

QUARTERLY ACTIVITIES REPORT

For the Three Months ended 31 December 2021

Otto Energy Limited (ASX:OEL) (Otto or the Company) presents its quarterly activities report for the period ended 31 December 2021.

SUMMARY QUARTERLY PROD. VOLUMES (WI BASIS)

	31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
Total Oil (Bbls)	122,710	108,523	13%	132,585	136,331
Total Gas (Mcf)	522,044	574,604	-9%	665,060	717,724
Total NGLs (Bbls)	15,222	18,065	-16%	19,929	22,871
Total BOE	224,940	222,355	1%	263,357	278,823
Total (Boe/d)	2,445	2,417	1%	2,894	3,098
Percent Liquids (%)	61%	57%	8%	58%	57%
Total WI Revenue (US\$MM)	\$ 12.3	\$ 10.4	18%	\$ 10.8	\$ 14.5

2Q FY2022 HIGHLIGHTS

Strategic Delivery

- The Company's strategic plan is built upon three pillars:
- **Pillar 1 – Base asset delivery excellence**
 - Base production from South Marsh 71 (**SM 71**) and Lightning continues to be at or above expectations.
 - Green Canyon 21 “Bulleit” well (**GC 21**) producing intermittently from the MP Sand while awaiting a recompletion in the shallower DTR-10 Sand, expected in mid CY 2022. Recompletion costs are budgeted to be paid out of free cash flow.
- **Pillar 2 – Organic growth within existing base**
 - No capital expenditures were performed or budgeted on our existing assets during the quarter.
 - At SM 71, recompletion potential for the F2 well and re-entry potential for the temporarily abandoned F5 are being targeted for CY 2022, consistent with Otto's current planning and budget.

- Resource progression at Lightning targeted for CY 2022, consistent with Otto's current planning and budget. Seismic data and mapping are ongoing to develop specific well proposals for Green #3 and #4.
- **Pillar 3 – Inorganic growth via opportunity capture to enhance value**
 - On 21 October 2021, Otto announced that it had successfully sold 11,000,000 shares of Pantheon Resources Plc (LSE: PANR) (**Pantheon**) stock in exchange for approximately US\$10.5 million. The Company retains 3,272,592 Pantheon shares.
 - On 19 November 2021, Otto announced that it was apparent high bidder on South Timbalier 48 at OCS Lease Sale 257. Otto bid the minimum entry price of US\$125,000 and is currently awaiting final BOEM review.
 - On 22 November 2021, Otto announced that it had spud the Schindler #2 well in Colorado County, TX. The well encountered 11 separate gas shows during drilling, however log evaluations indicated that the sands were too tight to be producible, as announced on 9 December 2021. The well has been plugged and abandoned.
 - On 4 January 2022, Otto announced a discovery at its Vick #1 well in Lavaca County, TX. The well encountered 12 feet of net pay in the shallower Yegua formation and 16 feet of net pay in the Wilcox sand targets, as expected. Completion operations are underway.
 - Otto continues to evaluate prospects, assets and corporate entities with respect to whether a purchase and/or consolidation would be a good fit with its portfolio.

Financial Delivery

- **Revenue** – Revenue for the December quarter increased approximately 18% when compared to the September quarter, due predominantly to an increase in crude oil, natural gas, and NGL prices during the December quarter. Further contributing to the increase in revenue was an increase in production at SM 71 due to the well being shut-in for 14 days during the September quarter, as a result of Hurricane Ida.
- **Capex investments** – During the December quarter, the company invested approximately US\$1.1 million to drill the Schindler #2 and Vick #1 wells.
- **Opex cost management** –
 - **28%** lower field lifting costs versus budget for the current December quarter.
 - **53%** lower non-field lifting costs versus the prior year December 2020 quarter.
- **Operating cash flow** –
 - Positive net cash from operating activities of US\$4.2 million for the December quarter.

Liquidity

- Cash balance at the end of the December quarter was US\$26.2 million, which includes the US\$10.5 million proceeds from the sale of Pantheon stock in October 2021.

- Residual equity interest held in Pantheon valued at US\$3.3 million (as at 21 Jan 2022).¹
- Debt balance at the end of the December quarter was US\$6.9 million.

