

AGM CEO UPDATE PRESENTATION

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) advises that it has today released a CEO Update presentation for the 2022 AGM. A copy of the presentation is appended to this release.

Additional information can be found on the Company's website at www.ottoenergy.com

This release is authorized by the Board of Otto.

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OTTO ENERGY

2022 AGM CEO UPDATE

Delivering and growing
value in 2022 and beyond

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. The information in this presentation that relates to oil and gas reserves was compiled by Mr Ed Buckle, B.S. Chemical Engineer(Magna Cum Laude), a full-time contractor of the Company. Mr Buckle has more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The reserves included in this presentation 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) / and Petroleum Resources Management System (PRMS). The reserves information included in this presentation are based on, and fairly represents, information and supporting documentation reviewed by Mr Buckle (ASX Listing Rule 5.42). Mr Buckle is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this presentation of the matters based on this information in the form and context in which it appears.

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.

Otto Energy: delivering value



1 Experienced management

A mature, opportunity-rich environment

2 Maximizing our base

A diverse, high-margin portfolio

3 Fiscal discipline

Leveraging a strong balance sheet to deliver both inorganic and organic growth

4 Phased growth

Creating growth access through rigorous inorganic opportunities evaluation

5 Greater shareholder returns

Build company size and scale through a highly disciplined approach to capital management

Otto – Balance Sheet Strong - Debt Free Enterprise



CAPITAL STRUCTURE

Shares on issue	4,795 M
Share price (31 Oct 22)	A\$ 0.014
Options and share rights	96 M
Market capitalisation	A\$67.1 M

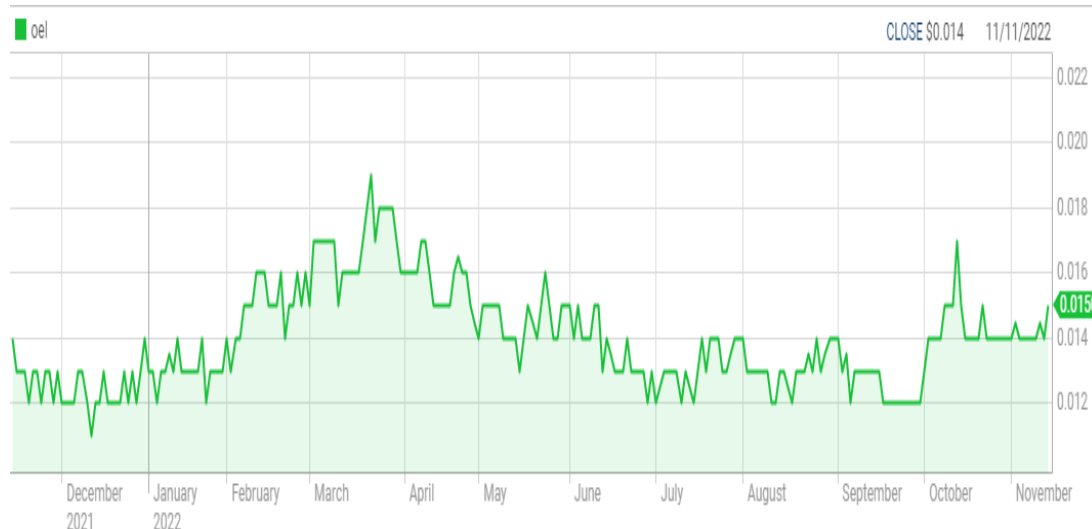
LIQUIDITY POSITION

Cash (31 Oct 2022)	US\$25.0 M
PANR stock * (31 Oct 2022)	US\$3.8 M
Debt - drawn (31 Oct 2022)	US\$0.0M

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	John Madden
Non-Executive Director	Geoff Page
Non-Executive Director	Paul Senyica

* Based on 3,272,592 shares of PANR held as of 30 Sept 2022, with a share price of 100.1 pence and a GBP to US\$ exchange rate of \$1.17 as of 31 Oct 2022

Global pressures vs Otto's positioning

Globally

- Volatile geopolitical and economic environment
- Energy security is a top priority across the globe
- Energy industry is facing significant regulatory and government policies
- But demand continues to grow

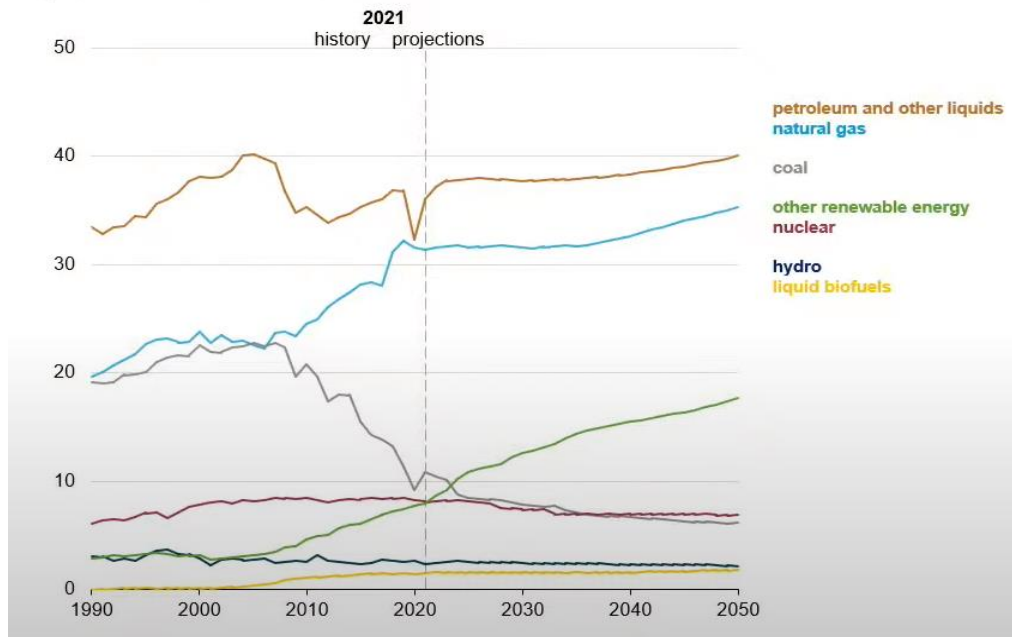
Otto Energy

- Debt / hedge free
- Robust cash flow generation
- Strong balance sheet driven by commercial and operating model
- Delivering disciplined growth

