QUARTERLY REPORT

THREE MONTHS ENDED 31 MARCH 2019

QUARTERLY HIGHLIGHTS FOR OTTO ENERGY LIMITED (ASX:OEL)

PRODUCTION

- Otto's oil and gas sales for the quarter totalled 127,940 bbls of oil and 303,790 Mscf of gas
- Otto received cash from sales of its share of oil and gas for the quarter of US$7.7 million before royalties and operating costs
- Lightning well tests indicated a higher than expected liquids yield and strong flow rates in the range of 8 to 13 MMscf/d can be expected when production commences later this quarter

EXPLORATION – GULF OF MEXICO:

- The Green #1 well on the Lightning prospect was a discovery with the minimum net pay of 180 feet significantly exceeding pre-drill expectations
- The Middleton Trust #1 well testing the Don Julio 2 prospect onshore Texas was uncommercial and has been plugged and abandoned

APPRAISAL – GULF OF MEXICO:

- Otto has farmed in to the Bulleit appraisal well in the Green Canyon 21 lease offshore Gulf of Mexico. The project is operated by Talos Energy

EXPLORATION – ALASKA NORTH SLOPE:

- The Winx-1 well was uncommercial and has been plugged and abandoned

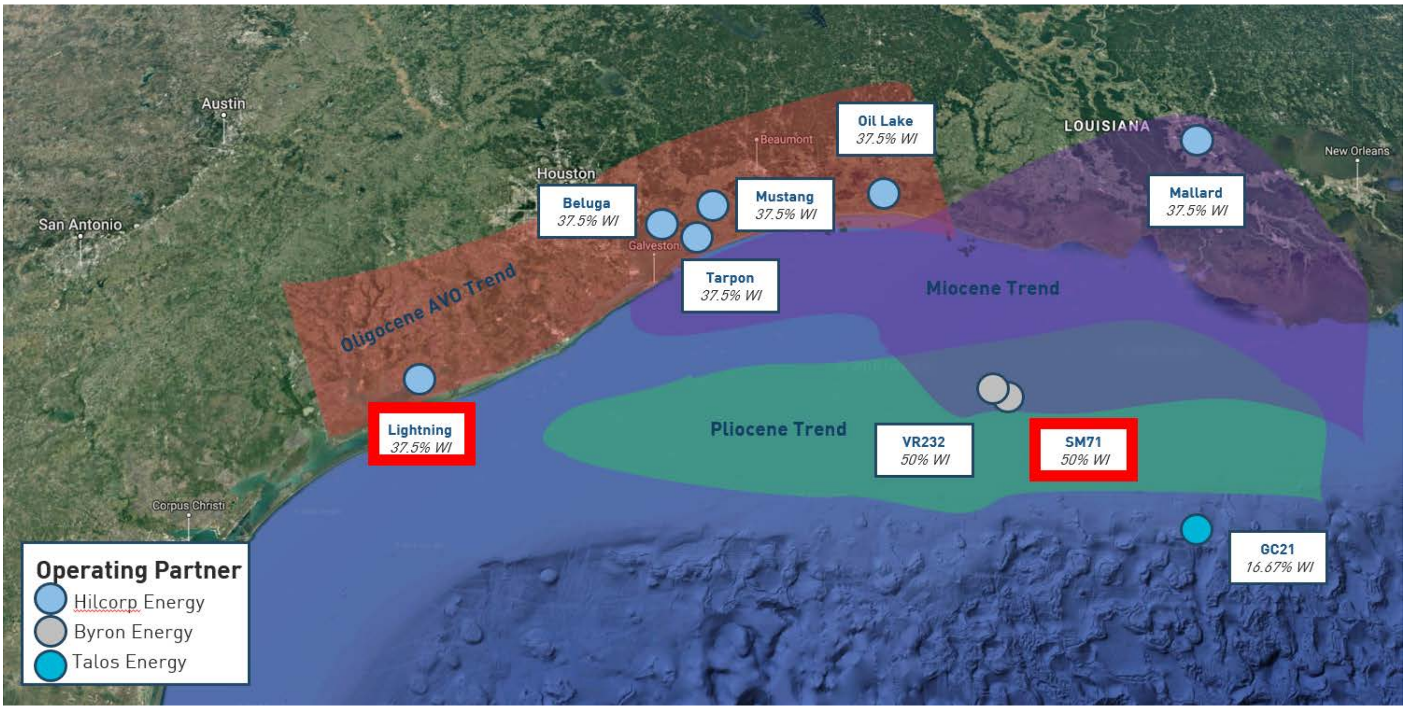
CORPORATE:

- Closing cash balance of US$4.3 million (A$6.0 million)
- Received proceeds of US$7.7 million in the quarter from SM 71 sales (December 2018, January and February 2019 production before royalties) which is US$6.3 million net of royalties
- Capital Raise announced on 29 March 2019 to raise A$31 million through a placement and underwritten 1 for 5 rights issue
- 8.1 million of the Convertible notes will be redeemed on 30 April 2019 with the balance of 100,000 notes being converted to ordinary shares on 30 April 2019

THREE-MONTH OUTLOOK

- Otto expects to continue to receive substantial cash flows from the sale of steady state production from its 50% owned SM 71 oil field in the Gulf of Mexico.
- Texas, Gulf Coast: Lightning to commence production and maiden reserves estimates expected
- Texas, Gulf Coast: Mustang initial exploration well to commence drilling
- Offshore Gulf of Mexico: GC 21 "Bulleit" appraisal exploration well to commence drilling

Otto Energy Location and Formation – Gulf of Mexico



Otto Energy Projects – Gulf of Mexico

Metric	SM 71	Lightning	Gulf Coast	Green Canyon 21	VR 232
Type	JV	JV	JV	JV	JV
Ownership Structure	50% WI	37.5% WI	37.5% WI (50% of Cost[1])	16.67% WI (22.22% of Cost[1])	50% WI (66.7% of Cost[1])
NRI	40.625%	28.50%	28.50%	13.336%	43.75%
Status	Production	Development	Exploration	Appraisal	Exploration
Onshore/Offshore	Offshore	Onshore	Onshore	Offshore	Offshore
Operator	Byron Energy (50% WI)	Hilcorp (62.5% WI)	Hilcorp (62.5% WI)	Talos Energy (50% WI)	Byron Energy (50% WI)
Comments	3 Wells Generating ~US$2 Mil. Op Net Cashflow per month	Discovery Feb 2019 significantly greater that the pre-well P50; production in Q2 2019.	One discovery so far. Five wells remaining.	Appraisal well in Q2 2019 with a secondary exploration target providing upside.	Block adjacent to SM 71

1. The promote only applies to the initial test well, land (if applicable) and associated costs. All subsequent other costs after discovery are at the working interest share.
2. Alaska is not included here as little activity and expenditure is expected over the coming period.

