

**ASX ANNOUNCEMENT**

5 April 2019

*Not for distribution to US newswire services or distribution in the United States***RETAIL ENTITLEMENT OFFER BOOKLET DISPATCHED & OFFER OPEN**

Otto Energy Limited (ASX:OEL) ("Otto") is pleased to confirm that the Retail Entitlement Offer, as announced on 29 March 2019, is now open and the Retail Offer Booklet is being dispatched 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](http://www.ottoenergy.com) by clicking on the 'Offer Button'.

The Otto Energy Limited Offer Information Line is now open on 1300 553 490 (within Australia) or +61 1300 553 490 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 <a href="mailto:info@ottoenergy.com">info@ottoenergy.com</a>	Media: Investor Relations: Mark Lindh  +61 414 551 361
---	--



Otto Energy Limited

ACN 107 555 046

## Retail Offer Booklet

1 for 5 pro-rata accelerated non-renounceable entitlement offer of Otto Energy Limited ordinary shares at an Offer Price of \$0.053 per New Share to raise approximately \$20 million (before costs).

Retail Entitlement Offer closes at 5pm (Sydney time) on Tuesday, 23 April 2019.

### **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 553 490 (within Australia) or +61 1300 553 490 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

## Important Notices

This Retail Offer Booklet is dated 5 April 2019, and has been issued by Otto Energy Limited (ACN 107 555 046) (**Otto or Company**). It relates to the Retail Entitlement Offer, which is part of the Entitlement Offer by Otto to raise up to \$20 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 29 March 2019 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](http://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 553 490 (within Australia) or +61 1300 553 490 (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 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.

### **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) an "accredited investor" (as defined in 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 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.

### **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 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 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.

## Table of Contents

<b>Summary of the Retail Entitlement Offer</b>	<b>5</b>
<b>Key dates for the Retail Entitlement Offer</b>	<b>5</b>
<b>Chairman's Letter</b>	<b>6</b>
<b>Section 1 Summary of options available to you</b>	<b>8</b>
<b>Section 2 Actions required by you</b>	<b>9</b>
<b>Section 3 Australian taxation considerations</b>	<b>16</b>
<b>Section 4 ASX Announcements (including Otto Investor Presentation)</b>	<b>18</b>
<b>Section 5 Additional information</b>	<b>59</b>
<b>Section 6 Glossary</b>	<b>63</b>

### Summary of the Retail Entitlement Offer

<b>Offer Price</b>	\$0.053 per New Share
<b>Your Entitlement</b>	1 New Share for every 5 existing Shares held on the Record Date

### Key dates for the Retail Entitlement Offer

<b>Event</b>	<b>Date</b>
Announcement of Entitlement Offer	Friday, 29 March 2019
Record date for eligibility in the Retail Entitlement Offer (7:00pm, Perth time)	Tuesday, 2 April 2019
<b>Retail Entitlement Offer opens (9am, Sydney time)</b>	Friday, 5 April 2019
Retail Offer Booklet despatched, including personalised Entitlement and Acceptance Form	Friday, 5 April 2019
<b>Retail Entitlement Offer closes (5:00pm, Sydney time)</b>	Tuesday, 23 April 2019
Settlement of Retail Entitlement Offer	Tuesday, 30 April 2019
Allotment of New Shares under the Retail Entitlement Offer	Wednesday, 1 May 2019
Quotation and normal settlement trading of New Shares under the Retail Entitlement Offer	Wednesday, 1 May 2019
Despatch of holding statements	Thursday, 2 May 2019

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 553 490 (within Australia) or +61 1300 553 490 (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

---

5 April 2019

### Dear Shareholder,

On behalf of the Otto Energy Limited (**Otto**) Board, I am pleased to invite you to participate in a 1 for 5 pro-rata accelerated non-renounceable entitlement offer of new Otto ordinary shares (**New Shares**) at an offer price of \$0.053 per New Share (**Offer Price**), to raise gross proceeds of up to ~\$20 million (**Entitlement Offer**).

### Purpose of the Entitlement Offer

The funds raised will be used in conjunction with cash flows from Otto's 50% owned SM 71 oil field and future cash flows from the Lightning development to:

- Redeem 8.1 million of the 8.2 million convertible notes on issue (Principal of US\$8.1 million plus interest);
- Participate in the drilling of the Bulleit appraisal well in the Green Canyon 21 lease in the Gulf of Mexico; and
- Working capital including contingent development wells.

After the discovery at Lightning recently, the farmin to Green Canyon 21 will provide 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 is in Otto's market release and Investor Presentation, lodged with the ASX on Friday, 29 March 2019 (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 Friday, 29 March 2019. As announced on Tuesday, 2 April 2019, Otto successfully completed the Institutional Entitlement Offer. The Institutional Entitlement Offer raised approximately \$7.6 million for Otto, which represents approximately 38% of total entitlements available under the Entitlement Offer. The Retail Entitlement Offer is expected to raise up to \$12.3 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 5 existing Otto ordinary shares (**Shares**) held on the Record Date of 7:00pm (Perth time) on Tuesday, 2 April 2019 (**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 \$0.053 per New Share represents an approximate 5.4% discount to the Theoretical Ex-Rights Price (TERP) of \$0.056,<sup>1</sup> 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.

<sup>1</sup> 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 \$0.057 per share on 26 March 2019.

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 5:00pm (Sydney time) on Tuesday, 23 April 2019.**

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. Eligible Retail Shareholders whose holdings are registered overseas may pay by direct bank transfer by following the instructions set out on the personalised Entitlement and Acceptance Form. Please note that your bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by Otto.

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 553 490 (within Australia) or +61 1300 553 490 (outside Australia) at any time from 8:30am to 5:30pm (Sydney time) Monday to Friday.

All directors of the Company, except Paul Senyica, intend to take up their entitlements and have sub-underwritten \$350,000 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 5:00pm (Sydney time) on Tuesday, 23 April 2019.

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
<p><b>1. Take up all of your Entitlement</b></p>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• The New Shares will rank equally in all respects with existing Shares (including rights to dividends and distributions).</li> </ul>
<p><b>2. Take up part of your Entitlement</b></p>	<ul style="list-style-type: none"> <li>• 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).</li> <li>• If you do not take up your Entitlements in full, your percentage holding in Otto will be diluted.</li> </ul>
<p><b>3. Do nothing, in which case your Entitlements will lapse and you will receive no payment or value for those lapsed Entitlements</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Although you will continue to own the same number of Otto shares, your percentage holding in Otto will be diluted.</li> </ul>

---

## Section 2 Actions required by you

---

### 2.1 Overview of the Entitlement Offer

Otto intends to raise up to \$20 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 5 existing Shares held as at 7:00pm (Perth time) on Tuesday, 2 April 2019 (**Record Date**), at the Offer Price of \$0.053 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 \$0.053 per New Share. Entitlements under the Institutional Entitlement Offer were non-renounceable. In total, approximately \$7.6 million was raised in the Institutional Entitlement Offer, representing approximately 38% 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 Friday, 5 April 2019, and will close at 5:00pm (Sydney time) on Tuesday, 23 April 2019.

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 5 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 5:00pm (Sydney time) on Tuesday, 23 April 2019 (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; or
- for Eligible Retail Shareholders whose holdings are registered overseas, pay your Application Monies via Electronic Funds Transfer (**EFT**) by following the instructions set out on the personalised Entitlement and Acceptance Form. Please note that your bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by Otto,

in each case, by no later than 5:00pm (Sydney time) on Tuesday, 23 April 2019.

The net Australian dollar funds received by Otto will be considered as an Application for as many New Shares as your Application Monies will pay for in full at the Offer Price

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, 1 May 2019.

### 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; or
- for Eligible Retail Shareholders whose holdings are registered overseas, pay your Application Monies via EFT by following the instructions set out on the personalised Entitlement and Acceptance Form. Please note that your bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by Otto,

in each case, by no later than 5:00pm (Sydney time) on Tuesday, 23 April 2019.

The net Australian dollar funds received by Otto will be considered as an Application for as many New Shares as your Application Monies will pay for in full at the Offer Price

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.

Shareholders are encouraged to register their bank account details with Link Market Services in order to enable a faster refund. Overseas shareholders in New Zealand are able to register a New Zealand dollar bank account and receive any refund in New Zealand dollars.

## 2.7 Payment

You can pay in the following ways:

- by BPAY®; or
- by cheque, bank draft, or money order; or
- for Eligible Retail Shareholders whose holdings are registered overseas, by direct bank transfer by following the instructions set out on the personalised Entitlement and Acceptance Form. Please note that your bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by Otto.

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 5:00pm (Sydney time) on Tuesday, 23 April 2019. 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 \$0.053 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.

### **2.7.3 Payment by Electronic Funds Transfer (EFT) – overseas holders only**

Eligible Retail Shareholders whose holdings are registered overseas may pay by EFT. For payment by EFT, please follow the instructions on the personalised Entitlement and Acceptance Form.

If you are paying by EFT please ensure you include your unique Entitlement Number on your personalised Entitlement and Acceptance Form as the payment reference on the transfer. 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 Entitlement Number specific to that holding. If you do not use the correct Entitlement Number specific to that holding your application will not be recognised as valid.

Please note that should you choose to pay by EFT:

- 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 EFT payment is received by the Share Registry by no later than 5:00pm (Sydney time) on Tuesday, 23 April 2019. 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.

By following the instructions set out on the personalised Entitlement and Acceptance Form. Please note that your bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by Otto.

## **2.8 Representations by acceptance**

A payment made through BPAY®, EFT (overseas holders) 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®, EFT (overseas holders) 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® or EFT (overseas holders), 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® or EFT (overseas holders) 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 553 490 (within Australia) or +61 1300 553 490 (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
- 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 from the 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 before the time of 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 be used 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% of the unfranked amount), 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](http://www.linkmarketservices.com.au). When providing your details online, you will be required to enter your SRN/HIN as shown on your Issuer Sponsored/CHESSE 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**

29 March 2019

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

## **OTTO FARMS INTO GREEN CANYON 21 “BULLEIT” OIL APPRAISAL DRILLING, REDEEMS CONVERTIBLE NOTES AND ANNOUNCES EQUITY RAISE**

- **Farm in to Talos Energy operated Green Canyon 21 lease in the Gulf of Mexico to participate in appraisal drilling of the “Bulleit” oil discovery**
- **Drilling of Bulleit to commence in Q2 2019 with development to deliver first production within 12-18 months**
- **Further upside in a secondary exploration target to be tested with the same well**
- **Tie back planned to Talos operated Green Canyon 18A production platform**
- **With success, Talos expects production of 8-15,000 boepd from mid-2020, largely oil weighted**
- **Opportunity complements Otto’s Gulf of Mexico growth strategy**
- **Redemption of 8.1 million of the 8.2 million Convertible Notes to occur on 30 April 2019 with the remaining 100,000 converted to ordinary shares on 30 April 2019**
- **A\$11 million Placement to sophisticated and institutional investors and ~A\$20 million via a 1 for 5 fully-underwritten Entitlement Offer to raise a total of ~A\$31 million**

Otto Energy (“Otto”) (ASX: OEL) is pleased to announce that it has entered into a joint venture with Talos Energy (NYSE: TALO) which will see it earn a 16.67% working interest in the Green Canyon 21 (GC-21) lease in the Gulf Mexico through paying 22.22% of the cost of the drilling of the “Bulleit” appraisal well in GC-21. The well will be drilled by Talos Energy, a highly experienced Gulf of Mexico operator based in Houston. Talos has the Noble Don Taylor drillship contracted to undertake the drilling of the Bulleit prospect with drilling expected to start in the middle of Q2 2019.

The Company is undertaking a capital raising for approximately A\$31 million via an A\$11 million Placement to institutional and sophisticated investors and a fully-underwritten, 1 for 5 accelerated non-renounceable Entitlement Offer to raise ~A\$20 million. The funds raised will be used in conjunction with cash flows from Otto’s 50% owned SM 71 oil field and future cash flows from the Lightning development to fund Otto’s US\$9.0 million share of the GC-21 drilling program, redeem US\$8.1 million of the convertibles notes currently on issue and for working capital including contingent development wells.

