

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 (**Otto**)

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	Fully paid ordinary shares in the capital of Otto (each, a Share).
---	--	--

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|---|---|---|
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>Institutional Placement
Otto proposes to issue approximately 169,491,525 new Shares under the institutional placement announced by Otto on Tuesday 31 July 2018 (the Placement).</p> <p>Entitlement Offer
Otto proposes to issue approximately 170,103,166 new Shares under the pro rata accelerated non-renounceable entitlement offer announced by Otto on Tuesday 31 July 2018 (the Entitlement Offer).</p> <p>The exact number of new Shares to be issued pursuant to the Placement and the Entitlement Offer, including the exact breakdown of new Shares to be issued pursuant to the institutional component of the Entitlement Offer (the Institutional Entitlement Offer) and the retail component of the Entitlement Offer (the Retail Entitlement Offer) is not known at the date of this Appendix 3B and remains subject to the determination of Otto, the reconciliation of shareholder entitlements and the effects of rounding.</p> |
| 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) | <p>The new Shares to be issued under the Entitlement Offer and the Placement will be on the same terms as existing Shares on issue.</p> |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, the new Shares issued under the Entitlement Offer and the Placement will be on the same terms as existing Shares on issue and will rank equally in all respects with those existing Shares from the date of issue of the new Shares.</p> <p>Investors who are issued new Shares under the Placement will not be entitled to participate in the Entitlement Offer in respect of those new Shares.</p>
<p>5 Issue price or consideration</p>	<p>\$0.059 per new Share under the Placement and the Entitlement Offer.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>As described in the ASX Announcement and Investor Presentation lodged with the ASX on Tuesday 31 July 2018, the proceeds received from the issue will be used to will complement cash on hand and future cash flows from Otto's 50% owned SM 71 producing oil field in the Gulf of Mexico to fund Otto's full exploration program over the next 18 months, including Bivouac Peak and Alaska.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>29 November 2017.</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>169,491,525 (the Placement)</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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	Nil.
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	255,154,748 (Under 7.1) 611,641 (Under 7.1A)
7	<p>+Issue dates</p> <p>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.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p>The proposed issue date for new Shares to be issued under the Institutional Entitlement Offer and the Placement is 10 August 2018.</p> <p>The proposed issue date for new Shares to be issued under the Retail Entitlement Offer is 29 August 2018.</p>

+ See chapter 19 for defined terms.

	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Shares
	After completion of the Entitlement Offer and Placement, there will be up to 1,870,523,181 Shares on issue (based on the 1,530,928,490 Shares on issue as at the date of this Appendix 3B and the aggregate approximate 339,594,691 new Shares expected to be issued under the Entitlement Offer and the Placement, as referred to in Item 2 of this Appendix 3B).	

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	4,640,000	Unlisted Employee Performance Rights (Measurement Date 1/2/2019, Expiry date 31/12/2019)
	14,187,000	Unlisted Employee and Director Performance Rights (Measurement Dates 29/11/2018, 2019 and 2020, Expiry date 29/11/2022)
	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)	Shares issued under the Entitlement Offer and the Placement will have the same dividend rights as existing Shares.
----	--	--

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

- | | | |
|----|--|--|
| 11 | Is security holder approval required? | No. |
| 12 | Is the issue renounceable or non-renounceable? | Non-renounceable. |
| 13 | Ratio in which the +securities will be offered | 1 new Share for every 9 Shares held at the Record Date for the Entitlement Offer. |
| 14 | +Class of +securities to which the offer relates | Shares. |
| 15 | +Record date to determine entitlements | 7pm (Sydney time) Thursday 2 August 2018. |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No. |
| 17 | Policy for deciding entitlements in relation to fractions | Where fractions arise in the calculation of shareholders' entitlements under the Entitlement Offer they will be rounded up to the nearest whole number of new Shares. |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7. | All countries other than Australia, New Zealand, the United Kingdom, Hong Kong, Singapore and Cambodia. |
| 19 | Closing date for receipt of acceptances or renunciations | 4pm (Sydney time) Wednesday, 1 August 2018 under the Institutional Entitlement Offer.

4pm (Sydney time) Tuesday, 21 August 2018 under the Retail Entitlement Offer. |

+ See chapter 19 for defined terms.

20	Names of any underwriters	Morgans Corporate Limited (ABN 32 010 539 607).
21	Amount of any underwriting fee or commission	Management fee: 1.5% of the proceeds of the Entitlement Offer; and Underwriting fee: 3% of the proceeds of the Entitlement Offer.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	No prospectus, product disclosure statement or other disclosure document is being prepared in connection with the Entitlement Offer. A Retail Offer Booklet and Entitlement and Acceptance Form will be sent to eligible retail shareholders in connection with the Retail Entitlement Offer by Tuesday 7 August, 2018.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A.
28	Date rights trading will begin (if applicable)	N/A.
29	Date rights trading will end (if applicable)	N/A.

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

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

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

⁺ See chapter 19 for defined terms.

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

N/A.

39 +Class of +securities for which quotation is sought

N/A.

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

 If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A.

41 Reason for request for quotation now

 Example: In the case of restricted securities, end of restriction period

 (if issued upon conversion of another +security, clearly identify that other +security)

N/A.

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A.	N/A.

+ See chapter 19 for defined terms.

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.



31 July 2018

Sign here:
(Director/Company secretary)

Date:

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

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

== == == == ==

+ See chapter 19 for defined terms.

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	1,186,298,324												
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">100,000,166 (27 November 2017)</td> </tr> <tr> <td></td> <td style="text-align: right;">6,142,857 (AGM 29 November 2017)</td> </tr> <tr> <td></td> <td style="text-align: right;">1,630,000 (2 February 2018)</td> </tr> <tr> <td></td> <td style="text-align: right;">170,103,166 (This Appendix 3B - Entitlement)</td> </tr> </table> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">236,857,143 (AGM 29 November 2017)</td> </tr> </table> • Number of partly paid +ordinary securities that became fully paid in that 12 month period <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">Nil</td> </tr> </table> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 		100,000,166 (27 November 2017)		6,142,857 (AGM 29 November 2017)		1,630,000 (2 February 2018)		170,103,166 (This Appendix 3B - Entitlement)		236,857,143 (AGM 29 November 2017)		Nil	
	100,000,166 (27 November 2017)												
	6,142,857 (AGM 29 November 2017)												
	1,630,000 (2 February 2018)												
	170,103,166 (This Appendix 3B - Entitlement)												
	236,857,143 (AGM 29 November 2017)												
	Nil												
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil												
“A”	1,701,031,656												

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	255,154,748
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	255,154,748
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	Nil
Total [“A” x 0.15] – “C”	255,154,748 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

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” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,701,031,656
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	170,103,166
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 <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>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</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	169,491,525 (This Appendix 3B – Placement)
“E”	169,491,525

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	170,103,166
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	169,491,525
Total ["A" x 0.10] – "E"	611,641 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.