

ASX ANNOUNCEMENT

7 August 2018

Retail Entitlement Offer Booklet Despatched & Offer Open

Otto Energy Limited (ASX:OEL) ("Otto") is pleased to confirm that the Retail Entitlement Offer, as announced on 31 July 2018, is now open and the Retail Offer Booklet is being despatched to Eligible Shareholders today.

Eligible Shareholders may access a copy of the Offer Booklet and download a copy of their personalised Entitlement and Acceptance Form, which includes BPAY payment details, at www.ottoenergy.com by clicking on the 'Offer Button'.

The Otto Energy Limited Offer Information Line is now open on 1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 info@ottoenergy.com	Media: Yvonne Ball Citadel-MAGNUS +61 8 6160 4910
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Otto Energy Limited

ACN 107 555 046

Retail Offer Booklet

1 for 9 pro-rata accelerated non-renounceable entitlement offer of Otto Energy Limited ordinary shares at an Offer Price of \$0.059 per New Share to raise approximately \$10 million (before costs).

Retail Entitlement Offer closes at 4pm (Sydney time) on Tuesday 21 August 2018.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

If you are an Eligible Retail Shareholder, this Retail Offer Booklet and the personalised Entitlement and Acceptance Form that accompanies it contain important information and require your immediate attention. You should read both documents carefully and in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). If you have any questions, please call your stockbroker, accountant or other professional adviser or the Otto Energy Limited Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

Important Notices

This Retail Offer Booklet is dated Tuesday, 7 August 2018, and has been issued by Otto Energy Limited (ACN 107 555 046) (**Otto**). It relates to the Retail Entitlement Offer, which is part of the Entitlement Offer by Otto to raise up to \$10 million. Unless otherwise defined in this section, capitalised terms in this section have the meaning given to them elsewhere in this Retail Offer Booklet.

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as notionally modified by the *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*). This Retail Offer Booklet is not a prospectus or a product disclosure statement under the Corporations Act and it has not been lodged with ASIC. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus or a product disclosure statement. As a result, it is important for you to read and understand the publicly available information on Otto and the Entitlement Offer (for example, the information available on the Australian Securities Exchange (**ASX**) website at <http://www.asx.com.au>) prior to deciding whether to accept your Entitlement and apply for New Shares. The information in this Retail Offer Booklet does not constitute financial product advice, and does not take into account your investment objectives, financial situation or particular needs.

There may be additional announcements made by Otto after the launch of the Entitlement Offer on Tuesday 31 July 2018 and throughout the period that the Retail Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Otto (by visiting the ASX website at www.asx.com.au) before submitting your application to take up your Entitlement or doing nothing with your Entitlement.

Please contact your stockbroker, accountant or other professional adviser or the Otto Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday, if you have any questions.

This Retail Offer Booklet should be read in its entirety (including the accompanying Entitlement and Acceptance Form) before you decide whether to participate in the Retail Entitlement Offer. In particular, the Investor Presentation in Section 4 of this Retail Offer Booklet details important factors and risks that could affect the financial and operating performance of Otto. Please refer to the "Key Risks" sections of the Investor Presentation for details. When making an investment decision in connection with the Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 3 of this Retail Offer Booklet).

In addition to reading this Retail Offer Booklet in conjunction with Otto's other periodic and continuous disclosure announcements, you should conduct your own independent review, investigations and analysis of Otto and the New Shares and obtain any professional advice you require to evaluate the merits and risks of an investment in Otto before making any investment decision.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions in the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

Foreign jurisdictions – restrictions and limitations

This Retail Offer Booklet, the Investor Presentation, any accompanying ASX Announcements and the Entitlement and Acceptance Form have been prepared to comply with the requirements of the securities laws of Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Cambodia.

This Retail Offer Booklet, the Investor Presentation, any accompanying ASX Announcements and the Entitlement and Acceptance Form do not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Cambodia.

The distribution of this Retail Offer Booklet or the Entitlement and Acceptance Form (including an electronic copy) outside Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and Cambodia may be restricted by law. If you come into possession of the information in this Retail Offer Booklet or the Entitlement and Acceptance Form, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any

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contents of this document, you should obtain independent professional advice.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This

document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Cambodia

This document has not been, and will not be, registered as a disclosure document under the Public Offering Rules and Listing Rules of the Securities and Exchange Commission of Cambodia (the "SECC"). No action has been taken in Cambodia to authorise or register this document with the SECC or to permit the distribution of this document or any documents issued in connection with it in Cambodia. Accordingly, the New Shares may not be offered or sold in Cambodia other than as permitted under Cambodian law.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not, please return this document immediately. You may not forward or circulate this document to any other person in Cambodia.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Cambodia or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Cambodia (except if required to do so by the securities laws and regulations of Cambodia) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Cambodia.

The Offer is made to you on the condition that you will not sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Cambodia.

You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the New Shares) are in Cambodia, you (and any such person):

- acknowledge that your holding of the Company's existing shares (or any person for whom you are holding the existing shares) does not violate any applicable laws of Cambodia; and

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- acknowledge that the offer of the New Shares is subject to the restrictions (including selling restrictions) set out in the offer document.

Not for distribution or release in the United States

This Retail Offer Booklet, the Investor Presentation, any accompanying ASX Announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or invitation to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States).

The Entitlements and the New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold or resold, directly or indirectly, in the United States or to persons acting for the account or benefit of a person in the United States (to the extent such persons hold Securities and are acting for the account or benefit of a person in the United States) except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

Under the Retail Entitlement Offer, Entitlements may not be issued to, taken up, purchased or exercised by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States). The Entitlements and the New Shares may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Retail Offer Booklet, the Investor Presentation, any accompanying ASX Announcements, the Entitlement and Acceptance Form, or any other material relating to the Retail Entitlement Offer, to any person in the United States.

Future performance and forward looking statements

This Retail Offer Booklet contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “likely”, “intend”, “propose”, “should”, “could”, “may”, “guidance”, “outlook”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target”, and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this Retail Offer Booklet are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Otto, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Retail Offer Booklet in light of those

disclosures. You are cautioned not to place undue reliance on any forward looking statements.

No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Retail Offer Booklet.

The forward looking statements are based on information available to Otto as at the date of this Retail Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), Otto undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance

Investors should note that any past performance information, including past share price performance and pro forma historical information, is provided for illustrative purposes only, and cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) future Otto performance, including future financial position or share price performance. The pro forma historical information is not represented as being indicative of Otto's views on its future financial condition and/or performance.

References to “you” and “your Entitlement”

In this Retail Offer Booklet, references to “you” are references to Eligible Retail Shareholders (as defined in Section 5.1) and references to “your Entitlement” (or “your personalised Entitlement and Acceptance Form”) are references to the Entitlements (or personalised Entitlement and Acceptance Form) of Eligible Retail Shareholders.

Times and dates

Times and dates in this Retail Offer Booklet are indicative only and subject to change. All times and dates refer to Sydney time. Refer to the “Key Dates” section of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Retail Offer Booklet are in Australian dollars (A\$).

Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 3 provides a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Otto recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

Privacy

Otto collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the applicant's shareholding in Otto.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Otto (directly or through the Share Registry). Otto collects, holds and will use that information to assess your Application. Otto collects your

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personal information to process and administer your shareholding in Otto and to provide related information to you. Otto may disclose your personal information for purposes related to your shareholding in Otto, including to the Share Registry, Otto's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to your personal information held by (or on behalf of) Otto. To make a request for access to your personal information held by (or on behalf of) Otto, please contact Otto through the Share Registry.

Governing law

This Retail Offer Booklet, the Retail Entitlement Offer, and the contracts formed on acceptance of the Applications are governed by the laws of Western Australia, Australia. Each Eligible Retail Shareholder who submits an Application submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in the Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet, the accompanying Entitlement and Acceptance Form and any accompanying ASX announcements, may not be relied upon as having been authorised by Otto or any of its officers in connection with the Retail Entitlement Offer.

Underwriter

Morgans Corporate Limited (the **Underwriter**) has acted as the lead manager, bookrunner and underwriter to the Entitlement Offer (including the Retail Entitlement Offer). Neither the Underwriter, nor any of its affiliates, related bodies corporate (as that term is defined in the Corporations Act), nor any of its respective directors, employees, officers, representatives, agents, partners, consultants and advisers (the **Underwriter**), nor the advisers to Otto or any other person including clients named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet (or any other materials released by Otto) and none of them makes or purports to make any statement in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement by any of them.

The Underwriter may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Otto.

Disclaimer

Determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Otto and the Underwriter. To the maximum extent permitted by law, Otto and the Underwriter and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

Statements made in this Retail Offer Booklet are made only as the date of this Retail Offer Booklet. The information in this Retail Offer Booklet remains subject to change without notice.

Trading New Shares

Otto and each Underwriter, and each of their directors, officers, employees, agents and consultants, will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Otto or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, accountant or other professional adviser.

No Entitlements trading

The Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

No cooling-off rights

Cooling-off rights do not apply to an investment in New Shares. You cannot withdraw an Application once it has been submitted.

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Summary of the Retail Entitlement Offer

Offer Price	\$0.059 per New Share
Your Entitlement	1 New Share for every 9 existing Shares held on the Record Date

Key dates for the Retail Entitlement Offer

Event	Date
Announcement of Entitlement Offer	Tuesday, 31 July 2018
Record date for eligibility in the Retail Entitlement Offer (7pm, Sydney time)	Thursday, 2 August 2018
Retail Entitlement Offer opens (9am, Sydney time)	Tuesday, 7 August 2018
Retail Offer Booklet despatched, including personalised Entitlement and Acceptance Form	Tuesday, 7 August 2018
Retail Entitlement Offer closes (4pm, Sydney time)	Tuesday, 21 August 2018
Settlement of Retail Entitlement Offer	Tuesday, 28 August 2018
Allotment of New Shares under the Retail Entitlement Offer	Wednesday, 29 August 2018
Quotation and normal settlement trading of New Shares under the Retail Entitlement Offer	Wednesday, 29 August 2018
Despatch of holding statements	Friday, 31 August 2018

Note: The timetable above is indicative only and may change. Otto reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Otto reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw or vary the Retail Entitlement Offer without prior notice. Any extension of the closing date may have a consequential effect on the issue date of New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX.

No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their personalised Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

Enquiries

If you have any questions, please call the Otto Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia). The Otto Offer Information Line will be open from 8:30am to 5:30pm (Sydney time), Monday to Friday.

Alternatively, contact your stockbroker, accountant or other professional adviser.

Chairman's Letter

7 August 2018

Dear Shareholder,

On behalf of the Otto Energy Limited (**Otto**) board, I am pleased to invite you to participate in a 1 for 9 pro-rata accelerated non-renounceable entitlement offer of new Otto ordinary shares (**New Shares**) at an offer price of \$0.059 per New Share (**Offer Price**), to raise gross proceeds of up to \$10 million (**Entitlement Offer**).

Purpose of the Entitlement Offer

The funds raised 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 US exploration program over the next 18 months, including the Gulf Coast Package, Bivouac Peak and Alaska.

The transaction with Hilcorp to farm-in to the eight well portfolio on the US Gulf Coast (Gulf Coast Package) provides a major step in executing our strategy for growth in the Gulf of Mexico with a desire to get to 5,000 barrels of oil equivalent a day by the end of 2020.

Further information about the Entitlement Offer, including the Gulf Coast Package, its strategic and financial benefits, is in Otto's market release and Investor Presentation, lodged with the ASX on Tuesday, 31 July 2018 (and included in this Retail Offer Booklet in Section 4).

Details of the Entitlement Offer

The Entitlement Offer comprises an institutional component (the **Institutional Entitlement Offer**) and a retail component (the **Retail Entitlement Offer**), as announced on Tuesday, 31 July 2018. As announced on Thursday, 2 August 2018, Otto successfully completed the Institutional Entitlement Offer. The Institutional Entitlement Offer raised approximately \$3 million for Otto, which represents approximately 30% of total entitlements available under the Entitlement Offer. The Retail Entitlement Offer is expected to raise up to \$7 million, and is fully underwritten.

Under the Retail Entitlement Offer, Eligible Retail Shareholders (as defined in Section 5.1) are being offered the opportunity to subscribe for 1 New Share for every 9 existing Otto ordinary shares (**Shares**) held on the Record Date of 7pm (Sydney time) on Thursday 2 August 2018 (**Entitlements**). Eligible Retail Shareholders who take up their Entitlement in full may also apply to subscribe for Additional New Shares in excess of their Entitlement.

The Offer Price of \$0.059 per New Share represents an approximate 6.5% discount to the Theoretical Ex-Rights Price (TERP) of \$0.063,¹ being the last trading day before the Entitlement Offer was launched.

Other information

This offer booklet (**Retail Offer Booklet**) relates to the Retail Entitlement Offer. This Retail Offer Booklet contains important information about the Retail Entitlement Offer and Otto's business under the following headings:

- Key dates for the Retail Entitlement Offer;
- Summary of options available to you;
- Actions required by you (including instructions on how to participate in the Retail Entitlement Offer if you choose to do so);
- Australian taxation considerations;
- ASX announcements (including the Investor Presentation, which provides information on Otto, including information relating to the purpose of the Entitlement Offer, and a summary of some of the key risks associated with an investment in Otto); and
- Additional information.

¹ The TERP is a theoretical price at which an Otto share would have traded immediately after the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Otto shares traded immediately after the ex-date for the Entitlement Offer depended on many factors and was not equal to the TERP. TERP was calculated by reference to Otto's closing price of \$0.064 per share on Monday, 30 July 2018.

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. Your Entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your Entitlement. If you choose to do nothing, your Entitlement will lapse and you will receive no value for your Entitlement.

The Retail Entitlement Offer closes at 4pm (Sydney time) on Tuesday 21 August 2018.

To participate, you need to ensure that you have completed your application by paying the Offer Price multiplied by the number of New Shares you are applying for (**Application Monies**) by BPAY®, or by lodging your personalised Entitlement and Acceptance Form with your Application Monies paid by cheque, bank draft or money order so that they are received before this time in the manner described in this Retail Offer Booklet.

Please carefully read this Retail Offer Booklet in its entirety before you invest. In particular, you should read and consider the “Key risks” section of the Investor Presentation included in Section 4 of this Retail Offer Booklet which contains a summary of some of the key risks associated with this offer, together with an investment in Otto.

Please consult your stockbroker, accountant or other professional adviser before making your investment decision.

If you have any questions in respect of the Entitlement Offer please call the Otto Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia) at any time from 8:30am to 5:30pm (Sydney time) Monday to Friday.

All directors of the Company intend to take up their entitlements and have sub-underwritten \$400,000 of the entitlement offer.

On behalf of the Board of Otto, I thank you for your continued support and encourage you to consider this investment opportunity.

Yours sincerely



John Jetter
Chairman

Section 1 Summary of options available to you

If you are an Eligible Retail Shareholder (as defined in Section 5.1) you may take any one of the following actions:

- take up all of your Entitlement;
- take up some of your Entitlement and allow the balance to lapse; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlement.

You may also apply to participate in the Retail Shortfall Offer (see Section 2.6).

The Retail Entitlement Offer closes at 4pm on Tuesday 21 August 2018.

If you are a retail shareholder that is not an Eligible Retail Shareholder (as defined in Section 5.1), you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer.

Options available to you	Key considerations
1. Take up all of your Entitlement	<ul style="list-style-type: none">• You may elect to purchase New Shares at the Offer Price and take up all of your Entitlement (see Section 2.4.1 for instructions on how to take up all of your Entitlement).• The New Shares will rank equally in all respects with existing Shares (including rights to dividends and distributions).
2. Take up part of your Entitlement	<ul style="list-style-type: none">• If you do not take up your Entitlement in full, that portion of your Entitlement not taken up will lapse and you will not receive any payment or value for them (see Section 2.4.2 for details on taking up part of your Entitlement).• If you do not take up your Entitlements in full, your percentage holding in Otto will be diluted.
3. Do nothing, in which case your Entitlements will lapse and you will receive no payment or value for those lapsed Entitlements	<ul style="list-style-type: none">• If you do not take up any of your Entitlements, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlements are non-renounceable, which means your Entitlements are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred. You will not receive any payment or value for those Entitlements not taken up.• Although you will continue to own the same number of Otto shares, your percentage holding in Otto will be diluted.

Section 2 Actions required by you

2.1 Overview of the Entitlement Offer

Otto intends to raise up to \$10 million under the Entitlement Offer. As part of the Entitlement Offer, Eligible Retail Shareholders (as defined in Section 5.1) are being offered the opportunity to subscribe for 1 New Share for every 9 existing Shares held as at 7pm (Sydney time) on Thursday 2 August 2018 (**Record Date**), at the Offer Price of \$0.059 per New Share.

The Entitlement Offer is comprised of:

- **Institutional Entitlement Offer** – eligible institutional shareholders were given the opportunity to take up all or some of their Entitlements at the Offer Price of \$0.059 per New Share. Entitlements under the Institutional Entitlement Offer were non-renounceable. In total, approximately \$3 million was raised in the Institutional Entitlement Offer, representing approximately 30% of total entitlements available under the Entitlement Offer; and
- **Retail Entitlement Offer** – Eligible Retail Shareholders are being offered Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Entitlements are non-renounceable and are not tradeable or otherwise transferable.

The Entitlement Offer is fully underwritten. Morgans Corporate Limited has been appointed by Otto as the underwriter (the **Underwriters**).

You have a number of decisions to make in respect of your Entitlement. These decisions may materially affect the value (if any) that may be received in respect of your Entitlement. You should read this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

Further details on the Retail Entitlement Offer are set out below.

2.2 The Retail Entitlement Offer

The Retail Entitlement Offer opens at 9am (Sydney time) on Tuesday 7 August 2018 and will close at 4pm (Sydney time) on Tuesday 21 August 2018.

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*), which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied. This Retail Offer Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Retail Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Otto and the Retail Entitlement Offer made publicly available, including the information lodged by Otto with ASX as part of its continuous disclosure obligations, prior to deciding whether to take up all or some of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Retail Offer Booklet and other announcements made available at <http://www.asx.com.au> (including announcements which may be made by Otto after publication of this Retail Offer Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Retail Entitlement Offer.

Eligible Retail Shareholders should be aware that an investment in Otto involves risks. The key risks identified by Otto are set out in the “Key risks” section of the Investor Presentation (enclosed in Section 4 of this Retail Offer Booklet).

2.3 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and have been calculated as 1 New Share for every 9 existing Shares you held as at the Record Date. If the result is not a whole number, your Entitlement has been rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares.

See Sections 5.1 and the 'Important Notices' section for information on restrictions on participation in the Retail Entitlement Offer.

2.4 Options available to you

If you are an Eligible Retail Shareholder, you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Entitlement:

- (a) take up your Entitlement in full (see Section 2.4.1); or
- (b) take up part of your Entitlement, in which case the balance of your Entitlement would lapse (see Section 2.4.2); or
- (c) do nothing, in which case your Entitlement will lapse and you will receive no payment or value for your lapsed Entitlement (see Section 2.4.3).

