

**ASX ANNOUNCEMENT**

30 October 2017

## Notice of Annual General Meeting

Otto Energy Limited (ASX:OEL) ("Otto") has today despatched the attached Notice of Annual General Meeting to Shareholders in relation to its Annual General Meeting being held on 29 November 2017.

<p>Contact: Matthew Allen Managing Director &amp; CEO +61 8 6467 8800 <a href="mailto:info@ottoenergy.com">info@ottoenergy.com</a></p>	<p>Media: John Gardner or Tony Dawe Citadel-MAGNUS +61 8 6160 4901 or +61 8 6160 4906 <a href="mailto:jgardner@citadelmagnus.com">jgardner@citadelmagnus.com</a> <a href="mailto:tdawe@citadelmagnus.com">tdawe@citadelmagnus.com</a></p>
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**OTTO ENERGY LIMITED**

**ACN 107 555 046**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10:00 am (WST)

**DATE:** Wednesday, 29 November 2016

**PLACE:** CWA House, 1176 Hay Street, West Perth WA 6005

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

*This Notice of 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.*

*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 at 4:00pm (WST) on Monday, 27 November 2017.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the director's report, the Remuneration Report and the auditor's report.

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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 for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) (and the Company will disregard any such vote) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR WHO RETIRES BY ROTATION – JOHN JETTER

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

*“That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr John Jetter, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – RATIFICATION OF PRIOR PLACEMENT OF SHARES

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 236,857,143 ordinary fully paid shares pursuant to a Placement announced on 25 October 2017 on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 5. RESOLUTION 4 – PARTICIPATION IN PLACEMENT BY DIRECTORS

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,142,857 ordinary fully paid shares to John Jetter, Matthew Allen, Ian MacIver and Ian Boserio the Directors of the Company (or their nominees), in the allocations and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the issue (being John Jetter, Matthew Allen, Ian MacIver and Ian Boserio), and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. RESOLUTION 5 – APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS TO JOHN JETTER

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to a maximum of 1,178,000 Performance Rights to John Jetter (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director (except a Director who is ineligible to participate under the Company's Performance Rights Plan) and their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote (and the Company will disregard any such vote), on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (A) a member of the Key Management Personnel; or
  - (B) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 6 – APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS TO MATTHEW ALLEN

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to a maximum of 4,478,000 Performance Rights to Matthew Allen (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director (except a Director who is ineligible to participate under the Company's Performance Rights Plan) and their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote (and the Company will disregard any such vote), on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (A) a member of the Key Management Personnel; or
  - (B) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS TO IAN MACLIVER**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to a maximum of 801,000 Performance Rights to Ian MacLiver (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director (except a Director who is ineligible to participate under the Company's Performance Rights Plan) and their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote (and the Company will disregard any such vote), on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (A) a member of the Key Management Personnel; or
  - (B) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**9. RESOLUTION 8 – APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS TO IAN BOSERIO**

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to a maximum of 707,000 Performance Rights to Ian Boserio (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director (except a Director who is ineligible to participate under the Company's Performance Rights Plan) and their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote (and the Company will disregard any such vote), on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (A) a member of the Key Management Personnel; or
  - (B) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**10. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**11. RESOLUTION 10 – ADOPTION OF NEW CONSTITUTION**

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

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its current constitution and adopt the new constitution tabled at the meeting and signed by the Chair for identification purposes.”*

**Dated: 30 October 2017**

**By order of the Board**



**David Rich**  
Company Secretary

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### **Voting in person**

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

### **Voting eligibility**

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 at 4:00pm (WST) on Monday, 27 November 2017.

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### **Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

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### **Voting by corporate representative**

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

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Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6467 8800.

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.ottoenergy.com](http://www.ottoenergy.com). The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the Directors of the company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The remuneration report sets out the company's remuneration arrangements for the Directors and senior management of the company. The remuneration report is part of the Directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of Directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the company who were in office when the Directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the company is approved will be the Directors of the company.

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## **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## **2.4 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JOHN JETTER WHO RETIRES BY ROTATION**

### **3.1 General**

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

The current Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Clause 13.2 of the current Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots; and
- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors, including the Managing Director, and accordingly 1 must retire.

John Jetter, the Director longest in office since the last election, retires by rotation and seeks re-election.

A biography of John Jetter (first appointed as a Director 12 December 2007) is set out in the Company's annual financial report for the year ended 30 June 2017.

