

NEW PRODUCTION FROM FIVE FIELDS TO SIGNIFICANTLY BOOST PRODUCTION AND CASHFLOW

- **Mosquito Bay West has commenced initial well testing from limited initial perforations and has flowed back at approximately 200 bbl/d of oil and 3 MMscf/d (700 boe/d) 8/8^{ths} on a 13/64th choke, while the well continues to clean up.**
- **Mosquito Bay West achieving first production 3 months from well spud is very impressive, with initial production coming from just one sand package with an initial CGR that is almost triple that of what Otto was carrying internally prior to flowback.**
- **The Sevan Louisiana drilling rig has been mobilized on location at Green Canyon 21 (GC 21) as of 8 August 2022, and after rig maintenance and acceptance has commenced the DTR-10 recompletion consistent with previous timing guidance.**
- **Lift boat and recompletion spread is on location at South Marsh 71 (SM 71) as of 9 August 2022, and well work on the F2 recompletion in the J1 sand commenced on 14 August.**
- **Oyster Bayou South facility and pipeline installation has been progressing ahead of plans and completions with perforation, flowback, and initial well testing expected to begin shortly.**
- **Eaves well is still awaiting gas meter connections, with first production expected during Q3 as previously advised.**
- **The US Inflation Reduction Act (2022), provides for the reinstatement of OCS lease sale 257. Otto was previously notified as being the high bidder on the ST 48 lease.**

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) is pleased to provide the following operational update.

1. Mosquito Bay West

The Mosquito Bay West well has installed surface facilities and pipeline ahead of schedule and under budget. The well has commenced flow testing from the limited initial perforations in the deepest Disc 12-2 sand and has flowed back at a rate of 3 MMscf/d and 200 bbl/d (700 boe/d) 8/8ths on a 13/64ths choke. Given the actual number and distance

between potentially productive sands in the well, all partners in the well have agreed to focus on the deepest Disc 12-2 sand with future pay to be produced via future uphole recompletions from the same well bore. The Condensate Gas Ratio (CGR) from initial well testing of approximately 70 bbl/MMscf has come in significantly higher than Otto's pre flowback estimate of 26 bbl/MMscf. Otto holds a 30% WI / 22.35% NRI in this field. Achieving first production within 3 months of spud is an impressive achievement by Operator Castex Energy.

2. Oyster Bayou South

The Oyster Bayou South well has had surface facilities and pipeline installed ahead of schedule and under budget. Perforating the well, unloading and flowing the well to sales are expected during Q3 CY2022 ahead of previously provided timing estimates. The well is expected to deliver 6 MMscf/d and 150 bbl/d 8/8ths. Otto will update the market when production data is available. Otto holds a 30% WI / 22.65% NRI in this field. Again, the development progress by operator Castex Energy is very impressive.

3. GC 21

The Seadrill Sevan Louisiana drilling rig was mobilized to location at GC 21 on 8 August 2022 where it initially underwent pre-acceptance rig maintenance. The rig began actual well operations on 14 August 2022 to recomplete the well to the uphole DTR-10 sand. This sand holds 70% of the original proven reserves attributed the well when initially drilled. The recompletion is expected to cost Otto \$5.9 MM, to be paid out of existing free cash flow. Otto holds a 16.67% WI / 13.33% NRI in this lease.

4. SM 71

The lift boat and recompletion spread were mobilized to SM 71 on 9 August 2022 with recompletion operations to recomplete the F2 well in the J1 sand initiated on 14 August 2022. The recompletion is estimated to cost Otto \$0.95MM, to be paid out of existing free cash flow. Otto holds a 50% WI / 40.625% NRI in this lease.

5. Eaves

The Vick #1 well located in Lavaca County, Texas is awaiting gas sales meter connection after which the well will be flowed to sales. Otto has previously disclosed that first production should begin during Q3 CY2022. The tie-in of this well to gas markets has required the operator to negotiate and undertake three separate pipeline crossings which has proven time consuming. In addition, further delays have been experienced due to a tightening of materials and services markets locally. This has led to increased lead times for equipment and crews which has further impacted work durations. Otto holds a 10.3125% WI / 7.734375% NRI in this well.

