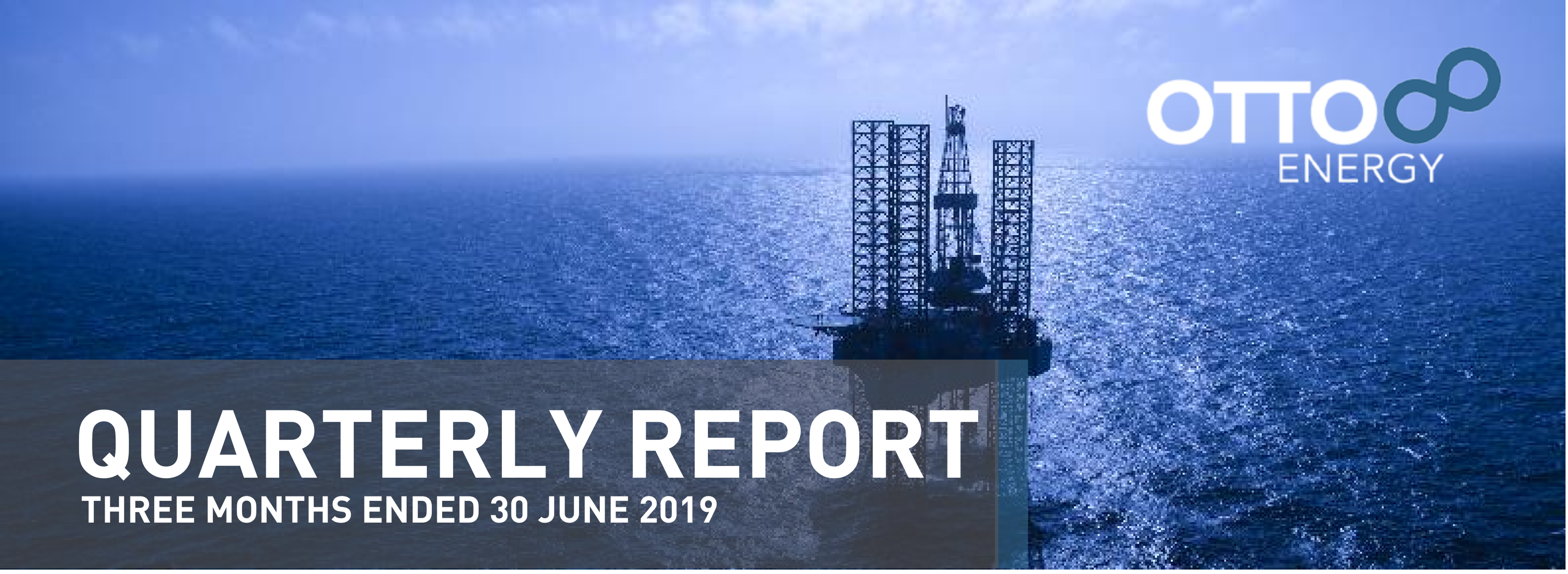


QUARTERLY REPORT

THREE MONTHS ENDED 30 JUNE 2019

QUARTERLY HIGHLIGHTS FOR OTTO ENERGY LIMITED (ASX:OEL)

PRODUCTION

- Otto achieved a 14% increase in sales revenue for the quarter on the back of a 5% increase in oil production, improved oil prices and commencement of production at Lightning
- Otto's oil and gas sales for the quarter totalled 134,628 bbls of oil and 297,370 Mscf of gas and 2,847 bbls of NGLs
- Received proceeds of US$8.7 million in the quarter from SM 71 (March, April and May 2019 production before royalties) which is US$7.6 million net of royalties
- Production commenced at the Lightning field with liquids-rich gas production of 30 bbls per 1 MMscf of gas reflective of production test results

EXPLORATION – GULF OF MEXICO:

- Mustang exploration well intersected 57 feet of net hydrocarbon pay in July 2019
- Otto took a 100% interest in VR 232 by acquiring Byron Energy's 50% interest at no cost

APPRAISAL – GULF OF MEXICO:

- The Green Canyon 21 (GC 21) Bulleit Appraisal well confirmed as commercial discovery in DTR-10 sand. The well is currently drilling to test the deeper MP sands.

