

SM71 AND GC-21 RECOMPLETIONS ON TRACK, MOSQUITO BAY WEST SPUDS

KEY WELL RECOMPLETIONS ON TRACK

- **SM 71 F2 well recompletion to the J1 sands (currently producing from the B55 formation) has received regulatory approval and expected to occur during June 2022 (subject to boat lift availability).**
- **GC 21 Well #1 (Bulleit) recompletion to the DTR-10 sands set to commence in Q3 2022; long lead items ordered and rig contracted.**

EXPLORATION AND DEVELOPMENT UPDATE

- **Vick #1 well completed in the Yegua interval at approximately 5,450 feet TVD; Pipeline Right of Way (ROW) and lay activities underway with construction set to commence in 2-3 weeks.**
- **Dredging completed for Mosquito Bay West and Oyster Bayou South prospects; Mosquito Bay West well spudded on 22 May 2022.**

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) is pleased to provide the following operational update on its assets located on the Gulf Coast of the United States.

Otto Executive Chairman, Mike Utsler, commented:

"The next six months sees an exciting period of planned activity for Otto, underpinning our Strategic Pillar 2 and 3 components to realize and increase the value of our resource potential. With the imminent tie-in of the Vick #1 well, and the lower risk recompletions of the SMI 71 F2 and GC 21 wells, Otto expects to realize a substantial uplift in its production and cash flow from these additional production streams.

"In addition, with the spudding of the Mosquito Bay West prospect, plus the subsequent Oyster Bay South prospect, we have exposure to multiple pay objectives and access to existing infrastructure to allow for rapid tie-in to markets. With success, Otto sees these two opportunities as relatively low risk, high impact exploration wells which could represent significant volume and value adds to the business from Q3 2022."

SM 71 F2 Recompletion (shallow water, Gulf of Mexico)

The SM 71 F2 well, which is currently producing low rates of oil and gas with the assistance of gas lift from the B55 formation, is on track to be recompleted in the shallower J1 sand during June 2022, subject to lift boat availability. The permit to recomplete the well was recently received by SM71 Operator, Byron Energy. The operation will begin as soon as the lift boat is available.

SM71 F2 Well Recompletion Summary

Operator	Byron Energy Inc.
WI% / NRI%	50% Working Interest / 40.625% Net Revenue Interest
Recompletion Costs	US\$0.7 MM (Otto share)
Geological Intervals	J1 sand
Location	SM 71 lease, Offshore Gulf Of Mexico Shelf

GC 21 Bulleit Recompletion (deep water, Gulf of Mexico)

Recompletion of the GC 21 Bulleit well in the DTR-10 sands is expected to commence during Q3 2022. Long lead items have been ordered and a rig contracted to undertake the work.

GC21 Bulleit Well Recompletion Summary

Operator	Talos Energy Offshore LLC
WI% / NRI%	16.7% Working Interest / 13.3% Net Revenue Interest
Recompletion Costs	US\$5.9 MM (Otto share)
Geological Intervals	DTR-10 Sand
Location	GC 21 lease, Offshore Gulf Of Mexico Shelf

Vick #1 Prospect Summary (Lavaca County, Texas)

The Vick #1 well has been completed in the Yegua interval at approximately 5,450 feet TVD. The pipeline ROW and lay arrangement are underway with construction expected to commence in approximately 2-3 weeks. The revised timing from prior estimates predominantly results from the additional rig time required for testing of the various Wilcox objectives.

Vick #1 Prospect Summary

Operator	Forza Operating
WI% / NRI%	10.3125% Working Interest / 7.734375% Net Revenue Interest in a 160-acre unit
Geological Interval	Yegua
Area Of Mutual Interest	320 Acres
Location	Lavaca County, TX

Mosquito Bay West and Oyster Bayou South Exploration Prospects Summary (State waters, Terrebonne Parish, Louisiana)

Dredging has been completed, with the Mosquito Bay West well spudded on 22 May 2022. The wells are being drilled from a barge rig in approximately 9 feet of water.

Both wells are targeting a number of locally productive Miocene sands, with each well having a number of separate objective sands. In the event of success at Mosquito Bay West, the barge rig will be moved to commence drilling the Oyster Bayou South Prospect, with a separate completion rig to be bought in to complete the well.