If you wish to take up your Entitlement in full, you may also subscribe for New Shares that are in excess of your Entitlement as part of the Retail Shortfall Offer (**Additional New Shares**) (see Section 2.6).

The Entitlements are non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlement in full will not receive any payment or value for any part of their Entitlement they do not take up. Their percentage holding in Otto will be diluted.

Otto reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Retail Entitlement Offer closes. The Retail Entitlement Offer closes at 4pm (Sydney time) on Tuesday 21 August 2018 (however, that date may be varied by Otto, subject to the Corporations Act, the ASX Listing Rules and other applicable laws).

2.4.1 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, by no later than 4pm (Sydney time) on Tuesday 21 August 2018. If you take up and pay for all or some of your Entitlement before the close of the Retail Entitlement Offer, it is expected that you will be issued New Shares on Wednesday 29 August 2018.

2.4.2 Take up part of your Entitlement and allow the balance to lapse

If you wish to take up some of your Entitlement, please either:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via BPAY® by following the instructions set out on the personalised Entitlement and Acceptance Form,

in each case, by no later than 4pm (Sydney time) on Tuesday 21 August 2018 .

If Otto receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full at the Offer Price.

2.4.3 Allowing your Entitlement to lapse

If you take no action, you will not be allocated New Shares and your Entitlement will lapse.

2.5 Consequences of not taking up all or part of your Entitlement

If you do not take up all or part of your Entitlement in accordance with the instructions set out above, those New Shares representing your Entitlement (or the part of your Entitlement not taken up) will form part of the Retail Shortfall Offer or may be acquired by the Underwriter.

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and will not receive any value for that part of your Entitlement. Your interest in Otto will also be diluted.

2.6 Taking up more than your Entitlement

In addition to taking up your Entitlement in full, you may apply for Additional New Shares.

Additional New Shares will only be available where there is a shortfall between the Entitlements being offered to Eligible Retail Shareholders under the Retail Entitlement Offer and the Entitlements taken up by Eligible Retail Shareholders (the **Shortfall**). In the event there is a Shortfall, it will be offered pursuant to the Retail Shortfall Offer.

The terms on which you may apply for Additional New Shares are as follows.

- If you take up all of your Entitlement, you are entitled to subscribe for Additional New Shares in excess of your Entitlement.
- The offer of Additional New Shares opens at the same date and time as the Retail Entitlement Offer and will close at the same date and time as the Retail Entitlement Offer.
- Additional New Shares will be offered at the same Offer Price for each New Share.
- There is no maximum number of Additional New Shares for which you may subscribe. However, the maximum number of Additional New Shares that may be allotted will be equal to the number of New Shares comprising the Shortfall (subject to the Board's discretion).
- If the number of New Shares comprising the Shortfall is equal to or greater than the total number of Additional New Shares subscribed for, you will be allotted the number of Additional New Shares that you applied for (subject to the Board's discretion).
- If the number of New Shares comprising the Shortfall is less than the total number of Additional New Shares subscribed for, the number of Additional New Shares you will be allocated will be scaled back on a pro rata basis.

All decisions regarding the allocation of Additional New Shares and application of any scale-back will be made by the Board of Otto in its discretion and will be final and binding on all Eligible Retail Shareholders. The Board expects that the discretion not to issue Additional New Shares would only be exercised in exceptional circumstances.

The Board of Otto reserves the right to issue any Additional New Shares which comprise the Shortfall in their discretion. Therefore, a subscription for Additional New Shares may not be successful (in whole or part), in which case excess Application Monies will be refunded without interest. The decision of the Board of Otto on the number of Additional New Shares to be allocated will be final. The Board of Otto will not in any event issue any Additional New Shares to any person if the issue may result in the person's voting power in Otto increasing to 20% or more.

2.7 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque, bank draft, or money order.

Cash payments will not be accepted. Receipts for payment will not be issued. Otto will treat you as applying for as many New Shares as your payment will pay for in full at the Offer Price.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

2.7.1 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only, use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that personalised Entitlement and Acceptance Form and in Section 2.8; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 4:00pm (Sydney time) on Tuesday 21 August 2018. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should take this into consideration in the timing of when you make payment.

2.7.2 Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to “**Otto Energy Limited Entitlement Offer**” and crossed “**Not Negotiable**”.

Your cheque, bank draft or money order must be:

- for an amount equal to the full Application Monies (being \$0.059 multiplied by the number of New Shares that you are applying for); and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in any other currency. Overseas resident shareholders must arrange for payment to be made in Australian dollars.

If payment is made by cheque, you should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies (or the amount for which a cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form) and to have made the representations and warranties in Section 2.8. Alternatively, your application will not be accepted.

Please return your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Mailing address:

Otto Energy Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand delivery address:

Otto Energy Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(Please do not use this address for mailing purposes)

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Otto’s registered or corporate offices or other offices of the Share Registry.

2.8 Representations by acceptance

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid Application for New Shares. Otto’s decision as to whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY® or otherwise applying to participate, you will be deemed to have represented and warranted to Otto on behalf of yourself and each person on whose account you are acting that you are an Eligible Retail Shareholder and you:

- acknowledge that you have received, read and understand this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet, and Otto’s constitution;

- authorise Otto to register you as the holder of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete, accurate and up to date;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that there is no cooling off period under the Retail Entitlement Offer and that once Otto receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- authorise Otto, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- acknowledge and agree that:
 - determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Otto and/or the Underwriter; and
 - each of Otto and the Underwriter, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Otto and is given in the context of Otto's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the "Key risks" section of the Investor Presentation contained in Section 4 of this Retail Offer Booklet, and that investments in Otto are subject to risk;
- acknowledge that none of Otto, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, contractors, partners, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the New Shares or the performance of Otto, nor do they guarantee the repayment of capital from Otto;
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- authorise Otto to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- represent and warrant (for the benefit of Otto, the Underwriter, and their related bodies corporate and affiliates) that you did not participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that the law of any place does not prohibit you from being given access to this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and you are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer or issue of Entitlements or New Shares under the Retail Entitlement Offer and under any applicable laws or regulations;

- understand and acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, you understand and acknowledge that the Entitlements may not be issued to, taken up, purchased or exercised by, and the New Shares may not be offered or sold to, persons in the United States or to persons who are acting for the account or benefit of a person in the United States (to the extent such a person is acting for the account or benefit of a person in the United States);
- represent and warrant that you are subscribing for Entitlements and/or purchasing New Shares outside the United States in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- have not and will not send this Retail Offer Booklet, the personalised Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia, New Zealand, the United Kingdom, Hong Kong, Singapore and Cambodia;
- If you (or any person for whom you are acquiring the New Shares) are in Cambodia, you (and any such person):
 - acknowledge that your holding of the Company’s existing shares (or any person for whom you are holding the existing shares) does not violate any applicable laws of Cambodia; and
 - acknowledge that the offer of the New Shares is subject to the restrictions (including selling restrictions) set out in the Retail Offer Booklet;
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the personalised Entitlement and Acceptance Form is resident in Australia, New Zealand, the United Kingdom, Hong Kong, Singapore and Cambodia and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the personalised Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person; and
- make all other representations and warranties set out in this Retail Offer Booklet.

2.9 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Otto Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia). The Otto Offer Information Line will be open from 8:30am to 5:30pm (Sydney time), Monday to Friday. Alternatively, you can access information about the Retail Entitlement Offer online at <https://www.asx.com.au>. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

Neither this Retail Offer Booklet, the Investor Presentation, nor the accompanying Entitlement and Acceptance Form may be distributed to, or relied upon by, persons in the United States or persons that are acting for the account or benefit of a person in the United States (to the extent such persons are acting for the account or benefit of a person in the United States).

Section 3 Australian taxation considerations

3.1 General

Set out below is a general summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications associated with the subscription of New Shares and Additional New Shares for certain Eligible Retail Shareholders (for the purposes of this Section 3, the **Subscription**).

The summary does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders. The tax implications associated with the Subscription will vary depending on your particular circumstances. Neither Otto nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

You should consult your own professional tax adviser regarding the consequences of the Subscription to you in light of your particular circumstances.

The comments in this section deal only with the Australian taxation implications associated with the Subscription if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes; or
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading), or acquired your Shares for the purpose of on-sale at a profit; or
- acquired the Shares in respect of which the Entitlements are issued under any employee share scheme or where the New Shares (and any Additional New Shares) are acquired pursuant to any employee share scheme; or
- you are subject to the 'Taxation of Financial Arrangements' provisions in respect of your holding of existing shares, New Shares, Additional New Shares or your Entitlement (refer to Section 3.7 below).

This summary is based on Australian tax laws and regulations and the current administrative practice of the Australian Taxation Office (**ATO**) as at the date of this Retail Offer Booklet. Other than as expressly discussed, the summary does not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time unless otherwise specified. The summary also does not take into account tax legislation of any country other than Australia.

3.2 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

3.3 Exercise of Entitlements and applying for Additional New Shares

If you take up (ie, exercise) all or some of your Entitlement, you will acquire New Shares. You will also acquire Additional New Shares if your application for Additional New Shares is accepted.

No income tax or capital gains tax liability should arise for you on the exercise of your Entitlement and your acquisition of New Shares, or on your acquisition of any Additional New Shares if you apply for Additional New Shares and your application for Additional New Shares is accepted.

The cost base (and reduced cost base) for Australian capital gains tax (**CGT**) purposes of each New Share (and each Additional New Share) will generally be equal to the Offer Price for those New Shares (or Additional New Shares) plus certain non-deductible incidental costs you incur in acquiring them.

3.4 Entitlements not taken up

Any Entitlements not taken up under the Retail Entitlement Offer will lapse to the extent not taken up, and the Eligible Retail Shareholder will not receive any consideration. In these circumstances, there should not be any tax implications for an Eligible Retail Shareholder from the lapse of all or some of their Entitlement.

3.5 Dividends on New Shares and Additional New Shares

Any future dividends or other distributions made in respect of New Shares and Additional New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

3.6 Disposal of New Shares and Additional New Shares

The disposal of a New Share or an Additional New Share will constitute a disposal for CGT purposes.

On disposal of a New Share or an Additional New Share, you will make a capital gain if the capital proceeds received on disposal exceed the total cost base of the New Share or Additional New Share (as relevant). You will make a capital loss if the capital proceeds are less than the total reduced cost base of the New Share or Additional New Share. The cost base of New Shares or Additional New Shares is described above in Section 3.3. In the case of an arm's length on-market sale, the capital proceeds should generally equal the cash proceeds from the sale.

Eligible Retail Shareholders who are individuals, trustees or complying superannuation entities that have held New Shares or Additional New Shares for 12 months or more at the time of disposal (not including the date of acquisition or disposal) should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting any available capital losses).

The CGT discount factor is 50% for individuals and trustees (other than trustees of a complying superannuation entity) and 33⅓% for complying superannuation entities. The CGT discount is not generally available to Shareholders that are companies.

New Shares will be treated for the purposes of the CGT discount as having been acquired when you exercise your Entitlement and the Additional New Shares will be treated as having been acquired when they are issued to you. Accordingly, in order to be eligible for the CGT discount on the disposal of a New Share or Additional New Share:

- the New Share must be held for at least 12 months after the date that you exercised your Entitlement; and
- the Additional New Share must be held for at least 12 months after the date that it was issued to you.

If you make a capital loss, you can only use that loss to offset capital gains from other sources. That is, the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

3.7 Taxation of Financial Agreements

The Taxation of Financial Arrangements rules pursuant to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**TOFA Provisions**) operate to make assessable or deductible, gains or losses arising from certain “financial arrangements”. An entitlement or right to receive a share is a “financial arrangement”. However, depending on the circumstances of the particular Eligible Retail Shareholder, the TOFA Provisions may not apply. Further, certain taxpayers (including many individuals) may be excluded from the operation of the TOFA Provisions unless they have made a valid election for it to apply.

The application of the TOFA Provisions is dependent on the particular facts and circumstances of the Eligible Retail Shareholder. Each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA Provisions to their particular facts and circumstances.

3.8 Provision of TFN and/or ABN

Otto is required to deduct withholding tax from payments of dividends that are not 100% franked, at the rate specified in the Taxation Administration Regulations 2017 (currently 47%), and remit such amounts to the ATO, unless you have quoted a TFN or an ABN, or a relevant exemption applies (and has been notified to Otto). You are not required to provide your TFN or ABN to Otto. However, you may choose to do so. You are able to provide your TFN, ABN or relevant exemption online with the Share Registry at www.linkmarketservices.com.au. When providing your details online, you will be required to enter your SRN/HIN as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

3.9 Other Australian Taxes

Australian GST will not be payable by Eligible Retail Shareholders on the acquisition of New Shares or Additional New Shares pursuant to the Retail Entitlement Offer. There may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for costs (eg legal fees) relating to the acquisition of New Shares or Additional New Shares.

Australian stamp duty should not be payable by Eligible Retail Shareholders on the acquisition of New Shares or Additional New Shares pursuant to the Retail Entitlement Offer.

Section 4 ASX Announcements (including Otto Investor Presentation)

ASX ANNOUNCEMENT

31 July 2018

Not for distribution to US newswire services or distribution in the United States

OTTO FARMS INTO EIGHT WELL GULF COAST DRILLING PROGRAM WITH HILCORP AND ANNOUNCES EQUITY RAISING

- **Portfolio of eight, high probability of success, technically independent prospects, generated off new proprietary 3D seismic**
- **Large prospective resource provides material upside upon success through oil and gas production growth**
- **Highly experienced and privately owned US Gulf Coast operator Hilcorp Energy to execute drilling and development program**
- **Identified access to infrastructure ensures a rapid, low capex pathway from discovery to production upon success**
- **Attractive deal terms with potential for further opportunity beyond the initial eight wells**
- **Program complements Otto’s existing drilling campaign at Bivouac Peak in the GoM and Alaska North Slope, providing shareholders with exposure to 10 wells over the next 18 months**
- **Program funded with Placement and Underwritten Entitlement Offer to raise A\$20 million**

Otto Energy (“Otto”) (ASX: OEL) is pleased to announce that it has entered into a joint venture with Hilcorp Energy which will see it earn a 37.5% working interest in an eight well portfolio of prospects in the Onshore/Near Shore USA Gulf Coast (Gulf of Mexico). The wells will be drilled by Hilcorp, a highly experienced, privately-owned operator based in Houston, over the next 18 months.

The Company is undertaking a capital raising of approximately \$20 million via an institutional Placement and a fully-underwritten, accelerated non-renounceable Entitlement Offer to fund its US\$37.5 million share of the drilling program. The capital raising 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.

Otto’s Managing Director, Matthew Allen, commented: *“This program provides an outstanding opportunity to execute our strategic objective of becoming a 5,000 boepd producer in the Gulf of Mexico by the end of 2020. It represents an exciting time for Otto shareholders, with the program complementing our near-term exploration campaigns at Bivouac Peak in the GoM and in Alaska.*

“The eight independent prospects announced today are in our geological and geographical sweet spot and provide a unique opportunity to substantially grow our Gulf of Mexico business in one transaction with an outstanding operator and partner in Hilcorp.”

<p>Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 info@ottoenergy.com</p>	<p>Media: Yvonne Ball Citadel-MAGNUS +61 8 6160 4910</p>
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www.ottoenergy.com

Details of the Agreement

Under a Joint Exploration and Development Agreement (JEDA) with Hilcorp Energy Otto has committed to an eight well drilling program with an estimated cost of US\$75 million (100%).

Otto will earn a 37.5% working interest by paying 50.0% of the costs of drilling and either setting casing or plugging and abandoning the well plus lease acquisition costs at each of the eight prospects. The estimated cost of the commitment to Otto is US\$37.5 million. US\$4 million will be paid immediately to cover initial land and other costs.

Well Cap - Otto has the option to discontinue participation in each prospect well if actual costs exceed the approved expenditure budget by 20%. If Otto elects to not continue, it will forfeit rights to that prospect. If Otto proceeds, costs from then on will be at working interest percentages.

Program Cap - Once Otto has incurred a total amount relating to the initial eight wells of US\$42.5m, it will have the option to elect (but not the obligation) to participate in the remaining undrilled prospects in the initial eight well program at working interest percentages. If Otto elects to not participate in any undrilled prospects, it will forfeit rights in those prospects.

Additional Upside

Should either the Tarpon or Mustang prospects be successful then Otto has ground floor rights (ie pays only its working interest) to participate in the nearby Damsel and Corsair/Hellcat opportunities. These wells are in addition to the eight wells.

Under the JEDA Otto has a right of first offer to a subsequent Gulf Coast program, if Hilcorp elect to offer such a program to third parties.

About Hilcorp Energy

Founded in 1989, Hilcorp is one of the largest privately held oil and natural gas companies in North America. Hilcorp specializes in reinvigorating legacy oil and gas fields across North America; including in the US Gulf Coast, Alaska and the Rockies and currently produces approximately 325,000 boepd. To put this into context, Australia's largest oil and gas company, Woodside, produces ~230,000 boepd.

Hilcorp has nearly 2,000 employees and has been consistently recognized for its strong culture, values and ethics both within the firm and in the communities in which it operates.