The Board has considered Mr Jetter's independence and considers that he is an independent Director.

### **3.2 Directors' Recommendation**

The Directors (other than Mr John Jetter) support the re-election of Mr Jetter pursuant to Resolution 2 and are not aware of any other information that would be material to Shareholders' decision as to whether to re-elect Mr Jetter.

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## **4. RESOLUTION 3 – RATIFICATION OF PRIOR PLACEMENT OF SHARES**

### **4.1 General**

On 25 October 2017 the Company announced the placement of 243,000,000 Shares at an issue price of \$0.035 to raise \$8.5 million, before costs (**Placement**). The placement is to be completed in two parts, the first tranche of 236,857,143 Shares (\$8.3 million) will be issued to non-Directors (who are sophisticated investors introduced by Morgans Corporate Limited – see below) on or about 31 October 2017.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these 236,857,143 Shares.

The second tranche of the placement being 6,142,857 Shares, is to be issued to Directors of the Company, subject to Shareholder approval being sought under Resolution 4.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **4.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 3:

- (a) 236,857,143 Shares will be issued on or about 31 October 2017;
- (b) the issue price will be \$0.035 per Share;
- (c) the Shares issued will all be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued to sophisticated investors introduced by Morgans Corporate Limited.
- (e) None of these subscribers are related parties of the Company; and
- (f) the funds raised from the issue of the Shares in conjunction with the 30 September 2017 cash balance of US\$16.2 million will go towards funding the following:
  - 2 firm development wells at SM 71;
  - Drilling of the Otto Energy share of the ST 224 exploration well; and
  - Additional growth opportunities, which may include a third well in SM 71, rapid development of a discovery at ST 224, drilling of the large Bivouac Peak prospect,

one of the many new prospects Otto is evaluating in the Gulf of Mexico or exploration in Alaska if Otto's partner secures funding and working capital.

#### **4.3 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 3, as it allows the Company to ratify the above issue of Shares and retain the flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

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### **5. RESOLUTION 4 – PARTICIPATION IN PLACEMENT BY DIRECTORS**

#### **5.1 General**

ASX Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to a related party, which includes a Director, without shareholder approval. If shareholder approval is received, approval is not required under Listing Rule 7.1.

As announced to the ASX on 25 October 2017, the Company secured a Placement of 243,000,000 Shares at \$0.035 each. This placement comprised of two tranches. Tranche 1, as set out in Resolution 3 above is to non-Directors and will be completed on or about 31 October 2017.

The second tranche of the Placement being 6,142,857 Shares, relates to commitments the Company secured from Directors in respect of a placement of additional Shares at the same price as tranche 1 of the placement to non-Directors subject to the requisite Shareholder approval being obtained. The number of shares that each Director has committed to subscribe for, subject to Shareholder approval, is set out in the table below:

Director	Shares	Total Subscription
John Jetter	2,857,143	\$100,000
Matthew Allen	1,000,000	\$35,000
Ian MacIver	857,143	\$30,000
Ian Boserio	1,428,571	\$50,000
Total	6,142,857	\$215,000

Resolution 4 seeks Shareholder approval for the issue of a total of 6,142,857 Shares at \$0.035 each to Directors of the Company (or their respective nominees) as allocated in the table above.

Shares will rank equally with the Company's existing Shares.

#### **5.2 Related Party Transactions**

Chapter 2E of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party (which includes Directors) of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Under Section 210 of the Corporations Act, shareholder approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the company and the related party were dealing at arm's length. As the terms of the proposed placement of Shares contained in this resolution are at the same price as the placement of 236,857,143 Shares under the arms-length transactions as set out in Resolution 3, the exception in Section 210 applies in the circumstances and Shareholder approval is not required for the purposes of Section 208 of the Corporations Act.

### **5.3 Technical information required by Listing Rule 10.13**

The following information is provided to Shareholders in relation to Resolution 4 for the purposes of ASX Listing Rule 10.13:

- (a) The Shares will be issued to each of the Directors (or their nominees) as allocated in the table above.
- (b) The maximum number of Shares that may be issued is 6,142,857.
- (c) The Shares will be issued to the Directors (or their nominees) no later than 1 month after the date of this Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Shares will be issued at the same issue price under the Placement of \$0.035 and will rank equally with existing issued Shares from the date of issue.
- (e) A voting exclusion statement has been included.
- (f) The funds raised from the issue of the Shares in conjunction with the 30 September 2017 cash balance of US\$16.2 million and the \$8.3 million from Tranche 1 of the Placement will go towards funding the following:
  - 2 firm development wells at SM 71;
  - Drilling of the of the ST 224 exploration well; and
  - Additional growth opportunities, which may include a third well in SM 71, rapid development of a discovery at ST 224, drilling of the large Bivouac Peak prospect, one of the many new prospects Otto is evaluating in the Gulf of Mexico or exploration in Alaska if Otto's partner secures funding and working capital.