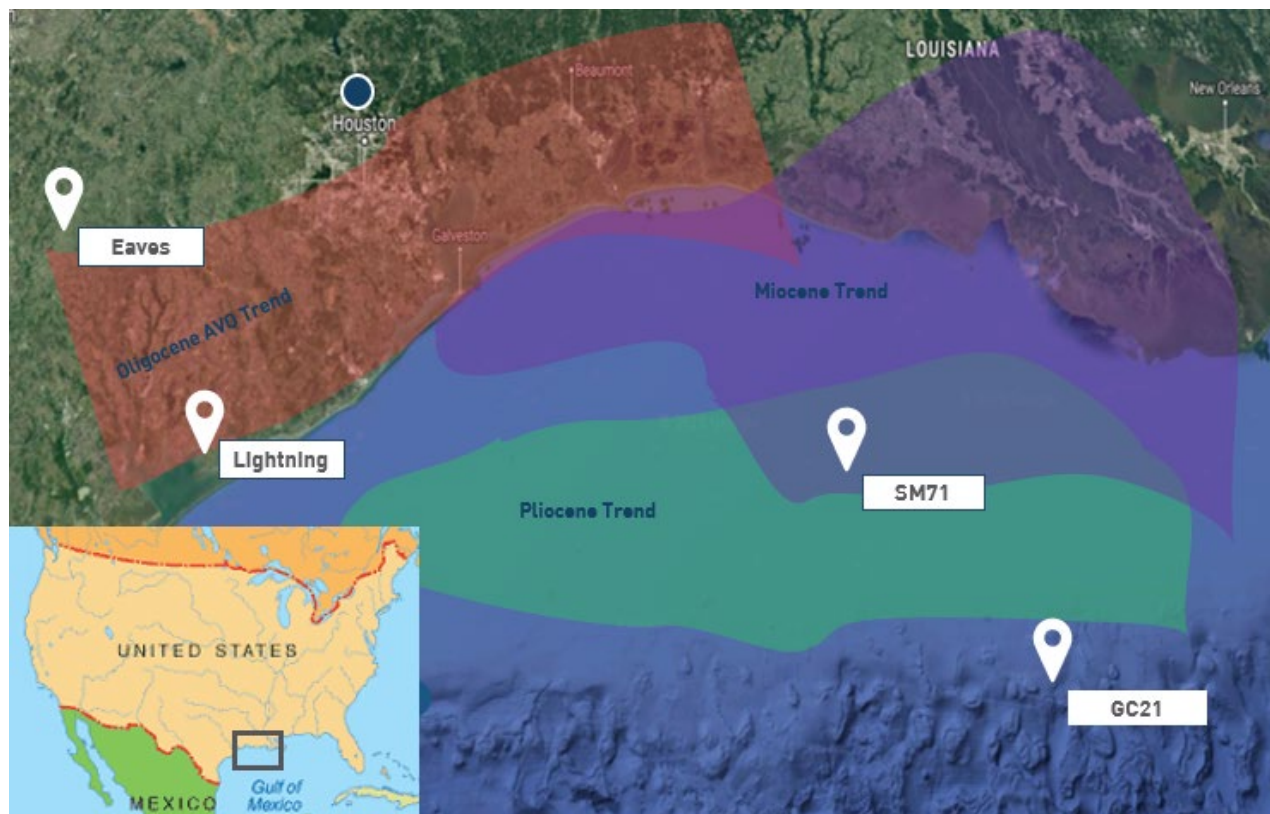
COMMENT FROM OTTO EXEC. CHAIRMAN, MIKE UTSLER

“We are pleased with the strong operational and financial results that were delivered in the second quarter of this fiscal year. The improved commodity price environment coupled with our commitment to expanding margins, along with the Pillar 3 strategy of monetizing a portion of our Pantheon shares, allowed us to further build our cash position to US\$26.2 million.”

“Just as importantly, we were able to lower our debt balance to US\$6.9 million, all while participating in two exploratory prospects during the quarter. While only one of the two prospects was successful, we look forward to commencing production from the Vick #1 well and progressing ahead to new drilling and/or development opportunities.”

