**ASX ANNOUNCEMENT**
27 November 2017

# APPENDIX 3B - SHARE PURCHASE PLAN

Otto Energy Limited (ASX: OEL) ('Otto' or the 'Company') provides the following information in relation to the issue of shares under the Share Purchase Plan (SPP) which closed on 17 November 2017. Shareholders are also encouraged to refer to the Company's announcement and SPP Booklet (30 October 2017).

1. Appendix 3B – Attached.
2. Details on the principles applied to scaling back the applications.

   Applications for A$6.2 million worth of shares were received under the SPP. After carefully considering the applications the Board approved the issue of A$3.5 million of new shares with the scaling back of applications conducted under the following principles:

   All applicants will receive an SPP allocation of approximately 106% of the number of shares they held at the Record Date subject to:

   - the maximum allocation allowed to the value of A$15,000; and
   - the amount allocated not being more than the amount the shareholder applied for.

   The following table provides some guidance on how the allocation scale back principles will be applied.

| Shares held at Record Date | Indicative allocation | Indicative cost at A$0.035 |
|---|---|---|
| 404,248 | 428,572<br>(maximum allocation) | A$15,000 |
| 200,000 | 212,034 | A$7,421 |
| 50,000 | 53,009 | A$1,855 |

Refunds will be credited or mailed out to shareholders on 28 November 2017.

**ENDS**

| Contact: | Media: |
|---|---|
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# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Otto Energy Limited

ABN

56 107 555 046

We (the entity) give ASX the following information.

## Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

| | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 100,000,166 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Fully Paid Shares |

| | | |
|---|---|---|
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?<br><br>If the additional +securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | Yes. |
| 5 | Issue price or consideration | A$0.035 per share. |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets) | Issued under the Share Purchase Plan announced on 25 October 2017.<br><br>The funds raised, in conjunction with the US$8.5 million placement announced on 25 October 2017 and the 30 September 2017 cash balance of US$16.2 million will go towards funding the following:<br>- Two firm development wells at SM 71;<br>- Drilling of the ST 224 exploration well; and<br>- 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. |
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?<br><br>If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i | Yes. |
| 6b | The date the security holder resolution under rule 7.1A was passed | 16 November 2016. |

| | | |
|---|---|---|
| 6c | Number of +securities issued without security holder approval under rule 7.1 | Nil |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil |
| 6f | Number of +securities issued under an exception in rule 7.2 | 100,000,166 shares issued under the Share Purchase Plan announced on 25 October 2017. |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | N/A |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | Nil (LR 7.1)<br>84,717,480 (LR 7.1A) |
| 7 | +Issue dates<br>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.<br>Cross reference: item 33 of Appendix 3B. | 27 November 2017. |

| | | Number | +Class |
|---|---|---|---|
| 8 | Number and +class of all +securities quoted on ASX (*including* the +securities in section 2 if applicable) | 1,523,155,633 | Ordinary fully paid shares |

| | | Number | +Class |
|---|---|---|---|
| 9 | Number and +class of all +securities not quoted on ASX (*including* the +securities in section 2 if applicable) | 1,620,000 | Unlisted Employee Performance Rights (Measurement date 1/2/2018, Expiry date 31/12/2018) |
| | | 6,050,000 | Unlisted Employee Performance Rights (Measurement dates 1/2/2018 and 1/2/2019, Expiry date 31/12/2019 (1,400,000 expire on 31/12/17)) |
| | | 8,200,000 | Convertible Notes (refer Appendix 3B released to ASX on 2 August 2017 for terms). |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Ordinary fully paid shares - participation available from the date of issue. |

# Part 2 - Pro rata issue

***Questions 11 to 33 Not Applicable***

# Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities
(*tick one*)

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

## Entities that have ticked box 34(a)

**Additional securities forming a new class of securities**

***Questions 35 to 37 - Not Applicable***

## Entities that have ticked box 34(b)

***Questions 38 to 42 - Not Applicable***

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ............................................................ Date: 27 November 2017
(~~Director~~/Company secretary)

Print name: .........David Rich..............................................

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

## Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|---|
| ***Step 1: Calculate "A", the base figure from which the placement capacity is calculated*** | |
| ***Insert*** number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 1,181,908,323 |
| ***Add*** the following:<br>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2<br>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval<br>• Number of partly paid +ordinary securities that became fully paid in that 12 month period<br>*Note:*<br>• *Include only ordinary securities here – other classes of equity securities cannot be added*<br>• *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 4,390,001 (13 February 2017)<br>100,000,166 (27 November 2017)<br>Nil<br>Nil |
| ***Subtract*** the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| **"A"** | 1,286,298,490 |

| | |
|---|---|
| ***Step 2: Calculate 15% of "A"*** | |
| **"B"** | 0.15<br>*[Note: this value cannot be changed]* |
| ***Multiply*** "A" by 0.15 | 192,944,774 |
| ***Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used*** | |
| ***Insert*** number of +equity securities issued or agreed to be issued in that 12 month period *not counting* those issued:<br>• Under an exception in rule 7.2<br>• Under rule 7.1A<br>• With security holder approval under rule 7.1 or rule 7.4<br>*Note:*<br>• *This applies to equity securities, unless specifically excluded – not just ordinary securities*<br>• *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 192,944,774 (1 November 2017) |
| **"C"** | 192,944,774 |
| ***Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1*** | |
| "A" x 0.15<br>*Note: number must be same as shown in Step 2* | 192,944,774 |
| ***Subtract*** "C"<br>*Note: number must be same as shown in Step 3* | 192,944,774 |
| ***Total*** ["A" x 0.15] – "C" | Nil<br>*[Note: this is the remaining placement capacity under rule 7.1]* |

# Part 2

| **Rule 7.1A – Additional placement capacity for eligible entities** | |
|---|---|
| **Step 1: Calculate "A", the base figure from which the placement capacity is calculated** | |
| **"A"**<br>*Note: number must be same as shown in Step 1 of Part 1* | 1,286,298,490 |
| ***Step 2: Calculate 10% of "A"*** | |
| **"D"** | 0.10<br>*Note: this value cannot be changed* |
| ***Multiply*** "A" by 0.10 | 128,629,849 |
| ***Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used*** | |
| ***Insert*** number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br>*Notes:*<br>• *This applies to equity securities – not just ordinary securities*<br>• *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed*<br>• *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained*<br>• *It may be useful to set out issues of securities on different dates as separate line items* | 43,912,370 (1 November 2017) |
| **"E"** | 43,912,370 |

| ***Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A*** | |
|---|---|
| "A" x 0.10<br>*Note: number must be same as shown in Step 2* | 128,629,849 |
| ***Subtract*** "E"<br>*Note: number must be same as shown in Step 3* | 43,912,370 |
| ***Total*** ["A" x 0.10] – "E" | 84,717,480<br>*Note: this is the remaining placement capacity under rule 7.1A* |