### **5.4 Directors' Recommendation**

As each Director has an interest in the outcome of this resolution, a voting recommendation to Shareholders will not be made.

The Chairman intends to vote available undirected proxies in favour of Resolution 4.

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## **6. RESOLUTIONS 5 - 8 – APPROVAL OF THE ISSUE OF PERFORMANCE RIGHTS TO JOHN JETTER, MATTHEW ALLEN, IAN MACLIVER AND IAN BOSERIO**

### **6.1 Overview**

Shareholder approval is sought to issue the following Performance Rights under the Company's Performance Rights Plan:

- (a) Up to a maximum of 1,178,000 Performance Rights to John Jetter;
- (b) Up to a maximum of 4,478,000 Performance Rights to Matthew Allen;
- (c) Up to a maximum of 801,000 Performance Rights to Ian MacLiver; and
- (d) Up to a maximum of 707,000 Performance Rights to Ian Boserio;

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval in order to issue securities to a director under the Performance Rights Plan. As described below and in Schedule 1, a Performance Right is a right to receive a Share if the Performance Right vests.

Accordingly, shareholder approval under ASX Listing Rule 10.14 is required for each issue of Performance Rights to the Directors listed in each of Resolutions 5, 6, 7 and 8.

If Resolutions 5, 6, 7 and 8 are approved for the purposes of ASX Listing Rule 10.14, any Shares issued on vesting of a Performance Right will be issued under the Performance Rights Plan, and for that reason shareholder approval is not required under ASX Listing Rule 7.1.

ASX Listing Rule 10.11 requires shareholder approval for the issue of securities to a related party of the Company, but if Resolutions 5, 6, 7 and 8 are approved for the purposes of ASX Listing Rule 10.14, shareholder approval is not required under ASX Listing Rule 10.11.

### **6.2 Terms and conditions of Performance Rights**

Each of the Performance Rights will:

- (a) be issued for nil cash consideration, and no consideration will be payable upon the vesting (or exercise) of the Performance Rights on the achievement of the Vesting Conditions;
- (b) vest when the total shareholder return (TSR) is 10% per annum or greater over the period from the grant date to the measurement date (the **Vesting Condition**). The rights granted will have measurement dates at one, two and three years following the grant date and will expire five years after the grant date. One third of the performance rights granted will be available to vest at each measurement date. The starting base for measurement of the TSR will be a deemed grant date share price of \$0.042 being the 30 day VWAP up to and including the last trading day before the announcement of the Placement on 25 October 2017 (as set out in Resolution 3).

Where a right does not vest on a measurement date, it will roll forward to the next measurement date or the expiry date if it is the third measurement date.
- (c) also vest if a takeover bid for the Company is declared unconditional, there is a change of control event, or if a merger by way of scheme of arrangement has been approved by a court; and

- (d) lapse, if unvested, on the earlier of five years from the grant date or on the day following the holder of the Performance Rights ceasing to be a Director.

A summary of all the key terms and conditions of the Performance Rights Plan is set out in Schedule 2.

The key purpose of the grant of Performance Rights to Directors under the Performance Rights Plan is to provide a cost effective way to remunerate Directors, as opposed to alternative forms of incentives such as the payment of additional cash compensation. The Vesting Conditions will also align the interests of Directors with those of Shareholders.

### **6.3 Related Party Transactions**

As mentioned in Section 5.2 above, Chapter 2E of the Corporations Act provides that a 'financial benefit' cannot be provided to related parties (which includes Directors) of a company without shareholder approval unless an exception applies.

Under Section 210 of the Corporations Act, shareholder approval is not needed where the financial benefit proposed to be provided constitutes reasonable remuneration to the related party.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required for the issue of Performance Rights to Directors under Resolutions 5, 6, 7 and 8 because the grant of the Performance Rights constitutes reasonable remuneration.

