QUARTERLY ACTIVITIES REPORT

For the Three Months ended 30 June 2022

Otto Energy Limited (ASX:OEL) (**Otto** or the **Company**) presents its quarterly activities report for the period ended 30 June 2022.

SUMMARY

Significant progress in continuing to re-base the Company

- Streamlined corporate structure to reduce complexity and costs
- Expanded board by one to access commercial and financial skills critical to our ongoing growth efforts
- Updating financial and accounting systems to simplify and enhance greater transparency

Enabling strong balance sheet improvements from our disciplined financial and technical operating models

- 12% increase in revenue for the June quarter
- Strong cash from operating activities of US$3.1 million for the June quarter
- 20% reduction in non-field lifting costs versus prior June 2021 quarter
- Against rising costs of operations due to continuing supply chain issues and inflationary pressures – field lifting costs have remained essentially flat at 1% higher than the prior 2021 quarter

Enabling Otto to invest for growth in resources to reserves to production via disciplined exploration

- Successful discovery at Oyster Bayou South
- Successful discovery at Mosquito Bay West prospect
- Successful discovery at Otto's Vick #1 well in Lavaca County, Texas
- 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

While maintaining a robust liquidity position

- Cash balance at the end of the June quarter was US$26.8 million
- Residual equity interest held in Pantheon Resources plc (LSE: PANR) at quarter end valued at US$3.5 million[1] plus an additional 0.5% ORRI in the Talitha Unit within Pantheon's holdings
- Debt balance at quarter end was US$2.3 million

And investing in existing fields to optimize ultimate cost-effective hydrocarbon recoveries

- Base production from South Marsh 71 (SM 71) and Lightning continues to be at or above expectations
- Green Canyon 21 "Bulleit" well (GC 21) awaiting a recompletion in the shallower DTR-10 Sand, expected in Q3 CY 2022. Recompletion costs are budgeted to be paid out of free cash flow
- At SM 71, recompletion potential for the F2 well is being targeted for Q3 CY2022, consistent with Otto's current planning and budget and to be paid out of free cash flow

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COMMENT FROM OTTO EXECUTIVE CHAIRMAN, MIKE UTSLER

"I am truly pleased with the tremendous progress Otto has made from what was a very challenging 2020 - early 2021 timeframe for the Company to where we now are at the end of FYQ4 2022. We have approached the rebasing and rebuilding of the Company through a very deliberate and measured focus that has centered on 1) simplifying our corporate structure, 2) establishing a disciplined and specific operating, commercial, technical and financial series of models, 3) creating a relentless focus on direct and indirect costs, 4) re-establishing Otto as a partner of choice, enabling us to have a robust prospect hopper and to build a targeted investment inventory, and 5) improve our connectivity to the market and expand our shareholder registry.

As a result of our progress in these efforts, and aided by global market demand and pricing, we have finished the FY2022 in excellent shape. Our breakeven costs (including direct and indirect costs) are now circa US$10/BOE. Operational results were robust with production exceeding plans and overall uptimes in our operations at 93% (reflecting an as-planned 3% downtime for planned maintenance and 4% downtime due to hurricane forced shut-downs). Additionally, our technical/commercial evaluation process has resulted in three straight discoveries since December 2021 to present, which has expanded our asset base from three fields to six fields."

"With net cash of approximately US$27 million, combined with our abilities to access additional financing via facilities in place, we are well positioned to deliver value-added growth via further targeted drilling opportunities with attractive risk-weighted rates of return. Our strong financial footing allows us to evaluate and quickly execute on accretive acquisition opportunities. We will continue to evaluate opportunities that allow us to be active in our drilling program while maintaining our financial flexibility. Above all, we remain committed to growing shareholder value whilst maintaining high-quality conventional production and capitalizing on accretive growth opportunities."

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[1] Based on prevailing PANR share price of 89.40 pence and a 1.19 US$ to GBP exchange rate as of 30 June 2022.

