

ASX ANNOUNCEMENT

18 November 2019

ANNUAL GENERAL MEETING – WITHDRAWAL OF RESOLUTIONS 5 & 6

Otto Energy Limited (ASX: OEL, “Otto” or the “Company”) advises that resolutions 5 & 6 are being withdrawn from consideration at the upcoming Annual General Meeting (AGM) on 21 November 2019 and may be reissued to shareholders for consideration at a future shareholder meeting at a date to be advised.

The withdrawal of these items of business does not affect the validity of the proxy form attached to the 2019 Notice of Meeting dated 21 October 2019 or any proxy votes already made.

Shareholders wishing to complete and lodge a proxy in relation to the 2019 AGM, which will be held on 21 November 2019, do not need to indicate their voting instructions on Resolution 5 and 6.

The proposed resolutions contemplate the issue of Performance Rights to Messrs. Allen and Small under the Company’s Performance Rights Plan on terms as outlined in the Notice of Meeting.

Messrs. Allen and Small have advised the Board that it was their intention to not accept an offer for participation with a Performance Condition lower than 8 cents per share.

Messrs. Allen and Small have provided the following comments in a letter to the Board of Directors:

The resolutions to issue performance rights to the undersigned directors was made against the backdrop of key transactions and events that were being completed at the time of issue of the notice of meeting on 21 October 2019. The completion of the financing facility was expected to occur prior to the holding of the Annual General Meeting and the Board not unreasonably held the view that this would have a material impact upon the share price of Otto. In particular, the issue of options as part of the recently secured finance facility with an exercise price of 8 cents per share was a critical reflection of the underlying value of the asset portfolio that Otto currently has an interest in.

The undersigned directors are firmly of the view that the current share price does not reflect the inherent value of the current asset portfolio. The issue of performance rights at this juncture with a future Performance Condition linked to the current share price is not a reflection of the belief of the undersigned directors in the current and future value of Otto’s portfolio of assets.

The undersigned directors make the following recommendation to the Board of Otto Energy Ltd that the Board withdraw Resolution 5 and 6 proposed for consideration at the upcoming Annual General Meeting.

The Board of Otto who do not have a material personal interest in Resolutions 5 and 6, have considered the recommendation of Messrs. Allen and Small and concur with the recommendation.

Commenting on the decision by the Board, Otto Chairman John Jetter said:

“The Board endorse the recommendation from Messrs. Allen and Small. The Board are disappointed with the recent share price performance given the significant progress that has been made on developing Otto’s business in the Gulf of Mexico.

The use of Performance Rights that are consistent with the successful delivery of shareholder value is a key component of Otto’s reward and incentive structure. It allows Otto to reward key contributors to shareholder value creation and ensures that management is aligned with shareholder values whilst preserving valuable cashflow for investment into growing Otto’s assets.

Otto has been successful in building and establishing a business in the Gulf of Mexico and believe that the company will deliver significant shareholder value. The fact that the share price is yet to reflect the significant contribution of the management team to shareholder value is disappointing, but we are confident that the continued execution on our strategy will deliver significant value creation for Otto’s shareholders.”

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About Otto Energy:

Otto is an ASX-listed oil and gas exploration and production company with a regional focus on North America, focused on the Gulf of Mexico region near-term. Otto currently has oil production from the SM 71 oil field in the Gulf of Mexico and gas/condensate production from the Lightning discovery onshore Matagorda County, Texas. Development is underway at the Green Canyon 21 “Bulleit” oil discovery in the Gulf of Mexico. Cashflow from its producing assets underpins its growth strategy including an active exploration and appraisal program underway in the Gulf of Mexico region.