OTTO ENERGY

28 September 2026
ASX RELEASE

PROPOSED RETURN OF CAPITAL OF A$20.0 MILLION AND SHARE CONSOLIDATION

Otto Energy Limited (ASX: OEL) (**Otto** or the **Company**) plans to return approximately A$20.0 million to shareholders, equivalent to A$0.417 per share on a post-Consolidation basis (**Proposed Capital Return**) and consolidate its issued capital on a 100:1 basis (**Proposed Share Consolidation**).

Otto holds capital above its foreseeable operating needs. The Company will, subject to required shareholder approvals, undertake the Proposed Capital Return and the Proposed Share Consolidation to:

- return surplus cash to shareholders in a capital-efficient manner;
- reduce the number of shares on issue to a level more consistent with the Company's market capitalisation and reducing volatility associated with a low share price; and
- maintain an efficient and appropriately sized capital structure going forward.

The Proposed Capital Return will be funded from Otto's existing cash reserves.

Otto Chief Executive Officer, Chris Dorros, commented:
"The Proposed Capital Return of approximately A$20.0 million, equivalent to A$0.417 per share on a post-Consolidation basis, puts surplus capital back in shareholders' hands, while the Proposed Share Consolidation is designed to deliver a more efficient capital structure.

Alongside the Proposed Capital Return and Proposed Share Consolidation and consistent with our strategy of maximizing the value of our current asset base to deliver the best return of capital, we are continuing to explore monetization opportunities for our Gulf of America assets where it is in the best interests of our shareholders. In the meantime, Otto's cash flow continues to benefit from strong oil prices."

Indicative Timetable

Subject to shareholder approval, the Proposed Share Consolidation will occur first, followed by the Proposed Capital Return. The A$0.417 cash payment per share will be calculated on the post-consolidation share base.

Proposed Share Consolidation

Friday, 13 November 2026	Meeting of security holders including the resolution approving the Consolidation, effective the same date.
Monday, 16 November 2026	Last day for trading in pre-Consolidation securities.
Tuesday, 17 November 2026	Trading in post-Consolidation securities commences on a deferred settlement basis (unless ASX determines otherwise).
Wednesday, 18 November 2026	Last day for the Company to register transfers on a pre-Consolidation basis.
Thursday, 19 November 2026	First day for the Company to update its register and send holding statements reflecting the new number of securities held.
Wednesday, 25 November 2026	Last day for the Company to update its register and send holding statements to shareholders.
Thursday, 26 November 2026	Normal (T+2) trading resumes in post-Consolidation securities.

Proposed Cash Return of Capital

Thursday, 26 November 2026	Effective date of the Return of Capital.
Friday, 27 November 2026	Last day for trading in securities on a "cum return of capital" basis.
Monday, 30 November 2026	Trading in the reorganised securities commences on an "ex return of capital" basis.
Tuesday, 1 December 2026	Last day for the Company to register transfers on a pre-Return of Capital basis.
Tuesday, 15 December 2026	Payment date for the cash Return of Capital.

The above timetable is indicative only and remains subject to the discretion of the Board and shareholder approval at the AGM. Any changes will be announced to ASX.

Taxation

The Company has applied for a Class Ruling from the ATO and expects a draft ruling to be received by the end of October 2026. The Company sought the Class Ruling to formally confirm the Australian income tax consequences of the Capital Return for Shareholders who hold their shares on capital account. Once finalised, the Class Ruling will not apply to Shareholders who hold their Shares on revenue account or as trading stock, or for Shareholders who have elected for the Taxation of Financial Arrangement provisions to apply in respect of their Shares

The tax consequences of the Proposed Capital Return and Consolidation will depend on each shareholder's individual circumstances. Shareholders should seek their own professional tax advice and should not rely on this announcement as taxation advice.

The purpose of the Class Ruling application is to confirm that for Shareholders who are residents for Australian income tax purposes, hold the Shares on capital account, and continue to hold their Shares at the payment date:

(a) no part of the proposed Capital Return to Shareholders will be treated as a dividend for Australian income tax purposes;

(b) if the cost base (after any adjustment, as may be relevant) for Australian capital gains tax (CGT) purposes is less than the Capital Return amount (on a cents per share basis), then a capital gain will arise for the difference; and

(c) otherwise, the CGT cost base for each share of the Company will be reduced by the Capital Return amount (on a cents per share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that share.

The Proposals are subject to shareholder approval at the Annual General Meeting on 13 November 2026. A full explanatory memorandum, including the reasons for the Proposals, the effect on the Company's capital structure, and the notice of meeting, will be lodged with ASX and sent to shareholders ahead of the AGM.

This release is authorised by the Board of Otto.

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