Otto’s Managing Director, Matthew Allen, commented: *“Otto is today taking another significant step in accelerating its business growth in the Gulf of Mexico. Participation in drilling of the Green Canyon 21 “Bulleit” oil discovery, provides Otto access to one of the best drilling opportunities that the Otto team has screened with a high quality and proven operator in Talos Energy.*

*Otto has successfully identified and captured farm-in’s to some of the best opportunities available within its core focus area since establishing the Gulf of Mexico only three years ago. Discoveries at the South Marsh Island 71 and Lightning projects have established Otto’s production and cashflow generating base with significant, high-impact drilling planned for the remainder of 2019 that is set to continue the rapid delivery on our stated strategy.”*

<p>Contact: Matthew Allen Managing Director &amp; CEO +61 8 6467 8800 <a href="mailto:info@ottoenergy.com">info@ottoenergy.com</a></p>	<p>Media: Investor Relations: Mark Lindh  +61 414 551 361</p>
--	---

### Details of the Green Canyon 21 Farm-in Agreement

Otto Energy has made a binding offer to farm-in to the Green Canyon 21 lease and will earn a 16.67% working interest by funding 22.22% of the costs to drill the initial “Bulleit” appraisal well. Definitive agreements to give effect to the farm-in, including commercial arrangements for oil and gas to be produced through Talos’s Green Canyon 18A platform, are currently being finalized with Talos. All subsequent costs of completion and development, including any further wells, shall be at Otto’s working interest of 16.67%.

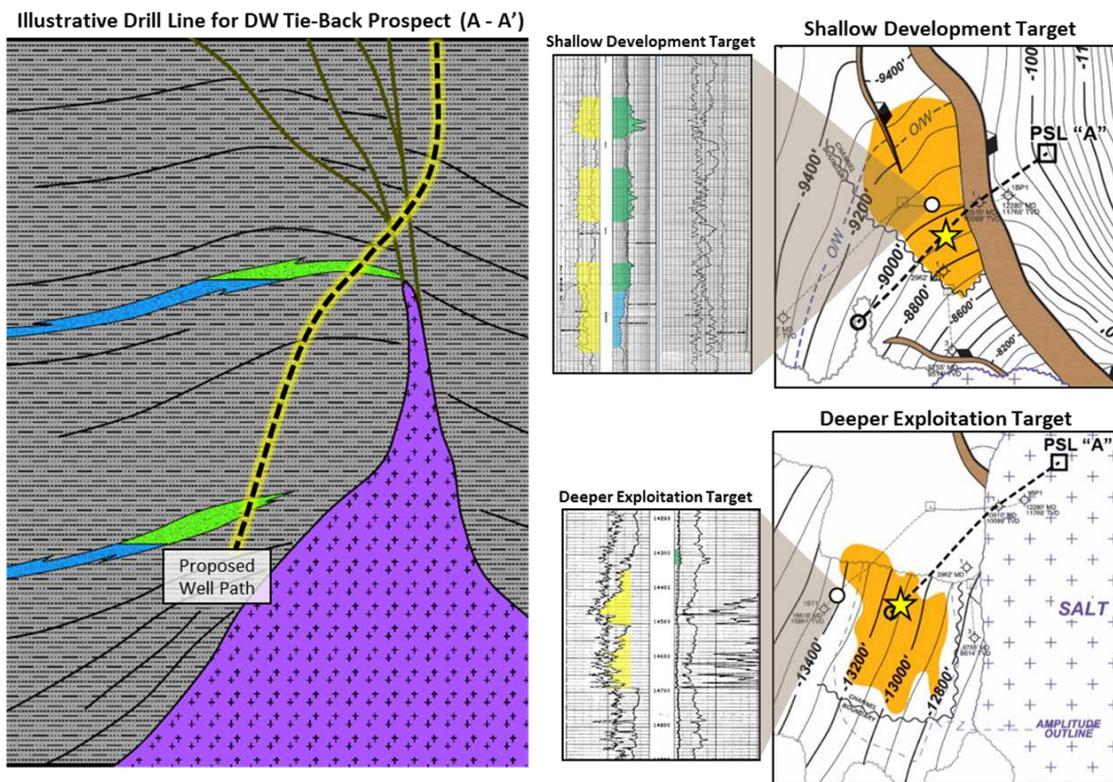
### Appraisal Well

Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMBoe to date. The Bulleit prospect sits in approximately 1,200 feet of water and is 10 miles (16 kilometers) from the GC18A platform.

The DTR-10 oil sand, which is the primary target of the Bulleit well, was first discovered in 1984. Three wells, all with logged oil pay within the DTR-10 Sand Package, were drilled between 1984 and 1987. A sidetrack of the first well also found oil pay in both DTR-10 and deeper MP Sands. Drill stem tests from first and third sand packages in the DTR-10 sand were undertaken in 1985. Production rates expected from the MP sand when tied into a production platform are expected to deliver between 8-15,000 boepd. These high production rate oil wells are common for deepwater prospects whereas Bulleit has the advantage of being in significantly shallower water.

The discoveries were not developed at the time of discovery as there was no infrastructure available.

Talos has the GC 18A platform with spare capacity within tie back distance of GC-21. A subsea development is planned to tie the Bulleit well into the GC18A platform.



Green Canyon 21 “Bulleit” Prospect Outline

www.ottoenergy.com

**Additional Upside**

The MP sand is a second, deeper target to be tested in the initial well. The MP sand was also intersected in the 1980's in a downdip position with 18' of oil pay observed in cores acquired at the time. The Bulleit well will test this sand in an updip position.

**About Talos Energy**

Talos Energy (NYSE: TALO) is a technically driven independent exploration and production company with operations in the United States Gulf of Mexico and in the shallow waters off the coast of Mexico. Talos's focus in the United States Gulf of Mexico is the exploration, acquisition, exploitation and development of shallow and deepwater assets near existing infrastructure. The shallow waters off the coast of Mexico provide Talos with high impact exploration opportunities in an emerging basin. The Company's website is located at [www.talosenergy.com](http://www.talosenergy.com).

**Bulleit Prospective Resources**

Prospective resources (P50) are 14.5 MMboe (gross) and 1.9 MMboe (Net Revenue Interest). Talos has advised that gross prospective resources are expected to be between 10 to 30 MMboe on an unrisksed basis.

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.



Talos operated Green Canyon 18A Production Facility

Bulleit, Green Canyon 21 Key Details							
<b>JV Partners</b>	<table border="0"> <tr> <td>Talos Energy (operator)</td> <td>50.00%</td> </tr> <tr> <td>Enven</td> <td>33.33%</td> </tr> <tr> <td>Otto Energy</td> <td>16.67%</td> </tr> </table>	Talos Energy (operator)	50.00%	Enven	33.33%	Otto Energy	16.67%
Talos Energy (operator)	50.00%						
Enven	33.33%						
Otto Energy	16.67%						
<b>Objective</b>	Development target (DTR-10 Sands) approximately 8,700 ft TVD Exploitation target (MP Sands) approximately 12,800 ft TVD Well to be drilled to 15,500 ft MD/13,823 ft TVD						
<b>Geological Setting</b>	Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMboe to date.						
<b>Initial Well</b>	Expected spud Q2 2019 Dry hole cost: US\$33 mill. (100%) US\$ 7.4 mill. (Otto share) Note that in addition to the dry hole cost, Otto will also spend US\$1.6 million on other costs required in order to participate in the well and any future development and production activities such as insurance and regulatory requirements.						
<b>Probability of success:</b>	63%						
<b>Lease terms</b>	Royalty rate 18.75%. Otto NRI 13.34%.						
<b>Development Plan</b>	Talos will complete well as a subsea tieback with a smart completion; tying back to the Talos operated GC 18A Platform. Adequate capacity for a second well if warranted for acceleration. Date of first production is estimated by Talos to be 12-18 months from spud. Talos expects initial production rates from the MP sands to be between 8,000 and 15,000 boepd.  Development capex US\$80-100 mill. (100%) US\$13.3-17.0 mill. (Otto share)						

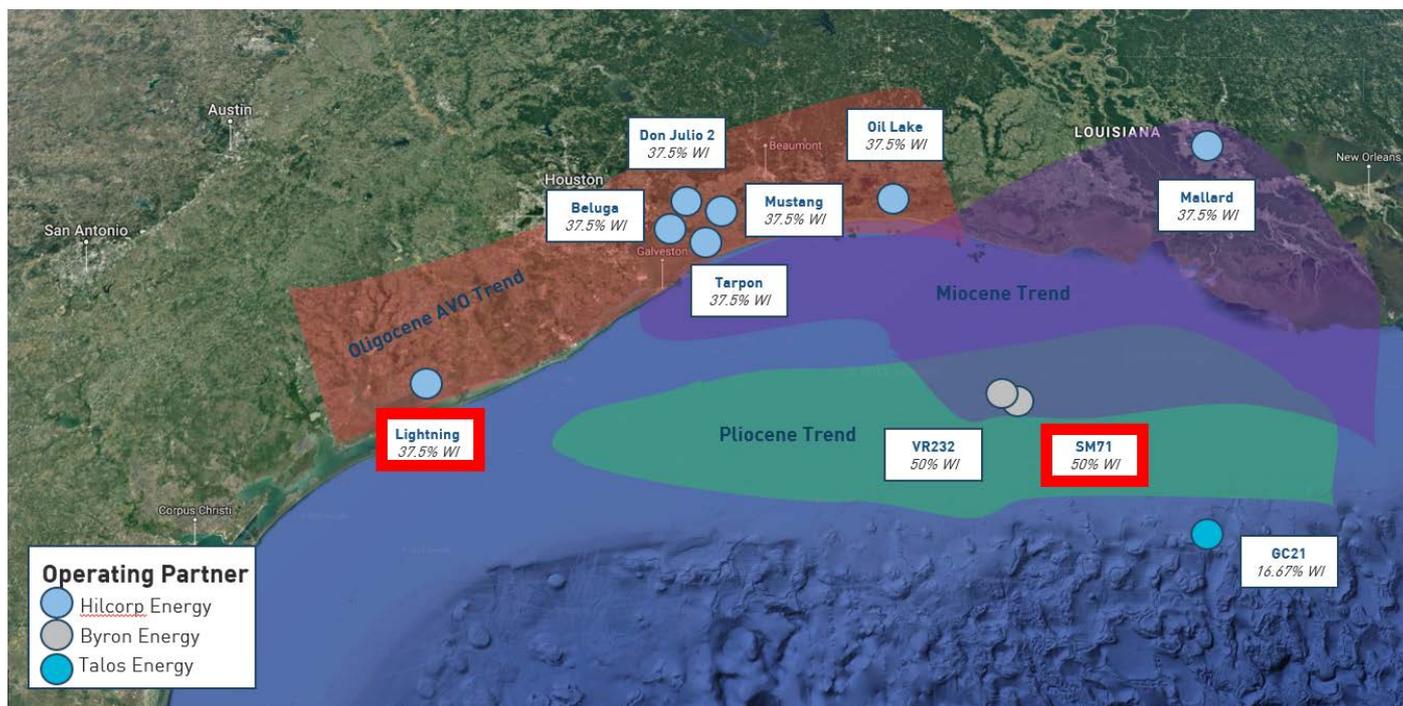
### Impact on Strategy

Otto has a clearly stated strategy to grow its net production in the Gulf of Mexico to 5,000 boepd by the end of 2020.

With two discoveries already, one of which is currently on production and a further five wells to be drilled within the focus area in the US Gulf of Mexico shelf and Gulf Coast in 2019, Otto's experienced technical team have been working to find attractive, oil weighted, low risk drilling opportunities to take accelerate steps toward the 5,000 boepd goal. The deeper water Gulf of Mexico provides those opportunities to take major growth steps within the similar geological and regulatory setting.