CORPORATE:

- Closing cash balance of US$7.4 million (A$10.6 million)
- Successfully raised A$31 million through a placement and underwritten 1 for 5 rights issue
- 8.1 million of the Convertible notes redeemed on 30 April 2019 with the balance of 100,000 notes being converted to ordinary shares

THREE-MONTH OUTLOOK

- Otto expects to continue to receive 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 continue liquids-rich gas and condensate production and maiden reserves estimates expected during August 2019
- Texas, Gulf Coast: Mustang initial production testing results with production and sales to commence assuming successful testing
- Offshore Gulf of Mexico: GC 21 "Bulleit" appraisal exploration well to drill and evaluate deep MP sands target.
- Beluga onshore exploration well with Hilcorp Energy expected to commence drilling

PRODUCTION AND REVENUE SUMMARY

Production Volumes	Prior Quarter	Current Quarter	Change
Gross (100%)			
Oil (bbls)	255,880	270,677	6%
Gas (Mscf)	607,580	636,589	5%
NGLs (bbls)	-	7,591	N/A
Otto WI Share			
Oil (bbls)	127,940	134,628	5%
Gas (Mscf)	303,790	297,370	-2%
NGLs (bbls)	-	2,847	N/A
Otto NRI Share			
Oil (bbls)	103,951	109,277	5%
Gas (Mscf)	246,829	238,433	-3%
NGLs (bbls)	-	2,169	N/A

Otto WI Share			
boe/d	1,984	2,055	4%

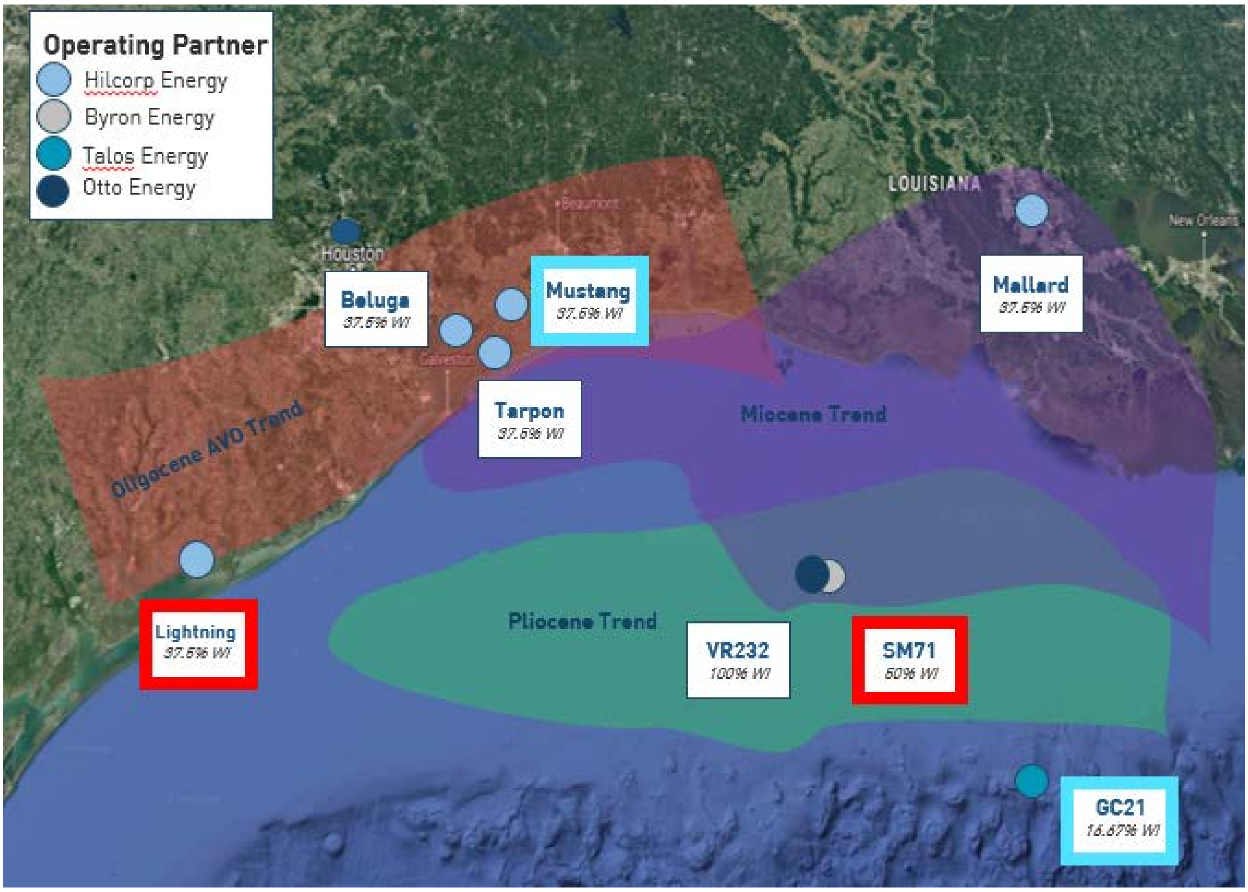
Sales Revenue WI share (before royalties) (USD)	Prior Quarter	Current Quarter	Change
Oil - $'million	6.99	8.29	19%
Oil - $ per bbl	54.65	61.57	13%
Gas - $'000	977	786	-20%
Gas – $ per MMbtu	2.93	2.46	-16%
NGLs - $'000	-	31.54	N/A
NGLs - $ per bbl	-	11.08	N/A