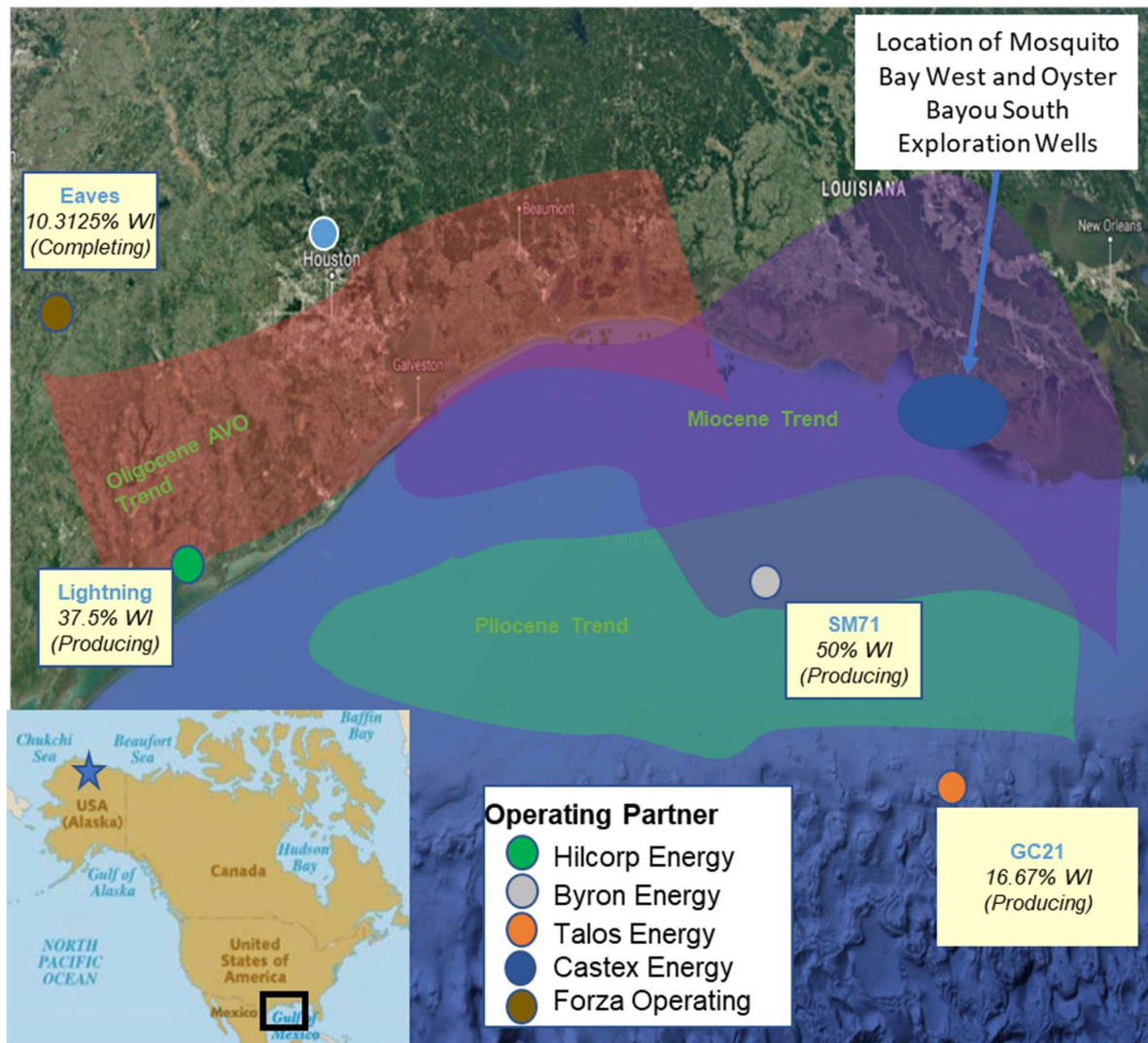
Production from any successful wells will be processed and transported to market through an existing production facility, based on pre-agreed terms and conditions. The Mosquito Bay West well (30% Otto WI) is expected to cost Otto US\$1.7 MM on a dry hole cost basis and the Oyster Bayou South well (30% Otto WI) is also expected to cost Otto US\$1.7 MM on a dry hole cost basis. Both wells are to be funded from existing cash reserves.

