

QUARTERLY ACTIVITIES REPORT

For the Three Months ended 31 December 2022

Otto Energy Limited (ASX:OEL) (**Otto** or the **Company**) presents its quarterly activities report for the period ended 31 December 2022.

HIGHLIGHTS

Continued delivery of strong operational performance

- Base production from SM 71 and Lightning continues to be at or above expectations
- New discoveries brought into production at Mosquito Bay West, Oyster Bayou South and Vick #1 delivered their first full quarter of production providing substantial volume and cash flow generation uplift
- Resource progression efforts at Lightning continues; drill cost estimates, seismic data and specific development drilling site mapping are ongoing in preparation for a well proposal for Green #3 and future drilling locations.

Strong balance sheet supportive of disciplined growth

- 64% increase in free cash flow (operating net investing) for the quarter, compared to prior quarter
- 16% reduction in non-field lifting costs for the quarter, compared to the prior quarter
- Revenue of US\$12.9 million (WI basis) for the quarter
- Cash balance at quarter end of US\$25.5 million
- Significant increase during the quarter in quality of prospects being marketed and now under evaluation for potential investment

Debt free, unhedged and continued strengthening of overall liquidity

- Existing \$30M credit facility matures on 31 December 2023
- While no immediate plans to draw down; remains available for potential prospects and/or PDP acquisition
- No hedged positions for the quarter (or the date of this report)
- Residual equity interest in Pantheon Resources plc (LSE: PANR) at quarter end valued at US\$1.7 million¹ plus an additional 0.5% ORRI in the Talitha Unit within Pantheon's holdings

¹ Based on prevailing PANR share price of 42.52 pence and a 1.21 US\$ to GBP exchange rate as of 31 December 2022.

COMMENT FROM OTTO EXECUTIVE CHAIRMAN, MIKE UTSLER

“We are delighted to have delivered another strong quarter of operational and financial results. Higher production volumes, coupled with lower non-field lifting costs, allowed Otto to again generate meaningful operating and free cash flow. This represents the eighth consecutive quarter in which the business has returned a positive free cash flow result. This has been delivered while investing in multiple new discoveries over this period also. These outcomes have placed Otto in a stronger financial position, with quarter-end cash of US\$25.5 million and no debt.”

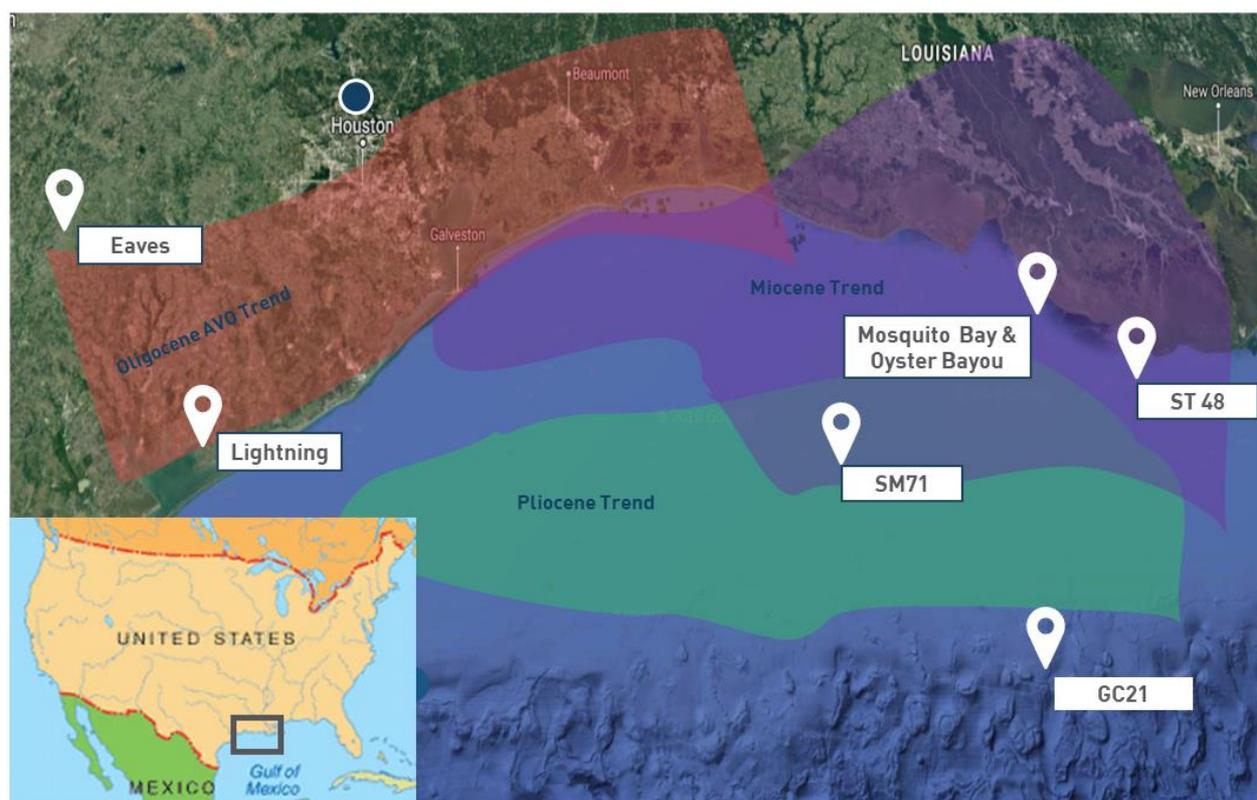
“We are further encouraged by the significant upturn in the number of quality conventional onshore and offshore Gulf of Mexico opportunities which we are commercially and technically reviewing against our disciplined investment model. I remain confident that we are well-positioned for ongoing success, across various commodity price scenarios, with stable production that is expected to continue generating significant free cash flow. We will remain disciplined in executing our strategy and remain committed to increasing shareholder value.”