In forming these views, the Directors carried out an assessment of the equity incentive component of other directors in peer group companies, and also had regard to the recent history of the Company, the experience of each of the Directors receiving Performance Rights under Resolutions 5, 6, 7 and 8 and the responsibilities involved in that office.

### **6.4 Technical information required by ASX Listing Rules 10.14 and 10.15**

As required by ASX Listing 10.14, the following information is provided in relation to Resolutions 5, 6, 7 and 8 in accordance with ASX Listing Rule 10.15:

- (a) The Performance Rights will be issued to the following persons, who are each Directors:
  - (i) John Jetter;
  - (ii) Matthew Allen;
  - (iii) Ian Macliver; and
  - (iv) Ian Boserio.
- (b) The maximum number of Performance Rights that may be issued is:
  - (i) 1,178,000 Performance Rights to John Jetter;
  - (ii) 4,478,000 Performance Rights to Matthew Allen;
  - (iii) 801,000 Performance Rights to Ian Macliver; and
  - (iv) 707,000 Performance Rights to Ian Boserio.

The calculation of the maximum number of performance rights that may be issued to directors is set out below.

Director	Fixed Annual Remuneration (FAR)	LTI %	LTI Value	Share Price*	Maximum No. of Rights**
John Jetter	\$125,000	33%	\$156,750	\$0.035	1,178,000
Matthew Allen	\$475,000	33%	\$41,250	\$0.035	4,478,000
Ian Macliver	\$ 85,000	33%	\$28,050	\$0.035	801,000
Ian Boserio	\$75,000	33%	\$24,750	\$0.035	707,000
<b>Total</b>					<b>7,164,000</b>

\*The minimum share price used by the Company, for the purposes of calculating the maximum quantity of Performance Rights that may be issued to Directors has been set at \$0.035 being the most recent capital raising price prior to the meeting date (being the placement contemplated in Resolutions 3 and 4).

\*\* Rounded down to the nearest 1,000.

The actual number of performance rights to be issued will be calculated using the greater of \$0.035 and the 30 day VWAP up to, but not including the date of grant (expected to be 30 November 2017).

- (c) The Performance Rights will be issued for nil consideration pursuant to the Performance Rights Plan and no consideration will be payable on the vesting of the Performance Rights on achievement of the performance criteria, accordingly no funds will be raised by the issue of the Performance Rights.
- (d) The issue of Performance Rights under the Performance Rights Plan was previously approved by Shareholders on 16 November 2016. From that date to the date of this Notice no Performance Rights have been issued under the Performance Rights Plan.
- (e) As at the date of this Notice, John Jetter; Matthew Allen; Ian Macliver and Ian Boserio are the only persons covered by ASX Listing Rule 10.14 that the Board has declared eligible to be issued Performance Rights under the Performance Rights Plan. However in accordance with the terms of the Performance Rights Plan the Board may determine in the future that any of the other Directors may become eligible to participate in the Performance Rights Plan.
- (f) A voting exclusion statement has been included.
- (g) No loans will be made in relation to the issue of Performance Rights.
- (h) The Performance Rights will be issued no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

## 6.5 Directors' Recommendations

### Resolution 5

All the Directors (except John Jetter due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee)) recommend that Shareholders vote in favour of Resolution 5.

The Board (other than John Jetter) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision regarding the financial benefit the subject of this resolution or whether it is in the best interests of the Company to pass the Resolution.

## Resolution 6

All the Directors (except Matthew Allen due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee)) recommend that Shareholders vote in favour of Resolution 6.

The Board (other than Matthew Allen) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision regarding the financial benefit the subject of this resolution or whether it is in the best interests of the Company to pass the Resolution.

## Resolution 7

All the Directors (except Ian MacIver due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee)) recommend that Shareholders vote in favour of Resolution 7.

The Board (other than Ian MacIver) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision regarding the financial benefit the subject of this resolution or whether it is in the best interests of the Company to pass the Resolution.

## Resolution 8

All the Directors (except Ian Boserio due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Performance Rights to him individually (or his nominee)) recommend that Shareholders vote in favour of Resolution 8.

The Board (other than Ian Boserio) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision regarding the financial benefit the subject of this resolution or whether it is in the best interests of the Company to pass the Resolution.

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## 7. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY

### 7.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$51 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 20 October 2017).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.



Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code:OEL).

If Shareholders approve Resolution 9, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 9 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 9 for it to be passed.

