OTTO ENERGY

9 November 2026
ASX RELEASE

SALE OF SM71 TO BYRON ENERGY AND LIGHTNING SALE PROCESS

Otto Energy Limited (**ASX: OEL**) (**Otto** or the **Company**) is pleased to announce that its wholly owned subsidiary, Otto Energy (Louisiana) LLC, has agreed to sell its 50% working interest in South Marsh Island 71 (**SM 71**) in the Gulf of America to Byron Energy Inc. (**Byron**) (**Disposal**). Separate to the Disposal, the Company also advises that it will commence a process to sell its interest in the Lightning asset this month.

Highlights

SM 71

- Otto has agreed to sell its interest in SM 71 to Byron, the operator of SM 71 and holder of the remaining 50% working interest, effective 1 September 2026 (**Effective Date**).
- Consideration payable to Otto of US$2.5 million in cash at closing, with Otto retaining all production from its SM 71 interest from the Effective Date until 2,928 production hours have accrued (expected in early January 2027).
- Otto expects to receive cash of approximately US$6.0 million in total, plus a US$325,000 bond refund. Net of insurance costs, the expected value is approximately US$5.9 million. Discounted to the Effective Date at 20% per annum (approximately US$5.7 million), this is equivalent to valuing SM 71's proved (1P) reserves at a flat WTI oil price in the low-to-mid US$70s per barrel, within the range of oil futures prices over SM 71's expected producing life.
- Byron will assume all plugging, abandonment and decommissioning liabilities for SM 71, secured by a bond of approximately US$2.9 million in favour of Otto and the US Bureau of Ocean Energy Management (**BOEM**).
- SM 71 is Otto's main undertaking, so the Disposal requires shareholder approval under ASX Listing Rule 11.2. An Extraordinary General Meeting (**EGM**) is expected to be held on Friday, 18 December 2026, with closing on the same day.

Lightning

- In addition to the proposed disposal of SM 71, Otto will also commence a process to sell its interest in Lightning this month.

Share Consolidation

- Resolutions for the proposed 100:1 share consolidation and A$20.0 million return of capital to shareholders will be put to shareholders for a vote at the 13 November 2026 Annual General Meeting (**AGM**) are separate to, and not conditional upon, the Disposal.

Transaction terms

The Disposal comprises Otto's 50% working interest (40.6% net revenue interest) in lease OCS-G 34266, the F001, F002, F003 and F005 wells, the SM 71 "F" platform and associated pipelines, and the SM 71 joint operating agreement. Byron is a wholly owned subsidiary of Byron Energy Limited and has operated SM 71 since first production in 2018.

Consideration for the Disposal comprises:

- US$2.5 million in cash, payable at closing and funded from Byron's available cash; and
- all production attributable to Otto's interest in SM 71 from the Effective Date of 1 September 2026 until 2,928 production hours have accrued (**Seller's Reserved Production**). Otto pays a fixed US$115,000 per month towards operating costs over that period.

Byron will also refund Otto's US$325,000 share of the cash collateral for the SM 71 production bond at closing. Byron will assume, and indemnify Otto against, all plugging, abandonment, decommissioning and environmental liabilities for SM 71, whether arising before or after the Effective Date. Otto's provision for these liabilities was US$3.05 million at 30 June 2026.

Closing is conditional on customary completion conditions, including Otto obtaining shareholder approval at the EGM, each party's representations and warranties remaining true and correct, and no legal or insolvency proceedings restraining the Disposal. Either party may terminate if closing has not occurred by 1 January 2027. BOEM approval of the transfer of the lease will be obtained after closing.

The Company intends to apply the cash proceeds of the Disposal (being the US$2.5 million closing payment, the US$325,000 bond refund and the net proceeds of the Seller's Reserved Production) towards its general working capital, the ongoing costs of managing its remaining assets and future returns of capital to shareholders.

Expected value

Otto expects to receive cash of approximately US$6.0 million from the Disposal (excluding the bond refund): the US$2.5 million closing payment and estimated net proceeds of the Seller's Reserved Production of approximately US$3.5 million. After deducting insurance costs of approximately US$0.18 million for the Seller's Reserved Production period, which Otto has prepaid, the expected value is approximately US$5.9 million.

