



OTTO ENERGY

AGM FY2021/22 UPDATE

Delivering value

ASX: OEL



Disclaimer and important notices



Forward Looking Statements

This presentation contains "forward-looking statements" that are subject to risk factors that are associated with oil and gas businesses. It is believed that the targets reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actuals to differ materially, including but not limited to: results or trends for future operations, drilling results, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. Some of the key factors which could cause actual results to vary from those Otto expects include changes in natural gas and oil prices, the timing of planned capital expenditures, availability of resources, uncertainties in estimating proved reserves and resource potential and forecasting drilling and production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as the Company's ability to access them, and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting Otto's business. Statements regarding future production are subject to all of the risks and uncertainties normally incident to the exploration for and development and production of oil and gas.

Disclaimer

This presentation includes certain estimates of proved, probable and possible reserves that have been prepared by the Company and are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the Company.

We cannot assure you that all of our prospects will ultimately be prospective in all or any of the targeted zones, or that such acreage will ultimately be drilled or included in drilling units. Type curve metrics described herein refer to the Company's internal estimates of average per well hydrocarbon quantities and production profiles that may be potentially recovered from a hypothetical future well developed generally from the most analogous information available based on the average offset well performance of third-party operator wells. These quantities do not necessarily constitute or represent reserves. There is no assurance that the Company will achieve comparable results on its acreage and individual well results will vary.

Further, Otto expresses no view as to whether its joint venture participants will agree with and support Otto's assessment of these opportunities presented within this presentation.

Terms used

All references to dollars, cents or \$ in this presentation are to US currency, unless otherwise stated.

Our focus

- Experienced and proven management
- Gulf of Mexico onshore/offshore conventional oil and gas player
- Disciplined strategic and fiscal strategy:
 - An excellent base business (3 quality fields)
 - Invest to optimize existing fields – progress resources to production investment to accelerate value creation
 - Invest in inorganic growth opportunities to create future value through growth and deliver returns
- Cost base of the company and underlying balance sheet strength
- Forward view – Otto and the industry – Why Otto? – Why Now?

Otto: Delivering value for the shareholder

Corporate snapshot (ASX: OEL)



CAPITAL STRUCTURE

Shares on issue	4,795 M
Share price (15 Nov 2021)	A\$ 0.014
Options and share rights	96 M
Market capitalisation	A\$67.1 M

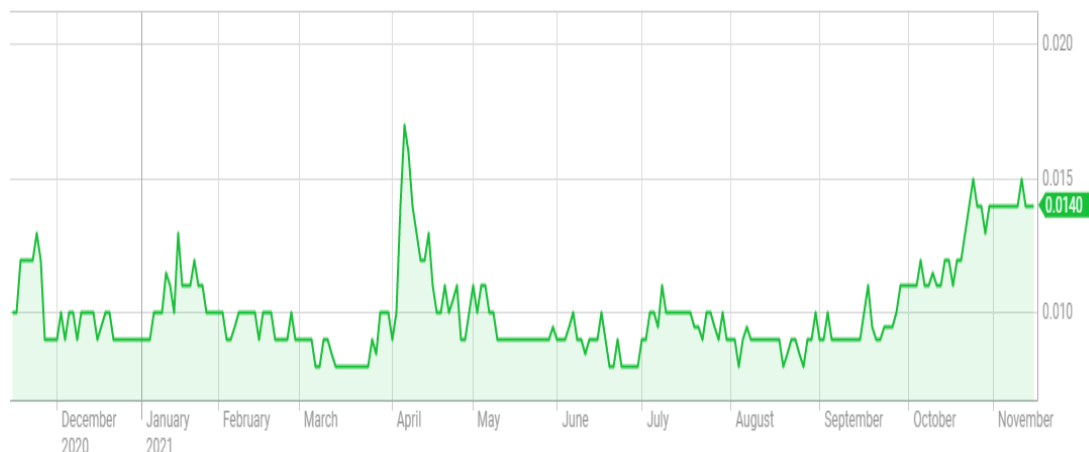
LIQUIDITY POSITION

Cash (30 Sept 2021) *	US\$13.7 M
PANR stock (15 Nov 2021) **	US\$3.9 M
Debt - drawn (30 Sept 2021)	US\$9.2 M
- undrawn (30 June 2021)	US\$10.0 M