SUMMARY QUARTERLY PRODUCTION VOLUMES (WI BASIS)

	31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
Total Oil (Bbls)	116,935	118,003	-1%	105,199	114,006
Total Gas (Mcf)	589,874	569,177	4%	444,286	467,266
Total NGLs (Bbls)	18,555	18,118	2%	13,417	13,246
Total BOE	233,802	230,984	1%	192,664	205,130
Total (Boe/d)	2,541	2,511	1%	2,117	2,279
Percent Liquids (%)	58%	59%	-2%	62%	62%
Total WI Revenue (US\$MM)	\$ 12.9	\$ 15.8	-18%	\$ 15.0	\$ 13.4

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%	27.8%	Hilcorp	2 wells
Oyster Bayou South	Producing	30.0%	22.8%	Castex Energy, Inc.	1 well
Mosquito Bay West	Producing	30.0%	22.4%	Castex Energy, Inc.	1 well
Green Canyon 21 (GC 21)	Recompleting	16.7%	13.3%	Talos Energy	1 well
Eaves Well	Producing	10.3%	7.7%	Forza Operating	1 well
South Timbalier 48	Prospect	TBD	TBD	TBD	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 84.7 Mboe (-18% from prior quarter), or 921 Boe/d, which was lower than the September quarter due to 14 days of partial downtime for all three wells during the current quarter as a result of installing gas lift at F1 and F2 as well as compressor issues. All repairs and operations have been completed and production has returned to normal levels. During the September quarter, only the F2 well was shut in for 27 days due to recompletion operations.

In late June 2022, traces of water were detected from the F3, which have remained consistent. 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. The field was partially shut-in as of 31 December 2022. As of 6 January 2023, net production resumed at 1,053 Boe/d. As of the date of this report, daily production rates remain consistent.

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		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil (bbls)	74,367	92,073	-19%	91,995	99,951
	Gas (Mscf)	62,062	65,415	-5%	61,134	75,566
	Total (Boe)	84,710	102,976	-18%	102,184	112,545
	Total (Boepd)	921	1,119	-18%	1,123	1,251
NRI	Oil (bbls)	60,423	74,810	-19%	74,746	81,210
	Gas (Mscf)	50,425	53,149	-5%	49,671	61,397
	Total (Boe)	68,827	83,668	-18%	83,025	91,443
	Total (Boepd)	748	909	-18%	912	1,016
SM 71 Sales Revenue		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil - \$million	\$ 6.1	\$ 8.4	-27%	\$ 9.9	\$ 9.2
	Oil - \$ per bbl	\$ 81.77	\$ 90.85	-10%	\$ 107.42	\$ 91.88
	Gas - \$million	\$ 0.4	\$ 0.6	-34%	\$ 0.5	\$ 0.4
	Gas - \$ per MMbtu	\$ 5.41	\$ 7.78	-30%	\$ 7.45	\$ 4.64
	Total - US\$million	\$ 6.5	\$ 9.0	-28%	\$ 10.4	\$ 9.6
NRI	Total - US\$million	\$ 5.3	\$ 7.3	-28%	\$ 8.4	\$ 7.8

LIGHTNING

Location:	Onshore Matagorda County, Texas
Status:	Producing
Otto WI/NRI:	37.5%/27.8% (Hilcorp Energy – Operator)

During the quarter, on a working interest basis, the Green #1 and #2 wells produced approximately 92.6 Mboe (-3% over prior quarter), or 1,006 Boe/d, a decrease associated with normal field declines. Net production was approximately 904 Boe/d as of 31 December 2022 and remains consistent as of the date of this report.

