

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Otto Energy Limited

ABN / ARBN:

107 555 046

Financial year ended:

30 June 2019

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: <http://www.ottoenergy.com/irm/content/corporate-governance.aspx?RID=302>

The Corporate Governance Statement is accurate and up to date as at 24 September 2019 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 21 October 2019

Name of Director or Secretary authorising
lodgement:

David Rich
Company Secretary



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at www.ottoenergy.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at www.ottoenergy.com</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at www.ottoenergy.com</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.ottoenergy.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at www.ottoenergy.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.ottoenergy.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at www.ottoenergy.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at www.ottoenergy.com	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.ottoenergy.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

	Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at www.ottoenergy.com</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Statement

21 October 2019

Otto Energy Limited (the “Company”) is committed to conducting business in accordance with a high standard of corporate governance. The Board considers that good corporate governance is important to the creation of shareholder value and also assists in delivering against stakeholder expectations.

In establishing its corporate governance framework, the Board has considered and reports against the Corporate Governance Principles and Recommendations (3rd Edition) as published by the ASX Corporate Governance Council (“Recommendations”).

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2019, followed the Recommendations. The Recommendations are not mandatory. Any Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company’s website contains a dedicated corporate governance section which includes copies of the key corporate governance policies adopted by the Company. Click [here](#) to go to the corporate governance section of the Company’s website.

This Corporate Governance Statement was approved by the Board of the Company on 24 September 2019 and is current as at that date.

RECOMMENDATIONS (3 RD EDITION)	COMPLIANT	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
<p>Recommendation 1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>YES</p> <p>YES</p>	<p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair, the Company Secretary and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter also sets out the requirements as to the Board's composition, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.</p>	<p>YES</p> <p>YES</p>	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Remuneration and Nomination Committee Charter to ensure appropriate checks are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Through its Shareholders Communications Policy, the Company ensures all material information relevant to a decision on whether or not to elect or re-elect a Director is provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>PARTIALLY</p>	<p>The Board requires that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company had written agreements with each of its Directors and senior executives for the past financial year except for two senior US executives. For these US executives, terms have been agreed and service agreements are currently being formalised</p>
<p>Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	<p>YES</p>	<p>The Board Charter outlines the roles and responsibilities of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 1.5 A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board, or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> 1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or 2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act. 	<p>PARTIALLY</p>	<ul style="list-style-type: none"> (a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives and to assess annually both the objectives and the Company’s progress in achieving them. (b) The Diversity Policy is available on the Company’s website. (c) The Diversity Policy includes a requirement for the Board to establish, and review on an annual basis, measurable objectives for achieving improvement in the diversity mix of the workforce and particularly gender diversity. Given the Company’s current size (8 staff plus 4 non-executive directors), the Board has opted not to set specific measurable objectives at this stage. Whilst the Board of the Company endorses the concept of gender diversity, until the Company’s size has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. It is essential that we have the right person for the right job and that we deliver at a high level of performance. <ul style="list-style-type: none"> 1) The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes) for the past financial year is disclosed in the Company’s Annual Report. 2) The Company is not a “relevant employer” under the Workplace Gender Equality Act.

