

## STRATEGIC OPTIONS PROCESS UPDATE

The Board of Otto Energy Limited (ASX:OEL)(**Otto** or the **Company**) advises that following initiation of the formal review process as announced on 29 March 2023, there has been significant interest in the Company and its assets.

As set out in the ASX announcement dated 29 March 2023, the intent of the formal review process, lead by Seaport Global and Adelaide Equity Partners, and supervised by a Board Sub Committee of Independent Directors, was to maximise shareholder value and include assessment of a potential partial or full sale of the Company and/or its assets.

The strategic review was initiated due to the Directors' belief that Company's shares have traded, and continue to trade at a significant discount relative to the intrinsic value of the underlying assets, notwithstanding that Otto is debt free with a strong balance sheet, has significant free cash and positive cash flow.

The Board remains confident of a positive outcome to this process which, if successful, would enable the Company to adequately reward shareholders by various methods, including a return of capital to shareholders from the proceeds of a sale of the Company's assets.

With the review now well progressed, Mr Mike Utsler, Executive Chairman and Chief Executive Officer of Otto and the Board of Otto have mutually agreed to terminate Mr Utsler's employment contract. Mike will provide consulting services to the Company to ensure a smooth transition and handover. Under Mike's leadership Otto has achieved strong financial performance, as well as the successful commercialization of several new projects including Green Canyon 21 which began production in March of this year. The Board thanks Mike for his important contribution to Otto's success over the last 2 ½ years and wishes him well in his pursuit of other opportunities.

The Board is pleased to announce the appointment of Mr Steve Herod as Chief Executive Officer of Otto Energy Limited effective immediately. Mr Herod has over 40 years experience in the oil and gas industry in the USA, together with a distinguished career both as an entrepreneur and CEO. He has successfully completed numerous M&A transactions creating significant shareholder value. He was co-founder of Petrohawk Energy Corporation and lead the successful sale of Petrohawk to BHP in a multi-billion dollar transaction. He subsequently was CEO of Grizzly Energy which he also successfully divested.

The Board is also pleased to announce that Mr John Jetter, who has extensive experience in investment banking as a former senior executive of JPMorgan and who has supported Otto for 15 years both as a former Chairman and as a director will assume the role of Non-Executive Chairman and he and the Board will work closely with Mr Herod to bring the planned M&A process to a successful conclusion.

Mr Paul Senycia, Non-Executive Director, will be appointed as Deputy Non-Executive Chairman. Mr Senycia is a seasoned geoscientist with over 35 years of international oil and gas experience in both commercial and technical aspects of the business. Over the last twenty years Mr Senycia has accumulated substantial Gulf of Mexico expertise both on the shelf and in the deep water. Up until his retirement on 31 December 2018, Mr Senycia was the Vice President – Exploration and New Ventures for the Company.

**The Chairman John Jetter commented as follows:**

*"I wish to thank Mike for his contribution over the last 2 ½ years.*

*It is the Board's and my intention to seek to maximise value creation for shareholders by way of a successful M&A process and a subsequent distribution of proceeds to shareholders. I look forward to working closely with Mr Herod to achieve that goal. The M&A process lead jointly by Seaport Global and Adelaide Equity has produced significant buyer interest, and we expect a positive outcome."*

This release is authorized by the Board of Otto.

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## Key Terms Summary

Term:	Appointment on an on-going basis but for an initial term of 6 months.
Fixed Remuneration:	US\$30,000 per month comprising base salary plus a sign on bonus of US\$10,000.
Incentive:	Mr Herod will be entitled to receive a cash bonus if there is a liquidity event that results in a return of capital to the Company's shareholders (including a takeover, merger, scheme of arrangement, sale of assets, share buy-back, special dividend, or a series of liquidity events) that arises from the signing of definitive documents during Mr Herod's employment not later than 1 March 2024. The maximum amount of the cash bonus is US\$300,000.
Termination and Notice:	The Company or Mr Herod may terminate the agreement at will.
Other:	The agreement is otherwise on standard terms and conditions for contracts of this nature.