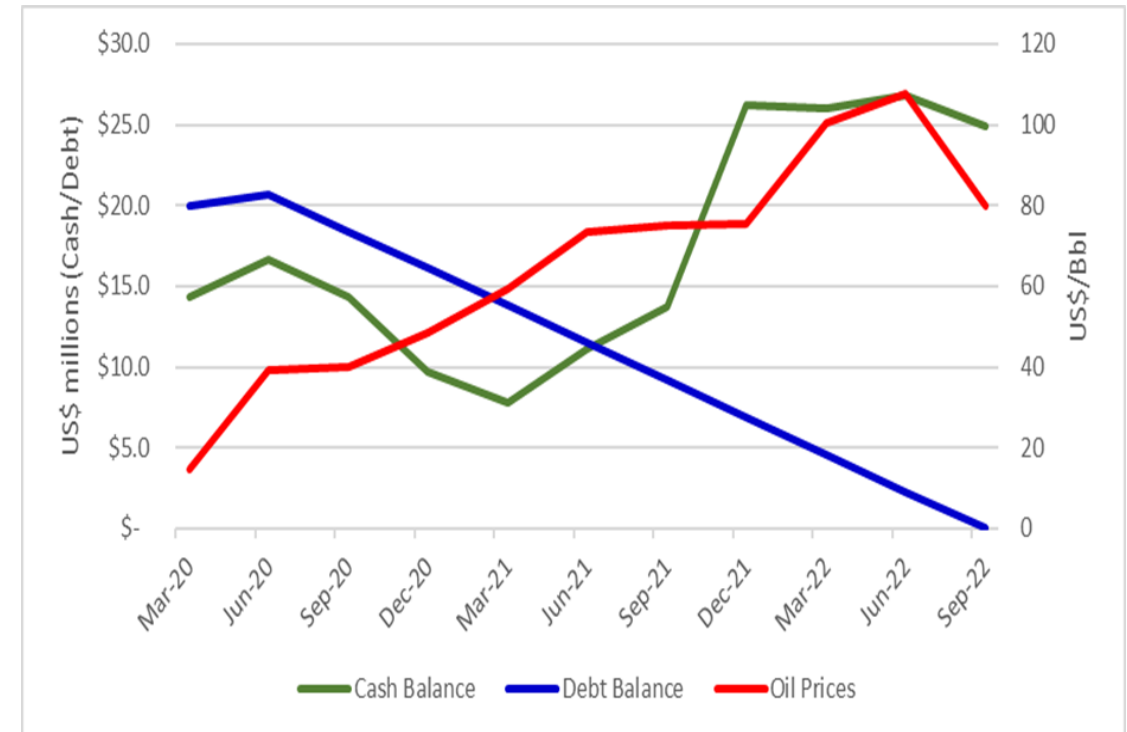
Energy consumption by fuel

AEO2022 Reference case

quadrillion British thermal units



Source: www.eia.com

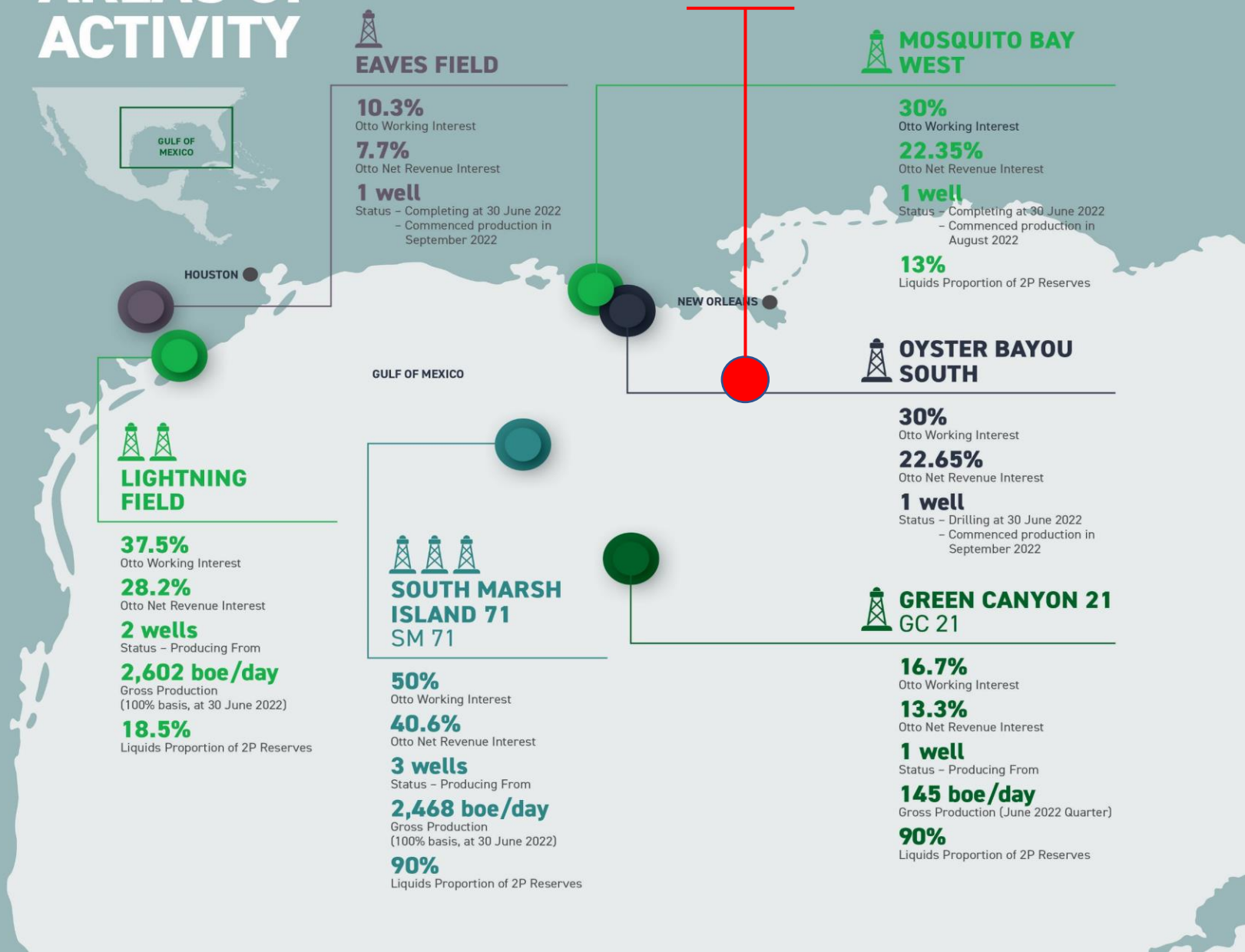


Company Overview

Growing in the
Gulf of Mexico
Onshore/Offshore
Basin



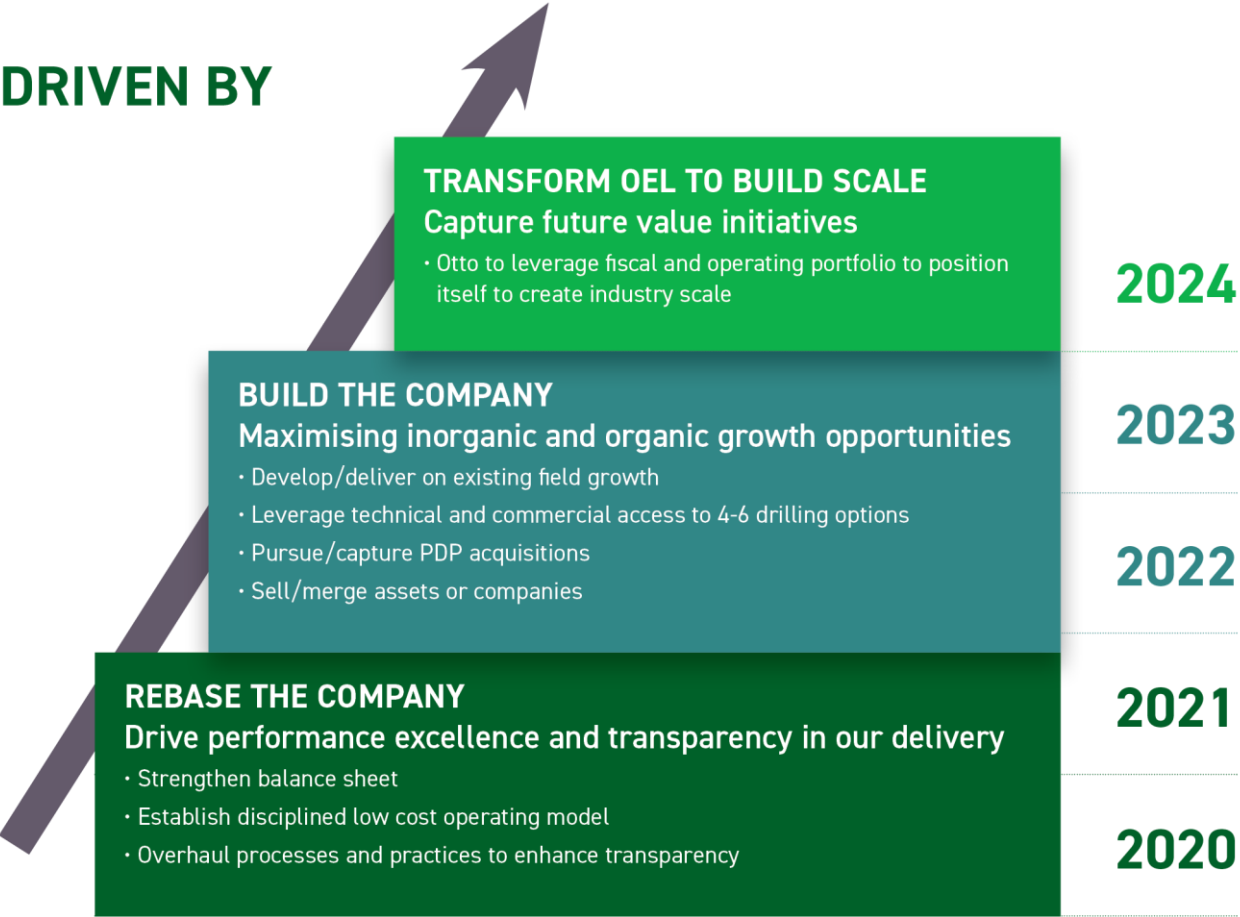
AREAS OF ACTIVITY



Otto's Strategic Focus – Rebasing the Company to Deliver Growth



DRIVEN BY



OEL – Disciplined Capital Management

Our Disciplined Technical and Operating Model provides framework for sustainably creating value



Exploration

Lower risk infrastructure led

Development

Prioritize on Gulf conventional gas and oil

Production

Target lower carbon intensity gas and liquids operations

Marketing

Maximize netback pricing on assets

Build diversification of Gulf portfolio via:

- A. PDP Acquisitions,
- B. Drill Participation (4 – 6 quality wells/yr)
- C. Portfolio management

TO DELIVER:

1. Increasing Production and 100+% RRR
2. Portfolio Free Cash Breakeven at US\$15 - US\$20/BOE
3. Gearing at 20-30% through the cycle, pre-major growth and up to 50% including major growth
4. Debt to Equity Ratio < 50%
5. ROACE > 15%
6. DROI(15) > 25%

Returns to Shareholders

Distributions via sale, special dividends or buybacks

Debt repayments

Leverage sources of capital to fund