ReBase the Company (FY 2020/21)

Drive performance excellence and transparency in our delivery
- Strengthen balance sheet
- Establish disciplined low-cost operating model
- Overhaul processes and practices to enhance transparency

Build the Company (FY2022/23)

Maximising inorganic and organic growth opportunities
- Develop/deliver on existing field growth
- Leverage technical and commercial access to 4-6 drilling options,
- Pursue/capture PDP acquisitions
- Sell/merge assets or companies

Transform OEL to build Scale (2024+)

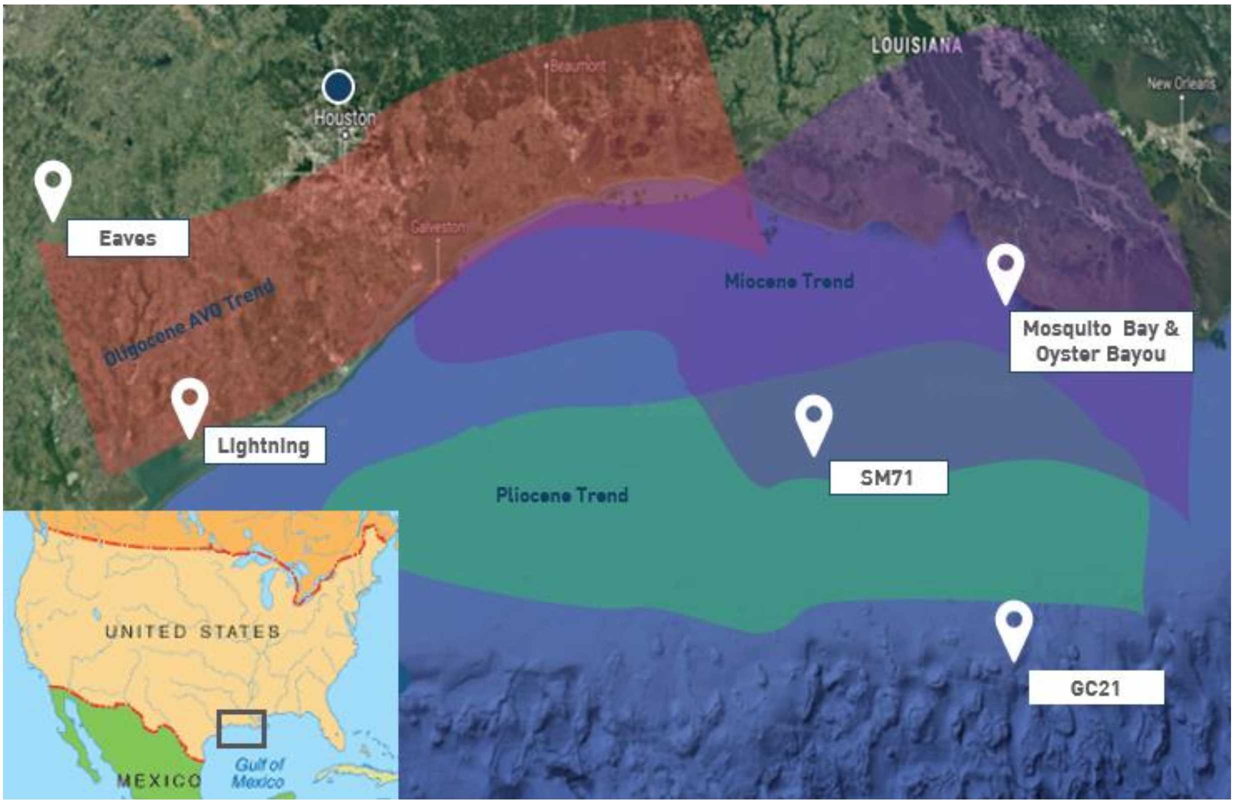
Capture future value Initiatives
- Otto to leverage fiscal and operating portfolio to position itself to create industry scale

SUMMARY QUARTERLY PROD. VOLUMES (WI BASIS)

	30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
Total Oil (Bbls)	105,199	114,006	-8%	122,710	108,523
Total Gas (Mcf)	444,286	467,266	-5%	522,044	574,604
Total NGLs (Bbls)	13,417	13,246	1%	15,222	18,065
Total BOE	192,664	205,130	-6%	224,940	222,355
Total (Boe/d)	2,117	2,279	-7%	2,445	2,417
Percent Liquids (%)	62%	62%	-1%	61%	57%
Total WI Revenue (US$MM)	$ 15.0	$ 13.4	12%	$ 12.3	$ 10.4

