

**ASX ANNOUNCEMENT**

16 November 2016

Manager of Company Announcements  
ASX Limited  
Level 6, 20 Bridge Street  
SYDNEY NSW 2000

**By E-Lodgement**

**2016 ANNUAL GENERAL MEETING CHAIRMAN ADDRESS**

Please find attached 2016 Annual General Meeting Chairman Address.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Neil Hackett".

**Neil Hackett**  
Company Secretary

## Otto Energy Ltd 2016 AGM

Welcome to the Annual General Meeting of Otto Energy for 2016.

Before I start I would like to thank our former Chairman Mr Rick Crabb for his stewardship over the preceding 12 years and you our shareholders for your loyalty and support.

Before we turn to the formal items on the agenda I would like to make some comments on our strategy, where we have come from and where we are going. This meeting takes place at a time which I believe will prove to be a fundamental change in the direction of this company.

We have come from a history of focus on exploration and production in South East Asia, and more recently exploration in Tanzania. The focus on South East Asia enabled us to deliver the successful entry and exit into Galoc, and a solid return of capital to shareholders. I want you to know that was not just mere luck. We had been thinking about the optimal timing for an exit from Galoc for a considerable time, and chose the right moment in order to maximise the return to our shareholders.

Likewise the decision to return capital to shareholders and not to hoard too much cash was a very conscious decision to reward our shareholders and to build confidence in the management of this company for the future.

That having been said we also felt that the downturn in the oil industry would be longer and more painful than many people expected, and that this downturn would create opportunities for Otto Energy. We took the time to embark on a thorough strategic review of the future direction of the industry and screened more than 300 projects before coming to the conclusion that the size and liquidity of the US market affords us the greatest opportunities. These opportunities were not available to us before simply because the US market was over heated and overpriced before the downturn. That has changed. The other change is that we now focus on projects with probabilities of success of not less than 40%. We consider projects with lower probabilities of success as too risky and speculative.

Needless to say we are particularly pleased that this very focussed, very analytical and very disciplined strategy has produced an early success with the discovery of SMI 71 in the Gulf of Mexico which will go into production in 2017. I cannot promise that we will never again drill another dry hole. But I do believe that with focus and discipline we can improve the probabilities in our favour.

Matthew Allen will talk about this in more detail later.

I will now turn to the formal agenda.