Grow Reserves / Resources

Target 4-6 key play concepts per year as well as strategic PDP acquisitions

Fund major growth to achieve scale

Buy / Sell / Merge

FY 22 Highlights

Set against the backdrop of the past year's complexities, Otto's strategy, together with its excellent operational results, and strong oil and gas pricing environment has enabled us to deliver one of the best financial results in our company's history. Post release of these financials, we further have announced we are now debt free and hedge free from October 1



REVENUE

US\$51.1m

Total WI revenue



29%

US\$40.6m

Net Operating Revenue



35%

EARNINGS

US\$30.2m

EBITDAX *



348%

US\$27.1m

EBITDA *



564%

PROFITS

US\$19.8m

Net Income before tax



528%

US\$15.5m

Net income after tax



3548%

CASH FLOW

US\$21.1m

Net operating cashflow
(pre-exploration)



11%

US\$24.9m

Free cashflow
(operating net investing)



564%

FY 22 – Financial and Operational Highlights



FINANCIAL PERFORMANCE (USD\$)

28%

Return on Equity

41%

Return on Average Capital Employed

3%/4%

Gearing/Debt to Equity

\$26.8m

Cash Balance at 30 June 2022

\$2.3m

Debt Balance at 30 June 2022, scheduled to be paid off by 30 September 2022

OPERATIONAL PERFORMANCE (USD\$)

845 Mboe

Annual Production (WI)