SUMMARY OF OPERATIONS

Area	Status	WI	NRI	Operator	Comments
South Marsh 71 (SM71)	Producing	50.0%	40.6%	Byron Energy	3 wells
Lightning	Producing	37.5%	28.2%	Hilcorp	2 wells
Green Canyon 21 (GC 21)	Producing	16.7%	13.3%	Talos Energy	1 well
Eaves Well	Completing	10.3%	7.7%	Forza Operating	1 well



¹ Based on prevailing PANR share price of 73.70 pence and a 1.36 US\$ to GBP exchange rate as of 21 January 2022.

SOUTH MARSH ISLAND 71 (SM 71)

Location:	Louisiana/Offshore Gulf of Mexico
Area:	12.16 km ²
Water Depth:	137 feet
Otto's Working Interest:	50.00% (Byron Energy Inc. – Operator)

During the quarter, on a working interest basis, the F1, F2 and F3 wells produced approximately 121.6 Mboe (+18% over prior quarter), or 1,322 Boe/d, which was higher than the September quarter due to 14 days of downtime associated with Hurricane Ida during that quarter. Production was approximately 1,299 Boe/d as of 31 December 2021. As of the date of this report, daily production rates are consistent with the daily production rates as of 31 December 2021.

Recompletion potential for the F2 well and re-entry potential for the temporarily abandoned F5 well remain under evaluation for CY 2022.

The SM 71 lease ranks number 3 of all currently active oil producing leases on the US Gulf of Mexico shelf with the SM 71 F3 and F1 ranked as the number 1 and number 2 active oil producing wells.

SM 71 Quarterly Production and Revenue Summary

SM 71 Production Volumes		31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
WI	Oil (bbls)	107,431	91,511	17%	112,232	113,496
	Gas (Mscf)	85,277	69,145	23%	94,085	79,715
	Total (Boe)	121,644	103,035	18%	127,913	126,782
	Total (Boepd)	1,322	1,120	18%	1,406	1,409
NRI	Oil (bbls)	87,287	74,353	17%	91,189	92,216
	Gas (Mscf)	69,288	56,180	23%	76,444	64,769
	Total (Boe)	98,835	83,716	18%	103,930	103,011
	Total (Boepd)	1,074	910	18%	1,142	1,145

SM 71 Sales Revenue		31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
WI	Oil - \$million	\$ 7.9	\$ 6.1	29%	\$ 7.0	\$ 6.2
	Oil - \$ per bbl	\$ 73.68	\$ 66.89	10%	\$ 62.81	\$ 54.31
	Gas - \$million	\$ 0.5	\$ 0.4	47%	\$ 0.3	\$ 0.3
	Gas - \$ per MMbtu	\$ 5.30	\$ 4.51	18%	\$ 3.29	\$ 2.77
	Total - US\$million	\$ 8.4	\$ 6.5	30%	\$ 7.4	\$ 6.5
NRI	Total - US\$million	\$ 6.9	\$ 5.3	30%	\$ 6.0	\$ 5.2

LIGHTNING

Location:	Onshore Matagorda County, Texas
Otto's Working Interest:	37.50% (Hilcorp Energy – Operator)

During the quarter, on a working interest basis, the Green #1 and #2 wells produced approximately 101.5 Mboe (-13% over prior quarter), or 1,103 Boe/d, which was lower than the September quarter, due to normal production characteristics. Production was approximately 928 Boe/d as of 31 December 2021. As of the date of this report, daily production rates are consistent with the daily production rates as of 31 December 2021.

Reinterpretation of the 3D seismic by the operator confirms that there are multiple levels of hydrocarbon pay in the Lightning field. While production is currently from the upper Tex Miss 1 zone, the lower Tex Miss 2/3 zone was tested in both wells while they were being drilled. The Tex Miss 2/3 zone appears to be significantly larger in area and potentially thicker but indicates lower permeability. Future wells (potentially Green #3 in FY2022) might test the ability to stimulate the Tex Miss 2/3 zone and unlock its significant upside potential.