*Note prior quarter does not include any production from Lightning as production commenced in May 2019.

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])	100% WI
NRI	40.625%	28.50%	28.50%	13.336%	87.5%
Status	Production	Production	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)	Otto Energy
Comments	3 Wells Generating ~US$2 Mil. Op Net Cashflow per month and Certified Reserves	Steady state production delivering NRI share of 2.9 MMscf /day and 80 bbls /day	Four wells remaining. Mustang intersected 57ft net pay – currently being completed for production testing.	DTR-10 sand is a commercial discovery. Currently drilling to the Appraisal well underway with a secondary exploration target providing upside.	Block adjacent to SM 71

Otto Energy Location and Formation - Gulf of Mexico



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.

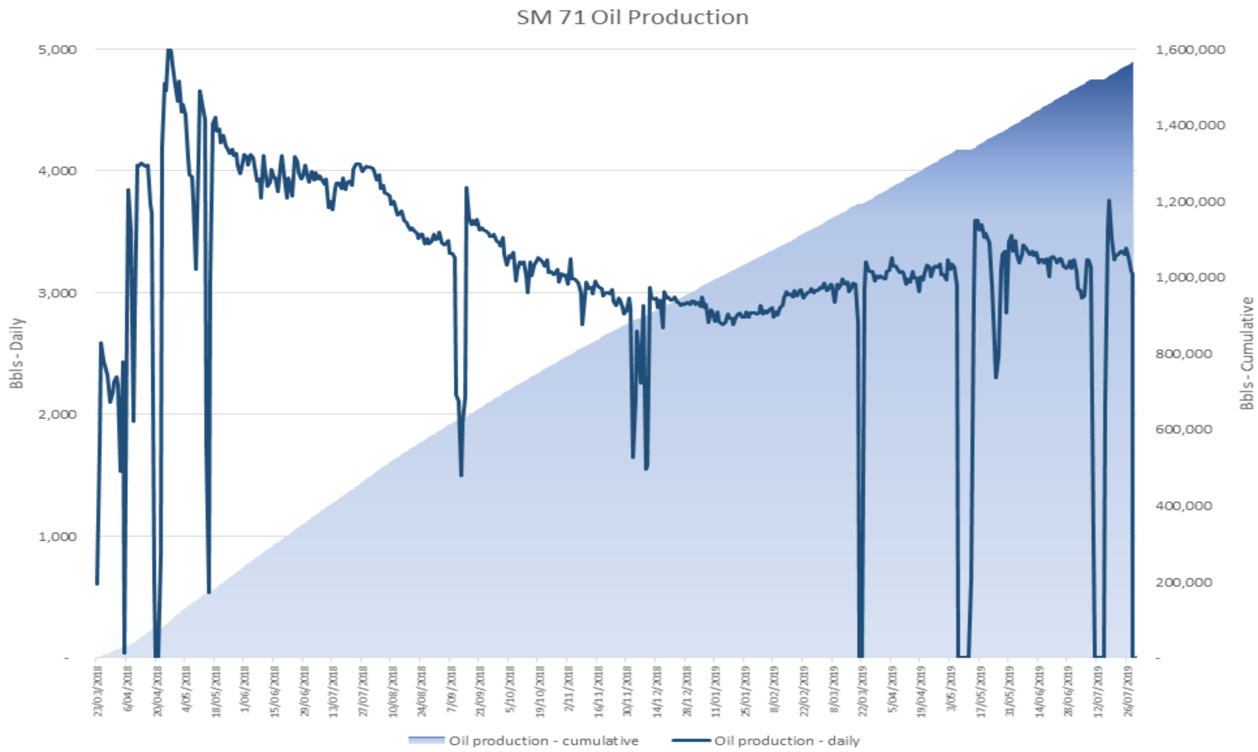
Oil and gas production from the SM 71 F platform began in late March 2018 from two wells with the third well coming on line in early April. The F1 and F3 wells are completed in the primary D5 Sand reservoir and the F2 well is completed in the B55 Sand.