## **7.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 9:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 7.2(a)(i), the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 9 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and: (a) the current number of Equity Securities on issue as at the date of this Notice (**Current Variable A** in the table below); and (b) the current number of Equity Securities on issue at the date of this Notice plus the issue of

236,857,143 Shares to be issued to non-Directors on or around 31 October 2017 under the Placement (see Section 4 of this Explanatory Statement) plus 6,142,857 Shares proposed to be issued to Directors under the Placement, subject to Resolution 4 being passed (see Section 5 of this Explanatory Statement) (in aggregate **Expanded Variable A** in the table below).

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0215 50% decrease in Issue Price	\$0.0430 Issue Price	\$0.0645 50% increase in Issue Price
1,186,298,324  (Current Variable A)	Shares issued	118,629,832	118,629,832	118,629,832
	Funds raised	\$2,550,541.40	\$5,101,082.79	\$7,651,624.19
1,429,298,324  (Expanded Variable A)	Shares issued	142,929,832	142,929,832	142,929,832
	Funds raised	\$3,072,991.40	\$6,145,982.79	\$9,218,974.19
1,779,447,486 (50% increase in Current Variable A from Current Variable A)	Shares issued	177,944,749	177,944,749	177,944,749
	Funds raised	\$3,825,812.09	\$7,651,624.19	\$11,477,436.28
2,143,947,486 (50% increase in Expanded Variable A from Expanded Variable A)	Shares issued	214,394,749	214,394,749	214,394,749
	Funds raised	\$4,609,487.09	\$9,218,974.19	\$13,828,461.28
2,372,596,648 (100% increase in Current Variable A from Current Variable A)	Shares issued	237,259,665	237,259,665	237,259,665
	Funds raised	\$5,101,082.79	\$10,202,165.59	\$15,303,248.38
2,858,596,648 (100% increase in Expanded Variable A from Expanded Variable A)	Shares issued	285,859,665	285,859,665	285,859,665
	Funds raised	\$6,145,982.79	\$12,291,965.59	\$18,437,948.38

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 1,186,298,324 existing Shares as at the date of this Notice of Meeting. This is **Current Variable A** in the above table;
2. In addition, 236,857,143 Shares will be issued to non-Directors on or around 31 October 2017 under the Placement (see Section 4 of this Explanatory Statement) and it is proposed to issue 6,142,857 Shares to Directors under the Placement, subject to Resolution 4 being

passed (see Section 5 of this Explanatory Statement). These additional Shares plus the 1,186,298,324 existing Shares as at the date of this Notice of Meeting is the number of Shares referred to as **Expanded Variable A** in the above table.

3. The Issue Price set out above is the closing price of the Shares on the ASX on 20 October 2017.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with shareholder approval under ASX Listing Rule 7.1 (and in respect of the Placement it is assumed that Resolutions 4 and 5 are passed).
6. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
8. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
9. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
10. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
11. The table does not take into account any Shares issued under the Share Purchase Plan announced by the Company on 25 October 2017.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the continued exploration, appraisal and/or development expenditure on the Company's current and any new assets, ongoing project administration and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company acquires new resources, assets or investments, the recipients under the 10% Placement Capacity may be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 16 November 2016 (**Previous Approval**).

As of the date of the Meeting, the Company will have issued 58,912,394 Equity Securities pursuant to the Previous Approval. These Equity Securities are Shares which will be issued to non-Directors on or around 31 October 2017 pursuant to the Placement and represent that number of Shares issued in the Placement after deducting 177,944,749 Shares issued pursuant to the Company's placement capacity under ASX Listing 7.1 (see Section 4 of the Explanatory Statement).

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2016, the Company otherwise issued (or will issue to non-Directors under tranche 1 of the Placement – see Section 4 of this Explanatory Statement) a total of 236,857,143 Shares which Equity Securities represents approximately 20.04% of the total number of Equity Securities on issue in the Company on 29 November 2016, which was 1,181,908,323. Under the current timetable for the Share Purchase Plan announced by the Company on 25 October 2017 the Company is aiming to issue up to an additional 28,571,429 Shares prior to the date of the Meeting – if all such Shares are issued prior to the Meeting then the total number of Equity Securities issued during the 12 month period prior to the Meeting will represent approximately 22.83% of the total number of Equity Securities on issue in the Company on 29 November 2016, which was 1,181,908,323. Note that the Company has the discretion to issue more than 28,571,429 Shares under the Share Purchase Plan should there be applications for more than \$1 million.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### **7.3 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, there are no outstanding invitations to any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

### **7.4 Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 6 as it provides the Company with flexibility to issue further securities representing up to 10% of the Company's Share capital during the next 12 months.