PRODUCTION, APPRAISAL AND DEVELOPMENT

LOUISIANA/GULF OF MEXICO – SOUTH MARSH ISLAND 71 (SM 71)

Location: Offshore Gulf of Mexico
Area: 12.16 km^2
Otto's Working Interest: 50.00% with Byron Energy Inc. (Operator)

Otto owns a 50% Working Interest ("WI") and a 40.625% Net Revenue Interest ("NRI") in the South Marsh Island block 71 ("SM 71"), with Byron Energy Limited ("Byron") the operator, holding an equivalent WI and NRI. Water depth in the area is approximately 137 feet.

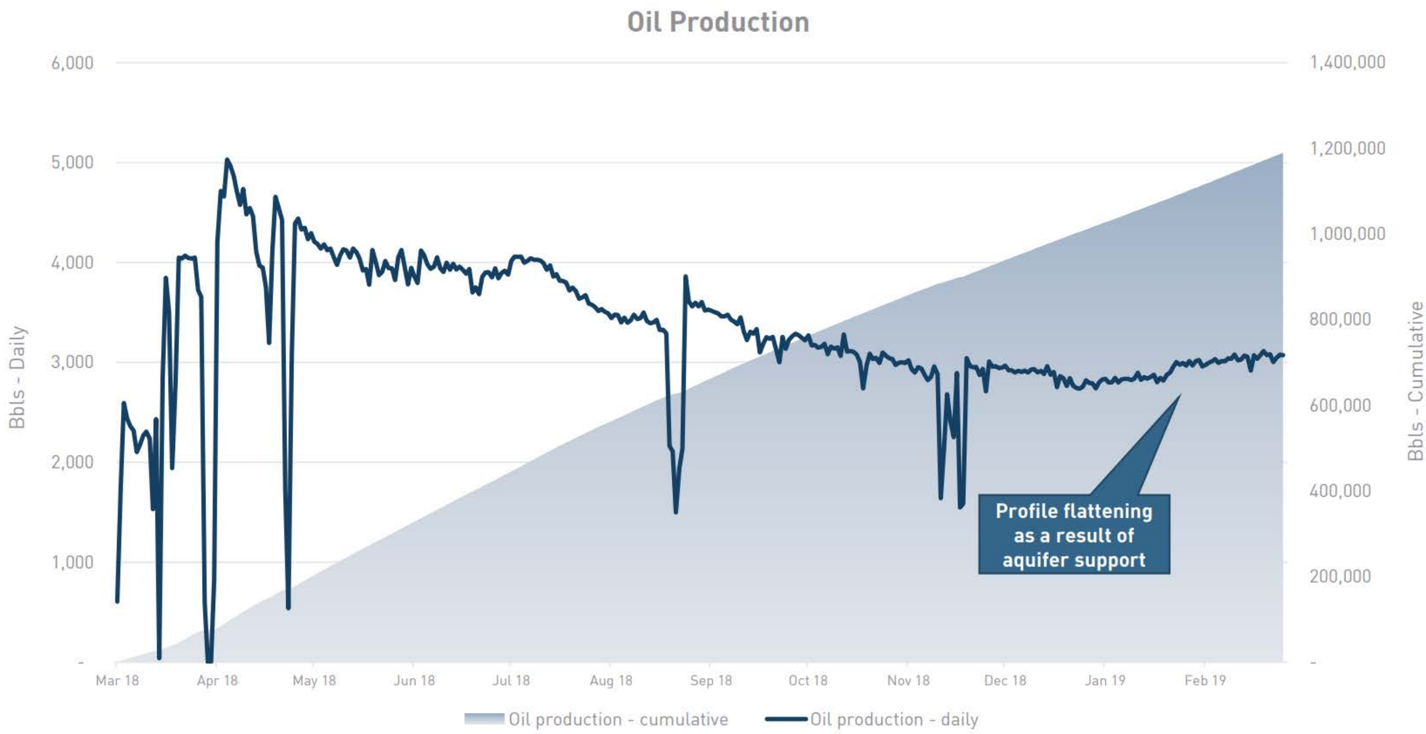
Oil and gas production from the SM 71 F platform began in late March 2018 from two wells with the third well coming on line in early April. The F1 and F3 wells are completed in the primary D5 Sand reservoir and the F2 well is completed in the B55 Sand.

Production from the SM 71 F platform commenced in March 2018. The F1 and F3 wells are producing in the primary D5 Sand reservoir and the F2 well is producing from the B55 Sand, a secondary exploration target.

As of 31 March 2019, the SM71 platform production rate was approximately 3,140 barrels of oil per day and 6.4 million cubic feet of gas per day and no water from all three wells. As of the date of this report, daily production rates are consistent with the daily production rates as of 31 March 2019.

Otto has recently acquired a modern, high quality 3D seismic data set over the SM 71 area and is preparing a field development plan incorporating field performance to date.

Work is ongoing to determine future drilling locations within the field area to maximise production and oil recovery throughout the field life.



For the quarter ended 31 March 2019

Production Volumes	Prior Quarter	Current Quarter	% change	Comment
Gross (100%)				
SM 71 – Oil (bbls)	271,074	255,880	-6%	Oil production for the March quarter was approximately 6% below that achieved for the December quarter due to fewer days in the March quarter and a shut in for two days on 22 and 23 March 2019 due to third party pipeline maintenance.
SM 71 – Oil (bopd)	2,946	2,843	-4%	
SM 71 – Gas (Mscf)	582,593	607,580	4%	
Otto WI Share (50%)				
SM 71 – Oil (bbls)	135,537	127,940	-6%	
SM 71 – Oil (bopd)	1,473	1,422	-4%	
SM 71 – Gas (Mscf)	291,296	303,790	4%	
Otto NRI Share (40.625%)				
SM 71 – Oil (bbls)	110,124	103,951	-6%	
SM 71 – Oil (bopd)	1,197	1,155	-4%	
SM 71 – Gas (Mscf)	236,678	246,829	4%	

Sales Revenue – Otto 50% WI share (before royalties) USD	Prior Quarter	Current Quarter	% change	Comment
				Reduction in oil price benchmarks over the quarter.
SM 71 – Oil - $'million	8.25	6.99	-15%	
SM 71 – Oil - $ per bbl	60.85	54.65	-10%	
SM 71 – Gas - $'000	1,208	977	-19%	
SM 71 – Gas – $ per MMbtu	$3.81	$2.93	-23%	

Notes

1. Otto sells its high quality Louisiana Light Sweet crude ("LLS") produced at SM 71 at premium to West Texas Intermediate ("WTI") based on current LLS versus WTI price differentials. Deductions are then applied for transportation, oil shrinkage, basic sediment & water (BS&W), and other applicable adjustments.