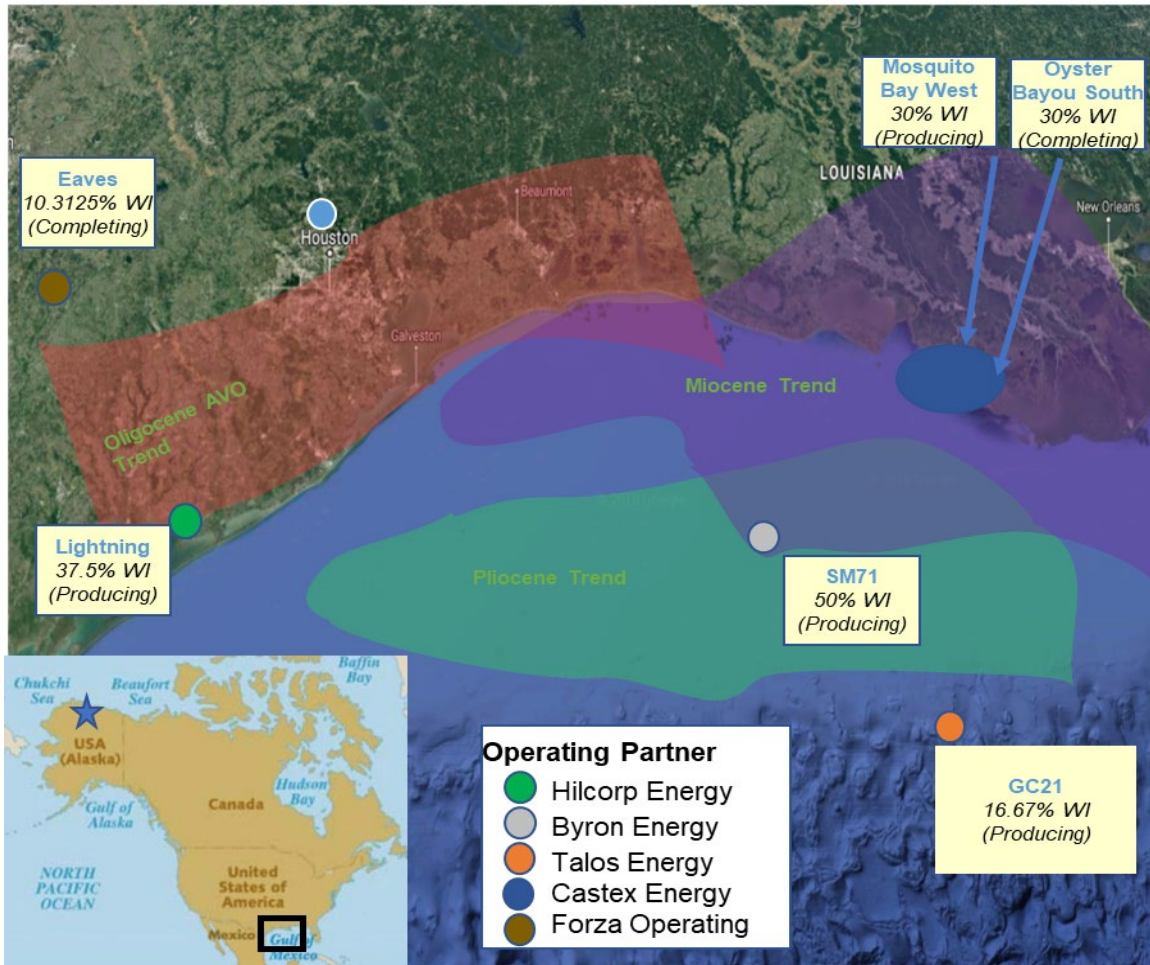
Lease Sale 257

The US Inflation Reduction Act (2022) which has passed the Senate and House of Representatives provides for the reinstatement of lease sale 257. This lease sale was held during November 2021 where Otto was notified that it was the high bidder on the South Timbalier 48 lease.

Otto Executive Chairman, Mike Utsler, commented: *“It is exciting to see that after extensive planning and preparation, a wide range of well operations have commenced including the recompletions of the SM 71 F2 and GC 21 well and the completion of facilities and wells necessary to enable initial flow testing and production from the Vick #1 (Eaves), Mosquito Bay West and the Oyster Bayou South well. The outcome of this activity will greatly diversify our portfolio (growing from 3 fields to 6 fields), growing our production volumes and providing greater access to both the volatile but robust oil and gas markets.*

These efforts position Otto extremely well in maintaining a robust balance sheet, delivering strong cash flows and to provide the financial capacity to continue disciplined investing for growth in creating value for our shareholders.

We look forward to updating the market as information becomes available regarding this exploration potential and the ongoing operational activity.”



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 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 2 March 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).

Definitions

“\$m” means USD millions of dollars	“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
“bbl” means barrel	“Mboe” means thousand barrels of oil equivalent (“BOE”)
“bbls” means barrels	“MMboe” means million barrels of oil equivalent (“BOE”)
“bopd” means barrels of oil per day	“MMbtu” means million British thermal units
“Mbbbl” means thousand barrels	“NGLs” means natural gas liquids
“Mscf” means 1000 standard cubic feet	
“MMscf” means million standard cubic feet	