The Bulleit opportunity is another significant step toward the 5,000 boepd and puts Otto into partnership with another large and well-respected operator in the region. In addition it offers further potential through a second target and potentially a further development well.

### Otto Energy Location and Formation – Gulf of Mexico



### Otto Energy Projects – Gulf of Mexico

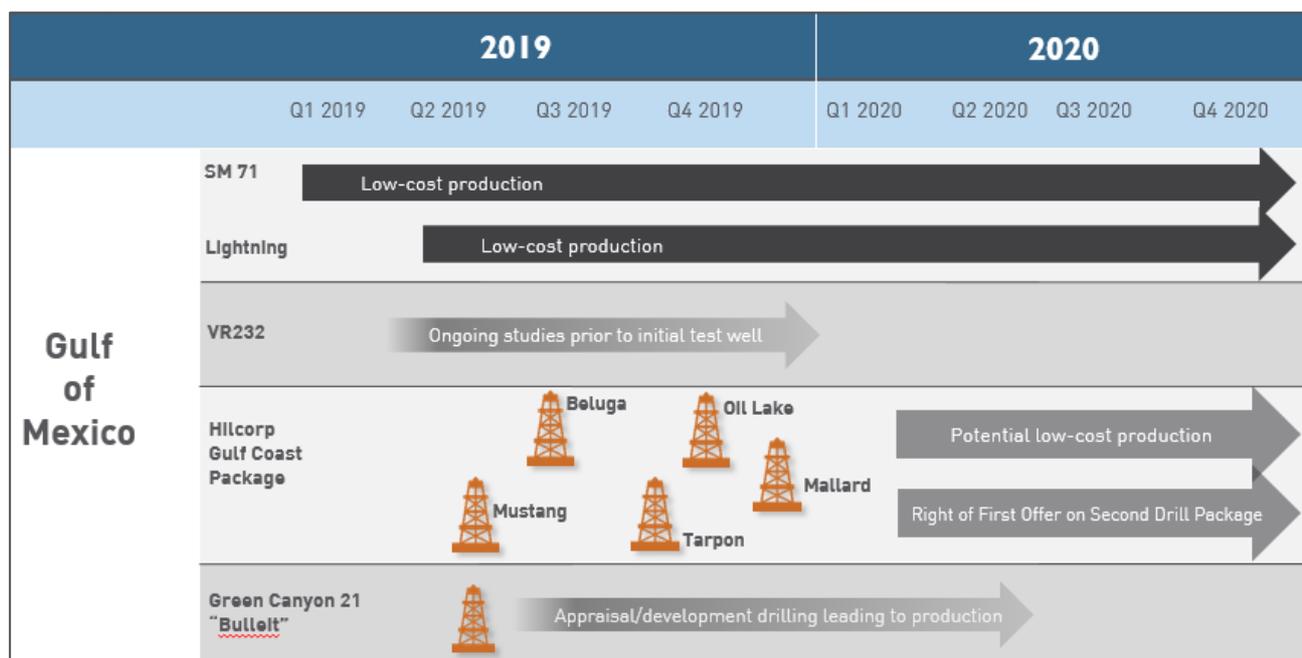
Metric	SM 71	Lightning	Gulf Coast	Green Canyon 21	VR 232
Type	JV	JV	JV	JV	JV
Ownership Structure	50% WI	37.5% WI	37.5% WI (50% of Cost <sup>1</sup> )	16.67% WI (22.22% of Cost <sup>1</sup> )	50% WI (66.7% of Cost <sup>1</sup> )
NRI	40.625%	28.50%	28.50%	13.336%	43.75%
Status	Production	Development	Exploration	Appraisal	Exploration
Onshore/Offshore	Offshore	Onshore	Onshore	Offshore	Offshore
Operator	Byron Energy (50% WI)	Hilcorp (62.5% WI)	Hilcorp (62.5% WI)	Talos Energy (50% WI)	Byron Energy (50% WI)
Comments	3 Wells Generating ~US\$2 Mil. Op Net Cashflow per month	Discovery Feb 2019 significantly greater than the pre-well P50; production in Q2 2019.	One discovery so far. Five wells remaining.	Appraisal well in Q2 2019 with a secondary exploration target providing upside.	Block adjacent to SM 71

1. The promote only applies to the initial test well, land (if applicable) and associated costs. All subsequent other costs after discovery are at the working interest share.  
 2. Alaska is not included here as little activity and expenditure is expected over the coming period.

www.ottoenergy.com

### Pipeline of Opportunities

The schedule below sets out Otto’s forward drilling program including the Lightning development, Bulleit appraisal well and Hilcorp exploration wells.



### Redemption of Convertible Notes

Under the terms of the convertible notes, Otto issued a redemption notice to the Noteholders on 26 March 2019. The Noteholders elected to convert only 100,000 of the notes (on 30 April 2019) with the balance of 8.1 million notes to be redeemed on 30 April 2019. After the redemption and conversion, Otto will have no debt.

### Funding of the Program

A capital raising of ~A\$31 million as set out below will complement cash on hand and future cash flows from Otto’s 50% owned SM 71 oil field and 37.5% owned Lightning gas/condensate discovery to fund Otto’s exploration and appraisal drilling program over the next year as well as redeem the US\$8.1 million of convertible notes.

### Placement

Otto has agreed to place approximately 207.5 million shares at A\$0.053 per share to raise approximately A\$11 million. The placement is to sophisticated and institutional investors which will enhance Otto’s already strong share register.

### Entitlement Offer

The Company also intends to offer existing shareholders the opportunity to subscribe for additional shares at A\$0.053 per share pursuant to a pro-rata accelerated non-renounceable Entitlement Offer to raise a further approximately A\$20 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\$0.053 per share on the basis of one new share for every five shares held at the record date of Tuesday 2 April 2019.

The offer price of A\$0.053 represents a:

- 7.0% discount to the last close of A\$0.057 on Tuesday 26 March 2019; and
- 5.4% discount to TERP (A\$0.056).

### Further information

Morgans Corporate Limited is acting as lead manager and underwriter to the entitlement offer with Allens acting as legal advisor and Adelaide Equity as Corporate Advisor. Euroz Securities Limited and Argonaut have been appointed Co-Managers to the offer.

### Offer Timetable

An indicative Entitlement Offer timetable is set out below.

<b>Timetable for Non-Renounceable Entitlement Offer</b>	
Announcement of the Equity Raising	29 March 2019
Institutional Entitlement Offer and Bookbuild opens	29 March 2019
Institutional Entitlement Offer and Bookbuild closes	1 April 2019
Results of Institutional offer announced and trading halt lifted	2 April 2019
Shares trade ex-entitlement	2 April 2019
Record date for determining Eligible Shareholders	2 April 2019
Retail Entitlement Offer opens and Booklets despatched	5 April 2019
Settlement of New Shares issued under the Placement and Institutional Offer	8 April 2019
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	9 April 2019
Retail Entitlement Offer closes	23 April 2019
Allotment of New Shares issued under the Retail Entitlement Offer	1 May 2019
Despatch of holding statements and normal trading of New Shares	2 May 2019

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.

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

## **Competent Persons Statement**

The information in this report that relates to oil and gas resources in relation to Green Canyon 21 (GC-21) in the Gulf of Mexico was compiled technical employees of Talos Energy and reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Armstrong 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 Armstrong. Mr Armstrong 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](http://www.spe.org). 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 Bulleit prospect in Green Canyon 21 reported for the first time

- The prospective resources information is effective as at 22 February 2019 (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 P50 basis. A range of high and low cases are also advised (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 Green Canyon 21 lease is offshore in US federal waters in the Gulf of Mexico. Otto will earn a 16.67% working interest in the lease by paying 22.22% of the costs of drilling and setting casing or plugging and abandoning the initial well. Otto will be assigned the working interest following the setting of production casing or the plugging and abandoning of the initial well. (LR 5.35.1).
- Talos has a large volume of data over the deepwater Gulf of Mexico and owns and operates several fields including the Green Canyon 18 field and production platform. The Bulleit prospect in Green Canyon 21 lease is a Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMBoe to date. Regional high-quality 3D seismic data, information from

the Green Canyon 18 field and the wells drilled in the 1980s which discovered the DTR-10 and MP sands have been used by Talos in generating the P50 and high and low case estimates of prospective resources. Otto has separately reviewed this utilising a different seismic dataset and incorporating all the above data from Talos.

Seismic and other data as used above is 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 of Mexico.

Appraisal drilling will be required to assess these resources and this is expected to occur in Q2 2019. (LR 5.35.2):

- The chance of discovery for the prospect is set out on page 5. There is a risk that exploration/appraisal 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. (LR 5.35.4).

### Definitions

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- "A\$" means Australian Dollars</li> <li>- "US\$" means United States dollars</li> <li>- "bbl" means barrel</li> <li>- "bbls" means barrels</li> <li>- "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</li> <li>- "boepd" means barrels of oil equivalent per day</li> <li>- "bopd" means barrels of oil per day</li> </ul> | <ul style="list-style-type: none"> <li>- "Mbbl" means thousand barrels</li> <li>- "Mcf" means 1000 cubic feet</li> <li>- "Mboe" or "MBoe" means thousand BOE</li> <li>- "MMbbl" means million barrels</li> <li>- "MMcf" means million cubic feet</li> <li>- "MMboe" means million BOE</li> <li>- "Peak Production Rate" means the maximum steady state rate at which a well is expected to produce.</li> <li>- "VWAP" is the volume weighted average price.</li> <li>- "TERP" the theoretical ex - rights prices at which Otto Energy shares should trade immediately after the ex - date of the Entitlement Offer.</li> </ul> |
|--|--|



# Green Canyon 21 Farmin and Capital Raising

29 March 2019

ASX: OEL

*Not for release to US wire services or distribution in the United States*

1

## Disclaimer (refer also to slide 45)

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-remunerable 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**).

**Not an offer**

This presentation is provided for information purposes only and is not a disclosure document as defined under the *Corporations Act 2001* (Cth). This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase, sale or issue of any securities or any financial product nor does it constitute financial product or investment advice. This Presentation does not contain all the information that may be required for evaluating the Company's assets, prospects or potential opportunities and is not intended to be used as the basis for making an investment decision.

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.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Presentation, 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. Refer to the 'International Offer restrictions' section of this Presentation for more information.

**Not for release or distribution in the United States**

This Presentation may not be released or distributed in the United States.

This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, unless they have been registered under the U.S. Securities Act (which Otto has no obligation or intention to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

**Disclaimer**

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.

To the maximum extent permitted by law, Otto, the Underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Offer and the information in the Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, Otto, the Underwriter and their respective related bodies corporate, shareholders, advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to the Underwriters, their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents, have not independently verified any such information and take no responsibility for any part of this Presentation or the Offer.

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.



