

ASX ANNOUNCEMENT

19 November 2020

## ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Dear Shareholders,

Otto Energy’s AGM is being held at a time of unprecedented global disruption, in a world that is dramatically changed from a year ago.

From both a health and economic standpoint, the effects of COVID-19, in tandem with the significant downturn in the international oil and gas industry, has created a challenging backdrop against which the Company is striving to execute, and deliver, its business objectives.

Against this background, Otto achieved encouraging results in 2020:

- Continued development of the Lightning Field with a second production well and bringing Green Canyon 21 into production
- Significant improvement in our financial performance and a substantial upgrade in our reserves, both of which Mr Utsler will outline in more detail later
- Completion of an A\$13.8 million (US\$8.8 million) capital raise, before costs
- Negotiation of a three-year US\$55 million credit facility with Macquarie Bank

Despite achieving a number of key milestones, Otto was not immune to the precipitous decline in commodity prices and corresponding significant devaluing of its share price and value during the period. Importantly, the Board responded quickly by renewing the company’s Board and adjusting the Company’s management and operations. This response included making leadership changes, examining all spending, and aggressively reducing overhead in the face of this downturn. The Company will rigorously continue to pursue these initiatives, including a disciplined forward capital allocation and targeting of further reductions in costs and overhead.

The appointment of Mike Utsler as CEO and Managing Director in September was a critical step in that process of renewal. As you will be aware from our previous announcements, Mr Utsler has more than 40 years’ experience as a senior executive in the oil and gas industry, and amongst other appointments was responsible for the entire recovery management for BP in the Gulf of Mexico after the Deep Water Horizon accident, and was subsequently Chief Operating Officer of Woodside. In his first 3 months at Otto Mr Utsler has completed a detailed strategic review of the company, its assets, and opportunities, and will now focus on executing a disciplined and value enhancing strategy.

As you are aware, I retired as Chairman of Otto at this company’s AGM last November. In April this year the Board asked me to come back as Executive Chairman to steer the company through a very difficult period in a very difficult environment. I am very pleased to be able to report success, and to hand over the Chairmanship with the company in much better shape having delivered on what I promised in April, namely Board renewal, cost reduction, disciplined management, operational success, and a positive cashflow.

The Board has accepted my recommendation to appoint Mr Utsler as Executive Chairman effective from today. I will hand over to Mr Utsler at the end of this meeting. I am absolutely delighted that Mr Utsler has agreed to accept this role, and I am confident that he will lead this company to success. Subject to shareholder approval later in this meeting I will remain on the Board as a non-executive director as originally intended.

In addition, as part of the broader Board renewal process we have also appointed Mr Geoff Page as a non-executive director subject to confirmation later in this meeting, and as Chairman of our Audit and Risk Committee. Mr Page is a Perth resident, but more importantly a highly experienced Certified Practising Accountant and CFO. I know that he will ensure the integrity of our numbers and add an additional level of management discipline.

Building on last year's strategic focus to establish a solid production base, Otto now has three core asset hubs as a foundation for generating meaningful free cash flow.

Our first asset, the flagship South Marsh Island 71 (SM71) field, accounted for 56% of FY2020 production and continues to be a strong performer. The second asset, Lighting Field, delivered 44% of FY2020 production and has ramped up to the steady state production levels that were anticipated when production began in May 2019. The third asset, Green Canyon 21 (GC21) has been completed and is now in production.

Otto significantly strengthened its balance sheet in the past year, making it one that can facilitate the building of a robust future.

The Company entered into a debt facility agreement with Macquarie Bank that provides access of up to US\$55 million for future developments. We also conducted a successful equity raise of US\$8.8 million. Additionally, Otto undertook an aggressive reduction in its operational costs of circa 40%, combined with the hedging of our crude oil production prices through 2022. This yielded substantial benefits during the volatile oil price period.

As we move into 2021, I am confident that the Company's outlook is bright, due to a strengthened balance sheet and the anticipated overall increase in production and cashflow from our assets, but also because of our successful Board and management renewal. These factors provide the ability to pursue the disciplined development of our existing captured resource base, and to selectively invest in high quality infrastructure-led exploration.

I want to acknowledge and thank Otto's staff for their hard work and dedication, as well as my fellow board members for their diligence and counsel. I also thank our shareholders and stakeholders for their continuing support in what remains a challenging operating environment globally. I look forward to working with our new Executive Chairman Mike Utsler, and my fellow board members as we vigorously implement our strategic goals. These goals are designed to create and realise value for our shareholders – in a timely and resolute manner.

John Jetter  
Chairman

This release was authorised the Board of Otto Energy Limited.

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### About Otto Energy:

Otto is an ASX-listed oil and gas exploration and production company with a focus on the broader Gulf of Mexico region in North America. Otto has ownership interests in three significant production assets (SM-71, Lightning and GC-21) as well as an active exploration and appraisal program.