

OTTO TO PARTICIPATE IN TWO ONSHORE GULF COAST EXPLORATION WELLS

- Otto has farmed into the Schindler Well, in Colorado County, Texas, and the Eaves Well in Lavaca County, Texas.
- Located in neighbouring counties, both wells are testing a regionally proven Wilcox gas / condensate rich play, with Eaves testing a shallower Yegua target also.
- Otto has assessed the Schindler Prospect as having Unrisked Mean Success Volumetrics of 21 BCF of gas and 804,000 bbl of Condensate at a 54% Geological Probability of Success and the Eaves Prospect as having Unrisked P50 Success Volumetrics of 2.5 BCF of Gas and 12,500 bbl of Condensate at a 75% Geological Probability of Success.
- Both wells are to be drilled during Q4 CY2021 and, if successful, are planned to be completed and connected to nearby pipelines.
- Participating in the Schindler and Eaves Wells are expected to cost Otto US\$0.9 million and US\$0.2 million, respectively, with both to be funded from Otto's existing cash reserves.

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) is pleased to advise of its participation in two exploration prospects located onshore in Texas. Otto has agreed to participate in the Schindler Prospect in Colorado County, and the Eaves Prospect in Lavaca County. Both wells are testing a regionally proven Wilcox play, with the Eaves well also testing a shallow Yegua objective.

Both wells are to be drilled on a 'turn-key' basis to minimise drilling cost exposure. Both wells are planned to be drilled during Q4 CY2021.

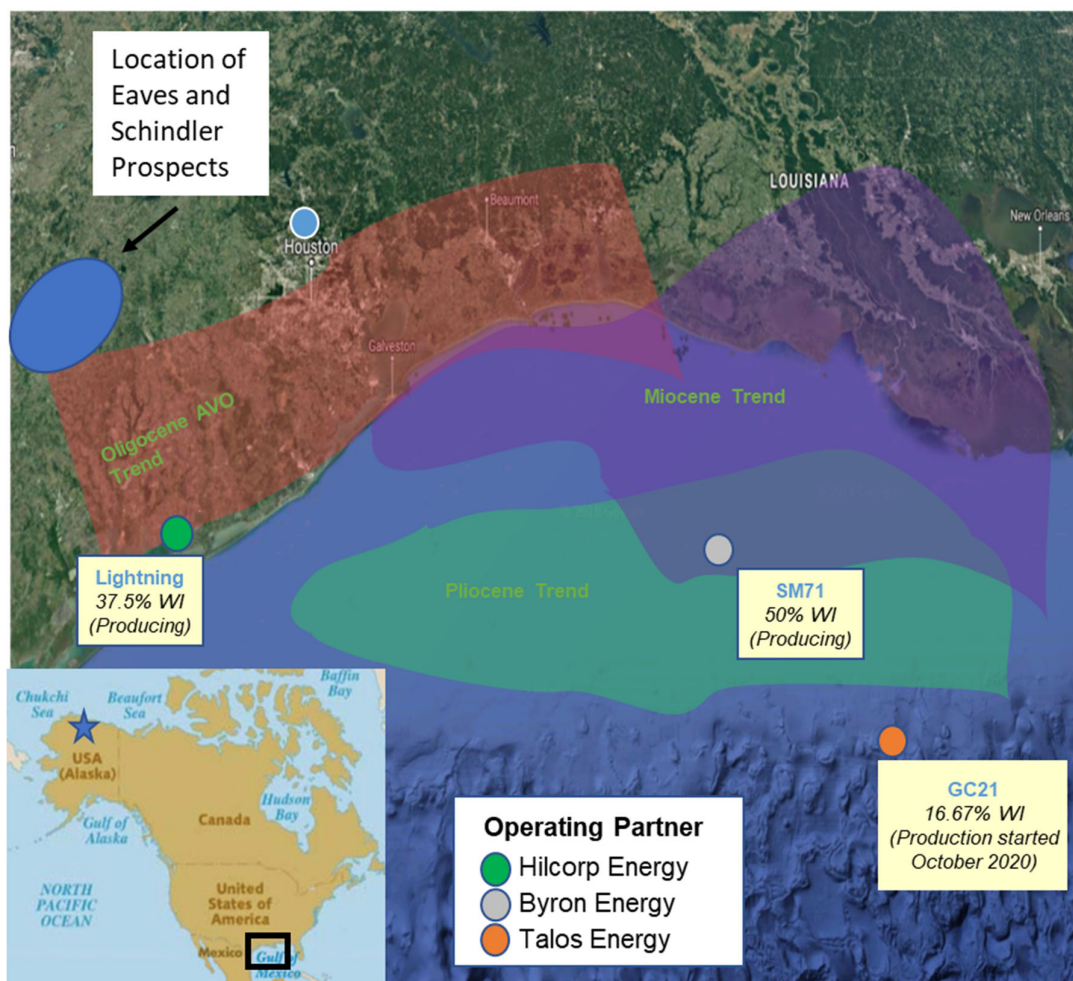
A summary of each prospect is provided in the tables below.