2

2

# Company Overview

Building a 5,000 boepd production base by end of 2020 – currently at ~1,750 boepd

- **Diversified production base** from two production assets. Both are the result of discoveries from participation in **successful exploration drilling**
- **South Marsh Island 71** – currently producing ~3,100 bopd of oil delivering ~US\$2m per month free cashflow net to Otto
- Gulf Coast **discovery at Lightning** flow testing showed **high condensate yield** and very high pressure **indicating strong flow rates** when production commences in Q2 2019
- **One discovery already** from the 2019 eight well exploration program with six wells to go. Each prospect **capable of delivering material upside** to Otto
- Highly **experienced Houston based management team** with extensive Gulf Coast and Gulf of Mexico proven track record of exploration successes
- Attractive Gulf of Mexico economics for investment capital, **with limited competition and technological improvements** unlocking new prospects and discoveries

**Strong base of free cash flow to fund continued growth through the drill bit**

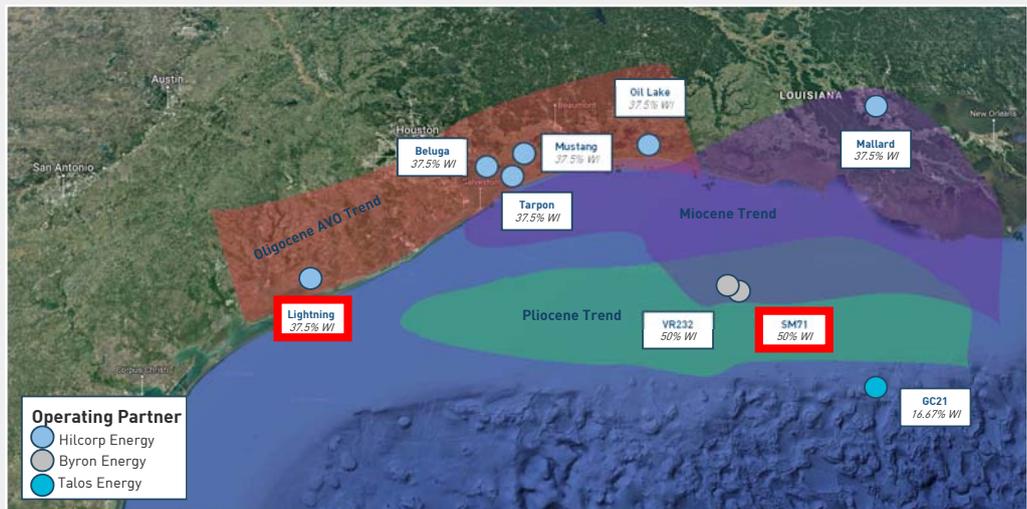


3

3

# Location and Formation

- Houston Headquarters
- ① SM 71 Operations & GC21 Appraisal/Development
- ② Gulf Coast Package



4

4

# Project Ownership Structure

Metric	SM 71	Lightning	Gulf Coast	Green Canyon 21	VR 232
Type	JV	JV	JV	JV	JV
Ownership Structure	50% WI	37.5% WI	37.5% WI (50% of Cost <sup>1</sup> )	16.67% WI (22.22% of Cost <sup>1</sup> )	50% WI (66.7% of Cost <sup>1</sup> )
NRI	40.625%	28.50%	28.50%	13.336%	43.75%
Status	Production	Development	Exploration	Appraisal	Exploration
Onshore/Offshore	Offshore	Onshore	Onshore	Offshore	Offshore
Operator	Byron Energy (50% WI)	Hilcorp (62.5% WI)	Hilcorp (62.5% WI)	Talos Energy (50% WI)	Byron Energy (50% WI)
Comments	3 Wells Generating ~US\$2 Mil. Op Net Cashflow per month	Discovery Feb 2019 significantly greater than the pre-well P50; production in Q2 2019.	One discovery so far. Five wells remaining.	Appraisal well in Q2 2019 with a secondary exploration target providing upside.	Block adjacent to SM 71

1. The promote only applies to the initial test well, land (if applicable) and associated costs. All subsequent other costs after discovery are at the working interest share.  
2. Alaska is not included here as little activity and expenditure is expected over the coming period.



5

5

# Management Team



**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.



**David Rich**  
Chief Financial Officer & Company Secretary  
BCom, FCA, GAICD, Grad.Dip.CSP AGIA

Experienced listed company CFO with the last 16 years as CFO of upstream oil and gas companies with international interests including in Australia, Europe, Asia and the USA.



**Philip Trajanovich**  
Senior Commercial Manager  
B.Com (First Class Honours)

Global experience as a commercial manager working with Aurora Oil & Gas, ConocoPhillips and Woodside. Extensive international and US experience in all facets of upstream oil and gas operations and commercial structures.



**Will Armstrong**  
Vice President, Exploration and New Business  
B.S Geology, M.S. Geology (Geophysics and Hydrogeology)

Over 30 year's experience working the Gulf Coast and Gulf of Mexico as an explorer both as a prospect generator and prospect screener. Previous roles with Tri-C, Newfield, CL&F, Westport, Petroquest and Tenneco Oil Company based in Houston and Lafayette.



**Mark Sunwall**  
Senior Exploration Consultant  
B.S Geology, M.S. Geology

Successful 40+ year career with onshore Gulf Coast and Gulf of Mexico major and independent operators. Mark has worked with Aurora Oil & Gas, Woodside and Texaco.



**Kevin Small**  
Senior Exploration Consultant & Director  
BSc (Geophysical Engineering)

Extensive Gulf of Mexico exploration experience with Blue Streak Exploration, Westport Oil and Gas Company, Superior Oil Company and McMoran Oil and Gas.



6

6

# Capital Raising Summary

Otto is undertaking a ~A\$31 million equity raising via a A\$11 million placement and an underwritten 1 for 5 entitlement offer

<b>Capital Raising Structure</b>	<ul style="list-style-type: none"> <li>Equity raise of approximately A\$31 million via: <ul style="list-style-type: none"> <li>Placement of A\$11 million to new institutional shareholders; and</li> <li>A 1 for 5 underwritten accelerated non-renounceable entitlement offer to existing shareholders</li> </ul> </li> <li>Approximately 582.6 million New Shares will be issued under the equity raise.</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>The offer will be priced at A\$0.053 per New Share, which represents: <ul style="list-style-type: none"> <li>A 7.0% discount to the close on 26 March 2019 of \$0.057</li> <li>A 5.4% discount to the TERP of \$0.056</li> </ul> </li> </ul>
<b>Use of Proceeds</b>	<p>The funds raised from the placement and rights issue will be used in conjunction with cash flows from Otto's 50% owned SM 71 oil field and future cash flows from the Lightning development to :</p> <ul style="list-style-type: none"> <li>Redeem 8.1 million of the 8.2 million convertible notes on issue<sup>1</sup> (Principal of US\$8.1 million plus interest) ~A\$12m</li> <li>Participate in drilling of the Bulleit appraisal well in the Green Canyon 21 lease in the Gulf of Mexico ~A\$13m; and</li> <li>Working capital including contingent development wells ~A\$6m.</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>The entitlement offer is fully underwritten by Morgans Corporate Limited.</li> </ul>
<b>Raising Syndicate</b>	<ul style="list-style-type: none"> <li>The equity raise will be carried out by Morgans Corporate Limited as Lead Manager to the placement and Underwriter to the rights issue. Euroz Securities Limited and Argonaut have been appointed Co-Managers to the offer.</li> </ul>
<b>New Shares</b>	<ul style="list-style-type: none"> <li>New Shares issued under the equity raising will rank equally with existing ordinary shares.</li> </ul>
<b>Pre-commitments</b>	<ul style="list-style-type: none"> <li>Directors, except for Paul Senyica, intend to take up their full entitlements and sub-underwrite A\$350,000 of the entitlement offer.</li> </ul>



1. The remaining 100,000 convertible notes will be converted to ordinary shares on 30 April 2019.

7

7

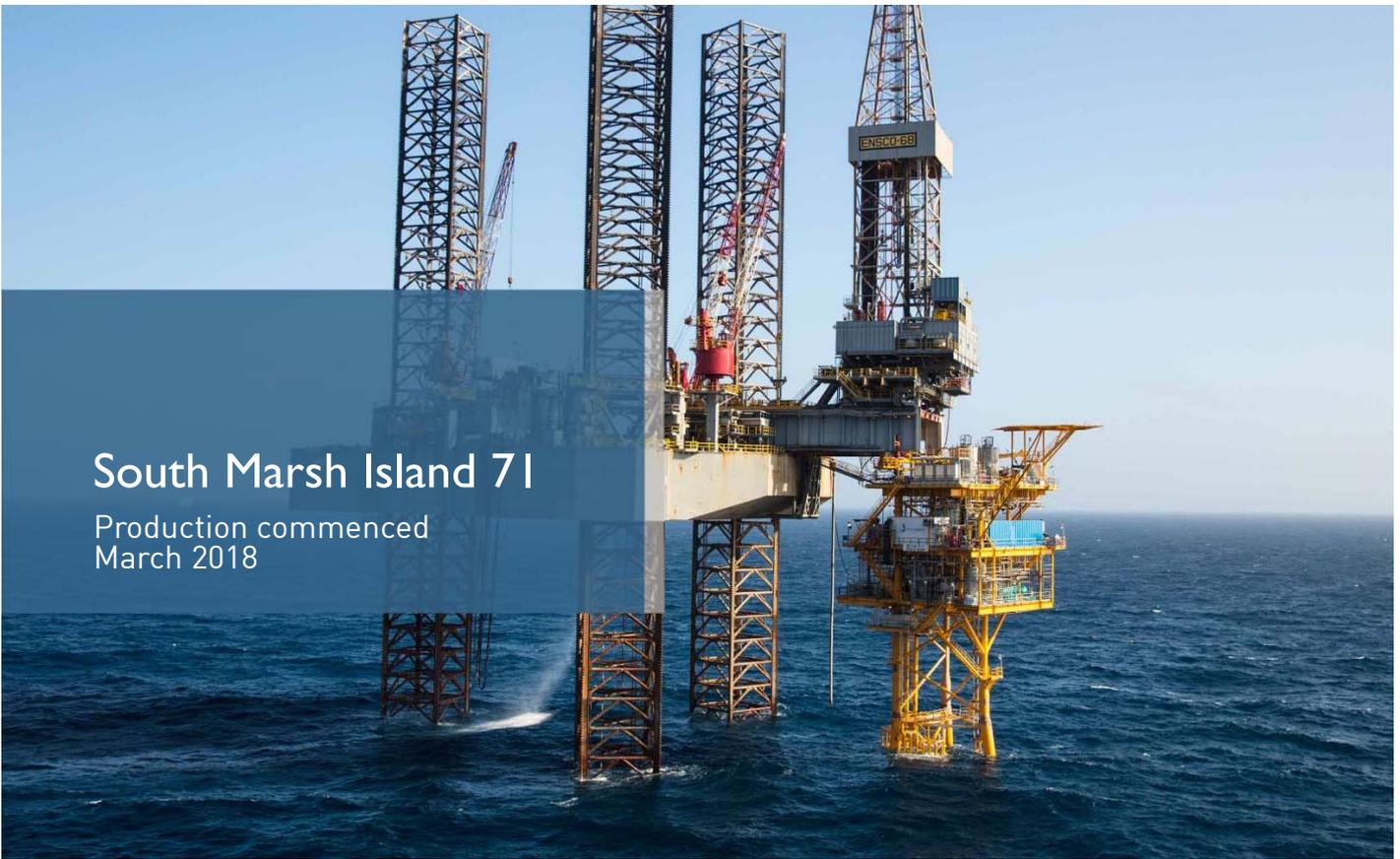
# Timetable for Capital Raising

Timetable for Non-Renounceable Entitlement Offer	
Announcement of the Equity Raising	29 March 2019
Institutional Entitlement Offer and Bookbuild opens	29 March 2019
Institutional Entitlement Offer and Bookbuild closes	1 April 2019
Results of Institutional offer announced and trading halt lifted	2 April 2019
Shares trade ex-entitlement	2 April 2019
Record date for determining Eligible Shareholders	2 April 2019
Retail Entitlement Offer opens and Booklets despatched	5 April 2019
Settlement of New Shares issued under the Placement and Institutional Offer	8 April 2019
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	9 April 2019
Retail Entitlement Offer closes	23 April 2019
Allotment of New Shares issued under the Retail Entitlement Offer	1 May 2019
Despatch of holding statements and normal trading of New Shares	2 May 2019



8

8



# South Marsh Island 71

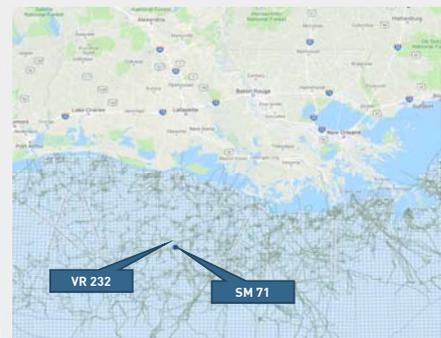
Production commenced  
March 2018



## South Marsh Island 71 - Overview

Strong free cashflow base to fund growth **~US\$2m in net operating cashflow each month**

