OTTO ENERGY

30 July 2021
ASX RELEASE

QUARTERLY ACTIVITIES REPORT

For the Three Months ended 30 June 2021

Otto Energy Limited (ASX:OEL) (**Otto** or the **Company**) presents its quarterly activities report for the period ended 30 June 2021.

SUMMARY QUARTERLY PRODUCTION VOLUMES (WI BASIS)

	30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
Total Oil (Bbls)	132,585	136,331	-3%	138,758	129,822
Total Gas (Mcf)	665,060	717,724	-7%	800,233	727,957
Total NGLs (Bbls)	19,929	22,871	-13%	24,941	16,301
Total BOE	263,357	278,823	-6%	297,071	267,449
Total (Boe/d)	2,894	3,098	-7%	3,229	2,907
Percent Liquids (%)	58%	57%	1%	55%	55%
Total WI Revenue (US$MM)	$ 10.8	$ 14.5	-26%	$ 7.8	$ 6.6

4Q FY2021 HIGHLIGHTS

Strategic Delivery

- As previously outlined, 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 continue to produce at or above expectations.
  - Green Canyon 21 "Bulleit" well (**GC 21**) continues to produce from the MP Sand while awaiting a recompletion in the shallower DTR-10 Sand, expected in mid CY 2022. Technical planning and long-lead materials are being progressed to meet this timing and will be paid out of free cash flow.
- **Pillar 2 – Organic growth within existing base**
  - No capital expenditures were performed or budgeted during the current 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 our current planning and budget.

- Resource progression at Lightning targeted for CY 2022, consistent with our current planning and budget. Seismic data and mapping are on-going to develop specific well proposals for Green #3 and #4.

- **Pillar 3 – Inorganic growth via opportunity capture to enhance value**
  - During the current quarter, Otto continued to evaluate prospects, assets, and corporate entities with respect to whether a purchase and/or consolidation would be a good fit within Otto's portfolio. Evaluations are on-going, as they continue to be tested against our disciplined approach to fiscal and technical risk criteria.
  - On 30 June 2021, the lockup period for the Company's 14,272,592 shares in Pantheon Resources Plc (LSE: PANR) lifted, with the shares now being freely tradeable. As of 30 June 2021, these shares were valued at approximately US$8.2 million[1,2].

Financial Delivery

- **Revenue** – Revenue for the June quarter reduced back to normal levels after benefiting from inflated revenues last quarter stemming from freezing weather conditions that hit Southeast Texas for a few days in February 2021. During these record-low temperatures, there was an extremely high demand for natural gas, coupled with many gas plants and wells being unable to function due to the cold weather conditions. These factors resulted in a large spike in natural gas prices and therefore unusually large revenues from our Lightning field during the previous March quarter.
  - As a result of the above and when compared to the March quarter, revenues for the current quarter decreased by 26%.
  - When compared to the December 2020 and September 2020 quarters, however, revenues for the current quarter **increased** by **39%** and **64%**, respectively.
- **Capex investments** – All costs to drill, complete and bring the GC 21 well to production in the MP Sand have been fully paid, excluding any costs to recomplete to the DTR-10 in mid CY2022.
- **Opex cost management** –
  - **25%** lower field lifting costs cash flow versus budget for the June quarter.
  - **21%** reduction in non-field lifting costs cash flow, compared to the June 2020 quarter, driven by multiple areas of targeted reduction.
- **Operating cash flow** –
  - Positive net cash from operating activities of US$5.6 million for the June quarter.
  - A **1,000%** increase in net cash from operating activities when compared to the March quarter.

[1] See ASX announcements dated 20 January 2021 "Sale of Alaska Assets" and 29 March 2021 "Alaska Sale Update"

2 Based on PANR closing share price of 41.25 pence and a 1.385 US$ to GBP exchange rate

Liquidity

- Cash balance at the end of the June quarter was US$11.1 million.
- Debt balance at the end of the June quarter was US$11.5 million.
- Equity interest held in Pantheon Resources Plc stock (LSE: PANR), now released from escrow and fully tradeable, valued at US$8.2 million as of the end of the June quarter.

