

ASX ANNOUNCEMENT
25 October 2017

OTTO ENERGY RAISES A\$8.5 MILLION IN HEAVILY OVERSUBSCRIBED PLACEMENT

- **Otto raises A\$8.5 million in placement to Australian and international institutional and sophisticated investors**
- **Strong support from new institutional and sophisticated investors, existing larger shareholders and Directors resulting in the offer being heavily oversubscribed**
- **Otto's major shareholder, Molton Holdings, participated for A\$1.6 million**
- **Funds raised will enable Otto to take advantage of additional growth opportunities in its portfolio**
- **Share Purchase Plan (SPP) to be offered to eligible shareholders**

Otto Energy Limited (ASX:OEL) ('Otto' or the 'Company') is pleased to announce that it has successfully raised A\$8.5 million through a placement, attracting strong interest from new and existing institutional and sophisticated investors.

The Company has received commitments from qualified institutional and sophisticated investors in Australia and internationally to raise A\$8.5 million through a placement ("Placement") of 243 million new shares at A\$0.035 per share ("Placement Shares"). The heavily oversubscribed Placement was strongly supported by the Company's larger shareholders, including all of the company's directors, as well as several new professional and sophisticated investors.

The A\$8.5 million (~US\$6.6 million) capital raise, in conjunction with the 30 September 2017 cash balance of US\$16.2 million will go towards funding the following:

- Two firm development wells at SM 71;
- Drilling 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.

Otto's Managing Director, Matthew Allen, commented: *"The response from investors to the Company's equity raising has been exceptional. The Placement to sophisticated and institutional investors closed heavily oversubscribed with bids well above the expected target, reflecting the market's confidence in our Gulf of Mexico development and growth strategy. Existing shareholders will be given the opportunity to participate through the share purchase plan on the same terms as the placement."*

We are very grateful for the support received from both existing and new investors – as well as the strong support of our major shareholder, Molton Holdings and look forward to shareholder support throughout the share purchase plan offer period. We also thank Morgans Corporate for their hard work in ensuring the success of the raising."

Additional Details

The Placement is being undertaken in two tranches:

1. of the first tranche of the Placement, comprising 236.8 million shares (A\$8.3 million) (Tranche 1), 177,944,749 shares and 58,912,394 shares will be issued utilising Otto's available placement capacity under ASX Listing Rules 7.1 and 7.1A respectively; and
2. the second tranche of the Placement, comprising 6.1 million shares (A\$0.2 million) (Tranche 2) is to be issued to Otto directors (or their nominees) subject to shareholder approval at the Company's Annual General Meeting scheduled for 29 November 2017.

Settlement of Tranche 1 of the Placement is scheduled to occur on or around 31 October 2017. Tranche 2 of the Placement is expected to settle on or around 30 November 2017 (assuming shareholder approval is received at the AGM).

Morgans Corporate Limited acted as lead manager and book runner to the Placement.

The new shares issued under the Placement will rank equally with existing Otto full paid ordinary shares.

Share Purchase Plan (SPP)

The Company will also undertake an SPP to its existing eligible shareholders, providing them with the opportunity to subscribe for up to a maximum of \$15,000 worth of shares at the Placement price of \$0.035 per share. The Company is aiming to raise up to \$1 million and may determine to raise a higher amount or scale back applications at its discretion.

The SPP will provide an opportunity for smaller Shareholders to take positive action and increase their shareholding ahead of a likely unmarketable parcel share sale facility being considered for early 2018.

The SPP is proposed to open on Monday 30 October 2017 and close at 5.00pm (AWST) on Friday 17 November 2017. Participation in the SPP will be open to all eligible holders of Otto shares as at 5.00pm (AWST) on 24 October 2017 ("Record Date") with a registered address in Australia or New Zealand.

An indicative timetable for the SPP is set out below:*

SPP – Summary of Indicative Key Dates	
Record Date	24 October 2017
SPP Opening Date	30 October 2017
SPP Offer Document Despatch Date (despatched with the Notice of Meeting for the AGM)	30 October 2017
SPP Closing Date	17 November 2017
SPP Issue and Allotment Date	27 November 2017
Quotation of New Shares	28 November 2017

*The timetable for the Placement and the SPP is indicative and remains subject to change at the Company's discretion, subject to compliance with applicable laws. Any changes will be advised to ASX. Further details in respect of the SPP will be released to ASX shortly and distributed to eligible shareholders on or about 30 October 2017.

Following release of this announcement, the Company requests that trading of its shares be reinstated.

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FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE

This announcement may contain some references to forecasts, estimates, assumptions and other forward-looking statements. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions, it can give no assurance that they will be achieved. They are indicative and may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the business, which could cause actual results to differ materially from those expressed herein. All references to dollars (\$) and cents in this announcement are to Australian currency, unless otherwise stated. Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.