

EXPLORATION AND OPERATIONS UPDATE

- **Otto has agreed to participate in two new exploration wells to be drilled in Q2 2022, the Mosquito Bay West and Oyster Bayou South wells located in State waters, in Terrebonne Parish, Louisiana.**
 - **The wells are both targeting a number of locally productive Miocene sands, with each well having a number of separate objective sands.**
 - **In the event of success, production from both wells is set to be processed and transported to market through an existing production facility, based on pre-agreed terms and conditions.**
- **As a further operational update, the Vick #1 well located in Lavaca County, Texas is being completed in the Yegua interval at approximately 5,450 feet TVD.**
- **After Otto was confirmed as the apparent high bidder on the South Timbalier 48 (ST 48) lease at the OCS Lease Sale 257 during November 2021, a US Federal Judge has invalidated the results of the lease sale during January 2022 on the basis of inadequate environmental impact assessment, with an appeal now lodged by the American Petroleum Institute.**

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) is pleased to announce that it is participating in the Mosquito Bay West and Oyster Bayou South exploration wells located in State waters, in Terrebonne Parish, Louisiana.

The wells are to be drilled from a barge rig in approximately 9 feet of water with spudding of both wells expected during May 2022. The Mosquito Bay West well (30% Otto WI) is expected to cost Otto US\$1.7 MM on a dry hole cost basis and the Oyster Bayou South well (30% Otto WI) is also expected to cost Otto US\$1.7 MM on a dry hole cost basis. Both wells are to be funded from existing cash reserves.

The wells are both targeting a number of locally productive Discorbis and Amphistegina Miocene Age sands, with each well having a number of separate objective sands.

In the event of success, production from both wells is set to be processed and transported to market through an existing production facility, based on pre-agreed terms and conditions.

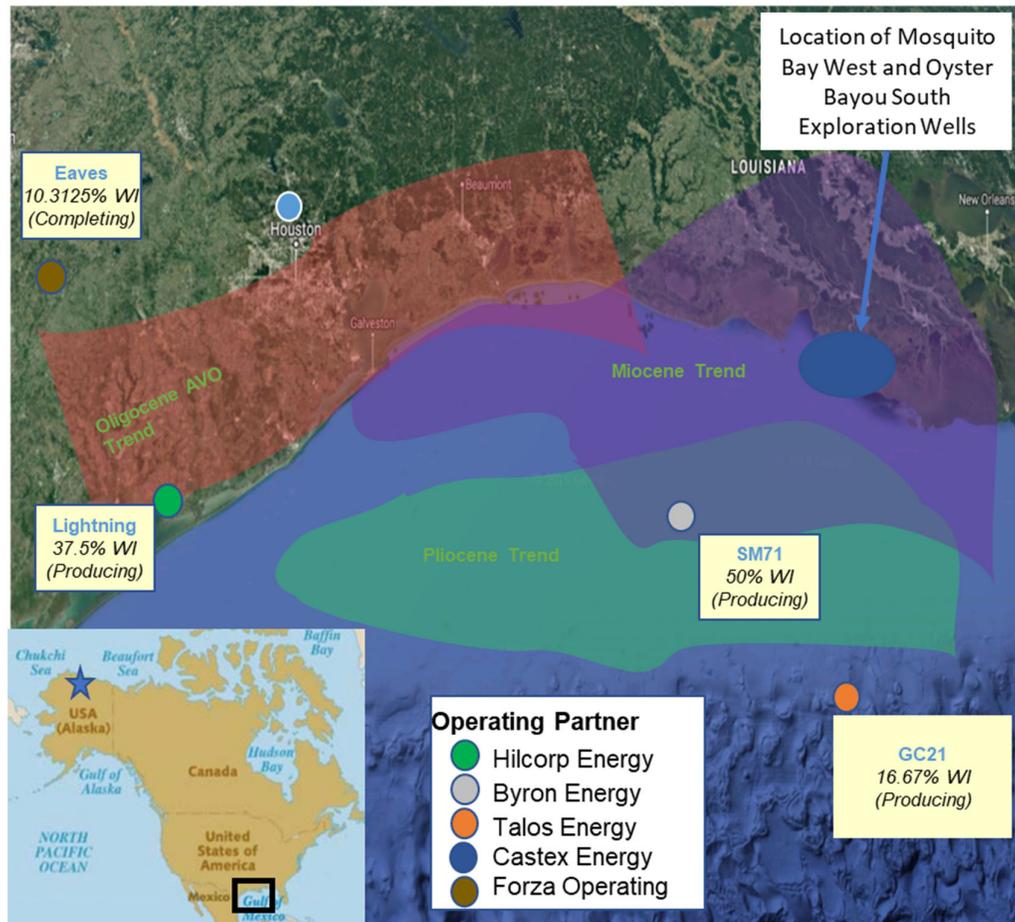
A summary of each prospect can be seen in the tables on the following page.