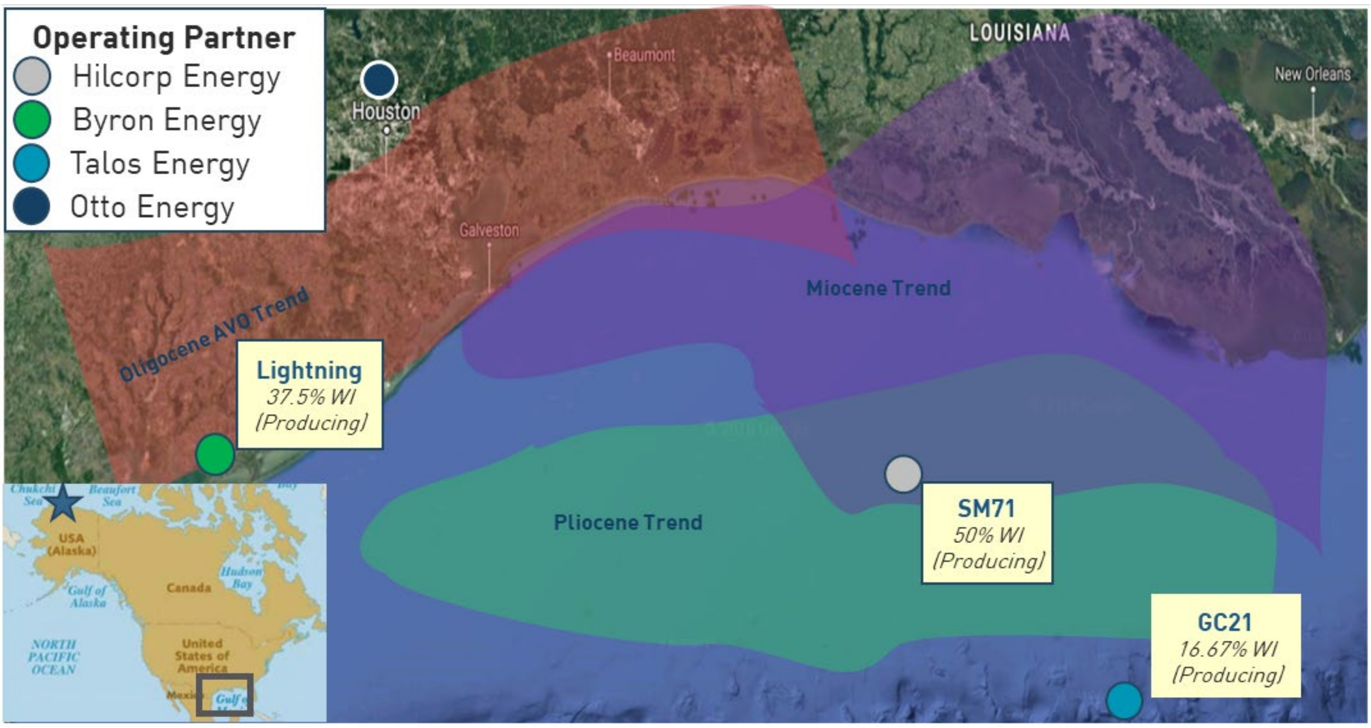
COMMENT FROM OTTO EXECUTIVE CHAIRMAN, MIKE UTSLER

"We have had another strong quarter driven by the improved energy price environment, coupled with our commitment to cost discipline and margin enhancement. Our continuing efforts to reduce costs and pay down debt through FY 2021 are progressing as planned, resulting in a substantial improvement in our liquidity position. Driven by our strategic vision to maximize the value of our assets (Pillar 1), we are continuing to deliver consistency in our production and free cash flow generation."

