



# Green Canyon 21 Farmin and Capital Raising

29 March 2019

ASX: OEL

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# Company Overview

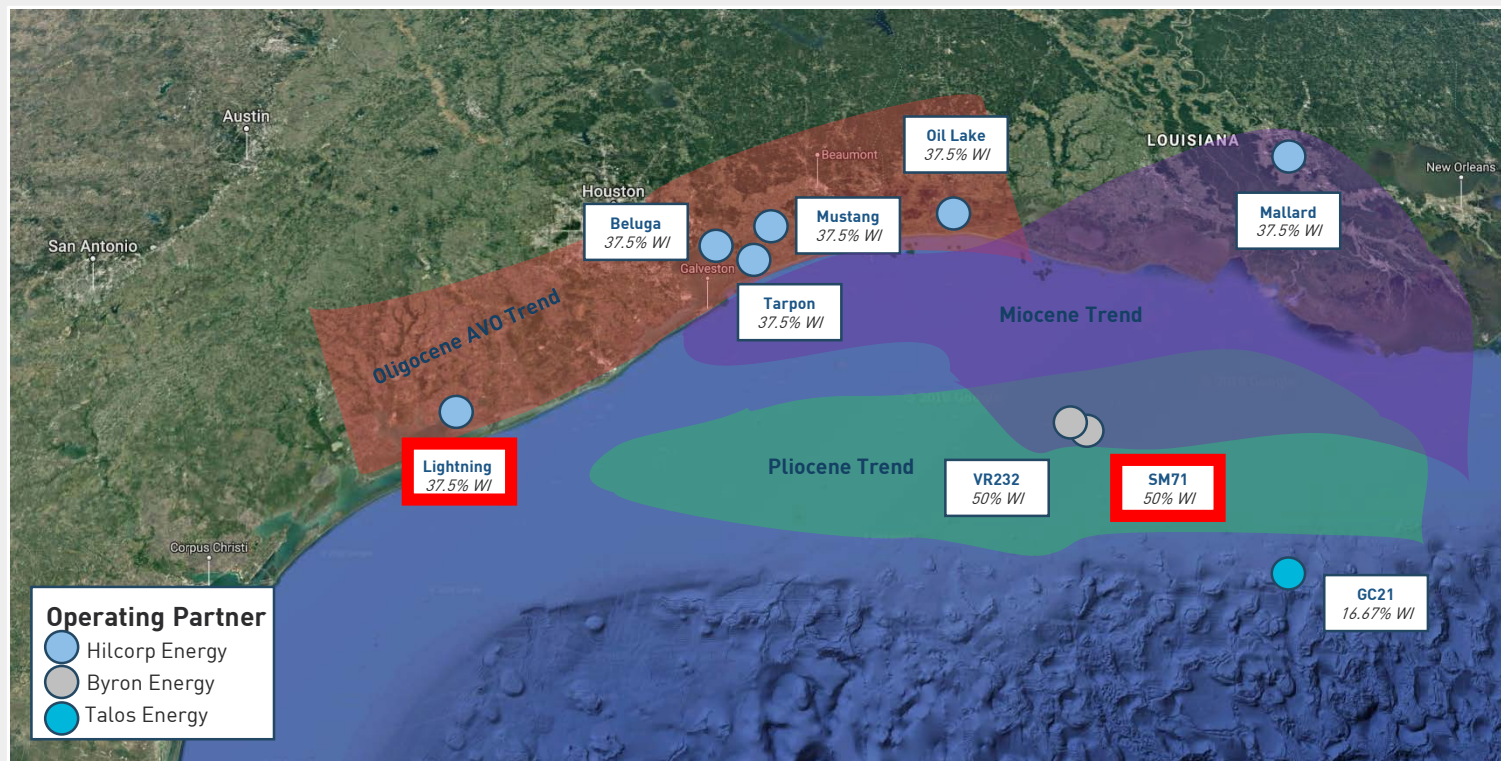
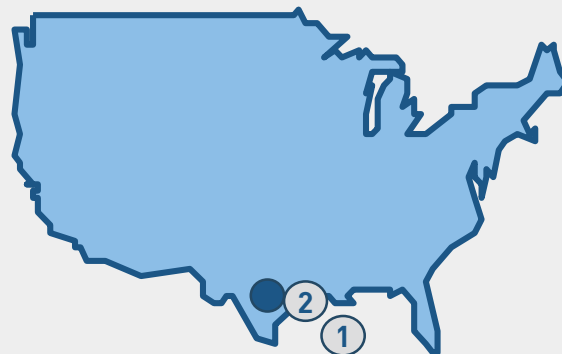
Building a 5,000 boepd production base by end of 2020 – currently at ~1,750 boepd

- **Diversified production base** from two production assets. Both are the result of discoveries from participation in **successful exploration drilling**
- **South Marsh Island 71** – currently producing ~3,100 bopd of oil delivering ~US\$2m per month free cashflow net to Otto
- Gulf Coast **discovery at Lightning** flow testing showed **high condensate yield** and very high pressure **indicating strong flow rates** when production commences in Q2 2019
- **One discovery already** from the 2019 eight well exploration program with six wells to go. Each prospect **capable of delivering material upside** to Otto
- Highly **experienced Houston based management team** with extensive Gulf Coast and Gulf of Mexico proven track record of exploration successes
- Attractive Gulf of Mexico economics for investment capital, **with limited competition and technological improvements** unlocking new prospects and discoveries

**Strong base of free cash flow to fund continued growth through the drill bit**

# Location and Formation

- Houston Headquarters
- ① SM 71 Operations & GC21 Appraisal/Development
- ② Gulf Coast Package



# Project Ownership Structure

Metric	SM 71	Lightning	Gulf Coast	Green Canyon 21	VR 232
Type	JV	JV	JV	JV	JV
Ownership Structure	50% WI	37.5% WI	37.5% WI (50% of Cost <sup>1</sup> )	16.67% WI (22.22% of Cost <sup>1</sup> )	50% WI (66.7% of Cost <sup>1</sup> )
NRI	40.625%	28.50%	28.50%	13.336%	43.75%
Status	Production	Development	Exploration	Appraisal	Exploration
Onshore/Offshore	Offshore	Onshore	Onshore	Offshore	Offshore
Operator	Byron Energy (50% WI)	Hilcorp (62.5% WI)	Hilcorp (62.5% WI)	Talos Energy (50% WI)	Byron Energy (50% WI)
Comments	3 Wells Generating ~US\$2 Mil. Op Net Cashflow per month	Discovery Feb 2019 significantly greater than the pre-well P50; production in Q2 2019.	One discovery so far. Five wells remaining.	Appraisal well in Q2 2019 with a secondary exploration target providing upside.	Block adjacent to SM 71

1. The promote only applies to the initial test well, land (if applicable) and associated costs. All subsequent other costs after discovery are at the working interest share.

2. Alaska is not included here as little activity and expenditure is expected over the coming period.



# Management Team



**Matthew Allen**  
**Managing Director & CEO**  
**BBus, FCA, FFin, GAICD**

Global exposure to the upstream oil and gas industry with over 18 years experience in Asia, Africa, USA, Australia and Middle East. Previous senior roles with Woodside over an 8 year period.



**David Rich**  
**Chief Financial Officer & Company Secretary**  
**BCom. FCA, GAICD, Grad.Dip.CSP AGIA**

Experienced listed company CFO with the last 16 years as CFO of upstream oil and gas companies with international interests including in Australia, Europe, Asia and the USA.



**Philip Trajanovich**  
**Senior Commercial Manager**  
**B.Com (First Class Honours)**

Global experience as a commercial manager working with Aurora Oil & Gas, ConocoPhillips and Woodside. Extensive international and US experience in all facets of upstream oil and gas operations and commercial structures.



**Will Armstrong**  
**Vice President, Exploration and New Business**  
**B.S Geology, M.S. Geology (Geophysics and Hydrogeology)**

Over 30 year's experience working the Gulf Coast and Gulf of Mexico as an explorer both as a prospect generator and prospect screener. Previous roles with Tri-C, Newfield, CL&F, Westport, Petroquest and Tenneco Oil Company based in Houston and Lafayette.



**Mark Sunwall**  
**Senior Exploration Consultant**  
**B.S Geology, M.S. Geology**

Successful 40+ year career with onshore Gulf Coast and Gulf of Mexico major and independent operators. Mark has worked with Aurora Oil & Gas, Woodside and Texaco.



**Kevin Small**  
**Senior Exploration Consultant & Director**  
**BSc (Geophysical Engineering)**

Extensive Gulf of Mexico exploration experience with Blue Streak Exploration, Westport Oil and Gas Company, Superior Oil Company and McMoran Oil and Gas.

# Capital Raising Summary

Otto is undertaking a ~A\$31 million equity raising via a A\$11 million placement and an underwritten 1 for 5 entitlement offer

<b>Capital Raising Structure</b>	<ul style="list-style-type: none"> <li>Equity raise of approximately A\$31 million via: <ul style="list-style-type: none"> <li>Placement of A\$11 million to new institutional shareholders; and</li> <li>A 1 for 5 underwritten accelerated non-renounceable entitlement offer to existing shareholders</li> </ul> </li> <li>Approximately 582.6 million New Shares will be issued under the equity raise.</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>The offer will be priced at A\$0.053 per New Share, which represents: <ul style="list-style-type: none"> <li>A 7.0% discount to the close on 26 March 2019 of \$0.057</li> <li>A 5.4% discount to the TERP of \$0.056</li> </ul> </li> </ul>
<b>Use of Proceeds</b>	<p>The funds raised from the placement and rights issue will be used in conjunction with cash flows from Otto's 50% owned SM 71 oil field and future cash flows from the Lightning development to :</p> <ul style="list-style-type: none"> <li>Redeem 8.1 million of the 8.2 million convertible notes on issue<sup>1</sup> (Principal of US\$8.1 million plus interest) ~A\$12m</li> <li>Participate in drilling of the Bulleit appraisal well in the Green Canyon 21 lease in the Gulf of Mexico ~A\$13m; and</li> <li>Working capital including contingent development wells ~A\$6m.</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>The entitlement offer is fully underwritten by Morgans Corporate Limited.</li> </ul>
<b>Raising Syndicate</b>	<ul style="list-style-type: none"> <li>The equity raise will be carried out by Morgans Corporate Limited as Lead Manager to the placement and Underwriter to the rights issue. Euroz Securities Limited and Argonaut have been appointed Co-Managers to the offer.</li> </ul>
<b>New Shares</b>	<ul style="list-style-type: none"> <li>New Shares issued under the equity raising will rank equally with existing ordinary shares.</li> </ul>
<b>Pre-commitments</b>	<ul style="list-style-type: none"> <li>Directors, except for Paul Senyica, intend to take up their full entitlements and sub-underwrite A\$350,000 of the entitlement offer.</li> </ul>

1. The remaining 100,000 convertible notes will be converted to ordinary shares on 30 April 2019.

# Timetable for Capital Raising

Timetable for Non-Renounceable Entitlement Offer	
Announcement of the Equity Raising	29 March 2019
Institutional Entitlement Offer and Bookbuild opens	29 March 2019
Institutional Entitlement Offer and Bookbuild closes	1 April 2019
Results of Institutional offer announced and trading halt lifted	2 April 2019
Shares trade ex-entitlement	2 April 2019
Record date for determining Eligible Shareholders	2 April 2019
Retail Entitlement Offer opens and Booklets despatched	5 April 2019
Settlement of New Shares issued under the Placement and Institutional Offer	8 April 2019
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	9 April 2019
Retail Entitlement Offer closes	23 April 2019
Allotment of New Shares issued under the Retail Entitlement Offer	1 May 2019
Despatch of holding statements and normal trading of New Shares	2 May 2019



A large offshore oil rig, identified as ENSCO-6B, is shown in the middle of the ocean. The rig has several tall, lattice-structured derrick masts and a complex network of yellow and grey metal platforms and walkways. The ocean is a deep blue with some whitecaps, and the sky is clear and light blue. A semi-transparent blue rectangular box is overlaid on the left side of the image, containing the text for the slide.