Lightning Quarterly Production and Revenue Summary

Lightning Volumes		31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
WI	Oil (bbls)	14,463	15,906	-9%	18,437	21,410
	Gas (Mscf)	432,312	499,836	-14%	563,559	621,573
	NGLs (bbls)	14,973	17,764	-16%	19,581	22,313
	Total (Boe)	101,488	116,976	-13%	131,945	147,319
	Total (Boepd)	1,103	1,271	-13%	1,450	1,637
NRI	Oil (bbls)	10,882	11,967	-9%	13,871	16,108
	Gas (Mscf)	325,256	376,059	-14%	424,002	467,651
	NGLs (bbls)	11,265	13,365	-16%	14,732	16,788
	Total (Boe)	76,356	88,009	-13%	99,271	110,838
	Total (Boepd)	830	957	-13%	1,091	1,232

Lightning Sales Revenue		31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21	
WI	Oil - \$million	\$ 1.1	\$ 1.1	0%	\$ 1.2	\$ 1.2	
	Oil - \$ per bbl	\$ 75.18	\$ 68.35	10%	\$ 63.25	\$ 55.74	
	Gas - \$million	\$ 2.1	\$ 2.1	-1%	\$ 1.7	\$ 6.2	
	Gas - \$ per MMbtu	\$ 4.86	\$ 4.24	15%	\$ 2.96	\$ 10.01	
	NGLs - \$million	\$ 0.5	\$ 0.6	-6%	\$ 0.4	\$ 0.5	
	NGLs - \$ per bbl	\$ 35.43	\$ 31.66	12%	\$ 20.75	\$ 21.10	
	Total - US\$million	\$ 3.7	\$ 3.8	-1%	\$ 3.3	\$ 7.9	
	NRI	Total - US\$million	\$ 2.8	\$ 2.8	-1%	\$ 2.4	\$ 5.9

GREEN CANYON 21 (GC 21)

Location:	Offshore, Gulf of Mexico
Water Depth:	1,200 feet
Otto's Working Interest:	16.67% (Talos Energy – Operator)

The “Bulleit” appraisal well located at GC 21 commenced production from the deeper MP Sand in October 2020. During the quarter, on a working interest basis, the GC 21 well produced approximately 1.8 Mboe (-23% over prior quarter), or 20 Boe/d, as production is currently being managed by the operator. The well was shut-in for 15 days during the current quarter for pressure buildup.

A recompletion in the shallower DTR-10 Sand is scheduled for mid CY 2022 at a budgeted cost of US\$35.5 million (US\$5.9 million, net to Otto). These costs are budgeted to be paid out of existing free cash flow. This preliminary schedule is dependent upon deepwater rig availability, weather, timing and long lead items. It is estimated that point-forward economics for the recompletion are highly positive and strongly value accretive.

GC 21 Quarterly Production and Revenue Summary

GC 21 Production Volumes		31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
WI	Oil (bbls)	816	1,106	-26%	1,916	1,425
	Gas (Mscf)	4,455	5,624	-21%	7,416	16,436
	NGLs (bbls)	249	301	-17%	347	558
	Total (Boe)	1,808	2,344	-23%	3,500	4,722
	Total (Boepd)	20	25	-23%	38	52
NRI	Oil (bbls)	653	885	-26%	1,533	1,140
	Gas (Mscf)	3,564	4,499	-21%	5,932	13,149
	NGLs (bbls)	199	241	-17%	278	446
	Total (Boe)	1,446	1,875	-23%	2,800	3,778
	Total (Boepd)	16	20	-23%	31	42

GC 21 Sales Revenue		31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
WI	Oil - \$million	\$ 0.06	\$ 0.07	-17%	\$ 0.12	\$ 0.08
	Oil - \$ per bbl	\$ 73.74	\$ 65.87	12%	\$ 63.57	\$ 52.83
	Gas - \$million	\$ 0.02	\$ 0.03	-12%	\$ 0.02	\$ 0.05
	Gas - \$ per MMbtu	\$ 5.00	\$ 4.33	15%	\$ 2.31	\$ 2.77
	NGLs - \$million	\$ 0.01	\$ 0.01	0%	\$ 0.01	\$ 0.01
	NGLs - \$ per bbl	\$ 35.80	\$ 29.53	21%	\$ 22.14	\$ 19.90
	Total – US\$million	\$ 0.09	\$ 0.11	-15%	\$ 0.15	\$ 0.14
NRI	Total – US\$million	\$ 0.07	\$ 0.08	-7%	\$ 0.12	\$ 0.11

