OTTO ENERGY

14 October 2022
ASX RELEASE

GREEN CANYON 21 WELL TEMPORARILY SUSPENDED WHILE GROWTH ACTIVITIES CONTINUE TO DELIVER FURTHER PRODUCTION BOOST

- **GC 21 recompletion: following operational challenges, which included loop currents and Hurricane Ian in the Gulf of Mexico, the Operator has decided to temporarily suspend the well and plans to demobilise the drilling rig from location. This will allow for procurement of additional equipment needed to bring the well online. First production is expected in calendar Q1 2023.**

- **Oyster Bayou South, AO391#1 well: further production lift with current rates of 1,100 bbl/d and 3.8 MMscf/d gas (8/8ths); oil output rate +36% on that previously announced.**

- **Mosquito Bay West, Point Au Fer LLC #1 well: strong output from lowest productive sand continues with current rates of 207 bbl/d oil, 3.4 MMscf/d gas and 87 bbl/d of water (8/8ths); consistent with previously disclosed rates.**

- **Eaves, Vick #1 well: achieved first production on 26 September 2022, current output rate of 0.5 MMscf/d gas and 3 bbl/d oil (8/8ths) on a conservative 8/64ths choke.**

- **South Timbalier 48 lease: now awarded to Otto; Osprey Prospect with gross 2U Prospective Resource of 4.1 MMbbl oil and 18.6 Bcf gas plus abundant proximate infrastructure.**

Otto Executive Chairman, Mike Utsler, commented:

"We are very pleased with the results being seen from our growth activities at Mosquito Bay West and Oyster Bayou South, particularly with the substantial jump in oil production rates delivered recently at the AO391#1 well. It is also pleasing to have achieved first production at Eaves prior to the end of Q3 2022.

"We are very encouraged by the recompletion efforts within the DTR-10 interval of GC-21; however, due to operational challenges that will require the procurement of additional equipment necessary to bring the well online safely and securely, we now expect production from the well in the first quarter of 2023. This well continues to represent a key growth opportunity for our business and the outcome is keenly anticipated by the whole Otto team.

Otto Energy Limited ABN: 56 107 555 046

E: info@ottoenergy.com
T: +61 8 6467 8800
ASX: OEL

Australian Office: 70 Hindmarsh Square, Adelaide SA 5000

Houston Office: 717 Texas Ave., Ste 1200, Houston, Texas 77002
T: +1 713-893-8894

"With zero hedging and no debt, Otto is well positioned to fully capitalize on the production lift delivered by these growth activities, as well as continuing to seek participation in quality prospects and potential acquisitions to further expand and diversify our portfolio. The awarding of the ST 48 block represents additional mid-term potential to add further resources and development opportunities to that portfolio."

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) provides the following update on its key growth activities.

Oyster Bayou South

The Oyster Bayou South, AO391#1 well continues to produce strongly. Over the last 3 weeks the oil production rate has steadily increased from 807 bbl/d of oil to an impressive 1,100 bbl/d of oil with a current gas production rate of 3.8 MMscf/d (1,733 boe/d 8/8ths) at a 3256 psi FTP (Flowing Tubing Pressure). Otto holds a 30% WI / 22.65% NRI in this field.

Mosquito Bay West

The Mosquito Bay West, Point Au Fer LLC #1 well continues to produce strongly from the Disc 12-2 sand. The well is currently producing at a rate of 207 bbl/d of oil and 3.4 MMscf/d of gas (773 boe/d 8/8ths) and 87 bbl/d of water at a 3361 psi FTP, with these rates being consistent with those initially announced when the well commenced flowing back. Otto holds a 30% WI / 22.35% NRI in this field.