# South Marsh Island 7I

Production commenced  
March 2018

# South Marsh Island 71 - Overview

Strong free cashflow base to fund growth **~US\$2m in net operating cashflow each month**

- 12 months of stable production with in excess of 1 million bbls produced
  - Currently producing approximately 3,100 bopd plus 7 MMscf/d of gas (gross)
- Long dated 2P reserves life ~ to 2037<sup>1</sup>
- Low opex, high margin oil production
- SM 71 receives premium pricing to WTI at LLS benchmark
  - Low transportation costs (~ \$7/bbl) through existing infrastructure
- Recently acquired a modern, high-quality 3D seismic data set over the area to prepare a field development study incorporating recent field performance, and studies on additional hydrocarbon bearing sands intersected during drilling, to assess Operator's development plans
- Potential opportunity to grow production and cash flow through additional development wells and underutilized platform capacity
  - Platform with capacity for **up to 6 production wells and 5,000 bopd** (currently three wells are installed)
- Rights to participate in the Vermillion 232 (VR 232) lease which is adjacent to SM 71 and provides future incremental opportunities de-risked by the SM 71 drilling successes
- 50:50 JV (40.625% NRI) with operator Byron Energy

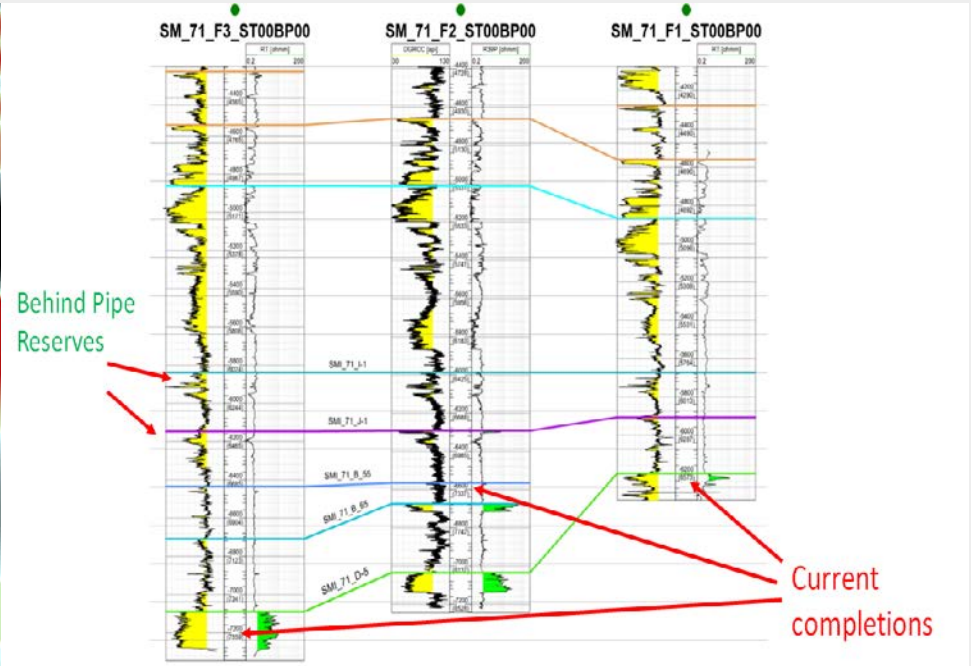
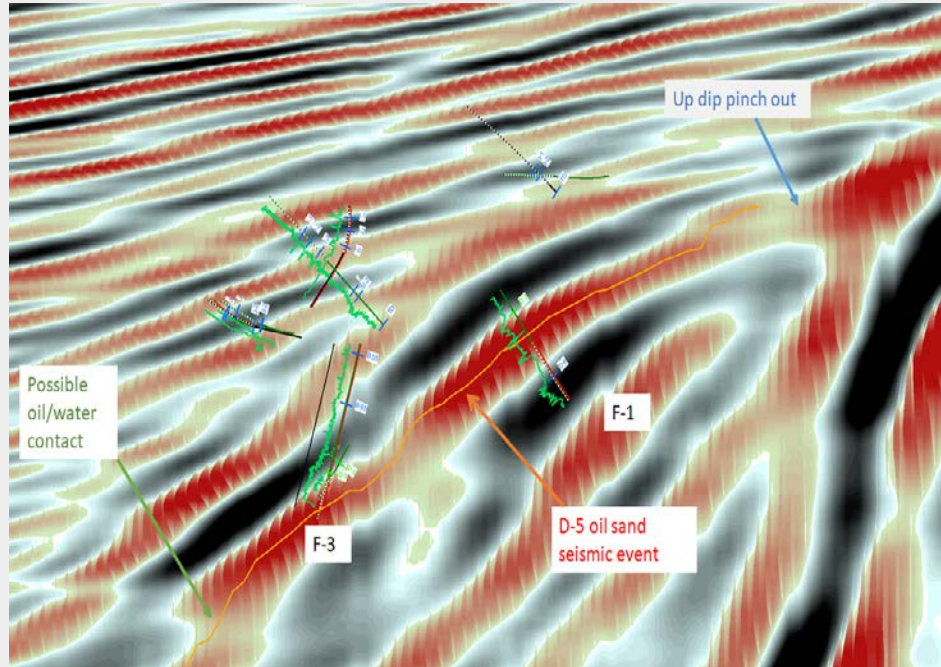


SM 71 F Production Platform (Gulf of Mexico)



# South Marsh Island 71 - D5 Sand Completions

Salt dome flank play unlocked with further infill opportunity



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# South Marsh Island 71 – Reserves Statement

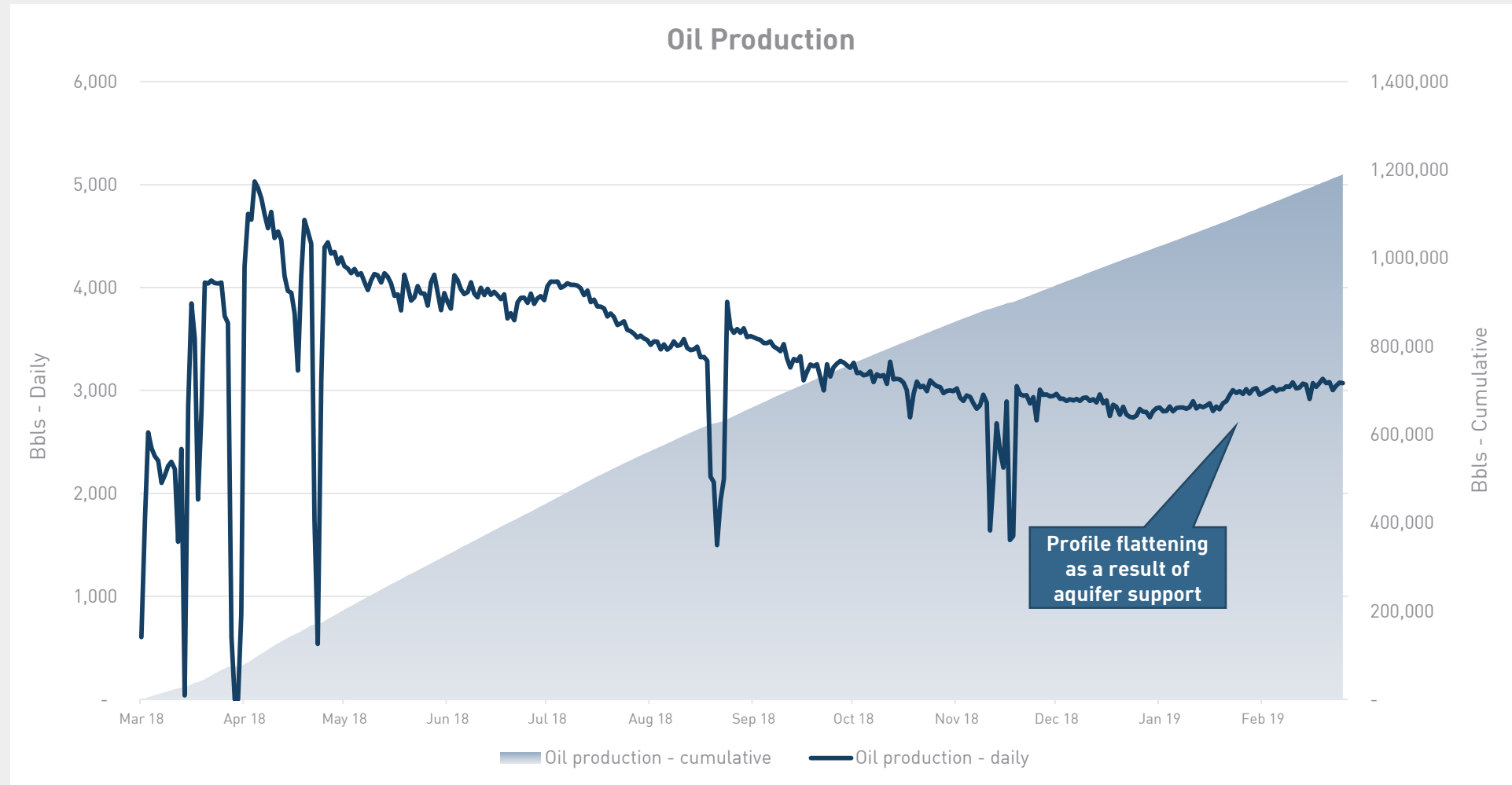
SM 71 30 June 2018 Collarini & Associates Independent Estimate	Gross 100%			Otto Net (40.625%)		
	Oil (Mbbl)	Gas (MMscf)	MBoe	Oil (Mbbl)	Gas (MMscf)	MBoe
<b>Proved Developed Producing (PDP)</b>	3,466	2,130	3,821	1,408	865	1,552
<b>Proved Behind Pipe (PDNP)</b>	609	380	672	248	155	274
<b>Proved Undeveloped (PUD)</b>	1,404	868	1,549	570	352	629
<b>Proven (1P)</b>	5,479	3,378	6,042	2,226	1,372	2,455
<b>Probable</b>	9,030	6,974	10,192	3,668	2,833	4,140
<b>Proven Plus Probable (2P)</b>	14,509	10,352	16,234	5,894	4,205	6,595
<b>Possible</b>	4,651	3,970	5,313	1,890	1,613	2,159
<b>Proven Plus Probable Plus Possible (3P)</b>	19,160	14,322	21,547	7,784	5,818	8,754

## Reserves Cautionary Statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

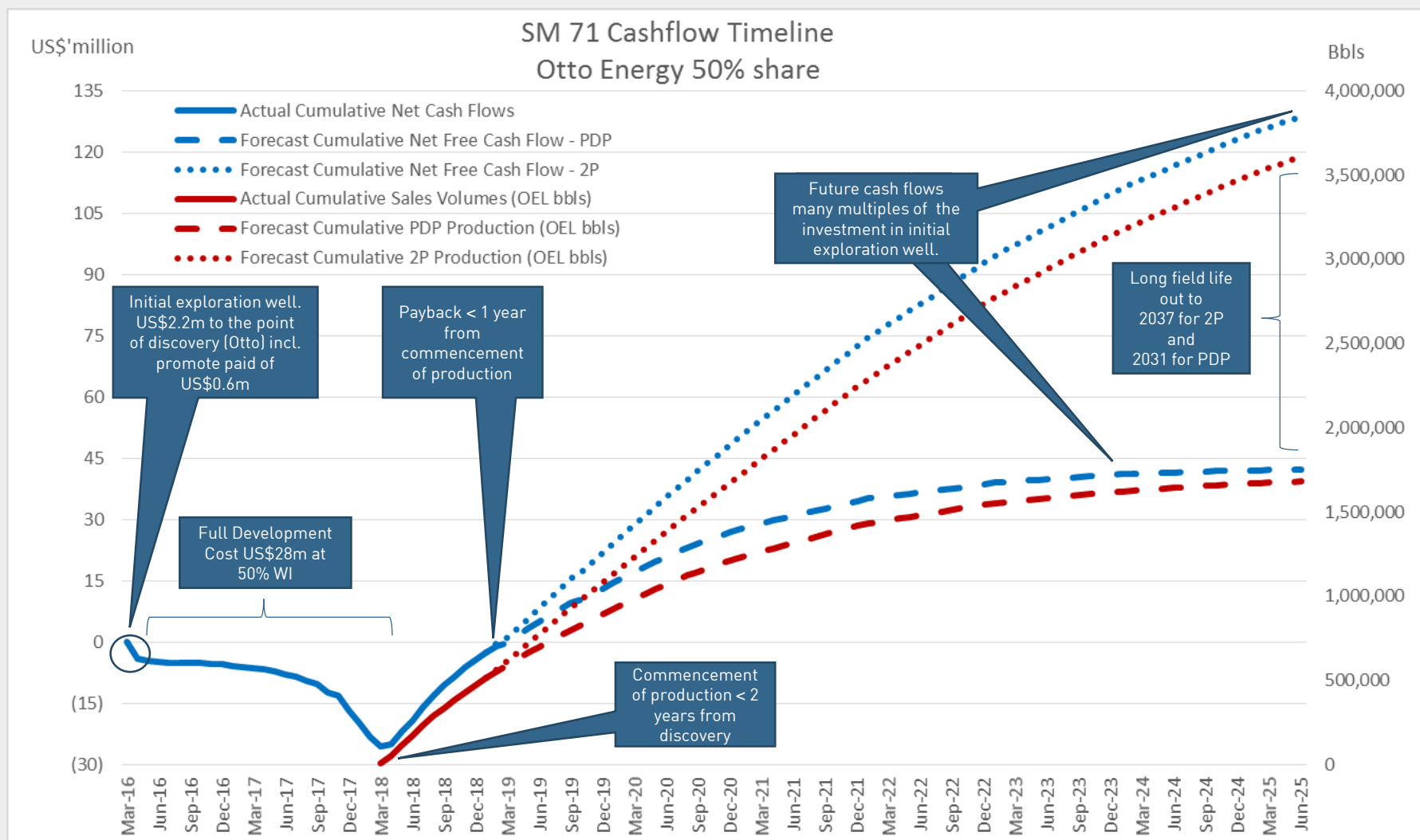
# South Marsh Island 71 – Production History

Field reached 1 million bbls production milestone in January 2019 – less than one year after production commenced



# South Marsh Island 71 – Cash Generating Oil Field

SM 71 provides excellent returns illustrating a typical cash flow profile for a conventional oil field



The PDP and 2P forecasts and forward capital expenditure are taken from the 30 June 2018 independent Reserves estimates for SM 71 by Collarini and Associates as set out on slide 12. The forecasts are for 3 well PDP and 2P production. Cash flows are based on the forward price curves as at 5 March 2019.