The Lightning prospect was initially leased to a level in excess of 99% of the mineral interests making up the prospect's unit. For the unleased interest, in accordance with the laws of cotenancy, the parties owning the unleased interest were carried for the drilling of the two wells. Prior to payout, the WI parties earned a share of production in relation to their WI, and share in relation to their carried WI attributable to the unleased mineral interest. At payout, the carried WI share of production has reverted to the unleased interests. Going forward, Otto's NRI in relation to Green #1 and Green #2 will be 27.841410%, compared to the prior 28.213712%, factoring in this change.

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, future wells 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-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil (bbls)	13,066	13,022	0%	12,353	13,340
	Gas (Mscf)	394,803	409,324	-4%	378,266	387,056
	NG Ls (bbls)	13,687	14,587	-6%	13,295	13,055
	Total (Boe)	92,554	95,830	-3%	88,693	90,905
	Total (Boepd)	1,006	1,042	-3%	975	1,010
NRI	Oil (bbls)	9,701	9,797	-1%	9,294	10,037
	Gas (Mscf)	293,117	307,962	-5%	284,595	291,207
	NG Ls (bbls)	10,162	10,975	-7%	10,003	9,822
	Total (Boe)	68,715	72,099	-5%	66,729	68,394
	Total (Boepd)	747	784	-5%	733	760
Lightning Sales Revenue		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil - \$million	\$ 1.1	\$ 1.2	-11%	\$ 1.4	\$ 1.2
	Oil - \$ per bbl	\$ 82.76	\$ 93.17	-11%	\$ 109.50	\$ 92.78
	Gas - \$million	\$ 1.8	\$ 3.1	-41%	\$ 2.6	\$ 2.0
	Gas - \$ per MMbtu	\$ 4.58	\$ 7.44	-38%	\$ 6.73	\$ 5.21
	NG Ls - \$million	\$ 0.3	\$ 0.6	-50%	\$ 0.6	\$ 0.5
	NG Ls - \$ per bbl	\$ 22.33	\$ 41.53	-46%	\$ 42.27	\$ 37.76
	Total - US\$million	\$ 3.2	\$ 4.9	-34%	\$ 4.5	\$ 3.8
NRI	Total - US\$million	\$ 2.4	\$ 3.7	-35%	\$ 3.4	\$ 2.8

OYSTER BAYOU SOUTH

Location:	Offshore Terrebonne Parish, Louisiana
Status:	Producing
Otto WI:	30%
Otto NRI:	22.8% before payout and 22.7% after payout (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. Production began in September 2022.

During the quarter, on a working interest basis, the Oyster Bayou South well produced approximately 35.7 Mboe (106% over prior quarter), or 388 Boe/d, an increase resulting from an entire quarter of production. Net production was approximately 205 Boe/d as of 31 December 2022 and remains consistent as of the date of this report.

Oyster Bayou South Quarterly Production and Revenue Summary

Oyster Bayou South Production Volumes		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil (bbls)	25,005	9,415	166%	n/a	n/a
	Gas (Mscf)	52,194	38,832	34%	n/a	n/a
	NGLs (bbls)	1,997	1,415	41%	n/a	n/a
	Total (Boe)	35,701	17,303	106%	n/a	n/a
	Total (Boepd)	388	188	106%	n/a	n/a
NRI	Oil (bbls)	19,004	7,156	166%	n/a	n/a
	Gas (Mscf)	39,668	29,512	34%	n/a	n/a
	NGLs (bbls)	1,518	1,076	41%	n/a	n/a
	Total (Boe)	27,132	13,150	106%	n/a	n/a
	Total (Boepd)	295	143	106%	n/a	n/a