"Leveraging our continued delivery of Pillar 1 performance in FY 2022, we are positioning to build value through both Pillars 2 and 3 of our stated strategy. Our improved balance sheet and strong cash flow generation continue to position Otto as a preferred partner of choice, which is increasing our exposure to potential growth opportunities. But we will remain disciplined, fiscally and technically, in our pursuit to create value for shareholders"

SUMMARY OF OPERATIONS

Metric	SM71	Lightning	Green Canyon 21
Status	Producing	Producing	Producing
Working Interest	50.0%	37.5%	16.7%
Net Revenue Interest	40.6%	28.2%	13.3%
Operator	Byron Energy	Hilcorp	Talos Energy
Comments	3 wells producing; 1 T/A	2 wells producing	1 well producing



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 128.9 Mboe (+2% over prior quarter), or 1,417 Boe/d, which was fairly consistent with the March quarter. Production was approximately 1,411 Boe/d as of 30 June 2021. As of the date of this report, daily production rates are consistent with the daily production rates as of 30 June 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 Gulf of Mexico 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		30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
WI	Oil (bbls)	112,232	113,496	-1%	110,393	109,215
	Gas (Mscf)	94,085	79,715	18%	83,515	57,922
	Total (Boe)	127,913	126,782	1%	124,312	118,869
	Total (Boepd)	1,406	1,409	0%	1,351	1,292
NRI	Oil (bbls)	91,189	92,216	-1%	89,694	88,737
	Gas (Mscf)	76,444	64,769	18%	67,856	47,062
	Total (Boe)	103,930	103,011	1%	101,003	96,581
	Total (Boepd)	1,142	1,145	0%	1,098	1,050

SM 71 Sales Revenue		30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
WI	Oil - $million	$ 7.0	$ 6.2	14%	$ 4.3	$ 4.0
	Oil - $ per bbl	$ 62.81	$ 54.31	16%	$ 38.75	$ 36.94
	Gas - $million	$ 0.3	$ 0.3	10%	$ 0.2	$ 0.1
	Gas – $ per MMbtu	$ 3.29	$ 2.77	19%	$ 2.45	$ 2.10
	Total – US$million	$ 7.4	$ 6.5	14%	$ 4.5	$ 4.2
NRI	Total – US$million	$ 6.0	$ 5.2	16%	$ 3.7	$ 3.4

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 131.9 Mboe (-10% over prior quarter), or 1,450 Boe/d, a decrease attributable to the operator slightly reducing flowrates in order to protect the reservoir. Production was approximately 1,220 Boe/d as of 30 June 2021. As of the date of this report, daily production rates are consistent with the daily production rates as of 30 June 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 (i.e. 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		30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
WI	Oil (bbls)	18,437	21,410	-14%	22,962	20,607
	Gas (Mscf)	563,559	621,573	-9%	693,344	670,035
	NGLs (bbls)	19,581	22,313	-12%	24,090	16,301
	Total (Boe)	131,945	147,319	-10%	162,609	148,581
	Total (Boepd)	1,450	1,637	-11%	1,767	1,615
NRI	Oil (bbls)	13,871	16,108	-14%	17,276	15,504
	Gas (Mscf)	424,002	467,651	-9%	521,648	504,112
	NGLs (bbls)	14,732	16,788	-12%	18,124	12,264
	Total (Boe)	99,271	110,838	-10%	122,341	111,787
	Total (Boepd)	1,091	1,232	-11%	1,330	1,215

Lightning Sales Revenue		30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
WI	Oil - $million	$ 1.2	$ 1.2	-2%	$ 0.9	$ 0.8
	Oil - $ per bbl	$ 63.25	$ 55.74	13%	$ 39.55	$ 38.03
	Gas - $million	$ 1.7	$ 6.2	-73%	$ 1.9	$ 1.4
	Gas – $ per MMbtu	$ 2.96	$ 10.01	-70%	$ 2.67	$ 1.98
	NGLs - $million	$ 0.4	$ 0.5	-14%	$ 0.3	$ 0.2
	NGLs – $ per bbl	$ 20.75	$ 21.10	-2%	$ 11.76	$ 14.45
	Total – US$million	$ 3.3	$ 7.9	-59%	$ 3.1	$ 2.4
NRI	Total – US$million	$ 2.4	$ 5.9	-59%	$ 2.3	$ 1.8

