

QUARTERLY REPORT

THREE MONTHS ENDED 30 SEPTEMBER 2020

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COMMENT FROM MANAGING DIRECTOR AND CEO

On 14 September 2020, the Company announced the appointment of new Chief Executive Officer and Managing Director, Mr. Michael Utsler. Mr Utsler is an oil and gas executive with more than 40 years of experience in senior international oil and gas sector roles.



"I am excited to be joining the Otto team, which is comprised of a first-class organisation with an outstanding set of assets. Our base business in the Gulf of Mexico is strong and projected to deliver substantial free cash flow over the coming years. This will position Otto to strategically focus on value return to our shareholders."

"Production from Green Canyon 21, our first deepwater project, assists in diversifying our portfolio and is an excellent example of how we can leverage existing deepwater infrastructure for early first production. Further, our production is a good mix of oil and gas volumes, with access to quality markets."

"In the next few months, we will be outlining a strategy and roadmap for leveraging and growing value. I look forward to sharing this journey with all of our shareholders."

STRONG OPERATIONAL PERFORMANCE

- **Sales revenues** totalled US$6.6 million for the September quarter (+50% over prior quarter).
- **Average daily production** for the September quarter was approximately 2,907 Boe/d (-6% over prior quarter).
- **Reserves upgrade** – 1P Reserves increased 31% to 4.8 MMboe; 2P Reserves increased 13% to 8.1 MMboe and 3P Reserves increased 15% to 11.7 MMboe (all net to Otto).
- **Longer life** – These reserve upgrades extend forecasted 3P operating life to 14 years.

COST EFFICIENCIES AND BALANCE SHEET RESILIENCE

- Strong operating and financial position, despite the global challenges caused by the COVID-19 pandemic, with low cost, high margin production at SM 71 and Lightning.
- **Cash balance** at the end of the September quarter was US$14.3 million; debt balance reduced by US$2.3 million during the quarter to US$18.4 million.
- **Hedge gains** – Ongoing benefits from robust hedging program with realised hedge gains of US$0.7 million during the September quarter.
- **Cost efficiency delivery** – Cost reduction initiatives implemented with September quarter office operating costs reduced by 25% compared to September 2019 quarter.

GREEN CANYON 21 INTO PRODUCTION

- **First production –** "Bulleit" discovery commenced production on 15 October 2020.
- **Progressive ramp-up –** Production to be increased until the well reaches steady state rate.
- **Aggregate production growth –** Ramped-up GC 21 output is forecast to drive significant growth in Otto group production over FY21.

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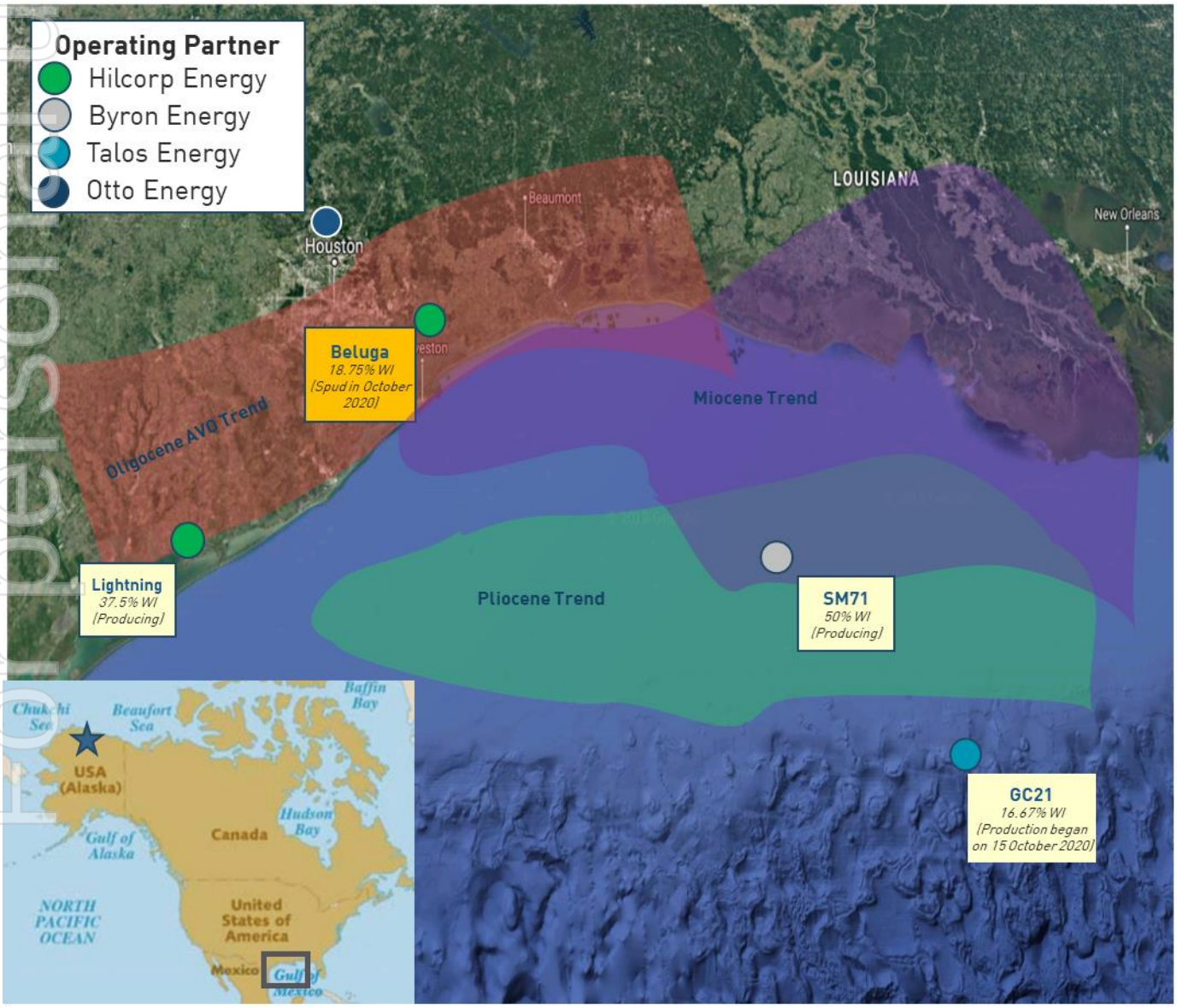
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SUMMARY OF OPERATIONS