EAVES #1

Location:	Onshore Lavaca County, Texas
Otto's Working Interest:	10.3% in a 160-acre unit (Forza Operating – Operator)

The Vick #1 well, within the Eaves Prospect, was spud on 9 December 2021 and reached 9,242' TVD on 22 December 2021. The well was logged and cored across multiple intervals, encountering a total of 12 feet of net pay in the shallower Yegua formation as expected. In the Wilcox sand targets, the well encountered 16 feet of net pay. The Wilcox was encountered across three separate sands as expected.

Completion operations are underway, with first production expected in Q1 CY 2022. Total costs to drill, complete and bring this well to production are expected to be approximately US\$0.2 million, net to Otto.

SCHINDLER #1

The Schindler #1 well in Colorado County, TX was spud on 14 October 2021 and reached 13,658' TVD on 3 December 2021. The well encountered 11 separate gas shows in the primary Wilcox objective, however triple combo wireline log evaluations indicated that the sands were too tight to be producible.

The well has been plugged and abandoned with a total final cost of approximately US\$0.9 million, net to Otto.

CORPORATE

PANTHEON SHAREHOLDING (LSE: PANR)

On 21 October 2021, the Company announced that it had successfully sold 11,000,000 shares of Pantheon Resources plc (LSE: PANR) (Pantheon) in exchange for approximately US\$10.5 million. The Company continues to own 3,272,592 shares of PANR, valued at US\$3.3 million as at 21 January 2022, as well as a 0.5% of 8/8ths overriding royalty interest (ORRI) in any future production from the Talitha Unit in Alaska, which is operated by Pantheon.

NET REVENUE

Net revenue for the quarter, on a WI basis, was approximately US\$12.3 million, an 18% increase over the prior quarter due to a weighted 17% increase in commodity prices, made up of a 10% increase in crude oil prices, a 16% increase in natural gas prices, and a 12% increase in NGL prices.

Otto's hydrocarbon sales for the quarter equate to 2,445 Boe/d, a 1% increase over the prior quarter primarily driven by an 18% increase in production at SM 71 as a result of Hurricane Ida (SM 71 was shut-in for 14 days during the September quarter because of the storm). This increase in production at SM 71 was partially offset by a 13% decrease in

production at Lightning due to normal production characteristics and a 23% decrease in production at GC 21 due to shutting in the well for 15 days during the December quarter for pressure buildup.

From a cash receipts perspective, Otto received proceeds of approximately US\$9.0 million during the quarter, predominantly related to production, net of royalties, for September, October and November 2021.

Working Interest, net to Otto	31-Dec-21	30-Sep-21	% change	30-Jun-21	31-Mar-21
Oil revenue (\$millions)	\$ 9.1	\$ 7.3	24%	\$ 8.3	\$ 7.4
Avg oil price (\$/Bbl) - pre-hedges	\$ 73.86	\$ 67.09	10%	\$ 62.88	\$ 54.52
Avg oil price (\$/Bbl) - post-hedges	\$ 60.61	\$ 54.59	11%	\$ 54.14	\$ 50.41
Gas revenue (\$millions)	\$ 2.7	\$ 2.5	6%	\$ 2.0	\$ 6.6
Avg gas price (\$/Mmbtu) - pre-hedges	\$ 4.94	\$ 4.27	16%	\$ 3.00	\$ 9.03
Avg gas price (\$/Mmbtu) - post-hedges	\$ 4.52	\$ 4.13	9%	\$ 3.00	\$ 9.03
NGL revenue (\$millions)	\$ 0.5	\$ 0.6	-6%	\$ 0.4	\$ 0.5
Avg NGL price (\$/Bbl)	\$ 35.44	\$ 31.62	12%	\$ 20.78	\$ 21.07
Total revenue (\$millions)	\$ 12.3	\$ 10.4	18%	\$ 10.8	\$ 14.5
Avg WA price (\$/Boe) - pre-hedges	\$ 54.50	\$ 46.61	17%	\$ 41.00	\$ 52.06
Avg WA price (\$/Boe) - post-hedges	\$ 46.27	\$ 40.12	15%	\$ 36.60	\$ 50.05

See attached Appendix 5B for detailed cash flow disclosures.