\$10.77

(\$/Boe)
Breakeven Costs ¹

\$11.77

(\$/Boe)
F&D Costs

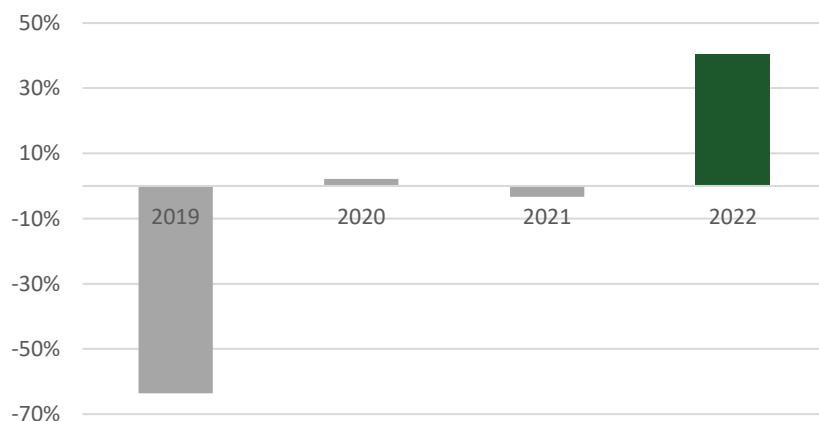
\$47.99

Net Revenue/Boe

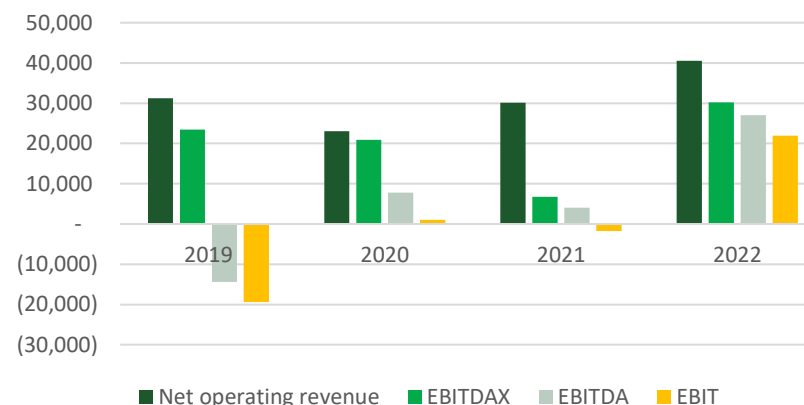
97%

Up time ²

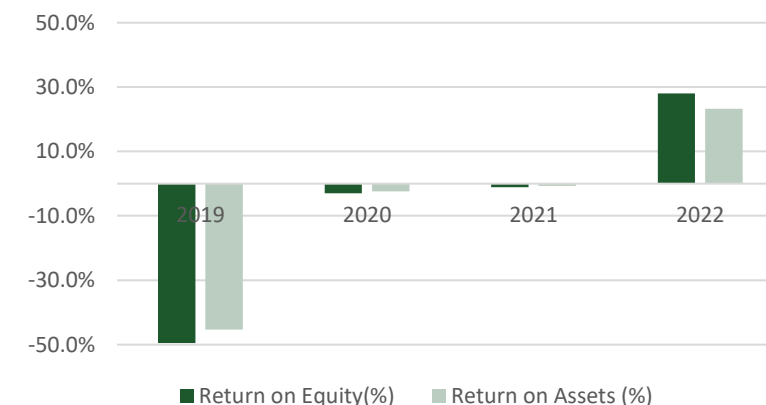
ROACE (%)



Improvement in Earnings US\$('000)



Improvement in Returns



1. Field Lifting Costs plus Non-field Lifting Costs

2. SM 71 and Lightning

Capital Allocation Framework

Clear Target Investment Criteria

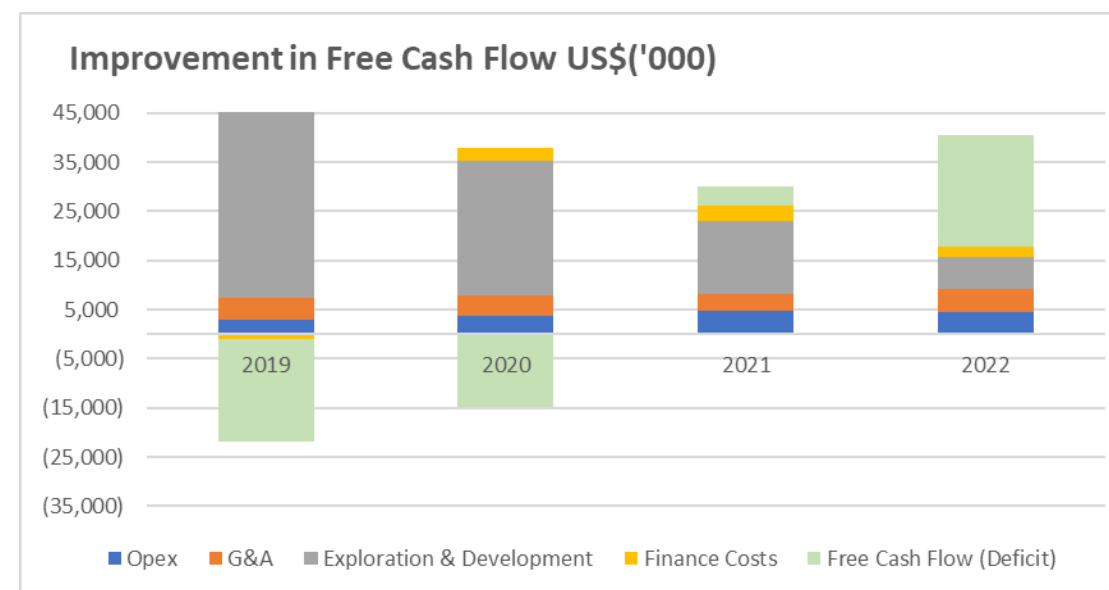
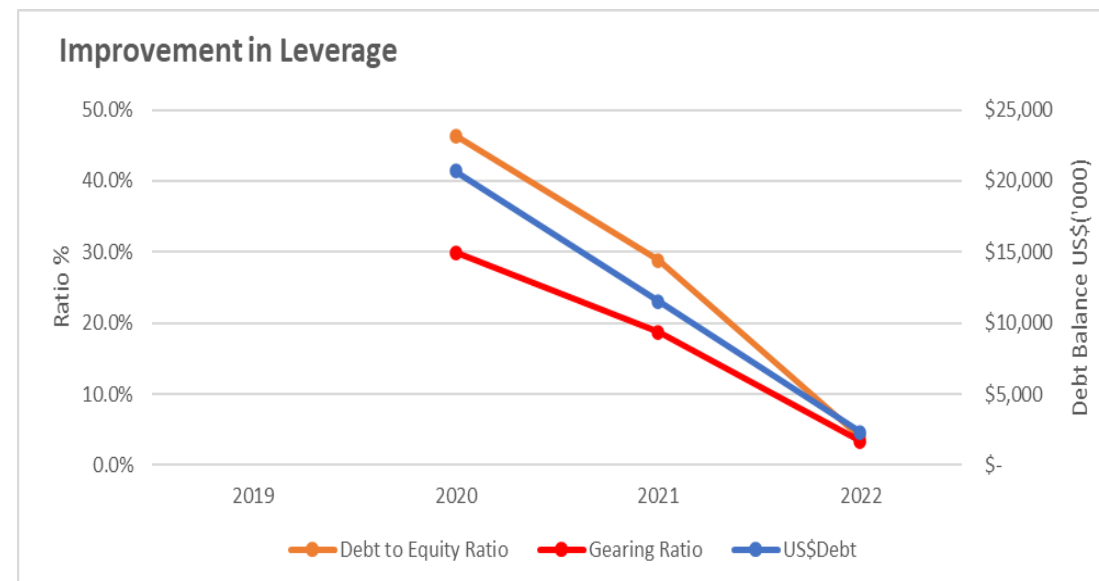


Our capital allocation framework sets clear target investment criteria for oil and gas investments we are targeting. Using these criteria while maintaining balance sheet and financial discipline allows us to build a diversified folder which is robust against changes in pricing and demand.