- 12 months of stable production with in excess of 1 million bbls produced
  - Currently producing approximately 3,100 bopd plus 7 MMscf/d of gas (gross)
- Long dated 2P reserves life ~ to 2037<sup>1</sup>
- Low opex, high margin oil production
- SM 71 receives premium pricing to WTI at LLS benchmark
  - Low transportation costs (~ \$7/bbl) through existing infrastructure
- Recently acquired a modern, high-quality 3D seismic data set over the area to prepare a field development study incorporating recent field performance, and studies on additional hydrocarbon bearing sands intersected during drilling, to assess Operator's development plans
- Potential opportunity to grow production and cash flow through additional development wells and underutilized platform capacity
  - Platform with capacity for **up to 6 production wells and 5,000 bopd** (currently three wells are installed)
- 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
- 50:50 JV (40.625% NRI) with operator Byron Energy



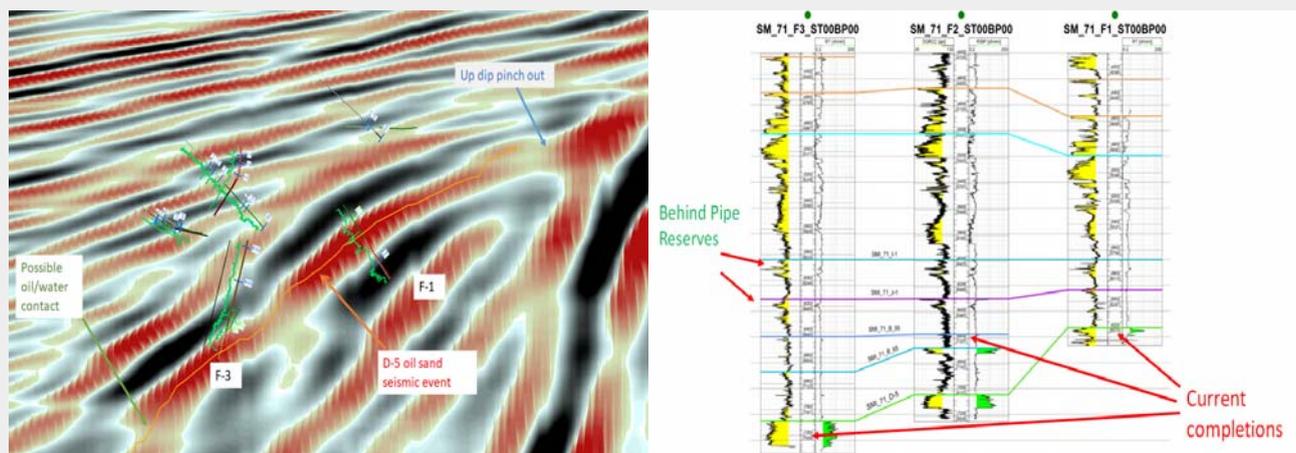
SM 71 F Production Platform (Gulf of Mexico)



1. Per Collarini independent reserves estimation 30 June 2018.

# South Marsh Island 71 - D5 Sand Completions

Salt dome flank play unlocked with further infill opportunity



**Notice:** This data is owned by and is a trade secret of Fairfield Geotechnologies and is protected by US and international copyrights. The use of this data is restricted to companies holding a valid licence from Fairfield Geotechnologies and is subject to the confidentiality terms of that licence. The data may not be disclosed or transferred except as expressly authorised in the licence. Any unauthorised disclosure, use, reproduction, reprocessing or transfer of this data is strictly prohibited.



## South Marsh Island 71 – Reserves Statement

SM 71 30 June 2018 Collarini & Associates Independent Estimate	Gross 100%			Otto Net (40.625%)		
	Oil (Mbbbl)	Gas (MMscf)	MBoe	Oil (Mbbbl)	Gas (MMscf)	MBoe
<b>Proved Developed Producing (PDP)</b>	3,466	2,130	3,821	1,408	865	1,552
<b>Proved Behind Pipe (PDNP)</b>	609	380	672	248	155	274
<b>Proved Undeveloped (PUD)</b>	1,404	868	1,549	570	352	629
<b>Proven (1P)</b>	5,479	3,378	6,042	2,226	1,372	2,455
<b>Probable</b>	9,030	6,974	10,192	3,668	2,833	4,140
<b>Proven Plus Probable (2P)</b>	14,509	10,352	16,234	5,894	4,205	6,595
<b>Possible</b>	4,651	3,970	5,313	1,890	1,613	2,159
<b>Proven Plus Probable Plus Possible (3P)</b>	19,160	14,322	21,547	7,784	5,818	8,754

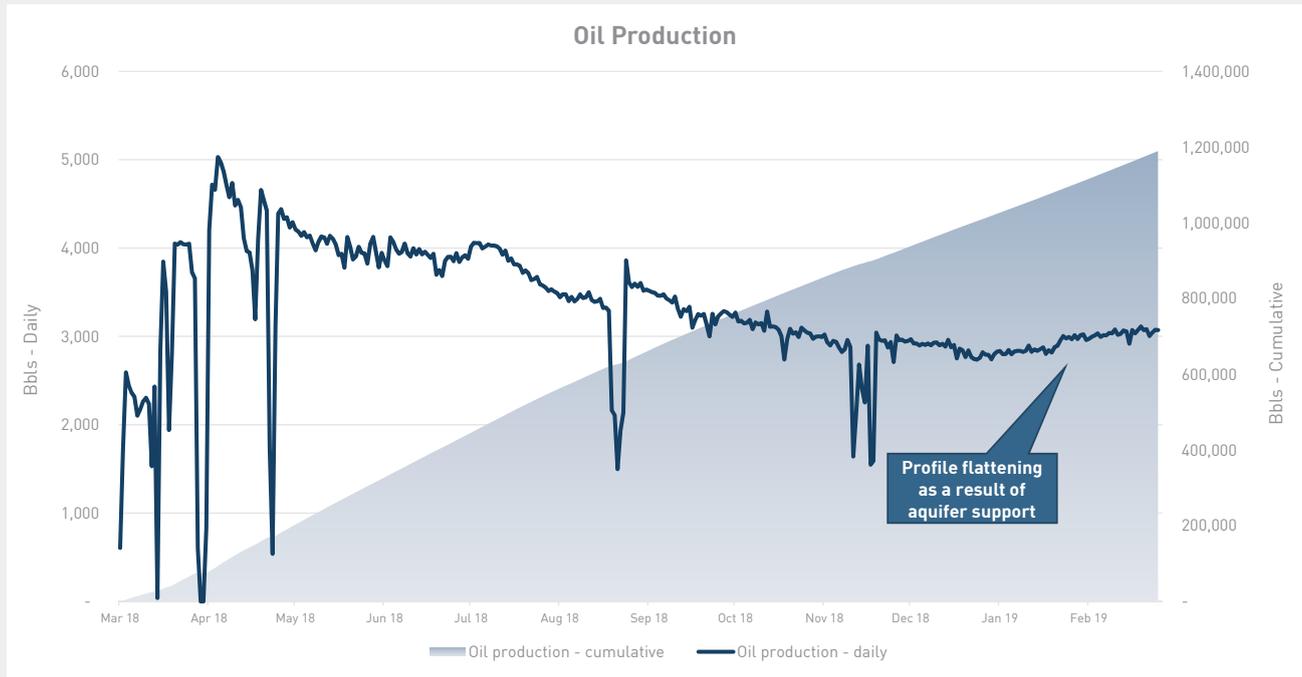
### Reserves Cautionary Statement

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 statements.



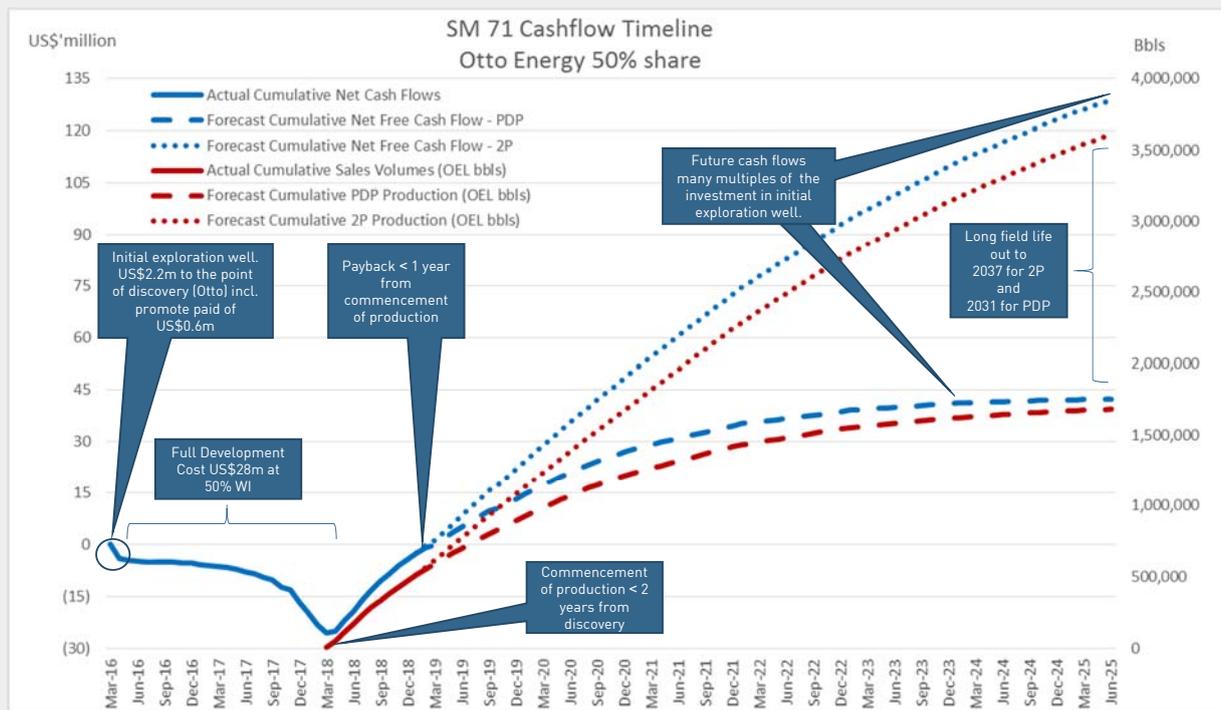
# South Marsh Island 71 – Production History

Field reached 1 million bbls production milestone in January 2019 – less than one year after production commenced



# South Marsh Island 71 – Cash Generating Oil Field

SM 71 provides excellent returns illustrating a typical cash flow profile for a conventional oil field



The PDP and 2P forecasts and forward capital expenditure are taken from the 30 June 2018 independent Reserves estimates for SM 71 by Collarini and Associates as set out on slide 12. The forecasts are for 3 well PDP and 2P production. Cash flows are based on the forward price curves as at 5 March 2019.





