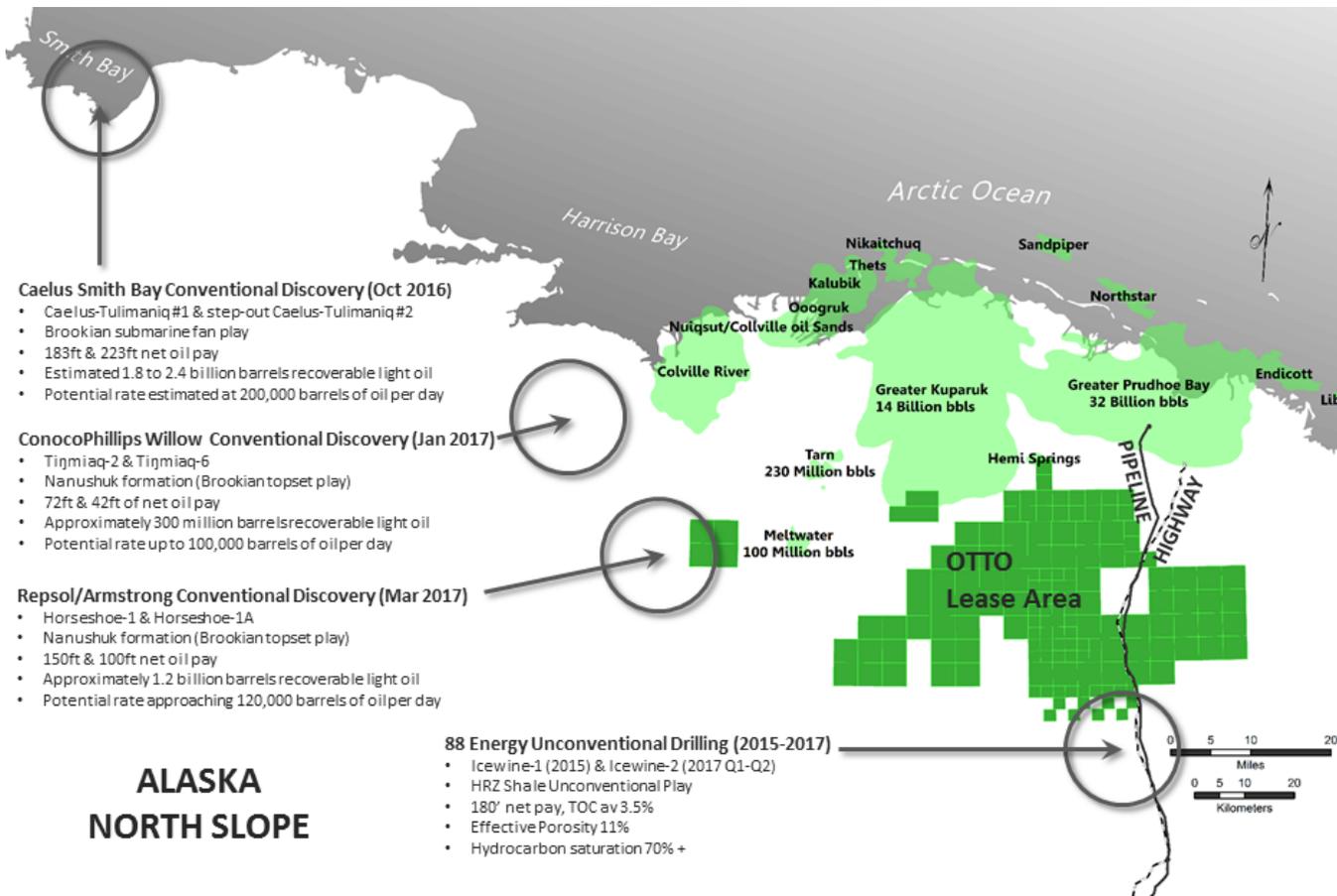
No funding agreement has yet been reached for accrued cash rebates up to 30 June 2017.

Great Bear are resolving outstanding exploration rebate claims with the Alaska government and sourcing additional equity investment ahead of a planned drilling campaign in early 2018.

