



OTTO ENERGY LIMITED
ABN 56 107 555 046

NOTICE OF ANNUAL GENERAL MEETING

TIME: 3pm (WST)

DATE: 26 November 2012

PLACE: University Club of Western Australia
Seminar Room 1
Hackett Drive,
Crawley Western Australia

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (08) 6467 8800.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The meeting of the Shareholders of Otto Energy Limited which this Notice of Annual General Meeting relates to will be held at 3pm (WST) on 26 November 2012 at:

University Club of Western Australia
Seminar Room 1
Hackett Drive,
Crawley, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and either:

- (a) send the proxy form by post to the Company's share registry Link Market Services, Locked Bag A14, Sydney South, NSW 1235; or
- (b) fax your proxy form to the Company's share registry on (+612) 9287 0309; or
- (c) online by visiting www.linkmarketservices.com.au Select 'Investor Login' and enter the holding details as shown on the proxy form. Select the 'Voting' tab and then follow the prompts. You will be taken to have your Proxy Form if you lodge it in accordance with the instructions given on the website

so that it is received not later than 3pm (WST) on 24 November 2012.

Proxy forms received later than this time will be invalid.

NOTICE OF MEETING

Notice is given that the Annual General Meeting of Shareholders of Otto Energy Limited will be held at the University Club of Western Australia, Hackett Drive, Crawley, Western Australia at 3pm (WST) on 26 November 2012 (**AGM**).

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders on 24 November 2012 at 3pm (WST).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the glossary of the Explanatory Statement.

AGENDA

The Explanatory Statement to this Notice of Meeting describes the matters to be considered at the Meeting.

ADOPTION OF THE ANNUAL FINANCIAL REPORT

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors for the financial year ending 30 June 2012.

The Annual Report is available on our website – www.ottoenergy.com.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the year ended 30 June 2012.”

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter¹. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company’s annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

¹ Restricted Voter means the Key Management Personnel and their Closely Related Parties as defined in the glossary.

RESOLUTION 2 – RE-ELECTION OF MR RUFINO BOMASANG AS DIRECTOR

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“To elect Mr Rufino Bomasang as a director of the Company who retires by rotation pursuant to the ASX Listing Rule 14.4 and being eligible offers himself for re-election.”

Short Explanation: In accordance with ASX Listing Rule 14.4 (rotation of Directors) and the Company’s Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. Accordingly, Mr Bomasang retires by rotation and being eligible for re-election, offers himself for re-election at the Meeting.

RESOLUTION 3 – RE-ELECTION OF MR RICK CRABB AS DIRECTOR

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“To elect Mr Rick Crabb as a director of the Company who retires by rotation pursuant to the ASX Listing Rule 14.4 and being eligible offers himself for re-election.”

Short Explanation: In accordance with ASX Listing Rule 14.4 (rotation of Directors) and the Company’s Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. Accordingly, Mr Crabb retires by rotation and being eligible for re-election, offers himself for re-election at the Meeting.

DATED: 5 OCTOBER 2012
BY ORDER OF THE BOARD



MR IAN MACLIVER
DIRECTOR

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

SPECIAL BUSINESS OF THE MEETING

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report as set out in the Directors' Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2012 AGM, and then again at the 2013 AGM, the Company will be required to put a resolution to the 2013 AGM, to approve calling a general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2013 AGM. All of the Directors who were in office when the 2013 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

2. RESOLUTION 2 - RE-ELECTION OF MR RUFINO BOMASANG AS DIRECTOR

2.1 Regulatory Requirements – ASX Listing Rule 14.4 and Constitution

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third annual general meeting following their appointment or 3 years, whichever is longer.

However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Further, in accordance with the Company's Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office and are eligible for re-election.

Mr Rufino Bomasang retires by rotation and being eligible offers himself for re-election pursuant to Resolution 2.

Mr Bomasang is a mining engineer, having worked as an International Energy and Mining Consultant, focusing on the development of untapped indigenous energy resources in the Philippines. From 1996 to 2004 Mr Bomasang was President and Chief Executive Officer of Philippine National Oil Company-Exploration Corporation (PNOC-EC), where he was responsible for top level management of PNOC-EC's operations. Mr Bomasang previously worked with the United States Agency for International Development as an Energy Consultant, providing technical assistance to the Philippine Department of Energy and as Senior Advisor to the Department of Energy Gas Office. Mr Bomasang is currently the nonexecutive Chairman of the Company' wholly owned subsidiary Otto Energy Investments Limited (formerly NorAsian Energy Limited).

3. RESOLUTION 3 - RE-ELECTION OF MR RICK CRABB AS DIRECTOR

2.1 Regulatory Requirements – ASX Listing Rule 14.4 and Constitution

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third annual general meeting following their appointment or 3 years, whichever is longer.

However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Further, in accordance with the Company's Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office and are eligible for re-election.

Mr Rick Crabb retires by rotation and being eligible offers himself for re-election pursuant to Resolution 2.

Mr Crabb holds degrees of Bachelor of Jurisprudence (Honours), Bachelor of Laws and Master of Business Administration from the University of Western Australia. He has practiced as a solicitor from 1980 to 2004 specialising in mining, corporate and commercial law. He has advised on all legal aspects including financing, marketing, government agreements and construction contracts for many resource development projects in Australia and Africa. Mr Crabb now focuses on his public company directorships and investments. He has been involved as a director and strategic shareholder in a number of successful public companies. He is presently also a director of Golden Rim Resources Ltd (since 2001), Ashburton Minerals Ltd (since 1999), Otto Energy Ltd (since 2004), and Royal Resources Limited (since 2004). Rick is a Councillor on the Western Australian Division of the Australian Institute of Company Directors.

RESPONSIBILITY FOR INFORMATION

The information concerning the Company contained in this Explanatory Statement, including information as to the views and recommendations of the Directors has been prepared by the Company and is the

responsibility of the Company.

The Explanatory Statement does not take into account the individual investment objectives, financial situation and particular needs of individual Shareholders. If you are in doubt as to what you should do you should consult your legal, financial or professional adviser prior to voting.

GLOSSARY

Accounting Standards has the meaning given to that term in the Corporations Act.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Otto Energy Limited (ABN 56 107 555 046).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means this explanatory statement to the Notice of Meeting.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Meeting means the general meeting of Shareholders convened by the Notice of Meeting.

Notice of Meeting means the notice of meeting which forms part of this Explanatory Statement.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

Section means a section of the Explanatory Statement.

Shareholder means a holder of a Share.

WST means Western Standard Time.

\$ means Australian dollars.