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Company's Board is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Performance Evaluation Practices Policy which is available on the Company's website.</p> <p>(b) The Company did perform a performance evaluation in respect of the Board, its committees and individual Directors for the past financial year in accordance with the above process.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Company's Chief Executive Officer is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration and Nomination Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a Director.</p> <p>The applicable process for these evaluations can be found in the Performance Evaluation Practices Policy which is available on the Company's website.</p> <p>(b) The Company has completed performance evaluations in respect of the senior executives for the past financial year in accordance with the process.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<i>Principle 2: Structure the Board to add value</i>		
<p>Recommendation 2.1 The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent Directors; and 2) is chaired by an independent Director, <p>and disclose:</p> <ol style="list-style-type: none"> 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <p>or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>PARTIALLY</p>	<p>The Company had a Remuneration and Nomination Committee for the past financial year. The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration and Nomination Committee comprising at least three directors, a majority of whom are non-executive directors. During the year the committee comprised of two independent non-executive directors. On 8 September 2019 the Board added another non-executive director to the Committee taking the membership to three with a majority of them being independent. The Chairman of the Board is appointed Chairman of the committee. Under the Board Charter, the Chairman of the Board should be non-executive and ideally independent.</p> <p>During the year and up until the Board meeting of 8 September 2019, the Board considered that two members with suitable experience out of the four non-executive directors on the Board was adequate. Due to the Company's growth, on 8 September 2019 the Board resolved to increase the number to three.</p> <p>The members of the Remuneration and Nomination Committee, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Remuneration and Nomination Committee Charter is available on the Company's website.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>Under the Remuneration and Nomination Committee Charter, the Remuneration and Nomination Committee is required to review the composition of the Board and ensure that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities. The committee does this by preparing a Board skills matrix.</p> <p>The Board skills matrix sets out the mix of skills and diversity that the Board currently has and is looking to achieve. This matrix is reviewed at least annually. As well as general skills expected for Board membership of an ASX listed company, the matrix includes skills or professional qualifications in areas such as law, oil and gas/energy, international operations (US Gulf of Mexico in particular), capital markets, corporate finance and the ability to chair Board committees. While each of these areas is currently represented by the Board collectively, the Board has been going through a process of renewal as the US strategy has been successfully implemented.</p> <p>The Board is of the view that throughout the year the Board possessed an appropriate mix of skills, experience, expertise and knowledge to enable the Board to discharge its responsibilities, deliver the Company's corporate objectives and direct the Company in accordance with high standards of corporate governance.</p> <p>As forecast in last year's Corporate Governance Statement, during the last financial year, the Company added Mr Kevin Small, a Houston-based oil and gas executive, as a director. Mr Paul Senycia was also appointed as a non-executive director upon his retirement and the Company's Vice President – Exploration and New Ventures.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
		<p>Mr Ian Boserio has been nominated by the Board as Chairperson Elect to assume the role vacated at the 2019 Annual General Meeting by Mr Jetter. In the meantime Mr Boserio will assume the role of Deputy Chair.</p> <p>In addition, Mr Ian Macliver, has advised the Board that he also will retire upon the appointment of a suitably qualified, independent non-executive director to assume the roles he currently occupies. A process has commenced to identify a candidate for this role and Mr Macliver has advised that he will retire from the Board of Otto Energy at the time his replacement is appointed, or at the latest by 30 June 2020.</p> <p>The Board renewal process will be 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.</p>
<p>Recommendation 2.3 A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>	<p>YES</p>	<p>An independent director is defined in the Recommendations as a Director that is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.</p> <p>The following Directors are considered independent:</p> <p>John Jetter – appointed as a director 10 December 2007 Ian Macliver – appointed as director 7 January 2004 Ian Boserio – appointed as a director 2 September 2010</p> <p>Matthew Allen, Kevin Small and Paul Senyacia are not considered independent as they are, or have been in the last three years, employed in an executive capacity by the Company.</p> <p>The Board is of the view that the participation of directors in the Company’s performance rights plan does not result in a loss of independence.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.</p>	NO	<p>The Board currently comprises a total of six directors, of whom three are considered to be independent. As such, independent directors currently do not comprise the majority of the Board. Under the constitution, the Chairman (currently John Jetter who is considered independent (refer to 2.2 above)) has a casting vote.</p> <p>The Board currently considers the mix of directors appropriate after all factors are taken into consideration.</p>
<p>Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>The Chair of the Company during the past financial year and to the date of this statement was Mr John Jetter. Mr Jetter is an independent Director and was not the CEO of the entity.</p> <p>On 11 September 2019 the Company announced that Mr John Jetter, had confirmed to the Board, and the Board of Otto had agreed, that he will step down from the role of Chair at the coming Annual General Meeting of shareholders on 21 November 2019.</p> <p>Mr Ian Boserio, who is independent and not the CEO, has been nominated by the Board as Chairperson Elect to assume the role vacated at the 2019 Annual General Meeting by Mr Jetter. In the meantime Mr Boserio will assume the role of Deputy Chair.</p>
<p>Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>The Remuneration and Nominations Committee is responsible for the approval and review of induction procedures for Directors to ensure that they can effectively discharge their responsibilities. This is expanded on in the Procedures for Selection and Appointment of Directors policy.</p> <p>Part of the Board review process is to identify ways of assisting the Board in performing its duties. Where appropriate, directors are provided professional development opportunities. The Company provides information and briefings on specific matters that impact the Company. Site visits are also utilised to ensure directors are adequately informed and to assist in the performance of their duties.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<i>Principle 3: Act ethically and responsibly</i>		