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## **8. RESOLUTION 10 – ADOPTION OF NEW CONSTITUTION**

The Board proposes that the Company's current Constitution be replaced with an updated version to ensure that it complies with the current requirements of the Corporations Act and ASX Listing Rules and reflects current corporate governance practices.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon written request to the Company Secretary. Shareholders are invited to contact the Company Secretary on +61 8 6467 8800 if they have any queries or concerns.

A copy of the proposed constitution will also be available at the Annual General Meeting. It will be marked by the person chairing the Annual General Meeting in order to identify it as the Constitution approved by Shareholders.

A summary of the key changes contained in the new proposed constitution is set out below.

(a) **Proportional Takeover Protections**

The proposed new constitution includes proportional takeover provisions that have application in the circumstances of a proportional takeover (a takeover for only part of the shares of the Company) being made.

This provision makes proportional takeover bids subject to shareholder approval, however, this protection ceases to apply three years after it is approved by shareholders – at which time it will need to be refreshed (by ordinary resolution) at another general meeting.

(b) **Dividends**

The old test that dividends could only be paid out of a company's profits was replaced in 2010 by an amendment to the Corporations Act 2001 (Cth). The new test now requires that:

- (i) a company not pay a dividend unless its assets exceed its liabilities;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The Company's current Constitution requires the Company to satisfy the new assets test as well as the older profits requirement before it can declare and pay any dividends. In order to avoid these overly onerous requirements, the proposed new Constitution only refers to the new test.

(c) **Direct voting**

The proposed new Constitution contains a provision concerning direct voting which allows shareholders to cast votes towards resolutions without attending meetings or appointing proxies to vote on their behalf. This means of voting is a more efficient method of running shareholder meetings.

(d) **Small Holdings / Unmarketable Parcels**

Both the Company's current Constitution and the proposed constitution allow Directors to cause the sale of any shares held by a shareholder which comprises less than a marketable parcel (under the ASX Listing Rules) – otherwise referred to as an unmarketable parcel

An unmarketable parcel is a parcel of shares that has a market value of less than \$500 (**Small Holding**). The provisions allow individual holders to retain their Small Holding by completing and returning a retention notice to the Company by the relevant due date. Otherwise the Directors may sell any Share held by a Shareholder which is a Small Holding. The Company must give at least six weeks' notice of the intention to sell any Small Holdings.

This ability is beneficial to the Company since it reduces the high administrative costs in maintaining a large number of small shareholdings.

The proposed new Constitution sets out a simpler, less onerous and more practical procedure that must be followed for this to occur.

(e) **Technology**

The new proposed constitution also allows for the use of technology in holding shareholder meetings.

## 8.2 **Special Resolution**

Section 136 of the Corporations Act provides that the Company may adopt or modify its Constitution by special resolution. This means that at least 75% of the Shareholders entitled to vote on the resolution and who vote at the meeting must vote in favour of this resolution in order for it to be passed.

## 8.3 **Directors' recommendation**

For the reasons outlined above, the Board unanimously recommends that Shareholders vote in favour of Special Resolution 10.

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## GLOSSARY

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**10% Placement Capacity** has the meaning given in section 5.1 of the Explanatory Statement.

**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of Directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Otto Energy Limited (ACN 107 555 046).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice or Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Performance Rights** means performance rights issued under the Performance Rights Plan.

**Performance Rights Plan** means the employee incentive scheme titled “Otto Energy Limited Performance Rights Plan”.

**Placement** has the meaning given to that term in section 4.1 of the Explanatory Statement.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director’s report section of the Company’s annual financial report for the year ended 30 June 2016.

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

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.



## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 29 NOVEMBER 2016

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration
13 February 2017	4,390,001	Ordinary fully paid shares <sup>3</sup>	Holders of performance rights	No issue price (non-cash consideration) – vesting of performance rights	Consideration: performance based remuneration for service provided to the Company.  Current value <sup>4</sup> = \$188,770
2 August 2017	8,200,000	Convertible Notes	Molton Holdings Limited and John Jetter	\$1 per note with a conversion price of \$0.055 per ordinary fully paid share (which represents a 28% premium <sup>4</sup> )	Total cash consideration of US\$8,200,000 (before costs) will be used to fund the SM 71 oil development. Currently none of these funds have been applied to SM 71.
On or about 31 October 2017 <sup>1</sup>	236,857,143	Ordinary fully paid shares <sup>3</sup>	Sophisticated investors	Issued at \$0.035 which is a discount of 18.6% to Market Price <sup>4</sup> .	Total cash consideration of \$8,290,000 which in conjunction with the 30 September 2017 cash balance of US\$16.2 million will go towards funding the following: - 2 firm development wells at SM 71; - Drilling of the of the ST 224 exploration well; and - Additional growth opportunities, which may include a third well in SM 71, rapid development of a discovery at ST 224, drilling of the large Bivouac Peak prospect, one of the many new prospects Otto is evaluating in the Gulf of Mexico or exploration in Alaska if Otto's partner secures funding and working capital.
On or about 27 November 2017 <sup>2</sup>	28,571,429 <sup>5</sup>	Ordinary fully paid shares <sup>3</sup>	Shareholders at the Record Date (24 October 2017) for the Share Purchase Plan announced by the Company on 25 October 2017	Issued at \$0.035 which is a discount of 18.6% to Market Price <sup>4</sup> .	Total cash consideration of \$1,000,000 which in conjunction with the 30 September 2017 cash balance of US\$16.2 million and the \$8.3 million from Tranche 1 of the Placement will go towards funding the following: - 2 firm development wells at SM 71; - Drilling of the of the ST 224 exploration well; and - Additional growth opportunities, which may include a third well in SM 71, rapid development of a discovery at ST 224, drilling of the large Bivouac Peak prospect, one of the many new prospects Otto is evaluating in the Gulf of Mexico or exploration in Alaska if Otto's partner secures funding and working capital.

### Notes:

- To be issued to non-Directors on 31 October 2017 pursuant to the Placement (see Section 4 of this Explanatory Statement)
- Issue date based on the current timetable for the Share Purchase Plan included in the Share Purchase Plan booklet included with this Notice of Meeting and released to ASX by the Company on 30 October 2017.
- Fully paid ordinary shares in the capital of the Company, ASX Code: OEL (terms are set out in the Constitution).
- In respect of quoted Equity Securities the value is based on the closing price of the Shares of \$0.043 on the ASX on 20 October 2017.
- This is the number of shares based on the Company's aim to raise \$1 million through the Share Purchase Plan as set out in the Share Purchase Plan booklet included with this Notice of Meeting and released to ASX by the Company on 30 October 2017. Please note that as also set out in the booklet, the Company may determine to raise a higher amount or decide to scale back applications under the SPP at its absolute discretion.

## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

A summary of the key terms of the Performance Rights Plan is set out below:

(a) **Eligibility:**

The Board may from time to time in its absolute discretion issue invitations to Eligible Persons to participate in the Performance Rights Plan.

(b) **Offers to Participate**

An offer (**Offer**) to Eligible Persons to participate in the Performance Rights Plan must set out:

- (i) the date of the Offer;
- (ii) the name of the Eligible Person to whom the Offer is made;
- (iii) the number of Performance Rights which are capable of vesting (resulting in the issue of Shares) if specific performance conditions are met;
- (iv) the performance conditions and performance period in relation to the Performance Rights;
- (v) the approximate date or dates on which the performance conditions are to be measured (in respect of the Performance Rights) in order to determine whether the Eligible Person will be issued with Shares;
- (vi) the expiry date;
- (vii) whether any restrictions on transfer will be imposed by the Board on some or all of the Shares issued or transferred to the participant under the Performance Rights Plan; and
- (viii) the time period in which the Eligible Person may accept the Offer.

(c) **Participation**

The Board retains complete discretion to make offers of Performance Rights to any Eligible Person.

(d) **Nature of Performance Rights**

A Performance Right is a right to receive a Share on the terms set out in the Performance Rights Plan subject to satisfaction of the applicable performance conditions over the relevant performance period. The performance period, performance conditions and test dates for measuring the performance conditions may be determined by the Board from time to time, and shall be set out in the Offer to the Eligible Person.