2. Gas revenues include NGLs. Average 1 Mscf = 1.10 MMbtu for the quarter for SM 71 production. The thermal content of SM 71 gas may vary over time.

TEXAS/GULF OF MEXICO – LIGHTNING

Location: Onshore Matagorda County, Texas
Otto's Working Interest: 37.50% - Hilcorp Energy (62.50% and Operator)

On 4 February 2019, Otto reported that Green #1, the initial exploration well testing the Lightning prospect in Matagorda County Texas, had reached final total depth of 15,218ft MD (15,216ft TVD). A quad combo wireline logging suite, including dipole sonic, was subsequently been acquired over the target Frio-Tex Miss sand intervals which are Oligocene in age.

Petrophysical evaluation of the logging data indicates the presence of a total net hydrocarbon filled sand interval of 180 feet. This petrophysical evaluation has been undertaken using historical parameters for production performance in the play trend. Dependent upon porosity and water saturation cutoffs applied, there is potential for an additional 150 feet of net pay in the well.

Pre-drill prospective resource estimates for the Lightning prospect, as first announced on 4 December 2018, assumed a P50 net hydrocarbon bearing reservoir thickness of 31 feet with a P10 net hydrocarbon bearing reservoir thickness of 75 feet. Estimates of reserves will take some months to calculate and will be further refined with production data. Otto will update the market as soon as these numbers are available.

Further evidence supporting the presence of movable hydrocarbons occurred during drilling where strong gas shows, including C5+, were recovered at surface. Indications during drilling showed several sand intervals have the potential for liquids yields significantly higher than the pre-drill estimates.

Through participation in the drilling of the Lightning exploration well, Otto has earned a 37.5% working interest in the leases covering this prospect.

The operator, Hilcorp, subsequently ran production tubing and other downhole equipment required to complete the well for production.

On 7 March 2019 (US CST) the well was perforated over a 28-foot zone in the lowest intersected pay zone being the Tex Miss 3 interval and underwent initial flow-back tests to determine flow rate calculations and liquids yields.

Over a 15 hour test using an 8/64" choke setting, 1.1 MMscf of gas and 50 bbls of 46 degree API condensate was recovered from the well. No formation water was recovered. The condensate gas ratio from this zone indicates an impressive 40-45 bbl per MMscf yield, significantly in excess of the 10 bbl per MMscf yield from other wells in the area.

In April an additional 70 feet of the Tex Miss 2 and 3 intervals were perforated and tested by Hilcorp who have reported that the tests confirm the impressive liquids yields and gas specifications found in the first test on 7 March.

The above flow test, which was conducted with a very tight choke, provides a reliable indication that production from this zone will be in line with the nearby producing fields which have been very successful in generating significant value. Choke settings and forecast flow rates at Lightning will be determined incorporating all information received from the flow test.

Nearby Freo Tex Miss wells have produced between 8 and 13 MMscf/d and based on the two test results to date, Otto expects Lightning to produce in this range when production commences.

Field samples indicate that the gas meets the sales specifications for the Houston Ship Channel gas market with only trace elements of hydrogen sulfide and minor volumes of carbon dioxide. Samples have been gathered from the product stream to undertake laboratory analysis to verify the gas composition for sales specification.

Facilities and flowlines are now in place and the field now awaits a hot tap into a nearby sales gas pipeline before starting production. The operator has advised that there is currently high demand for hot tap crews to undertake the sales pipeline connection and that this will likely delay first production into June 2019. Otto will provide further information on the first production date once a hot tap date has been confirmed by the pipeline operator.

The Green #1 well has intersected multiple pay sands over a 180-foot interval with only the lowest 98 foot Tex Miss 2 and 3 zones currently being brought into production. The Lightning field will undergo a period of analysis once production commences to optimize a full field development. This will most likely involve the recompletion of this well in the future into other producible zones higher in the well and the drilling of further wells in the field.

Otto has commenced a process to develop maiden reserve volumes on the Lightning discovery in the coming weeks and will provide further information on the total expected recovery and value once this work is completed.

GULF OF MEXICO – GREEN CANYON 21

Location: Offshore, Gulf of Mexico
Otto's Working Interest: 16.67% - Talos Energy (50.00% and Operator)

Details of the Green Canyon 21 Farm-in Agreement

Otto Energy has farmed-in to the Green Canyon 21 lease and will earn a 16.67% working interest by funding 22.22% of the costs to drill the initial "Bulleit" appraisal well. All subsequent costs of completion and development, including any further wells, shall be at Otto's working interest of 16.67%.