SUMMARY OF OPERATIONS

Area	Status	WI	NRI	Operator	Comments
South Marsh 71 (SM 71)	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
Mosquito Bay West	Completing	30.0%*	22.4%	Castex Energy, Inc.	1 well
Oyster Bayou South	Completing	30.0%*	22.7%	Castex Energy, Inc.	1 well



SOUTH MARSH ISLAND 71 (SM 71)

Location:	Louisiana/Offshore Gulf of Mexico
Status:	Producing
Water Depth:	137 feet
Otto WI/NRI:	50.0%/40.6% (Byron Energy Inc. – Operator)

During the quarter, on a working interest basis, the F1, F2 and F3 wells produced approximately 102.2 Mboe (-9% over prior quarter), or 1,123 Boe/d, which was lower than the March quarter due to five days of downtime during the current quarter as a result of a leak in the third-party oil sales pipeline. Repairs have been completed and production has returned to normal levels. The recompletion of the F2 well (planned by the operator for 3Q CY2022), should mitigate any near-term production declines going forward.

In late June 2022, traces of water were detected from the F3. The traces of water have remained on the order of 2% daily and have not increased since they were first noted. Importantly, the F3 continues to produce at the same daily oil rate. This occurrence is entirely consistent with Otto's mapping and reservoir modelling. The F1, updip to the F3, continues to produce water-free. Net production from the field was approximately 1,234 Boe/d as of 30 June 2022. As of the date of this report, daily production rates are consistent with the daily production rates as of 30 June 2022.

The SM 71 lease ranks number 2 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 3 active oil producing wells.

SM 71 Quarterly Production and Revenue Summary

SM 71 Production Volumes		30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
WI	Oil (bbls)	91,995	99,951	-8%	107,431	91,511
	Gas (Mscf)	61,134	75,566	-19%	85,277	69,145
	Total (Boe)	102,184	112,545	-9%	121,644	103,035
	Total (Boepd)	1,123	1,251	-10%	1,322	1,120
NRI	Oil (bbls)	74,746	81,210	-8%	87,287	74,353
	Gas (Mscf)	49,671	61,397	-19%	69,288	56,180
	Total (Boe)	83,025	91,443	-9%	98,835	83,716
	Total (Boepd)	912	1,016	-10%	1,074	910

SM 71 Sales Revenue		30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
WI	Oil - $million	$ 9.9	$ 9.2	8%	$ 7.9	$ 6.1
	Oil - $ per bbl	$ 107.42	$ 91.88	17%	$ 73.68	$ 66.89
	Gas - $million	$ 0.5	$ 0.4	29%	$ 0.5	$ 0.4
	Gas – $ per MMbtu	$ 7.45	$ 4.64	60%	$ 5.30	$ 4.51
	Total – US$million	$ 10.4	$ 9.6	8%	$ 8.4	$ 6.5
NRI	Total – US$million	$ 8.4	$ 7.8	9%	$ 6.9	$ 5.3

LIGHTNING

Location:	Onshore Matagorda County, Texas
Status:	Producing
Otto WI/NRI:	37.5%/28.2% (Hilcorp Energy – Operator)

During the quarter, on a working interest basis, the Green #1 and #2 wells produced approximately 88.7 Mboe (-2% over prior quarter), or 975 Boe/d, which was lower than the March quarter, due to normal field decline. Production was approximately 976 Boe/d as of 30 June 2022. As of the date of this report, daily production rates are consistent with the daily production rates as of 30 June 2022.

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) 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		30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
WI	Oil (bbls)	12,353	13,340	-7%	14,463	15,906
	Gas (Mscf)	378,266	387,056	-2%	432,312	499,836
	NGLs (bbls)	13,295	13,055	2%	14,973	17,764
	Total (Boe)	88,693	90,905	-2%	101,488	116,976
	Total (Boepd)	975	1,010	-4%	1,103	1,271
NRI	Oil (bbls)	9,294	10,037	-7%	10,882	11,967
	Gas (Mscf)	284,595	291,207	-2%	325,256	376,059
	NGLs (bbls)	10,003	9,822	2%	11,265	13,365
	Total (Boe)	66,729	68,394	-2%	76,356	88,009
	Total (Boepd)	733	760	-4%	830	957