(e) **Vesting:**

Performance Rights may vest in the following ways:

- (i) if the applicable performance conditions in relation to a performance period are met as at the relevant test date as set out in the Offer, the Board will determine the number of Performance Rights which will become vested Performance Rights; and
- (ii) in the event a takeover bid for the Company is declared unconditional, there is a change in control event (being an event where a shareholder or a group of associated shareholders gain the ability to control more than 50% of the voting power in the

Company, or become entitled to sufficient Shares to give it or them the ability in general meeting to replace all or a majority of the Board), or if a merger by way of scheme of arrangement has been approved by a court.

**(f) Cessation of employment**

Unless otherwise determined by the Board:

- (i) if an Eligible Person ceases to be an Eligible Person because of retirement, redundancy, death or total and permanent disablement, the Board will determine the extent to which unvested Performance Rights held by the Eligible Person shall vest and the Eligible Person may exercise vested performance rights within 6 months or such longer period as the Board may determine;
- (ii) if an Eligible Person ceases to be an Eligible Person for any reason other than retirement, redundancy, death or total and permanent disablement, unvested Performance Rights shall automatically lapse;
- (iii) if an Eligible Person ceases to be an Eligible Person because of retirement, redundancy, death or total and permanent disablement, any vested Performance Rights held by the Eligible Person shall continue to be able to be exercised at any time prior to the expiry date; and
- (iv) if an Eligible Person ceases to be an Eligible Person for any reason other than retirement, redundancy, death or total and permanent disablement, vested Performance Rights may be exercised within 1 month or such longer period as the Board may determine.

**(g) Lapse of Performance Rights**

A Performance Right lapses on the earlier of:

- (i) where performance conditions have not been satisfied on the test date and the Board determines that the Performance Right lapses, the date of the determination;
- (ii) if an Eligible Person ceases to be an Eligible Person because of retirement, redundancy, death or total and permanent disablement, the date of lapse referred to above;
- (iii) if an Eligible Person ceases to be an Eligible Person for any reason other than retirement, redundancy, death or total and permanent disablement, the date of lapse referred to above;
- (iv) if the opinion of the Board the Eligible Person acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company and the Board determines that the Eligible Person's Performance Rights will lapse, the date of the determination;
- (v) if an Eligible Person has not exercised Performance Rights which have vested because of a takeover, change in control event or scheme of arrangement by the time specified by the Board, that date; and
- (vi) the expiry date.

**(h) Restriction on Transfer of Performance Rights**

Except on the death of an Eligible Person, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

(i) **Issue Limitations**

A Performance Right may not be issued if, immediately following its issue, the Shares to be received on exercise of the Performance Right when aggregated with:

- (i) the number of Shares which would be issued were each outstanding offer or Performance Right, being an offer made or Performance Right acquired pursuant to the Performance Rights Plan or any other employee shares scheme extended only to employees or Directors; and
- (ii) the number of Shares issued in the previous 5 years pursuant to the Performance Rights Plan or any other employee share scheme extended only to employees or Directors of the Company or an associated body corporate,

but disregarding any offer made, or Performance Right acquired or Share issued by way of or as a result of:

- (i) an offer to a person situated at the time of receipt of the offer outside Australia; or
- (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (iii) an offer made under a disclosure document,

exceeds 5% of the total number of issued shares in that share class of the Company at the time the Performance Right is offered.

(j) **Reorganisation of Capital**

In the event of any reorganisation of the issued capital of the Company, the number of Performance Rights to which each Eligible Person is entitled or the exercise price of his or her Performance Rights or both will be reorganised in accordance with the provisions of the ASX Listing Rules.

(k) **Amendment of Performance Rights Plan**

Subject to the Listing Rules, the Board retains the discretion to amend the rules of the Performance Rights Plan or to terminate it at any time.

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## LODGE YOUR VOTE



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



### BY MAIL

Otto Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138;



### ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (WST) on Monday, 27 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).



### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

### QR Code



## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

### PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and

vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME  
ADDRESS LINE 1  
ADDRESS LINE 2  
ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



X99999999999

## PROXY FORM

I/We being a securityholder(s) of Otto Energy Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Wednesday, 29 November 2017 at CWA House, 1176 Hay Street, West Perth WA 6005 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 5, 6, 7 and 8:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 5, 6, 7 and 8, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director Who Retires by Rotation – John Jetter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Prior Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Participation in Placement by Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval of The Issue Of Performance Rights To John Jetter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Approval Of The Issue Of Performance Rights To Matthew Allen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Approval Of The Issue Of Performance Rights To Ian Macliver	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval of The Issue of Performance Rights to Ian Boserio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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