Metric	SM71	Lightning	Green Canyon 21	Beluga
Status	Producing	Producing	Development [1]	Drilling [2]
Ownership Structure	50% WI	37.5% WI	16.67% WI	18.75% WI [3]
NRI	40.63%	28.20%	13.34%	15.00%
Operator	Byron Energy	Hilcorp	Talos Energy	Hilcorp
Comments	3 wells producing; 1 well T/A	2 wells producing	Production began 15 October 2020	Fifth and final well under Hilcorp JEDA

1. Production began on 15 October 2020
2. Spud well in October 2020
3. After paying 25% of drilling costs, as a promote

Otto Energy Location and Formation - Gulf of Mexico



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PRODUCTION ACTIVITIES

Production Volumes and Sales Revenue WI Share (before royalties) (USD)	Current Quarter	Prior Quarter	Change
Crude oil (barrels)			
South Marsh Island 71	109,215	97,756	12%
Lightning Field	20,607	24,328	-15%
Total oil production	129,822	122,084	6%
Total oil sales revenue ($'million)	4.82	$ 2.74	76%
Avg oil price ($/Bbl) *	37.12	$ 22.44	65%
Natural gas (thousand cubic feet)			
South Marsh Island 71	57,922	56,266	3%
Lightning Field	670,035	755,166	-11%
Total gas production	727,958	811,431	-10%
Total gas sales revenue ($'million)	1.5	$ 1.4	10%
Avg gas price ($/Mmbtu)	1.99	$ 1.66	20%
Natural gas liquids (barrels)			
South Marsh Island 71	-	-	0%
Lightning Field	16,301	24,806	-34%
Total NGL production	16,301	24,806	-34%
Total NGL sales revenue ($'million)	0.24	$ 0.27	-12%
Avg NGL price ($/Bbl)	14.45	$ 10.82	34%
Total (barrels of oil equivalent)			
South Marsh Island 71	118,869	107,133	11%
Lightning Field	148,581	174,995	-15%
Total production	267,449	282,129	-5%
Average daily production (Boe/d)	2,907	3,100	-6%
Total revenue ($'million)	$ 6.58	$ 4.39	50%
Total WA price ($/Boe) *	$ 24.59	$ 15.55	58%

* Average price does not consider the effect of hedges. If including hedges, the average realized oil price would be US$42.12 and US$35.06 for the September and June quarter, respectively, while the total weighted average price would be US$27.01 and US$21.01 for the September and June quarter, respectively. See Commodity Price Risk Management discussion.

Otto's hydrocarbon sales for the quarter equate to 2,907 Boe/d, a 6% decrease over the prior quarter. This decrease was predominately driven by our Lightning field production which was shut-in for approximately one week in early-August 2020 for planned maintenance. While our SM 71 field was also shut-in twice during the quarter, due to Hurricanes Laura and Sally, overall production was higher than the previous quarter due to curtailed production in April 2020 in response to the sharp decline in oil prices. Production levels at Lightning and SM 71 have since returned to normal as oil prices have recovered and all storms have dissipated.