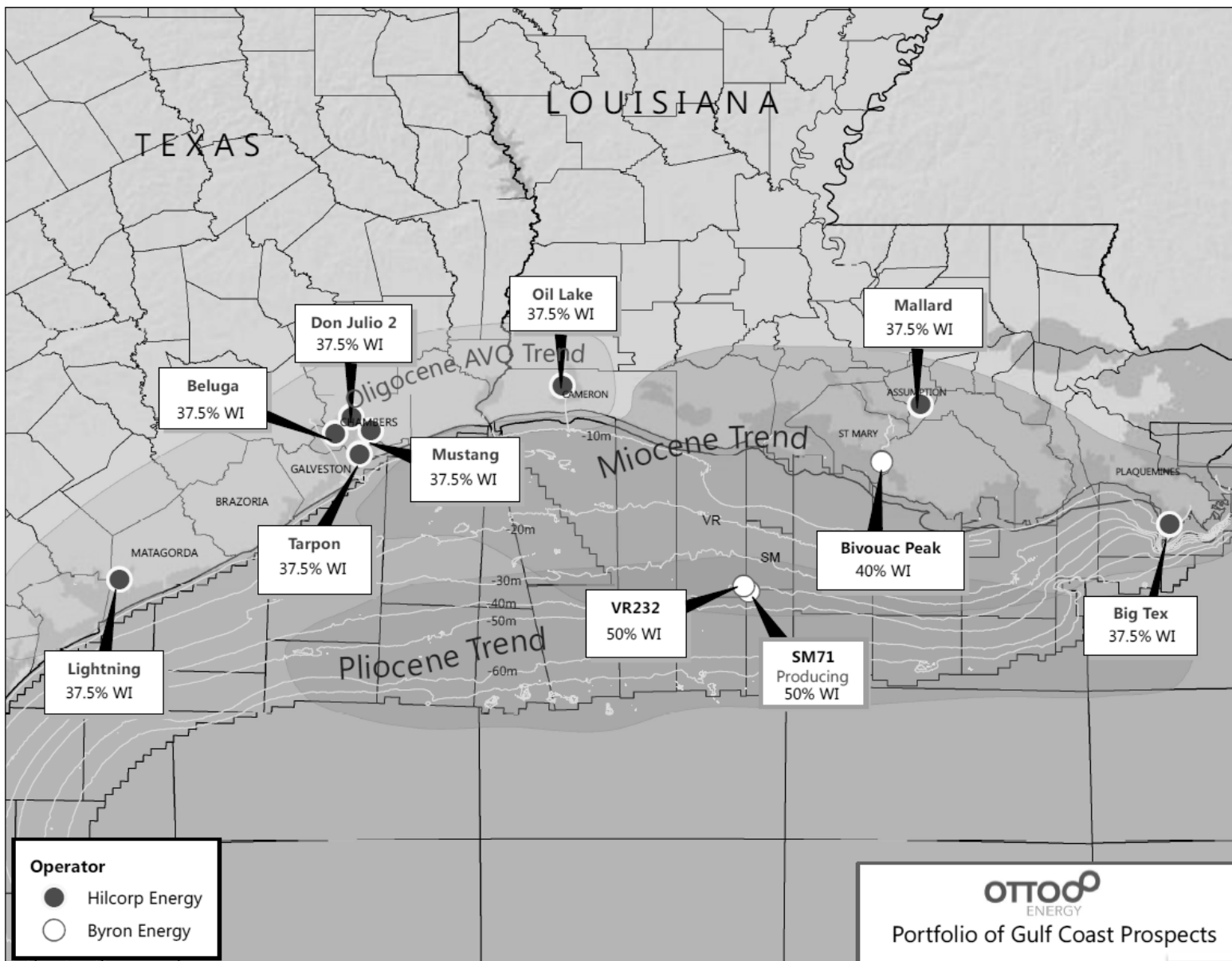
Otto is very pleased to be partnering with a Gulf Coast operator with proven capability to take exploration prospects into production.

Impact on Strategy

Otto has a clear strategy to grow production in the Gulf of Mexico to 5,000 boepd by the end of 2020. More specifically Otto's target area for new opportunities lies within the Pliocene, Miocene and Oligocene reservoir systems of the US Gulf of Mexico shelf and Gulf Coast where capital costs are manageable for Otto and the availability of infrastructure means the time from discovery to production is short. Otto is deploying its experienced technical team to find attractive, low risk drill opportunities in this area to provide high-margin oil and gas production growth.

This growth strategy is underpinned by the strong production and cashflow from Otto's 50% owned SM 71 oil field in the Gulf of Mexico shelf which is currently producing approximately 2,000 bopd Otto's share.

The Hilcorp eight well portfolio is a significant step toward the 5,000 boepd and puts Otto into partnership a large and well-respected operator in the region. In addition it offers further potential through follow-up drilling and a right of offer on further Hilcorp Gulf Coast farmouts.



Details of the Drilling Program

Information regarding the eight wells is set out below.

Prospect Name	Planned Spud Date	Target Depth (TVD), ft	Rig Type	Working Interest (WI)	Net Revenue Interest (NRI)	Stratigraphic Interval	County/Parish	Location
Big Tex	Sep-18	13,500	Barge	37.50%	29.51%	Tex	Plaquemines	Louisiana
Lightning	Oct-18	14,500	Land	37.50%	28.50%	Frio Tex Miss	Matagorda	Texas
Don Julio 2	Dec-18	11,500	Land	37.50%	28.50%	Oligocene	Chambers	Texas
Mustang	Jan-19	17,500	Land	37.50%	30.00%	Oligocene	Chambers	Texas
Beluga	May-19	13,000	Barge	37.50%	28.50%	Oligocene	Galveston Bay	Texas
Oil Lake	Jul-19	14,500	Land	37.50%	29.06%	Frio	Cameron	Louisiana
Tarpon	Jul-19	14,000	Barge	37.50%	29.06%	Oligocene	Galveston Bay	Texas
Mallard	Nov-19	11,000	Barge	37.50%	29.63%	Mid Miocene	Assumption	Louisiana

Prospective Resources

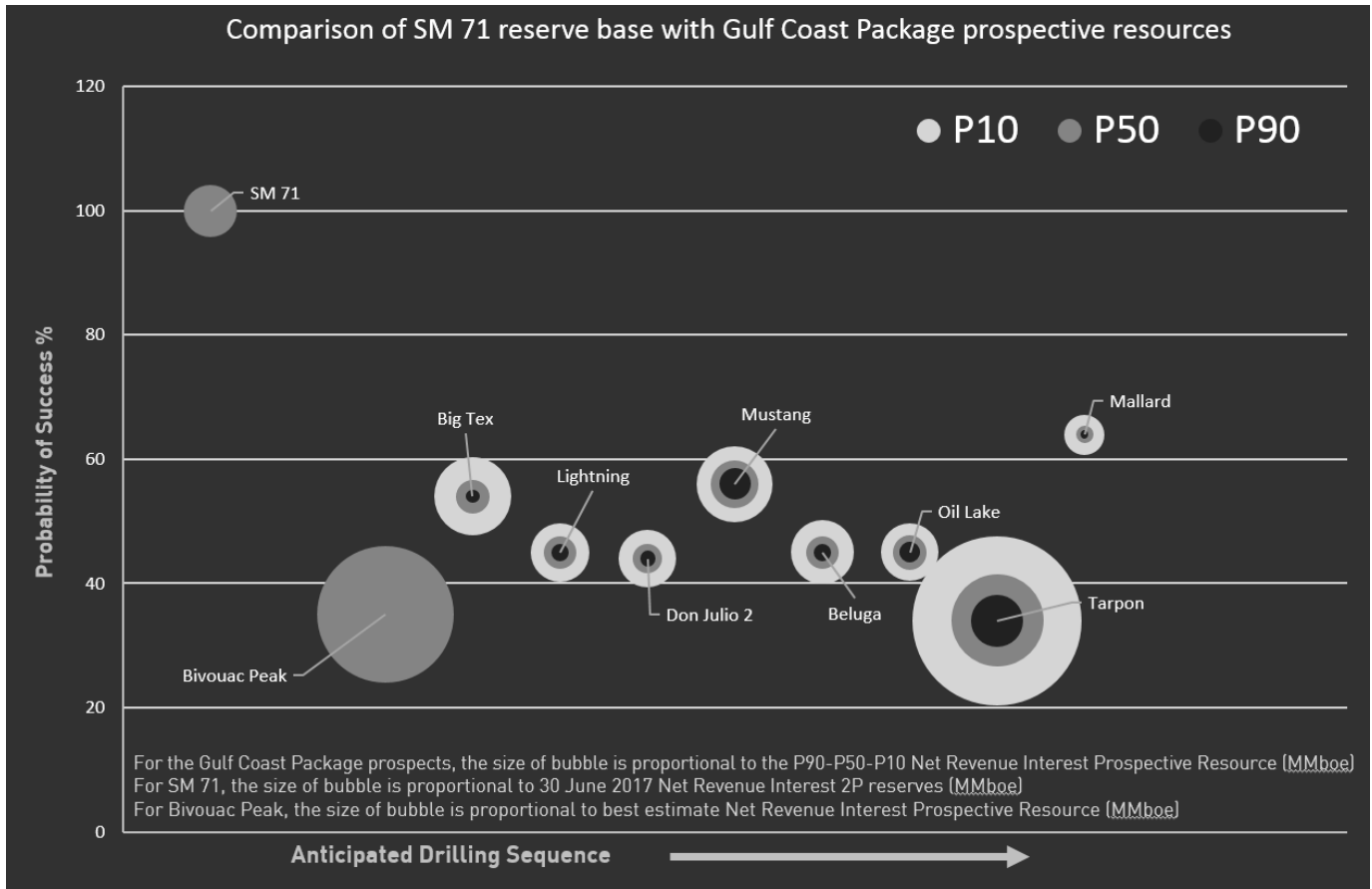
The range of prospective resources for each prospect is set out below.

Prospect Name	Working Interest	Net Revenue Interest	Probability of Success	Prospective Resources MMboe							
				100%				Otto Net Revenue Interest			
				P90	P50	Mean	P10	P90	P50	Mean	P10
Big Tex	37.50%	29.51%	54%	0.5	3.3	6.8	16.9	0.1	1.0	2.0	5.0
Lightning	37.50%	28.50%	45%	0.9	3.2	4.4	10.1	0.3	0.9	1.3	2.9
Don Julio 2	37.50%	28.50%	44%	0.7	2.5	4.0	9.6	0.2	0.7	1.1	2.7
Mustang	37.50%	30.00%	56%	2.9	6.7	8.5	16.8	0.8	1.9	2.6	4.8
Beluga	37.50%	28.50%	45%	0.8	2.9	4.7	11.2	0.2	0.9	1.3	3.4
Oil Lake	37.50%	29.06%	45%	1.2	3.3	4.4	9.3	0.3	1.0	1.3	2.7
Tarpon	37.50%	29.06%	34%	7.7	24.0	35.6	81.0	2.2	7.0	10.3	23.5
Mallard	37.50%	29.63%	64%	0.2	0.9	3.3	4.5	0.1	0.3	1.0	1.3

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Below is a graphical representation showing how this portfolio fits with Otto’s existing assets.



www.ottoenergy.com

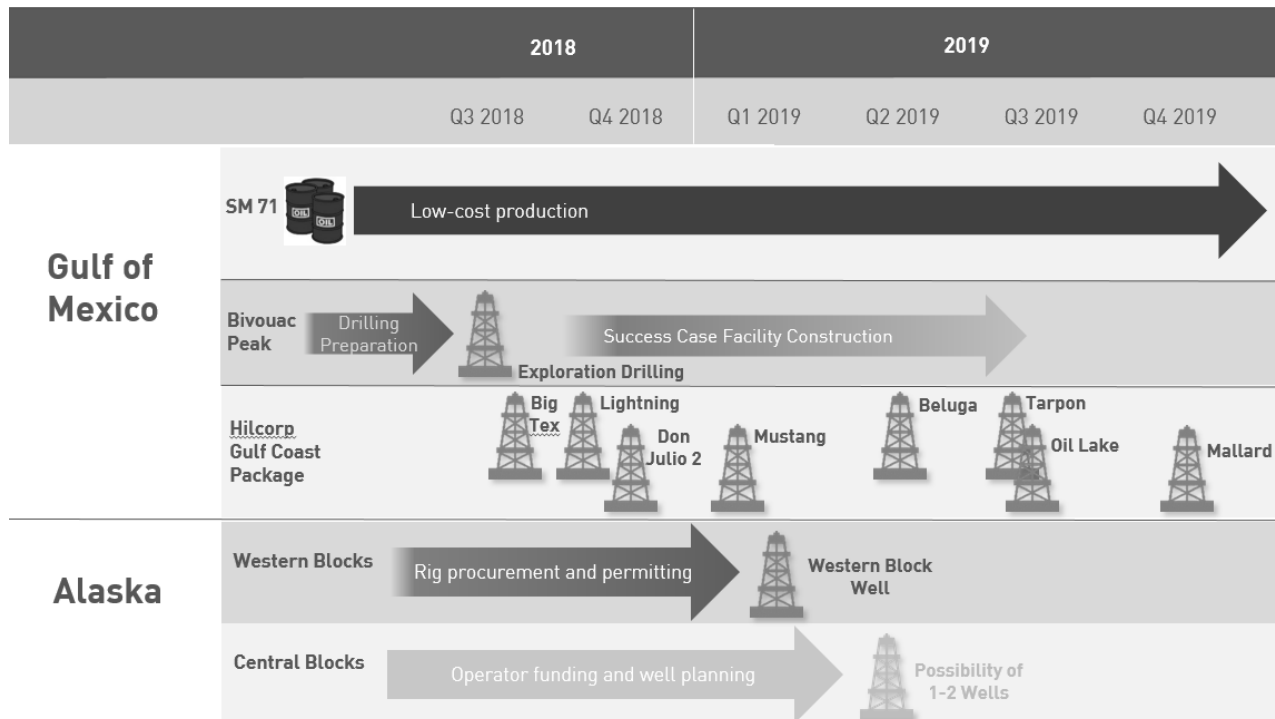
Risked Summary data - 8 Well Portfolio, Gross (8/8ths)

Portfolio-level risked information for the eight well portfolio is set out below. These are probabilistic additions of each prospect’s expectation curve, using a monte carlo approach. Refer to the Competent Person’s Statement for further information on these calculations.

Metric	P90	P50	P10
Volumes, MMBOE	4.63	19.86	64.59
Peak Production Rate, BOE/d	3,270	9,990	31,300
% Hydrocarbon Liquids per BOE	13%	28%	56%
Finding cost, US\$/BOE	\$13.62	\$3.18	\$0.98
Finding & Development cost, US\$/BOE	\$16.40	\$5.51	\$2.56

Pipeline of Opportunities

The schedule below sets out Otto’s full forward program including the Gulf Coast Package wells and the existing Bivouac Peak and Alaska wells.



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Funding of the Program

A capital raising of A\$20 million as set out below 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

Placement

Otto has agreed to place approximately 339.6 million million shares at A\$0.059 per share to raise approximately A\$10 million.

Entitlement Offer

The Company also intends to offer existing shareholders the opportunity to subscribe for additional shares at A\$0.059 per share pursuant to a pro-rata accelerated non-renounceable Entitlement Offer to raise a further approximately A\$10 million (“Entitlement Offer”).

The Entitlement Offer has been fully underwritten by Morgans Corporate Limited (Morgans).

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

Under the Entitlement Offer, shareholders will be able to subscribe for additional shares at A\$0.059 per share on the basis of one new shares for every nine shares held at the record date of Thursday 2 August 2018.

The offer price of A\$0.059 represents a:

- 7.8% discount to the last close of A\$0.064 on Monday 30 July 2018;
- 9.5% discount to the 30 day VWAP; and
- 6.5% discount to TERP.

Further information

Morgans Corporate Limited is acting as lead manager and underwriter to the entitlement offer with Allens acting as legal advisor.

Offer Timetable

An indicative Entitlement Offer timetable is set out below.

Timetable for Non-Renounceable Entitlement Offer	
Announcement of the Equity Raising	31 July 2018
Institutional Entitlement Offer and Bookbuild opens	31 July 2018
Institutional Entitlement Offer and Bookbuild closes	1 August 2018
Results of Institutional offer announced and trading halt lifted	2 August 2018
Shares trade ex-entitlement	2 August 2018
Record date for determining Eligible Shareholders	2 August 2018
Retail Entitlement Offer opens and Booklets despatched	7 August 2018
Settlement of New Shares issued under the Placement and Institutional Offer	9 August 2018
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	10 August 2018
Retail Entitlement Offer closes	21 August 2018
Allotment of New Shares issued under the Retail Entitlement Offer	29 August 2018
Despatch of holding statements and normal trading of New Shares	30 August 2018

Dates and times in this release are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Further information about the Entitlement Offer, including its strategic and financial benefits, is in Otto's market release and Investor Presentation, lodged with the ASX today.

Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to the Gulf Coast Package in the Gulf of Mexico was compiled by technical employees of Hilcorp Energy Company, the Operator of the Gulf Coast Package, and subsequently reviewed by Mr Paul Senycia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Senycia is an employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Senycia. Mr Senycia is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Prospective Resources

The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org. The prospective resource estimates have been prepared using the deterministic method. The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties. The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. The estimates are un-risked and have not been adjusted for both an associated chance of discovery and a chance of development. Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources Reporting Notes for the Gulf Coast Package prospects reported for the first time

- The prospective resources information is effective as at 30 June 2018 (Listing Rule (LR) 5.25.1).
- The prospective resources information has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2).
- The prospective resources information is reported according to the Company's economic interest in each of the resources and net of royalties (LR 5.25.5).
- The prospective resources information in this document has been estimated and prepared using the probabalistic method (LR 5.25.6).
- The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).
- Prospective resources are reported on a P10-P50-P90 basis (LR 5.28.1).
- For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2).
- The Gulf Coast Package prospects are under private leases. In respect to the prospective resources for the Gulf Coast Package prospects referred to on page 4, Otto will earn a 37.5% working interest in the leases which make up the prospect by paying 50% of the costs of drilling and setting casing or plugging and abandoning at each

prospect. Otto will be assigned the working interest following the setting of production casing or the plugging and abandoning of each well. (LR 5.35.1).

- The P10-P50-P90 and mean prospective resource volumes for the eight prospects were estimated using modern nearshore and onshore, relatively long offset 3D seismic data. Such data are standard in the oil and gas industry as a tool for identifying prospects and these data currently provide the industry's most accurate method of estimating prospective resource volumes and attendant risks. The parameters used in the acquisition and processing of the seismic surveys is commensurate with the industry standard for the Gulf Coast region. Exploration drilling will be required to assess these resources. (LR 5.35.2):
- The chance of discovery for each of the Gulf Coast Package prospects is set out on page 4. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development (LR 5.35.3).
- Prospective resources on page 4 are un-risked and have not been adjusted for an associated chance of discovery and a chance of development. Page 5 includes volumes which are the probabilistic addition of the risked prospective resource distributions. See below for further explanation (LR 5.35.4).

Notes on the calculation of the risked summary data for the Gulf Coast Package on page 5

Hilcorp has accumulated a massive proprietary regional Gulf Coast database comprising well drilling and production information from private and public sources. This database is used by Hilcorp in generating probabilistic estimates for future wells and programs where the data can be tailored to the specific parameters required for analysis such as depth, play type, etc.

Indicative finding and developments costs, indicative peak production rates and indicative gas versus oil percentages were calculated utilising the abovementioned regional database. From the regional database Hilcorp developed a series of expectation curves from which the P90-P50-P10 outcomes shown have been extracted. Otto has undertaken its own due diligence on these data and is satisfied that they represent a good estimate for the portfolio of opportunities to be drilled.

For each of the eight independent prospects, a probabilistic prospective resource was calculated using analogue offset well information and high-quality 3D seismic data. Each of the resultant prospective resource distributions were then merged probabilistically to provide a probabilistic estimate for the entire portfolio (eight prospects).

Probabilistic estimates for finding and development costs were also calculated for each individual prospect using analogue offset field information and taking into account the particular geometry and thickness of each prospect as estimated from high-quality 3D seismic data. As with the prospect volumes, these individual estimates were then probabilistically merged to provide a portfolio view.

The probabilistic additions above have been undertaken using a monte carlo approach to each prospect's expectation curve.

The percentage liquids content for each prospect is based on analogue offset well and field information.