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.

On 4 July 2019 the SM 71 F facility had produced over 1.5 million barrels of oil (gross) since initial production began. The facility has also produced over 2.3 billion cubic feet of gas (gross) which, on a revenue basis, is approximately equivalent to an additional 123,000 barrels of oil.

Production from the SM 71 development was impacted by the passing of Hurricane Barry during July 2019. The SM 71 Platform was shut in and operating personnel were safely evacuated on 10 July 2019, US time. Production personnel returned to the platform on 16 July and determined that the facility was undamaged by the storm.

Production returned to normal levels following testing and re-pressurization of the system on 18 July 2019. As of 30 June 2019, the SM71 platform gross production rate was approximately 3,200 barrels of oil per day and 5.0 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 30 June 2019.



SM 71 Production and Revenue for the Quarter Ended 30 June 2019

Production Volumes	Prior Quarter	Current Quarter	% change	Comment
Gross (100%)				
SM 71 – Oil (bbls)	255,880	264,992	4%	Oil Production from SM 71 was 4% higher across the quarter despite a planned shut in due to maintenance. Gas production was impacted by gas cap blowdown and water support coming through.
SM 71 – Oil (bopd)	2,843	2,912	2%	
SM 71 – Gas (Mscf)	607,580	469,196	-23%	
Otto WI Share (50%)				
SM 71 – Oil (bbls)	127,940	132,496	4%	
SM 71 – Oil (bopd)	1,422	1,456	2%	
SM 71 – Gas (Mscf)	303,790	234,598	-23%	
Otto NRI Share (40.625%)				
SM 71 – Oil (bbls)	103,951	107,653	4%	
SM 71 – Oil (bopd)	1,155	1,183	2%	
SM 71 – Gas (Mscf)	246,829	190,611	-23%	

Sales Revenue – Otto 50% WI share (before royalties) USD	Prior Quarter	Current Quarter	% change	Comment
SM 71 – Oil - $'million	6.99	8.16	17%	Sales revenue increased quarter on quarter due to higher oil sales and higher realized oil price
SM 71 – Oil - $ per bbl	54.65	61.59	13%	
SM 71 – Gas - $'000	977	643	-35%	
SM 71 – Gas – $ per MMbtu	2.93	$2.49	-15%	

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.

PRODUCTION, APPRAISAL AND DEVELOPMENT (Continued)

TEXAS/GULF OF MEXICO – LIGHTNING

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

The Lightning Field Commissioning was completed as announced to the ASX on 21 June 2019. Production from the Lightning field reached steady state and is currently producing 12 MMscf/day in raw gas and 365 bbl/day in condensate. Otto's 37.5% Working Interest share is 4.5 MMscf/d and 137 bbls/d.

There are additional hydrocarbon bearing sands yet to be brought on production and those may be produced from an additional development well. Field development planning is underway preparing for a second development well in late 2019. Maiden reserves are expected during August 2019.

Commissioning hydrocarbon sales in May and June 2019 contributed to Otto revenue, with the first full month of contribution to occur in July 2019. First sales proceeds were received in July 2019.

Production Volumes*	Current Quarter
Gross (100%)	
Lightning – Oil (bbls)	5,685
Lightning – Gas (Mscf)	167,393
Lightning – NGLs (bbls)	7,591
Otto WI Share (37.5%)	
Lightning – Oil (bbls)	2,132
Lightning – Gas (Mscf)	62,772
Lightning – NGLs (bbls)	2,847
Otto NRI Share (28.5686%)	
Lightning – Oil (bbls)	1,624
Lightning – Gas (Mscf)	47,822
Lightning – NGLs (bbls)	2,169

Sales Revenue – Otto 37.5% WI share (before royalties) USD	Current Quarter
Oil - $'million	0.13
Oil - $ per bbl	60.70
Gas - $'000	143.33
Gas – $ per MMbtu	2.32
NGLs - $'000	31.54
NGLs – $ per bbl	11.08

* Lightning quarterly production reflects only limited production during start up and commissioning of field during May and June 2019. Based on field estimates, July 2019 full month production is expected to total 10,400 bbl and 352 MMscf of Raw Gas (8/8ths).