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Sales revenue for the quarter increased by 50% compared to the prior quarter due to a steady increase in crude oil, natural gas and NGL prices during the quarter, despite the slight decrease in overall production. From a cash receipts perspective, Otto received proceeds of approximately US$4.7 million during the quarter, net of royalties, related to production for June, July, and August 2020.

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)

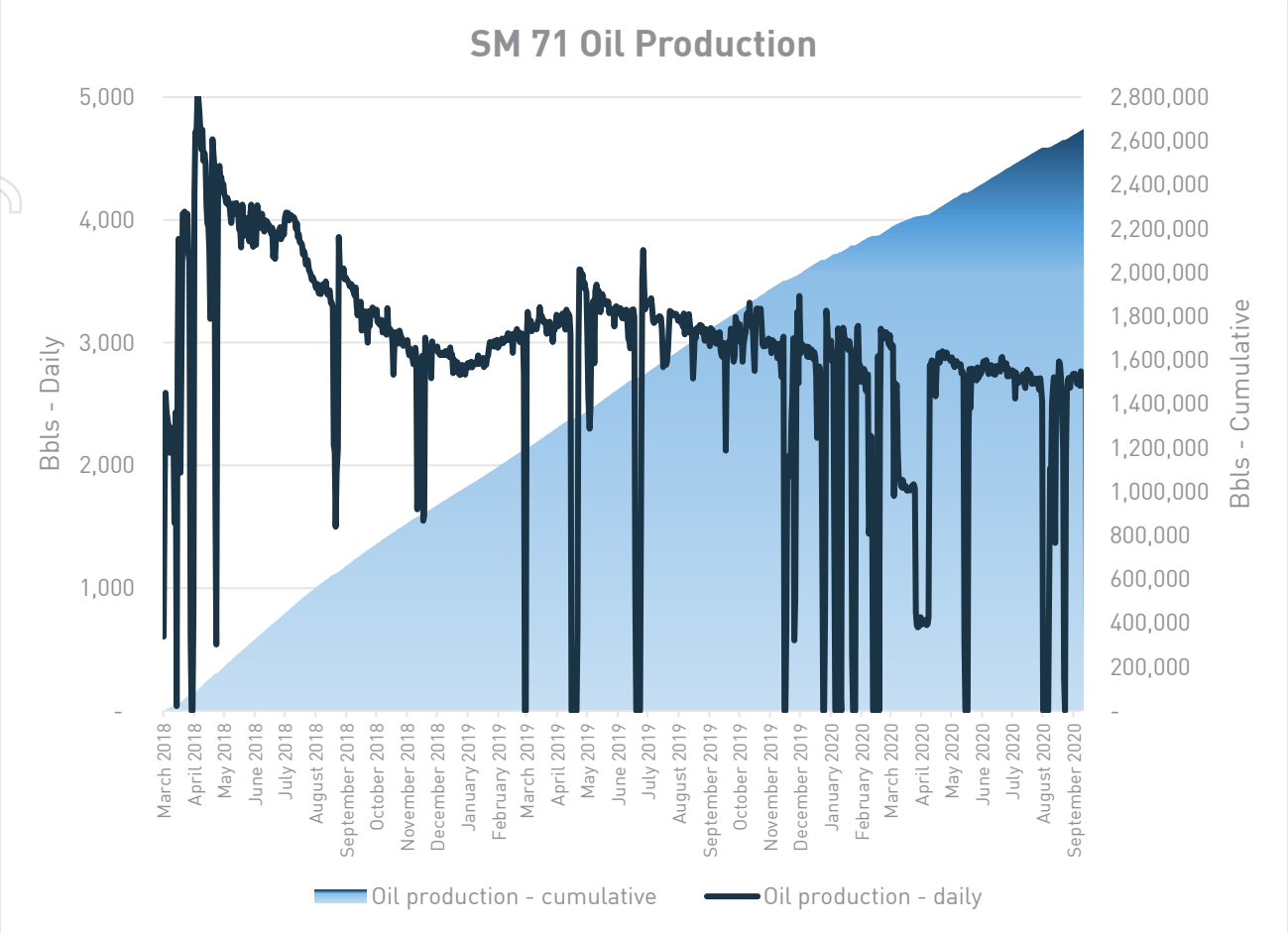
Production from the SM 71 F platform commenced in March 2018 with the F1 and F3 wells producing in the primary D5 Sand reservoir and the F2 well producing from the B55 Sand. A fourth well, the F5 well, was drilled in March 2020. Due to increased uncertainty of continuing operations related to the impact of COVID-19 on operations, the F5 wellbore was temporarily abandoned in a manner that allows it to be efficiently sidetracked in the future when the uncertainty relating to the COVID-19 pandemic has dissipated and also at a time where oil price volatility stabilizes.