## Gulf Coast Package with Hilcorp Energy

Multi-well exploration package with first  
discovery made February 2019



15

15

## Gulf Coast Package - Exploration with Hilcorp

Value of Lightning discovery expected to exceed capital costs of the full 8 well program

- Lightning exploration well delivers **first discovery** in program with production expected to commence in Q2 2019
- The value of the Lightning discovery is expected to exceed the capital cost of the 8 well program.
- Portfolio of a **further five high probability of success**, technically independent exploration prospects generated off new proprietary 3D seismic remaining to be drilled in 2019
- Highly experienced and privately owned US Gulf Coast operator **Hilcorp Energy** executing drilling and development program
- Near/Onshore locations with identified access to infrastructure providing **rapid, low capex pathway from discovery to production** upon success
- Otto 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 of the 8 well program. Capital expenditure for the next five wells expected to be ~US\$24 million
- **Attractive deal terms** with potential for further drilling opportunities beyond the initial eight wells



16

16

Page 37

## Gulf Coast Package – Lightning Discovery

Flow test indicates high liquids yield and strong production expected - commencing in Q2 2019

- Discovery made Feb 2019 with **180 feet of net pay logged** compared to pre-drill P50 and P10 estimates of 31 and 75 feet respectively
- **Production expected to commence in Q2 2019**
- **Facilities construction underway** with completion and development to cost US\$1.5 million (Otto share)
- **Flow test indicates high liquids yield** of 40-45 bbls per MMscf – well in excess of pre-drill estimates
- Flow test results, high well pressures and nearby Freo Tex Mis production rates of 8-13 MMscf/d **indicate high production rates can be expected**
- **Well to generate ~US\$0.5 million/month** for Otto at current commodity prices (1 well) based on flow test information and nearby production rates
- Ultimate economic recovery from the field to include recompletions in higher sands and likely further wells

	Pre-drill Estimates			Actual Result	% Increase over P50 Pre-drill Estimate
	P10	P50	P90		
Net Pay (feet)	75	31	13	<b>180 - 330</b>	481% - 965%
Liquids ratio (CGR) bbls per MMcf	20	10	5	<b>40 - 45</b>	300% - 350%
Prospective Resources MMboe (28.50% NRI)	2.87	0.91	0.26	Reserves to be determined	

### 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. Refer to slide 43 for further information on prospective resources disclosure.



17

17

## Gulf Coast Package – Prospective Resources

Independent prospects committed to be drilled based on proprietary 3D seismic results

Prospect Name (State)	Working Interest	Net Revenue Interest	Planned Spud Date	Target Depth (TVD), ft	Stratigraphic Interval	Probability of Success	Prospective Resources <sup>1</sup> MMboe			
							Otto Net Revenue Interest			
							P90	P50	Mean	P10
Mustang, TX	37.50%	30.00%	May-19	17,500	Oligocene	56%	0.8	1.9	2.4	4.8
Beluga, TX	37.50%	28.50%	Jun-19	13,000	Oligocene	45%	0.2	0.9	1.4	3.4
Tarpon, TX	37.50%	29.06%	Sep-19	14,000	Oligocene	34%	2.2	7.0	10.5	23.5
Mallard, LA	37.50%	29.63%	Nov-19	11,000	Mid Miocene	64%	0.1	0.3	0.5	1.3
Oil Lake, LA	37.50%	29.06%	Dec-19	14,500	Frio	45%	0.3	1.0	1.3	2.7

### <sup>1</sup>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.

Refer to slide 43 for further information on prospective resources disclosure.



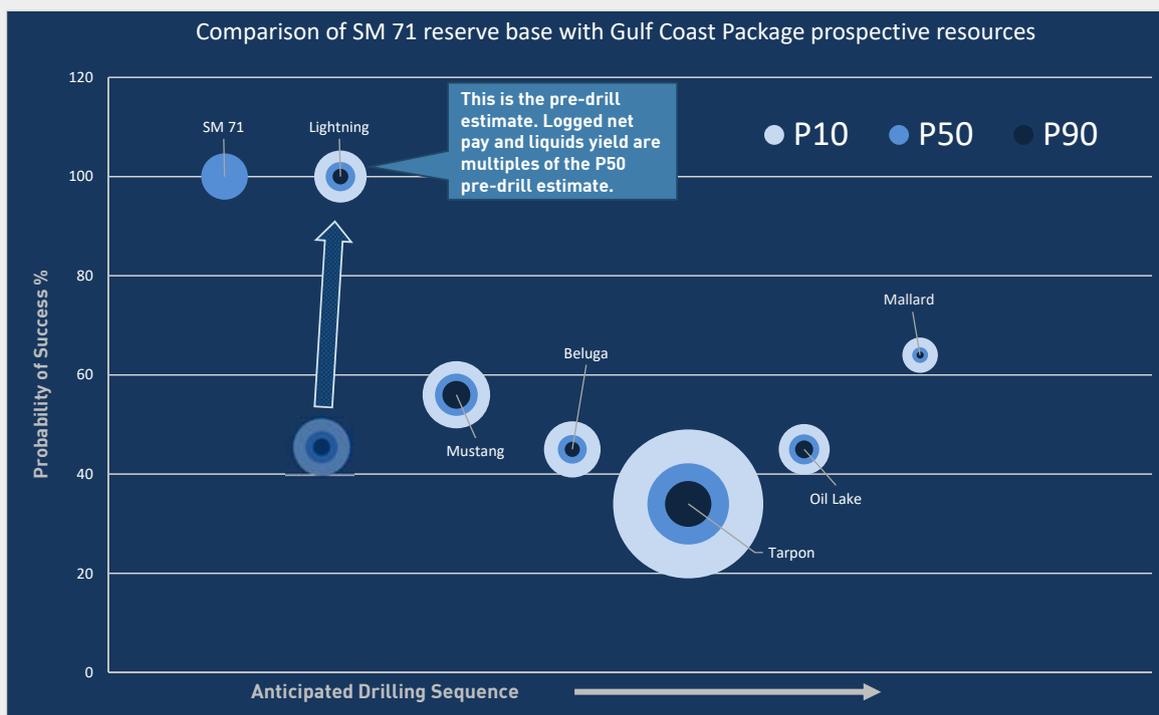
18

18

Page 38

# Gulf Coast Package - Timing

Risk-weighted potential of the Hilcorp Gulf Coast portfolio versus SM 71



Refer to the ASX announcement dated 31 July 2018 for further information on prospective resources disclosure.



## Chambers County – Mustang Prospect

Mustang Key Details		
<b>JV Partners</b>	<b>Hilcorp (operator)</b> <b>Otto Energy</b>	<b>62.5%</b> <b>37.5%</b>
<b>Objective</b>	17,500 ft MD targeting Oligocene Vicksburg formation	
<b>Geological Setting</b>	Significant historical production exists from the Frio/Tex Miss in Chambers County, however the Vicksburg has seen limited exploration in the Chambers County area. Mustang is an amplitude supported slope channel/fan. Recent modern 3D seismic has yielded discoveries that prove working analogues in the slope channel/fan setting at Eagle Bay, Algoa Turtle Beach fields in the Vicksburg. The Mustang prospect demonstrates strong AVO (amplitude versus offset) on 3D seismic with good conformance of the amplitude response to structure.	
<b>Lease terms</b>	Royalty rate 24%	
<b>Upside Potential</b>	Corsair and Hellcat	
<b>Development Plan</b>	A completed well would be tied back to an existing gas export line near the well with first sales expected to be delivered approximately 90 days after any successful pay in the well is logged. Estimated completion and development costs US\$0.7 million (Otto share US\$0.26 million)	

### MUSTANG PROSPECTIVE RESOURCES<sup>1</sup>

Prospect	GROSS			OTTO 37.5% WI			OTTO 28.50% NRI		
	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)	Oil (MMbbl)	Gas (Bscf)	MMBOE (6:1)
<b>P90</b>	0.41	14.80	2.88	0.15	5.55	1.08	0.12	4.22	0.82
<b>P50</b>	1.42	31.50	6.67	0.53	11.81	2.50	0.40	8.98	1.90
<b>Mean</b>	2.26	37.80	8.56	0.85	14.18	3.21	0.64	10.77	2.44
<b>P10</b>	5.23	69.20	16.76	1.96	25.95	6.29	1.49	19.72	4.78

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. Refer to the ASX release "Otto Farms in to Eight Well Gulf Coast Package with Hilcorp" dated 31 July 2018 for further details on the prospective resources.





## Green Canyon 21 farm-in with Talos Energy

Low risk, high production rate oil development with deeper amplitude supported exploration potential



21

21

## Gulf of Mexico Green Canyon 21 Farm-in - Overview

Opportunity to participate in appraisal drilling in May 2019 with respected offshore operator, Talos Energy, testing the “Bulleit” prospect

- Drilling of existing discovery in May 2019 with further upside through deepening to test a second target from the same well
- Production and cashflow in to commence in 2020
- US\$9 mil. initial expenditure incl DHC, bonding and insurance
- “Bulleit is an amplitude-supported Pliocene prospect with similar seismic attributes to the analogous sand section in Talos’s Green Canyon 18 field, which has produced approximately 39 MMBoe to date” Talos<sup>1</sup>

Joint Venture Parties		
Party	Working Interest	Net Revenue Interest
Talos Energy (Operator)	50.00%	40.00%
Enven	33.33%	26.67%
Otto Energy	16.67%	13.34%



Talos Energy (NYSE: TALO) is a technically driven independent exploration and production company with operations in the United States Gulf of Mexico and in the shallow waters off the coast of Mexico. Talos’s focus in the United States Gulf of Mexico is the exploration, acquisition, exploitation and development of shallow and deepwater assets near existing infrastructure. The shallow waters off the coast of Mexico provide Talos with high impact exploration opportunities in an emerging basin.



1. Refer to Talos’s 13 March 2019 release “Talos Energy Announces Fourth Quarter And Full Year 2018 Financial And Operational Results”.

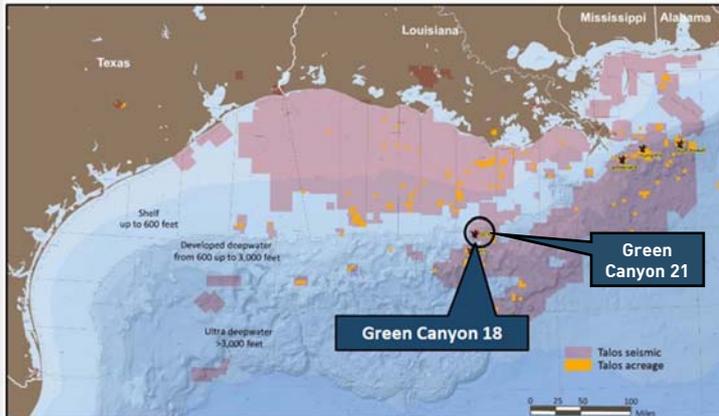
22

22

Page 40

# Gulf of Mexico Green Canyon 21 Farm-in - Overview

Otto to participate in appraisal/development drilling at Green Canyon 21 operated by Talos Energy



## Low risk, high production rate oil development with deeper amplitude supported exploration potential

- Farm-in terms: 1/3 for 1/4 on first well
- Working Interest 16.67% (paying 22.22% on first well)
- Net Revenue Interest 13.34%
- Timing: Spud 2Q-19 with first production in 2020
- Probability of success: 63%
- Development plan: Subsea tieback to Talos - operated GC-18A Platform.
- Initial well capital requirement:
  - US\$33 mil. (100%) US\$9.0 mil.<sup>1</sup> (Otto Share)
- Development capex:
  - US\$80-100 mil. (100%) US\$13-17 mil. (Otto 16.67%)
- Potential flow rates 8-15,000 boepd
- Bonito benchmark revenue
- P50 Prospective resources:
  - Gross (100%) 14.5 MMboe; NRI (13.34%) 1.9 MMboe

Talos has advised that gross prospective resources are expected to be between 10 to 30 MMboe on an unrisks basis.

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. Refer to the ASX release "Otto Farms in to Eight Well Gulf Coast Package with Hilcorp" dated 31 July 2018 for further details on the prospective resources.



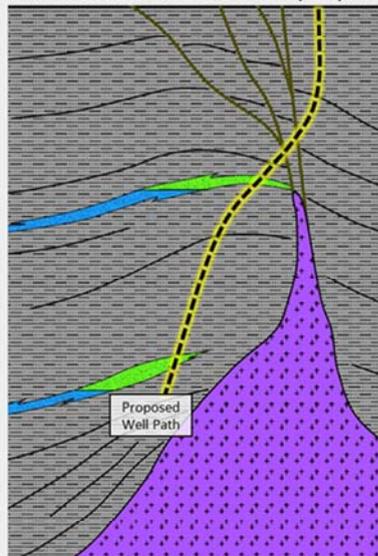
1. Note the US\$9.0 million includes the initial well cost of US\$33 million at 22.22% paying interest (US\$7.4 million) plus US\$1.6 million for regulatory bonding and insurance required to participate in the well.