SHARE REGISTER COMPOSITION

Corporate/strategic	49%
Retail	47%
Institutional/broker	4%

SHARE PRICE CHART



BOARD OF DIRECTORS

Executive Chairman and Chief Executive Officer	Mike Utsler
Non-Executive Director	John Jetter
Non-Executive Director	Geoff Page
Non-Executive Director	Paul Senyca

* Received an additional US\$10.5 million in October 2021 as a result of selling 11 million shares of PANR as announced on 21 October 2021.

** Based on 3,272,592 shares of PANR held as of 15 Nov 2021, with a share price of 89.30 pence and a GBP to US\$ exchange rate of \$1.34 as of 15 Nov 2021.

FY 2021 highlights

LIQUIDITY

\$30.1m

Net revenue



31%

\$29.1m

Adjusted EBITDAX



74%

CASH FLOW

\$18.9m

Net operating cash flow
(pre-exploration)



80%

\$15.2m

Net operating cash flow
(post exploration)



2200%

EARNINGS

3,032

Production (boe/d)
at 56% liquids



17%

\$39.7m

Total WI revenue



38%



FY21 operational and financial highlights

OPERATING SUMMARY

17%

Increase in production to
3,032 boe/d at 56% liquids

97%

Operational reliability – 97%
uptime at SM 71/Lightning

62% / 28%

Reduction in field and non-field costs

FINANCIAL SUMMARY

19%

Gearing ratio

39%

Adjusted ROACE

\$17.9m

Adj. net income before tax (US\$)

LIQUIDITY SUMMARY

29%

Debt to equity ratio

\$11.1m

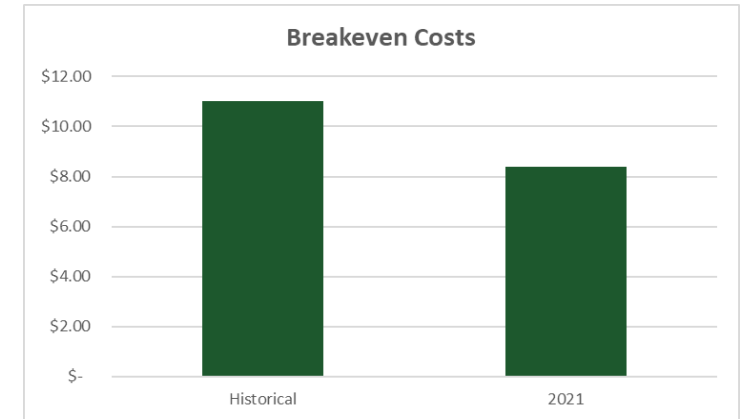
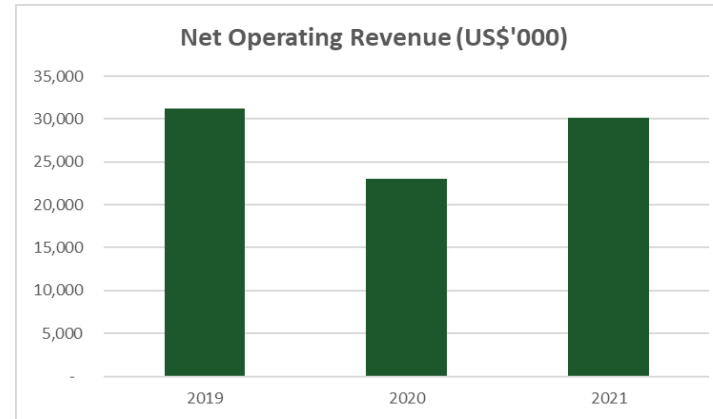
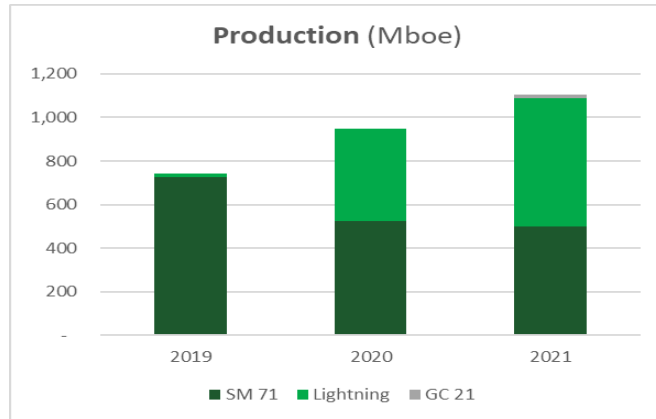
Cash balance at 30 June
2021 (US\$)