Lightning Sales Revenue		30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
WI	Oil - $million	$ 1.4	$ 1.2	9%	$ 1.1	$ 1.1
	Oil - $ per bbl	$ 109.50	$ 92.78	18%	$ 75.18	$ 68.35
	Gas - $million	$ 2.6	$ 2.0	26%	$ 2.1	$ 2.1
	Gas – $ per MMbtu	$ 6.73	$ 5.21	29%	$ 4.86	$ 4.24
	NGLs - $million	$ 0.6	$ 0.5	14%	$ 0.5	$ 0.6
	NGLs – $ per bbl	$ 42.27	$ 37.76	12%	$ 35.43	$ 31.66
	Total – US$million	$ 4.5	$ 3.8	19%	$ 3.7	$ 3.8
NRI	Total – US$million	$ 3.4	$ 2.8	19%	$ 2.8	$ 2.8

GREEN CANYON 21 (GC 21)

Location:	Offshore, Gulf of Mexico
Status:	Producing
Water Depth:	1,200 feet
Otto WI/NRI:	16.7%/13.3% (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 (+6% over prior quarter), or 20 Boe/d, as production is currently being managed by the operator. The well was shut-in for approximately 30 days during the current quarter for pressure buildup.

A recompletion in the shallower DTR-10 Sand is scheduled for Q3 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, general work timing considerations 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	30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
WI	Oil (bbls)	851	715	19%	816	1,106
	Gas (Mscf)	4,886	4,645	5%	4,455	5,624
	NGLs (bbls)	121	191	-36%	249	301
	Total (Boe)	1,787	1,680	6%	1,808	2,344
	Total (Boepd)	20	19	5%	20	25
NRI	Oil (bbls)	681	572	19%	653	885
	Gas (Mscf)	3,908	3,716	5%	3,564	4,499
	NGLs (bbls)	97	152	-36%	199	241
	Total (Boe)	1,429	1,344	6%	1,446	1,875
	Total (Boepd)	16	15	5%	16	20

	GC 21 Sales Revenue	30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
WI	Oil - $million	$ 0.09	$ 0.07	36%	$ 0.06	$ 0.07
	Oil - $ per bbl	$ 106.22	$ 92.79	14%	$ 73.74	$ 65.87
	Gas - $million	$ 0.05	$ 0.02	140%	$ 0.02	$ 0.03
	Gas – $ per MMbtu	$ 7.43	$ 3.49	113%	$ 5.00	$ 4.33
	NGLs - $million	$ 0.01	$ 0.01	-37%	$ 0.01	$ 0.01
	NGLs – $ per bbl	$ 43.19	$ 44.01	-2%	$ 35.80	$ 29.53
	Total – US$million	$ 0.14	$ 0.09	51%	$ 0.09	$ 0.11
NRI	Total – US$million	$ 0.11	$ 0.08	50%	$ 0.07	$ 0.08

Location:	Onshore Lavaca County, Texas
Status:	Completing
Otto WI/NRI:	10.3%/7.7% in a 160-acre unit (Forza Operating – Operator)

EAVES PROSPECT

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.

Completion operations in the Yegua are underway at approximately 5,450 feet TVD, with first production expected in Q3 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.

MOSQUITO BAY WEST

Location:	Offshore Terrebonne Parish, Louisiana
Status:	Completing
Otto WI:	30% by paying 40% of exploration costs through casing point.
Otto NRI:	22.4% (Castex Energy – Operator)

The Mosquito Bay West prospect was spud on 22 May 2022 in state waters in Terrebonne Parish, Louisiana, and safely drilled down to a target depth of 14,867' MD (Measured Depth) / 12,967' TVD (True Vertical Depth) ahead of schedule. The well encountered a proved net gas pay of 111 feet TVT (True Vertical Thickness) across five separate Miocene intervals, plus another 10 feet TVT potential pay in one other sand that is considered probable or possible. This represents a higher net pay count than Otto was originally expecting. Facility and pipeline construction is underway with first production expected during Q3 CY2022. This well is expected to cost Otto US$3.1 million, to be funded from existing cash reserves.

OYSTER BAYOU SOUTH

Location:	Offshore Terrebonne Parish, Louisiana
Status:	Completing
Otto WI:	30% by paying 40% of exploration costs through casing point
Otto NRI:	22.7% (Castex Energy – Operator)

The Oyster Bayou South prospect was spud on 27 June 2022 in state waters in Terrebonne Parish, Louisiana, and safely drilled down to a target depth of 14,137' MD (Measured Depth) / 13,064' TVD (True Vertical Depth) ahead of schedule. The well encountered proved net gas pay of 68 feet TVT (True Vertical Thickness) Miocene pay. This was consistent with Otto's expectations. Facility and pipeline construction is underway with first production expected during Q4 CY 2022. This well is expected to cost Otto US$3.2 million, to be funded from existing cash reserves.