Appraisal Well

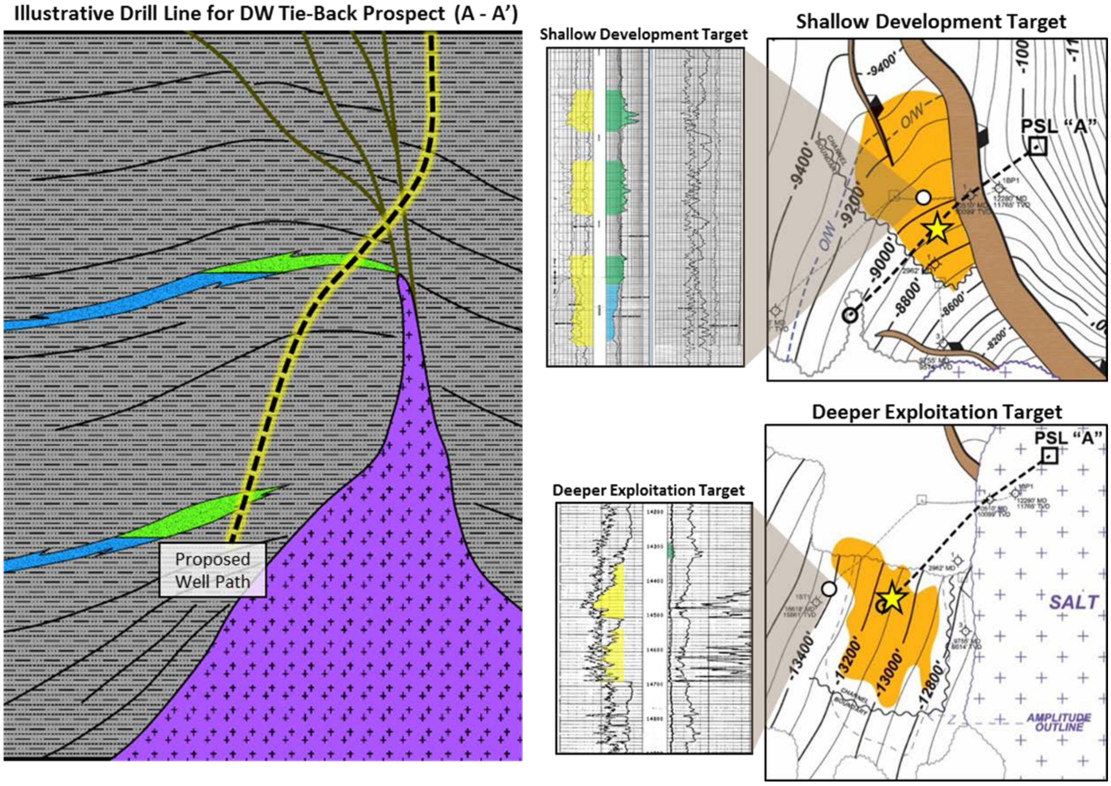
Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMBoe to date. The Bulleit prospect sits in approximately 1,200 feet of water and is 10 miles (16 kilometers) from the GC18A platform.

The DTR-10 oil sand, which is the primary target of the Bulleit well, was first discovered in 1984. Three wells, all with logged oil pay within the DTR-10 Sand Package, were drilled between 1984 and 1987. A sidetrack of the first well also found oil pay in both DTR-10 and deeper MP Sands. Drill stem tests from first and third sand packages in the DTR-10 sand were undertaken in 1985. Production rates expected from the MP sand when tied into a production platform are expected to deliver between 8-15,000 boepd. These high production rate oil wells are common for deepwater prospects whereas Bulleit has the advantage of being in significantly shallower water.

The discoveries were not developed at the time of discovery as there was no infrastructure available.

Talos has the GC 18A platform with spare capacity within tie back distance of GC-21. A subsea development is planned to tie the Bulleit well into the GC18A platform.

Talos operated Green Canyon 18A Production Facility



Green Canyon 21 "Bulleit" Prospect Outline

Additional Upside

The MP sand is a second, deeper target to be tested in the initial well. The MP sand was also intersected in the 1980's in a downdip position with 18' of oil pay observed in cores acquired at the time. The Bulleit well will test this sand in an updip position.

Bulleit Prospective Resources

Prospective resources (P50) are 14.5 MMboe (gross) and 1.9 MMboe (Net Revenue Interest). Talos has advised that gross prospective resources are expected to be between 10 to 30 MMboe on an unrisked basis.

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Bulleit, Green Canyon 21 Key Details	
JV Partners	Talos Energy (operator) 50.00% Enven 33.33% Otto Energy 16.67%
Objective	Development target (DTR-10 Sands) approximately 8,700 ft TVD Exploitation target (MP Sands) approximately 12,800 ft TVD Well to be drilled to 15,500 ft MD/13,823 ft TVD
Geological Setting	Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMboe to date.
Initial Well	Expected spud Q2 2019 Dry hole cost: US$33 mill. (100%) US$ 7.4 mill. (Otto share) Note that in addition to the dry hole cost, Otto will also spend US$1.6 million on other costs required in order to participate in the well and any future development and production activities such as insurance and regulatory requirements.
Probability of success:	63%
Lease terms	Royalty rate 18.75%. Otto NRI 13.34%.
Development Plan	Talos will complete well as a subsea tieback with a smart completion; tying back to the Talos operated GC 18A Platform. Adequate capacity for a second well if warranted for acceleration. Date of first production is estimated by Talos to be 12-18 months from spud. Talos expects initial production rates from the MP sands to be between 8,000 and 15,000 boepd. Development capex US$80-100 mill. (100%) US$13.3-17.0 mill. (Otto share)

EXPLORATION

LOUISIANA & TEXAS/GULF OF MEXICO – HILCORP PROGRAM

Location: Onshore/Near Shore Texas and Louisiana, Gulf of Mexico
Otto's Working Interest: 37.50% - Hilcorp Energy (62.50% and Operator)

On 31 July 2018 Otto announced that it had entered into a joint venture with Hilcorp Energy which will see it earn a 37.5% working interest in an eight well portfolio of prospects in the Onshore/Near Shore USA Gulf Coast (Gulf of Mexico). The wells are being drilled by Hilcorp, a highly experienced operator based in Houston.

Otto will earn a 37.5% working interest by paying 50.0% of the costs of drilling and either setting casing or plugging and abandoning the well plus lease acquisition costs at each of the eight prospects.

Three wells have now been drilled (Big Tex, Lightning and Don Julio 2) with Lightning being a discovery with net pay of 180 feet which is significantly in excess of the pre-drill estimates. Further details on Lightning are covered in the production section of this report.

There are five wells left in the program which are expected to be drilled over the next 6 - 9 months.

Additional Upside

Should either the Tarpon or Mustang prospects be successful then Otto has ground floor rights (ie pays only its working interest) to participate in the nearby Damsel and Corsair/Hellcat opportunities. These wells are in addition to the eight wells..

Under the JEDA Otto has a right of first offer to a subsequent Gulf Coast program, if Hilcorp elect to offer such a program to third parties.

Prospective Resources

The range of prospective resources and other details for the next five prospects is set out below.

Prospect Name (State)	Working Interest	Net Revenue Interest	Planned Spud Date	Target Depth (TVD), ft	Stratigraphic Interval	Probability of Success	Prospective Resources[1] MMboe Otto Net Revenue Interest			
							P90	P50	Mean	P10
Mustang, TX	37.50%	30.00%	May-19	17,500	Oligocene	56%	0.8	1.9	2.4	4.8
Beluga, TX	37.50%	28.50%	Jun-19	13,000	Oligocene	45%	0.2	0.9	1.4	3.4
Tarpon, TX	37.50%	29.06%	Sep-19	14,000	Oligocene	34%	2.2	7.0	10.5	23.5
Mallard, LA	37.50%	29.63%	Nov-19	11,000	Mid Miocene	64%	0.1	0.3	0.5	1.3
Oil Lake, LA	37.50%	29.06%	Dec-19	14,500	Frio	45%	0.3	1.0	1.3	2.7

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.