Schindler Prospect Summary

Operator	Castex Energy, Inc.
WI% / NRI%	Otto to earn a 25.00% Working Interest (WI) / 18.25% Net Revenue Interest (NRI) in a 640 acre unit by paying 33.33% of the Schindler Well costs
Well Cost and Prospect Fee	US\$0.9 million (Otto share)
Depth	13,600' TVD (True Vertical Depth)
Success Case Volumetrics (8/8ths)	P90 4.3 Bcf & 129,000 bbl P50 11.6 Bcf & 406,000 bbl PMean 21 Bcf & 804,000 bbl P10 48 Bcf & 6 MMbbl
Geological Objective	Wilcox
Risk	Otto Energy assesses a 54% geological probability of success for the Schindler Prospect
Area Of Mutual Interest	Approximately 1800 Acres
Location	Colorado County, TX

Eaves Prospect Summary

Operator	Private US Company
WI% / NRI%	Otto to earn a 10.3125% Working Interest / 7.734375% NRI in a 160 acre unit by paying 12.5% of the Eaves Well costs
Well Cost and Prospect Fee	US\$0.2 million (Otto share)
Depth	9200' TVD (True Vertical Depth)
Success Case Volumetrics (8/8ths)	P90 1.4 Bcf & 7,100 bbl P50 2.5 Bcf & 12,500 bbl P10 9.9 Bcf & 92,500 bbl
Geological Objective	Yegua and Wilcox
Risk	Otto Energy assesses a 75% geological probability of success for the Eaves Prospect
Area Of Mutual Interest	320 Acres
Location	Lavaca County, TX



Participation in these two prospects is a result of Otto's continuing efforts to advance its growth strategy (Pillar 3). Both opportunities are assessed to meet Otto's previously stated targeted risk and return growth criteria.

In the success case these prospects are expected to further leverage Otto into the currently strong gas market with Henry Hub prompt pricing of US\$5.45 / MMBtu and the next 12 month average at US\$4.59 / MMBtu.

Otto will provide further updates on the status of these prospects as appropriate.

Otto Energy Executive Chairman, Mike Utsler, commented: *“Otto is excited to be participating in these two onshore prospects, which deliver limited cost exposure but excellent potential leverage to the current strong gas price environment. Both prospects have strong associated liquids, and significant upside. We continue to screen a large number of opportunities against our targeted risk-return evaluation framework.”*

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

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
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Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to the Schindler Prospect and the Eaves Prospect was compiled by technical employees of Otto Energy and subsequently reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Armstrong is an employee of the Company, with 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 report 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 report are based on, and fairly represents, information and supporting documentation reviewed by Mr Armstrong. Mr Armstrong is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report 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 appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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

- The prospective resources information is effective as at 14 October 2021 (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 prospective resources information in this document has been estimated and prepared using the probabalistic 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. Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.
- 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).
- is reported on a best 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