CORPORATE

PANTHEON SHAREHOLDING (LSE: PANR)

Otto continues to own 3,272,592 shares of PANR, valued at US$3.8 million as at 20 July 2022[1], 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$15.0 million, a 12% increase over the prior quarter due to a weighted 19% increase in commodity prices (comprised of a 17% increase in crude oil prices, a 35% increase in natural gas prices, and a 12% increase in NGL prices).

Otto's hydrocarbon sales for the quarter equate to 2,117 Boe/d, a 7% decrease over the prior quarter primarily driven by normal field declines. Planned recompletions combined with upcoming new production is expected to deliver growth in production going forward.

From a cash receipts perspective, Otto received proceeds of approximately US$11.8 million during the quarter, predominantly related to production, net of royalties, for March, April and May 2022.

Working Interest, net to Otto	30-Jun-22	31-Mar-22	% change	31-Dec-21	30-Sep-21
Oil revenue ($millions)	$ 11.3	$ 10.5	8%	$ 9.1	$ 7.3
Avg oil price ($/Bbl)	$ 107.66	$ 91.99	17%	$ 73.86	$ 67.09
Gas revenue ($millions)	$ 3.1	$ 2.4	28%	$ 2.7	$ 2.5
Avg gas price ($/Mmbtu)	$ 6.85	$ 5.09	35%	$ 4.94	$ 4.27
NGL revenue ($millions)	$ 0.6	$ 0.5	13%	$ 0.5	$ 0.6
Avg NGL price ($/Bbl)	$ 42.28	$ 37.85	12%	$ 35.44	$ 31.62
Total revenue ($millions)	$ 15.0	$ 13.4	12%	$ 12.3	$ 10.4
Avg WA price ($/Boe)	$ 77.91	$ 65.48	19%	$ 54.50	$ 46.61

See attached Appendix 5B for detailed cash flow disclosures.

COMMODITY PRICE RISK MANAGEMENT

For the current June 2022 quarter, Otto sold a total of 105,199 Bbls of oil at the average market price of $107.66/Bbl. Of this, 55,700 Bbls were hedged at an average price of $56.33/Bbl, resulting in a hedge payment (expense) of $3.1 million.

[1] Based on prevailing PANR share price of 96.7 pence and a 1.20 US$ to GBP exchange rate as of 20 July 2022

For the next three months (July 2022 – September 2022), the Company has 48,880 barrels of oil hedged at a weighted average price of US$57.50 per bbl. The Company has no natural gas hedges as of 30 June 2022. Post September 2022, the Company currently has no oil or gas volumes hedged.

COST PERFORMANCE

Continued focus on reducing costs, coupled with a reduction in activities (seismic data purchases and administrative costs) has resulted in non-field lifting costs of US$1.0 million for the June quarter. This equates to a 20% decrease versus the prior-year June 2021.

LIQUIDITY AND DEBT

Otto's cash on hand at the end of the June quarter was approximately US$26.8 million (March quarter: US$26.0 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.

As of 30 June 2022, the Company had drawn US$25 million under Tranche A1 and had repaid US$22.7 million, resulting in a closing debt balance of US$2.3 million. Tranche A2 expired undrawn as of 30 June 2022. Otto and Macquarie are in discussions regarding extending the maturity date (and therefore Tranche A2) of the Credit Facility.

DIRECTOR APPOINTMENT

During July 2022, Otto announced the appointment of Mr. John Madden as an independent non-executive director (refer Otto ASX release dated 1 July 2022).

RELATED PARTY TRANSACTIONS

Payments to related parties and their associates during the quarter totaled approximately US$118,000 consisting of Executive Directors fees (US$75,000) and Non-Executive Directors fees including superannuation payments (US$43,000).