Don Julio 2 Well

During the quarter the initial exploration well on the Don Julio 2 exploration prospect, Middleton Trust #1 well, was drilled to a final total depth of 11,900 ft MD/ 11,799 ft TVD.

The well was testing an Oligocene age, upper Vicksburg prospect that was generated on modern 3D seismic. The well targeted a typical AVO anomaly using seismic data but encountered an unexpected volcanic ash bed immediately above the target interval, creating an AVO "false positive" anomaly. There are no other known volcanic ash beds within this interval in the area.

Quad-combo wireline and sidewall cores were acquired over the prospective interval once total depth was reached. Evaluation of the wireline logs indicated the well had not intersected producible reservoir and no indications of hydrocarbons were evident whilst drilling.

The well was then plugged and abandoned. Drilling operations were effectively managed by the operator and total cost to Otto is expected to be significantly less than the pre-drill estimate of US$3.53m.

EXPLORATION (Continued)

LOUISIANA/GULF OF MEXICO – VERMILLION BLOCK 232 (VR 232)

Location:	Offshore Gulf of Mexico
Area:	18.31 km^2
Otto's Working Interest:	50.00% - Byron Energy Inc. (Operator)

As reported on 19 June 2018, Byron Energy Inc, a wholly owned subsidiary of Byron Energy Limited was advised by the Bureau of Ocean Energy Management ("BOEM") that its bid for VR 232 was deemed acceptable by the BOEM and the lease was awarded to Byron. The lease is subject to a 12.5% Federal Government royalty.

VR 232 is adjacent to Otto's 50% owned SM 71 oil field and adds drilling opportunities which increase Otto's potential upside around the SM 71 facilities.

The Operator, Byron, has mapped a gas and gas condensate prospect on the block with in-house calculated gross prospective resource potential of 11 Bcf and 170,000 barrels. This prospect could be tested from Otto's SM 71 F platform. The Operator has also identified two other prospects in VR 232 which require further geophysical evaluation before a drilling decision is made.

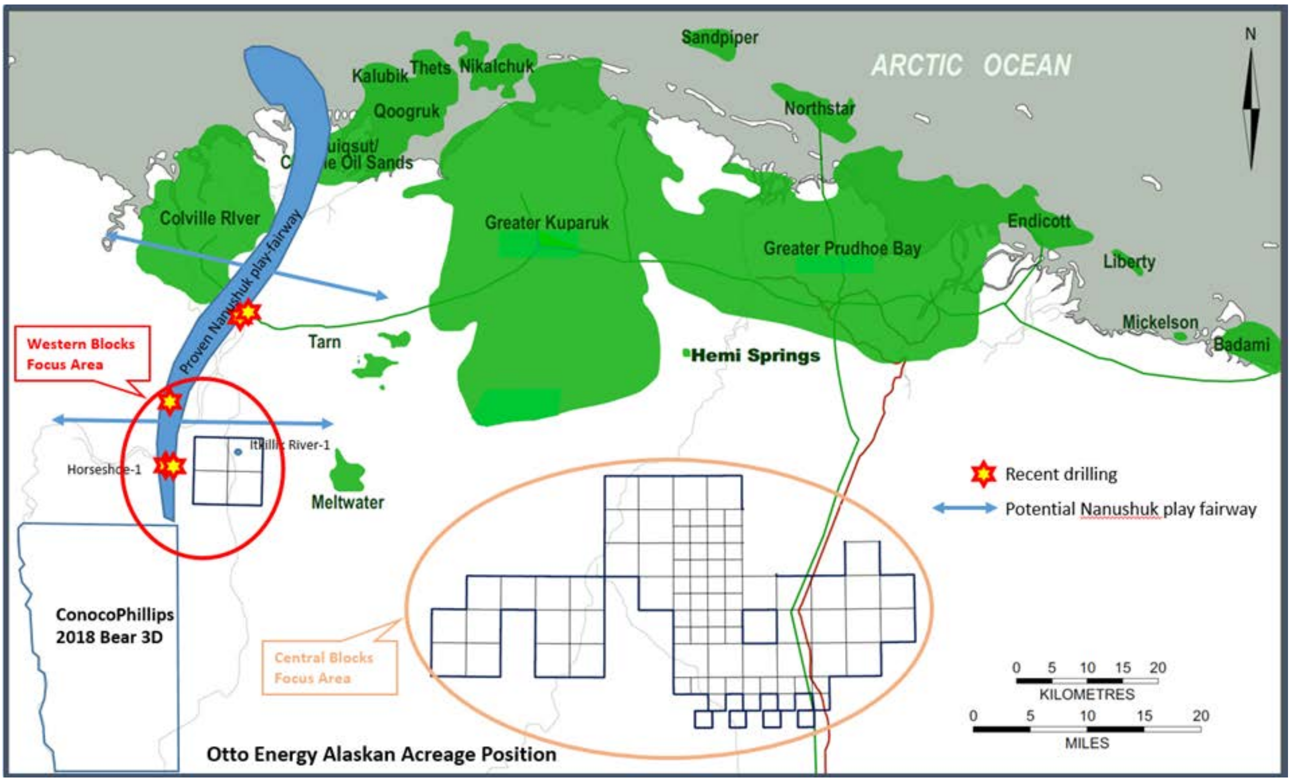
Byron evaluated this blocks with the same high-quality Reverse Time Migrated 3D seismic data and Inversion processed seismic data used in the discovery of oil and gas at SM 71 in 2016. Upon transfer, Otto's working interest will be 50% and net revenue interest will be 43.75%.

Pursuant to the terms of a Participation Agreement, effective 1 December 2015, between Byron and Otto, Otto has elected to participate in VR 232 at a fifty percent (50%) working interest.

Under that agreement, Otto must pay an amount equal to a gross one hundred thirty-three percent (133%) of Otto's fifty percent (50%) interest share of the initial test well (dry hole costs) plus a gross fifty percent (50%) of other past costs paid by Byron. Otto has paid its promoted share of the lease acquisition costs.

The Operator is currently reviewing recently reprocessed 3D seismic data over VR232.