Oyster Bayou South Sales Revenue		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil - \$million	\$ 2.1	\$ 0.8	161%	n/a	n/a
	Oil - \$ per bbl	\$ 82.39	\$ 83.70	-2%	n/a	n/a
	Gas - \$million	\$ 0.29	\$ 0.33	-10%	n/a	n/a
	Gas - \$ per MMbtu	\$ 5.44	\$ 7.95	-32%	n/a	n/a
	NGLs - \$million	\$ 0.03	\$ 0.04	-10%	n/a	n/a
	NGLs - \$ per bbl	\$ 17.40	\$ 27.41	-37%	n/a	n/a
	Total - US\$million	\$ 2.4	\$ 1.2	107%	n/a	n/a
NRI	Total - US\$million	\$ 1.8	\$ 0.9	107%	n/a	n/a

MOSQUITO BAY WEST

Location:	Offshore Terrebonne Parish, Louisiana
Status:	Producing
Otto WI/NRI:	30%/22.4% (Castex Energy – Operator)

The Mosquito Bay West prospect was spud in 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. Production began in August 2022.

During the quarter, on a working interest basis, the Mosquito Bay West well produced approximately 19.8 Mboe (46% over prior quarter), or 216 Boe/d, an increase resulting from an entire quarter of production. Production was approximately 260 Boe/d as of 31 December 2022 and remains consistent as of the date of this report.

Mosquito Bay West Quarterly Production and Revenue Summary

Mosquito Bay West Production Volumes		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil (bbls)	4,468	3,114	43%	n/a	n/a
	Gas (Mscf)	75,038	51,724	45%	n/a	n/a
	NGLs (bbls)	2,871	1,885	52%	n/a	n/a
	Total (Boe)	19,845	13,620	46%	n/a	n/a
	Total (Boepd)	216	148	46%	n/a	n/a
NRI	Oil (bbls)	3,328	2,320	43%	n/a	n/a
	Gas (Mscf)	55,903	38,534	45%	n/a	n/a
	NGLs (bbls)	2,139	1,405	52%	n/a	n/a
	Total (Boe)	14,784	10,147	46%	n/a	n/a
	Total (Boepd)	161	110	46%	n/a	n/a

Mosquito Bay West Sales Revenue		31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
WI	Oil - \$million	\$ 0.4	\$ 0.3	36%	n/a	n/a
	Oil - \$ per bbl	\$ 82.22	\$ 86.72	-5%	n/a	n/a
	Gas - \$million	\$ 0.4	\$ 0.4	-6%	n/a	n/a
	Gas - \$ per MMBtu	\$ 5.41	\$ 8.27	-35%	n/a	n/a
	NGLs - \$million	\$ 0.05	\$ 0.05	-7%	n/a	n/a
	NGLs - \$ per bbl	\$ 17.37	\$ 28.35	-39%	n/a	n/a
	Total - US\$million	\$ 0.8	\$ 0.8	9%	n/a	n/a
NRI	Total - US\$million	\$ 0.6	\$ 0.6	9%	n/a	n/a

GREEN CANYON 21 (GC 21)

Location:	Offshore, Gulf of Mexico
Status:	Recompleting
Water Depth:	1,200 feet
Otto WI/NRI:	16.7%/13.3% (Talos Energy – Operator)

The “Bulleit” well located at GC 21 commenced production from the deeper MP Sand in October 2020, with production averaging approximately 21 boe/d (net to Otto) over the past year. In August 2022, recompletion operations began in the shallower DTR-10 sand.

During recompletion operations, two separate sections of the DTR-10 sand were recompleted, including 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 intervals. Tracer logs were run across both zones confirming the fracs were effective. However, an issue was discovered with the casing hanger in the wellhead caused by strong loop currents affecting the remaining operations. Due to additional equipment being required, the Operator temporary suspended the well. With the required equipment now on location, and the rig undergoing maintenance, the Operator expects to resume operations shortly.

Accordingly, the GC-21 DTR-10 recompletion is expected to commence production in Q1 CY2023. Current field estimates (including the additional equipment required) are approximately US\$17 million (Otto share), compared to the original AFE estimate of US\$5.9 million (Otto share). Of this, approximately US\$9.8 MM has already been paid by Otto as of 31 December 2022, with the remaining portion to be funded from Otto’s existing cash reserves over the residual duration of the operations.

EAVES PROSPECT

Location:	Onshore Lavaca County, Texas
Status:	Producing
Otto WI/NRI:	10.3%/7.7% 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 (True Vertical Depth) on 22 December 2021. The well was logged and cored across multiple intervals, encountering a total of 12 feet of net pay in the Yegua formation as expected. Production began in September 2022.

During the quarter, on a working interest basis, the Vick #1 well produced approximately 1.0 Mboe (3,700% over prior quarter), or 11 Boe/d, an increase resulting from an entire quarter of production. Production was approximately 14 Boe/d as of 31 December 2022 and remains consistent as of the date of this report.