# Gulf Coast Package with Hilcorp Energy

Multi-well exploration package with first  
discovery made February 2019

# Gulf Coast Package - Exploration with Hilcorp

Value of Lightning discovery expected to exceed capital costs of the full 8 well program

- Lightning exploration well delivers **first discovery** in program with production expected to commence in Q2 2019
- The value of the Lightning discovery is expected to exceed the capital cost of the 8 well program.
- Portfolio of a **further five high probability of success**, technically independent exploration prospects generated off new proprietary 3D seismic remaining to be drilled in 2019
- Highly experienced and privately owned US Gulf Coast operator **Hilcorp Energy executing drilling and development program**
- Near/Onshore locations with identified access to infrastructure providing **rapid, low capex pathway from discovery to production** upon success
- Otto earn a 37.5% working interest by paying 50.0% of the costs of drilling and setting casing or plugging and abandoning at each prospect plus lease acquisition costs of the 8 well program. Capital expenditure for the next five wells expected to be ~US\$24 million
- **Attractive deal terms** with potential for further drilling opportunities beyond the initial eight wells

# Gulf Coast Package – Lightning Discovery

Flow test indicates high liquids yield and strong production expected - commencing in Q2 2019

- Discovery made Feb 2019 with **180 feet of net pay logged** compared to pre-drill P50 and P10 estimates of 31 and 75 feet respectively
- Production expected to commence in Q2 2019**
- Facilities construction underway** with completion and development to cost US\$1.5 million (Otto share)
- Flow test indicates high liquids yield** of 40-45 bbls per MMscf – well in excess of pre-drill estimates
- Flow test results, high well pressures and nearby Freo Tex Mis production rates of 8-13 MMscf/d **indicate high production rates can be expected**
- Well to generate ~US\$0.5 million/month** for Otto at current commodity prices (1 well) based on flow test information and nearby production rates
- Ultimate economic recovery from the field to include recompletions in higher sands and likely further wells

	Pre-drill Estimates			Actual Result	% Increase over P50 Pre-drill Estimate
	P10	P50	P90		
Net Pay (feet)	75	31	13	<b>180 - 330</b>	481% - 965%
Liquids ratio (CGR) bbls per MMcf	20	10	5	<b>40 - 45</b>	300% - 350%
Prospective Resources MMboe (28.50% NRI)	2.87	0.91	0.26	Reserves to be determined	

## Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer to slide 43 for further information on prospective resources disclosure.



# Gulf Coast Package – Prospective Resources

Independent prospects committed to be drilled based on proprietary 3D seismic results

Prospect Name (State)	Working Interest	Net Revenue Interest	Planned Spud Date	Target Depth (TVD), ft	Stratigraphic Interval	Probability of Success	Prospective Resources <sup>1</sup> MMboe Otto Net Revenue Interest			
							P90	P50	Mean	P10
Mustang, TX	37.50%	30.00%	May-19	17,500	Oligocene	56%	0.8	1.9	2.4	4.8
Beluga, TX	37.50%	28.50%	Jun-19	13,000	Oligocene	45%	0.2	0.9	1.4	3.4
Tarpon, TX	37.50%	29.06%	Sep-19	14,000	Oligocene	34%	2.2	7.0	10.5	23.5
Mallard, LA	37.50%	29.63%	Nov-19	11,000	Mid Miocene	64%	0.1	0.3	0.5	1.3
Oil Lake, LA	37.50%	29.06%	Dec-19	14,500	Frio	45%	0.3	1.0	1.3	2.7

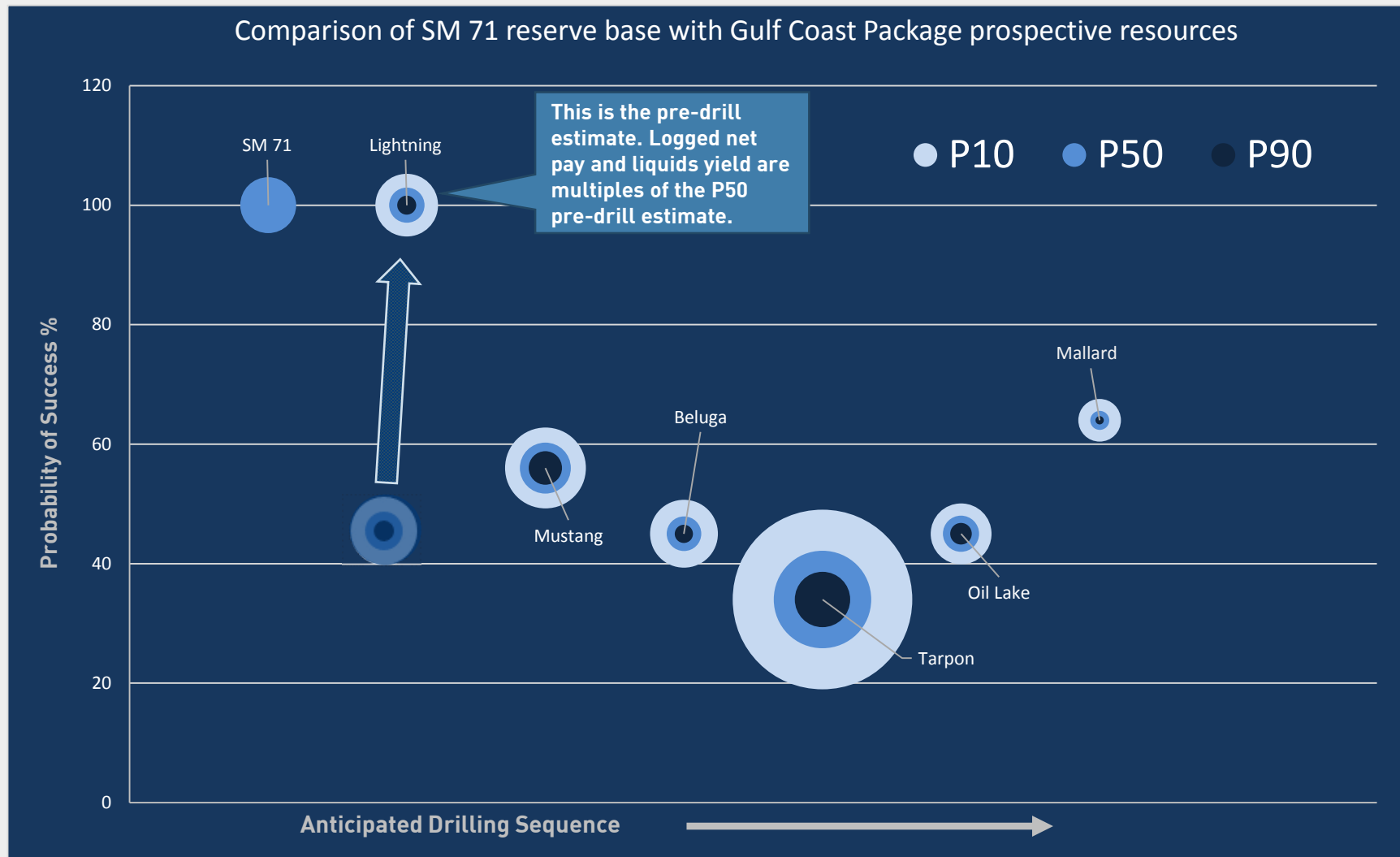
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Refer to slide 43 for further information on prospective resources disclosure.

# Gulf Coast Package - Timing

Risk-weighted potential of the Hilcorp Gulf Coast portfolio versus SM 71



Refer to the ASX announcement dated 31 July 2018 for further information on prospective resources disclosure.

# Chambers County – Mustang Prospect

Mustang Key Details		
<b>JV Partners</b>	<b>Hilcorp (operator)</b> <b>Otto Energy</b>	<b>62.5%</b> <b>37.5%</b>
<b>Objective</b>	17,500 ft MD targeting Oligocene Vicksburg formation	
<b>Geological Setting</b>	<p>Significant historical production exists from the Frio/Tex Miss in Chambers County, however the Vicksburg has seen limited exploration in the Chambers County area. Mustang is an amplitude supported slope channel/fan. Recent modern 3D seismic has yielded discoveries that prove working analogues in the slope channel/fan setting at Eagle Bay, Algoa Turtle Beach fields in the Vicksburg.</p> <p>The Mustang prospect demonstrates strong AVO (amplitude versus offset) on 3D seismic with good conformance of the amplitude response to structure.</p>	
<b>Lease terms</b>	Royalty rate 24%	
<b>Upside Potential</b>	Corsair and Hellcat	
<b>Development Plan</b>	<p>A completed well would be tied back to an existing gas export line near the well with first sales expected to be delivered approximately 90 days after any successful pay in the well is logged. Estimated completion and development costs US\$0.7 million (Otto share US\$0.26 million)</p>	

## MUSTANG PROSPECTIVE RESOURCES<sup>1</sup>

	GROSS			OTTO 37.5% WI			OTTO 28.50% NRI		
Prospect	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)
<b>P90</b>	0.41	14.80	2.88	0.15	5.55	1.08	0.12	4.22	0.82
<b>P50</b>	1.42	31.50	6.67	0.53	11.81	2.50	0.40	8.98	1.90
<b>Mean</b>	2.26	37.80	8.56	0.85	14.18	3.21	0.64	10.77	2.44
<b>P10</b>	5.23	69.20	16.76	1.96	25.95	6.29	1.49	19.72	4.78

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer to the ASX release "Otto Farms in to Eight Well Gulf Coast Package with Hilcorp" dated 31 July 2018 for further details on the prospective resources.





# Green Canyon 2I farm-in with Talos Energy

Low risk, high production rate oil  
development with deeper amplitude  
supported exploration potential

# Gulf of Mexico Green Canyon 21 Farm-in - Overview

Opportunity to participate in appraisal drilling in May 2019 with respected offshore operator, Talos Energy, testing the “*Bulleit*” prospect

- Drilling of existing discovery in May 2019 with further upside through deepening to test a second target from the same well
- Production and cashflow in to commence in 2020
- US\$9 mil. initial expenditure incl DHC, bonding and insurance
- “Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMBoe to date” Talos<sup>1</sup>

Joint Venture Parties		
Party	Working Interest	Net Revenue Interest
Talos Energy (Operator)	50.00%	40.00%
Enven	33.33%	26.67%
Otto Energy	16.67%	13.34%

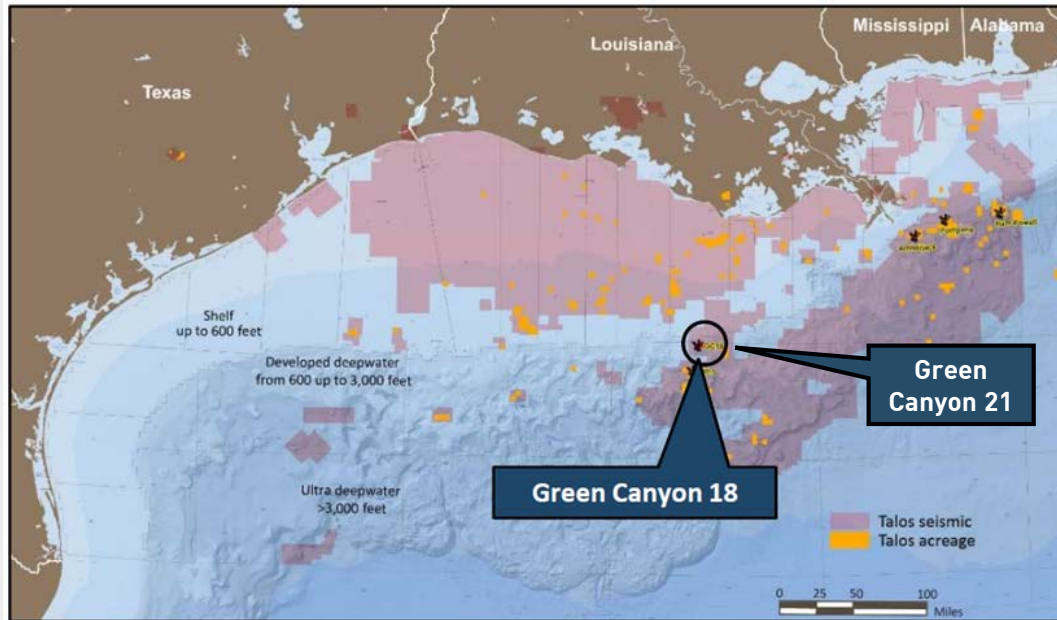


Talos Energy (NYSE: TALO) is a technically driven independent exploration and production company with operations in the United States Gulf of Mexico and in the shallow waters off the coast of Mexico. Talos’s focus in the United States Gulf of Mexico is the exploration, acquisition, exploitation and development of shallow and deepwater assets near existing infrastructure. The shallow waters off the coast of Mexico provide Talos with high impact exploration opportunities in an emerging basin.