OIL AND GAS ONSHORE AND OFFSHORE GULF OF MEXICO	KEY ATTRIBUTES
INVESTMENT FOCUS	- Generate high returns to continue funding growth from existing cash flows - Leverage existing infrastructure to lower costs of development and reduce risks
TARGETED CHARACTERISTICS	- High cash flow generation - Shorter payback periods - Quick to tie-in to markets - Multiple market access potentials - Resilient to commodity pricing - Upside potential

Focused on maintaining strong liquidity and competitive finance costs

- Organic growth funded by Balance Sheet and
- Leveraging debt capital as appropriate
(Tranche A2 of US\$10 MM and Tranche B of US\$20MM+)



FY 2023 guidance ranges for performance

Compared to FY 2022 actual delivery

	Performance category	FY 22 (act.)	FY 23 guidance range
Metrics to deliver fiscally disciplined performance	- Production (WI)(MMBOE)	0.845	0.90 – 1.05
	- Capex spend (US\$MM)	6.5	15.0 – 20.0 *
	- Opex FLC spend (US\$MM)	3.1	5.5 – 7.0
	- NFLC spend (US\$MM)	5.5	5.0 – 6.0

With the volatility in commodity prices, we continuously monitor the market to make sure we are using the latest economic indicators for our planning and budgeting.	Market (2022)	Low	Mid	High
	- WTI Oil (US\$/bbl)	81	91	101
	- Henry Hub (US\$/MMbtu)	4.5	5.4	6.4
	- Carbon Tax (<u>not currently applicable</u>)	10	19	20

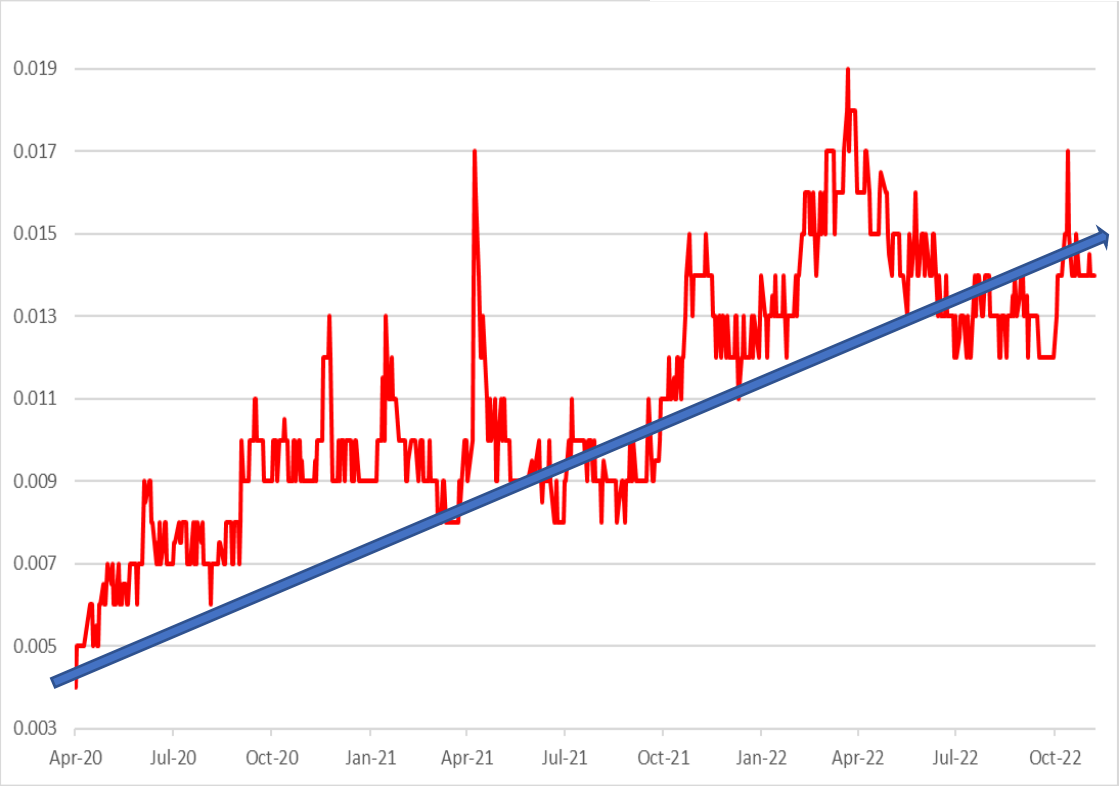
* Inclusive of additional costs required at Green Canyon 21 as released to the ASX on 14 October 2022