<p>Recommendation 3.1 A listed entity should:</p> <ul style="list-style-type: none"> (a) have a code of conduct for its Directors, senior executives and employees; and (b) disclose that code or a summary of it. 	YES	The Company's Code of Conduct is available on the Company's website.
<i>Principle 4: Safeguard integrity in financial reporting</i>		
<p>Recommendation 4.1 The Board of a listed entity should:</p> <ul style="list-style-type: none"> • have an audit committee which: <ul style="list-style-type: none"> 1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and 2) is chaired by an independent Director, who is not the Chair of the Board, and disclose: <ul style="list-style-type: none"> 3) the charter of the committee; 4) the relevant qualifications and experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or • if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	PARTIALLY	<p>The Company had an Audit and Risk Management Committee during the past financial year. The Committee's Charter requires the Audit and Risk Management Committee to comprise at least two non-executive directors, the majority of whom must be independent. Previously the Board had considered that as there are only five directors in total and only three non-executives, that requiring at least two non-executive directors was appropriate. This was revised given the Company's growth and the addition of new directors. On 17 December 2018 the number of members was increased from two to three with the addition of Mr John Jetter.</p> <p>The Committee must be chaired by an independent Director who is not the Chair of the Board. The Committee is currently chaired by Mr Ian Macliver. Due to the Company's size, the Company considers that three members is sufficient to carry out the duties of the Audit and Risk Management Committee.</p> <p>The members of the Audit and Risk Management Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Audit and Risk Management Committee Charter is on the Company's website.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Company's Audit and Risk Management Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a written statement to the Board in respect of the Company's annual financial report in accordance with the requirements of the Corporations Act. The Company has obtained the written report for its financial statements in the past financial year.</p>
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's external auditor attended the Company's AGM during the past financial year.</p>
<p><i>Principle 5: Make timely and balanced disclosure</i></p>		
<p>Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.</p>	YES	<p>The Company's Continuous Disclosure Policy is available on the Company's website.</p>
<p><i>Principle 6: Respect the rights of security holders</i></p>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>Information about the Company and its governance is available on the Company's website.</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	<p>The Company has in place a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Policy is available on the Company's website.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>YES</p>	<p>Shareholders are encouraged to participate at all general meetings and AGMs of the Company. As part of the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting. This is covered in the Shareholder Communications Policy which is available on the Company's website.</p>
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>YES</p>	<p>The Shareholder Communication Policy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholder queries can be sent via the email address provided on the Company's website. An email address is also provided should shareholders wish to email the Company's registry.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<i>Principle 7: Recognise and manage risk</i>		
<p>Recommendation 7.1 The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent Directors; and 2) is chaired by an independent Director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <p>or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	PARTIALLY	<p>The Company had an Audit and Risk Management Committee during the past financial year. The Committee's Charter requires the Audit and Risk Management Committee to comprise at least two non-executive directors, the majority of whom must be independent. Previously the Board had considered that as there are only five directors in total and only three non-executives, that requiring at least two non-executive directors was appropriate. This was revised given the Company's growth and the addition of new directors. On 17 December 2018 the number of members was increased from two to three with the addition of Mr John Jetter.</p> <p>The Committee must be chaired by an independent Director who is not the Chair of the Board. The Committee is currently chaired by Mr Ian Macliver. Due to the Company's size, the Company considers that three members is sufficient to carry out the duties of the Audit and Risk Management Committee.</p> <p>The members of the Audit and Risk Management Committee, their relevant qualification and experience, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report.</p> <p>The Audit and Risk Management Committee Charter is on the Company's website.</p>
<p>Recommendation 7.2 The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Risk Management Policy (Summary of Risk Management, Internal Compliance and Control), which can be found on the Company's website, sets out that the Board will undertake an annual review of the strategic and other material business risks facing the Company as part of its strategic and business planning process.</p> <p>(b) During the past financial year, the Board undertook a review of the risk management framework and satisfied itself that it was sound.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>YES</p>	<p>The Audit and Risk Committee Management Charter provides for the Audit and Risk Management Committee to appoint, review and assess the internal audit arrangements. It was assessed that that the Company did not require an internal audit function for the past financial year.</p> <p>As a minimum, the Board undertakes a review of the strategic and other material business risks facing the Company as part of its annual strategic and business planning process. The management team and reporting structures through to the Board are designed to ensure that appropriate risk management and internal control processes are considered on an ongoing basis for all aspects of the business.</p>