Much of that value is already secured. As at 31 October 2026, approximately 1,450 of the 2,928 production hours had accrued, and Otto has hedged approximately 50% of its expected oil production for November and December 2026 at fixed prices of US$96.60 and US$94.50 per barrel respectively.

Buyers of producing oil and gas assets commonly value them on forecast cash flows from 1P reserves at a flat oil price, after tax and discounted at 20% per annum. Discounted at 20% per annum, the expected value of approximately US$5.7 million equates to a flat WTI oil price in the low-to-mid US$70s per barrel. That is within the range of average WTI futures prices for 2027 to

2031, the period covering SM 71's expected producing life, which were approximately US$65 to US$74 per barrel between June and November 2026.

Rationale

The Board considers that the Disposal realises more value for shareholders than continuing to hold SM 71. SM 71 is a mature field whose production currently comes almost entirely from a single completion. The Disposal:

- crystallises the value of SM 71 in cash, at a value within the range of oil futures prices over its expected producing life;
- transfers SM 71's decommissioning cost risk to Byron, and removes Otto's exposure to any future BOEM demand for supplemental financial assurance for SM 71; and
- follows a broadly marketed sale process, with Byron as a buyer that knows the asset in detail.

Effect on Otto

SM 71 contributed approximately 47.8% of Otto's net operating revenue in FY2026 and represents approximately 25.8% of its proved (1P) reserves (30.2% of its proved plus probable (2P) reserves), as reported in the Company's ASX announcement dated 10 September 2026. Otto confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.
On a pro forma basis at 30 June 2026, the Disposal would have resulted in a gain of approximately US$0.75 million. The Disposal does not change Otto's corporate overheads, which have already been reduced to the minimum the Directors consider appropriate for a listed company, with 3 staff comprising a CEO, CFO and bookkeeper.

Shareholder approval and timetable

The Company considers that the Disposal constitutes a disposal of Otto's main undertaking and, accordingly, the Disposal is subject to shareholder approval under ASX Listing Rule 11.2. A notice of EGM, with an explanatory statement that includes the Directors' assessment of the value of the consideration, is expected to be despatched to shareholders in mid-November. The Directors recommend that shareholders vote in favour of the Disposal, in the absence of a superior proposal.

Event	Indicative date
Execution of Sale Agreement	Friday, 6 November 2026 (US Central Time)
ASX announcement	Monday, 9 November 2026
AGM (Consolidation and Return of Capital)	Friday, 13 November 2026
Despatch of GM notice	Wednesday, 11 November 2026
Proxy deadline	10.00am (WST), Monday, 14 December 2026
EGM to approve the Disposal	10.00am (WST), Wednesday 16 December 2026
Closing	Friday, 18 December 2026 (US Central Time), following the general meeting
End of Seller's Reserved Production	Early January 2027

The timetable is indicative and may change.

Remaining assets and next steps

Following the Disposal, Otto will continue to hold interests in Lightning, Green Canyon 21, Mosquito Bay West and Oyster Bayou South. Otto will commence a process to sell its interest in

Lightning in November 2026, and continues to evaluate alternative strategies for Green Canyon 21. Otto will continue to return surplus cash to shareholders in the most efficient form practicable.

Following the Disposal, the Directors consider that Otto's level of operations may not be sufficient to warrant its continued listing under ASX Listing Rules 12.1 and 12.2, and the Company is considering whether it is appropriate to remain a listed entity. The Company understands that ASX will generally continue to quote its securities for up to six months from the date of this announcement, after which ASX will generally suspend quotation of the Company's securities if the Company has not satisfied ASX that it complies with Listing Rule 12.1.

Should an interest in a corporate restructure, or future asset acquisition, be presented and be progressed by the Company, it is possible that the Company may be required to obtain shareholder approval under Listing Rule 11.1.2 and to re-comply with Chapters 1 and 2 of the Listing Rules.

This announcement has been authorised for release by the Board of Otto Energy Limited.

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