

ASX ANNOUNCEMENT

16 October 2020

OTTO ENERGY PROPOSED SHARE CONSOLIDATION & MINIMUM HOLDING SHARE BUY-BACK

Otto Energy Limited (ASX:OEL) (“Otto” or the “Company”) is pleased to announce that it intends to seek approval for a 1 for 50 consolidation of the capital of the Company (“Consolidation”) at the Company’s annual general meeting to be held on 19 November 2020.

The Consolidation applies equally to all shareholders and as such, individual shareholdings will be reduced in the same ratio as the total number of shares (subject to rounding). Accordingly, the Consolidation will have no effect on the percentage interest in the Company of each shareholder.

The proposed consolidation will reduce the number of Otto shares on issue from approximately 4.8 billion to approximately 96 million; a more appropriate number for an ASX-listed oil and gas producer. This is considered to be an important step for the Company, given it is expected to reduce the high levels of volatility currently experienced in the Otto share price.

Should the Consolidation be approved, the number of options on issue, the exercise price of those options and the number of performance rights on issue will also be adjusted in accordance with the ASX Listing Rules.

Further details in relation to the Consolidation will be provided to the Company’s shareholders in the notice of annual general meeting, which will be made available to all shareholders.

Subject to shareholders approving the Consolidation at the Company’s Annual General Meeting, the key dates for the Consolidation are as follows:

| ACTION | DATE |
|---|------------------|
| Annual general meeting of shareholders. | 19 November 2020 |
| The Company tells ASX that security holders have approved the reorganisation & effective date | 19 November 2020 |
| If the details of holdings change as a result of the reorganisation, last day for trading in pre-reorganised securities. | 20 November 2020 |
| If the details of holdings change as a result of the reorganisation, trading in the reorganised securities on a deferred settlement basis starts. | 23 November 2020 |
| Record Date If the details of holdings change as a result of the reorganisation, last day for the Company to register transfers on a pre-reorganisation basis. | 24 November 2020 |
| If the details of holdings change as a result of the reorganisation: <ul style="list-style-type: none"> • First day for entity to send notice to each security holder. • In the case of uncertificated holdings, first day for the Company to register securities on a post-reorganisation basis and first day for issue of holding statements. | 25 November 2020 |

| ACTION | DATE |
|--|-----------------|
| <ul style="list-style-type: none"> In the case of certificated holdings, first day for issue of new certificates. From now on, the Company rejects transfers accompanied by a certificate that was issued before the reorganisation. | |
| <p>If the details of holdings change as a result of the reorganisation:</p> <ul style="list-style-type: none"> Issue date. Deferred settlement market ends. Last day for securities to be entered into the holders' security holdings. If securities are certificated, last day for the Company to issue them and send the certificates to the holders. Last day for the Company to send notice to each security holder Deferred settlement trading ends | 1 December 2020 |
| Normal trading starts. | 2 December 2020 |

Upon completion of the proposed consolidation subject to shareholder approval, the Company intends to undertake a minimum holding buy-back of ordinary shares for holders of less than a marketable parcel of shares in the Company ("Buy-Back"). Under the ASX Listing Rules, any shareholding valued at less than \$500 is considered to be an "unmarketable parcel" of shares.

The Buy-Back will allow shareholders who hold unmarketable parcels of shares in the Company (Eligible Shareholders) to sell their shares back to the Company at the Buy-Back price being the Closing Price for Company shares on 2 December 2020. These shares will be cancelled once transferred to the Company in accordance with the Corporations Act 2001 (Cth). The Company intends to undertake the Buy-Back to assist Eligible Shareholders to sell and realise their shares without incurring brokerage and other expenses and to reduce administrative costs associated with maintaining a large number of very small holdings.

More information regarding the proposed minimum holding share buy-back will be released in due course.

This announcement is authorized for release by the Company's Board of Directors.

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