During the quarter, on a working interest basis, these wells produced approximately 118.9 Mboe (+11% over prior quarter), or 1,292 Boe/d, an increase attributable to returning to normal production levels, as production was curtailed during the previous quarter due to the decline in commodity prices.

As of 30 September 2020, the SM 71 F facility has produced approximately 2.6 million barrels of oil (gross) and over 3.2 billion cubic feet of gas (gross) from the above three wells since initial production began.

Production was approximately 1,528 Boe/d from F1, F2 and F3 wells as of 30 September 2020.

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SM 71 Production and Revenue for the Quarter Ended 30 September 2020

Production Volumes	Current Quarter	Prior Quarter
Otto WI Share (50%)		
SM 71 – Oil (bbls)	109,215	97,756
SM 71 – Oil (bopd)	1,187	1,074
SM 71 – Gas (Mscf)	57,922	56,266
Otto NRI Share (40.625%)		
SM 71 – Oil (bbls)	88,737	79,427
SM 71 – Oil (bopd)	965	873
SM 71 – Gas (Mscf)	47,062	45,716

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Sales Revenue	Current Quarter	Prior Quarter
Otto WI Share (50%) - before royalties		
SM 71 – Oil - US$'million	$ 4.03	$ 2.16
SM 71 – Oil - $ per bbl	$ 36.94	$ 22.09
SM 71 – Gas - US$'million	$ 0.14	$ 0.10
SM 71 – Gas – $ per MMbtu	$ 2.10	$ 1.56
SM 71 – Total- US$'million	$ 4.17	$ 2.26
Otto NRI Share (40.625%) - post royalties		
SM 71 – Total- US$'million	$ 3.40	$ 1.84

LIGHTNING

Location:	Onshore Matagorda County, Texas
Otto's Working Interest:	37.50% (Hilcorp Energy – Operator)

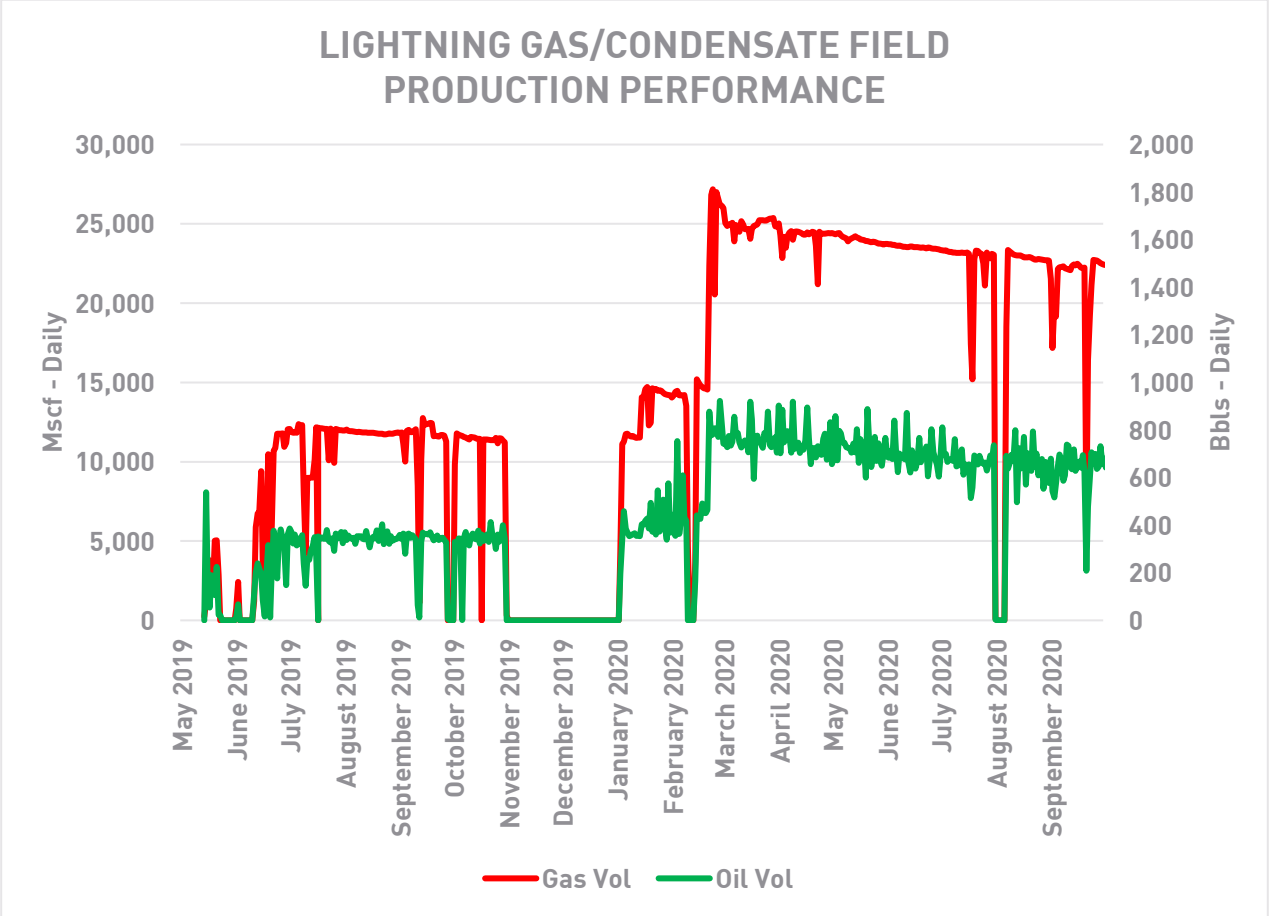
The first well in this field, Green #1, commenced production in June 2019, while the second, Green #2, commenced production in February 2020.