# Gulf of Mexico Green Canyon 21 Farm-in - Overview

Otto to participate in appraisal/development drilling at Green Canyon 21 operated by Talos Energy



## Low risk, high production rate oil development with deeper amplitude supported exploration potential

- Farm-in terms: 1/3 for 1/4 on first well
- Working Interest 16.67% (paying 22.22% on first well)
- Net Revenue Interest 13.34%
- Timing: Spud 2Q-19 with first production in 2020
- Probability of success: 63%
- Development plan: Subsea tieback to Talos - operated GC-18A Platform.
- Initial well capital requirement:
  - US\$33 mil. (100%) US\$9.0 mill.<sup>1</sup> (Otto Share)
- Development capex:
  - US\$80-100 mil. (100%) US\$13-17 mil. (Otto 16.67%)
- Potential flow rates 8-15,000 boepd
- Bonito benchmark revenue
- P50 Prospective resources:
  - Gross (100%) 14.5 MMboe; NRI (13.34%) 1.9 MMboe

Talos has advised that gross prospective resources are expected to be between 10 to 30 MMboe on an unrisks basis.

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer to the ASX release "Otto Farms in to Eight Well Gulf Coast Package with Hilcorp" dated 31 July 2018 for further details on the prospective resources.

# Green Canyon 21 Farm-in – Overview of Bulleit

Key targets already discovered and tested – appraisal/development well to be drilled in Q2 2019

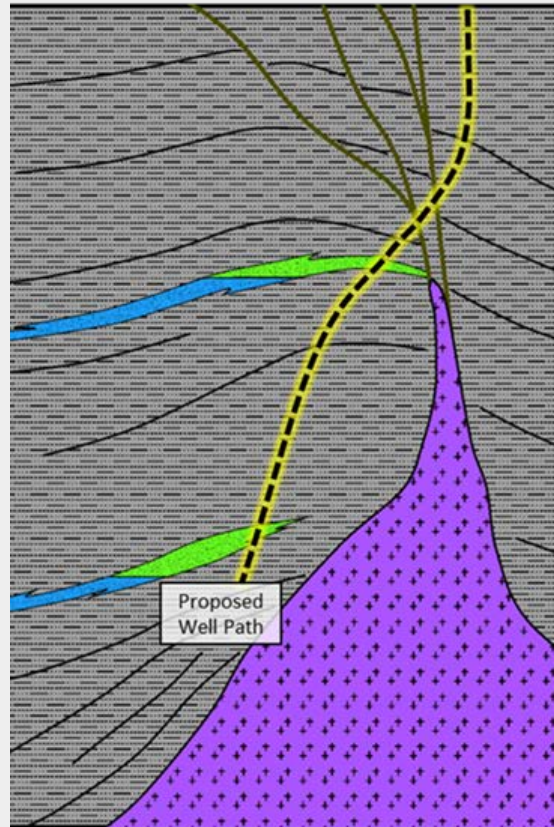
- **Originally discovered in 1984**

- Three oil sands discovered within the DTR-10 Sand Package; DSTs from first and third sands yielded test rates of 2,100 bopd and 1,675 bopd
- Higher production rates will be delivered when connected to a production platform
- Sidetrack found oil pay in both DTR-10 and deeper MP Sands.
- 1987 well also found oil in DTR-10 Sand.

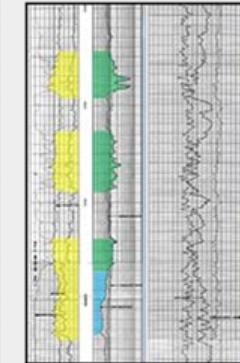
- **Talos farmed into GC 21 from Enven in December 2018.**

- Talos owns and operates the GC 18A platform with spare capacity within tie back distance of GC 21
- Talos strategy is to utilize the infrastructure to profitably develop prospective resources within tie back distance.

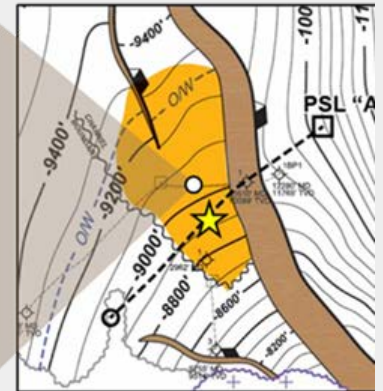
Illustrative Drill Line for DW Tie-Back Prospect (A - A')



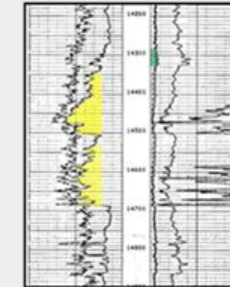
Shallow Development Target



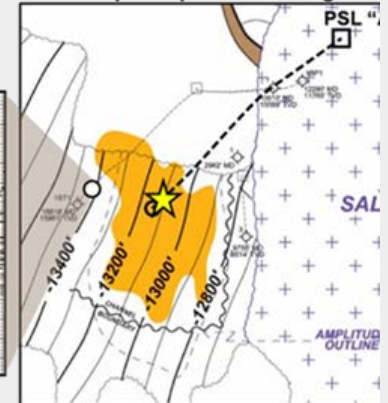
Shallow Development Target



Deeper Exploitation Target



Deeper Exploitation Target

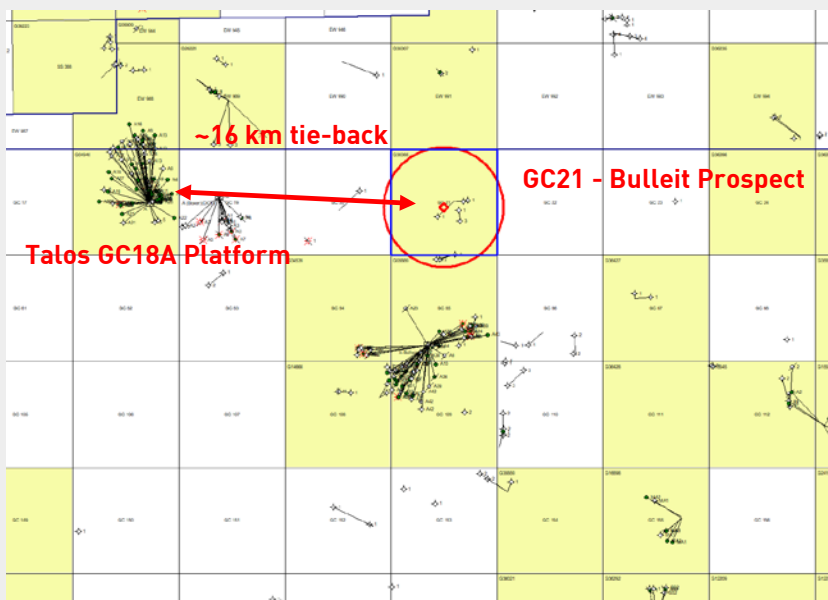




# Green Canyon 21 Farm-in – Overview of Development

Subsea development planned to start production in 2020

- Talos will complete the well as a subsea tieback with a smart completion; tying back to Talos operated GC 18A-Platform.
- Adequate capacity for a second well if warranted for acceleration.
- Date of first production is estimated by Talos to be 12-18 months from spud.
- Talos expects initial production rates from the MP sand to be between 8,000 and 15,000 boepd based on nodal analysis.



Green Canyon 18A Production Facility



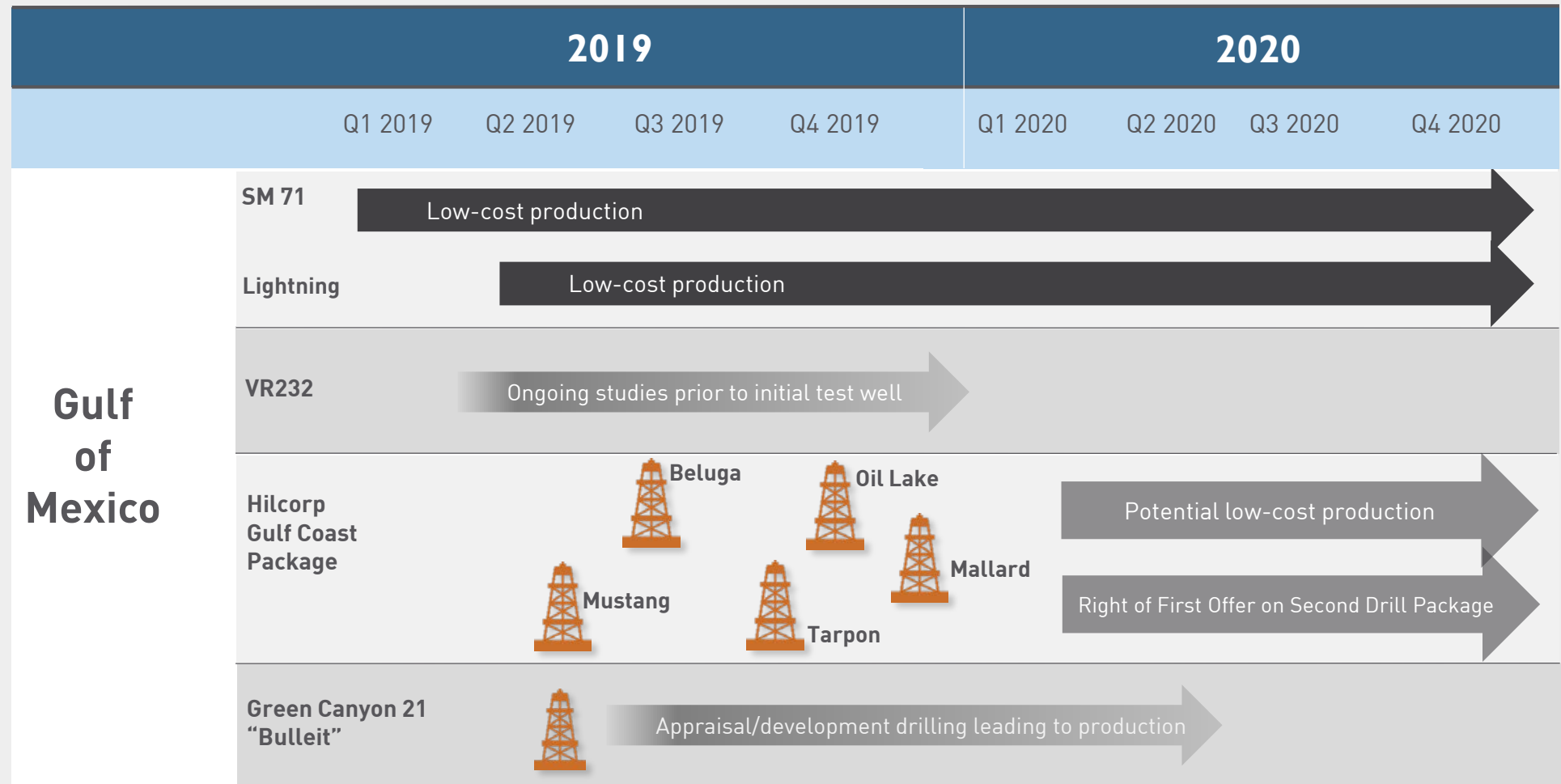


# Summary

Otto Energy Limited (ASX:OEL)