\$11.5m

Debt balance at 30 June 2021 (US\$)



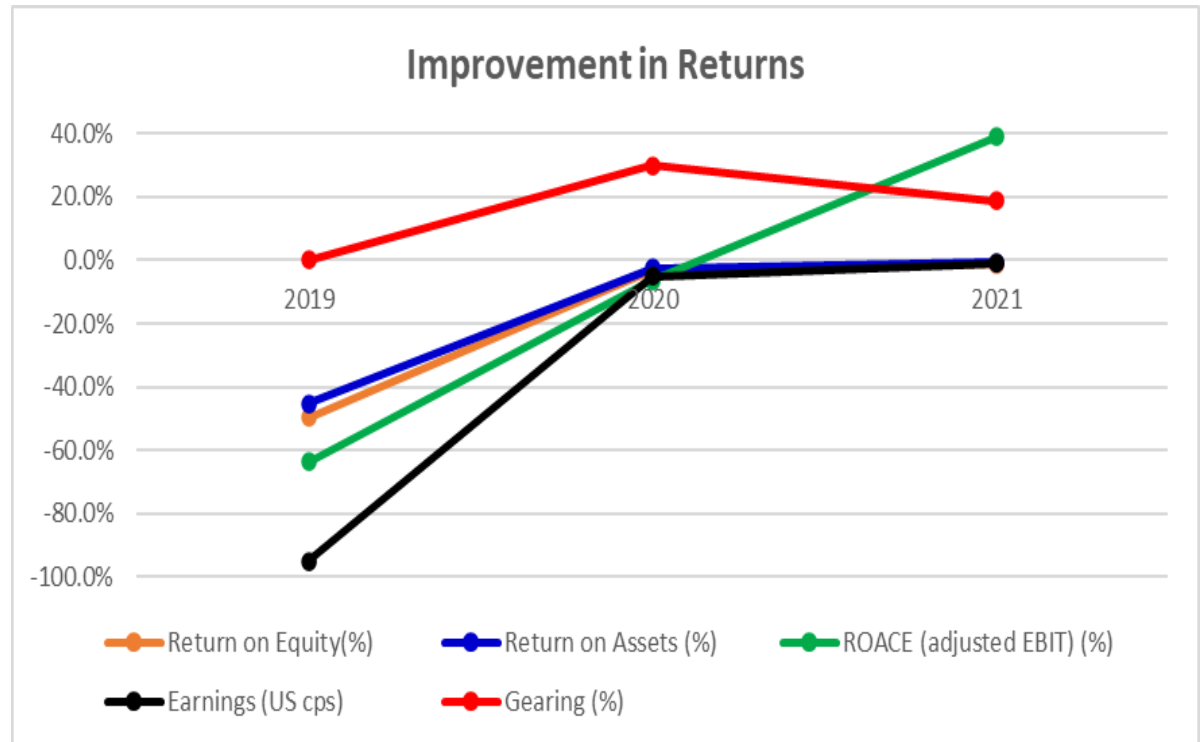
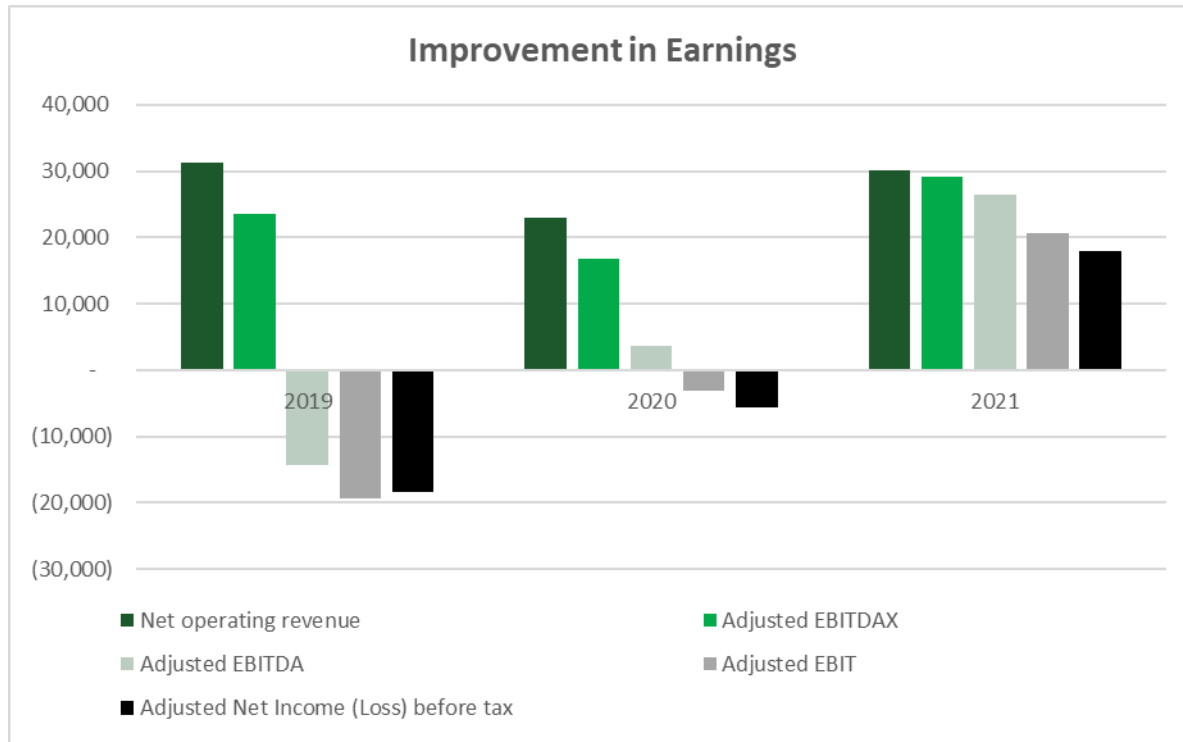
FY 21 operating summary



Controlling costs, improving cash flow

- A key strategic initiative has been to reduce the Company's cost base and ensure an efficient yet effective cost profile, relative to Otto peers
- The Company has reduced its G&A costs per boe by 28% in the past year to 30 June 2021 by streamlining management costs, reducing personnel costs, shifting office space and minimising legal fees and consultant usage
- The Company has reduced its field lifting costs per boe by 62% (operating expenses, business development, exploration costs) in the past year