Definitions

- | | |
|--|---|
| <ul style="list-style-type: none"> - "A\$" means Australian Dollars - "US\$" means United States dollars - "bbl" means barrel - "bbls" means barrels - "BOE" or boe means barrel of oil equivalent determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency - "boepd" means barrels of oil equivalent per day - "bopd" means barrels of oil per day - "Finding Cost" means the cost of finding a BOE including land and exploration costs. | <ul style="list-style-type: none"> - "Finding and Development Cost" means the cost of finding and developing a BOE includes the Finding Cost and development costs such as well completion and facilities. - "Mbbbl" means thousand barrels - "Mscf" means 1000 standard cubic feet - "Mboe" means thousand BOE - "MMscf" means million standard cubic feet - "MMboe" means million BOE - "Peak Production Rate" means the maximum steady state rate at which a well is expected to produce. - "VWAP" is the volume weighted average price. - "TERP" the theoretical ex - rights prices at which Otto Energy shares should trade immediately after the ex - date of the Entitlement Offer. |
|--|---|

Gulf Coast Package Farmin and Capital Raising

Eight Well Gulf Coast
Drilling Program



31 July 2018

ASX : OEL



NOT FOR DISTRIBUTION IN THE UNITED STATES

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This investor presentation (**Presentation**) has been prepared by Otto Energy Limited (ACN 107 555 046) (**Otto** or the **Company**). This Presentation has been prepared in relation to Otto's fully underwritten pro-rata accelerated non-renounceable entitlement offer of new ordinary fully paid shares in Otto (**New Shares**) (**Offer**) to be made under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by the Australian Securities and Investments Commission (**ASIC**). The Offer will be made to:

- eligible institutional shareholders of Otto (**Institutional Entitlement Offer**); and
- eligible retail shareholders of Otto (**Retail Entitlement Offer**).

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A retail information booklet for the Retail Entitlement Offer (**Retail Information Booklet**) will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Information Booklet in deciding whether to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Information Booklet and the entitlement and acceptance form that will accompany it.

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Neither the Underwriter, nor any of its or Otto's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, for the avoidance of doubt, and except to the extent referred to in this Presentation, none of them makes or purports to make any statements in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

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The Underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by the Underwriters, or any of their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

The information in this presentation is current as at the date on the cover of the presentation and remains subject to change without notice, in particular the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

You acknowledge and agree that:

- determination of eligibility of investors for the purposes of the institutional and retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Otto and the Underwriters; and
- each of Otto, the Underwriter and its respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Otto reserves the right to withdraw or vary the timetable for the Offer without notice.

By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this important notice and disclaimer.

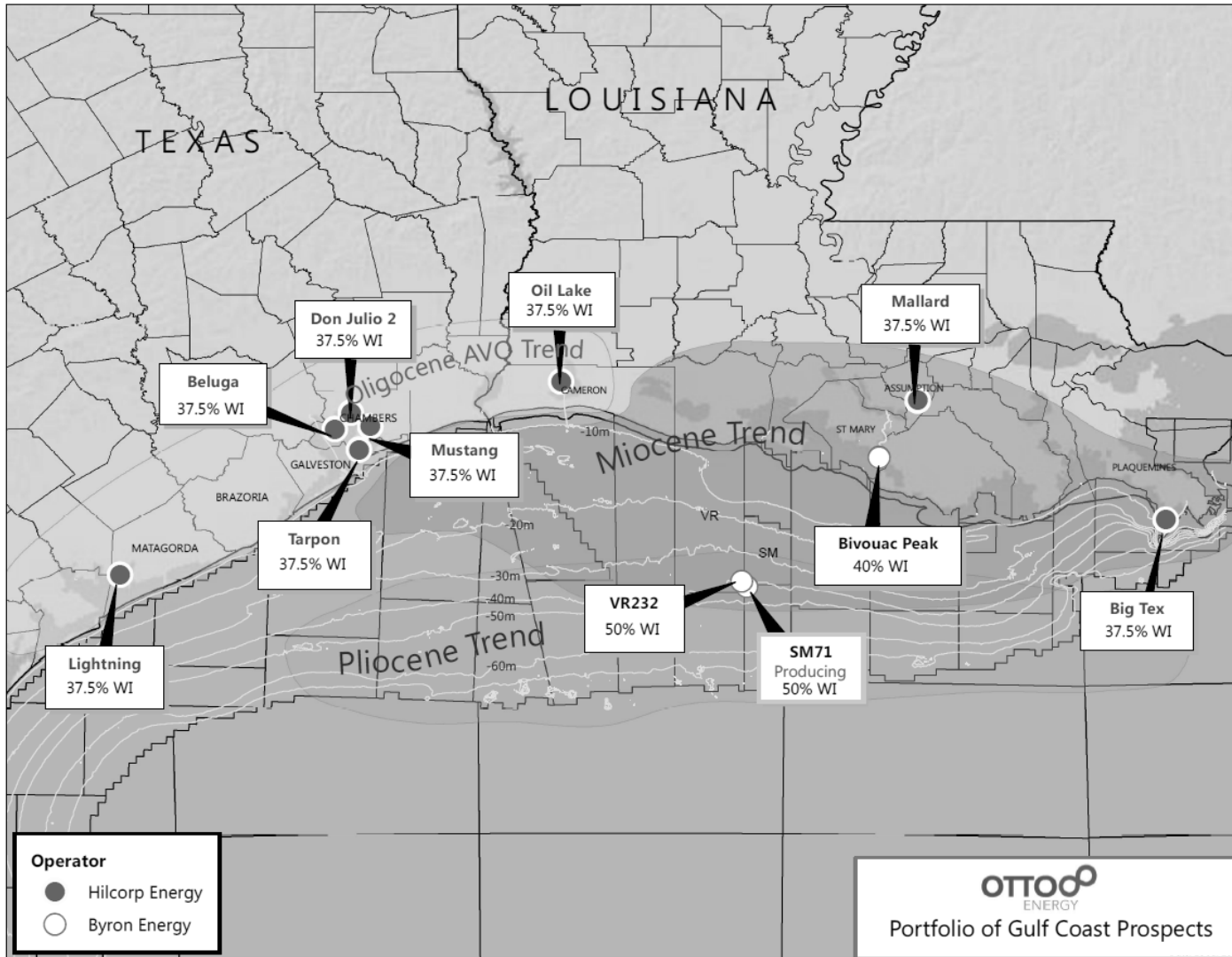
Gulf Coast Package Highlights

Eight well farm-in to Gulf Coast drilling package with Hilcorp Energy

- Large prospective resource provides **material upside to Otto upon success** through production growth
- Portfolio of **eight high probability of success**, technically independent prospects generated off new proprietary 3D seismic
- **Highly experienced** and privately owned **US Gulf Coast operator** Hilcorp Energy to execute drilling and development program
- Near/Onshore locations with identified access to infrastructure with **rapid, low capex pathway from discovery to production** upon success
- **Attractive deal terms** with potential for further drilling opportunities beyond the initial eight wells
- **Significant exploration activity** with the Hilcorp eight well portfolio added to the existing program of Bivouac Peak and Alaska North Slope provides exposure to 10 drilling events over the next 18 months

Portfolio of Gulf Coast prospects

Gulf Coast Drilling package complements Otto's existing position in the Gulf of Mexico



Gulf Coast Package – Drilling Program

Eight independent prospects committed to be drilled

Prospect Name	Planned Spud Date	Target Depth (TVD), ft	Rig Type	Working Interest (WI)	Net Revenue Interest (NRI)	Stratigraphic Interval	County/ Parish	Location	
Big Tex	Sep-18	13,500	Barge	37.50%	29.51%	Tex	Plaquemines	Louisiana	
Lightning	Oct-18	14,500	Land	37.50%	28.50%	Frio Tex Miss	Matagorda	Texas	
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Mustang	Jan-19	17,500	Land	37.50%	30.00%	Oligocene	Chambers	Texas	
Beluga	May-19	13,000	Barge	37.50%	28.50%	Oligocene	Galveston Bay	Texas	
Oil Lake	Jul-19	14,500	Land	37.50%	29.06%	Frio	Cameron	Louisiana	
Tarpon	Jul-19	14,000	Barge	37.50%	29.06%	Oligocene	Galveston Bay	Texas	
Mallard	Nov-19	11,000	Barge	37.50%	29.63%	Mid Miocene	Assumption	Louisiana	
					US\$' million				
Total Drilling Costs (Otto's 50%)					33.5		Otto will be assigned a 37.5% working interest by paying 50.0% of the costs of drilling and setting casing or plugging and abandoning at each prospect.		
Land Costs (up front) (Otto's 50%)					4.0				
Otto share of Exploration Costs (50% to earn 37.5%)					37.5				

Gulf Coast Package - Prospects

Highly prospective portfolio based on new proprietary 3D seismic

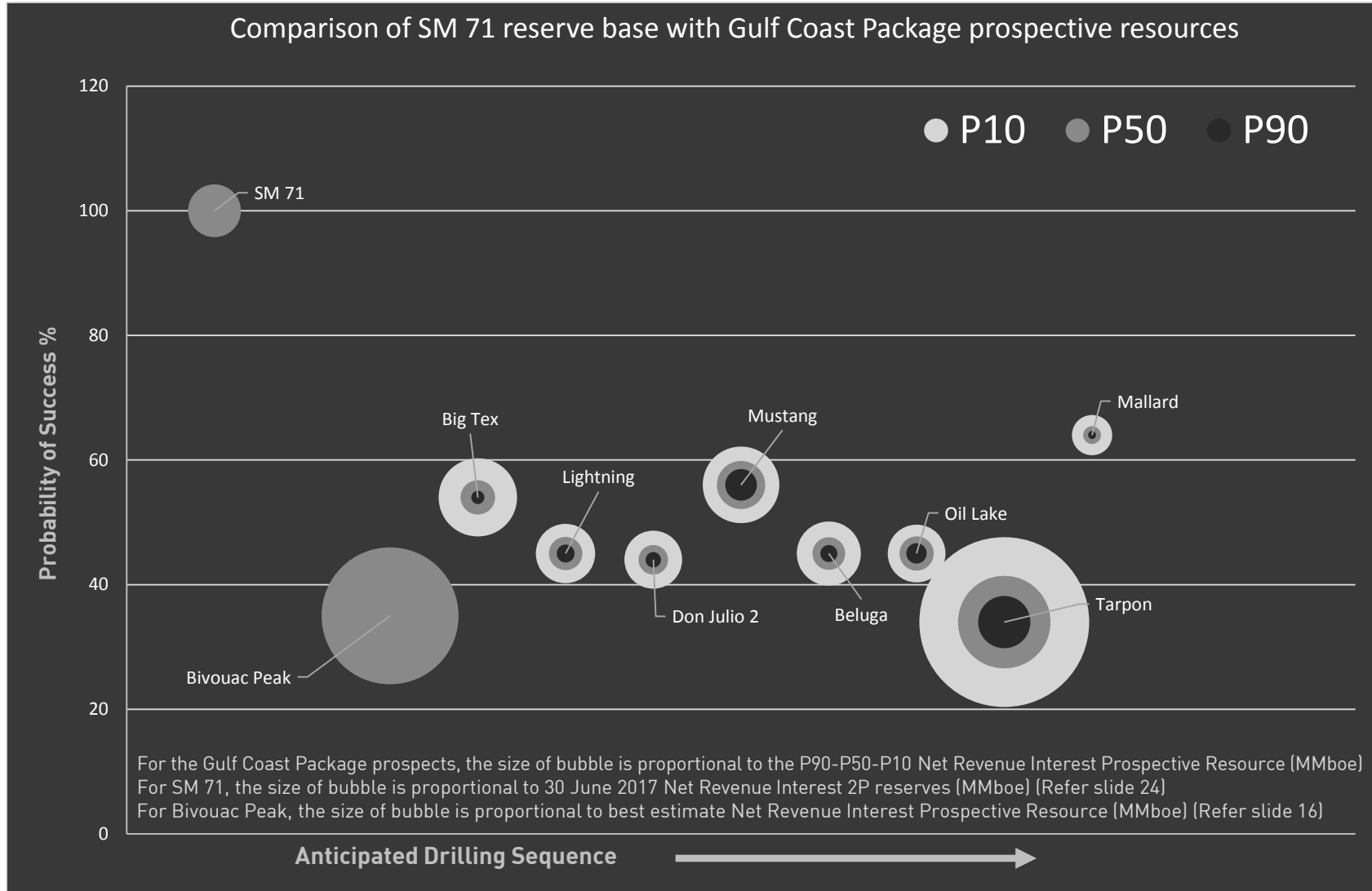
Prospect Name	Working Interest	Net Revenue Interest	Probability of Success	Prospective Resources ¹ MMboe							
				100%				Otto Net Revenue Interest			
				P90	P50	Mean	P10	P90	P50	Mean	P10
Big Tex	37.50%	29.51%	54%	0.5	3.3	6.8	16.9	0.1	1.0	2.0	5.0
Lightning	37.50%	28.50%	45%	0.9	3.2	4.4	10.1	0.3	0.9	1.3	2.9
Don Julio 2	37.50%	28.50%	44%	0.7	2.5	4.0	9.6	0.2	0.7	1.1	2.7
Mustang	37.50%	30.00%	56%	2.9	6.7	8.5	16.8	0.8	1.9	2.6	4.8
Beluga	37.50%	28.50%	45%	0.8	2.9	4.7	11.2	0.2	0.9	1.3	3.4
Oil Lake	37.50%	29.06%	45%	1.2	3.3	4.4	9.3	0.3	1.0	1.3	2.7
Tarpon	37.50%	29.06%	34%	7.7	24.0	35.6	81.0	2.2	7.0	10.3	23.5
Mallard	37.50%	29.63%	64%	0.2	0.9	3.3	4.5	0.1	0.3	1.0	1.3

1 Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Gulf Coast Package - Timing

Potential of the Eight Well Portfolio



Gulf Coast Package Potential

Risked Portfolio Potential to materially increase Otto's US business

Risked Summary data - 8 Well Portfolio, Gross (8/8ths)

Metric	P90	P50	P10
Volumes, MMBOE	4.63	19.86	64.59
Peak Production Rate, BOE/d	3,270	9,990	31,300
% Hydrocarbon Liquids per BOE	13%	28%	56%
Finding cost, US\$/BOE	\$13.62	\$3.18	\$0.98
Finding & Development cost, US\$/BOE	\$16.40	\$5.51	\$2.56

Refer to slide 33 for notes on the calculation of the risked portfolio information above.

Tier 1 Operator - Hilcorp

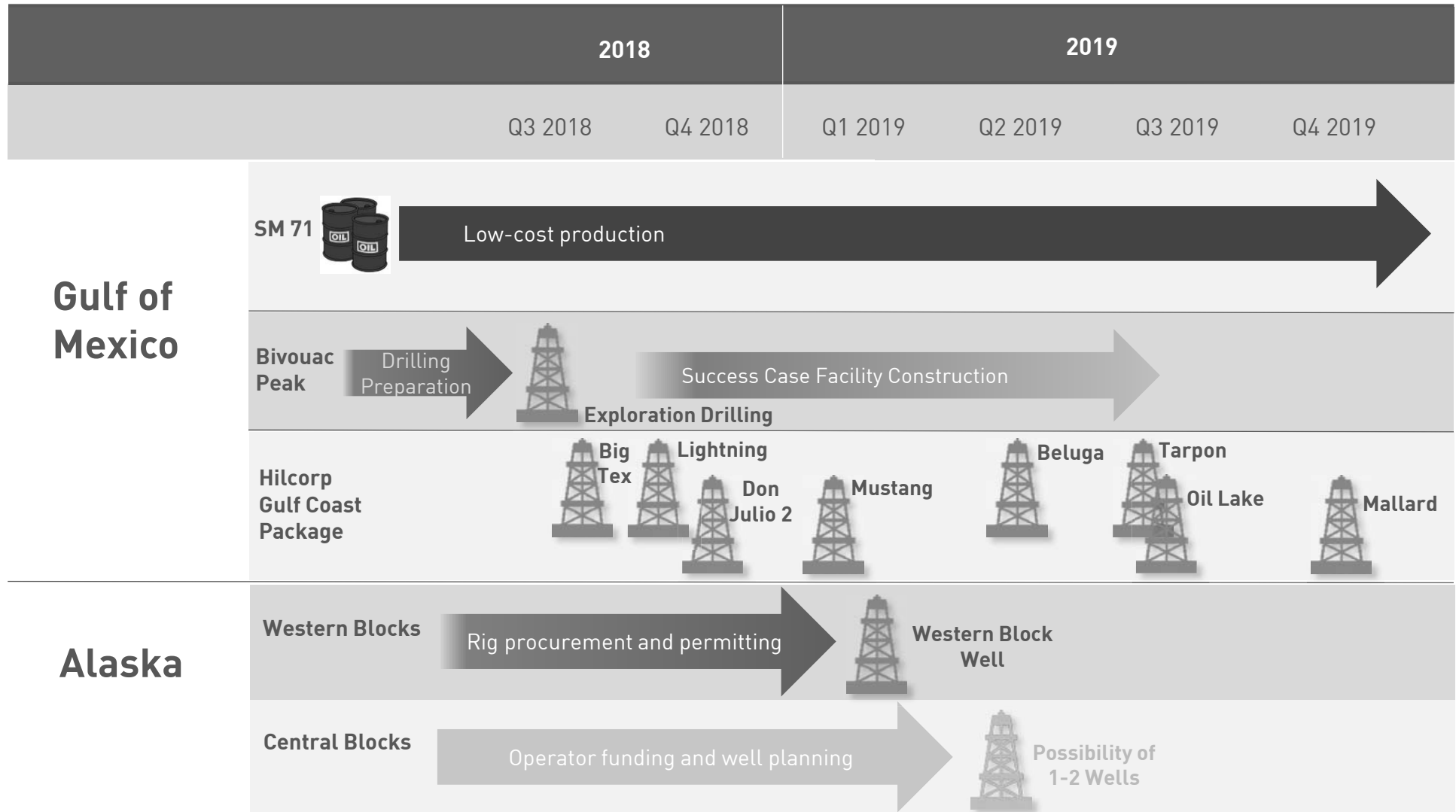
Partnering with operator with proven capability to take exploration prospects into production

- Founded in 1989, Hilcorp is one of the largest privately held oil and natural gas companies in North America.
- Hilcorp has nearly 2,000 employees and currently produces approximately 325,000 boepd (Australia's largest oil and gas company, Woodside, produces ~230,000 boepd).
- Hilcorp has been consistently recognized for its strong culture, values and ethics both within the firm and in the communities in which it operates.
- Hilcorp specializes in reinvigorating legacy oil and gas fields across North America; including in the US Gulf Coast, Alaska and the Rockies.