COMMODITY PRICE RISK MANAGEMENT

As of 31 December 2021, Otto had a crude oil hedge book of 167,939 barrels of oil hedged through September 2022 via swaps, at a weighted average LLS price of US\$56.36 per bbl.

The Company's last natural gas hedge rolled off at 31 December 2021. Accordingly, the Company has no natural gas hedges as of 31 December 2021.

As a result of the recent increase in crude oil and natural gas prices, the Company realized a loss on hedges for the quarter of approximately US\$1.9 million.

COST PERFORMANCE

Office operating outflows, or non-field lifting costs, for the December quarter were approximately US\$0.9 million, which equates to a 53% decrease when compared to the December 2020 quarter, and a 28% decrease versus the amount budgeted for the quarter.

The FY2022 budget was established with multiple areas of targeted reduction, including administrative, licensing, and advisory/consultant costs.

LIQUIDITY AND DEBT

Otto's cash on hand at the end of the December quarter was approximately US\$26.2 million (September quarter: US\$13.7 million).

On 2 November 2019, the Company entered a three-year senior secured US\$55 million facility with Macquarie Bank Limited (**Macquarie**) (the **Credit Facility**). The initial commitment under the Credit Facility was US\$35 million (made up of US\$25 million available under Tranche A1 and US\$10 million available under Tranche A2), with an additional US\$20 million subject to further credit approval from Macquarie, with an interest rate of LIBOR plus 8.0% per annum. Quarterly principal repayments commenced on 31 March 2020.

As of 31 December 2021, the Company had drawn US\$25 million under Tranche A1 and had repaid US\$18.1 million, resulting in a closing debt balance of US\$6.9 million. Tranche A2 remains undrawn as of 31 December 2021. The Credit Facility currently matures on 4 November 2022. The Credit Facility is secured by substantially all of the Company's oil and gas producing assets.

RELATED PARTY TRANSACTIONS

Payments to related parties and their associates totaled US\$103k consisting of Executive Directors fees (US\$75k) and Non-Executive Directors fees including superannuation payments (US\$28k).

SHAREHOLDERS

Otto's issued capital as at 21 January 2022:

Class	Number
Fully paid ordinary shares	4,795,009,773
Options ²	72,500,000
Performance Rights ³	23,944,667

² 42,500,000 options at A\$0.08 expire in November 2023; 20,000,000 options at A\$0.02 expire in August 2024; and 10,000,000 options at A\$0.025 expire in August 2024.

³ 2,788,667 rights expire in November 2022; and 21,156,000 rights expire in November 2023

Otto's Top 20 Holders as at 21 January 2022:

Rank	Name	Units	% of Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,334,353,424	48.68%
2	CITICORP NOMINEES PTY LIMITED	196,589,667	4.10%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - 2	157,051,934	3.28%
4	MONEX BOOM SECURITIES (HK) LTD	124,397,272	2.59%
5	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	124,040,353	2.59%
6	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	81,381,664	1.70%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	58,778,996	1.23%
8	BNP PARIBAS NOMS PTY LTD	50,177,214	1.05%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	48,461,341	1.01%
10	MR JOHN PHILIP DANIELS	44,435,823	0.93%
11	MR NEIL DAVID OLOFSSON & MRS BELINDA OLOFSSON	27,000,333	0.56%
12	FOSTER CAPITAL NZ LIMITED	25,000,000	0.52%
13	MR DOUGAL JAMES FERGUSON	24,340,000	0.51%
14	MR ANASTASIOS MAZIS	23,807,812	0.50%
15	TROPICAL INVESTMENTS WA PTY LTD	22,555,555	0.47%
16	MR THOMAS FRITZ ENSMANN	20,000,000	0.42%
17	ASB NOMINEES LIMITED	18,703,524	0.39%
18	MR DANIEL LEE	18,211,778	0.38%
19	REMOND HOLDINGS PTY LTD	18,000,000	0.38%
20	DANIEL LEE PTY LTD	17,771,431	0.37%
Total Top 20 Shareholders		3,435,058,121	71.64%
Total Remaining Shareholders		1,359,951,652	28.36%
Total Shares on Issue		4,795,009,773	100.0%