# Pipeline of Opportunities

Otto has assembled an exciting pipeline of upcoming activities





# Otto Energy Limited (ASX:OEL)

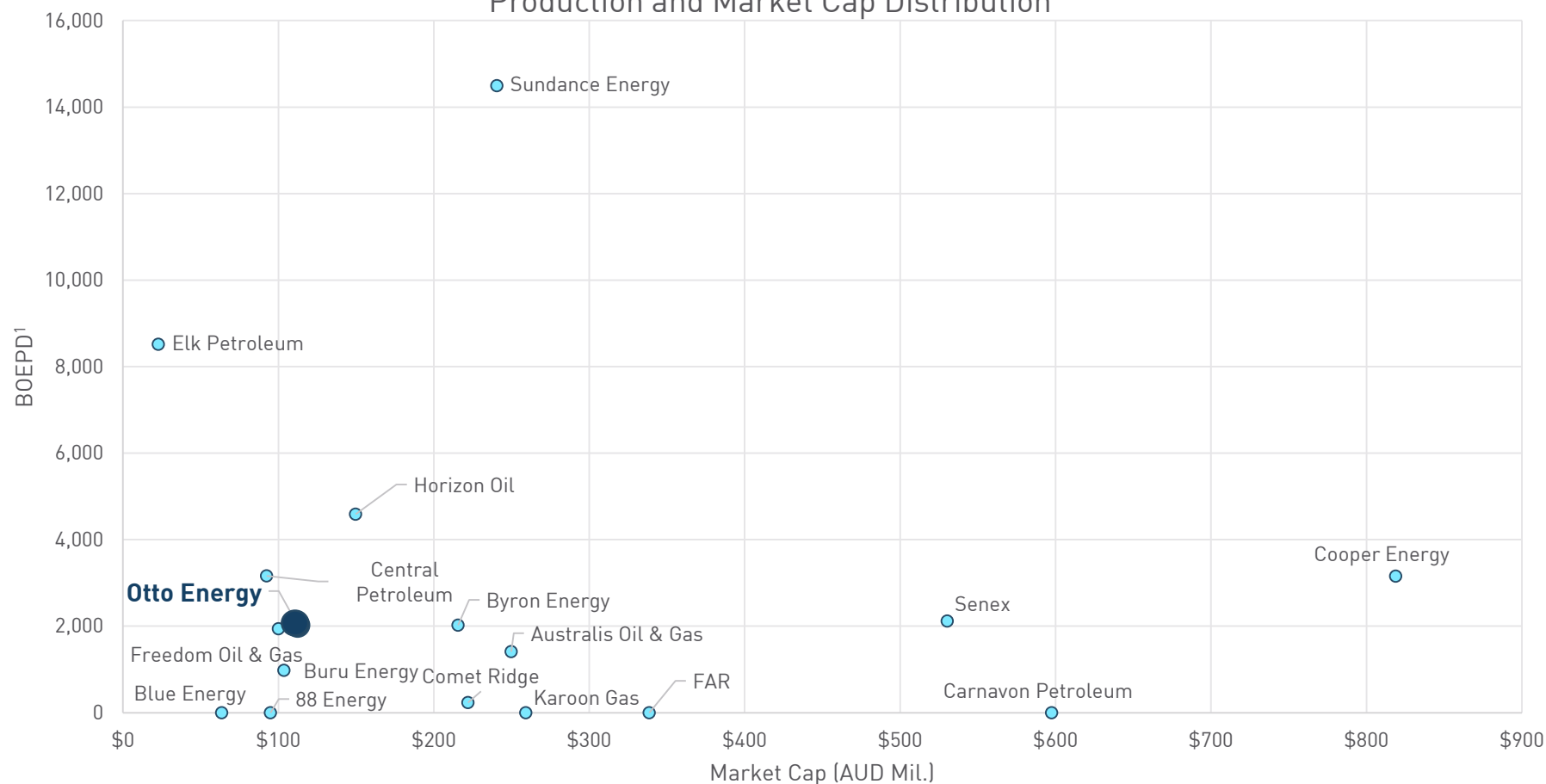
An emerging mid-tier oil and gas producer underpinned by cashflow to fund growth

- Low cost oil producer - expected to generate **net free cashflow of ~US\$2m per month** from SM 71
- Production from Lightning is expected to come online in 2Q 2019
- Significant activity - **extensive exploration drilling campaign with at least 6 high-impact wells to be drilled** by the end of 2019
- High Probability of Success (POS) prospects - **multiple opportunities to diversify and expand reserves, production and cash flow**
- Strong **financial and production growth discipline** - capitalise on additional opportunities in line with strict investment criteria
- **Experienced exploration and commercial team** - with a track record of value creation and risk management, complemented by quality project partners
- **Strong cash position and debt-free balance sheet** to fund continued growth

# Peer Analysis

High margin producer with compelling valuation metrics

ASX Mid Cap Oil & Gas Companies 15 March 2019  
Production and Market Cap Distribution



1. Production is as reported in the December 2018 quarterly reports.

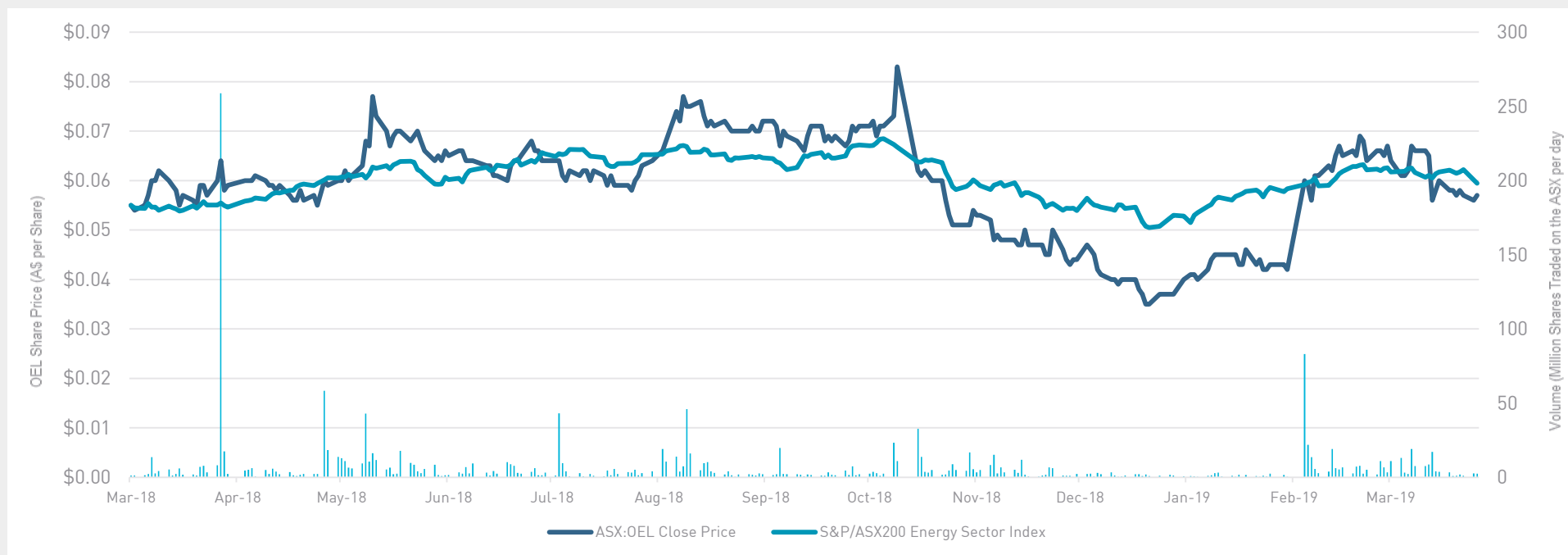


# Additional Information



# Corporate Snapshot (ASX:OEL) – Pre-Capital Raising

CAPITAL STRUCTURE		FUNDING POSITION		SHAREHOLDERS	
Fully paid ordinary shares	<b>1.875b</b>	Cash (28 February 2019)	<b>US\$7.8m</b>	Molton Holdings	<b>16.3%</b>
Performance Rights	<b>46.8m</b>	Convertible Note Liability (repayable 30 June 2019) <sup>3</sup>	<b>US\$8.8m</b>	Perennial Value Management	<b>8.2%</b>
Convertible Notes (US\$1 per note) <sup>2</sup>	<b>8.2m</b>	Debt	<b>Nil</b>	Colonial First State	<b>5.5%</b>
Market capitalisation <sup>1</sup>	<b>A\$107m</b>			Directors & Management	<b>2.5%</b>



1. As at 26 March 2019 (undiluted at 5.7 cents per share).

2. Convertible notes issued for US\$8.2m on 2 August 2017. Conversion price of A\$0.05484, maturity 30 June 2019. The notes have a face value of US\$1.00. 8.1 million Convertible Notes will be redeemed on 30 April 2019 and the balance of 100,000 Convertible Notes will be converted to ordinary shares on 30 April 2019.

3. Convertible note liability includes principle and interest accrued as at 31 December 2018. Due to redemption and conversion of the convertible notes (see 2 above), the liability will reduce to zero on 30 April 2019.



# Board of Directors



**John Jetter**  
**Non-Executive Chairman**  
**LLB, BEc INSEAD**

Former MD/CEO J.P. Morgan Germany. Non-Executive Director of Venture Minerals and Peak Resources Ltd.



**Ian Macliver**  
**Non-Executive Director**  
**BComm, FCA, SF Fin, FAICD**

Managing Director Grange Consulting. Non-Executive Chairman of Western Areas.



**Ian Boserio**  
**Non-Executive Director**  
**BSc (Hons)**

Executive Technical Director of Pathfinder Energy Pty Ltd. Former executive positions with Shell & Woodside in international exploration roles.



**Kevin Small**  
**Non-Executive Director & Senior Exploration Consultant**  
**BSc (Geophysical Engineering)**

Extensive Gulf of Mexico exploration experience with Blue Streak Exploration, Westport Oil and Gas Company, Superior Oil Company and McMoran Oil and Gas.



**Matthew Allen**  
**Managing Director & CEO**  
**BBus, FCA, FFin, GAICD**

Global exposure to the upstream oil and gas industry with over 18 years experience in Asia, Africa, USA, Australia and Middle East. Previous senior roles with Woodside over an 8 year period.



**Paul Senycia**  
**Non-Executive Director**  
**BSc (Hons), MAppSc**

International oil & gas experience gained over 35 years. Specific focus on Australia, USA, South East Asia & Africa. Previous roles at Beach, Woodside Energy and Shell International.



**David Rich**  
**Chief Financial Officer & Company Secretary**  
**BCom. FCA, GAICD, Grad.Dip.CSP AGIA**

Experienced listed company CFO with the last 16 years as CFO of upstream oil and gas companies with international interests including in Australia, Europe, Asia and the USA.