Lightning revenues for the June quarter returned to normal levels after freezing weather conditions hit Southeast Texas for a few days in February 2021. During these record-low temperatures, there was an extremely high demand for natural gas, coupled with many gas plants and wells being unable to function due to the cold weather conditions. These factors resulted in a large spike in natural gas prices and therefore unusually large revenues from our Lightning field during the previous March quarter. When compared to the March quarter, Lightning revenues for the current quarter decreased by 59%. When compared to the December 2020 and September 2020 quarters, however, Lightning revenues for the current quarter increased by 6% and 38%, respectively.

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 3.5 Mboe (-26% over prior quarter), or 38 Boe/d, as production is currently being managed by the operator.

A technical assessment of the MP Sand production performance has been completed. Detailed bottomhole pressure and reservoir performance data collected after hook-up and first production indicate a smaller reservoir than originally anticipated. While additional technical work is ongoing, the currently favoured path forward is to move away from the MP Sand and execute a recompletion of the well in the shallower DTR-10 Sand.

A DTR-10 recompletion will require the procurement of long lead items from manufacturers, which are expected to cost approximately US$3.5 million (US$0.6 million, net to Otto) with payment expected for such items in Q3 CY 2021. Due to deepwater rig availability, weather, timing and long lead items, the recompletion is expected to begin in mid CY 2022, at an estimated remaining cost (after long lead items) of approximately US$28.5 million (US$4.75 million, net to Otto), with production immediately following in mid to late CY 2022. These costs are expected to be paid out of existing free cash flow.

GC 21 Quarterly Production and Revenue Summary

GC 21 Production Volumes		30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
WI	Oil (bbls)	1,916	1,425	34%	5,403	n/a
	Gas (Mscf)	7,416	16,436	-55%	23,374	n/a
	NGLs (bbls)	347	558	-38%	851	n/a
	Total (Boe)	3,500	4,722	-26%	10,150	n/a
	Total (Boepd)	38	52	-27%	110	n/a
NRI	Oil (bbls)	1,533	1,140	34%	4,323	n/a
	Gas (Mscf)	5,932	13,149	-55%	18,699	n/a
	NGLs (bbls)	278	446	-38%	680	n/a
	Total (Boe)	2,800	3,778	-26%	8,120	n/a
	Total (Boepd)	31	42	-27%	88	n/a

GC 21 Sales Revenue		30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
WI	Oil - $million	$ 0.12	$ 0.08	62%	$ 0.22	n/a
	Oil - $ per bbl	$ 63.57	$ 52.83	20%	$ 40.09	n/a
	Gas - $million	$ 0.02	$ 0.05	-58%	$ 0.06	n/a
	Gas – $ per MMbtu	$ 2.31	$ 2.77	-17%	$ 2.83	n/a
	NGLs - $million	$ 0.01	$ 0.01	-31%	$ 0.01	n/a
	NGLs – $ per bbl	$ 22.14	$ 19.90	11%	$ 9.60	n/a
	Total – US$million	$ 0.15	$ 0.14	11%	$ 0.29	n/a
NRI	Total – US$million	$ 0.12	$ 0.11	13%	$ 0.22	n/a

While full-cycle economics have been eroded, it is estimated that point-forward economics for the recompletion are highly positive and strongly value accretive.

CORPORATE

PANTHEON STOCK (LSE: PANR)

The Company owns 14,272,592 shares of Pantheon Resources plc (LSE: PANR) (**Pantheon**), 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.

On 19 April 2021, Pantheon announced that operations at the Talitha #A well had concluded for the season.