During the quarter, on a working interest basis, these two wells produced approximately 148.6 Mboe (-15% over prior quarter), or 1,615 Boe/d, a decrease attributable to shutting in production for planned maintenance during the quarter. Production was approximately 1,651 Boe/d as of 30 September 2020. As of the date of this report, daily production rates are consistent with the daily production rates as of 30 September 2020.

Reinterpretation of the 3D seismic by the operator confirms that there are multiple levels of hydrocarbon pay in the Lightning field. While the Green #1 and Green #2 wells are currently producing 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 aerially significantly larger and potentially thicker than the Tex Miss 1. In both tests, production from the Tex Miss 2/3 zone has indicated that the zone has lower permeability than the Tex Miss 1 and has not been able to establish steady production. It is planned that a future well will be designed to test the ability to stimulate the Tex Miss 2/3 zone and unlock the significant upside potential from this zone in future drilling campaigns.

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Lightning Production and Revenue for the Quarter Ended 30 September 2020

Production Volumes	Current Quarter	Prior Quarter
Otto WI Share (37.5%)		
Lightning – Oil (bbls)	20,607	24,328
Lightning – Gas (Mscf)	670,035	755,166
Lightning – NGLs (bbls)	16,301	24,806
Otto NRI Share (28.2%)		
Lightning – Oil (bbls)	15,504	18,304
Lightning – Gas (Mscf)	504,112	568,161
Lightning – NGLs (bbls)	12,264	18,663

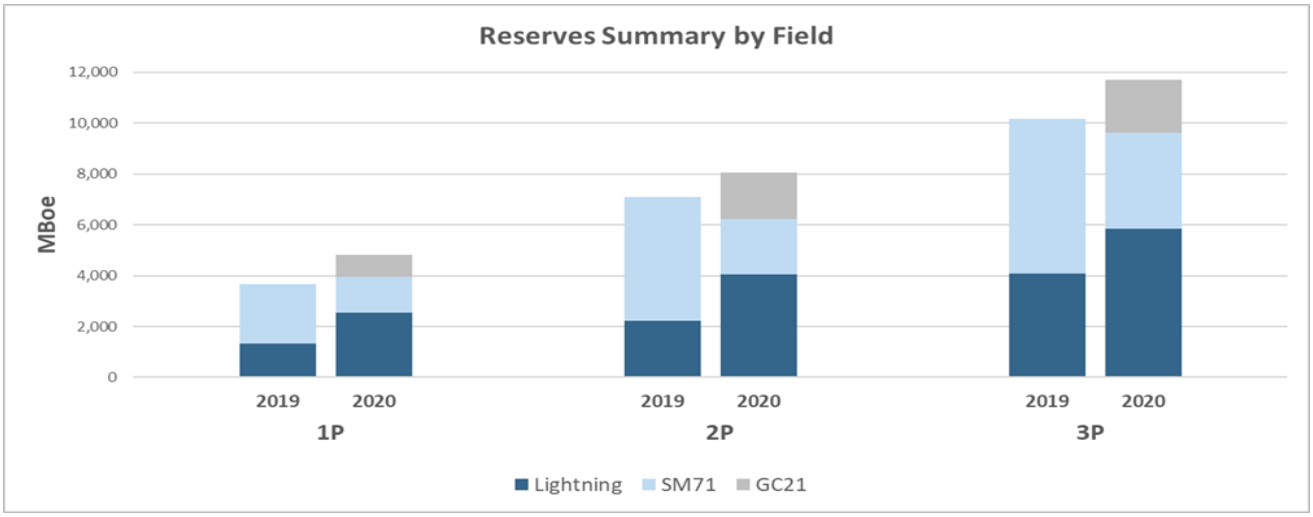
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Sales Revenue	Current Quarter	Prior Quarter
Otto WI Share (37.5%) - before royalties		
Oil - US$'million	$ 0.78	$ 0.58
Oil - $ per bbl	$ 38.03	$ 23.85
Gas - US$'million	$ 1.38	$ 1.28
Gas – $ per MMbtu	$ 1.98	$ 1.67
NGLs - US$'million	$ 0.24	$ 0.27
NGLs – $ per bbl	$ 14.45	$ 10.82
Total - US$'million	$ 2.40	$ 2.13
Otto NRI Share (28.2%) - post royalties		
Oil - US$'million	$ 0.59	$ 0.44
Gas - US$'million	$ 1.04	$ 0.96
NGLs - US$'million	$ 0.18	$ 0.20
Total - US$'million	$ 1.81	$ 1.60