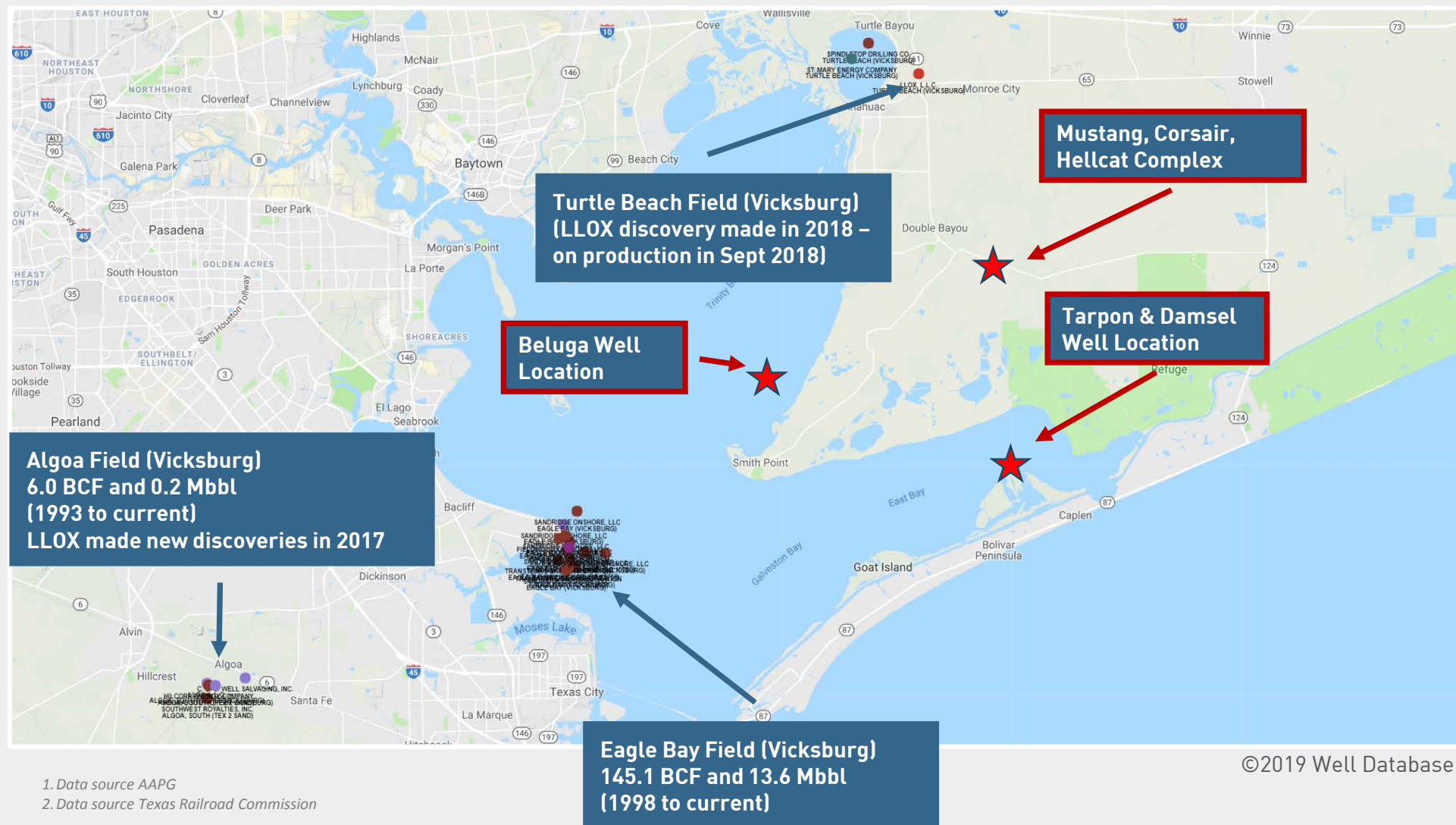
# South Marsh Island 71 – Key Facts

Discovered in 2016 – production commenced March 2018

<b>JV Partners</b>	Otto Energy 50.0% WI / 40.625% NRI Byron Energy (operator) 50.0% WI / 40.625% NRI	<b>Lease terms</b>	Held by production, entry secured via farm-in during December 2015, Royalty rate 18.75%
<b>Geology</b>	Pleistocene to Pliocene age sands primarily trapped in three way structural closures bound by either salt or stratigraphic thinning ranging from depths of 5,000 feet to 8,000 TVD	<b>F1 and F3 wells</b>	F1 and F3 wells currently completed in D5 sand No prior production from the D5 sand in SM 71 The D5 sand is a prolific production interval at the SM 73 salt dome with cumulative production of over 20.5 MMbbls oil and 15.2 Bcf of gas
<b>Water Depth</b>	40 meters (131 feet)	<b>F2 well</b>	F2 well currently completed in B55 sand Recompletion undertaken in October 2018 and gas lift modifications undertaken in December 2018
<b>Discovery well</b>	F1 well drilled April 2016 with 132 TVT net feet oil	<b>Cumulative Production</b>	First oil produced 23 March 2018 1.0 million bbls of oil and 1.3 bcf of gas produced by 14 January 2019
<b>Additional Wells</b>	F2 drilled November 2017, 205 TVT net feet oil F3 drilled January 2018, 175 TVT net feet oil	<b>Gross Production Rates</b>	~3,100 bopd of oil and 7,100 mscf of gas
<b>F Platform</b>	JV owned tripod, 6 well slots, installed October 2017		
<b>Gross Project Cost</b>	US\$52 million		



# Chambers County – Vicksburg Prospects



# Reserves & Prospective Resources

## RESERVES AND PROSPECTIVE RESOURCES OTTO ENERGY WORKING INTEREST (WI) %

Reserves - 30 June 2018	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
<b>SM-71, WI (50%)</b>			
Proved Producing	1,733	1,065	1,910
Proved Behind Pipe	305	191	337
Proved Undeveloped	702	433	774
<b>Proved (1P)</b>	<b>2,740</b>	<b>1,689</b>	<b>3,021</b>
Probable Reserves	4,514	3,487	5,096
<b>Proved and Probable (2P)</b>	<b>7,254</b>	<b>5,175</b>	<b>8,117</b>
Possible Reserves	2,326	1,985	2,657
<b>Proved, Probable and Possible (3P)</b>	<b>9,580</b>	<b>7,161</b>	<b>10,774</b>

Prospective Resource (Best Estimate, Unrisked)	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71, WI (50%)	476	23,844	4,450
VR 232, WI (50%)	85	5,500	1,002
Lightning (Pre-drill), WI (37.5%)	137	9,459	1,713
Mustang, WI (37.5%)	848	14,175	3,210
Beluga, WI (37.5%)	454	7,969	1,782
Oil Lake, WI (37.5%)	1,252	2,522	1,672
Tarpon, WI (37.5%)	3,454	60,739	13,577
Mallard, WI (37.5%)	168	2,922	655
Bulleit, WI (16.67%)	2,155	1,572	2,417
Alaska (Central Blocks) WI (10.8%)	70,000	-	70,000

### Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

#### Notes:

- Lightning has been drilled by the Green#1 well and was a discovery. Logs indicate the discovery is substantially above pre-drill expectations. Refer to slide 17.
- Refer to Otto Energy's announcement to ASX on 6 August 2018 for full information on the SM 71 independent Reserves Report prepared by Collarini and Associates as at 30 June 2018. Please also refer to the notes on slide 43 regarding reserves and prospective resources.

## RESERVES AND PROSPECTIVE RESOURCES OTTO ENERGY NET REVENUE INTEREST (NRI) %

Reserves - 30 June 2018	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
<b>SM-71, NRI (40.625%)</b>			
Proved Producing	1,408	865	1,552
Proved Behind Pipe	248	155	274
Proved Undeveloped	570	352	629
<b>Proved (1P)</b>	<b>2,226</b>	<b>1,372</b>	<b>2,455</b>
Probable Reserves	3,668	2,833	4,140
<b>Proved and Probable (2P)</b>	<b>5,894</b>	<b>4,205</b>	<b>6,595</b>
Possible Reserves	1,890	1,613	2,159
<b>Proved, Probable and Possible (3P)</b>	<b>7,784</b>	<b>5,818</b>	<b>8,754</b>

Prospective Resource (Best Estimate, Unrisked)	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71, NRI (40.625%)	387	19,373	3,616
VR 232, NRI (43.75%)	74	4,813	876
Lightning (Pre-drill), NRI (28.5%)	104	7,189	1,302
Mustang, NRI (30.0%)	644	10,773	2,440
Beluga, NRI (28.5%)	363	6,375	1,426
Oil Lake, NRI (29.06%)	970	1,954	1,296
Tarpon, NRI (29.06%)	2,676	47,068	10,521
Mallard, NRI (29.63%)	133	2,309	518
Bulleit, NRI (13.34%)	1,724	1,258	1,934
Alaska (Central Blocks) NRI (9 - 9.45%) *	58,333 - 61,250	-	58,333 - 61,250

\* Precise weighted average royalty split unknown, volumetric range provided based on 12.5 to 16.67% royalty range.



# Key Risks

## **Impairment of carrying value of properties**

Otto may be required to write-down the carrying value of its oil and gas properties when oil and gas prices are low. Under International Financial Reporting Standards, which Otto is required to comply with, the net capitalised costs of its oil and gas properties may not exceed the fair value of the properties. If net capitalised costs of its oil and gas properties exceed the fair value, Otto must charge the amount of the excess as an impairment to earnings. This type of charge will not affect Otto's cash flows, but will reduce the book value of its Shareholders' equity. Because the oil price Otto uses to estimate future net cash flows is a forecast, actual cash flows and carrying value may materially differ. Otto reviews the carrying value of its properties whenever impairment indicators exist and once incurred, a write-down of oil and gas properties may be reversible at a later date if prices increase.

## **Information risk**

Otto's analysis of its portfolio, including estimates of the associated prospective resources, is based in part on information provided by the operators of those joint ventures. Except for SM 71, independent engineers have not provided a report regarding the estimates of prospective resources. As a result, the assumptions on which Otto's internal estimates of prospective resources included in or incorporated by reference in this Presentation have been based may prove to be incorrect in a number of material ways. If this were to occur, Otto may not realise the expected benefits from the portfolio.

## **Risk that expense estimates differ materially from actual amounts**

The prospective resources and future potential cash flow estimates with respect Otto's portfolio are based on Otto's analysis of geological and geophysical data, assumptions regarding drilling, development and other capital and operating expenditures (including transport and pipelines) and anticipated production rates.

Except for SM 71, the estimates included in this document have been made by Otto technical staff and contractors without review by an independent petroleum engineering firm. Data used to make these estimates was furnished by the operators of the various joint ventures or obtained from publicly available sources. Otto cannot assure shareholders that these estimates of prospective resources, capital expenditure and production rates are accurate. After such data is reviewed by an independent petroleum engineering firm, or further by Otto, the prospective resources, expenditure and production related to the various projects may differ materially from the amounts indicated.

## **Underwriting risk**

Otto has entered into an underwriting agreement under which the Lead Manager and Underwriter Morgans Securities Limited (Morgans) has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between Otto and Morgans (Underwriting Agreement). The Underwriter's obligation to underwrite the Entitlement Offer is conditional on certain customary matters, including Otto delivering certain certificates, sign-offs and opinions. If certain events occur, the Underwriter may terminate the Underwriting Agreement.

Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer. If the Underwriting Agreement is terminated, Otto: 1. would not be able to terminate the drilling of the remaining five wells in the Gulf Coast Package without liquidated damages of US\$1 million per well; 2. may not be able to participate in the drilling of the well in Green Canyon 21; and 3. may not be able to make the payment required to redeem the convertible notes. In these circumstances, Otto may need to utilise alternative funding to meet its obligations under its various agreements, which could adversely affect Otto's business and financial condition.

## **Investment risk**

There are general risks associated with investments in equity capital. The trading price of Otto shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the offer price. The New Shares to be issued pursuant to this offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares.

Importantly, Otto has never declared or paid cash dividends on Shares apart from the dividend (and capital return) in 2015 after the sale of the Galoc field. The Company currently intends to retain future earnings and other cash resources, if any, for the operation and development of its business and does not anticipate paying any cash dividends on Shares in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including financial condition, operating results, current and anticipated cash needs and plans for expansion.

In addition, the terms of the Company's outstanding convertible notes restrict it from paying cash dividends on Shares. Any future dividends may also be restricted by any debt financing arrangements entered into from time to time.

# Key Risks

## **Future issuances or sale of significant amounts of Shares**

The future issuance of a substantial number of Shares (including under the Capital Raising), or the perception that such issuance could occur, could adversely affect the prevailing Share price. Sales of a substantial number of Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of Shares intend to sell Shares, could reduce the Share price.

A decline in Share price could make it more difficult to raise funds through future offerings of Shares or securities convertible into Shares.

## **Funding risk**

The Company may require capital in addition to the Capital Raising (following completion of the budgeted work program through 2019), in order to fund development activities or for additional acquisitions. Failure to obtain such finance in a timely manner could impact its ability to execute its work program or secure acquisition opportunities. There is no assurance that the capital or debt markets will provide additional funding on reasonable terms or at all. Uncertainty in domestic and international credit markets could materially affect the Company's ability to access sufficient capital for its capital expenditures and acquisitions and, as a result, may have material adverse effect on the Company's ability to execute its business strategy and on its business, financial condition, results of operations and prospects. The possibility of material dilution for Shareholders also exists especially if equity raisings are completed during a period of general market or Company share price weakness.

## **Failure to achieve production targets**

The funding of the future drilling of the Gulf Coast Package, Lightning development and Green Canyon 21 drilling has been estimated based on the achievement of production targets at SM 71 and Lightning. There is a risk that SM 71 or Lightning or both do not meet these targets.

## **Reserves risk**

Reserves assessment is a subjective process that provides an estimate of the volume of recoverable reserves. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practice. Petroleum engineering is a subjective process of estimating accumulations of oil and/or natural gas that cannot be measured in an exact manner and which involves the use of assumptions which may ultimately not prove to be accurate. Different variables can impact whether these reserves are economically recoverable, including changes with respect to governmental regulations, commodity prices, and taxes. The Company's actual revenues, expenses, and production will likely vary from such estimates and such differences could be substantial.

The rate of production from oil and gas properties generally declines as reserves are depleted. Except to the extent that Otto acquires further properties containing additional reserves, conducts successful exploration and development activities or, through engineering studies (including geoscientific and exploration studies), identifies additional reserves on its existing properties, its reserves will decline as its production continues. Otto's future oil and gas production is, therefore, dependent upon its level of success in acquiring, finding and/or developing additional reserves. Because Otto's revenues and profits are derived from its oil and gas operations, its results of operations and financial condition are directly related to the success of its exploration, acquisition and development efforts and its ability to replace existing reserves. A failure to acquire or discover new reserves or enhance existing reserves in sufficient quantities to maintain or grow the current level of its reserves could have a material adverse effect on its business and financial performance.

This presentation also contains production data for other oil and gas companies in Australia and the US. This information was sourced from publicly available information. Otto has not verified the accuracy of this information and does not warrant that the information is accurate or complete.

## **Project development and delivery risk**

Otto undertakes investments in oil and gas projects to extract, process and supply oil and gas including SM 71 and Lightning and any future discoveries. Such projects may be delayed or be unsuccessful for many reasons including unanticipated economic, financial, operational, engineering, technical, environmental, contractual, regulatory, community or political events. Delays, changes in scope, cost increases or poor performance outcomes pose risks that may impact Otto's financial performance.