FY 21 financial summary

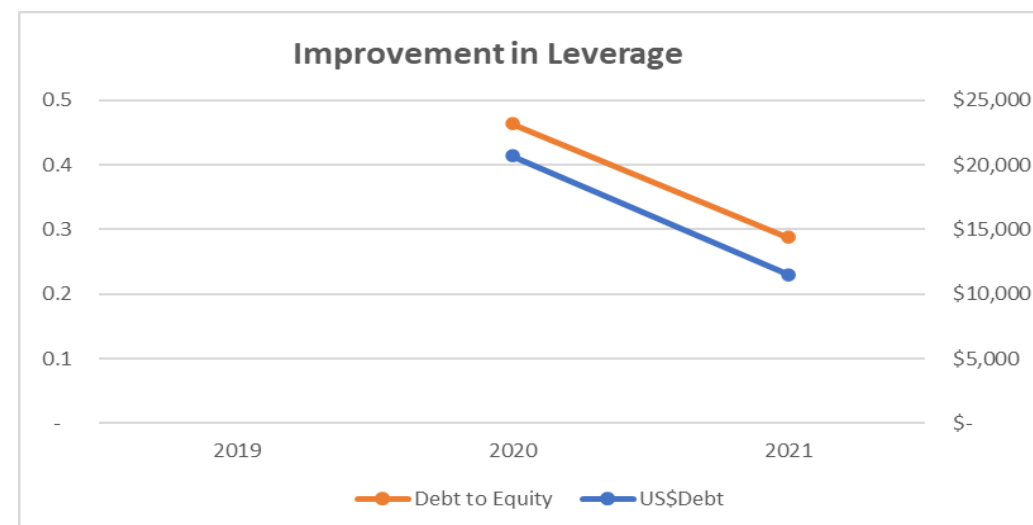
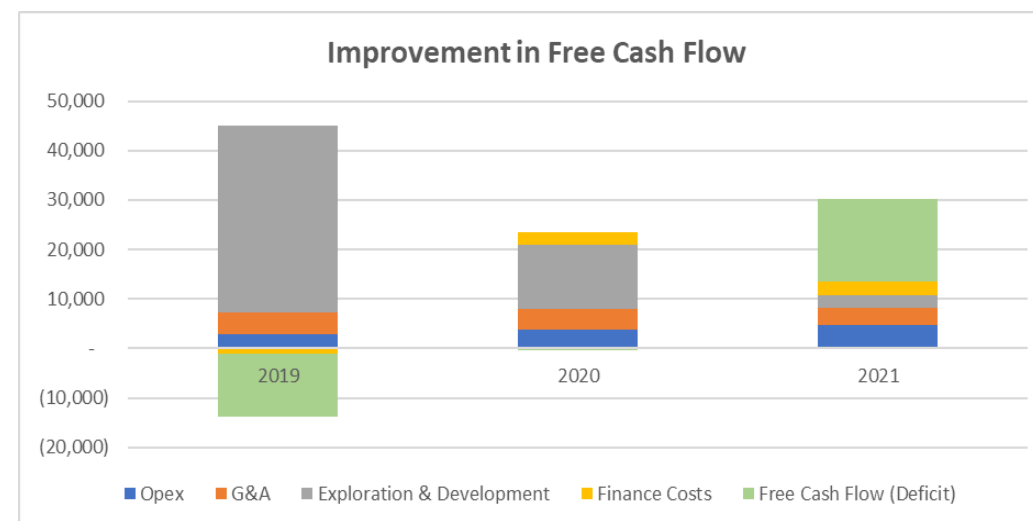


Strengthening the balance sheet and managing risk

- Otto's objective has been to maintain a simple capital structure, providing the Company with valuable optionality for discretionary capital
- Effective net debt of US\$0. When coupled with the improved energy price environment and the Company's commitment to cost discipline, this sets the Company up for a strong FY 2022