Pipeline of Opportunities

Otto has assembled an exciting pipeline of upcoming activities



Gulf Coast Package - Key Terms

Commitment to eight well drilling program with Hilcorp Energy

- Otto commits to participate in a firm eight well program with a right of first offer to a subsequent program, if Hilcorp elect to offer a program to third parties.
- Should either the Tarpon or Mustang prospects be successful then Otto has ground floor rights to participate in the nearby Damsel and Corsair/Hellcat opportunities in addition to the other eight wells.
- Otto to **earn a 37.5% working interest by paying 50.0%** of the costs of drilling and setting casing or plugging and abandoning at each prospect plus lease acquisition costs. The estimated cost of the commitment to Otto is US\$37.5 million.
- **Well Cap** - Otto has the option to discontinue participation in each prospect well if actual costs exceed the approved expenditure budget by 20%. If Otto elects to not continue, it will forfeit rights to that prospect.
- **Program Cap** - Once Otto has incurred a total amount relating to the initial eight wells of US\$42.5m, it will have the option to elect (but not the obligation) to participate in the remaining undrilled prospects in the initial eight well program. If Otto elects to not participate in any undrilled prospects, it will forfeit rights in those prospects.

Capital Raising Summary

Otto is undertaking a A\$20 million equity raising via a A\$10 million placement and a 1 for 9 underwritten entitlement offer

Capital Raising Structure

- Equity raise of up to approximately A\$20 million:
 - A\$10 million institutional placement
 - 1 for 9 underwritten accelerated non-renounceable entitlement offer to existing shareholders to raise up to approximately A\$10m
- Approximately 339.6 million New Shares will be issued under the equity raise.

Pricing

- The offer will be priced at A\$0.059 per New Share, which represents:
 - A 7.8% discount to the close on 30 July 2018
 - A 6.5% discount to the TERP of \$0.063

Use of Proceeds

- The funds raised 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 the Gulf Coast Package, Bivouac Peak and Alaska.

Underwriting

- The entitlement offer is fully underwritten by Morgans Corporate Limited.

Raising Syndicate

- The equity raise will be carried out by Morgans Corporate Limited as Lead Manager to the placement and Underwriter to the rights issue.

New Shares

- New Shares issued under the equity raising will rank equally with existing ordinary shares.

Pre-commitments

- Directors intend to take up their full entitlements and sub-underwrite A\$400,000 of the entitlement offer.

Timetable for Capital Raising

Timetable for Non-Renounceable Entitlement Offer

Announcement of the Equity Raising	31 July 2018
Institutional Entitlement Offer and Bookbuild opens	31 July 2018
Institutional Entitlement Offer and Bookbuild closes	1 August 2018
Results of Institutional offer announced and trading halt lifted	2 August 2018
Shares trade ex-entitlement	2 August 2018
Record date for determining Eligible Shareholders	2 August 2018
Retail Entitlement Offer opens and Booklets despatched	7 August 2018
Settlement of New Shares issued under the Placement and Institutional Offer	9 August 2018
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	10 August 2018
Retail Entitlement Offer closes	21 August 2018
Allotment of New Shares issued under the Retail Entitlement Offer	29 August 2018
Despatch of holding statements and normal trading of New Shares	30 August 2018

Note: Dates and times in this release are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Focused growth strategy in the Gulf of Mexico

Otto's core strategic goal is to grow production to 5000 boepd by the end of 2020

- Building a portfolio of US conventional production assets with a Gulf of Mexico focus and the capability to transition to an operator
- Growth strategy underpinned by strong production and cash flow from flagship Gulf of Mexico SM 71 asset
- Exciting pipeline of high impact exploration opportunities taking place over the next 18 months
- An experienced team with a track record of successfully growing, operating and divesting oil and gas assets globally who understand risk and capital management



OTTO ENERGY | ASX : OEL

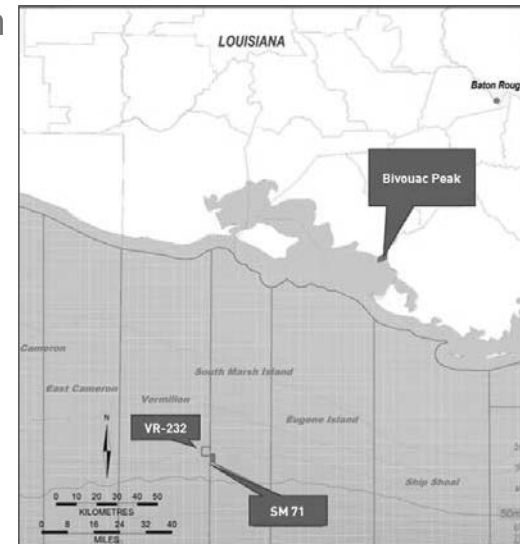
Why Gulf of Mexico?

- Proven prolific hydrocarbon province where technologies such as RTM seismic processing continue to create new opportunities
- Low sovereign risk
- High margin oil with breakeven economics around US\$20/barrel
- Short cycle time from discovery to development 8-18 months
- Low cost drilling and development
- Relatively low risk exploration
- Deal flow is liquid and a full spectrum of opportunity size is available
- Otto has area expertise and well developed business relationships
- Otto has production in the area

South Marsh Island 71 (SM 71)

Generating over US\$3m in free operating cashflow each month

- Production commenced in March 2018, currently producing ~4,000 bopd of high-margin LLS oil into nearby pipeline
- At WTI of US\$70/bbl Otto will realise ~US\$65.50/bbl net (after transport and before Federal royalties)
- Oil and gas sales for the quarter to 30 June 2018 totalled 165,120 bbls of oil and 121,599 Mcf of gas generating revenue of US\$11.2 million before royalties and operating costs
- 50:50 JV with operator Byron Energy (BYE:ASX)
- Operated tripod platform with capacity for up to 6 production wells and 5,000 bopd (currently three wells are installed and the platform is close to handling capacity)
- Further hydrocarbon-bearing sands have been intersected during drilling and should provide follow up production opportunities
- Operator is undertaking a large 3D seismic reprocessing program, including over SM 71, which will be utilised in future exploration and development planning
- Otto has secured rights to participate in the Vermillion 232 (VR 232) lease which is adjacent to SM 71 and provides future incremental opportunities de-risked by the SM 71 drilling successes



SM 71 F Production Platform (Gulf of Mexico)

Bivouac Peak

32 MMboe¹ conventional gas/condensate prospect to spud late August 2018

- Otto to participate in drilling the high-impact Bivouac Peak gas/condensate prospect at 40% WI
- 32 MMboe¹ high quality, amplitude supported conventional gas/condensate prospect in the highly productive Atchafalaya Bay transition zone of Southern Louisiana
- 18,294 ft MD/18,000 ft TVD well targeting upper and middle Miocene reservoirs in East Prospect will cost US\$10.8m (100%)
- Drilling to commence late August 2018 and is expected to take approximately 75 days
- Estimated completion and development costs to bring a discovery into production are US\$9-11 million with the well on production within 8-10 months from initial discovery
- Future follow up Bivouac Peak Deep prospect ~20,000 ft (TVD) in a success case - 13.4 MMboe¹
- Otto to pay 53.33% to earn a 40% WI (up to a cap of US\$5.33m then pro-rata)

Bivouac Peak Regional Map - LA Transition Zone



BIVOUAC PEAK BEST ESTIMATE PROSPECTIVE RESOURCES¹

Prospect	GROSS			OTTO 40% WI			OTTO 29.8% NRI		
	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)
East	11.3	125.6	32.2	4.5	50.2	12.9	3.4	37.4	9.6
Deep	4.7	52.1	13.4	1.9	20.9	5.3	1.4	15.5	4.0
Total	16.0	177.7	45.6	6.4	71.1	18.2	4.8	52.9	13.6

¹ As at 30 June 2017. Refer Otto ASX release of 9 July 2018.

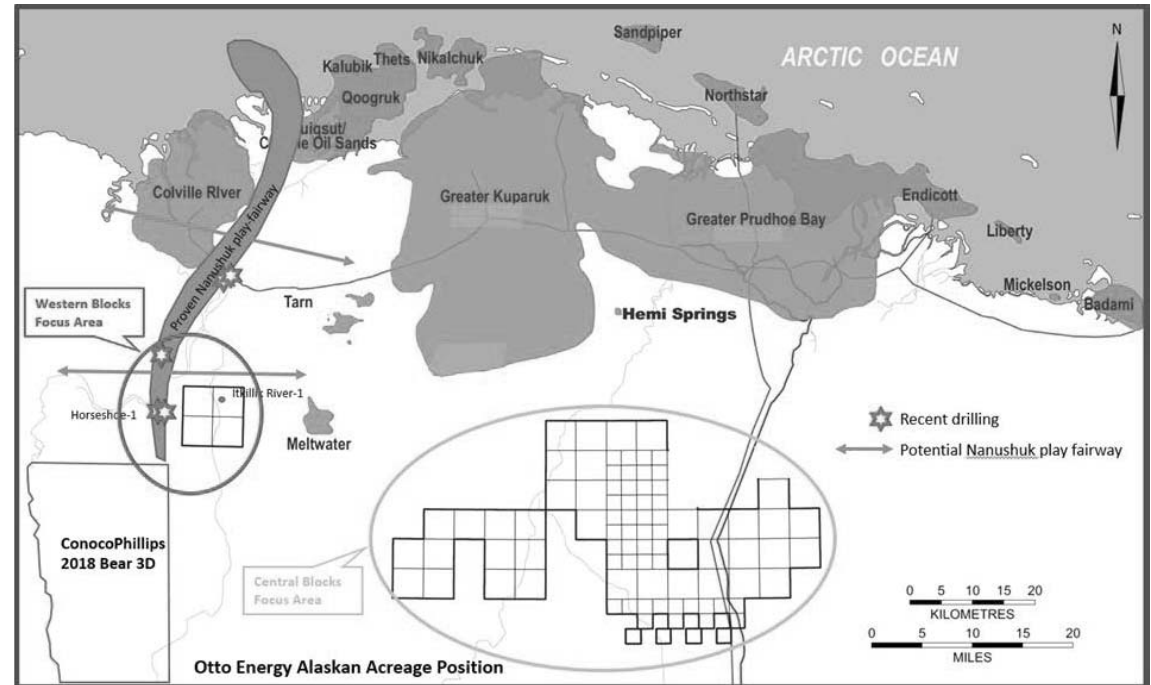
Joint Venture

Otto Energy	40%
Byron Energy (ASX:BYE) (operator)	43%
Metgasco (ASX: MEL)	10%
Private US Entity	7%

Alaska

Otto to Drill Large Nanushuk Oil Prospect on the Alaska North Slope in Early 2019

- 400 MMbbl² gross best estimate prospective resource target on the Alaska North Slope. Otto's 18.75% net revenue interest (before Great Bear 10% back in – refer table) would be 75 MMbbls².
- Drilling target is a direct analogue to the Horseshoe-1/1A oil well drilled in 2017¹ located less than one mile to the west.
- Horseshoe-1/1A is part of the billion barrel plus Nanushuk oil play-fairway, one of the largest recent conventional oil discoveries on the Alaska North Slope¹.
- Dry hole well cost:
 - US\$15m (100%) / US\$3.75m (OEL share)
 - US\$3 million (US\$0.75m OEL share) performance bond
 - Performance bond posted with Alaska DNR by 31 July 2018 and refunded if the well is drilled before 31 May 2019
- Oil Search's (OSH) Pikka discovery to the west and the Conoco-Phillips Meltwater unit facility ~10 miles to the east.
- Nearby infrastructure ensures cost effective route to market in event of a discovery. Project economics will be further enhanced by the shallow nature of the oil pool.



The relevant interests in the Western Blocks under the commercial agreements are as follows (subject to regulatory approval by the State of Alaska):

	Current Working Interest	Post-transaction			
		Working Interest (before back-in)	Paying Interest (before back-in)	Net Revenue Interest* (before back-in)	Working Interest (after back-in)
Otto Energy	10.8%	22.5%	25.0%	18.75%	20.0%
88 Energy (Drilling Management)	-	36.0%	40.0%	30.00%	32.0%
Red Emperor	-	31.5%	35.0%	26.25%	28.0%
Great Bear Petroleum**	89.2%	10.0%	-	8.33%	20.0%
State of Alaska	-	-	-	16.67%	
	100%	100.0%	100%	100%	100%

*Government royalty of 16.67%. **Currently Operator of record on leases.

1. Referenced from the Repsol press release of 9 March 2017.

2. Refer ASX release dated 25 June 2018.

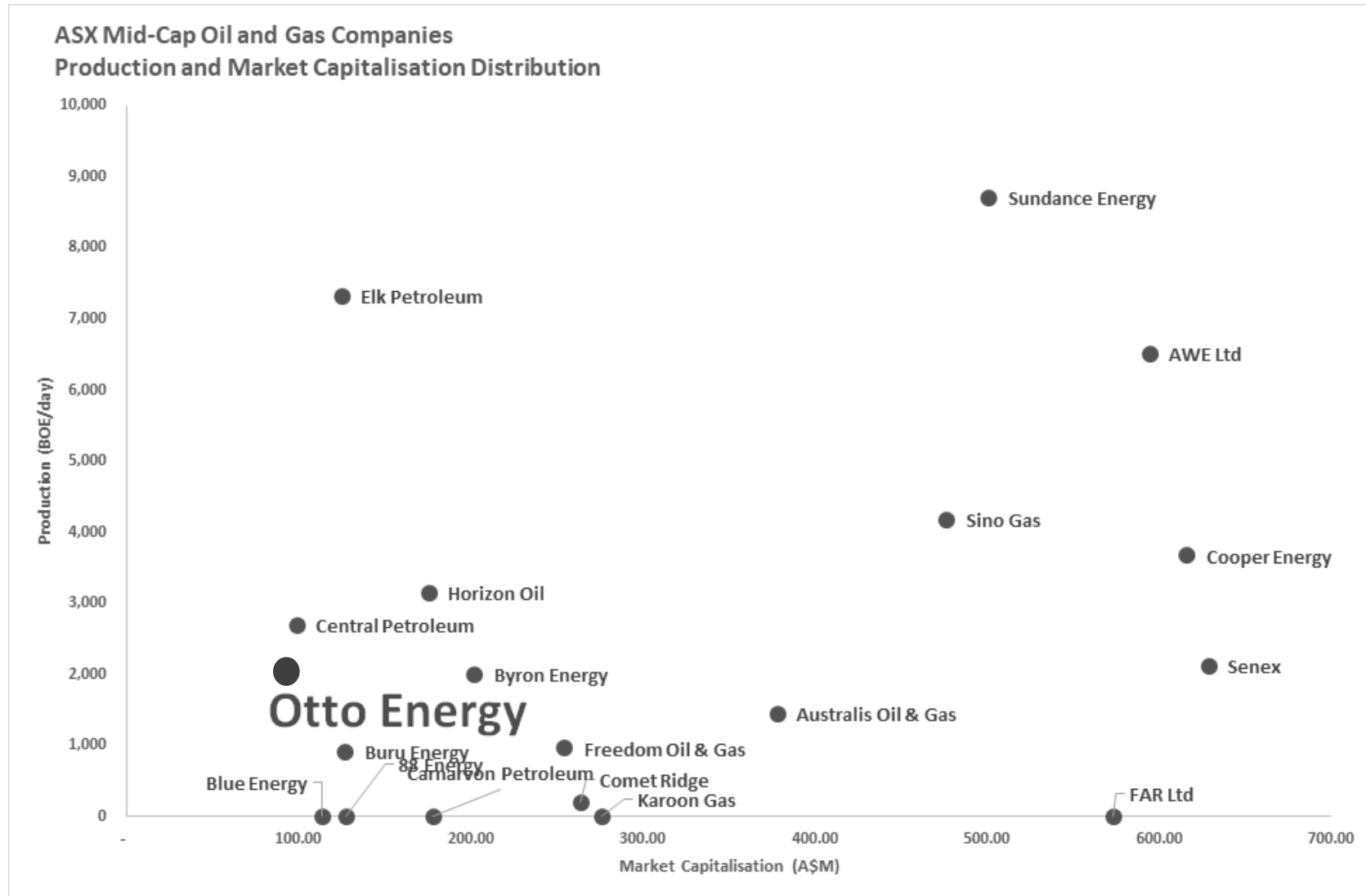
Why Otto Energy?

An emerging mid-tier oil and gas producer underpinned by cashflow to fund growth

- Low cost oil producer generating significant cashflow – **SM 71 free cashflow of US\$3m per month at US\$70/bbl WTI**
- Significant activity - **extensive drilling campaign with at least 10 wells to be drilled** over the next 18 months
- High Probability of Success (POS) prospects - **multiple opportunities to materially expand reserves, production and cash flow**
- Strong financial position and production base to **capitalise on additional opportunities in line with strict investment criteria**
- **Experienced exploration and commercial team** with a track record of value creation and risk management, complemented by quality project partners

Why invest in Otto?

High margin producer with compelling valuation metrics

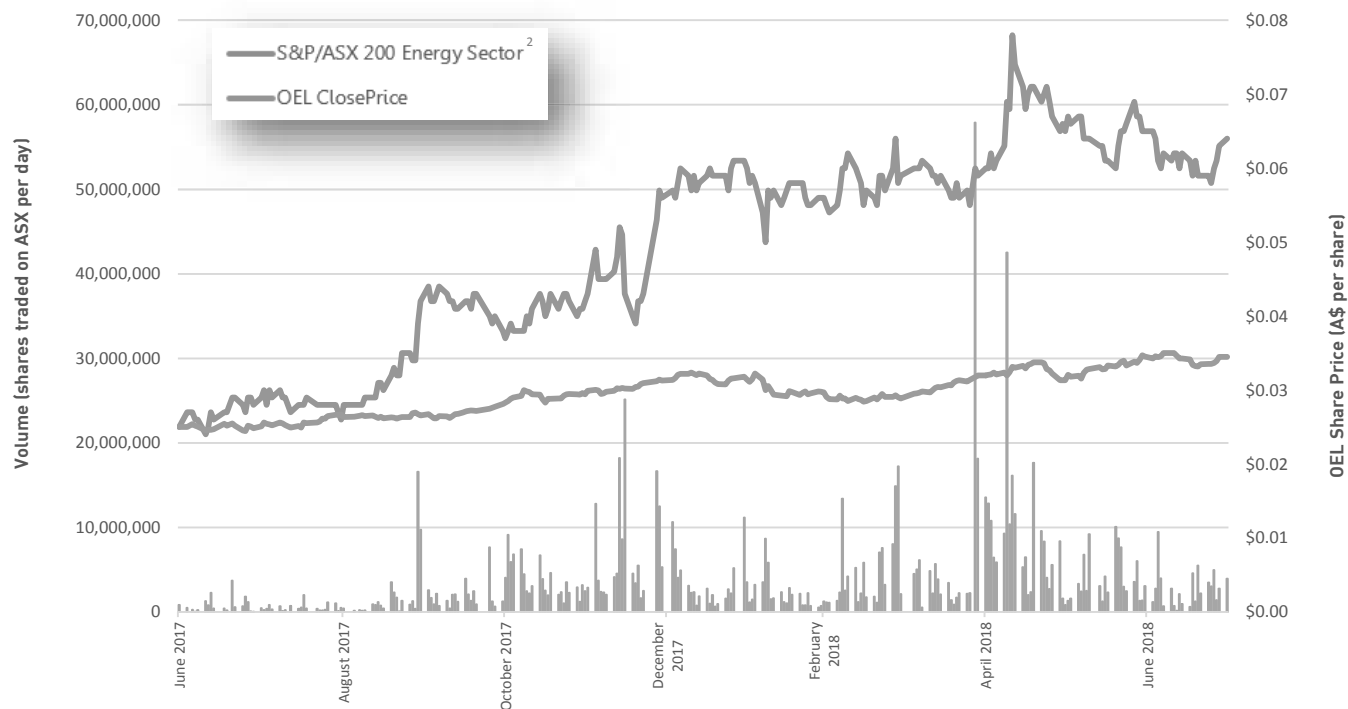


A black and white photograph of an offshore oil rig, identified as ENSCO-68, situated in the middle of the ocean. The rig features several tall, lattice-structured towers and a complex network of pipes and platforms. The sea is dark and choppy, and the sky is a uniform light gray. A semi-transparent dark gray box is overlaid on the left side of the image, containing the text 'Additional Information' in white, bold, sans-serif font. A thin white horizontal line is positioned below the text.