Green Canyon 21

Since Otto's previous update on the status of the Bulleit #1 well recompletion in the DTR-10 sand, operations have been executed to complete two separate sections of the DTR-10 sand. This included perforating and frac packing a lower interval, then isolating this interval and perforating an upper interval, running a frac pack on this segment and then setting a production packer above the two completed intervals. Tracer logs were run across both DTR-10 zones as a tool to observe the effectiveness of the fracs, with the logs revealing the fracs were effective across both the upper and lower DTR-10 zones

After the lower and upper DTR-10 completion assemblies were both run, an issue was discovered with the casing hanger in the wellhead caused by strong loop currents affecting the Bulleit recompletion operations. It has been determined that additional equipment is required to proceed with the operation, and such equipment is not readily available. Therefore, the Operator is progressing with the temporary suspension of the well and expects to demobilize the rig from location. While the Operator procures this additional equipment, they will conduct rig operations at a separate location. This will then allow for a return to the GC-21 well in the coming months and resume operations. It is anticipated that the rig will be released from location in the next 3-5 days. As a result of this operational necessity, the GC-21 DTR-10 recompletion is now expected to commence production in Q1 2023.

Current field estimate costs (inclusive of additional equipment procurement) have exceeded the original AFE and the recompletion is now expected have a total cost in the range of between US$12-16 million (Otto share), compared to the earlier AFE estimate of a total cost of US$5.9 million (Otto share). Approximately US$4.3 MM has already been paid by Otto. The remaining portion of the cost is to be funded from Otto's existing cash reserves of approximately US$25 million (as at 30 September 2022) over the duration of the remaining operations. This will be further offset by projected strong cash flow generation during this period. Otto holds a 16.67% WI / 13.33% NRI in this lease.

Eaves

The Vick #1 well commenced production on 26 September 2022 and is currently producing at 0.5 MMscf/d of gas and 3 bbl/d of oil at a 1700 psi FTP on a conservative 8/64ths choke. Otto holds a 10.3125% WI / 7.734375% NRI in the Vick #1 well. It is expected that the well will be operated on this choke setting moving forward. The well is still in early stages of production and Otto will keep the market updated with respect to any material changes with respect to the well's production rate.

South Timbalier 48 Lease

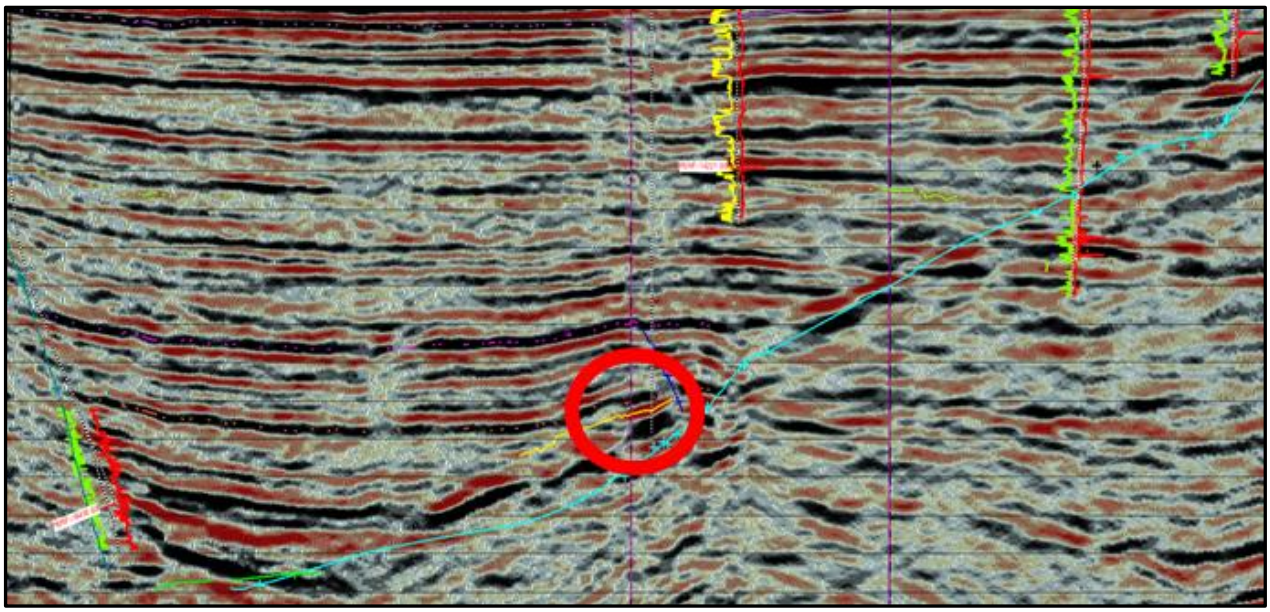
Otto has now been awarded the South Timbalier 48 (ST 48) lease in the Gulf of Mexico shelf. This follows the Company's bid on ST 48 as part of Central Lease Sale 257 during November 2021. The ST 48 lease will have a 5-year primary term and 12.5% royalty rate.