There are multiple permitted drilling locations which will form the basis of a significant conventional exploration campaign.

EXPLORATION ASSETS (CONTINUED)

ALASKA (continued)



CORPORATE**CASH OUTFLOWS**

Otto's free cash reserve at the end of the quarter was US\$16.21 million (June 2017: US\$12.20 million).

Historic and expected cash outflows/(inflows) in the coming quarter are shown below:

	Dec 17 Qtr US\$m Forecast	Sep 17 Qtr US\$m Actual	Jun 17 Qtr US\$m Actual	Mar 17 Qtr US\$m Actual
Louisiana/Gulf of Mexico				
Development	6.00	2.82	1.01	0.84
Exploration	3.11	0.16	-	-
Tanzania	-	-	0.25	-
Alaska	-	-	0.15	-
Administration	0.82	0.79	1.17	1.00
Business Development	0.02	0.01	0.04	0.08
Convertible Notes (net of costs)	-	(7.89)	0.23	-
Refundable Security Bonds	0.60	0.15	-	-
Other	(0.05)	(0.05)	(0.01)	(0.02)
Total	10.50	(4.01)	2.84	1.90

Convertible Notes

On 29 May 2017 Otto announced it had entered into binding agreements to raise US\$8.2 million via an issue of secured convertible notes to Molton Holdings Limited, a major Otto shareholder (US\$8 million), and Mr John Jetter, Otto's Chairman (US\$0.2 million).

The terms of the convertible notes are very attractive, with a conversion price of A\$0.055 per share which represented an 89% premium to the 30 day VWAP (volume weighted average price) prior to announcement, an interest rate of 14% and a success fee. Key terms of the convertible notes are set out in the Notice of Meeting released to ASX on 23 June 2017.

On 25 July 2017 shareholders approved the issue at a general meeting. All conditions precedent to the completion of the Convertible Note issue were met, including the receipt of US\$8.2 million from the Noteholders, and Otto issued the Convertible Notes on 2 August 2017.

Pangani License Dispute

Otto obtained judgment from the Federal Court of Australia against Swala Oil and Gas (Tanzania) Plc ("Swala") in connection with the dispute concerning the Pangani License in Tanzania. Swala has been ordered to pay to Otto the US\$800,000 plus Otto's legal costs.

This judgment was obtained after Swala failed to comply with its obligations under the settlement agreement concerning the Pangani License dispute, which was the subject of Otto's ASX announcement dated 26 May 2017.

While Otto remains hopeful that Swala will honour its commitments and pay the judgment debt without further delay, having regard to Swala's conduct to date, it intends to take the necessary steps to protect its legal position and enforce the judgment.

CORPORATE (CONTINUED)**SHAREHOLDERS**

Otto's issued capital as at 30 September 2017:

	Number
Fully paid ordinary shares	1,186,298,324
Convertible Notes ¹	8,200,000
Options	-
Performance Rights	7,670,000

Otto's Top 20 Holders as at 30 September 2017:

Rank	Name	Units	% of Units
1	Molton Holdings Limited	241,910,757	20.39%
2	Santo Holding AG	241,910,757	20.39%
3	J P Morgan Nominees Australia Limited	56,392,210	4.75%
4	BNP Paribas Nominees Pty Ltd	41,040,338	3.46%
5	John Jetter (Consolidated Relevant Interest)	16,589,175	1.40%
6	DBS Vickers Securities (Singapore) Pte Ltd	14,020,833	1.18%
7	Mr Rick Wayne Crabb & Mrs Carol Jean Crabb	10,395,052	0.88%
8	Sphinx Holdings Ltd	10,227,361	0.86%
9	HSBC Custody Nominees (Australia) Limited	9,153,510	0.77%
10	Citicorp Nominees Pty Limited	8,871,827	0.75%
11	Stuart Andrew Pty Ltd	8,814,621	0.74%
12	Mr Brian Lesleigh Williams & Mrs Valerie Ruby Dawn Williams	8,400,000	0.71%
13	Mr Andrew McCrea Coulter & Mrs Sally Anne Travis	7,890,000	0.67%
14	Forsyth Barr Custodians Ltd	7,141,742	0.60%
15	Mr Timothy Frances Clive McDonnell & Mrs Mila McDonnell	5,888,888	0.50%
16	Matthew Gerard Allen (Consolidated Relevant Interest)	5,243,000	0.44%
17	Mr Conran James Smith	5,119,000	0.43%
18	Mr William George Williams	4,900,000	0.41%
19	Ian Macliver (Consolidated Relevant Interest)	4,549,721	0.38%
20	Navigator Australia Ltd	4,540,774	0.38%
Total Top 20 Shareholders		712,999,566	60.10%
Total Remaining Shareholders		473,298,758	39.90%
Total Shares on Issue		1,186,298,324	100.0%