RESERVES UPGRADE

In September 2020, the Company announced increases to all its reserve categories as follows:

Reserves as at 30 June 2020 (Net to Otto)	Oil (MbbL)	Gas MMcf	Mboe (6:1)	Change % 2020 v 2019
Proven (1P)	**2,382**	**14,623**	**4,820**	**31.3%**
Probable Reserves	1,720	9,088	3,234	-5.8%
Proven Plus Probable (2P)	**4,102**	**23,711**	**8,054**	**13.4%**
Possible Reserves	1,807	11,142	3,663	20.1%
Proven Plus Probable Plus Possible (3P)	**5,909**	**34,853**	**11,717**	**15.4%**



Notwithstanding the significantly lower oil and gas price assumptions in 2020 compared to 2019, Otto's Proved reserves increased by over 31%, predominantly due to the Company's recent discovery at GC 21 and the inclusion of a Green #3 well at Lightning (as Proved Undeveloped) as a result of the Company's recently drilled Green #2 well.

The additional reserves provide a significant revenue and life-extension opportunity for Otto; forecast 3P operating life now stands at 14 years.

All reserves and resources in this report are as at 30 June 2020 and were first reported to ASX on 24 September 2020. Otto is not aware of any new information or data that materially affects the information included in those announcements and all the material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

COMMODITY PRICE RISK MANAGEMENT

Otto derives its revenue from the sale of oil and natural gas. As a result, the Company's revenues are determined, to a large degree, by prevailing oil and natural gas prices. Otto sells its production to purchasers pursuant to sales agreements, with sales prices tied to industry standard published index prices, subject to negotiated price adjustments.

Otto typically utilizes commodity price hedge instruments to minimize exposure to short term price fluctuations by using a series of swaps, costless collars and/or puts. Unrealized gains or losses associated with hedges vary period to period, and are a function of hedges in place, the strike prices of those hedges and the forward curve pricing for the commodities being hedged. Currently, all of Otto's hedges are oil swaps, and the Company has no three-way collars or short puts.

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In July 2020 and August 2020, the Company added additional oil hedges, resulting in a weighted average LLS price of US$51.62 for CY 2020 and US$49.20 for CY 2021 (on forecasted SM 71 and Lightning volumes). As of 30 September 2020, Otto had a total hedge book of 423,124 barrels of oil hedged through September 2022 via swaps, at a weighted average LLS price of US$50.66 as follows:

Months	Volume (Bbls)	Weighted Avg Price (LLS)
October – December 2020	74,516	$49.77
January – December 2021	238,690	$51.62
January – September 2022	109,918	$49.20

DEVELOPMENT ACTIVITIES

GREEN CANYON 21

Location:	Offshore, Gulf of Mexico
Water Depth:	1,200 feet
Otto's Working Interest:	16.67% (Talos Energy – Operator)

The "Bulleit" appraisal well commenced drilling in May 2019, with first oil and associated gas production commencing on 15 October 2020 from the MP reservoir, where a net 110 feet of TVD oil pay was encountered. Production will be progressively increased until the well reaches its targeted steady state production rate.

This reservoir is expected to perform consistent with analogue wells in the GC 18 field. The project has been developed via a 10-mile subsea tieback to the Talos Operated GC 18 Whistler platform where production is being processed and then delivered into regional oil and gas sales pipelines. Otto's product sales from GC 21 are secured via long term production handling, transportation, and sales arrangements.

EXPLORATION ACTIVITIES

BELUGA

Location:	Onshore Chambers County, Texas
Otto's Working Interest:	18.75% (Hilcorp Energy – Operator)

In October 2020, the Company and Hilcorp mutually agreed to remove all remaining prospects from the eight-well Gulf Coast exploration package due to current market conditions, except for Beluga. Once Otto pays its share of costs associated with the Beluga prospect through the setting of production casing or plugging and abandoning the well, there will be no additional drilling required under this agreement.