Historical Stock Price

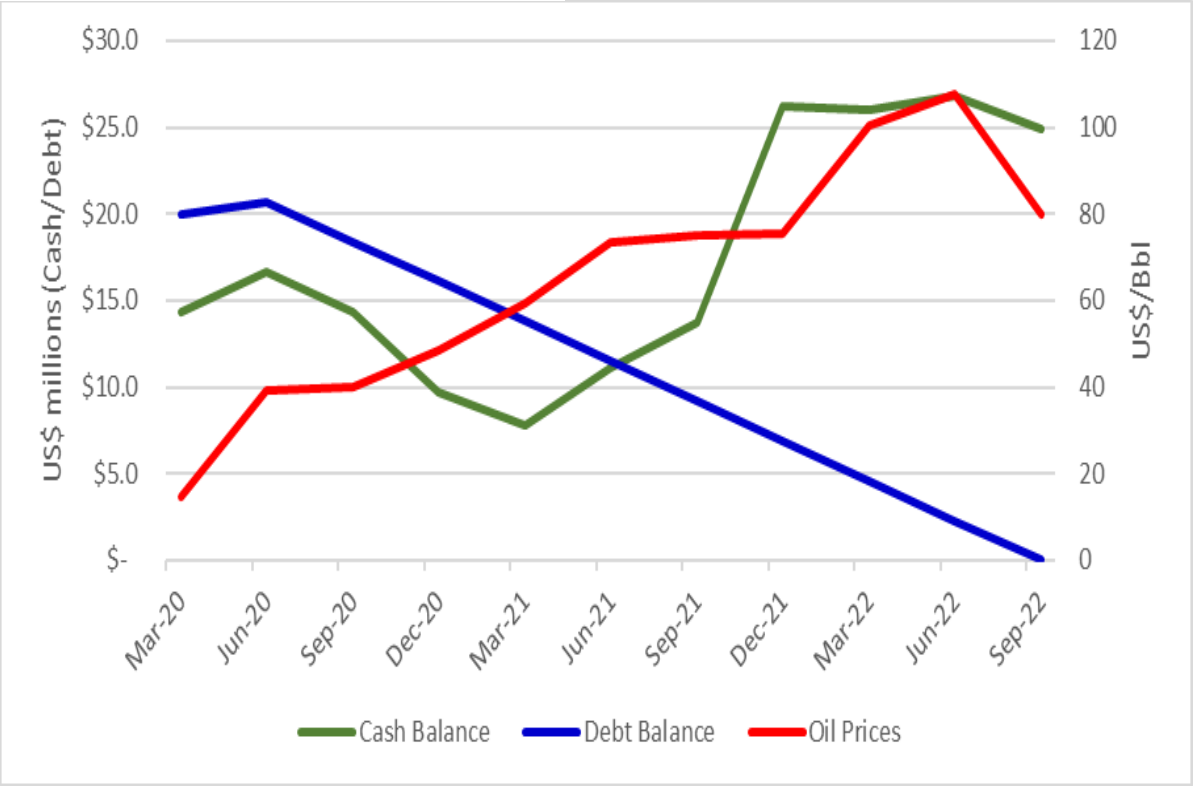
April 2020 – Nov 2022



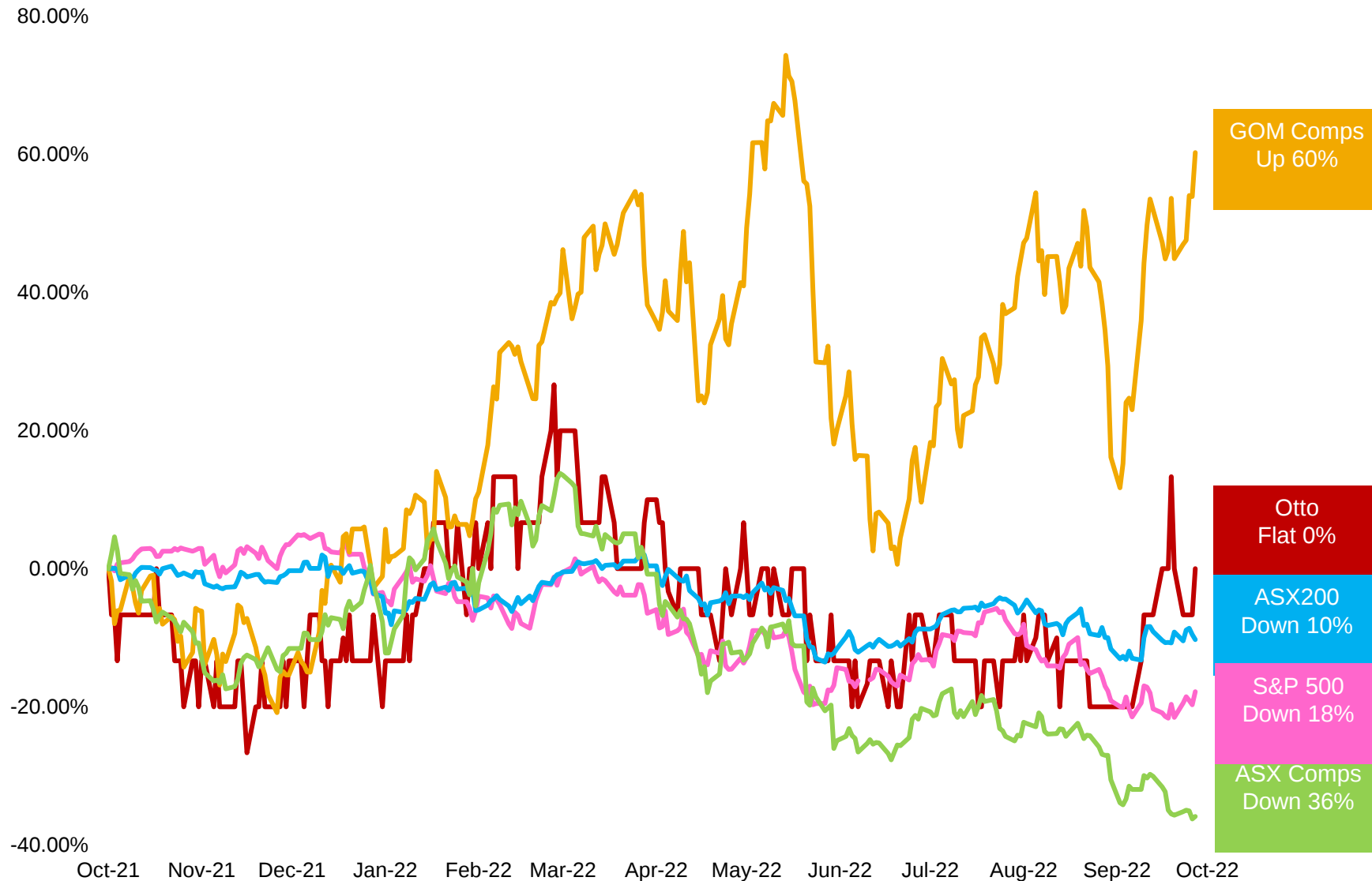
Historical Stock Price Performance



Driven By



Otto: TSR Strong compared to Peer Universe



Australia Peers

Horizon Oil Limited (ASX:HZN)
 Byron Energy Limited (ASX:BYE)
 Cue Energy Resources Limited (ASX:CUE)
 Cooper Energy Limited (ASX:COE)
 Central Petroleum Limited (ASX:CTP)
 Australis Oil & Gas Limited (ASX:ATS)
 Empire Energy Group Limited (ASX:EEG)
 Buru Energy Limited (ASX:BRU)
 Blue Energy Limited (ASX:BLU)
 Warrego Energy Limited (ASX:WGO)
 Comet Ridge Limited (ASX:COI)
 88 Energy Limited (ASX:88E)
 Galilee Energy Limited (ASX:GLL)
 Helios Energy Limited (ASX:HE8)
 State Gas Limited (ASX:GAS)
 Strike Energy Limited (ASX:STX)
 FAR Limited (ASX:FAR)
 Carnarvon Energy Limited (ASX:CVN)

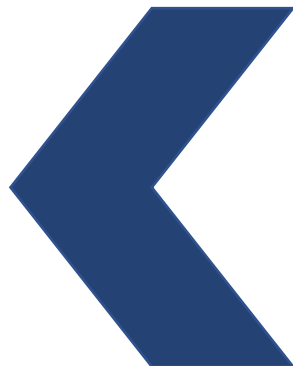
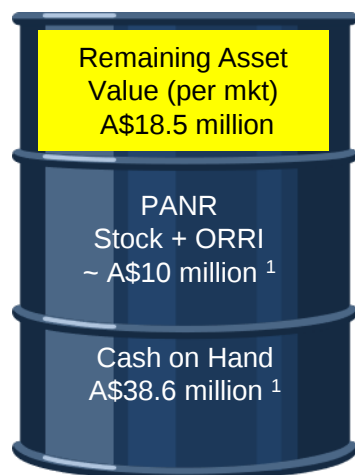
GOM Peers

Talos Energy Inc. (NYSE:TALO)
 W&T Offshore Inc. (NYSE:WTI)
 Byron Energy Limited (ASX:BYE)
 Murphy Oil Corp. (NYSE:MUR)
 Kosmos Energy Ltd. (NYSE:KOS)