¹ Convertible notes have a face value of US\$1.00, are convertible at A\$0.055 and mature on 30 June 2019. Refer to the Notice of Meeting released to ASX on 23 June 2017 for more details.

OTTO AT A GLANCE

- ASX-listed company with a focus on high impact exploration for oil and gas with a regional focus on North America
- Drilling success sees return to production in early 2018
- Focus on proven basins with well-developed route to market
- Demonstrated commitment to shareholder value

DIRECTORS

Chairman:
John Jetter

Non-Executive Directors:
Ian Boserio
Ian Macliver

OFFICERS AND KEY MANAGEMENT

Managing Director & CEO:
Matthew Allen

Chief Financial Officer & Company Secretary:
David Rich

Vice President, Exploration and New Ventures:
Paul Senyica

CONTACTS

ASX Code: OEL

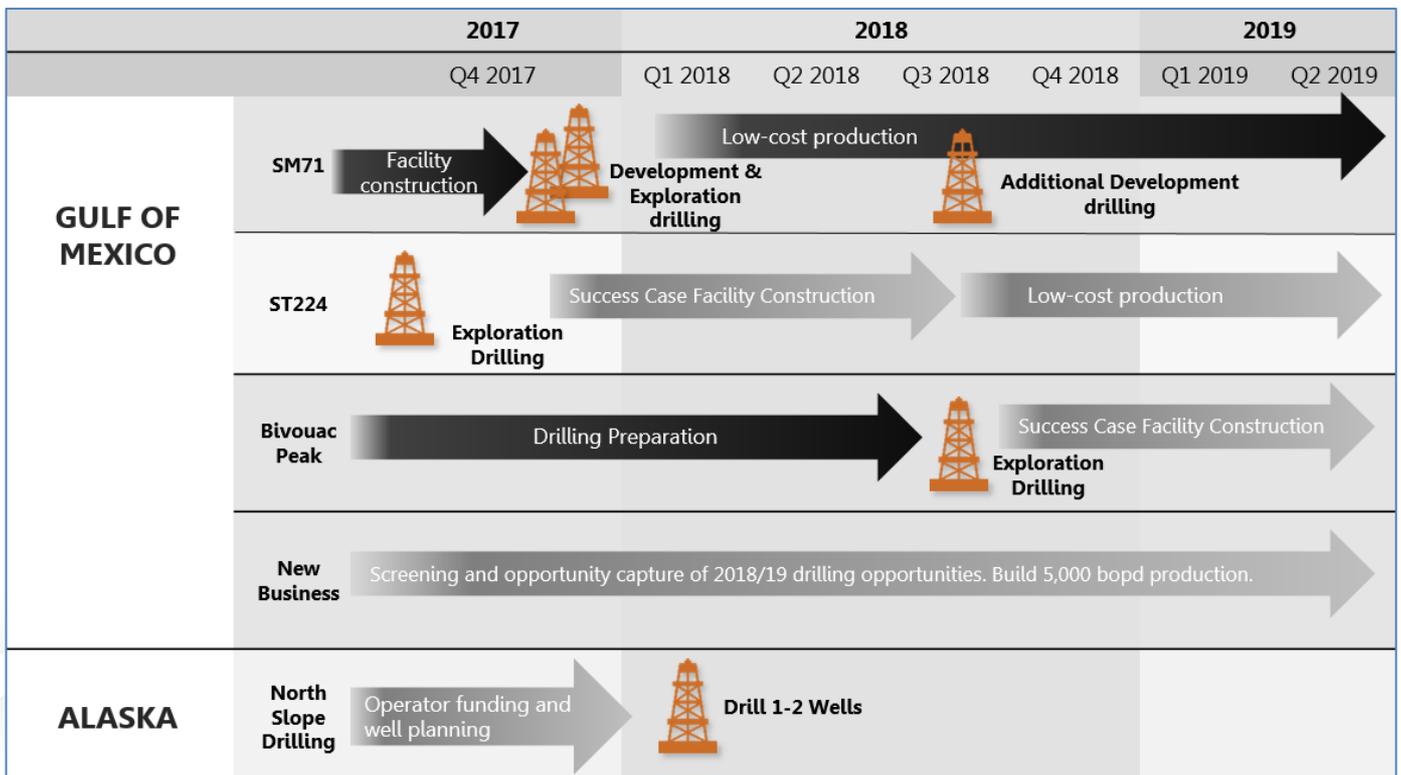
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FORWARD ACTIVITY TIMELINE