Additional Information

Corporate Snapshot

Capital Structure		Funding Position ⁴		Shareholders	
Fully paid ordinary shares	1.531b	Cash	US\$6m	Molton Holdings	20.0%
Performance Rights	18.8m	Convertible Note Liability (repayable 30 June 2019) ³	US\$8.2m	Perennial Value Management	7.9%
Convertible Notes (US\$1 per note) ³	8.2m				
Market capitalisation ¹	A\$98m	Debt	Nil	Directors & Management	2.5%



1. Undiluted at 6.4 cents per share as at 30 July 2018

2. ASX 200 Energy Index normalized to 30 June 2017 OEL share price

3. Convertible notes issued for US\$8.2m on 2 August 2017. Conversion price of 5.5 cps, maturity 30 June 2019. The notes have a face value of US\$1.00 and may be converted at A\$0.055 (subject to reduction due to rights issue per LR 6.22.2). Note that the conversion price will reduce to A\$0.05484 per share as a result of the rights issue.

4. As at 30 June 2018.

Board and Management



John Jetter – Non-Executive Chairman.
LLB, BEc INSEAD
Former MD/CEO J.P. Morgan Germany. Non-Executive Director of Venture Minerals and Peak Resources Ltd.



Ian Macliver – Non-Executive Director. BComm, FCA, SF Fin, FAICD
Managing Director Grange Consulting. Non-Executive Chairman of Western Areas.



Ian Boserio – Non-Executive Director. BSc (Hons)
Executive Technical Director of Pathfinder Energy Pty Ltd. Former executive positions with Shell & Woodside in international exploration roles.



Matthew Allen – Managing Director & CEO.
BBus, FCA, FFin, GAICD
Global exposure to the upstream oil and gas industry with over 18 years experience in Asia, Africa, USA, Australia and Middle East. Previous senior roles with Woodside over an 8 year period.



Paul Senycia – Exec Director, Exploration and New Ventures. BSc (Hons), MAppSc
International oil & gas experience gained over 35 years. Specific focus on Australia, USA, South East Asia & Africa. Previous roles at Beach, Woodside Energy and Shell International.



David Rich – Chief Financial Officer & Company Secretary. BCom. FCA, GAICD, Grad.Dip.CSP AGIA
Experienced public company CFO with the last 16 years as CFO of upstream oil and gas companies with international interests including in Australia, Asia and the USA.

Houston Office Technical Team

110+ years of Gulf Coast and Gulf of Mexico experience

Will Armstrong – Vice President, Exploration and New Ventures

Prior to joining Otto Will worked with Tri-C Resources, a privately owned Houston based oil and gas company, developing Gulf Coast conventional prospects for drilling. Prior to joining Tri-C Resources, Will screened Gulf Coast, Offshore GOM, and Deepwater GOM prospects for Continental Land & Fur between 2007 and 2014. Between 1999 and 2007, Will worked as a geophysical consultant, generating Offshore and Gulf Coast prospects on behalf of Houston Energy, Westport Resources, and Petroquest Energy. Prior to consulting, Will had generated prospects for several Houston-based independent oil & gas companies, including being a founding member of Newfield Exploration. Will began his career at Tenneco Oil Company in 1987 in Lafayette.

Will graduated with a B.S. in Geology, minor in Mathematics, from Grand Valley State College in 1985. He also graduated from Wright State University with a M.S. in Geology, emphasis in Geophysics and Hydrogeology, in 1987.

Philip Trajanovich – Senior Commercial Manager

Philip was engaged by Otto as a commercial manager in July 2016 and has worked in both the Perth and Houston offices since that time. Prior to joining Otto, Philip was Commercial Manager at Aurora Oil and Gas and its subsequent acquirer Baytex Energy for over four years, focused on the Eagleford shale unconventional play. Philip has also worked with ConocoPhillips as an Asset Manager for nearly three years and Woodside Energy as a Commercial Adviser for over seven years. Philip has gained extensive experience in all facets of upstream oil and gas operations and commercial structures internationally and within the USA.

Philip graduated with a B.Com with First Class Honors from the University of Western Australia in 2001.

Mark Sunwall – Senior Exploration Consultant

Mark Sunwall was engaged as a senior exploration consultant by Otto in April 2016. Mark has a successful 40+ year career exploring and developing onshore Gulf Coast and Gulf of Mexico petroleum basins with major and independent oil companies. Mark has been instrumental in the establishment of the Houston business to date and brings a wealth of knowledge and extensive networks to Otto.

Prior to joining Otto, Mark worked for Aurora Oil & Gas for four years as the Geoscience Manager focused on the Eagleford shale unconventional play. In addition, Mark has over five years' experience with a small independent oil and gas company in Houston, has worked with Woodside Energy for over four years and started his career with Texaco (subsequently acquired by Chevron) spending over twenty six years with Texaco.

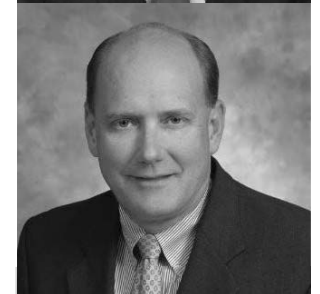
Mark graduated with a B.S. in geology from Southwest Minnesota State University in 1974. Mark also has a M.S. in geology from Miami University and graduated in 1976.

Kevin Small – Senior Exploration Consultant

Kevin has over forty years' experience in the Gulf of Mexico both onshore and offshore, and has been responsible for the generation, farm-in, drilling and development of numerous Gulf Coast discoveries. Kevin similarly brings extensive networks and relevant experience to Otto's business in Houston.

Prior to joining Otto Kevin worked with Tri-C Resources, a privately owned Houston based oil and gas company, developing Gulf Coast conventional prospects for drilling. Between 2003 and 2012, Kevin worked for Bluestreak Exploration Group developing prospects exclusively for LLOG Exploration, successfully generating discoveries on the Gulf of Mexico Shelf and Deepwater. Kevin was the Exploration Manager and a founding member of the Houston office of Westport Oil and Gas Company between 1996 and 2003, ultimately helping them go public in October, 2000. Kevin also has worked for the Superior Oil Company and McMoran Oil and Gas, starting his career in 1978. During his time with LLOG, Westport, and McMoRan, he has drilled wells with cumulative production of over 692 BCFG and 82 MMBO.

Kevin graduated with a B.S in Geophysical Engineering from the Colorado School of Mines in 1978.



Reserves & Prospective Resources

RESERVES AND PROSPECTIVE RESOURCES AS AT 30 JUNE 2017
OTTO ENERGY WORKING INTEREST (WI) %

Reserves	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71 (undeveloped), WI (50%)			
Proved (1P)	715	496	798
Probable Reserves	1,778	1,302	1,995
Proved and Probable (2P)	2,494	1,798	2,793
Possible Reserves	660	455	736
Proved, Probable and Possible (3P)	3,153	2,254	3,529
Prospective Resource (Undeveloped, Best Estimate, Unrisked)			
	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71, WI (50%)	2,956	26,455	7,366
Alaska WI (10.8%)	70,000	0	70,000
Bivouac Peak WI (45%)	7,196	79,950	20,520

RESERVES AND PROSPECTIVE RESOURCES AS AT 30 JUNE 2017
OTTO ENERGY NET REVENUE INTEREST (NRI) %

Reserves	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71 (undeveloped), NRI (40.625%)			
Proved (1P)	581	403	648
Probable Reserves	1,445	1,058	1,621
Proved and Probable (2P)	2,026	1,461	2,269
Possible Reserves	536	370	598
Proved, Probable and Possible (3P)	2,562	1,831	2,867
Prospective Resource (Undeveloped, Best Estimate, Unrisked)			
	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71, NRI (40.625%)	2,402	21,495	5,985
Alaska NRI (9 - 9.45%) *	58333 - 61250	0	58333 - 61250
Bivouac Peak NRI (33.525%)	5,361	59,562	15,288

* Precise weighted average royalty split unknown, volumetric range provided based on 12.5 to 16.67% royalty range.

Notes and subsequent events

- The B65 interval, which was discovered in the SM 71 F2 well in December 2017, had a Prospective Resource at 30 June 2017 of 2.869 MMboe (Otto's 50% working interest share).
- The SM 71 F3 well also intersected the B55 and C10 zones which were not included in the above prospective resources at 30 June 2017.
- Otto's Bivouac Peak interest has reduced to 40% WI and 29.8%NRI. Refer ASX release 9 July 2018.
- The Alaska prospective resources do not include the transaction or the 75 MMbbl prospect (Otto's 18.75% net revenue interest) as set out on slide 17 and as released to ASX on 25 June 2018.
- Not included in the above is Otto's the right to participate for a 50% working interest (43.75% net revenue interest) in VR 232 in the Gulf of Mexico adjacent to SM 71. The Operator, Byron, has mapped a gas and gas condensate prospect on the block with in-house calculated gross prospective resource potential of 11 Bcf and 170,000 barrels (4.8 Bcf and 74,000 barrels NRI). Refer to the ASX release of 19 June 2018 for further information.
- The Gulf Coast Package prospective resources set out on slide 6 are not included in the above table.
- Refer to Otto Energy's announcement to ASX on 28 September 2017 for full information on the SM 71 independent Reserves Report prepared by Collarini and Associates as at 30 June 2017. Please also refer to the cautionary statements on slide 33 regarding reserves and prospective resources.

Pro Forma Consolidated Statement of Financial Position

	31-Dec-17 US\$'000	Gulf Coast Package US\$'000	Placement and Entitlement Issue US\$'000	Proforma 31-Dec-17 US\$'000
Current assets				
Cash and cash equivalents	15,024	(4,000)	15,608	26,632
Trade and other receivables	95	-	-	95
Other assets	423	-	-	423
Total current assets	15,542	(4,000)	15,608	27,150
Non-current assets				
Oil and gas properties	16,061	-	-	16,061
Property, plant and equipment	11	-	-	11
Other assets	325	-	-	325
Total non-current assets	16,397	-	-	16,397
Total assets	31,939	(4,000)	15,608	43,547
Current liabilities				
Trade and other payables	2,952	-	-	2,952
Income tax payable	1	-	-	1
Provisions	195	-	-	195
Total current liabilities	3,148	-	-	3,148
Non-current liabilities				
Interest bearing loans and borrowings	10,057	-	-	10,057
Provisions	938	-	-	938
Total non-current liabilities	10,995	-	-	10,995
Total liabilities	14,143	-	-	14,143
Net assets	17,796	(4,000)	15,608	29,404
Equity				
Contributed equity	90,704	-	15,608	106,312
Reserves	13,758	-	-	13,758
Accumulated losses	(86,666)	(4,000)	-	(90,666)
Total equity	17,796	(4,000)	15,608	29,404

Notes

1. Derived from the 31 December 2017 financial statements of Otto Energy Limited which were reviewed by the Company's independent auditor, BDO. These can be obtained from the Company's web site at www.ottoenergy.com.
2. Under Otto's accounting policy, exploration is expensed as incurred, hence the initial land and other costs paid for the Gulf Coast Package would have been expensed at 31 December 2017.
3. The notes to the financial statements would have recorded the commitment amount of US\$33.5 million for the eight well program.
4. The placement and entitlement issue amount is calculated as A\$20 million at the 31 December 2017 USD:AUD exchange rate of 0.7804. Costs of the raising have not been included.
5. The Pro Forma Historical Combined Statement of Financial Position has been prepared solely for inclusion in this investor presentation to provide shareholders with an illustration of the combined consolidated financial position of the Company as if the proposed farm-in to the Gulf Coast Package and the associated Placement and Entitlement Offer had occurred at 31 December 2017.
6. Due to its nature, the Pro Forma Consolidated Statement of Financial Position does not represent the Company's actual or prospective financial position.
7. The Historical Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements or comparatives required by Australian Accounting Standards ("AAS") applicable to general purpose financial reports prepared in accordance with the Corporations Act.
8. The Pro Forma Consolidated Statement of Financial Position has been prepared on a consistent basis with the Company's accounting policies as disclosed in its financial statements for the year ended 30 June 2017.
9. The Pro Forma Historical Combined Statement of Financial Position does not include the impact of normal trading of the consolidated entity, including revenue and capital expenditure, which has occurred since 31 December 2017;

Key Risks

Impairment of carrying value of properties

Otto may be required to write-down the carrying value of its oil and gas properties when oil and gas prices are low. Under International Financial Reporting Standards, which Otto is required to comply with, the net capitalised costs of its oil and gas properties may not exceed the fair value of the properties. If net capitalised costs of its oil and gas properties exceed the fair value, Otto must charge the amount of the excess as an impairment to earnings. This type of charge will not affect Otto's cash flows, but will reduce the book value of its Shareholders' equity. Because the oil price Otto uses to estimate future net cash flows is a forecast, actual cash flows and carrying value may materially differ. Otto reviews the carrying value of its properties whenever impairment indicators exist and once incurred, a write-down of oil and gas properties may be reversible at a later date if prices increase.

Information risk

Otto's analysis of the Gulf Coast Package, including estimates of the associated prospective resources, is based in part on information provided by Hilcorp. Independent engineers have not provided a report regarding the estimates of prospective resources with respect to the Gulf Coast Package. As a result, the assumptions on which Otto's internal estimates of prospective resources included in or incorporated by reference in this Presentation have been based may prove to be incorrect in a number of material ways, resulting in Otto not realising expected benefits of the Gulf Coast Package. In addition, the representations, warranties and indemnities of Hilcorp in the transaction document are limited, and Otto may not have recourse against Hilcorp in the event that the acreage does not perform as expected.

Risk that expense estimates differ materially from actual amounts

The prospective resources and future potential cash flow estimates with respect to the Gulf Coast Package are based on Otto's analysis of geological and geophysical data, assumptions regarding drilling and other capital and operating expenditures (including transport and pipelines) and anticipated production rates.

These estimates are based on estimates of Otto technical staff and contractors without review by an independent petroleum engineering firm. Data used to make these estimates was furnished by Hilcorp or obtained from publicly available sources. Otto cannot assure shareholders that these estimates of prospective resources, capital expenditure and production rates are accurate. After such data is reviewed by an independent petroleum engineering firm, or further by Otto, the prospective resources and production related to the Gulf Coast Package may differ materially from the amounts indicated.

Underwriting risk

Otto has entered into an underwriting agreement under which the Lead Manager, Bookrunner and Underwriter Morgans Securities Limited (Morgans) has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between Otto and Morgans (Underwriting Agreement). The Underwriter's obligation to underwrite the Entitlement Offer is conditional on certain customary matters, including Otto delivering certain certificates, sign-offs and opinions. If certain events occur, the Underwriter may terminate the Underwriting Agreement.

Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer. If the Underwriting Agreement is terminated, Otto would not be able to terminate the Hilcorp transaction. In these circumstances, Otto would need to utilise alternative funding to meet its obligations under the Hilcorp transaction, which could adversely affect Otto's business and financial condition.

Investment risk

There are general risks associated with investments in equity capital. The trading price of Otto shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the offer price. The New Shares to be issued pursuant to this offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares.

Importantly, Otto has never declared or paid cash dividends on Shares apart from the dividend (and capital return) in 2015 after the sale of the Galoc field. The Company currently intends to retain future earnings and other cash resources, if any, for the operation and development of its business and does not anticipate paying any cash dividends on Shares in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including financial condition, operating results, current and anticipated cash needs and plans for expansion.

In addition, the terms of the Company's outstanding convertible notes restrict it from paying cash dividends on Shares. Any future dividends may also be restricted by any debt financing arrangements entered into from time to time.

Key Risks

Future issuances or sale of significant amounts of Shares

The future issuance of a substantial number of Shares (including under the Capital Raising), or the perception that such issuance could occur, could adversely affect the prevailing Share price. Sales of a substantial number of Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of Shares intend to sell Shares, could reduce the Share price.

A decline in Share price could make it more difficult to raise funds through future offerings of Shares or securities convertible into Shares.

Funding risk

The Company may require capital in addition to the Capital Raising (following completion of the budgeted work program through 2018/19), in order to fund development activities or for additional acquisitions. Failure to obtain such finance in a timely manner could impact its ability to execute its work program or secure acquisition opportunities. There is no assurance that the capital or debt markets will provide additional funding on reasonable terms or at all. Uncertainty in domestic and international credit markets could materially affect the Company's ability to access sufficient capital for its capital expenditures and acquisitions and, as a result, may have material adverse effect on the Company's ability to execute its business strategy and on its business, financial condition, results of operations and prospects. The possibility of material dilution for Shareholders also exists especially if equity raisings are completed during a period of general market or Company share price weakness.

Failure to achieve production targets

The funding of the future drilling of the Gulf Coast Prospects has been estimated based on the achievement of production targets at SM 71. There is a risk that SM 71 does not meet these targets.

Reserves risk

Reserves assessment is a subjective process that provides an estimate of the volume of recoverable reserves. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practice. Petroleum engineering is a subjective process of estimating accumulations of oil and/or natural gas that cannot be measured in an exact manner and which involves the use of assumptions which may ultimately not prove to be accurate. Different variables can impact whether these reserves are economically recoverable, including changes with respect to governmental regulations, commodity prices, and taxes. The Company's actual revenues, expenses, and production will likely vary from such estimates and such differences could be substantial.

The rate of production from oil and gas properties generally declines as reserves are depleted. Except to the extent that Otto acquires further properties containing additional reserves, conducts successful exploration and development activities or, through engineering studies (including geoscientific and exploration studies), identifies additional reserves on its existing properties, its reserves will decline as its production continues. Otto's future oil and gas production is, therefore, dependent upon its level of success in acquiring, finding and/or developing additional reserves. Because Otto's revenues and profits are derived from its oil and gas operations, its results of operations and financial condition are directly related to the success of its exploration, acquisition and development efforts and its ability to replace existing reserves. A failure to acquire or discover new reserves or enhance existing reserves in sufficient quantities to maintain or grow the current level of its reserves could have a material adverse effect on its business and financial performance.

This presentation also contains production data for other oil and gas companies in Australia and the US. This information was sourced from publicly available information. Otto has not verified the accuracy of this information and does not warrant that the information is accurate or complete.