FY 21 liquidity summary

US\$('000), except ratios	30 June 2021	30 June 2020	30 June 2019
Key metrics – assets			
Cash	11,100	16,551	7,383
Accounts receivable	3,883	2,111	3,311
Marketable securities	8,129	-	-
Total current assets	23,550	26,942	11,932
Balance sheet – liabilities			
Accounts payable	1,675	1,958	4,473
Total current liabilities	14,730	10,470	4,646
Total debt	11,500	20,700	-
Key ratios			
Working capital	8,820	16,472	7,286
Debt to equity (%)	29%	46%	n/a
Current ratio	1.6	2.6	2.6
Quick ratio	1.6	1.8	2.3
Cash ratio	1.3	1.6	1.6



Strategic drivers

Pillar 1

Excellence in base asset delivery

The Company has established a portfolio non-operating interests in multiple high-quality GoM O&G fields

Pillar 2

Maximising organic growth opportunities

The Company seeks to create value by enhancing production from its existing asset base

Pillar 3

Future value Initiatives

Otto manages a disciplined assessment process and utilises a technically driven filter for new opportunities

VALUES

Integrity

We say what we will do and do what we say and our actions re-enforce that culture

Discipline

We set ourselves challenging goals, we define our boundaries and earn our space through consistent delivery

Excellence

We plan, do, measure, learn and consistently strive to continuously improve

Teamwork

We challenge with respect but deliver as one team

Partner of choice

We will be recognised and valued for our competency and expertise in how and what we deliver

Optimising captured resources

Creating value through leveraging organic options

1P Reserves: 4,122 MBoe

- Six wells (five are PDP and one, Green #3, is a PUD)
- Six recompletions anticipated
- 9-year estimated life of Reserves

2P Reserves: 6,477 MBoe

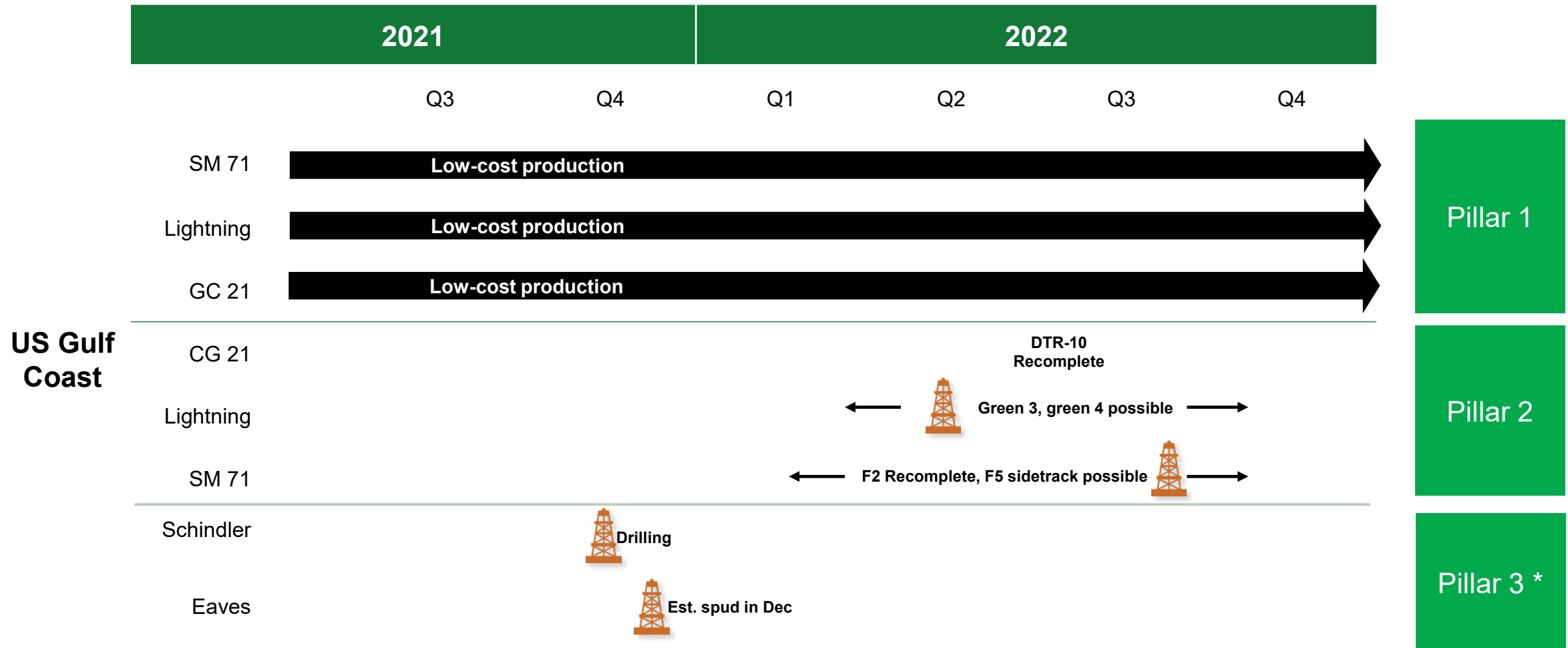
- Adds one additional well (Green #4) plus 2,308 Boe of probable reserves
- Six recompletions above also adds to Probable Reserves
- 13-year estimated life of Reserves