<p>Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>In order to mitigate any material exposure to economic, environmental and social sustainability risks, the Board, assisted by the Audit and Risk Management Committee, has oversight of risk management.</p> <p>As a minimum, the Board sets its risk appetite and undertakes a review of the strategic and other material business risks facing the Company as part of its annual strategic and business planning process.</p> <p>During the past financial year, the Company identified and addressed the following as material risks relating to economic, environmental and social sustainability:</p> <p><u>Operating Risk</u></p> <p>Sustained, unplanned interruption to production may impact Otto's financial performance and its ability to fund its forward programs. The facilities in which we currently have a non-operated working interest and third party pipelines, refineries and gas plants which are utilized for sales and transportation of hydrocarbons are subject to operating hazards associated with major accident events, cyber-attack and weather events, which can result in a loss of hydrocarbon containment, diminished production, additional costs, environmental damage and harm to people or reputation. This risk also extends to unexpected sub-surface outcomes.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
		<p>Otto, through its exploration program, has been working to diversify its production base so it is not solely reliant on one asset (SM 71) should any event such as those mentioned above occur.</p> <p>Otto has insurance cover for a number of these risks where it is appropriate and commercially justifiable to do so. For example, for SM 71 Otto has insurance cover for property damage, but does not have cover for loss of profits as the cost is prohibitive.</p> <p>As Otto is non-operator, the operating risks are extended to include the performance of the operator. These risks could include inadequate resourcing or systems, misalignment of interest, inadequate capture or provision of data and information, poor financial position or unfavourable or inadequate agreement with the operator. Consequences of poor performance by an operator could extend to operational incidents, financial loss, loss of opportunity, non-compliance, legal disputes or less than optimal financial returns from the field.</p> <p>Otto seeks to manage the risks around performance of the operator by entering into ventures with operators who have demonstrated competencies and financial capacity. Through its due diligence Otto seeks to ensure that the operator's reputation is sound and that Otto's interests are in alignment before committing to participation.</p> <p><u><i>Unsuccessful Exploration and Oil and Gas Reserves Depletion Risk</i></u></p> <p>Without additions to reserves through exploration and development drilling success or acquisitions, Otto's oil and gas production, and hence revenues and cash flows, will decrease over time as production from existing fields declines naturally. The rate of decline is dependent on reservoir characteristics.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
		<p>Exploration for and development of reserves may be unsuccessful or unprofitable due to a number of factors that are inherent in the oil and gas industry and are outside Otto's control. These include the risk that Otto will not discover commercially productive reservoirs or discovers reservoirs that do not produce sufficient revenues to return a profit. Drilling and development operations may be curtailed, delayed or cancelled as a result of other sub-surface, mechanical or environmental factors or events causing significant financial losses.</p> <p>Otto seeks to mitigate the risk of unsuccessful exploration by having an exploration strategy based around a strict set of criteria including geographical restrictions, probabilities of success, partner and operator capacity and reputation (including drilling contractors) and required rates of return. Otto then seeks to ensure that it has suitably qualified and experienced staff and advisors to generate and evaluate opportunities within the set criteria. Any acquisition of reserves is subject to the same discipline.</p> <p>Where possible, Otto also seeks to reduce the likelihood or impact of such risks through commercial agreements where possible.</p> <p><u>Key Management Risk</u></p> <p>As Otto is a non-operator of its key interests, it has a small management team. Therefore the Company relies heavily on the services of its Chief Executive Officer and senior management. Having a suitably qualified and reputable operating team in place with appropriate relationships and experience in the Gulf of Mexico oil and gas business is critical to Otto's success so far and in the future. The loss of the services of members of the Houston operating team, and the Chief Executive Officer in particular, could have a negative impact on the Company's operations and relationships. Particularly in the short term until suitable replacements could be recruited. Otto does not maintain or plan to obtain any insurance against the loss of any key management personnel.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
		<p>The Board is aware of this risk and is always looking to ensure there is some level of succession planning, while managing ongoing costs.</p> <p><u>Commodity price risk</u></p> <p>Otto's revenues, profitability and generation of cash flows depend significantly on crude oil and natural gas prices. Oil and natural gas prices are volatile and low prices could have a material adverse impact on profitability and cash flow. There are a number of factors that can cause fluctuations in price that are beyond the control of Otto.</p> <p>Otto monitors and analyses the oil and gas markets and seeks to reduce price risk where reasonable and practical. The Company has policies and procedures for entering into hedging contracts to mitigate against the fluctuations in oil price and exchange rates.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1 The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent Directors; and 2) is chaired by an independent Director, and disclose: <ol style="list-style-type: none"> 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	PARTIALLY	<p>The Company had a Remuneration and Nomination Committee for the past financial year. The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration and Nomination Committee comprising at least three directors, a majority of whom are non-executive directors. During the year the committee comprised of two independent non-executive directors. On 8 September 2019 the Board added another non-executive director to the Committee taking the membership to three with a majority of them being independent.</p> <p>During the year and up until the Board meeting of 8 September 2019, the Board considered that two members with suitable experience out of the four non-executive directors on the Board was adequate. Due to the Company's growth, on 8 September 2019 the Board resolved to increase the number to three. Under the Committee Charter, the Chairman of the Board will be appointed Chairman of the Committee. The Chairman of the Committee (and Board) is independent.</p> <p>The members of the Remuneration and Nomination Committee, the number of times the committee met during the last financial year, and the individual attendances of the members, are disclosed in the Annual Report. The Remuneration and Nomination Committee Charter is available on the Company's website.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	<p>The Company's policies and practices regarding the remuneration of Directors and senior executives is disclosed in the remuneration report contained in the Company's Annual Report.</p>

RECOMMENDATIONS (3RD EDITION)	COMPLIANT	EXPLANATION
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none">(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and(b) disclose that policy or a summary of it.	YES	The Company had an equity based remuneration scheme during the past financial year. The Company does not permit participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.