

ASX ANNOUNCEMENT

14 October 2019

BOARD UPDATE

RENEWAL PROCESS CONTINUES & VARIATION TO EMPLOYMENT TERMS OF EXECUTIVE DIRECTOR

The Board of Otto Energy Limited (ASX:OEL) (“Otto” or the “Company”) wishes to advise of further progress on the Board renewal process and also the variation to the employment Terms of executive Director Kevin Small which are set out below.

Renewal Process

Further to the release made on 11 September 2019 regarding changes to the Board, Mr Ian Macliver has advised the Company that he will now be retiring from the Board at the upcoming 2019 Annual General Meeting on 21 November 2019 and hence will not be seeking re-election at the meeting.

The Board would like to acknowledge the significant personal contribution and long-term commitment that Mr Macliver has made to the Board of Otto Energy.

Mr Macliver was involved in the public launch of Otto Energy in late 2004 and has contributed his specialist corporate advisory skills and advice to Otto throughout his time on the Board.

The Board renewal process is an ongoing focus of the Board to ensure that its composition reflects the nature of the business as it evolves from being primarily focused on exploration activities towards development and production activities in the US.

Otto’s Chairperson, John Jetter, commented: *“The Board of Otto Energy would like to acknowledge and thank Ian Macliver for his significant personal contribution to the Board, and in particular the Audit and Risk Management Committee throughout his long tenure as a Director.*

Variation to Employment Terms of Executive Director

The Board of Otto Energy Limited (ASX:OEL) (“Otto” or the “Company”) also wishes to advise that it has approved the following revised employment terms in relation to Mr Kevin Small who is an executive director of the Company. Previously Mr Small had a consultancy Agreement with the Company and received directors’ fees, both of which cease under the revised terms.

Position: Chief Geophysicist

Term: Permanent full-time employee.

Remuneration: Fixed Annual Remuneration (FAR) of US\$350,000 per annum plus customary benefits in the US including medical cover and 401k contributions.

Incentives: Eligible to participate in short term incentives (STIs) and long term incentives (LTIs) as set out in the Remuneration report (refer to page 23 of the Financial Report released to ASX on 26 September 2019).

STI can be up to a maximum of 20% of FAR. LTIs are expected to be in the form of performance rights with vesting dependent on total shareholder return (TSR) hurdles.

Location: Houston, Texas, USA

Termination: The employment can be terminated by either party with three months' notice.

Other: Other terms and conditions are standard for such employment agreements.

Further Information:

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