3P Reserves: 8,448 MBoe

- Adds one additional well (Green #5) plus 2,515 Boe of Possible Reserves
- Additional wells possible with continued development at Lightning
- 14-year estimated life of Reserves

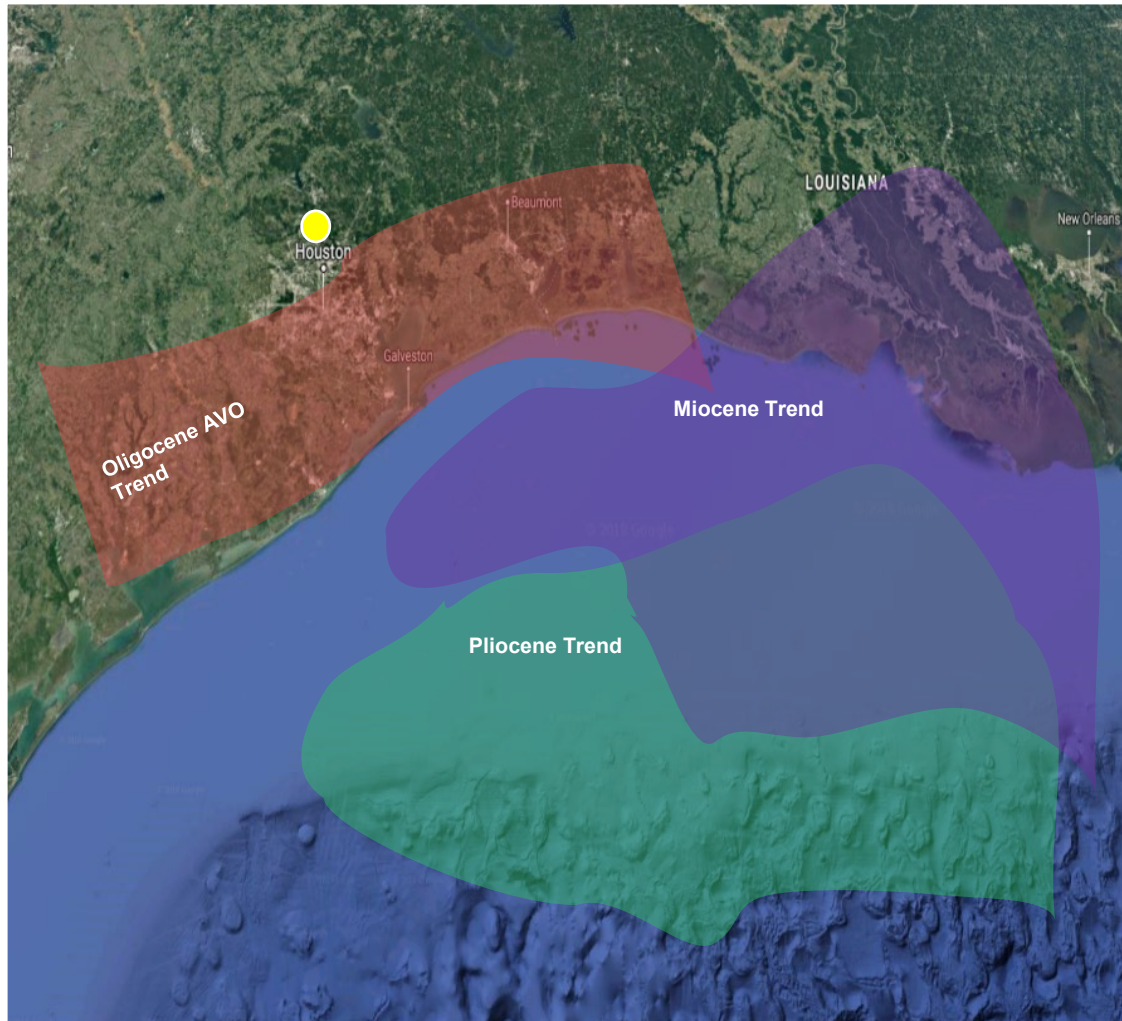
Pipeline of opportunities

Otto has an exciting pipeline of pending and potential activities



* See following slide on conventional oil and gas inorganic growth opportunities for additional details

Conventional oil and gas focused – inorganic growth



Evaluating lower risk, higher potential, multi-well exploitation

- Onshore / offshore optimized portfolios being marketed
- Privately held through mid-sized public entities aggressively seeking partnerships to leverage risks
- Availability of opportunities rapidly growing due to oil and gas prices approaching \$75.00/Bbl and \$3.00/Mmbtu

Evaluating undercapitalized field/asset growth opportunities

- Capital allocation challenges vs. quantity of prospects generated during past two-year downturn is creating unique opportunities
- Operators are targeting complimentary technically and commercially strong quality non-operating participants to enhance funding and mitigate risk exposure

Assessing acquisitions/mergers/sales

- Financial stresses over past two years are yielding significant sales/consolidation/bankruptcy acquisition opportunities
- Limited liquidity availability is creating a buyers market
- Otto, with robust cash flow, a strong balance sheet and a proven track record, is able to compete in all types of transactions