## **Economic conditions**

The operating and financial performance of Otto is influenced by a variety of general economic and business conditions, including interest rates and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including higher than expected inflation rates, could be expected to have an adverse impact on Otto's operating and financial performance and financial position.

# Key Risks

## Commodity price risk and volatility of oil and gas prices

The Company's main business activities are currently highly exposed to movements in global oil prices and to a lesser extent, changes in gas prices. The prices of oil, natural gas and other hydrocarbon products remain outside the control of the Company. A significant change in commodity prices would impact the company's profitability and its ability to meet its forecasts.

The prices of oil and natural gas have fluctuated greatly in response to changes in many factors. Currently Otto is in a situation where oil (and to some extent also natural gas) prices are around 23% lower than the highs of September/October 2018 yet are also around 38% higher than the lowest prices in December 2018. Over the past 10 years WTI oil has traded at over US\$110/bbl and under US\$30/bbl. There are several reasons for this but fundamental market forces beyond Otto's control or the control of other market participants have impacted and will continue to impact oil and natural gas prices in the future.

Generally, Otto does not and will not have control over the factors that affect the prices of oil and natural gas. These factors include:

- economic and political developments in resource-producing regions;
- global and regional supply and demand;
- the ability of the Organisation of the Petroleum Exporting Countries and other producing nations to influence global production levels and prices;
- government regulations and actions;
- global economic conditions;
- war or other international conflicts;
- changes in population growth and consumer preferences;
- the price and availability of new technology; and
- weather conditions

It is impossible to predict future price movements for oil and natural gas with certainty. A prolonged period of low oil and natural gas prices will adversely affect Otto's business, the results of operations, financial condition, liquidity and its ability to finance planned capital expenditure, including possible reductions in capital expenditures which could offset replacement reserves. Rapid material and/or sustained reductions in oil, gas or product prices can have an impact on the validity of the assumptions on which strategic decisions are based and can have an impact on the economic viability of projects that are planned or in development.

Currently Otto has no hedging in place for future oil sales. Hedging of future oil production is considered on an ongoing basis and Otto may hedge in the future.

## Exploration and development risk

Oil and gas exploration, development and production activities are inherently subject to numerous risks, including the risk that drilling and development will not result in commercially viable oil and gas production. The identification of drilling locations relies on technical interpretation and is therefore subjective in nature and subject to numerous geological risks. Further, the successful drilling and development of a well for production is also subject to numerous sub-surface, technical, drilling, completion, development and other risks which may impact the commerciality of production.

## Reliance on key personnel

The Company's primary intellectual asset is the skill and experience of its staff. It is essential that appropriately skilled staff be available in sufficient numbers to support the Company's operations. While the Company has initiatives to mitigate this risk, loss of key staff or failure to attract new staff may have a negative impact on the financial performance or otherwise of the Company and in particular its ability to expand its business. The loss of key staff to a competitor may magnify this impact. There can be no assurance that Otto will be able to continue to attract and retain all personnel necessary for the development and operation of the business.



# Key Risks

## Environmental risks

Potentially hazardous activities arise in connection with Otto's business. A significant safety or environmental incident or the failure of safety processes or of occupational health plans, as well as a breach of regulatory or contractual obligations, could materially adversely affect results of operations and reputation. Otto is also subject to laws and regulations governing health and safety matters to protect the public, employees and contractors, who could potentially be harmed by these activities, as well as laws and regulations relating to pollution, the protection of the environment, and the use and disposal of hazardous substances and waste materials.

The cost of future environmental remediation obligations is often inherently difficult to estimate and uncertainties can include the extent of contamination, the appropriate corrective actions and share of the liability. If more onerous requirements are imposed or the Company's ability to recover costs under regulatory frameworks changes, this could have a material adverse impact on the business, reputation, results of operations and financial position of Otto.

Otto may be exposed to a number of potential impacts of climate change over time, which could lead to demographic changes, changes in consumption patterns and physical risks to Otto's operations and facilities. As a result, the potential impact from climate change, both physical and as a result of new related policies and regulations, may have an adverse impact on Otto's operations or financial performance.

## Operating hazards and natural disasters

Otto is subject to operating hazards normally associated with the exploration for, and production of oil and gas. Operating hazards may be due to technical integrity failure, loss of well control, vessel collision, loading or unloading operations, an aviation incident, a pipeline incident or cyber-attack. Operating hazards along with natural disasters (eg hurricanes), inclement weather, acts of terrorism, operator error or other occurrences can result in adverse events, including, without limitation, diminished production, additional costs, major unplanned outages, labour disruptions, fires, equipment failure, loss of well control, blowouts, cratering, pollution and oil spills.

The occurrence of any such operating hazard or risk could result in substantial losses to Otto due to injury or loss of life and damage to or destruction of oil and gas wells, formations, production facilities or other properties and the environment, as well as regulatory action, legal liability and damage to Otto's reputation. The effect could be particularly significant were an event of this nature to occur at Otto's SM 71 oil field, which currently constitutes all of Otto's production, and the Lightning field which is expected to commence production in the second quarter of 2019. A sustained interruption in production could have an adverse effect on Otto's financial performance. Additionally, Otto's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. Accordingly, the risk of Otto's failure to abide by environmental and safety and protection standards is inherent in Otto's operations. Such failure could lead to damage to the environment, and result in regulatory action, legal liability, material costs and damage to its reputation. It could also impact Otto's licence to operate. In certain circumstances, liability could be imposed irrespective of fault.

## Regulatory risk

Changes in law or regulation or regulatory policy and precedent could result in a materially adverse effect. Decisions or rulings concerning, for example, whether licences, approvals or agreements to operate or supply are subject to new, more onerous regulatory requirements impacting timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs and other decisions relating to the impact of general economic conditions on Otto, its markets and customers and in relation to proposed business development activities, could have a material adverse impact on results of operations, cash flows, the financial condition of the business and the ability to develop the business in the future.

## Occupational health and safety risk

The conduct of exploration for, and development and production of, hydrocarbons may expose Otto's staff to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of Otto's employees suffered injury or death, compensation payments or fines may have to be paid, and such circumstances could result in the loss of a license or permit required to carry on the business, or other regulatory sanction, all of which have the potential to impact Otto's cash flow, operations and ability to make future distributions (should Otto decide to do so).

# Key Risks

## Industry competition and energy demand

The availability of a market for oil and gas in the future will depend in part on cost and availability of alternate fuels, the level of consumer demand, the extent of domestic production of oil and gas, the extent of important foreign oil and gas, the cost of and proximity of Otto projects to pipelines and other transportation facilities, regulations by state and federal authorities and the cost of complying with applicable environmental regulations. There is a risk that increased industry competition could impact on oil and gas supply and demand that could negatively impact on prices and therefore on Otto's business.

## Insurance risk

Otto maintains insurance against losses and liabilities in accordance with customary industry practices and in amounts that management of Otto believes to be prudent. However, insurance against all operational risks is not available to Otto. Otto does not carry business interruption/loss of profits insurance. Otto may elect not to carry insurance with regard to specific risks if management of Otto believes that the cost of available insurance is excessive relative to the risks presented.

In addition, losses could occur for uninsured risks or in amounts in excess of existing insurance coverage. Otto cannot insure fully against pollution and environmental risks. Otto cannot assure Shareholders that it will be able to maintain adequate insurance in the future at rates they consider reasonable or that any particular types of coverage will be available.

In the event that there are insufficient insurance arrangements in place, Otto may be exposed to material capital losses, or losses that may impact revenue generation and the financial performance of the Company.

## Inability to achieve future growth

Otto may experience difficulty in achieving and managing future growth.

Otto has experienced growth in the past primarily through expansion of its drilling program. Future growth may place strains on financial, technical, operational and administrative resources and cause Otto to rely more on project partners and independent contractors, possibly negatively affecting its financial position and results of operations. Otto's ability to grow will depend on a number of factors, including the results of its drilling program, hydrocarbon prices and access to capital along with its ability to:

- obtain leases or options on properties, including those for which Otto has 3-D seismic data;
- acquire additional 3-D seismic data;
- identify and acquire new opportunities;
- develop existing prospects;
- continue to retain and attract skilled personnel; and
- maintain or enter into new relationships with project partners and independent contractors

Otto may not be successful in upgrading technical, operations and administrative resources or in increasing its ability to internally provide certain of the services currently provided by outside sources, and Otto may not be able to maintain or enter into new relationships with project partners and independent contractors. Otto's inability to achieve or manage growth may adversely affect its financial position and results of operations.

## Exchange rate risk

The revenues, expenses, earnings, assets and liabilities of the Company, as well as the listed price of the Company Shares and, accordingly, your investment in the Company, may be exposed adversely to exchange rate fluctuations. All Otto's revenues are derived from USD sales and the majority of the Company's expected expenditure will be in USD. Otto's functional and presentation currency of its financial statements is also USD. Any appreciation of the AUD against the USD effectively reduces the AUD value of the revenue net of the USD costs and reduces the AUD value of net assets. Further, any appreciation of USD against the AUD will have a detrimental impact on the use of AUD funds raised for the purposes of USA expenditure. The Company does not presently engage in currency hedging to offset any risk of currency fluctuations however the current policy is to hold the majority of its cash balances to United States dollars.

# Key Risks

## **Joint venture relationships**

The majority of Otto's' business is carried on through joint ventures. The use of joint ventures is common in the exploration and production industry and serves to mitigate the risk and associated cost of exploration, production and operational failure. However, failure of agreement or alignment with joint venture partners, or the failure of third party joint venture operators, could have a material effect on Otto's' business. The failure of joint venture partners to meet their commitments and share costs and liabilities can result in increased costs to Otto.

## **Risk of litigation or arbitration**

From time to time, Otto may be subject to litigation, arbitration, regulatory investigations and inquiries, claims and disputes arising out of its operations. Damages claimed under such proceedings or claims may be material or may be indeterminate, and the outcome of such litigation, arbitration, investigation, inquiry, claim or dispute could materially and adversely affect its business, results of operations or financial condition. While Otto assesses the merits of each claim and defends accordingly, it may be required to incur significant expenses in defending against such claims and there can be no guarantee that a court or tribunal finds in Otto's favour. In addition, proceedings to which Otto is not directly subject may have a material adverse effect on its business, reputation and financial performance.

## **Taxation**

Changes in the interpretation or application of existing taxation laws by the courts or taxation authorities in Australia, or changes to the laws themselves, may affect the taxation treatment of an investment in Otto shares or the holding or disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Otto operates or has operated, may impact Otto's future tax liabilities.

## **Convertible Note**

Otto has issued convertible notes worth US\$8.0 million to major shareholder Molton Holdings and worth US\$0.2 million to Otto's Chairman, Mr John Jetter. Convertible notes carry risks including the risk of insolvency, uncertainty, dilution of shareholdings, enforcement of security, and the restraining of future valuation potential.

The Noteholders have elected to redeem 8,100,000 of the convertible notes on 30 April 2019 (US\$8.1 million plus interest) and to convert the remaining 100,000 notes on 30 April 2019. After 30 April 2019 the security will remain in place until any potential success fee is paid. Any success fee is payable by 30 July 2019.

## **Green Canyon 21**

Documentation is still to be finalised and executed with Talos Energy for Otto Energy to farm in to the Green Canyon 21 lease. While Otto Energy has done its due diligence and is working with Talos on the documentation, there is a risk that final documentation will not be able to be completed to Otto Energy's satisfaction and the transaction does not proceed.

## **Other risks**

The above risks should not be taken as a complete list of the risks associated with an investment in Otto. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the Company, or the value of the Shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Otto in respect of the Company or the Shares.



