

ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Dear Shareholders,

I am grateful to have the opportunity to address the shareholders of Otto Energy as the Interim Chairman. This year has been one of solid progress achieved despite significant challenges. I am proud of the resilience and dedication shown by the Otto Energy team both in the United States and Australia.

Operating Environment

As a result of various macro-economic factors, the past year has seen significant fluctuations in global energy markets. Whilst the Company is not immune to these influences, I am pleased to say that a strong balance sheet and mature production asset portfolio has meant that the business has completed a year where it maintained a strong production profile. This production came from all five of the Company's assets- SM71, Lightning, Mosquito Bay, Oyster Bayou and GC21.

These assets continued to operate and contribute to the Company's strong financial performance through a time of historically elevated oil and gas prices.

Strategic Review of Operations and Executive Restructure

During the year, the Company completed a strategic review of its asset portfolio, this review aimed to identify opportunities to maximise shareholder value. It was recognised that the value of the business was not being fully realized by the Australian listed structure. As a result of this review, a decision was made to conduct a market sale process to test whether there was greater value for shareholders. Unfortunately, this process was concluded with offers received not matching the Company's internal assessment of value. Despite the process concluding, the Company continues to monitor all pathways, organic and inorganic, to maximise shareholder value.

The Company's renewed focus on maximizing returns to shareholders from its existing assets also resulted in a number of operational changes leading to a US\$2.6m (40%) reduction in administration costs and other expenses for the year ended 30 June 2024. This continues to be an area of focus of the business with further cost reductions targeted for FY 2025.

Mr Steve Herod resigned from his position as CEO on 5th July 2024 resulting in the appointment of Mr Phil Trajanovich as Acting CEO. On behalf of the Board I would like to recognize Steve's contribution to the business, as well as welcoming Phil to his new role. Phil brings over 20 years of oil and gas experience and was previously the Company's Chief Commercial Officer. He is well placed to oversee the business. I would also like to acknowledge Mr John Jetter who retired from his position as Chairman and Non-Executive Director on 30 June 2024. The Board thanks Mr Jetter for his 17 years of service to the Company.

Our Finances

Whilst we reported a loss after tax of US\$1.7 million for the financial year ended 30 June 2024, I am pleased to report that the Company's underlying financial position remains strong. Our net cash flows from operations for the year of US\$7.7 million together with proceeds from insurance claims of US\$7.6 million contributed to a US\$14.6 million increase in cash balances to US\$40.5 million for the financial year ended 30 June 2024. The loss of US\$1.7 million for the financial year ended 30 June 2024 is attributable to the underperformance of GC21 which resulted in an impairment charge of US\$9.1 million. At the time of writing this report, we continue to generate a healthy monthly cashflow from our operations.

Return of Capital

The return of capital of up to A\$40.0 million, or A\$0.008 per share was approved by shareholders at the Company's Annual General Meeting on 30 November 2023. We appreciate that there may be a lot of questions on this matter and provide the following information.

At this point, the Company has not received the required Australian Tax Office class ruling, deeming the distribution a tax-free return of capital, but continues to work diligently to finalise an outcome. Since the commencement of the process with the ATO in January 2024, the Company has sought advice from three experienced tax advisors and continues to work diligently towards an outcome.

Otto notes that the process of obtaining an ATO ruling is not predictable as well as varying time frames experienced by different companies. Otto acknowledges the unexpected length of time to finalise the distribution and thanks shareholders for their patience over this period.

Acknowledgements

I would like to thank our management team for their continued commitment and achievements, and my fellow Board members for their thoughtful advice and counsel. On behalf of the Board, I would like to thank our shareholders for their continued support and look forward to sharing further news on the Company's developments shortly.

Geoff Page

Interim Chairman

This release is authorised by the Board of Otto.

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