NET REVENUE

Despite relatively consistent production, net revenue for the quarter, on a WI basis, was approximately US10.8 million, a 25% decrease over the prior quarter. This was predominantly due to freezing weather conditions in Southeast Texas for a few days during the March 2021 quarter. During these record-low temperatures, there was an extremely high demand for natural gas, coupled with many gas plants and wells being unable to function due to the cold weather conditions. Overall, these factors resulted in a 242% increase in average natural gas prices for the March 2021 quarter, most of which was captured by our Green wells in the Lightning field.

Partially offsetting the 67% decrease in natural gas prices to normal levels, was a 15% increase in crude oil prices. Otto's hydrocarbon sales for the quarter equate to 2,905 Boe/d, a 6% decrease over the prior quarter due to the operator at Lightning slightly reducing flowrates in order to protect the reservoir.

From a cash receipts perspective, Otto received proceeds of approximately US$9.9 million during the quarter, predominantly related to production, net of royalties, for February, March, April, and May 2021.

Working Interest, net to Otto	30-Jun-21	31-Mar-21	% change	31-Dec-20	30-Sep-20
Oil revenue ($millions)	$ 8.3	$ 7.4	12%	$ 5.4	$ 4.8
Avg oil price ($/Bbl) - pre-hedges	$ 62.88	$ 54.52	15%	$ 38.93	$ 37.12
Avg oil price ($/Bbl) - post-hedges	$ 54.14	$ 50.41	7%	$ 42.03	$ 42.12
Gas revenue ($millions)	$ 2.0	$ 6.6	-69%	$ 2.1	$ 1.5
Avg gas price ($/Mmbtu)	$ 3.00	$ 9.03	-67%	$ 2.64	$ 1.99
NGL revenue ($%millions)	$ 0.4	$ 0.5	-14%	$ 0.3	$ 0.2
Avg NGL price ($/Bbl)	$ 20.78	$ 21.07	-1%	$ 11.68	$ 14.45
Total revenue ($millions)	$ 10.8	$ 14.5	-26%	$ 7.8	$ 6.6
Avg WA price ($/Boe) - pre-hedges	$ 41.00	$ 52.06	-21%	$ 26.40	$ 24.59
Avg WA price ($/Boe) - post-hedges	$ 36.60	$ 50.05	-27%	$ 27.85	$ 27.01

See attached Appendix 5B for detailed cash flow disclosures.

COMMODITY PRICE RISK MANAGEMENT

As of 30 June 2021, Otto had a crude oil hedge book of 249,889 barrels of oil hedged through September 2022 via swaps, at a weighted average LLS price of US$50.19 as follows:

Months	Volume (Bbls)	Weighted Avg Price (LLS)
July – December 2021	196,308	US$51.08
January – September 2022	127,239	US$49.20

Additionally, the Company had a natural gas hedge book 180,143 Mmbtu of natural gas hedged through December 2021 via swaps, at a weighted average Houston Ship Channel price of US$3.11 as follows:

Months	Volume (Mmbtu)	Weighted Avg Price (HSC)
July – December 2021	180,143	US$3.11

For the current quarter, as a result of the recent increase in crude oil prices, the Company realized a loss on hedges of approximately US$1.0 million, via the Company's 80% of PDP hedging program.

COST PERFORMANCE

Office operating cash flows, or non-field lifting costs, for the June quarter were approximately US$1.0 million, compared to US$1.3 million for the prior year quarter, a decrease of 21%. This decrease for the quarter was attributable to 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 June quarter was approximately US$11.1 million (March quarter: US$7.8 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 is 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 30 June 2021, the Company had drawn US$25 million under Tranche A1 and had repaid US$13.5 million, resulting in a closing debt balance of US$11.5 million. Tranche A2 expired undrawn as of 31 December 2020. On 21 January 2021, the Company announced that the Credit Facility had been amended as follows:

- Extend Tranche A2 out until 31 March 2022;
- Establish the timing for a GC 21 mitigation plan to be developed and implemented; and
- Establish a minimum quarterly average production requirement of 1,900 boepd until the GC 21 mitigation is completed (Otto Net WI volume)

The Credit Facility is secured by substantially all of the Company's oil and gas producing assets.