EXPLORATION (Continued)



ALASKA – WESTERN BLOCKS

Location: Onshore North Slope Alaska
Area: 92 km^2
Otto's Interest: 22.5% – Great Bear Petroleum Operating (Operator of record)

During 2018 Otto, along with 88 Energy Limited and Red Emperor Resources NL acquired the majority of Great Bear Petroleum Ventures II LLC's ("Great Bear's") working interest in four leases comprising the "Western Blocks" (ADL#s 391718, 391719, 319720 and 391721).

The Winx-1 well commenced drilling on 15 February 2019 and intersected all of the pre-drill targets safely and efficiently. Total Depth of 6,800' was reached on 3 March 2019.

A comprehensive wireline logging program was then successfully run and completed.

Provisional petrophysical analysis of the wireline logging program indicated low oil saturations in the primary Nanushuk Topset objectives; testing and fluid sampling indicated that reservoir quality and fluid mobility at this location is insufficient to warrant production testing, despite encouragement from oil shows and logging while drilling (LWD) data. Winx-1 was subsequently plugged and abandoned.

The forward plan is to further evaluate and integrate the valuable data acquired at Winx and reprocess the Nanuq 3D seismic (2004) in order to evaluate the remaining prospectivity on the Western Leases including the Nanushuk Fairway potential.

EXPLORATION (Continued)

ALASKA – CENTRAL BLOCKS

Location: Onshore North Slope Alaska
Area: 1,064 km^2
Otto's Interest: 8%-10.8% – Great Bear Petroleum Operating (Operator)

Through its agreements with Great Bear Petroleum Operating ("Great Bear") in 2015, Otto has between an 8% and 10.8% working interest in 73 leases (covering 263,156 gross acres) held by Pantheon Resources plc (AIM:PANR) on the Alaskan North Slope ("Central Blocks").

Pantheon acquired Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC (collectively: Great Bear) in 2018.

The leases are in a major play fairway south of the Prudhoe Bay and Kuparuk giant oil fields.

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 at least 4 well locations.

Otto's exposure on the first two wells is limited to US$2.6m/well.

Recent Activity

In March 2019 Pantheon announced its Alkaid well to be a discovery in the Brookian zone of interest, following successful flow testing which exceeded expectations. This was an excellent result for Pantheon, with positive implications for Pantheon's other Brookian prospects, in particular upgrading the adjacent and analogous Phecda prospect.

CORPORATE

CASH FLOWS

Otto's cash on hand at the end of the quarter was US$4.3 million (December 2018: US$10.3 million). During the March quarter, Otto received US$7.7 million in cash flows from the sale of December 2018, January and February 2019 production from its 50% owned SM 71 oil field in the Gulf of Mexico, before the payment of royalties. March month production cashflows of US$2.8 million (before royalties) have been received in April 2019.

CAPITAL RAISING

On 29 March 2019 the Company announced it was undertaking a capital raising for approximately A$31 million via an A$11 million Placement to institutional and sophisticated investors and a fully-underwritten, 1 for 5 accelerated non-renounceable Entitlement Offer to raise ~A$20 million. The funds raised are to be used in conjunction with cash flows from Otto's 50% owned SM 71 oil field and future cash flows from the Lightning development to fund Otto's US$9.0 million share of the GC-21 drilling program, redeem US$8.1 million of the convertibles notes currently on issue and for working capital including contingent development wells.

On 2 April 2019 Otto advised that:

a) the Placement had raised a total of A$11.0m through the issue of approximately 207.5 million shares at A$0.053 per share; and

b) the Institutional Entitlement Offer had raised a total of A$7.6m through the issue of approximately 143.2 million shares at A$0.053 per share with a take up of 57% (100% takeup excluding Otto's largest shareholder).

The Institutional Entitlement Offer shortfall was strongly oversubscribed by institutional shareholders. Shares issued under the placement and Institutional Entitlement Offer were allotted on Tuesday 9 April 2019.

The retail component of the Entitlement Offer closed on 23 April. The Company received applications for Entitlements totalling A$5.7 million (before costs) representing acceptances of 46%. In addition, the Company has received applications for A$1.2 million of Additional New Shares to give a total of A$6.9 million in applications under the Retail Entitlement Offer. Overall 56% of the new shares issued will go to existing shareholders. The Shortfall of A$5.4 million will be allocated pursuant to the Underwriting Agreement with Morgans Financial Limited. Shares issued under the retail entitlement offer expect to be allotted on 1 May 2019 and commence trading on the next day.

Morgans Corporate Limited acted as Lead Manager and Underwriter to the Entitlement Offer, Adelaide Equity Partners Limited as Financial Advisor and Allens acting as legal advisor. Euroz Securities Limited were Managers to the offer.

CORPORATE (Continued)

COMMODITY PRICE RISK MANAGEMENT

On 3 April 2019 Otto announced that it has implemented a hedging program in the United States for its SM 71 oil production. The hedging program is designed to provide certainty of cash flows and funding during a period of significant investment in growth projects.

Otto acquired US$60/bbl puts over 111,000 bbls of oil production from its interest in the SM 71 oil field. The monthly volumes covered by the put options are between 50% and 70% of the forecast Proved Developed Producing (PDP) production from the field (PDP forecast is as per the Collarini 30 June 2018 reserves estimation. See the ASX release of 6 August 2018) .

The puts are based on the LLS benchmark and the premium for the puts is US$1.75/bbl amounting to a total of US$194,000, payable up front.

The use of US$60/bbl strike price put options provide Otto with a minimum price receivable for those barrels. Otto still maintains the upside exposure where the LLS benchmark price achieved is over US$60/bbl.

BOARD

On 29 January 2019 the Company announced the appointment of Mr Kevin Small as a US-based non-executive director of the Company.

Kevin has over forty years' experience in the Gulf of Mexico both onshore and offshore, and has been responsible for the generation, farm-in, drilling and development of numerous Gulf Coast discoveries. Kevin brings extensive networks and relevant experience to Otto's Gulf Coast business.

In addition to his non-executive director role, Kevin continues to consult to the Company on a part-time basis as a Senior Exploration Consultant.