Substantial Holders as at 21 January 2022:

Name	Units	% of Units
Molton Holdings Limited	2,305,859,697	48.09%

Director Holdings as at 21 January 2022:

Name	Units	% of Units
John Jetter	57,881,668	1.21%
Paul Senyacia	7,959,387	0.17%
Mike Utsler	5,000,000	0.10%

OTTO AT A GLANCE

Otto is an ASX-listed oil and gas exploration and production company focused on the Gulf of Mexico region. Otto currently has oil production from its SM 71 and GC 21 fields in the Gulf of Mexico and gas/condensate production from its Lightning asset in onshore Matagorda County, Texas. Cashflow from its producing assets underpins its strategy and financial stability.

DIRECTORS

Michael Utsler – Chairman & CEO
 John Jetter – Non-Executive
 Geoff Page – Non-Executive
 Paul Senyia – Non-Executive

CHIEF FINANCIAL OFFICER

Sergio Castro

COMPANY SECRETARY

Kaitlin Smith (AE Administrative Services)

ASX Code: OEL

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Definitions

“bbl” = barrel

“bbls” = barrels

“bopd” = barrels of oil per day

“Mbbbl” = thousand barrels

“Mscf” = 1000 standard cubic feet

“NGLs” = natural gas liquids

“MMscf” = million standard cubic feet

“Mmbtu” = million British thermal units

“Mboe” = 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

“MMboe” = million barrels of oil equivalent (“boe”) with a boe determined on the same basis as above

“NRI” means Net Revenue Interest

“WI” means Working Interest

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Otto Energy Limited

ABN

56 107 555 046

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,980	17,699
1.2 Payments for		
(a) exploration & evaluation	(1,050)	(1,323)
(b) development	(24)	161
(c) production	(789)	(1,506)
(d) staff costs	(505)	(1,023)
(e) administration and corporate costs	(283)	(856)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	(288)	(623)
1.6 Income taxes paid	(4)	(4)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) derivative instruments	(1,883)	(3,367)
(b) other	-	-
1.9 Net cash from / (used in) operating activities	4,162	9,166

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(53)
(d) exploration & evaluation	-	-
(e) investments	10,589	10,589

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	10,589	10,536

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(2,300)	(4,600)
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	(2,300)	(4,600)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,746	11,100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,162	9,166
4.3	Net cash from / (used in) investing activities (item 2.6 above)	10,589	10,536
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,300)	(4,600)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(2)	(7)
4.6	Cash and cash equivalents at end of period	26,195	26,195

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	26,195	13,746
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)	26,195	13,746

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	103
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments to related parties and their associates totalled US\$103k consisting of Executive Directors fees (US\$75k) and Non-Executive Directors fees including superannuation payments (US\$28k)

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	36,900	6,900
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	36,900	6,900
7.5	Unused financing facilities available at quarter end		10,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>On 2 November 2019, Otto Energy entered into a three-year senior secured US\$55 million term debt facility with Macquarie Bank Limited (Macquarie) as follows:</p> <p><u>Initial commitment of \$35 million</u></p> <ul style="list-style-type: none"> Tranche A1 (\$25 million) available upon facility close. Fully drawn. Repaid amounts are not available for re-borrowing; Tranche A2 (\$10 million) available on successful exploration. No funds drawn as of 31 December 2021; Interest rate of LIBOR plus 8.0% per annum; Matures November 2022; Quarterly principal repayments commenced 31 March 2020; Senior secured non-revolving facility with security over US based assets; and The Facility may be repaid early without penalty. <p><u>Additional \$20 million available</u></p> <ul style="list-style-type: none"> Subject to further credit approval from Macquarie on same terms as above 		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	4,162
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	
8.3	Total relevant outgoings (item 8.1 + item 8.2)	4,162
8.4	Cash and cash equivalents at quarter end (item 4.6)	26,195
8.5	Unused finance facilities available at quarter end (item 7.5)	10,000
8.6	Total available funding (item 8.4 + item 8.5)	36,195
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 27 January 2022.....

Authorised by: The Board of Directors of Otto Energy Limited.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.