Mosquito Bay West Prospect Summary¹

Operator	Castex Energy, Inc.
Earn In	Otto to earn 30% WI in leases by paying 40% of exploration well costs through casing point, after which point Otto will be required to pay 30% of future costs
Leases	200 acres
WI% / NRI%	30% Working Interest / 22.35% Net Revenue Interest
Costs	Dry Hole Cost US\$1.7 MM (Otto share) Completion and Hook-Up US\$1.1 MM (Otto share)
Chance of Success	Otto assesses a 77% chance of success
Prospective Resources	Low Estimate = 7.1 Bcf and 185,000 bbls (1.6 Bcf and 41,347 bbls, net to Otto) Mid Estimate = 10.9 Bcf and 283,000 bbls (2.4 Bcf and 63,250 bbls, net to Otto) High Estimate = 18.9 Bcf and 464,000 bbls (4.2 Bcf and 103,704 bbls, net to Otto)
Geological Intervals	Multiple Miocene Discorbis Age sands
Area Of Mutual Interest	Approximately 1000 acres
Location	Terrebonne Parish, LA

Oyster Bayou South Prospect Summary¹

Operator	Castex Energy, Inc.
Earn-In	Otto to earn 30% WI in leases by paying 40% of exploration well costs through casing point, after which point Otto will be required to pay 30% of future costs
Leases	333 Acres
WI% / NRI%	30% Working Interest / 22.65% Net Revenue Interest
Costs	Dry Hole Cost US\$1.7 MM (Otto share) Completion and Hook-Up US\$1.0 MM (Otto share)
Chance of Success	Otto assesses a 52% chance of success
Prospective Resources	Low Estimate = 5 Bcf and 125,000 bbls (1.1 Bcf and 28,312 bbls, net to Otto) Mid Estimate = 7.3 Bcf and 256,000 bbls (1.7 Bcf and 57,984 bbls, net to Otto) High Estimate = 9.8 Bcf and 662,000 bbls (2.2 Bcf and 149,943 bbls, net to Otto)
Geological Intervals	Multiple Miocene Discorbis and Amphistegina Age sands
Area Of Mutual Interest	Approximately 1600 Acres
Location	Terrebonne Parish, LA



Vick #1 Well Operational Update

As a further operational update, the Vick #1 well located in Lavaca County, Texas, operated by Forza Operating, Inc. is being completed in the Yegua interval at approximately 5450 feet TVD. First production from this well is expected this month.

Lease Sale 257 Update

After Otto was confirmed as the apparent high bidder on the South Timbalier 48 (ST 48) lease at the OCS Lease Sale 257 during November 2021, a US Federal Judge has invalidated the results of the lease sale during January 2022, and an appeal has now been lodged by the API (American Petroleum Institute). Otto is awaiting clarification on the ultimate status of the Lease Sale 257 and will inform the market accordingly.

Otto Executive Chairman, Mike Utsler, commented: *“Otto is excited to be participating in two new, relatively low risk, high impact exploration wells that the Operator intends to drill during Q2 2022. In the event of the success of these wells, the ability to tie back and begin production given access to existing infrastructure would expect us to realize production from Q3 2022. We look forward to updating the market as information becomes available regarding these exploration and operational items.”*

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

“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