Prior to joining Otto Kevin worked with Tri-C Resources, a privately owned Houston based oil and gas company, developing Gulf Coast conventional prospects for drilling. Between 2003 and 2012, Kevin worked for Bluestreak Exploration Group developing prospects exclusively for LLOG Exploration which resulted in successful discoveries on the Gulf of Mexico Shelf and Deepwater. Kevin was the Exploration Manager and a founding member of the Houston office of Westport Oil and Gas Company between 1996 and 2003, ultimately helping them go public in October 2000. Kevin also has worked for the Superior Oil Company and McMoran Oil and Gas, starting his career in 1978. During his time with LLOG, Westport, and McMoRan, he has drilled wells with cumulative production of over 692 BCFG and 82 MMBO.

Kevin graduated with a B.S in Geophysical Engineering from the Colorado School of Mines in 1978 and is a resident of Houston, Texas.

TANZANIA

During the quarter Otto received two payments totalling US$500,000 from Swala. These were the first and second instalments of the US$800,000 plus interest owed to Otto by Swala under settlement and other commercial arrangements as set out in Otto's ASX release of 26 May 2017.

CONVERTIBLE NOTES

Under the terms of the convertible notes, Otto issued a redemption notice to the Noteholders on 26 March 2019. The Noteholders elected to convert only 100,000 of the notes (on 30 April 2019) with the balance of 8.1 million notes to be redeemed on 30 April 2019. After the redemption and conversion, Otto will have no debt.

The redemption on 30 April 2019 will be funded through the capital raising as detailed above.

CORPORATE (Continued)

SHAREHOLDERS

Otto's issued capital as at 31 March 2019:

Class	Number
Fully paid ordinary shares	1, 875,264,612
Convertible Notes	8,200,000
Options	-
Performance Rights	46,756,000

10,000 ordinary shares issued during the quarter as a result of the vesting of time based performance rights on 1 February 2019.

The above does not include the recent capital raising that occurred in April 2019 as detailed above.

8,100,000 of the convertible notes will be redeemed on 30 April 2019 and the balance of 100,000 will be converted to ordinary shares.

Otto's Top 20 Holders as at 31 March 2019:

Rank	Name	Units	% of Units
1	Molton Holdings Limited	305,859,697	16.31%
2	Perennial Value Management	159,345,692	8.50%
3	Colonial First State (Commonwealth Bank)	102,852,643	5.48%
4	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	67,806,565	3.62%
5	National Nominees Limited	56,472,852	3.01%
6	J P Morgan Nominees Australia Limited	53,410,068	2.85%
7	BNP Paribas Nominees Pty Ltd <AGENCY LENDING DRP A/C>	42,660,568	2.27%
8	Citicorp Nominees Pty Limited	39,253,370	2.09%
9	John Jetter (Consolidated Relevant Interest)	21,951,353	1.17%
10	AMP Life Limited	21,760,240	1.16%
11	Nero Resource Fund Pty Ltd	20,949,153	1.12%
12	DBS Vickers Securities (Singapore) Pte Ltd	14,020,833	0.75%
13	Merrill Lynch (Australia) Nominees Pty Limited	13,988,513	0.75%
14	National Nominees Limited <DB A/C>	13,553,970	0.72%
15	Ecapital Nominees Pty Ltd <ACCUMULATION A/C>	12,000,000	0.64%
16	Mr John Philip Daniels	9,200,000	0.49%
17	Mr Matthew Gerard Allen	8,975,667	0.48%
18	Mr William George Williams	8,338,601	0.44%
19	Mr Thomas Fritz Ensmann	8,000,000	0.43%
20	Mrs Valerie Ruby Dawn Williams & Mrs Lisa-Jane Michelle Lovi	7,827,778	0.42%
Total Top 20 Shareholders		**988,227,563**	**52.70%**
Total Remaining Shareholders		887,037,049	47.30%
Total Shares on Issue		**1,875,264,612**	**100.0%**

OTTO AT A GLANCE

- ASX-listed company with significant oil production in the Gulf of Mexico
- Drilling success at Lightning in February 2019 will see a second producing field for Otto by 30 June 2019
- Growth to be delivered through the drilling the Bulleit appraisal well on Green Canyon 21 and of five high-impact exploration wells on the Gulf Coast over the next six months
- Focus on proven, prolific hydrocarbon basins with well-developed route to market
- Team have demonstrated delivery of shareholder value through oil and gas projects

DIRECTORS

John Jetter - Non-Executive Chairman
Matthew Allen - Managing Director & CEO
Ian Boserio - Non-Executive
Ian Macliver - Non-Executive
Paul Senycia - Non-Executive
Kevin Small - Non-Executive

Chief Financial Officer & Company Secretary:
David Rich

ASX Code: OEL

CONTACTS

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INVESTOR RELATIONS:
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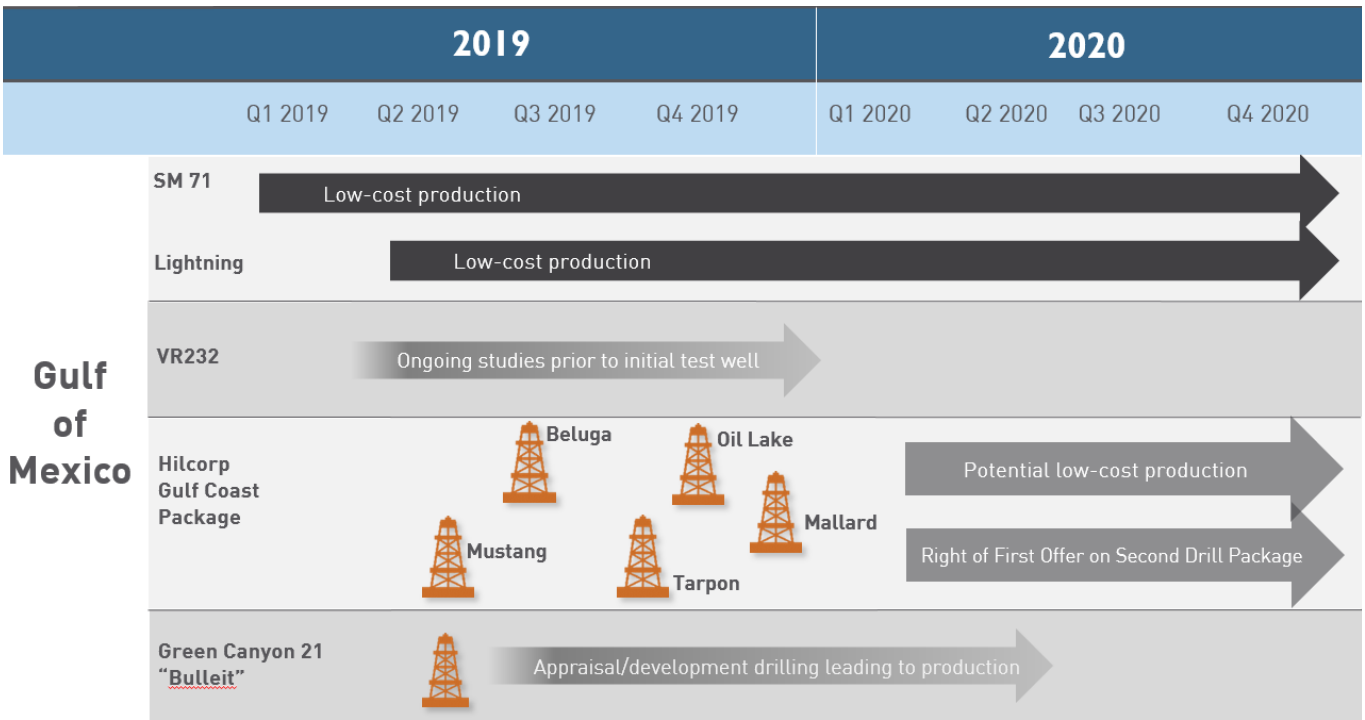
Pipeline of Opportunities



Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to the Gulf Coast Package (Mustang, Beluga, Oil Lake, Tarpon and Mallard) in the Gulf of Mexico was compiled by technical employees of Hilcorp Energy Company, the Operator of the Gulf Coast Package, 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.

The information in this report that relates to oil and gas resources in relation to VR 232 in the Gulf of Mexico was compiled by technical employees of Byron Energy Inc, the Operator of VR 232, 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.

The information in this report that relates to oil and gas resources in relation to Green Canyon 21 (GC 21) in the Gulf of Mexico was compiled by technical employees of Talos Energy and 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

The Gulf Coast Package prospective resource estimates in this report are effective as at 30 June 2018. The prospective resources information in this document for VR 232 is effective as at 19 June 2018. The prospective resources information in this document for GC 21 is effective as at 22 February 2019.

The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org. The prospective resource estimates have been prepared using the deterministic method except for the Gulf Coast Package and Green Canyon 21 which have used the probabalistic method. The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties. 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. The estimates are un-risked and have not been adjusted for either an associated chance of discovery or a chance of development. The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities. Prospective resources are reported on a best estimate basis. 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.

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.

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

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Otto Energy Limited

ABN	**Quarter ended ("current quarter")**
56 107 555 046	31 March 2019

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers (net of royalties)*	6,298	24,736
1.2	Payments for		
	(a) exploration & evaluation	(9,483)	(29,054)
	(b) development	(1,312)	(2,955)
	(c) production	(713)	(2,311)
	(d) staff costs	(765)	(1,899)
	(e) administration and corporate costs	(646)	(2,244)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	33	105
1.5	Interest and other costs of finance paid	(29)	(1,191)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	32	(101)
	-Refundable security deposit Alaska	-	(750)
	-Tanzania settlement proceeds	500	500
		-	
1.9	**Net cash from / (used in) operating activities**	**(6,085)**	**(15,164)**

*Receipts of US$7,709,946 less royalties of US$1,412,420.

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(90)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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**	**-**	**(90)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	14,726
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(1,013)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**-**	**13,713**

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	10,333	5,945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,085)	(15,164)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(90)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	13,713
4.5	Effect of movement in exchange rates on cash held	6	(150)
4.6	**Cash and cash equivalents at end of period**	**4,254**	**4,254**

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	4,254	10,333
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)**	**4,254**	**10,333**

6.	**Payments to directors of the entity and their associates**	**Current quarter US$'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	313
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors fees including superannuation where applicable

	US$'000
Executive Directors	159
Non-Executive Directors	154
Total	313

7.	**Payments to related entities of the entity and their associates**	**Current quarter US$'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (Convertible Notes)	8,200	8,200

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

On 2 August 2017 the Company issued convertible notes to Molton Holdings Limited, a major Otto shareholder (US$8 million), and Mr John Jetter, Otto's Chairman (US$0.2 million). The interest rate is 14% plus a success fee. The notes are secured and the Maturity Date is 30 June 2019. Key terms of the convertible notes are set out in the Notice of Meeting released to ASX on 23 June 2017 and the ASX release 17 December 2018.

Under the terms of the convertible notes, Otto issued a redemption notice to the Noteholders on 26 March 2019. The Noteholders elected to convert only 100,000 of the notes (on 30 April 2019) with the balance of 8.1 million notes to be redeemed on 30 April 2019 (US$8.1 million plus interest and fees). After the redemption and conversion, Otto will have no debt.

9.	**Estimated cash outflows for next quarter**	**US$'000**
9.1	Exploration and evaluation (including GC 21 appraisal well)	15,045
9.2	Development	-
9.3	Production	450
9.4	Staff costs	719
9.5	Administration and corporate costs	631
9.6	Other – Convertible Note redemption, interest, fees	9,304
	– Purchase of put options (oil)	194
9.7	**Total estimated cash outflows**	**26,343**

Note that Otto expects to receive substantial proceeds from sales of production during the coming quarter from its 50% owned SM 71 oil field. Otto's second producing field, Lightning is expected to commence production during the June quarter.

On 29 March 2019 Otto announced a capital raising of A$31 million (before costs) with cash received in April 2019.

Otto also expects to receive the refund of its US$750,000 security bond for the Winx-1 well.

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Alaska North Slope "Central Blocks" leases totalling 24,269 acres (100%).* ADL#s 392295 392296 392297 392300 392303 392304 392305 392306 392307 392308 392309 392310 392311 392312 392313 392314 392315	Working Interest (WI) Net Revenue Interest (NRI)	10.8% 9.5%	Nil Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Lightning Field - Private leases over 1,330.3 acres in Matagorda County, Texas	Working Interest (WI) Net Revenue Interest (NRI)	Nil Nil	37.5% 28.5%

Note that Otto's 50% interest in VR 232 has been earned, but the lease interests have not yet been transferred. The Hilcorp Gulf Coast undrilled prospects and the Green Canyon 21 offshore lease are rights to earn in to leases and not yet interests so won't be included in the above until the earn in has occurred.

*The assignment was approved by the Alaska Department of Natural Resources effective 1 April 2019.

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.

Sign here:

Date: 29 April 2019

CFO & Company Secretary

Print name: David Rich

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.