PRODUCTION, APPRAISAL AND DEVELOPMENT (Continued)

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 will earn a 16.67% working interest by funding 22.22% of the costs to drill the initial "Bulleit" appraisal well (subject to a cap on the promoted portion). All subsequent costs of completion and development, including any further wells, shall be at Otto's working interest of 16.67%.

Appraisal Well

The "Bulleit" appraisal well commenced drilling on 6 May 2019. On 13 June 2019, The Company announced that the upper target, the DTR-10 sand, was intersected and a commercial outcome was confirmed. Petrophysical evaluation confirmed 119 feet TVD of oil pay in high quality reservoir. Superior sand development, reservoir characteristics, and fluid properties relative to pre-drill expectations were encountered. The presence of high-quality, 31-degree API oil was confirmed via testing.

Drilling to test the deeper MP sand required side-tracking around compromised hole sections due to poor hole conditions. Drilling to target depth and testing of the deeper target are expected over the coming days.

Development planning is ongoing. Talos will complete the well as a subsea tieback with a smart completion; tying back to the Talos operated GC 18A Platform. There is adequate capacity for a second well, if warranted, for acceleration of production.

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.

Four wells have now been drilled (Big Tex, Lightning, Don Julio 2 and Mustang) 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.

On 23 July 2019 Otto announced that the initial exploration well on the Mustang prospect had discovered a net 57 foot TVT interval of hydrocarbon pay. The well is being hooked up for production and testing for final evaluation of the well.

There are four wells left in the program which are expected to be drilled over the next 6 - 9 months. With Beluga expected to commence drilling in the current quarter.

Prospect Name (State)	Working Interest	Net Revenue Interest	Target Depth (TVD) ft	Probability of Success	Prospective Resources (MMboe) Otto Net Revenue Interest			
					P90	P50	Mean	P10
Beluga, TX	37.5%	28.5%	13,000	45%	0.2	0.9	1.4	3.4
Mallard, LA	37.5%	29.63%	11,000	64%	0.1	0.3	0.5	1.3
Tarpon, TX	37.5%	29.06%	14,000	34%	2.2	7.0	10.5	23.5
Oil Lake, LA	37.5%	29.06%	14,500	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.

Additional Upside

With the successful drilling of the Mustang prospect, Otto has ground floor rights (ie pays only its working interest) to participate in the nearby Corsair/Hellcat opportunities. These wells are in addition to the eight wells in the original program announced with Hilcorp. Should the Tarpon prospect be successful then Otto has ground floor rights (ie. It pays only its working interest) to participate in the nearby Damsel opportunity.

Under the agreement with Hilcorp (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.