The Beluga Unit #1 in Chambers County Texas commenced drilling using a barge rig on 12 October 2020. The well will be drilled to approximately 13,300 ft TVD and is expected to take 46 days to reach total depth. For this well Otto will earn a 18.75% working interest by paying 25% of the costs of drilling and either setting casing or plugging and abandoning the well, after which point Otto will pay 18.75%

of all future costs. The well is expected to cost the Company approximately US$2.25 million. These terms represent a variation of the original farm-in terms where Otto would ordinarily earn a 37.50% working interest by paying 50% of the costs of drilling and either setting casing or plugging and abandoning the well.

The Beluga well is targeting the Vicksburg sand that is Oligocene in age. Recent discoveries in the Vicksburg trend confirm that this play is relatively underexplored, with most regional production occurring from the Upper Oligocene Frio formation. The use of seismic amplitude is helping to unlock new discoveries. The prospect is a channel/levee system with AVO (amplitude variation with offset) support. The prospect has been assessed as having a probability of success of 45%. The Beluga Unit #1 well is on trend with the nearby Eagle Bay field which has produced over 13.6 MMbl and 145.1 Bcf from the Vicksburg formation since 1998.

ALASKA – NORTH SLOPE (CENTRAL BLOCKS)

Location:	Onshore North Slope Alaska
Area:	601.1 km^2
Otto's Interest:	8%-10.8% (Great Bear Petroleum Operating – Operator)

Through its agreements with Great Bear Petroleum Operating ("Great Bear Operating"), Otto acquired its position in Alaska in 2015. In January 2019, Pantheon acquired Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC (collectively: Great Bear Ventures).

Extensive, modern 3D seismic coverage, existing well control and proximity to the all-weather Dalton Highway and Trans-Alaskan Pipeline System (TAPS) means the acreage is well positioned for exploration. The existing 3D seismic has allowed development of an extensive prospect portfolio which includes several well locations.

In September 2020, Pantheon announced that its application to form the Talitha Production Unit of 44,373 acres is complete and eligible for approval. Otto has a 10.8% working interest in these Talitha Unit leases. After a public comment period which closed on 12 October 2020, the Alaska Department of Natural Resources will decide on the application. Otto's exposure on the first two wells is limited to US$2.6 million per well.

CORPORATE

CASH FLOWS

Otto's cash on hand at the end of the September quarter was approximately US$14.3 million (June quarter: US$16.6 million). During the September quarter, Otto received US$4.7 million in cash flows for the sale of June, July, and August production from its 50% owned SM 71 oil field and its 37.5% owned Lightning field, net of royalties.

Cash flows from operating activities were approximately US$0.03 million for the September quarter, compared to negative US$6.0 million for the quarter ending 30 June 2020. Included in the September quarter was US$4.7 million in receipts from customers, US$0.7 million in receipts from hedges, US$3.9 million in exploration, development and production costs and US$1.0 million in staff and administrative costs. Included in the prior quarter was US$3.0 million in receipts from customers, US$1.8 million in receipts from hedges, US$9.6 million in exploration and development costs and US$1.0 million in staff and administrative costs.

Cash flows from investing activities were nil for the September quarter, compared to negative US$0.02 million for the June quarter.

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Cash flows from financing activities were negative US$2.3 million for the September quarter, compared to an inflow of US$8.1 million during the June quarter. Included in the September quarter was US$2.3 million in repayment of borrowings. Included in the prior quarter was US$7.9 million in proceeds from the equity capital raise, US$3.0 million in new borrowings and US$2.3 million in repayment of borrowings.

Payments to related parties and their associates during the quarter totalled US$170k consisting of Executive Directors fees (US$66k) and Non-Executive Directors fees and superannuation payments (US$46k) and consulting fees paid to J. Jetter, Non-executive Director (US$58k).

COST REDUCTION INITIATIVES

Office operating costs for the September quarter were approximately $1.2 million, compared to $1.6 million for the prior quarter, a decrease of 25%, with the expectation that full-year cost savings will be larger, as there is some seasonality built into the Company's cost structure. This decrease for the quarter was predominantly attributable to a 25% decrease in salaries and wages and a 35% decrease in consultant use, partially offset by a 7% increase in legal fees.

DEBT

On 2 November 2019, the Company entered a three-year senior secured US$55 million facility with Macquarie Bank Limited (**Macquarie**). The initial commitment under the Facility is US$35 million 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 September 2020, the Company had drawn US$25 million under the facility, and had repaid US$6.6 million, resulting in a closing balance of US$18.4 million. As of 30 September 2020, the Company was in compliance with all its financial covenants. The Facility is secured by substantially all of the Company's assets.