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RELATED PARTY TRANSACTIONS

Payments to related parties and their associates totaled US$167k consisting of Executive Directors fees (US$132k) and Non-Executive Directors fees including superannuation payments (US$35k).

SHAREHOLDERS

Otto's issued capital as at 26 July 2021:

Class	Number
Fully paid ordinary shares	4,795,009,773
Options (A$0.08 exercise price)	42,500,000
Performance Rights	23,944,667

Otto's Top 20 Holders as at 26 July 2021:

Rank	Name	Units	% of Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,339,834,844	48.80%
2	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	163,662,769	3.41%
3	BNP PARIBAS NOMINEES PTY LTD	132,340,238	2.76%
4	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	77,671,664	1.62%
5	CITICORP NOMINEES PTY LIMITED	72,695,961	1.52%
6	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	58,632,820	1.22%
7	MR JOHN PHILIP DANIELS	49,355,992	1.03%
8	CS THIRD NOMINEES PTY LIMITED	36,625,112	0.76%
9	BNP PARIBAS NOMS PTY LTD	32,604,687	0.68%
10	MR NEIL DAVID OLOFSSON & MRS BELINDA OLOFSSON	25,700,000	0.54%
11	TROPICAL INVESTMENTS WA PTY LTD	21,555,555	0.45%
12	MR MATTHEW GERARD ALLEN	21,541,602	0.45%
13	MR DOUGAL JAMES FERGUSON	20,754,200	0.43%
14	MR THOMAS FRITZ ENSMANN	20,000,000	0.42%
15	MR ANDREW MCKENZIE & MRS CATHERINE MCKENZIE	19,966,667	0.42%
16	MR DANIEL LEE	18,211,778	0.38%
17	DANIEL LEE PTY LTD	17,771,431	0.37%
18	MR ANASTASIOS MAZIS	17,246,092	0.36%
19	ASB NOMINEES LIMITED	17,203,524	0.36%
20	MR WILLIAM GEORGE WILLIAMS	16,310,000	0.34%
Total Top 20 Shareholders		3,179,684,936	66.31%
Total Remaining Shareholders		1,615,324,837	33.69%
Total Shares on Issue		4,795,009,773	100.0%

Substantial Holders as at 26 July 2021:

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

Director Holdings as at 26 July 2021:

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%

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

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

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 2021

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	9,925	26,764
1.2	Payments for		
	(a) exploration & evaluation	(213)	(2,788)
	(b) development	(1,005)	(11,365)
	(c) production	(802)	(3,075)
	(d) staff costs	(587)	(2,293)
	(e) administration and corporate costs	(416)	(2,042)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(379)	(1,805)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	196
1.8	Other (provide details if material)		
	(a) derivative instruments	(968)	170
	(b) other	-	-
1.9	**Net cash from / (used in) operating activities**	**5,555**	**3,762**

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

Consolidated statement of cash flows		Current quarter $US'000	Year to date (12 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**	**-**	**-**

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	-	(20)
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)**	**(9,220)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,849	16,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,555	3,762
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)	(2,300)	(9,220)

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	(4)	7
4.6	**Cash and cash equivalents at end of period**	**11,100**	**11,100**

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	11,100	7,849
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)**	**11,100**	**7,849**

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	167
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$167k consisting of Executive Directors fees (US$132k) and Non-Executive Directors fees including superannuation payments (US$35k)

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	41,500	11,500
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	41,500	11,500

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.

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:

<u>Initial commitment of $35 million</u>

- 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 commencement of commercial production at Green Canyon 21, until 31 March 2022. No funds drawn as of 30 June 2021
- Interest rate of LIBOR plus 8.0% per annum;
- Matures in 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.

<u>Additional $20 million available</u>

- 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)	5,555
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)	5,555
8.4	Cash and cash equivalents at quarter end (item 4.6)	11,100
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)	21,100

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: 30 July 2021...

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.