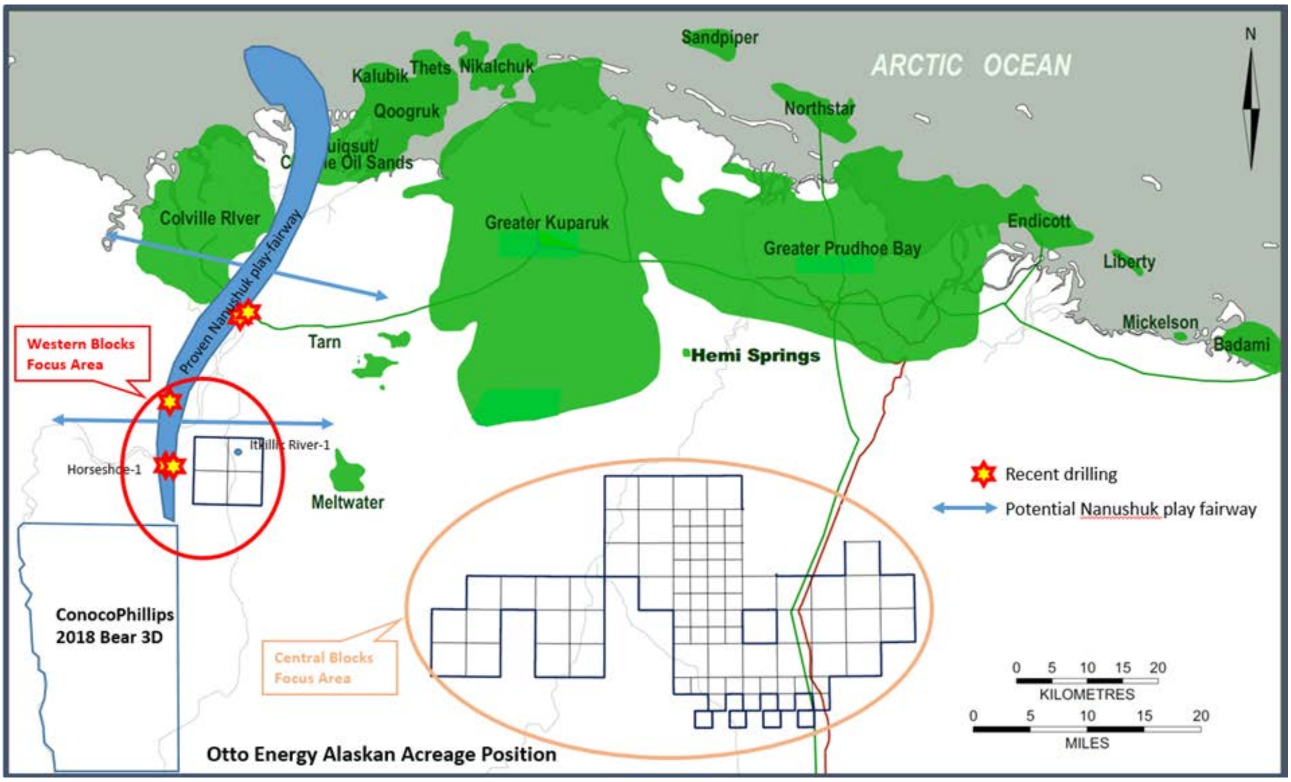
EXPLORATION (Continued)

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

Location: Offshore Gulf of Mexico
Area: 18.31 km^2
Otto's Working Interest: 100.0% (Otto is Operator)

As reported on 9 May 2019, Otto acquired Byron Energy's 50% interest in, and operatorship of, VR 232 at no cost. VR 232 is adjacent to Otto's 50% owned South Marsh Island Block 71 oil field and production platform. Otto has ownership of recently reprocessed 3D seismic coverage over the SM 71 and VR 232 area and is evaluating prospect potential of the area.

ONSHORE NORTH SLOPE ALASKA



ALASKA – WESTERN BLOCKS

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

Otto's participation in the JV including 88 Energy and Red Emperor Resources continues following the drilling and plug and abandonment of the Winx-1 well in March 2019. 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: 624.4 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 54 leases (covering 154,295 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. Otto had no activity in this area during the June Quarter 2019. 19 leases deemed unprospective were relinquished during the quarter.

CORPORATE

CASH FLOWS

Otto's cash on hand at the end of the quarter was US$7.4 million (March 2018: US$4.2 million). During the June quarter, Otto received US$7.6 million in cash flows from the sale of production from its 50% owned SM 71 oil field in the Gulf of Mexico, net of royalties. June month production cashflows of US$3.0 million (before royalties) have been received in July 2019.

CAPITAL RAISING

During the quarter, Otto completed a capital raising of approximately A$31 million as follows:

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

b) an accelerated Institutional Entitlement Offer raising a total of A$7.6m through the issue of approximately 143.2 million shares at A$0.053 per share.

   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.

c) the retail component of the Entitlement Offer raised A$12.3 million. 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 was 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.

The funds were raised 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 that were on issue and for working capital including contingent development wells.

TANZANIA

Otto received the final US$300,000 of the US$800,000 due to it under the settlement agreement with Swala as announced to ASX on 26 May 2017.

CONVERTIBLE NOTES

Under the terms of the convertible notes, Otto issued a redemption notice to the Noteholders on 26 March 2019 for the full 8.1 million convertible notes. The Noteholders elected to convert 100,000 of the notes with the balance of 8.1 million notes redeemed on 30 April 2019.

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

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.