Key Risks

Commodity price risk and volatility of oil and gas prices

The Company's main business activities are currently highly exposed to movements in global oil prices and to a lesser extent, changes in gas prices. The prices of oil, natural gas and other hydrocarbon products remain outside the control of the Company. A significant change in commodity prices would impact the company's profitability and in meeting its forecasts.

The prices of oil and natural gas have fluctuated greatly in response to changes in many factors. Currently Otto is in a situation where oil (and to some extent also natural gas) prices have recovered compared to levels seen over the last few years, although oil prices are still much lower than the highs of early 2014. There are several reasons for this but fundamental market forces beyond Otto's control or the control of other market participants have impacted and will continue to impact oil and natural gas prices in the future.

Generally, Otto does not and will not have control over the factors that affect the prices of oil and natural gas. These factors include:

- economic and political developments in resource-producing regions;
- global and regional supply and demand;
- the ability of the Organisation of the Petroleum Exporting Countries and other producing nations to influence global production levels and prices;
- government regulations and actions;
- global economic conditions;
- war or other international conflicts;
- changes in population growth and consumer preferences;
- the price and availability of new technology; and
- weather conditions

It is impossible to predict future price movements for oil and natural gas with certainty. A prolonged period of low oil and natural gas prices will adversely affect Otto's business, the results of operations, financial condition, liquidity and its ability to finance planned capital expenditure, including possible reductions in capital expenditures which could offset replacement reserves. Rapid material and/or sustained reductions in oil, gas or product prices can have an impact on the validity of the assumptions on which strategic decisions are based and can have an impact on the economic viability of projects that are planned or in development.

Currently Otto has no hedging in place for future oil sales. Hedging of future oil production is considered on an ongoing basis and Otto may hedge in the future.

Exploration and development risk

Oil and gas exploration and production activities are inherently subject to numerous risks, including the risk that drilling will not result in commercially viable oil and gas production. The identification of drilling locations relies on technical interpretation and is therefore subjective in nature and subject to numerous geological risks. Further, the successful drilling of a productive well is also subject to numerous technical drilling and completion risks.

Reliance on key personnel

The Company's primary intellectual asset is the skill and experience of its staff. It is essential that appropriately skilled staff be available in sufficient numbers to support the Company's operations. While the Company has initiatives to mitigate this risk, including implementing special training programs, loss of key staff or failure to attract new staff may have a negative impact on the financial performance or otherwise of the Company and in particular its ability to expand its business. The loss of key staff to a competitor may magnify this impact. There can be no assurance that Otto will be able to continue to attract and retain all personnel necessary for the development and operation of the business.

Key Risks

Environmental risks

Potentially hazardous activities arise in connection with Otto's business. A significant safety or environmental incident or the failure of safety processes or of occupational health plans, as well as a breach of regulatory or contractual obligations, could materially adversely affect results of operations and reputation. Otto is also subject to laws and regulations governing health and safety matters to protect the public, employees and contractors, who could potentially be harmed by these activities, as well as laws and regulations relating to pollution, the protection of the environment, and the use and disposal of hazardous substances and waste materials.

The cost of future environmental remediation obligations is often inherently difficult to estimate and uncertainties can include the extent of contamination, the appropriate corrective actions and share of the liability. If more onerous requirements are imposed or the Company's ability to recover costs under regulatory frameworks changes, this could have a material adverse impact on the business, reputation, results of operations and financial position of Otto.

Otto may be exposed to a number of potential impacts of climate change over time, which could lead to demographic changes, changes in consumption patterns and physical risks to Otto's operations and facilities. As a result, the potential impact from climate change, both physical and as a result of new related policies and regulations, may have an adverse impact on Otto's operations or financial performance.

Operating hazards and natural disasters

Otto is subject to operating hazards normally associated with the exploration for, and production of oil and gas. Operating hazards may be due to technical integrity failure, loss of well control, vessel collision, loading or unloading operations, an aviation incident, a pipeline incident or cyber-attack. Operating hazards along with natural disasters (eg hurricanes), inclement weather, acts of terrorism, operator error or other occurrences can result in adverse events, including, without limitation, diminished production, additional costs, major unplanned outages, labour disruptions, fires, equipment failure, loss of well control, blowouts, cratering, pollution and oil spills.

The occurrence of any such operating hazard or risk could result in substantial losses to Otto due to injury or loss of life and damage to or destruction of oil and gas wells, formations, production facilities or other properties and the environment, as well as regulatory action, legal liability and damage to Otto's reputation. The effect could be particularly significant were an event of this nature to occur at Otto's SM 71 field, which constitutes all of Otto's production, and therefore a sustained interruption in its production could have an adverse effect on Otto's financial performance. Additionally, Otto's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. Accordingly, the risk of Otto's failure to abide by environmental and safety and protection standards is inherent in Otto's operations. Such failure could lead to damage to the environment, and result in regulatory action, legal liability, material costs and damage to its reputation. It could also impact Otto's licence to operate. In certain circumstances, liability could be imposed irrespective of fault.

Regulatory risk

Changes in law or regulation or regulatory policy and precedent could result in a materially adverse effect. Decisions or rulings concerning, for example, whether licences, approvals or agreements to operate or supply are subject to new, more onerous regulatory requirements impacting timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs and other decisions relating to the impact of general economic conditions on Otto, its markets and customers and in relation to proposed business development activities, could have a material adverse impact on results of operations, cash flows, the financial condition of the business and the ability to develop the business in the future.

Occupational health and safety risk

The conduct of exploration for, and production of, hydrocarbons may expose Otto's staff to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of Otto's employees suffered injury or death, compensation payments or fines may have to be paid, and such circumstances could result in the loss of a license or permit required to carry on the business, or other regulatory sanction, all of which have the potential to impact Otto's cash flow, operations and ability to make future distributions (should Otto decide to do so).

Key Risks

Industry competition and energy demand

The availability of a market for oil and gas in the future will depend in part on cost and availability of alternate fuels, the level of consumer demand, the extent of domestic production of oil and gas, the extent of important foreign oil and gas, the cost of and proximity of Otto projects to pipelines and other transportation facilities, regulations by state and federal authorities and the cost of complying with applicable environmental regulations. There is a risk that increased industry competition could impact on oil and gas supply and demand that could negatively impact on prices and therefore on Otto's business.

Insurance risk

Otto maintains insurance against losses and liabilities in accordance with customary industry practices and in amounts that management of Otto believes to be prudent. However, insurance against all operational risks is not available to Otto. Otto does not carry business interruption/loss of profits insurance. Otto may elect not to carry insurance with regard to specific risks if management of Otto believes that the cost of available insurance is excessive relative to the risks presented.

In addition, losses could occur for uninsured risks or in amounts in excess of existing insurance coverage. Otto cannot insure fully against pollution and environmental risks. Otto cannot assure Shareholders that it will be able to maintain adequate insurance in the future at rates they consider reasonable or that any particular types of coverage will be available.

In the event that there are insufficient insurance arrangements in place, Otto may be exposed to material capital losses, or losses that may impact revenue generation and the financial performance of the Company.

Inability to achieve future growth

Otto may experience difficulty in achieving and managing future growth.

Otto has experienced growth in the past primarily through expansion of its drilling program. Future growth may place strains on financial, technical, operational and administrative resources and cause Otto to rely more on project partners and independent contractors, possibly negatively affecting its financial position and results of operations. Otto's ability to grow will depend on a number of factors, including the results of its drilling program, hydrocarbon prices and access to capital along with its ability to:

- obtain leases or options on properties, including those for which Otto has 3-D seismic data;
- acquire additional 3-D seismic data;
- identify and acquire new exploratory prospects;
- develop existing prospects;
- continue to retain and attract skilled personnel; and
- maintain or enter into new relationships with project partners and independent contractors

Otto may not be successful in upgrading technical, operations and administrative resources or in increasing its ability to internally provide certain of the services currently provided by outside sources, and Otto may not be able to maintain or enter into new relationships with project partners and independent contractors. Otto's inability to achieve or manage growth may adversely affect its financial position and results of operations.

Exchange rate risk

The revenues, expenses, earnings, assets and liabilities of the Company, as well as the listed price of the Company Shares and, accordingly, your investment in the Company, may be exposed adversely to exchange rate fluctuations. All Otto's revenues are derived from USD sales and the majority of the Company's expected expenditure will be in USD. Otto's functional and presentation currency of its financial statements is also USD. Any appreciation of the AUD against the USD effectively reduces the AUD value of the revenue net of the USD costs and reduces the AUD value of net assets. Further, any appreciation of USD against the AUD will have a detrimental impact on the use of AUD funds raised for the purposes of USA expenditure. The Company does not presently engage in currency hedging to offset any risk of currency fluctuations however the current policy is to hold the majority of its cash balances to United States dollars.

Key Risks

Joint venture relationships

A significant share of Otto's capital is invested in joint venture assets and activities. Joint venture participants may have economic or business interests or objectives that are inconsistent or misaligned with or opposed to Otto's interests and objectives, and there may be circumstances in which a joint venture participant may exercise veto rights to block certain key decisions or actions that Otto believes are in its or the joint venture's best interests, or may approve key decisions or actions that are not supported by Otto. In addition, in some instances, joint venture participants, including instances where Otto is not the operator, or contractual counterparties, may be primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to bear on the joint project which is out of Otto's control. Additionally, Otto's fellow joint venture participants may not be able to meet their financial or other obligations to the projects, which may threaten the viability of a given project or cause Otto to incur additional costs associated with a given project.

Economic conditions

The operating and financial performance of Otto is influenced by a variety of general economic and business conditions, including interest rates and exchange rates, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including higher than expected inflation rates, could be expected to have an adverse impact on Otto's operating and financial performance and financial position.

Risk of litigation or arbitration

From time to time, Otto may be subject to litigation, arbitration, regulatory investigations and inquiries, claims and disputes arising out of its operations. Damages claimed under such proceedings or claims may be material or may be indeterminate, and the outcome of such litigation, arbitration, investigation, inquiry, claim or dispute could materially and adversely affect its business, results of operations or financial condition. While Otto assesses the merits of each claim and defends accordingly, it may be required to incur significant expenses in defending against such claims and there can be no guarantee that a court or tribunal finds in Otto's favour. In addition, proceedings to which Otto is not directly subject may have a material adverse effect on its business, reputation and financial performance.

Taxation

Changes in the interpretation or application of existing taxation laws by the courts or taxation authorities in Australia, or changes to the laws themselves, may affect the taxation treatment of an investment in Otto shares or the holding or disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Otto operates, may impact Otto's future tax liabilities.

Convertible Note

Otto has issued convertible notes worth US\$8.0M to major shareholder Molton Holdings and worth US\$0.2 million to Otto's Chairman, Mr John Jetter. Convertible notes carry risks including the risk of insolvency, uncertainty, dilution of shareholdings, enforcement of security, and the restraining of future valuation potential.

Under the terms of the convertible notes, 50% of net proceeds from Otto Energy (Louisiana) LLC's interest in the SM 71 Project (after all costs) are only to be used for SM 71 purposes or repayment of amounts outstanding under the convertible note until the total equals the value of the convertible notes and interest outstanding. As at 30 June 2018 the accumulated amount usable only for SM 71 purposes or repayment of amounts in relation to the convertible notes was US\$2.7 million of the US\$5.9 million cash on hand.

Other risks

The above risks should not be taken as a complete list of the risks associated with an investment in Otto. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the Company, or the value of the Shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Otto in respect of the Company or the Shares.

Competent Persons and Cautionary Statements

Competent Persons Statement

The information in this report that relates to oil and gas resources in relation to the Gulf Coast Package in the Gulf of Mexico was compiled by technical employees of Hilcorp Energy Company, the Operator of the Gulf Coast Package, and subsequently reviewed by Mr Paul Senyca BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

The information in this report that relates to oil and gas resources in relation to the Alaska Western Blocks was compiled by Mr Paul Senyca BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

The information in this report that relates to oil and gas resources in relation to VR 232 in the Gulf of Mexico was compiled by technical employees of Byron Energy Inc, the Operator of VR 232, and subsequently reviewed by Mr Paul Senyca BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Senyca is an employee of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/ American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Senyca. Mr Senyca is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The reserve and contingent resource information in this report in relation to SM 71 and Bivouac Peak is based on information compiled by technical employees of independent consultants Collarini Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this Statement is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Prospective Resources

Prospective resource estimates in this report for SM 71 and Bivouac Peak are prepared as at 30 June 2017. Refer to the ASX release of 28 September 2017. Prospective resource estimates in this report for the Alaska Western Blocks is prepared as at 30 April 2018. The Gulf Coast Package prospective resource estimates in this report are estimated as at 30 June 2018. The prospective resources information in this document for VR 232 is effective as at 19 June 2018.

The resource estimates have been prepared using the internationally recognised Petroleum Resources Management System to define resource classification and volumes. The resource estimates are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org. The prospective resource estimates have been prepared using the deterministic method except for the Gulf Coast Package which has used the probabilistic method. The prospective resources information in this document is reported according to the Company's economic interest in each of the resources and net of royalties. The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Except as noted on slide 33, the estimates are un-risked and have not been adjusted for both an associated chance of discovery and a chance of development. Otto is not aware of any new information or data that materially affects the assumptions and technical parameters underpinning the estimates of reserves and contingent resources and the relevant market announcements referenced continue to apply and have not materially changed.

Competent Persons and Cautionary Statements (cont.)

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.

Notes on the calculation of the risked summary data for the Gulf Coast Package on slide 8

Hilcorp has accumulated a massive proprietary regional Gulf Coast database comprising well drilling and production information from private and public sources. This database is used by Hilcorp in generating probabilistic estimates for future wells and programs where the data can be tailored to the specific parameters required for analysis such as depth, play type, etc.

Indicative finding and developments costs, indicative peak production rates and indicative gas versus oil percentages were calculated utilising the abovementioned regional database. From the regional database Hilcorp developed a series of expectation curves from which the P90-P50-P10 outcomes shown have been extracted. Otto has undertaken its own due diligence on these data and is satisfied that they represent a good estimate for the portfolio of opportunities to be drilled.

For each of the eight independent prospects, a probabilistic prospective resource was calculated using analogue offset well information and high-quality 3D seismic data. Each of the resultant prospective resource distributions were then merged probabilistically to provide a probabilistic estimate for the entire portfolio (eight prospects).

Probabilistic estimates for finding and development costs were also calculated for each individual prospect using analogue offset field information and taking into account the particular geometry and thickness of each prospect as estimated from high-quality 3D seismic data. As with the prospect volumes, these individual estimates were then probabilistically merged to provide a portfolio view.

The probabilistic additions above have been undertaken using a monte carlo approach to each prospect's expectation curve.

The percentage liquids content for each prospect is based on analogue offset well and field information.

Disclaimer

(continued from slide 2)

Summary information

This Presentation contains summary information about Otto, its subsidiaries and their activities which is current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Otto or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

The historical information in this Presentation is, or is based upon, information that has been lodged with ASIC acting in place of the Australian Securities Exchange (ASX) in its role as operator of a securities exchange and released on ASX's Market Announcements Platform. This Presentation should be read in conjunction with Otto's other periodic and continuous disclosure announcements which are available at www.ottoenergy.com.

Not investment advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Otto or its advisers to acquire New Shares and does not and will not form any part of any contract for the acquisition of New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Otto and the impact that different future outcomes may have on Otto.

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Otto is not licensed to provide financial product advice in respect of Otto shares.

Cooling off rights do not apply to the acquisition of New Shares

Investment risk

An investment in Otto shares is subject to known and unknown risks, some of which are beyond the control of Otto and its directors. Although there is financial information in this Presentation, that information (as noted in the 'Financial data' section of this important notice and disclaimer below) is for illustrative purposes only and Otto does not guarantee any particular rate of return or the performance of Otto or its shares. Otto does not guarantee any particular tax treatment (including in relation to the Offer) and the information regarding tax in this Presentation and the Retail Information Booklet is not advice. Investors should have regard to the risk factors outlined in the 'Key risks' section of this Presentation when making their investment decision.

Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated.

Investors should note that this Presentation contains pro forma financial information. The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Otto's views on its future financial condition and/or performance. The pro forma financial information has been prepared by Otto in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory reporting requirements in Australia.

Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should be aware that certain financial data included in this presentation are 'non-GAAP financial measures' under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include EBITDA and underlying NPAT. The disclosure of such non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Otto believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

This Presentation contains forecast financial information which has been prepared and presented in accordance with the measurement and recognition principles prescribed in Australia which differs in certain respects from U.S. GAAP. The forecast financial information was not prepared with a view toward complying with the published guidelines of the U.S. Securities and Exchange Commission or guidelines established by the American Institute of Certified Public Accountants (AICPA) with respect to the preparation and presentation of prospective financial information. The forecast financial information does not include presentation and disclosure of all information required by the AICPA guidelines on prospective or pro forma financial information. The forecast financial information may be materially different if it was prepared in accordance with U.S. GAAP. The forecast financial information is highly subjective and should not be relied upon as being necessarily indicative of future results. It has also not been audited.

Disclaimer (cont.)

Future performance and forward-looking statements

This Presentation may contain certain 'forward-looking statements' with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this Presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this Presentation necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of the Company. Such statements may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this Presentation.

Past performance

Investors should note that past performance, including past share price performance of Otto is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Otto performance including future share price performance.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation

Prospective resources cautionary statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer Restrictions (cont.)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

International Offer Restrictions (cont.)

Cambodia

This document has not been, and will not be, registered as a disclosure document under the Public Offering Rules and Listing Rules of the Securities and Exchange Commission of Cambodia (the "SECC"). No action has been taken in Cambodia to authorise or register this document with the SECC or to permit the distribution of this document or any documents issued in connection with it in Cambodia. Accordingly, the New Shares may not be offered or sold in Cambodia other than as permitted under Cambodian law.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not, please return this document immediately. You may not forward or circulate this document to any other person in Cambodia.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Cambodia or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Cambodia (except if required to do so by the securities laws and regulations of Cambodia) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Cambodia.

The Offer is made to you on the condition that you will not sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Cambodia.