# Pro Forma Consolidated Statement of Financial Position

	31-Dec-18 US\$'000	Placement and Entitlement Issue US\$'000	Convertible Note US\$'000	Pro Forma 31-Dec-18 US\$'000
<b>Current assets</b>				
Cash and cash equivalents	10,333	21,735	(9,119)	22,949
Trade and other receivables	2,902	-	-	2,902
Other assets	1,187	-	-	1,187
<b>Total current assets</b>	<b>14,422</b>	<b>21,735</b>	<b>(9,119)</b>	<b>27,038</b>
<b>Non-current assets</b>				
Oil and gas properties	26,550	-	-	26,550
Property, plant and equipment	201	-	-	201
Other assets	1,105	-	-	1,105
<b>Total non-current assets</b>	<b>27,856</b>	<b>-</b>	<b>-</b>	<b>27,856</b>
<b>Total assets</b>	<b>42,278</b>	<b>21,735</b>	<b>(9,119)</b>	<b>54,894</b>
<b>Current liabilities</b>				
Trade and other payables	2,114	-	(1,019)	1,095
Provisions	152	-	-	152
Convertible note	7,869	-	(7,869)	-
Convertible note derivative	549	-	(549)	-
	<b>10,684</b>	<b>-</b>	<b>(9,437)</b>	<b>1,247</b>
<b>Non-current liabilities</b>				
Provisions	1,154	-	-	1,154
<b>Total non-current liabilities</b>	<b>1,154</b>	<b>-</b>	<b>-</b>	<b>1,154</b>
<b>Total liabilities</b>	<b>11,838</b>	<b>-</b>	<b>(9,437)</b>	<b>2,401</b>
<b>Net assets</b>	<b>30,440</b>	<b>21,735</b>	<b>318</b>	<b>52,493</b>
<b>Equity</b>				
Contributed equity	104,505	21,735	100	126,340
Reserves	13,937	-	-	13,937
Accumulated losses	(88,002)	-	218	(87,784)
<b>Total equity</b>	<b>30,440</b>	<b>21,735</b>	<b>318</b>	<b>52,493</b>

## Notes

1. Derived from the 31 December 2018 financial statements of Otto Energy Limited which were reviewed by the Company's independent auditor, BDO. These can be obtained from the Company's web site at [www.ottoenergy.com](http://www.ottoenergy.com).
2. Had the Green Canyon 21 farmin occurred on 31 December 2018, the notes to the financial statements would have recorded a commitment amount of US\$7.4 million for the Green Canyon 21 initial appraisal well as at 31 December 2018.
3. The placement and entitlement issue amount is calculated as A\$30.878 million at the 31 December 2018 USD:AUD exchange rate of 0.7039. Costs of the raising have not been included.
4. The Pro Forma Historical Combined Statement of Financial Position has been prepared solely for inclusion in this investor presentation to provide shareholders with an illustration of the combined consolidated financial position of the Company as if the redemption and conversion of the convertible notes, farmin to Green Canyon 21 and the Placement and Entitlement Offer had occurred at 31 December 2018.
5. Due to its nature, the Pro Forma Consolidated Statement of Financial Position does not represent the Company's actual or prospective financial position.
6. The Historical Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements or comparatives required by Australian Accounting Standards ("AAS") applicable to general purpose financial reports prepared in accordance with the Corporations Act.
7. The Pro Forma Consolidated Statement of Financial Position has been prepared on a consistent basis with the Company's accounting policies as disclosed in its financial statements for the year ended 30 June 2018 and 31 December 2018.
8. The Pro Forma Historical Combined Statement of Financial Position does not include the impact of normal trading of the consolidated entity, including revenue and capital expenditure, which has occurred since 31 December 2018;
9. The Pro Forma Consolidated Statement of Financial Position assumes that 8,100,000 of the convertible notes were redeemed and 100,000 were converted to ordinary shares as at 31 December 2018.

# Competent Persons and Cautionary Statements

## Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to the Gulf Coast Package (Lightning, Mustang, Beluga, Oil Lake, Tarpon and Mallard) in the Gulf of Mexico was compiled by technical employees of Hilcorp Energy Company, the Operator of the Gulf Coast Package, and subsequently reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

The information in this report that relates to oil and gas resources in relation to VR 232 in the Gulf of Mexico was compiled by technical employees of Byron Energy Inc, the Operator of VR 232, and subsequently reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

The information in this report that relates to oil and gas resources in relation to Green Canyon 21 (GC 21) in the Gulf of Mexico was compiled by technical employees of Talos Energy and reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Armstrong is an employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this report 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) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Armstrong. Mr Armstrong is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to oil and gas resources in relation to Alaska Central Blocks was compiled by technical employees of Great Bear Petroleum, the Operator of the Alaska acreage, and subsequently reviewed by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Senycia is an employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this report 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) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Senycia. Mr Senycia is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The reserve and contingent resource information in this report in relation to SM 71 is based on information compiled by technical employees of independent consultants Collarini Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report 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) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this Statement is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

# Competent Persons and Cautionary Statements

## Prospective Resources

Prospective resource estimates in this report for SM 71 are prepared as at 30 June 2018. Refer to the ASX release of 6 August 2018. The Gulf Coast Package and Alaska Central Blocks prospective resource estimates in this report are effective as at 30 June 2018. The prospective resources information in this document for VR 232 is effective as at 19 June 2018. The prospective resources information in this document for GC 21 is effective as at 22 February 2019.

The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at [www.spe.org](http://www.spe.org). The prospective resource estimates have been prepared using the deterministic method except for the Gulf Coast Package and Green Canyon 21 which have used the probabilistic method. The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties. The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. The estimates are un-risked and have not been adjusted for either an associated chance of discovery or a chance of development. The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities. Prospective resources are reported on a best estimate basis. Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

## Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

## Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.

## Notes on the prospective resources for Green Canyon 21 (GC 21)

Talos has a large volume of data over the deepwater Gulf of Mexico and owns and operates several fields including the Green Canyon 18 field and production platform. The Bulleit prospect in Green Canyon 21 lease is a Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMBoe to date. Regional high-quality 3D seismic data, information from the Green Canyon 18 field and the wells drilled in the 1980s which discovered the DTR-10 and MP sands (refer slides 24-26) have been used by Talos in generating the deterministic estimates of prospective resources. Otto has separately reviewed the Talos work utilising a different seismic dataset and incorporating all the above data from Talos.



# Disclaimer (continued from slide 2)

## Summary information

This Presentation contains summary information about Otto, its subsidiaries and their activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Otto or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

The historical information in this Presentation is, or is based upon, information that has been lodged with ASIC acting in place of the Australian Securities Exchange (ASX) in its role as operator of a securities exchange and released on ASX's Market Announcements Platform. This Presentation should be read in conjunction with Otto's other periodic and continuous disclosure announcements which are available at [www.ottoenergy.com](http://www.ottoenergy.com).

## Not investment advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Otto or its advisers to acquire New Shares and does not and will not form any part of any contract for the acquisition of New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Otto and the impact that different future outcomes may have on Otto.

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Otto is not licensed to provide financial product advice in respect of Otto shares.

Cooling off rights do not apply to the acquisition of New Shares

## Investment risk

An investment in Otto shares is subject to known and unknown risks, some of which are beyond the control of Otto and its directors. Although there is financial information in this Presentation, that information (as noted in the 'Financial data' section of this important notice and disclaimer below) is for illustrative purposes only and Otto does not guarantee any particular rate of return or the performance of Otto or its shares. Otto does not guarantee any particular tax treatment (including in relation to the Offer) and the information regarding tax in this Presentation and the Retail Information Booklet is not advice. Investors should have regard to the risk factors outlined in the 'Key risks' section of this Presentation when making their investment decision.

## Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated.

Investors should note that this Presentation contains pro forma financial information. The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Otto's views on its future financial condition and/or performance. The pro forma financial information has been prepared by Otto in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia.

Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should be aware that certain financial data included in this presentation are 'non-GAAP financial measures' under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include EBITDA and underlying NPAT. The disclosure of such non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Otto believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

This Presentation contains forecast financial information which has been prepared and presented in accordance with the measurement and recognition principles prescribed in Australia which differs in certain respects from U.S. GAAP. The forecast financial information was not prepared with a view toward complying with the published guidelines of the U.S. Securities and Exchange Commission or guidelines established by the American Institute of Certified Public Accountants (AICPA) with respect to the preparation and presentation of prospective financial information. The forecast financial information does not include presentation and disclosure of all information required by the AICPA guidelines on prospective or pro forma financial information. The forecast financial information may be materially different if it was prepared in accordance with U.S. GAAP. The forecast financial information is highly subjective and should not be relied upon as being necessarily indicative of future results. It has also not been audited.

# Disclaimer (cont.)

## **Future performance and forward-looking statements**

This Presentation may contain certain 'forward-looking statements' with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this Presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this Presentation necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of the Company. Such statements may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this Presentation.

## **Past performance**

Investors should note that past performance, including past share price performance of Otto is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Otto performance including future share price performance.

## **Effect of rounding**

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation

## **Prospective resources cautionary statement**

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

## **Reserves cautionary statement**

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates

# International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.



# International Offer Restrictions (cont.)

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

# International Offer Restrictions (cont.)

## **Cambodia**

This document has not been, and will not be, registered as a disclosure document under the Public Offering Rules and Listing Rules of the SECC. No action has been taken in Cambodia to authorise or register this document with the SECC or to permit the distribution of this document or any documents issued in connection with it in Cambodia. Accordingly, the New Shares may not be offered or sold in Cambodia other than as permitted under Cambodian law.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not, please return this document immediately. You may not forward or circulate this document to any other person in Cambodia.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Cambodia or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Cambodia (except if required to do so by the securities laws and regulations of Cambodia) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Cambodia.

The Offer is made to you on the condition that you will not sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Cambodia.

# Glossary

Terms	Definitions
A\$	Australian dollars or cents.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange.
ASX Listing Rules	Rules governing the admission of entities to the official list, quotation of securities, suspension of securities from quotation and removal of entities from the official list. They also govern disclosure and some aspects of a listed entities conduct.
Australian Accounting Standards	The accounting standards developed and maintained by the Australian Accounting Standards Board.
BBL	Barrel.
BBLS	Barrels.
BCFE	Billion cubic feet equivalent with an Mcfe determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil.
Board	The Otto board of directors.
BOE	Barrels of oil equivalent with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency
BOEPD	BOE per day.
BOPD	Barrels of oil per day
Bulleit	The prospect that Otto has committed to drill as part of the farm in to the Green Canyon 21 lease.
Capital Raising	The raising by Otto of A\$20m in capital through the Offer.
Company	Otto Energy Limited (ACN 107 555 046)
Corporations Act	Corporations Act 2001 (Cth).
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
Eligible Retail Shareholder	A retail shareholder with a registered address in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Cambodia.
Entitlement and Acceptance Form	Form accompanying the Retail Information Booklet.
Entitlement Offer	Institutional Entitlement Offer and the Retail Entitlement Offer.
Finding Cost	The cost of finding a BOE including land and exploration costs.
Finding and Development Cost	The cost of finding and developing a BOE includes the Finding Cost and development costs such as well completion and facilities.
FMC Act	The Financial Markets Conduct Act 2013 (NZ).
FPO	The Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (UK).
FSMA	The Financial Services and Markets Act 2000 (UK).
Green Canyon 21	The Green Canyon 21 lease in the Gulf of Mexico that Otto has agreed to farm into with Talos Energy Inc. with a commitment to drill the Bulleit prospect.
Gulf Coast Package	The drilling program that Otto farmed in to with Hilcorp. Five prospects remain to be drilled including Mustang, Beluga, Oil Lake, Tarpon and Mallard.
Institutional Entitlement Offer	Pro-rata accelerated non-renounceable entitlement offer to eligible institutional shareholders.
International Financial Reporting Standards	The standards issued by the IFRS Foundation and the International Accounting Standards Board.
Investor Presentation	This investor presentation.
Lead Manager	Morgans Corporate Limited (ABN 32 010 539 607).

# Glossary (cont.)

Terms	Definitions
LLS	Louisiana Light Sweet crude.
MBBL	One thousand barrels.
MBOE	One thousand BOE
MMBOE	One million BOE
MMBTU	One million British Thermal Units.
MCF	One thousand cubic feet.
New Shares	Shares to be allocated and issued under the Entitlement Offer.
NGLs	Natural Gas Liquids.
NPAT	Net Profit After Tax.
Offer	Otto's fully underwritten pro-rata accelerated non-renounceable entitlement offer of new ordinary fully paid shares in Otto.
Offer Price	A\$0.059 per New Share.
Otto	Otto Energy Limited (ACN 107 555 046)
Peak Production Rate	The maximum steady state rate at which a well is expected to produce.
Petroleum Resources Management System	The Petroleum Resources Management System developed by the Society of Petroleum Engineers.
POS	Probability of success.
Presentation	This Investor Presentation.
Prospective Resource	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. Further information is available at <a href="http://www.spe.org">www.spe.org</a> .
Record Date	7pm (Sydney time) on Thursday 2 August 2018.
Retail Entitlement Offer	Pro-rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders to subscribe for 1 New Share for every 9 Shares held on the Record Date.
Retail Information Booklet	Booklet containing important information about the Retail Entitlement Offer and Otto's business.
SECC	The Securities and Exchange Commission of Cambodia.
SFA	The Securities and Futures Act of Singapore.
SFO	The Securities and Futures Ordinance (Cap. 571) (Hong Kong).
Shares	A fully paid ordinary share in the capital of Otto.
Shareholders	A holder of Shares in Otto.
SM71	South Marsh Island 71.
Statement	The Competent Persons and Cautionary Statements.
TERP	Theoretical Ex-Rights Price.
Underwriter	Morgans Corporate Limited (ABN 32 010 539 607).
US Securities Act	US Securities Act of 1933.
US\$ or USD	United States dollars
WTI	West Texas Intermediate.



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