# Green Canyon 21 Farm-in – Overview of Bulleit

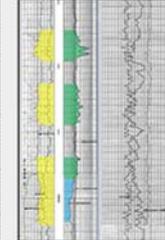
Key targets already discovered and tested – appraisal/development well to be drilled in Q2 2019

- **Originally discovered in 1984**
  - Three oil sands discovered within the DTR-10 Sand Package; DSTs from first and third sands yielded test rates of 2,100 bopd and 1,675 bopd
  - Higher production rates will be delivered when connected to a production platform
  - Sidetrack found oil pay in both DTR-10 and deeper MP Sands.
  - 1987 well also found oil in DTR-10 Sand.
- **Talos farmed into GC 21 from Enven in December 2018.**
  - Talos owns and operates the GC 18A platform with spare capacity within tie back distance of GC 21
  - Talos strategy is to utilize the infrastructure to profitably develop prospective resources within tie back distance.

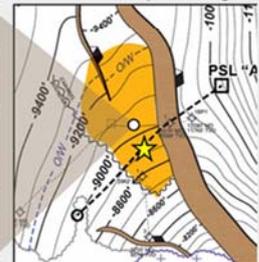
Illustrative Drill Line for DW Tie-Back Prospect (A - A')



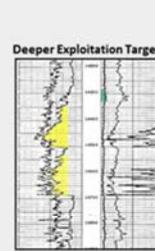
Shallow Development Target



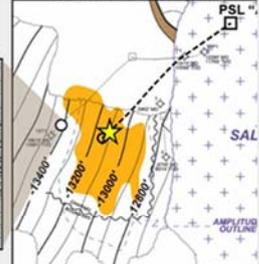
Shallow Development Target



Deeper Exploitation Target



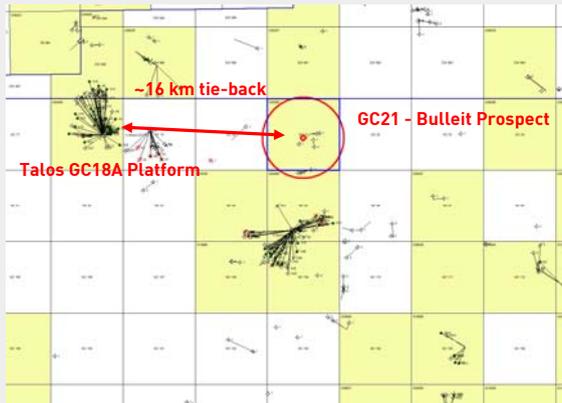
Deeper Exploitation Target



# Green Canyon 21 Farm-in – Overview of Development

Subsea development planned to start production in 2020

- Talos will complete the well as a subsea tieback with a smart completion; tying back to Talos operated GC 18A-Platform.
- Adequate capacity for a second well if warranted for acceleration.
- Date of first production is estimated by Talos to be 12-18 months from spud.
- Talos expects initial production rates from the MP sand to be between 8,000 and 15,000 boepd based on nodal analysis.



Green Canyon 18A Production Facility



25

25



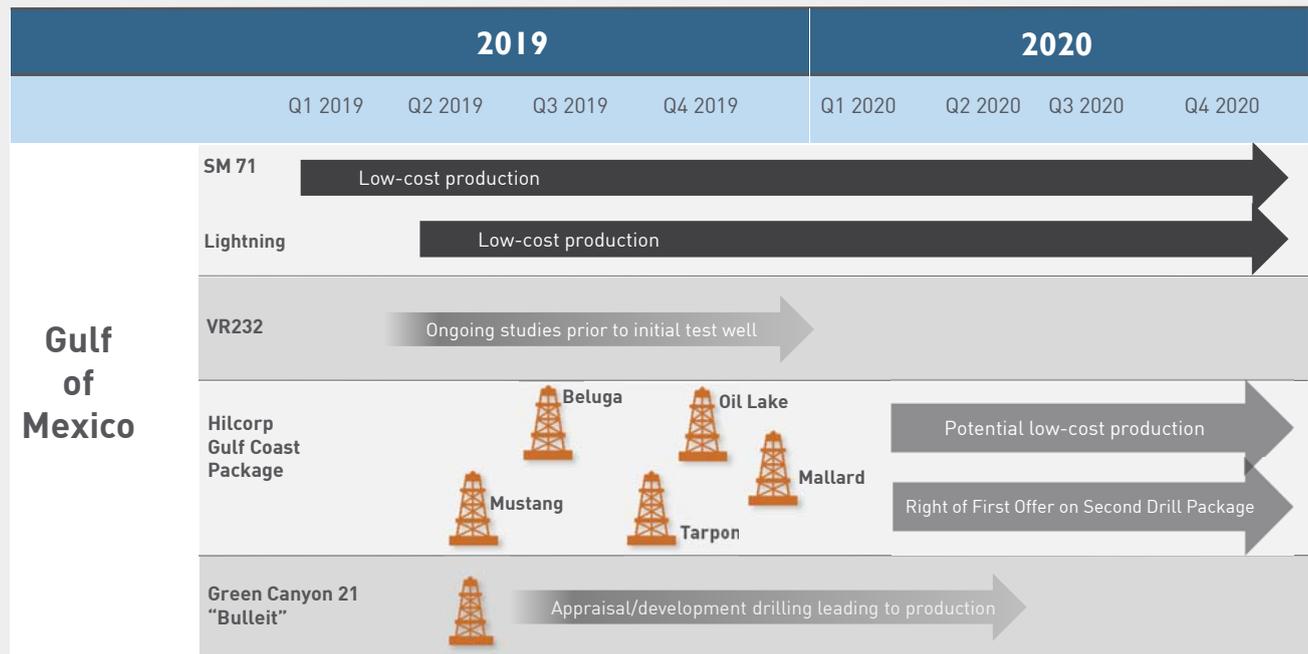
26

26

Page 42

# Pipeline of Opportunities

Otto has assembled an exciting pipeline of upcoming activities



27

27

## Otto Energy Limited (ASX:OEL)

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

- Low cost oil producer - expected to generate **net free cashflow of ~US\$2m per month** from SM 71
- Production from Lightning is expected to come online in 2Q 2019
- Significant activity - **extensive exploration drilling campaign with at least 6 high-impact wells to be drilled** by the end of 2019
- High Probability of Success (POS) prospects - **multiple opportunities to diversify and expand reserves, production and cash flow**
- Strong **financial and production growth discipline** - 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
- **Strong cash position and debt-free balance sheet** to fund continued growth



28

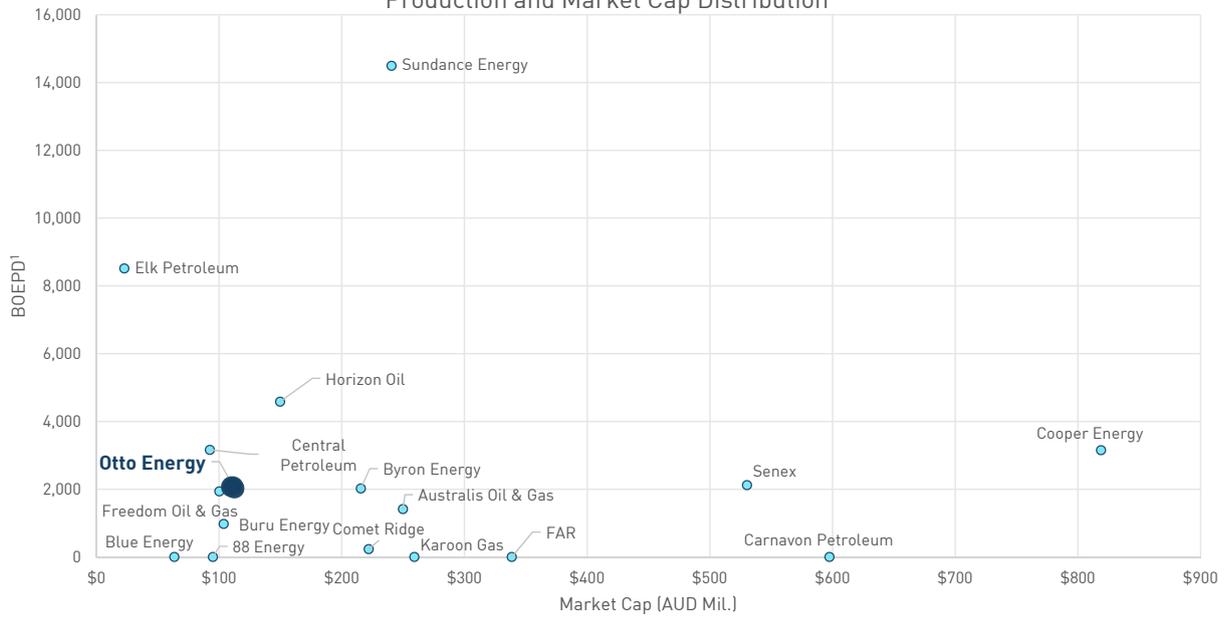
28

Page 43

# Peer Analysis

High margin producer with compelling valuation metrics

ASX Mid Cap Oil & Gas Companies 15 March 2019  
Production and Market Cap Distribution



1. Production is as reported in the December 2018 quarterly reports.



29



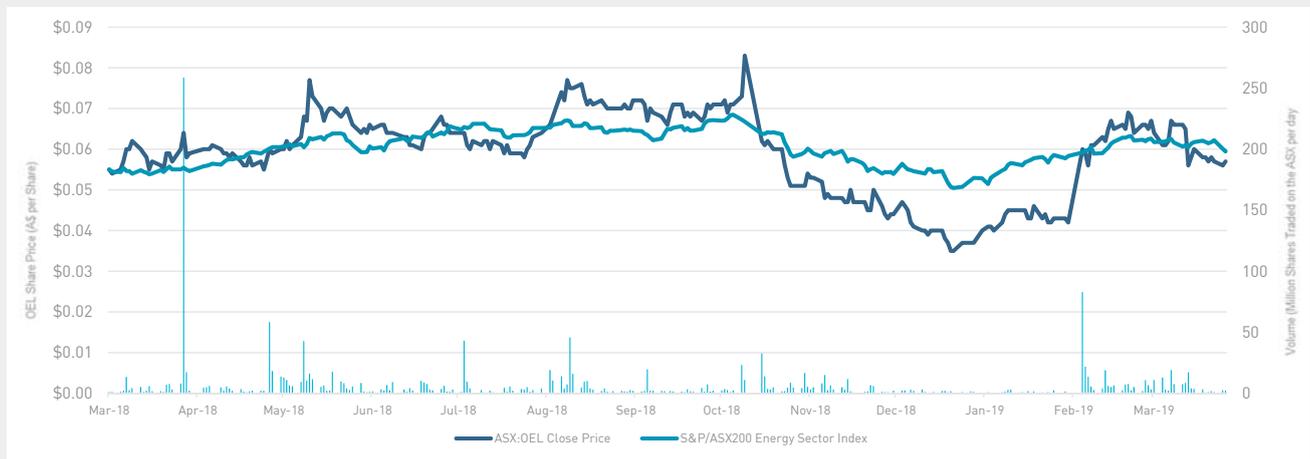
Additional Information



30

# Corporate Snapshot (ASX:OEL) – Pre-Capital Raising

CAPITAL STRUCTURE		FUNDING POSITION		SHAREHOLDERS	
Fully paid ordinary shares	1.875b	Cash (28 February 2019)	US\$7.8m	Molton Holdings	16.3%
Performance Rights	46.8m	Convertible Note Liability (repayable 30 June 2019) <sup>3</sup>	US\$8.8m	Perennial Value Management	8.2%
Convertible Notes (US\$1 per note) <sup>2</sup>	8.2m	Debt	Nil	Colonial First State	5.5%
Market capitalisation <sup>1</sup>	A\$107m			Directors & Management	2.5%



1. As at 26 March 2019 (undiluted at 5.7 cents per share).  
 2. Convertible notes issued for US\$8.2m on 2 August 2017. Conversion price of A\$0.05484, maturity 30 June 2019. The notes have a face value of US\$1.00. 8.1 million Convertible Notes will be redeemed on 30 April 2019 and the balance of 100,000 Convertible Notes will be converted to ordinary shares on 30 April 2019.  
 3. Convertible note liability includes principle and interest accrued as at 31 December 2018. Due to redemption and conversion of the convertible notes (see 2 above), the liability will reduce to zero on 30 April 2019.