OTTO ENERGY

SHAREHOLDERS

Otto's issued capital as at 20 July 2022:

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

Otto's Top 20 Holders as at 20 July 2022:

Rank	Name	Units	% of Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,329,164,444	48.57%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	194,538,856	4.06%
3	MONEX BOOM SECURITIES (HK) LTD	180,652,398	3.77%
4	BNP PARIBAS NOMS PTY LTD	138,681,230	2.89%
5	BNP PARIBAS NOMINEES PTY LTD	134,370,850	2.80%
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	93,768,248	1.96%
7	MONEX BOOM SECURITIES (HK) LTD	67,377,101	1.41%
8	CITICORP NOMINEES PTY LIMITED	64,346,659	1.34%
9	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	57,893,722	1.21%
10	MR JOHN PHILIP DANIELS	53,485,823	1.12%
11	MR DOUGAL JAMES FERGUSON	29,340,000	0.61%
12	MR NEIL DAVID OLOFSSON & MRS BELINDA OLOFSSON	26,000,000	0.54%
13	MR ANASTASIOS MAZIS	23,807,812	0.50%
14	TROPICAL INVESTMENTS WA PTY LTD	22,555,555	0.47%
15	MR KENNETH JOSEPH HALL	22,000,000	0.46%
15	DARCYTOM PTY LIMITED	22,000,000	0.46%
15	MR DAVID ELTON	22,000,000	0.46%
16	CRANPORT PTY LTD	20,000,000	0.42%
17	ASB NOMINEES LIMITED	19,823,524	0.41%
18	SHENTON JAMES PTY LTD	19,000,000	0.40%
19	MR DANIEL LEE	18,211,778	0.38%
20	REMOND HOLDINGS PTY LTD	18,000,000	0.38%
Total Top 20 Shareholders		**3,577,018,000**	**74.60%**
Total Remaining Shareholders		1,217,991,773	25.40%
Total Shares on Issue		**4,795,009,773**	**100.0%**

[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

Substantial Holders as at 20 July 2022:

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

Director Holdings as at 20 July 2022:

Name	Units	% of Units
John Jetter	57,881,668	1.21%
Paul Senycia	7,959,387	0.17%
Mike Utsler	5,000,000	0.10%
Justine Woodward (spouse of John Madden)	2,000,000	0.04%

This announcement is approved for release by the Board of Otto Energy Limited.

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 Senycia - Non-Executive
John Madden – 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
"Mbbl" = 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	Quarter ended ("current quarter")
56 107 555 046	30 June 2022

Consolidated statement of cash flows		Current quarter $US'000	Year to date (12 months) $US'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	11,756	38,621
1.2	Payments for		
	(a) exploration & evaluation	(1,805)	(5,307)
	(b) development	(1,895)	(1,841)
	(c) production	(941)	(3,232)
	(d) staff costs	(414)	(2,617)
	(e) administration and corporate costs	(285)	(1,901)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	8
1.5	Interest and other costs of finance paid	(200)	(1,060)
1.6	Income taxes paid	-	(9)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
	(a) derivative instruments	(3,100)	(8,311)
	(b) other	-	-
1.9	**Net cash from / (used in) operating activities**	**3,116**	**14,351**

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
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $US'000	Year to date (12 months) $US'000
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**	**-**	**10,536**

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)	(9,200)
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)**	**(9,200)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	25,962	11,100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,116	14,351
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	10,536
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,300)	(9,200)

Consolidated statement of cash flows		Current quarter $US'000	Year to date (12 months) $US'000
4.5	Effect of movement in exchange rates on cash held	(10)	(19)
4.6	**Cash and cash equivalents at end of period**	**26,768**	**26,768**

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	26,768	25,962
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)**	**26,768**	**25,962**

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	118
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 US103k consisting of Executive Directors fees (US$75k) and Non-Executive Directors fees including superannuation payments (US$43k)

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	22,300	2,300
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	22,300	2,300

7.5	**Unused financing facilities available at quarter end**	0

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.

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:

Initial commitment of $35 million

- Tranche A1 ($25 million) available upon facility close. Fully drawn. Repaid amounts are not available for re-borrowing
- Tranche A2 ($10 million) expired undrawn as of 30 June 2022.
- 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

Additional $20 million available

- 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)	3,116
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)	3,116
8.4	Cash and cash equivalents at quarter end (item 4.6)	26,768
8.5	Unused finance facilities available at quarter end (item 7.5)	0
8.6	Total available funding (item 8.4 + item 8.5)	26,768
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	N/A

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.

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: 29 July 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.