SHAREHOLDERS

Otto's issued capital as at 22 October 2020:

Class	Number
Fully paid ordinary shares	4,795,009,773
Options (A$0.08 exercise price)	42,500,000
Performance Rights	30,552,667

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Otto's Top 20 Holders as at 22 October 2020:

Rank	Name	Units	% of Units
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,335,137,589	48.70%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	180,795,130	3.77%
3	BNP PARIBAS NOMINEES PTY LTD	124,830,217	2.60%
4	CITICORP NOMINEES PTY LIMITED	76,802,161	1.60%
5	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	50,793,694	1.06%
6	MR JOHN PHILIP DANIELS	31,950,000	0.67%
7	MR MATTHEW GERARD ALLEN	21,541,602	0.45%
8	MR GEORGE EUSTRATIOS MANIOS	21,455,555	0.45%
9	MR THOMAS FRITZ ENSMANN	20,000,000	0.42%
9	BLAMNCO TRADING PTY LTD	20,000,000	0.42%
10	MR DANIEL LEE	18,211,778	0.38%
11	DANIEL LEE PTY LTD	17,771,431	0.37%
12	NATIONAL NOMINEES LIMITED	16,110,500	0.34%
13	MR ANASTASIOS MAZIS	16,041,091	0.33%
14	MR WILLIAM GEORGE WILLIAMS	15,760,000	0.33%
15	BRUXNER PACIFIC PTY LTD	15,733,333	0.33%
16	MR CRAIG GRANT RADFORD & MRS SARAH JANE RADFORD	15,537,765	0.32%
17	MR EUAN PATRICK DAVID WADSWORTH	15,500,000	0.32%
18	MR CRAIG GRAEME CHAPMAN	15,000,000	0.31%
18	MR MARK ANTHONY ELLERY	15,000,000	0.31%
19	MR DOUGAL JAMES FERGUSON	14,640,000	0.31%
20	MR KERRY ELDON NOBLE	13,872,462	0.29%
Total Top 20 Shareholders		**3,072,484,308**	**64.08%**
Total Remaining Shareholders		1,722,525,465	35.92%
Total Shares on Issue		**4,795,009,773**	**100.0%**

Substantial Holders as at 22 October 2020:

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

Director Holdings as at 22 October 2020:

Name	Units	% of Units
John Jetter	57,881,668	1.21%
Kevin Small	49,486,383	1.03%
Paul Senycia	7,959,387	0.17%

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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 oil field in the Gulf of Mexico and gas/condensate production from its Lightning discovery onshore Matagorda County, Texas. Production is underway at the Green Canyon 21 oil discovery in the Gulf of Mexico. Cashflow from its producing assets underpins its strategy and financial stability.

DIRECTORS

John Jetter - Executive Chairman
Michael Utsler – Managing Director & CEO
Geoff Page – Non-Executive
Paul Senycia - Non-Executive
Kevin Small - Executive Director

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

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

This release is approved by the Company's Board of Directors.

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
- "NGLs" means natural gas liquids
- "Mboe" means 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
- "MMscf" means million standard cubic feet
- "MMboe" means million 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
- "MMbtu" means million British thermal units

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 September 2020

Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 months) $US'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	4,730	4,730
1.2	Payments for		
	(a) exploration & evaluation	(486)	(486)
	(b) development	(3,078)	(3,078)
	(c) production	(323)	(323)
	(d) staff costs	(533)	(533)
	(e) administration and corporate costs	(488)	(488)
1.3	Dividends received (see note 3)		
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(527)	(527)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	12	12
1.8	Other (provide details if material)		
	(a) derivative instruments	721	721
	(b) other	-	-
1.9	**Net cash from / (used in) operating activities**	**28**	**28**

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	-	-

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Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 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)	(20)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(2,300)	(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**	**(2,320)**	**(2,320)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	16,551	16,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	28	28
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)	(2,320)	(2,320)

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Consolidated statement of cash flows		Current quarter $US'000	Year to date (3 months) $US'000
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	**Cash and cash equivalents at end of period**	**14,264**	**14,264**

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	14,264	16,551
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)**	**14,264**	**16,551**

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	170
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 US170k consisting of Executive Directors fees (US$66k), Non-Executive Directors fees including superannuation payments (US$46k) and consulting fees paid to J Jetter, Non-Executive Director (US$58k).

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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	48,400	18,400
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	48,400	18,400

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:

Initial commitment of $35 million

- Tranche A1 ($25 million) available upon facility close. Fully drawn as of 30 September 2020. Repaid amounts are not available for re-borrowing
- Tranche A2 ($10 million) available on successful exploration or commencement of commercial production at Green Canyon 21. No funds drawn as of 30 September 2020
- Interest rate of LIBOR plus 8.0% per annum;
- Maturity date 36 months from initial drawdown;
- Quarterly principal repayments commencing 31 March 2020;
- Senior secured non-revolving facility with security over US based assets; and
- The Facility may be cancelled by the Company after 12 months without penalty once any drawn funds are repaid.

Additional $20 million available

- 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)	28
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)	28
8.4	Cash and cash equivalents at quarter end (item 4.6)	14,264
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)	24,264

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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 October 2020

Authorised by: The Board of Directors of Otto Energy Limited

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.

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