CORPORATE

PANTHEON SHAREHOLDING (LSE: PANR)

Otto continues to own 3,272,592 shares of PANR, valued at US\$1.7 million as at 31 December 2022¹, 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\$12.9 million, an 18% decrease over the prior quarter due to a 19% decrease in weighted average commodity prices (crude oil, natural gas and NGL prices fell 9%, 36%, and 46%, respectively), partially offset by a slight increase in production.

Otto's hydrocarbon sales for the quarter equate to 2,541 Boe/d, a 1% increase over the prior quarter primarily driven by a full quarter's worth of production at Oyster Bayou South, Mosquito Bay West, and Eaves, partially offset by decreased production at South Marsh 71, Lightning, and Green Canyon 21.

Otto received cash proceeds of approximately US\$9.7 million during the quarter, predominantly related to production revenue, net of royalties, for September, October and November 2022.

Working Interest, net to Otto	31-Dec-22	30-Sep-22	% change	30-Jun-22	31-Mar-22
Oil revenue (\$millions)	\$ 9.6	\$ 10.7	-10%	\$ 11.3	\$ 10.5
Avg oil price (\$/Bbl)	\$ 82.03	\$ 90.43	-9%	\$ 107.66	\$ 91.99
Gas revenue (\$millions)	\$ 3.0	\$ 4.5	-34%	\$ 3.1	\$ 2.4
Avg gas price (\$/Mmbtu)	\$ 4.76	\$ 7.45	-36%	\$ 6.85	\$ 5.09
NGL revenue (\$millions)	\$ 0.4	\$ 0.7	-45%	\$ 0.6	\$ 0.5
Avg NGL price (\$/Bbl)	\$ 21.03	\$ 39.00	-46%	\$ 42.28	\$ 37.85
Total revenue (\$millions)	\$ 12.9	\$ 15.8	-18%	\$ 15.0	\$ 13.4
Avg WA price (\$/Boe)	\$ 55.33	\$ 68.53	-19%	\$ 77.91	\$ 65.48

See attached Appendix 5B for detailed cash flow disclosures.

COMMODITY PRICE RISK MANAGEMENT

As of 31 December 2022, the Company did not have any open hedge positions.

¹ Based on prevailing PANR share price of 42.52 pence and a 1.21 US\$ to GBP exchange rate as of 31 December 2022

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\$1.1 million for the current quarter, compared to US\$1.3 million for the prior September 2022 quarter.

LIQUIDITY

Otto's cash on hand at the end of the December quarter was approximately US\$25.5 million (September quarter: US\$24.9 million), with the Company having zero drawn debt.

In November 2019, the Company entered a secured US\$55 million facility with Macquarie Bank Limited (**Macquarie**) (the **Credit Facility**) made up of Tranche A1 (US\$25 million), Tranche A2 (\$10 million), and Tranche B (US\$20 million, subject to further credit approval).

As of 31 December 2022, the Company had drawn and repaid the entire US\$25 million available under Tranche A1, resulting in a closing debt balance of nil. Tranche A1 is therefore no longer available to borrow. Tranche A2 remains undrawn and is available until 30 September 2023 (with final maturity due 31 December 2023).

RELATED PARTY TRANSACTIONS

Payments to related parties and their associates during the quarter totaled approximately US\$125,000, consisting of Executive Directors fees (US\$75,000) and Non-Executive Directors fees including superannuation payments (US\$50,000).

SHAREHOLDERS

Otto's issued capital as at 20 January 2023:

Class	Number
Fully paid ordinary shares	4,795,009,773
Options ²	72,500,000
Performance Rights ³	21,156,000

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 Expire in November 2023 (2,788,667 rights expired in November 2022).

Otto's Top 20 Holders as at 20 January 2023:

Rank	Name	Units	% of Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,324,271,944	48.47%
2	BNP PARIBAS NOMS PTY LTD	255,711,574	5.33%
3	MONEX BOOM SECURITIES (HK) LTD	180,652,398	3.77%
4	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	89,020,784	1.86%
5	MR KENNETH JOSEPH HALL	86,000,000	1.79%
6	MONEX BOOM SECURITIES (HK) LTD	71,947,101	1.50%
7	CITICORP NOMINEES PTY LIMITED	66,844,804	1.39%
8	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	54,235,291	1.13%
9	MR JOHN PHILIP DANIELS	52,485,823	1.09%
10	GLOBAL MOSAIC PTY LTD	42,042,042	0.88%
11	CRANPORT PTY LTD	40,000,000	0.83%
12	REMOND HOLDINGS PTY LTD	36,000,000	0.75%
13	MR DOUGAL JAMES FERGUSON	29,340,000	0.61%
14	MR NEIL DAVID OLOFSSON & MRS BELINDA OLOFSSON	25,050,000	0.52%
15	MR DAVID ELTON	25,000,000	0.52%
16	BNP PARIBAS NOMINEES PTY LTD	24,460,071	0.51%
17	MR ANASTASIOS MAZIS	23,807,812	0.50%
18	SHENTON JAMES PTY LTD	23,000,000	0.48%
19	TROPICAL INVESTMENTS WA PTY LTD	22,555,555	0.47%
20	DARCYTOM PTY LIMITED	22,000,000	0.46%
Total Top 20 Shareholders		3,494,425,199	72.88%
Total Remaining Shareholders		1,300,584,574	27.12%
Total Shares on Issue		4,795,009,773	100.0%

Substantial Holders as at 20 January 2023:

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

Director Holdings as at 20 January 2023:

Name	Units	% of Units
John Jetter	57,881,668	1.21%
Paul Senyca	8,691,134	0.18%
Mike Utsler	5,000,000	0.10%
John Madden	2,000,000	0.04%

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 production from its SM 71, GC 21, Mosquito Bay West and Oyster Bayou South fields in the Gulf of Mexico and production from its Lightning and Eaves assets in onshore Texas. Cashflow from its producing assets underpins its strategy and financial stability.

DIRECTORS

Michael Utsler – Chairman & CEO
 John Jetter – Non-Executive
 John Madden – 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

CONTACTS

Ground Floor 70 Hindmarsh Square
 Adelaide SA 5000 Australia

INVESTOR RELATIONS

Michael Vaughan (Fivemark Partners)
 E: michael.vaughan@fivemark.com.au
 P: +61 422 602 720

Mark Lindh (Adelaide Equity Partners)
 E: investor-relations@ottoenergy.com
 P: +61 (0) 2 4017 1257
 P: +61 414 551 361

Definitions

“bbl” = barrel	“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
“bbls” = barrels	– 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency
“bopd” = barrels of oil per day	“MMboe” = million barrels of oil equivalent (“boe”) with a boe determined on the same basis as above
“Mbbbl” = thousand barrels	“NRI” means Net Revenue Interest
“Mscf” = 1000 standard cubic feet	“WI” means Working Interest
“NGLs” = natural gas liquids	
“MMscf” = million standard cubic feet	
“Mmbtu” = million British thermal units	

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

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 2022

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	9,715	21,542
1.2 Payments for		
(a) exploration & evaluation	(246)	(675)
(b) development	(5,766)	(12,082)
(c) production	(1,184)	(2,240)
(d) staff costs	(405)	(804)
(e) administration and corporate costs	(400)	(991)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(160)
1.6 Income taxes paid	(21)	(21)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) derivative instruments	(561)	(2,988)
(b) other	22	(28)
1.9 Net cash from / (used in) operating activities	1,154	1,553
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	(500)	(500)

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	(500)	(500)

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)
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.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	24,860	26,764
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,154	1,553
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(500)	(500)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(2,300)

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	(3)	(6)
4.6	Cash and cash equivalents at end of period	25,511	25,511

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	25,511	24,860
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)	25,511	24,860

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	125
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\$125k consisting of Executive Directors fees (US\$75k) and Non-Executive Directors fees including superannuation payments (US\$50k)

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	30,000	-
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	30,000	-
7.5	Unused financing facilities available at quarter end		10,000
7.6	<p>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> <p>In November 2019, Otto Energy entered into a three-year senior secured US\$55 million term credit facility with Macquarie Bank Limited (Macquarie) as follows:</p> <ul style="list-style-type: none"> • Tranche A1 (\$25 million) fully drawn and repaid as of quarter end. Repaid amounts are not available for re-borrowing. • Tranche A2 (\$10 million) currently undrawn and available until 30 September 2023. Matures 31 December 2023. • Interest rate based on SOFR. • Senior secured non-revolving facility with security over US based assets. • Tranche B (US\$20 million) available subject to further credit approval from Macquarie. 		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,154
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)	1,154
8.4	Cash and cash equivalents at quarter end (item 4.6)	25,511
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	25,511
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
	<p><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></p>	

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: 31 January 2023

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.