You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Glossary

Terms	Definitions
A\$	Australian dollars or cents.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange.
ASX Listing Rules	Rules governing the admission of entities to the official list, quotation of securities, suspension of securities from quotation and removal of entities from the official list. They also govern disclosure and some aspects of a listed entities conduct.
Australian Accounting Standards	The accounting standards developed and maintained by the Australian Accounting Standards Board.
BBL	Barrel.
BBLS	Barrels.
BCFE	Billion cubic feet equivalent with an Mcfe determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil.
Board	The Otto board of directors.
BOE	Barrels of oil equivalent with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency
BOEPD	BOE per day.
BOPD	Barrels of oil per day
Capital Raising	The raising by Otto of A\$20m in capital through the Offer.
Company	Otto Energy Limited (ACN 107 555 046)
Corporations Act	Corporations Act 2001 (Cth).
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
Eligible Retail Shareholder	A retail shareholder with a registered address in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Cambodia.
Entitlement and Acceptance Form	Form accompanying the Retail Information Booklet.
Entitlement Offer	Institutional Entitlement Offer and the Retail Entitlement Offer.
Finding Cost	The cost of finding a BOE including land and exploration costs.
Finding and Development Cost	The cost of finding and developing a BOE includes the Finding Cost and development costs such as well completion and facilities.
FMC Act	The Financial Markets Conduct Act 2013 (NZ).
FPO	The Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (UK).
FSMA	The Financial Services and Markets Act 2000 (UK).
Gulf Coast Package	The eight well drilling program that Otto is farming in to with Hilcorp.
Institutional Entitlement Offer	Pro-rata accelerated non-renounceable entitlement offer to eligible institutional shareholders.
International Financial Reporting Standards	The standards issued by the IFRS Foundation and the International Accounting Standards Board.
Investor Presentation	This investor presentation.
Lead Manager	Morgans Corporate Limited (ABN 32 010 539 607).

Glossary

Terms	Definitions
LLS	Louisiana Light Sweet crude.
MBBL	One thousand barrels.
MBOE	One thousand BOE
MMBOE	One million BOE
MMBTU	One million British Thermal Units.
MCF	One thousand cubic feet.
New Shares	Shares to be allocated and issued under the Entitlement Offer.
NGLs	Natural Gas Liquids.
NPAT	Net Profit After Tax.
Offer	Otto's fully underwritten pro-rata accelerated non-renounceable entitlement offer of new ordinary fully paid shares in Otto.
Offer Price	A\$0.059 per New Share.
Otto	Otto Energy Limited (ACN 107 555 046)
Peak Production Rate	The maximum steady state rate at which a well is expected to produce.
Petroleum Resources Management System	The Petroleum Resources Management System developed by the Society of Petroleum Engineers.
POS	Probability of success.
Presentation	This Investor Presentation.
Prospective Resource	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. Further information is available at www.spe.org .
Record Date	7pm (Sydney time) on Thursday 2 August 2018.
Retail Entitlement Offer	Pro-rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders to subscribe for 1 New Share for every 9 Shares held on the Record Date.
Retail Information Booklet	Booklet containing important information about the Retail Entitlement Offer and Otto's business.
SECC	The Securities and Exchange Commission of Cambodia.
SFA	The Securities and Futures Act of Singapore.
SFO	The Securities and Futures Ordinance (Cap. 571) (Hong Kong).
Shares	A fully paid ordinary share in the capital of Otto.
Shareholders	A holder of Shares in Otto.
SM71	South Marsh Island 71.
Statement	The Competent Persons and Cautionary Statements.
TERP	Theoretical Ex-Rights Price.
Underwriter	Morgans Corporate Limited (ABN 32 010 539 607).
US Securities Act	US Securities Act of 1933.
US\$ or USD	United States dollars
WTI	West Texas Intermediate.

Address

32 Delhi Street
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Australia

Contact Info

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ASX ANNOUNCEMENT

2 August 2018

Not for distribution to US newswire services or distribution in the United States

SUCCESSFUL COMPLETION OF PLACEMENT AND UNDERWRITTEN INSTITUTIONAL ENTITLEMENT OFFER

- **A\$10m Placement and A\$3 million Institutional Entitlement Offer closes heavily oversubscribed**
- **Strong support from a select number of Tier 1 Australian institutions**
- **Fully underwritten Retail Entitlement Offer to raise approximately A\$7 million**
- **Retail Entitlement Offer to open Tuesday 7 August 2018, closing Tuesday 21 August 2018**
- **Proceeds to be applied toward funding the eight well Gulf Coast drilling program along with Otto's existing exploration program**

Otto Energy ("Otto") (ASX: OEL) is pleased to announce the successful completion of the Placement and institutional component of its Entitlement Offer, which was announced to the ASX on Tuesday 31 July 2018.

The capital raising 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 the Gulf Coast Package, Bivouac Peak and Alaska. Refer to the ASX release of 31 July 2018 for details on the Gulf Coast Package of eight wells with Hilcorp.

Otto's Managing Director, Matthew Allen, commented: *"The support of our existing institutional shareholders is very pleasing and is an endorsement of Otto's strategy in the Gulf of Mexico.*

"I would also like to welcome the new institutions on to our register and look forward to a rewarding 18 months drilling the Hilcorp portfolio, Bivouac Peak and Alaska."

Placement

The Placement raised a total of A\$10m through the issue of approximately 169.5 million shares at A\$0.059 per share.

Institutional Offer

The Institutional Entitlement Offer raised a total of A\$3m through the issue of approximately 51.6 million shares at A\$0.059 per share with a take up of 34%.

The Institutional Entitlement Offer shortfall was strongly oversubscribed by institutional shareholders. Shares issued under the placement and Institutional Entitlement Offer will rank equally with existing shares on issue and are expected to be allotted on Friday 10 August 2018. Trading will commence on the same day.

Retail Entitlement Offer

The retail component of the Entitlement Offer is fully underwritten and seeks to raise a further \$7 million through the issue of approximately 118.5 million shares at A\$0.059 per share on the basis of one new share for every nine shares held at the record date of Thursday 2 August 2018.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

Otto has determined, in accordance with ASX Listing Rule 7.7.1, that the retail component of the Entitlement Offer will be offered to retail shareholders with registered addresses within Australia, New Zealand, the United Kingdom, Hong Kong, Singapore and Cambodia ("Eligible Retail Shareholders").

The Retail Offer Booklet, containing full details of the Entitlement Offer, will be mailed to Eligible Retail Shareholders by Tuesday 7 August 2018.

The retail Entitlement Offer will be open on Tuesday 7 August 2018 and close at 4pm Sydney time on Tuesday 21 August 2018 (unless extended).

Offer Timetable

Key dates for the Entitlement Offer are set out below.

Timetable for Non-Renounceable Entitlement Offer	
Shares trade ex-entitlement	2 August 2018
Record date for determining Eligible Shareholders	2 August 2018
Retail Entitlement Offer opens and Booklets despatched	7 August 2018
Settlement of New Shares issued under the Placement and Institutional Offer	9 August 2018
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	10 August 2018
Retail Entitlement Offer closes	21 August 2018
Allotment of New Shares issued under the Retail Entitlement Offer	29 August 2018
Despatch of holding statements and normal trading of New Shares	30 August 2018

Dates and times in this release are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

Retail Investor Enquiries

For further information in regard to the Retail Entitlement Offer once the offer is open, please contact the Otto Energy Shareholder Information Line on 1300 911 275 (local call cost within Australia) or +61 1300 911 275 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday. Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

Further information

Morgans Corporate Limited is acting as Lead Manager and Underwriter to the Entitlement Offer, Adelaide Equity Partners Limited as Financial Advisor and Allens acting as legal advisor.

Further information about the Entitlement Offer, including its strategic and financial benefits, is in Otto's market release and Investor Presentation, lodged with the ASX on 31 July 2018.

Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 info@ottoenergy.com	Media: Yvonne Ball Citadel-MAGNUS +61 8 6160 4910
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Section 5 Additional information

5.1 Eligible Retail Shareholders

This Retail Offer Booklet is being offered to Eligible Retail Shareholders only.

Eligible Retail Shareholders are persons at 7pm (Sydney time) on the Record Date who:

- are registered as a holder of Shares;
- have a registered address on the Otto share register in Australia, New Zealand, the United Kingdom, Hong Kong, Singapore or Cambodia;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such persons hold Shares and are acting for the account or benefit of a person in the United States);
- did not participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as ineligible institutional shareholders under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Retail shareholders who are not Eligible Retail Shareholders are ineligible retail shareholders (**Ineligible Retail Shareholders**). Otto reserves the right to determine whether a retail shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Otto may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Otto has decided, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it is unreasonable to make offers under the Retail Entitlement Offer to retail shareholders who are in the United States or are acting for the account or benefit of a person in the United States (to the extent such persons hold Shares and are acting for the account or benefit of a person in the United States) or who have registered addresses outside Australia, New Zealand, the United Kingdom, Hong Kong, Singapore and Cambodia, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the relevant legal and regulatory requirements in those places, including the cost of complying with the relevant legal and regulatory requirements.

Otto may (in its absolute discretion) extend the Retail Entitlement Offer to shareholders who have registered addresses outside Australia, New Zealand, the United Kingdom, Hong Kong, Singapore and Cambodia (except the United States) in accordance with applicable law.

5.2 Ranking of New Shares

New Shares issued under the Retail Entitlement Offer will be fully paid and from allotment rank equally in all respects with existing Shares and will be entitled to dividends/distributions on the same basis as existing Shares. The rights and liabilities attaching to the New Shares are set out in Otto's constitution, a copy of which is available upon request to Otto.

5.3 Reconciliation

The Entitlement Offer is a complex process and in some instances investors may believe that they owned more Shares than they ultimately were recorded as holding as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. This may result in a need for reconciliation to ensure all Eligible Retail Shareholders have the opportunity to receive their full Entitlement.

Otto may need to issue a small quantity of additional New Shares to ensure all Eligible Retail Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Otto also reserves the right to reduce the size of Entitlements or the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders or other applicable investors, if Otto believes in its absolute discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims, or if they are not Eligible Retail Shareholders.

5.4 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they have been rounded up to the nearest whole number of New Shares.

5.5 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

If Otto believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

- beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for being an Eligible Retail Shareholder;
- eligible institutional shareholders who participated in the Institutional Entitlement Offer (whether they accepted their Entitlements or not) and institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer; or
- Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States (to the extent such persons hold Shares and are acting for the account or benefit of a person in the United States) will not be able to exercise any Entitlements and may receive no payment or value for them.

Otto is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Otto is not able to advise on foreign laws.

5.6 Allotment, quotation and trading

Otto has applied to ASX for official quotation of the New Shares, in accordance with the ASX Listing Rules requirements. If ASX does not grant such quotation, Otto will repay all Application Monies (without interest).

Subject to approval being granted, it is expected that normal trading of New Shares allotted under the Retail Entitlement Offer will commence at 10am (Sydney time) on Wednesday 29 August 2018. It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place on Wednesday 29 August 2018. Application Monies will be held by Otto on trust for applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of applicants to determine the number of New Shares allotted and issued to them prior to trading in such shares. The sale by an applicant of New Shares prior to receiving their holding statement is at the applicant's own risk.

5.7 Continuous disclosure

Otto is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports. Otto is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, Otto has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities. That information is available to the public from the ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to Otto. These documents may be obtained from, or inspected at, an ASIC office.

5.8 Convertible notes

As previously announced to the market on 2 August 2017, Otto issued US\$8.2 million in secured convertible notes to Molton Holdings Limited and Otto's Chairman, Mr John Jetter, to fund costs associated or connected with the two well development of the development project at the South Marsh Island Area Block 71 (SM 71) and provide contingent funding for costs associated with a third well at SM 71.

The Entitlement Offer is not expected to have any material impact on the treatment of the convertible notes, however the conversion price of the convertible notes will reduce from A\$0.05500 to A\$0.05484, in accordance with the formula set out in Listing Rule 6.22.2.

5.9 Underwriting arrangements

As announced to the market on 31 July 2018, the Company and the Underwriter entered into an Underwriting Agreement whereby the Underwriter agreed to fully underwrite, lead manage and act as bookrunner of the Entitlement Offer.

The Underwriting Agreement is subject to customary conditions precedent. Outstanding conditions precedent to the underwriting include the Company providing the relevant certificates and sign-offs at settlement of the Retail Entitlement Offer, no regulatory intervention, and ASX not indicating it will grant permission for the official quotation of the Retail Entitlement Shares on or before 7:00am (Perth time) on the Retail Settlement Date.

The Underwriter may at any time, at the Underwriter's cost, appoint sub-underwriters (including directors of the Company) to sub-underwrite the Entitlement Offer and nominate the allottees of some or all of the Shortfall (if any), provided that the Underwriter first consults with the Company as to the identity of the proposed sub-underwriters. In any event, neither the Underwriter nor any sub-underwriter would be able to obtain voting power of 20% or more pursuant to the Entitlement Offer (including the Shortfall and any underwriting or sub-underwriting) in any circumstances.

The Underwriter is solely responsible for any sub-underwriting fees due to any sub-underwriters appointed by them under the Underwriting Agreement (including directors of the Company who act as sub-underwriter). To put this another way, no sub-underwriter will be paid any fees by the Company and the fees payable by the Company to the Underwriter will not increase as a consequence of the appointment of any sub-underwriter by the Underwriter.

The Underwriter is entitled to the following fees:

- Management fee: 1.5% of the proceeds of the Entitlement Offer; and
- Underwriting fee: 3% of the proceeds of the Entitlement Offer.

The Underwriter is also entitled to payment of agreed legal fees, and reasonable out of pocket expenses.

The Underwriting Agreement contains customary termination rights, including as to market fall, material adverse change, and adverse changes or hostilities in specified financial markets and jurisdictions.

The Underwriting Agreement otherwise contains customary terms, including indemnities by the Company, representations and warranties by the Company and the Underwriter.

5.10 Withdrawal of the Entitlement Offer

Otto reserves the right to withdraw or vary all or part of the Entitlement Offer and this information at any time, subject to applicable laws, in which case Otto will refund Application Monies in relation to Entitlements and New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, Otto may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Otto will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Otto.

5.11 Effect on control

Whilst some existing Shareholders may take a sub-underwriting position for the Entitlement Offer or participate in the Shortfall, Otto does not consider the issue of the New Shares under the Entitlement Offer will have a material effect on the control of Otto.

5.12 Capital structure of Otto

The capital structure on completion of the Entitlement Offer is expected to be as follows:

Shares currently on issue	1,700,420,015
New Shares offered under the Entitlement Offer (includes Institutional and Retail)(approximately)	170,103,166
Total Shares on issue on completion of the Entitlement Offer	1,870,523,181

Section 6 Glossary

Terms	Definitions
A\$	Australian dollars or cents.
ABN	Australian Business Number
Additional New Shares	New Shares subscribed to in excess of the Entitlement.
Application	Arrangement for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.
Application Monies	Offer Price multiplied by the number of New Shares applied for by BPAY®, or in a duly completed Entitlement and Acceptance Form.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange.
ASX Announcements	As defined in Section 4.
ASX Listing Rules	Rules governing the admission of entities to the official list, quotation of securities, suspension of securities from quotation and removal of entities from the official list. They also govern disclosure and some aspects of a listed entities conduct.
ATO	Australian Tax Office.
BPAY®	BPAY Pty Ltd (ACN 079 137 518).
CHESS	Clearing House Electronic Subregister System.
CGT	Capital gains tax.
Corporations Act	Corporations Act 2001 (Cth).
CRN	Customer Reference Number.
Eligible Retail Shareholder	As defined in Section 5.1.
Entitlement	The right to participate in a 1 for 9 pro-rata accelerated non-renounceable entitlement offer of new Otto ordinary shares, pursuant to the Entitlement Offer.
Entitlement and Acceptance Form	Form accompanying the Retail Offer Booklet.
Entitlement Offer	Institutional Entitlement Offer and the Retail Entitlement Offer.
GST	Goods and Services Tax.
HIN	Holder Identification Number.
Ineligible Retail Shareholders	Retail shareholders who are not Eligible Retail Shareholders.
Institutional Entitlement Offer	Pro-rata accelerated non-renounceable entitlement offer to eligible institutional shareholders.
Investor Presentation	As defined in Section 4.
Key Dates	As displayed in Key dates for the Retail Entitlement Offer.
Key Risks	As defined in Section 4.
New Shares	Shares to be allocated and issued under the Entitlement Offer.
Offer Information Line	1300 911 275 (within Australia) or +61 1300 911 275 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

Offer Price	\$0.059 per New Share.
Otto	Otto Energy Limited (ACN 107 555 046)
Record Date	7:00pm (Sydney time) on 2 August 2018.
Retail Entitlement Offer	Pro-rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders to subscribe for 1 New Share for every 9 Shares held on the Record Date.
Retail Offer Booklet	Booklet containing important information about the Retail Entitlement Offer and Otto's business.
Shares	A fully paid ordinary share in the capital of Otto.
Share Registry	Link Market Services Limited (ABN 54 083 214 537).
Shortfall	The difference between the Entitlements being offered to Eligible Retail Shareholders under the Retail Entitlement Offer and the Entitlements take up by Eligible Retail Shareholders.
SRN	Shareholder Reference Number.
Subscription	Subscription of New Shares by Eligible Retail Shareholders.
TERP	Theoretical Ex-Rights Price.
TFN	Tax File Number.
TOFA Provisions	The Taxation of Financial Arrangements rules pursuant to Division 230 of the Income Tax Assessment Act 1997 (Cth).
Underwriter	Morgans Corporate Limited (ABN 32 010 539 607).
US\$	United States dollars
US Securities Act	US Securities Act of 1933.

Corporate Directory

Company

Otto Energy Limited
32 Delhi Street
West Perth WA 6005

Otto Energy Offer Information Line

Within Australia: 1300 911 275

Outside of Australia: +61 1300 911 275

Open between 8:30am to 5:30pm (Sydney time), Monday to Friday.

Underwriter

Morgans Corporate Limited
Level 29, 123 Eagle Street
Brisbane QLD 2000

Financial Adviser

Adelaide Equity Partners Limited
Level 3, 100 Pirie St
Adelaide SA 5000

Legal Adviser

Allens
Level 37, QV.1
250 St Georges Terrace
Perth WA 6000

Share Registry

Link Market Services Limited
Level 12, QV.1
250 St Georges Terrace
Perth WA 6000



Otto Energy Limited

ACN 107 555 046

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
From outside Australia: +61 1300 554 474
ASX Code: OEL
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as at the Record Date, 7:00pm (AEST) on 2 August 2018:

Entitlement to New Shares (on a 1 New Share for 9 basis):

Amount payable on full acceptance at A\$0.059 per Share:

Offer Closes 5:00pm (AEST): 21 August 2018

ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 9 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.059 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Offer Booklet dated 7 August 2018. The Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet.

If you do not have a paper copy of the Offer Booklet, you can obtain a paper copy at no charge, by calling the Otto Energy Limited Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 21 August 2018. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 21 August 2018.



Biller Code: [XXXXXXX]
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
® Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment



ACN 107 555 046



SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)	B Number of additional New Shares	C Total number of New Shares accepted (add Boxes A and B)
<input type="text"/>	+ <input type="text"/>	= <input type="text"/>

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Otto Energy Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

E CONTACT DETAILS – Telephone Number	Telephone Number – After Hours	Contact Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

OTTO ENERGY LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand or certain other jurisdictions in which Otto has decided to extend the Entitlement Offer. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Offer Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Otto Energy Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for, Box C, by A\$0.059.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares of your Entitlement you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Otto Energy Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Otto Energy Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Otto Energy Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Otto Energy Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Otto Energy Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 21 August 2018. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Otto Energy Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Otto Energy Limited Offer Information Line on 1300 911 275 (within Australia) or +61 1300 911 275 (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.