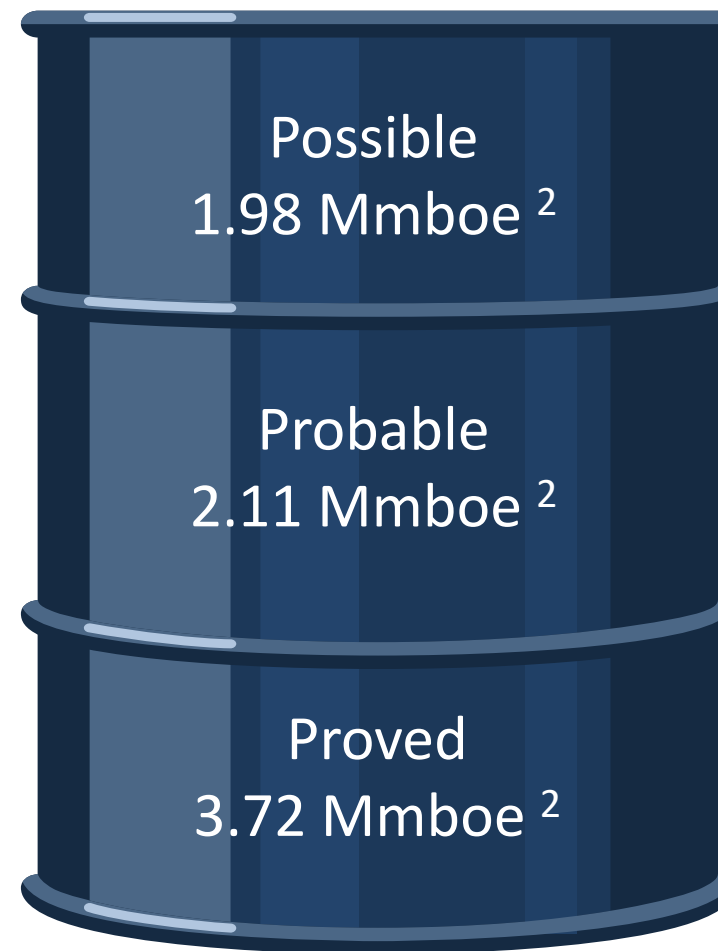
Current Market Value Challenge

Market vs Otto Resources Owned

Market Cap
A\$67.1 million ¹



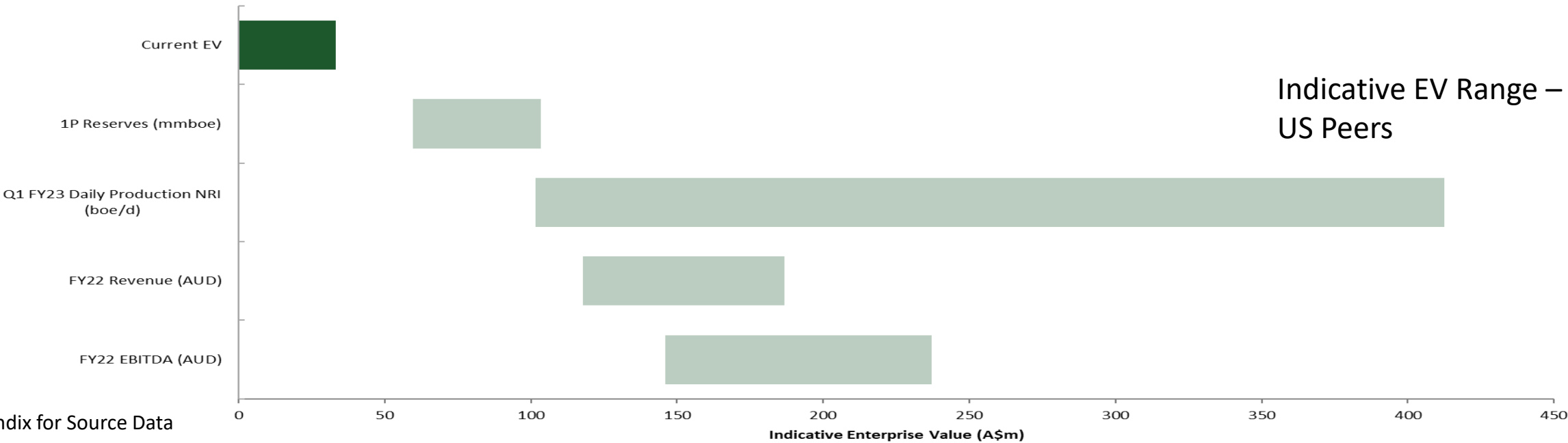
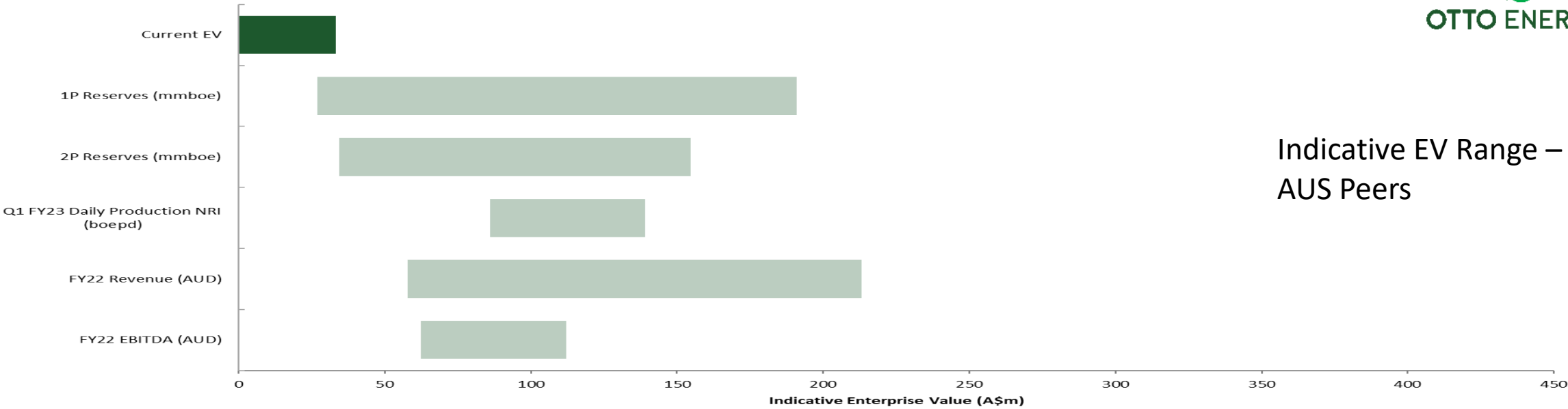
True Remaining Asset Value
7.81 Mmboe ²