Although the Company continues to monitor commodity prices and forward opportunities, no further hedging has been entered into.

CORPORATE (Continued)

SHAREHOLDERS

Otto's issued capital as at 30 June 2019:

Class	Number
Fully paid ordinary shares	2,460,464,725
Convertible Notes	-
Options	-
Performance Rights	46,756,000

582,600,902 ordinary shares issued during the quarter as a result of the capital raising.

8,100,000 of the convertible notes were redeemed on 30 April 2019 and the balance of 100,000 notes were converted to 2,599,211 ordinary shares.

Otto's Top 20 Holders as at 30 June 2019:

Rank	Name	Units	% of Units
1	Perennial Value Management (IOOF)	316,078,249	12.85%
2	Molton Holdings Ltd	305,859,697	12.43%
3	Citicorp Nominees Pty Limited	123,773,734	5.03%
4	National Nominees Limited	96,055,152	3.90%
5	BNP Paribas Nominees Pty Ltd <AGENCY LENDING DRP A/C>	91,860,104	3.73%
6	J P Morgan Nominees Australia Limited	77,125,563	3.13%
7	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	50,907,839	2.07%
8	CS Third Nominees Pty Ltd <HSBC CUST NOM AU LTD 13 A/C>	37,000,001	1.50%
9	CVC Limited	34,038,586	1.38%
10	HSBC Custody Nominees (Australia) Limited	31,625,607	1.29%
11	AMP Life Limited	29,264,527	1.19%
12	John Jetter (Consolidated Relevant Interest)	28,940,834	1.18%
13	UBS Nominees Pty Ltd	22,236,003	0.90%
14	BRISPOT Nominees Pty Ltd <HOUSE HEAD NOMINEE A/C>	21,187,636	0.86%
15	Merrill Lynch (Australia) Nominees Pty Limited	19,332,981	0.79%
16	Nero Resource Fund Pty Ltd	19,049,153	0.77%
17	National Nominees Limited <DB A/C>	15,204,064	0.62%
18	Mr. Jamie Pherous <BLACK DUCK HOLDINGS A/C>	15,000,000	0.61%
19	DBS Vickers Securities (Singapore) Pte Ltd	14,020,833	0.57%
20	Kevin Small (Consolidated Relevant Interest)	12,371,515	0.50%
Total Top 20 Shareholders		**1,360,932,078**	**55.31%**
Total Remaining Shareholders		1,099,532,647	44.69%
Total Shares on Issue		**2,460,464,725**	**100.0%**

OTTO AT A GLANCE

- ASX-listed company with significant oil production from two fields in the Gulf of Mexico/Gulf Coast
- Commercial discovery at GC 21 to be developed for production in 2020 and a production testing on a fourth discovery about to take place
- Further growth to be delivered through the drilling the Bulleit well deeper MP sands on Green Canyon 21 and of four high-impact exploration wells on the Gulf Coast over the next six to nine 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:
Krista Walter
Mark Lindh (Adelaide Equity Partners)
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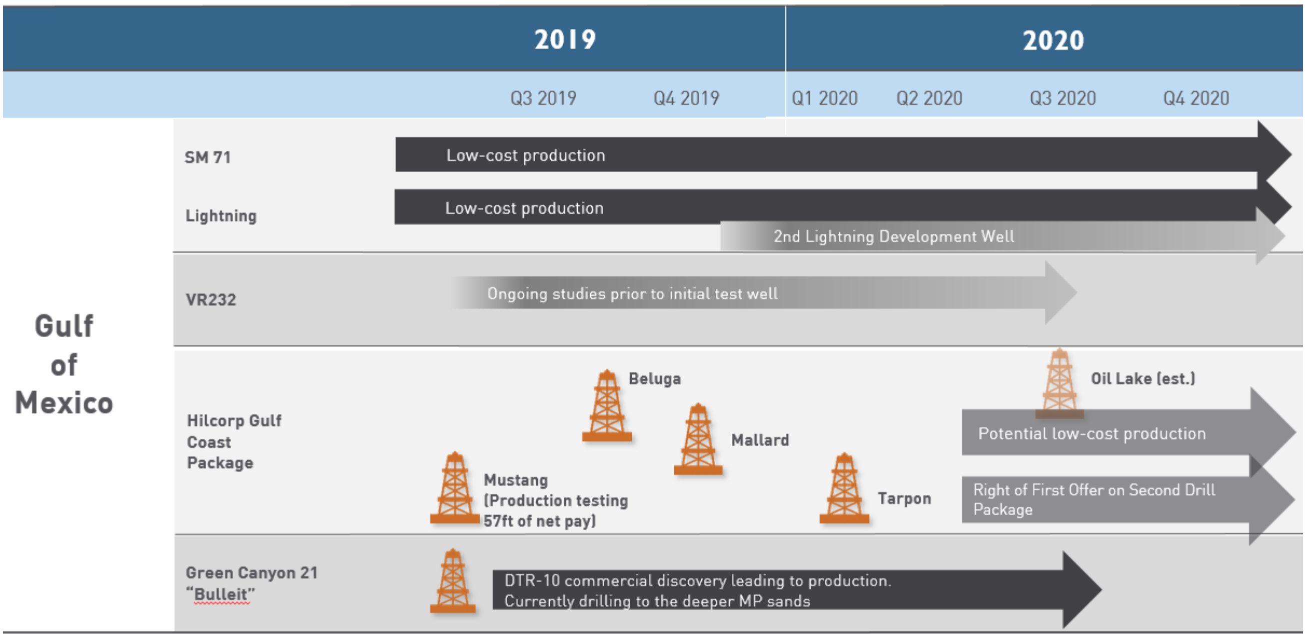
Pipeline of Opportunities



Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to the Gulf Coast Package (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 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 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	30 June 2019

Consolidated statement of cash flows		Current quarter US$'000	Year to date (12 months) US$'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers (net of royalties)*	7,585	32,321
1.2	Payments for		
	(a) exploration & evaluation	(7,022)	(36,076)
	(b) development**	(7,345)	(10,300)
	(c) production	(493)	(2,804)
	(d) staff costs	(679)	(2,578)
	(e) administration and corporate costs	(777)	(3,021)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	46	151
1.5	Interest and other costs of finance paid	(1,314)	(2,505)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	(26)	(127)
	-Refundable security deposit Alaska	750	-
	-Tanzania settlement proceeds	300	800
	-Derivative instruments	(194)	(194)
		-	
1.9	**Net cash from / (used in) operating activities**	**(9,169)**	**(24,333)**

*Receipts of US$8,734,366 less royalties of US$1,149,034.
**Includes US$7.3 million cash call paid for the Green Canyon 21 appraisal well in May 2019.

Consolidated statement of cash flows		Current quarter US$'000	Year to date (12 months) US$'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)	72	72
2.6	**Net cash from / (used in) investing activities**	72	**(18)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	21,887	36,613
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	(1,512)	(2,525)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(8,100)	(8,100)
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**	12,275	**25,988**

Consolidated statement of cash flows		Current quarter US$'000	Year to date (12 months) US$'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,254	5,945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,169)	(24,333)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	72	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,275	25,988
4.5	Effect of movement in exchange rates on cash held	(49)	(199)
4.6	**Cash and cash equivalents at end of period**	**7,383**	**7,383**

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	7,383	4,254
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)**	**7,383**	**4,254**

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	276
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	100
Non-Executive Directors	176
Total	276

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)	-	-

8.4 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.

At the beginning of the quarter (1 April 2019), the Company had US$8.2 million of convertible notes on issue. On 30 April 2019 US$8.1 million of the notes were redeemed and US$0.1 million were converted to ordinary shares.

9.	Estimated cash outflows for next quarter	US$'000
9.1	Exploration and evaluation (including GC 21 appraisal well)	7,655
9.2	Development	1,301
9.3	Production	840
9.4	Staff costs	719
9.5	Administration and corporate costs	631
9.6	Other – Withholding tax, Success Fee	537
9.7	**Total estimated cash outflows**	**11,683**

Note that Otto expects to receive substantial proceeds from sales of oil and gas production during the coming quarter from its 50% owned SM 71 oil field and 37.5% owned Lightning gas/condensate field.

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 391650 391653 391654 391655 391662 391669 391670 391671 391672 391673 391674 391675 391676 391681 391682 391684 391686 391687 391708	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	VR 232 - Gulf of Mexico	Working Interest (WI) Net Revenue Interest (NRI)	50% 43.75%	100% 87.5%

Note that the agreement to transfer Otto's 50% interest in VR 232 has been executed, but the lease transfer has not yet occurred. 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.

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: 31 July 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.