Otto performance objectives

Maximise our base business while creating future value



PERFORMANCE OBJECTIVES

BASE AND ORGANIC GROWTH OPTIONS

Base business + organic options (3-year group targets)

Base business outcome
(3 years forward)

Base outcome incl. exercise of organic options
(3 years forward)

ROACE > 20%

ROACE > 17.5%

IRR > 75% (Success case)

IRR > 75% (Success Case)

IRR > 25% (Full cycle)

IRR > 25% (Full Cycle)

FCF > US\$40M

FCF > US\$40M

Gearing – <10%

Gearing – <10%

Debt to equity – <10%

Debt to equity – <10%

Drives strong operating cash flow and balance sheet

INORGANIC GROWTH OPPORTUNITIES

Facilitated by underlying base business
Key targeting criteria

Year on year metrics

ROACE > 15%

ROE > 15%

DROI (15) > 25%

NAV growth > 10% CAGR

Gearing – 45-65%

Debt to equity ratio - <50%

Drives effective capital allocation discipline

Otto Energy: delivering value



1 The GoM

A mature, opportunity-rich environment

2 Our base

A diverse, liquids-rich, high-margin portfolio

3 Internal levers

Leveraging a strong balance sheet to deliver organic growth

4 External assessment

Creating growth access through rigorous inorganic opportunities evaluation

5 Shareholder returns

Against a highly disciplined approach to capital management

This presentation has been approved for release by the Board of Otto Energy Limited

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