Mosquito Bay West Prospect Summary ¹

Operator	Castex Energy, Inc.
Earn In	Otto to earn 30% WI in leases by paying 40% of exploration well costs through casing point, after which point Otto will be required to pay 30% of future costs
Leases	200 acres
WI% / NRI%	30% Working Interest / 22.35% Net Revenue Interest
Costs	Dry Hole Cost US\$1.7 MM (Otto share) Completion and Hook-Up US\$1.1 MM (Otto share)
Chance of Success	Otto assesses a 77% chance of success
Prospective Resources	Low Estimate = 7.1 Bcf and 185,000 bbls (1.6 Bcf and 41,347 bbls, net to Otto) Mid Estimate = 10.9 Bcf and 283,000 bbls (2.4 Bcf and 63,250 bbls, net to Otto) High Estimate = 18.9 Bcf and 464,000 bbls (4.2 Bcf and 103,704 bbls, net to Otto)
Geological Intervals	Multiple Miocene Discorbis Age sands
Area Of Mutual Interest	Approximately 1000 acres
Location	Terrebonne Parish, LA

Oyster Bayou South Prospect Summary ¹

Operator	Castex Energy, Inc.
Earn-In	Otto to earn 30% WI in leases by paying 40% of exploration well costs through casing point, after which point Otto will be required to pay 30% of future costs
Leases	333 Acres
WI% / NRI%	30% Working Interest / 22.65% Net Revenue Interest
Costs	Dry Hole Cost US\$1.7 MM (Otto share) Completion and Hook-Up US\$1.0 MM (Otto share)
Chance of Success	Otto assesses a 52% chance of success
Prospective Resources	Low Estimate = 5 Bcf and 125,000 bbls (1.1 Bcf and 28,312 bbls, net to Otto) Mid Estimate = 7.3 Bcf and 256,000 bbls (1.7 Bcf and 57,984 bbls, net to Otto) High Estimate = 9.8 Bcf and 662,000 bbls (2.2 Bcf and 149,943 bbls, net to Otto)
Geological Intervals	Multiple Miocene Discorbis and Amphistegina Age sands
Area Of Mutual Interest	Approximately 1600 Acres
Location	Terrebonne Parish, LA



ST-48 Exploration Prospect – Lease Sale 257 Update

After Otto was confirmed as the apparent high bidder on the South Timbalier 48 (ST-48) lease at the OCS Lease Sale 257 during November 2021, a US Federal Judge has invalidated the results of the lease sale during January 2022, and an appeal has been lodged by the API (American Petroleum Institute) during February 2022. Otto is awaiting clarification on the ultimate status of the Lease Sale 257.

This release is authorized by the Board of Otto.

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¹ Competent Persons Statement

The information in this release that relates to oil and gas prospective resources was compiled by Mr Ed Buckle, B.S. Chemical Engineer (Magna Cum Laude), a full-time contractor of the Company.

Mr Buckle has more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this release have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/ American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this release are based on, and fairly represents, information and supporting documentation reviewed by Mr Buckle (ASX Listing Rule 5.42). Mr Buckle is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this release of the matters based on this information in the form and context in which it appears

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2).

Prospective Resources – Information in respect of LR 5.25, LR 6.25 and LR 5.28

- The prospective resources information is effective as at 2 March 2022 (Listing Rule (LR) 5.25.1).
- The prospective resources information in this document has been estimated and is classified in accordance with SPE - PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2).
- The prospective resources information in this document is reported according to the Company's economic interest and net of royalties (LR 5.25.5).
- The pre-drill prospective resources information has been estimated and prepared using the deterministic method (LR 5.25.6). The estimates are un-risked and have not been adjusted for both an associated chance of discovery and a chance of development.
- The prospective resources information in this document has been estimated using a ratio of 6,000 cubic feet of natural gas to one barrel of oil. This conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5)
- Prospective resources are presented on a low estimate, best estimate and high estimate basis (LR 5.28.1).
- For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2).

Definitions

“\$m” means USD millions of dollars

“bbl” means barrel

“bbls” means barrels

“bopd” means barrels of oil per day

“Mbbbl” means thousand barrels

“Mscf” means 1000 standard cubic feet

“MMscf” means million standard cubic feet

“boe” or “BOE” means barrels of oil equivalent 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

“Mboe” means thousand barrels of oil equivalent (“BOE”)

“MMboe” means million barrels of oil equivalent (“BOE”)

“MMbtu” means million British thermal units

“NGLs” means natural gas liquids

