

ASX ANNOUNCEMENT

24 August 2018

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SUCCESSFUL COMPLETION OF RETAIL ENTITLEMENT OFFER

- **A\$7m retail entitlement offer closed significantly oversubscribed**
- **Total of A\$20m raised through the entitlement offer and institutional placement**
- **Funds raised to be applied toward funding the eight well Gulf Coast drilling program with Hilcorp along with Otto's existing exploration program.**
- **Drilling of Bivouac Peak and Big Tex exploration wells expected to commence shortly**

Otto Energy ("Otto") (ASX: OEL) is pleased to announce the successful completion of the retail component of its underwritten pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**), which was announced to the ASX on Tuesday 31 July 2018.

The A\$20 million raised through the Entitlement offer (A\$10 million) and a placement (A\$10 million) complements cash on hand, and operational 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: *"I thank shareholders for their strong support of the offer at the commencement of what will be a step change in activity level for the Company over the next 18 months."*

"The large subscription for additional shares highlights the value increase from the recent nearly threefold reserves increase and the upcoming exploration program including Bivouac Peak and Big Tex expected to spud before the end of the month."

Retail Offer

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) provided eligible retail shareholders in Otto the opportunity to acquire 1 new share for every 9 shares held at the record date of 7.00pm (AEST) on 2 August 2018.

A\$5.5 million (78%) of Entitlements were taken up leaving a Shortfall of A\$1.5 million. A further A\$6.0 million in subscriptions were received for Additional New Shares which was A\$4.5 million in excess of the Shortfall of A\$1.5 million, therefore the A\$4.5 million will be refunded.

The Board has determined that the basis of the scale back will be determined pro-rata to the shareholder's entitlement as at the Record Date. Accordingly, given the Retail Entitlement Offer was oversubscribed, there will be no allocation to underwriters.

A total of A\$7 million has been raised from the Retail Entitlement Offer through the issue of 118.5 million shares at A\$0.059 per share.

New shares issued under the Retail Entitlement Offer will rank equally in all respects with existing shares. The new shares are expected to be allotted and commence trading on 29 August 2018.

Summary of Retail Entitlement Offer

Entitlements received (A)	A\$5.5 million
Additional New Shares applied for (B)	A\$6.0 million
Total Applications received	<u>A\$11.5 million</u>
 Total Retail Entitlements offered	 A\$7.0 million
Less Entitlements received (A)	A\$5.5 million
Shortfall	<u>A\$1.5 million</u>
Less Additional New Shares applied for (B)	A\$6.0 million
Refunds of amounts received for Additional New Shares	<u>A\$4.5 million</u>

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