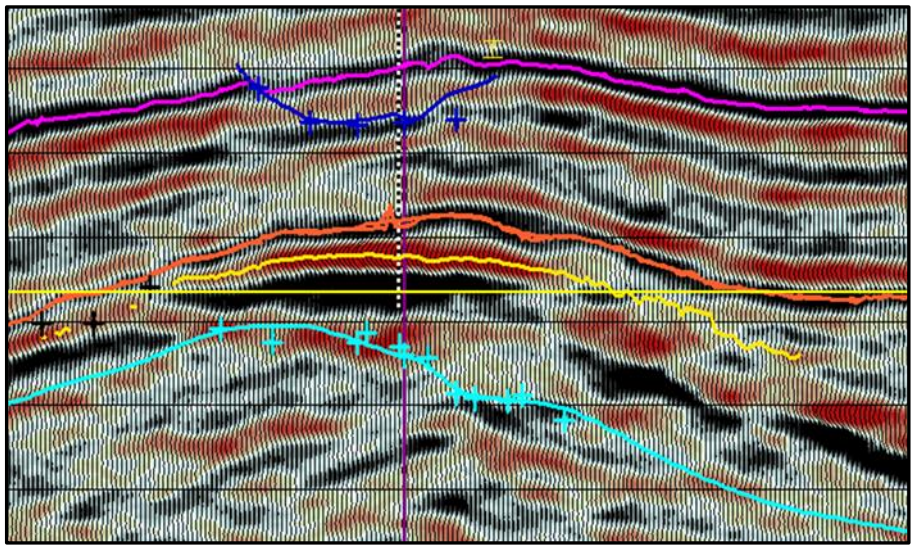
The ST 48 lease contains the Osprey prospect, which was generated by Otto using its in-house seismic library. The Osprey prospect has a gross Best Estimate Prospective Resource volume of 4.1 MMbbl and 18.6 Bcf. Abundant platform and pipeline infrastructure exist around the ST 48 lease.

Osprey Prospect Summary[1]