Definitions

- | | |
|---|---|
| (1) "\$m" means USD millions of dollars | (5) "Mboe" means thousand barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency |
| (2) "bbl" means barrel | (6) "MMscf" means million standard cubic feet |
| (3) "bbls" means barrels | (7) "MMboe" means million barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency |
| (4) "Mbbl" means thousand barrels | |

Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to Alaska was compiled by technical employees of Great Bear Petroleum, the Operator of the Alaska acreage, and subsequently reviewed 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. The information in this report that relates to oil and gas resources in relation to ST 224 was compiled by technical employees of Otto, and subsequently reviewed 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.

The reserve and contingent resource information in this report in relation to SM 71 and Bivouac Peak is based on information compiled by technical employees of independent consultants Collarini Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and 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 reserves and resources information reported in this Statement is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece 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

Prospective resource estimates in this report for Alaska and Bivouac Peak are prepared as at 30 June 2017. The prospective resource estimates included in this report for ST 224 are prepared as at 5 October 2017. The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org. The estimates are un-risked and have not been adjusted for both an associated chance of discovery and a chance of development. Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

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.

Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Otto Energy Limited

ABN

56 107 555 046

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(162)	(162)
(b) development	(2,824)	(2,824)
(c) production	-	-
(d) staff costs	(492)	(492)
(e) administration and corporate costs	(322)	(322)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	43	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	12	12
- Refundable Security Bond	(150)	(150)
1.9 Net cash from / (used in) operating activities	(3,895)	(3,895)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	8,200	8,200
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(309)	(309)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	7,891	7,891

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,199	12,199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,895)	(3,895)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,891	7,891
4.5	Effect of movement in exchange rates on cash held	14	14
4.6	Cash and cash equivalents at end of period	16,209	16,209

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	16,209	12,199
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,209	12,199

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$US'000
177
-

Directors fees including superannuation where applicable

	<u>\$US'000</u>
Executive Director	97
Non-Executive Directors	<u>80</u>
Total	<u>177</u>

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (Convertible Notes)	8,200	8,200

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

On 2 August 2017 the Company issued convertible notes to Molton Holdings Limited, a major Otto shareholder (US\$8 million), and Mr John Jetter, Otto's Chairman (US\$0.2 million). The interest rate is 14% plus a success fee. The notes are secured and the Maturity Date is 30 June 2019. Key terms of the convertible notes are set out in the Notice of Meeting released to ASX on 23 June 2017.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Exploration and evaluation	(3,111)
9.2 Development	(6,000)
9.3 Production	-
9.4 Staff costs	(359)
9.5 Administration and corporate costs	(480)
9.6 Other (provide details if material)	
- Refundable security bond	(600)
9.7 Total estimated cash outflows	(10,550)

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 16 October 2017

CFO & Company Secretary

Print name: David Rich

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.