* As of 1 November 2022

** See Annual Reserves and Resources Statement as released to the ASX on 23 August 2022

Relative Value

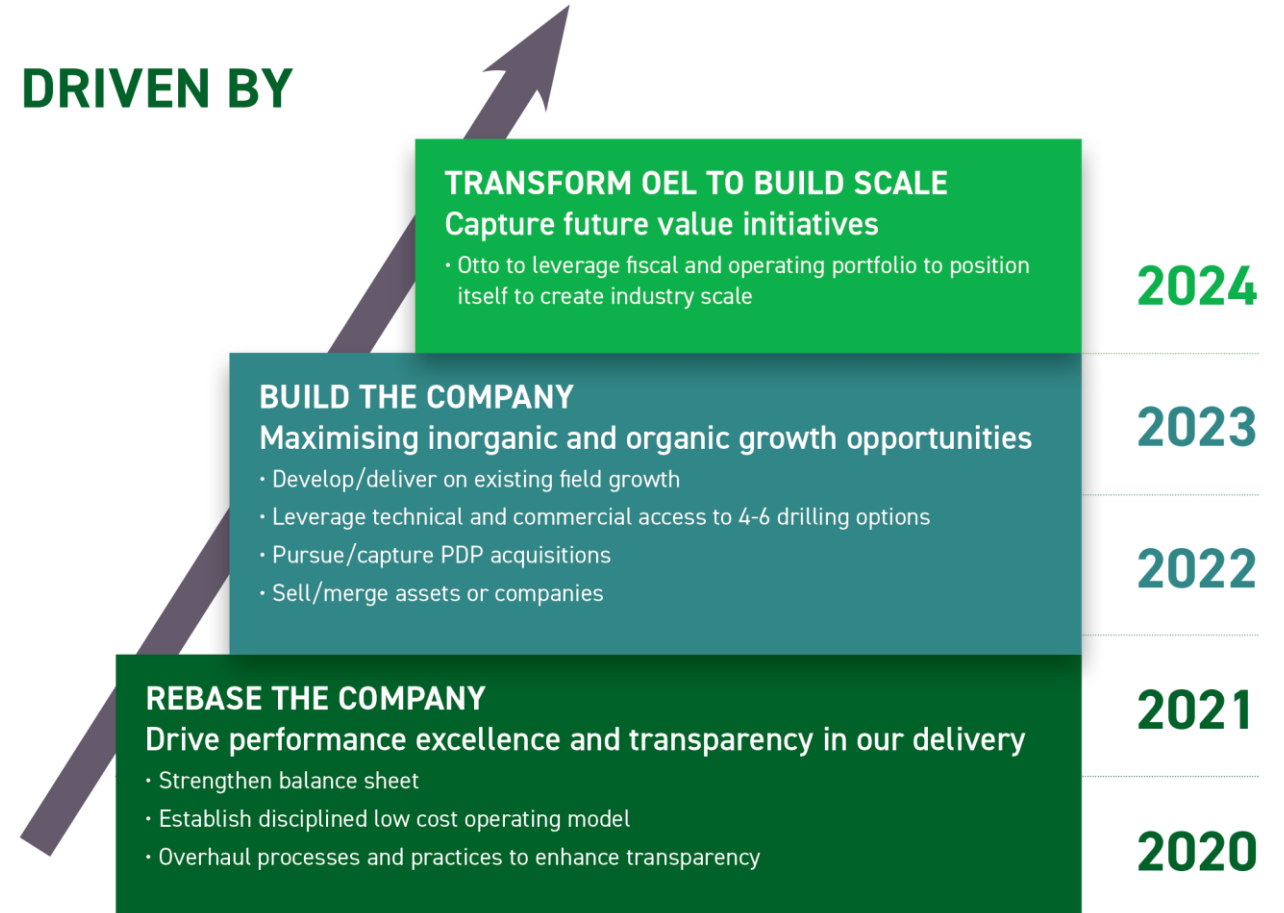


Summarizing Otto's Strategic Focus Forward

Continue to Establish Track Record on Building and Transforming OEL



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Appendix

Relative Value Source Data

Ticker	Company	Market Cap (A\$m)	Enterprise Value (A\$m)	FY22 Revenue (A\$m)	FY22 EBITDA (A\$m)	Production (kboepd)	1P Reserves (mmboe)	2P Reserves (mmboe)	EV/FY22 Revenue	EV/FY22 EBITDA	EV/ Production	EV/1P Reserves	EV/2P Reserves
Australian Peers													
ASX:OEL	Otto Energy Limited	67.1	33.2	58.9	40.2	2.5	3.7	5.8	0.6x	0.8x	13.2x	8.9x	5.7x
ASX:BYE	Byron Energy Limited	146.0	157.9	77.1	56.6	2.9	13.2	18.6	2.0x	2.8x	54.9x	12.0x	8.5x
ASX:CTP	Central Petroleum Limited	60.5	70.7	42.2	(7.4)	2.1	9.8	12.0	1.7x	nm	34.3x	7.2x	5.9x
ASX:HZN	Horizon Oil Limited	216	154	156.9	99.2	4.5	3.0	5.8	1.0x	1.6x	34.2x	51.3x	26.5x
ASX:ATS	Australis Oil & Gas Limited	46	54	14.9	1.4	1.0	3.0	3.7	3.6x	38.4x	55.5x	18.1x	14.7x
ASX:COE	Cooper Energy Limited	488	410	205.4	38.4	10.8	27.9	39.5	2.0x	10.7x	38.1x	14.7x	10.4x
International Peers													
NYSE:TALO	Talos Energy Inc.	2,781	3,747	1,984.3	952.3	53.0	161.6	-	1.9x	3.9x	70.7x	23.2x	-
NYSE:RRC	Range Resources Corporation	10,777	14,241	5,285.1	2,355.9	351.6	3,165.9	-	2.7x	6.0x	40.5x	4.5x	-
NYSE:WTI	W&T Offshore, Inc.	1,989	2,521	1,044.2	524.7	41.9	157.6	-	2.4x	4.8x	60.1x	16.0x	-
NYSE:KOS	Kosmos Energy Ltd.	5,160	8,367	2,612.0	1,504.9	50.9	301.0	-	3.2x	5.6x	164.3x	27.8x	-
Australia	Mean								2.1x	13.4x	43.4x	20.7x	13.2x
	Median								1.8x	2.8x	36.2x	13.3x	9.4x
	Min								1.0x	1.6x	34.2x	7.2x	5.9x
	Max								3.6x	2.8x	55.5x	51.3x	26.5x
International	Mean								2.6x	5.1x	83.9x	17.9x	-
	Median								2.6x	5.2x	65.4x	19.6x	-
	Min								1.9x	3.9x	40.5x	16.0x	-
	Max								3.2x	6.0x	164.3x	27.8x	-

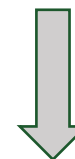
Source: CapitalIQ as at 07 Nov 22, Latest Company Quarterly and Annual Reports

Rebased to 30 Jun 22 Year-End, "nm" indicates EV Multiple of <0.0x

Pillar 1: Excellence in base asset delivery



	SM 71	Lightning	GC 21	Mos. Bay	Oyster Bayou	Eaves
DOFP	CY 2018	CY 2019	CY 2020	CY 2022	CY 2022	CY 2022
Commodity Weight	86% Oil	85% Gas	90% Oil	84% Gas	52% Oil	97% Gas
Net Capex Reqd (US\$)	\$27.4 MM	\$19.4 MM	\$50.6 MM	\$3.6 MM	\$3.4 MM	\$0.25 MM
Net IP	1800 Boepd	8 Mmcfd	150 Boepd	1.1 Mmcfd	380 Boepd	50 Mcfd
Net 2P Reserves	3.3 Mmboe	24.1 Bcfe	0.8 Mmboe	2.2 Bcfe	0.4 Mmboe	40 Mmcfe
All in F&D	US\$8.20/Boe	US\$0.80/Mcfe	\$67.50/Boe	\$1.66/Mcfe	\$9.47/Boe	\$6.30/Mcfe



IRR%
 ROI
 PV-15 (US\$ million)
 Payout (yrs)
 Gross/Net Mmboe

GROUP	
Success Case	Full Cycle
76	33
3.8	2.7
78.4	51.3
3	6.3
33.7/9.2	33.7/9.2