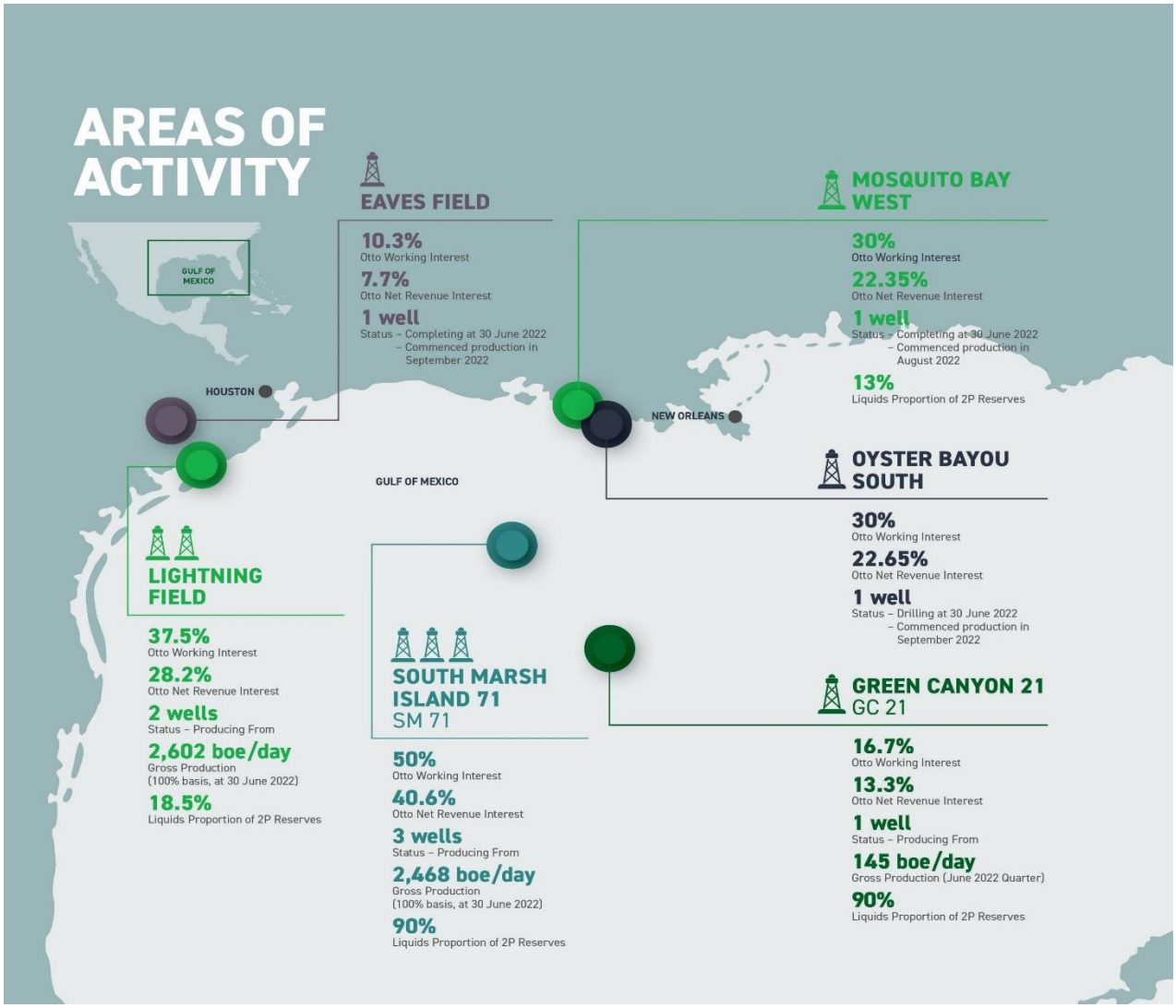
Operator	Otto Energy (Gulf Two) LLC
Lease Size	5000 Acres
Lease Water Depth	56 feet
Geological Probability Of Success	57%
Royalty Rate	12.5%
WI% / NRI%	100% Working Interest / 87.5% Net Revenue Interest
Geological Risk	Otto assesses a 57% geological chance of success
Prospective Resources	Low Estimate = 6.8 Bcf and 1.3 MMbbl (5.9 Bcf and 1.1 MMbbl net to Otto). Best Estimate = 18.6 Bcf and 4.1 MMbbl (16.3 Bcf and 3.6 MMbbl net to Otto). High Estimate = 30.2 Bcf and 7.5 MMbbl (26.4 Bcf and 6.6 MMbbl net to Otto).
Geological Interval	Cyclammina 3 sands
Location	South Timbalier 48 lease, Gulf of Mexico Shelf

Osprey Prospect: Seismic Cross Sections





OTTO GULF OF MEXICO PRODUCING ASSETS PORTFOLIO



This release is authorized by the Board of Otto.

Mike Utsler: Executive Chairman +61 8 6467 8800 info@ottoenergy.com	Investors: Mark Lindh Adelaide Equity Partners +61 (0) 414 551 361	Media: Michael Vaughan Fivemark Partners +61 (0) 422 602 720

Definitions

"$m" means USD millions of dollars
"bbl" means barrel
"bbls" means barrels
"bopd" means barrels of oil per day
"Mbbl" 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

[1] Competent Persons Statement

The information in this release that relates to oil and gas contingent 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 and LR 5.28

- The prospective resources information is effective as at 14 October 2022 (Listing Rule (LR) 5.25.1).
- The prospective resources information 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 is reported according to the Company's economic interest in the resources 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 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).
- Prospective resources are presented on a low estimate, best estimate and high estimate basis (LR 5.28.1).