## Board of Directors



**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.



**Kevin Small**  
**Non-Executive Director & Senior Exploration Consultant**  
**BSc (Geophysical Engineering)**  
 Extensive Gulf of Mexico exploration experience with Blue Streak Exploration, Westport Oil and Gas Company, Superior Oil Company and McMoran Oil and Gas.



**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 Senyca**  
**Non-Executive Director**  
**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 listed company CFO with the last 16 years as CFO of upstream oil and gas companies with international interests including in Australia, Europe, Asia and the USA.



# South Marsh Island 71 – Key Facts

Discovered in 2016 – production commenced March 2018

<b>JV Partners</b>	Otto Energy 50.0% WI / 40.625% NRI Byron Energy (operator) 50.0% WI / 40.625% NRI	<b>Lease terms</b>	Held by production, entry secured via farm-in during December 2015, Royalty rate 18.75%
<b>Geology</b>	Pleistocene to Pliocene age sands primarily trapped in three way structural closures bound by either salt or stratigraphic thinning ranging from depths of 5,000 feet to 8,000 TVD	<b>F1 and F3 wells</b>	F1 and F3 wells currently completed in D5 sand No prior production from the D5 sand in SM 71 The D5 sand is a prolific production interval at the SM 73 salt dome with cumulative production of over 20.5 MMbbls oil and 15.2 Bcf of gas
<b>Water Depth</b>	40 meters (131 feet)	<b>F2 well</b>	F2 well currently completed in B55 sand Recompletion undertaken in October 2018 and gas lift modifications undertaken in December 2018
<b>Discovery well</b>	F1 well drilled April 2016 with 132 TVT net feet oil	<b>Cumulative Production</b>	First oil produced 23 March 2018 1.0 million bbls of oil and 1.3 bcf of gas produced by 14 January 2019
<b>Additional Wells</b>	F2 drilled November 2017, 205 TVT net feet oil F3 drilled January 2018, 175 TVT net feet oil	<b>Gross Production Rates</b>	~3,100 bopd of oil and 7,100 mscf of gas
<b>F Platform</b>	JV owned tripod, 6 well slots, installed October 2017		
<b>Gross Project Cost</b>	US\$52 million		



# Chambers County – Vicksburg Prospects



# Reserves & Prospective Resources

RESERVES AND PROSPECTIVE RESOURCES  
OTTO ENERGY WORKING INTEREST (WI) %

Reserves - 30 June 2018	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
<b>SM-71, WI (50%)</b>			
Proved Producing	1,733	1,065	1,910
Proved Behind Pipe	305	191	337
Proved Undeveloped	702	433	774
<b>Proved (1P)</b>	<b>2,740</b>	<b>1,689</b>	<b>3,021</b>
Probable Reserves	4,514	3,487	5,096
<b>Proved and Probable (2P)</b>	<b>7,254</b>	<b>5,175</b>	<b>8,117</b>
Possible Reserves	2,326	1,985	2,657
<b>Proved, Probable and Possible (3P)</b>	<b>9,580</b>	<b>7,161</b>	<b>10,774</b>

Prospective Resource (Best Estimate, Unrisked)	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71, WI (50%)	476	23,844	4,450
VR 232, WI (50%)	85	5,500	1,002
Lightning (Pre-drill), WI (37.5%)	137	9,459	1,713
Mustang, WI (37.5%)	848	14,175	3,210
Beluga, WI (37.5%)	454	7,969	1,782
Oil Lake, WI (37.5%)	1,252	2,522	1,672
Tarpon, WI (37.5%)	3,454	60,739	13,577
Mallard, WI (37.5%)	168	2,922	655
Bulleit, WI (16.67%)	2,155	1,572	2,417
Alaska (Central Blocks) WI (10.8%)	70,000	-	70,000

## 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.

Notes:

- Lightning has been drilled by the Green#1 well and was a discovery. Logs indicate the discovery is substantially above pre-drill expectations. Refer to slide 17.
- Refer to Otto Energy's announcement to ASX on 6 August 2018 for full information on the SM 71 independent Reserves Report prepared by Collarini and Associates as at 30 June 2018. Please also refer to the notes on slide 43 regarding reserves and prospective resources.



35

RESERVES AND PROSPECTIVE RESOURCES  
OTTO ENERGY NET REVENUE INTEREST (NRI) %

Reserves - 30 June 2018	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
<b>SM-71, NRI (40.625%)</b>			
Proved Producing	1,408	865	1,552
Proved Behind Pipe	248	155	274
Proved Undeveloped	570	352	629
<b>Proved (1P)</b>	<b>2,226</b>	<b>1,372</b>	<b>2,455</b>
Probable Reserves	3,668	2,833	4,140
<b>Proved and Probable (2P)</b>	<b>5,894</b>	<b>4,205</b>	<b>6,595</b>
Possible Reserves	1,890	1,613	2,159
<b>Proved, Probable and Possible (3P)</b>	<b>7,784</b>	<b>5,818</b>	<b>8,754</b>

Prospective Resource (Best Estimate, Unrisked)	Oil (Mbbbls)	Gas (MMscf)	Mboe (6:1)
SM-71, NRI (40.625%)	387	19,373	3,616
VR 232, NRI (43.75%)	74	4,813	876
Lightning (Pre-drill), NRI (28.5%)	104	7,189	1,302
Mustang, NRI (30.0%)	644	10,773	2,440
Beluga, NRI (28.5%)	363	6,375	1,426
Oil Lake, NRI (29.06%)	970	1,954	1,296
Tarpon, NRI (29.06%)	2,676	47,068	10,521
Mallard, NRI (29.63%)	133	2,309	518
Bulleit, NRI (13.34%)	1,724	1,258	1,934
Alaska (Central Blocks) NRI (9 - 9.45%) *	58,333 - 61,250	-	58,333 - 61,250

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

## 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 its portfolio, including estimates of the associated prospective resources, is based in part on information provided by the operators of those joint ventures. Except for SM 71, independent engineers have not provided a report regarding the estimates of prospective resources. 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. If this were to occur, Otto may not realise the expected benefits from the portfolio.

### Risk that expense estimates differ materially from actual amounts

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

Except for SM 71, the estimates included in this document have been made by Otto technical staff and contractors without review by an independent petroleum engineering firm. Data used to make these estimates was furnished by the operators of the various joint ventures 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, expenditure and production related to the various projects may differ materially from the amounts indicated.

### Underwriting risk

Otto has entered into an underwriting agreement under which the Lead Manager 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: 1. would not be able to terminate the drilling of the remaining five wells in the Gulf Coast Package without liquidated damages of US\$1 million per well; 2. may not be able to participate in the drilling of the well in Green Canyon 21; and 3. may not be able to make the payment required to redeem the convertible notes. In these circumstances, Otto may need to utilise alternative funding to meet its obligations under its various agreements, 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.



36

## 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 2019), 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 Package, Lightning development and Green Canyon 21 drilling has been estimated based on the achievement of production targets at SM 71 and Lightning. There is a risk that SM 71 or Lightning or both do 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.

### Project development and delivery risk

Otto undertakes investments in oil and gas projects to extract, process and supply oil and gas including SM 71 and Lightning and any future discoveries. Such projects may be delayed or be unsuccessful for many reasons including unanticipated economic, financial, operational, engineering, technical, environmental, contractual, regulatory, community or political events. Delays, changes in scope, cost increases or poor performance outcomes pose risks that may impact Otto's financial performance.

### 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.



37

37

## 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 its ability to meet 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 are around 23% lower than the highs of September/October 2018 yet are also around 38% higher than the lowest prices in December 2018. Over the past 10 years WTI oil has traded at over US\$110/bbl and under US\$30/bbl. 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, development and production activities are inherently subject to numerous risks, including the risk that drilling and development 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 and development of a well for production is also subject to numerous sub-surface, technical, drilling, completion, development and other risks which may impact the commerciality of production.

### 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, 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.



38

38

Page 48

# 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 oil field, which currently constitutes all of Otto's production, and the Lightning field which is expected to commence production in the second quarter of 2019. A sustained interruption in 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 development 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).



39

39

# 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 opportunities;
- 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.



40

40

Page 49

# Key Risks

## Joint venture relationships

The majority of Otto's business is carried on through joint ventures. The use of joint ventures is common in the exploration and production industry and serves to mitigate the risk and associated cost of exploration, production and operational failure. However, failure of agreement or alignment with joint venture partners, or the failure of third party joint venture operators, could have a material effect on Otto's business. The failure of joint venture partners to meet their commitments and share costs and liabilities can result in increased costs to Otto.

## 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 or has operated, may impact Otto's future tax liabilities.

## Convertible Note

Otto has issued convertible notes worth US\$8.0 million 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.

The Noteholders have elected to redeem 8,100,000 of the convertible notes on 30 April 2019 (US\$8.1 million plus interest) and to convert the remaining 100,000 notes on 30 April 2019. After 30 April 2019 the security will remain in place until any potential success fee is paid. Any success fee is payable by 30 July 2019.

## Green Canyon 21

Documentation is still to be finalised and executed with Talos Energy for Otto Energy to farm in to the Green Canyon 21 lease. While Otto Energy has done its due diligence and is working with Talos on the documentation, there is a risk that final documentation will not be able to be completed to Otto Energy's satisfaction and the transaction does not proceed.

## 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.



41

41

# Pro Forma Consolidated Statement of Financial Position

	31-Dec-18	Placement and Entitlement Issue	Convertible Note	Pro Forma 31-Dec-18
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Current assets</b>				
Cash and cash equivalents	10,333	21,735	(9,119)	22,949
Trade and other receivables	2,902	-	-	2,902
Other assets	1,187	-	-	1,187
<b>Total current assets</b>	<b>14,422</b>	<b>21,735</b>	<b>(9,119)</b>	<b>27,038</b>
<b>Non-current assets</b>				
Oil and gas properties	26,550	-	-	26,550
Property, plant and equipment	201	-	-	201
Other assets	1,105	-	-	1,105
<b>Total non-current assets</b>	<b>27,856</b>	<b>-</b>	<b>-</b>	<b>27,856</b>
<b>Total assets</b>	<b>42,278</b>	<b>21,735</b>	<b>(9,119)</b>	<b>54,894</b>
<b>Current liabilities</b>				
Trade and other payables	2,114	-	(1,019)	1,095
Provisions	152	-	-	152
Convertible note	7,869	-	(7,869)	-
Convertible note derivative	549	-	(549)	-
	<b>10,684</b>	<b>-</b>	<b>(9,437)</b>	<b>1,247</b>
<b>Non-current liabilities</b>				
Provisions	1,154	-	-	1,154
<b>Total non-current liabilities</b>	<b>1,154</b>	<b>-</b>	<b>-</b>	<b>1,154</b>
<b>Total liabilities</b>	<b>11,838</b>	<b>-</b>	<b>(9,437)</b>	<b>2,401</b>
<b>Net assets</b>	<b>30,440</b>	<b>21,735</b>	<b>318</b>	<b>52,493</b>
<b>Equity</b>				
Contributed equity	104,505	21,735	100	126,340
Reserves	13,937	-	-	13,937
Accumulated losses	(88,002)	-	218	(87,784)
<b>Total equity</b>	<b>30,440</b>	<b>21,735</b>	<b>318</b>	<b>52,493</b>

## Notes

- Derived from the 31 December 2018 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](http://www.ottoenergy.com).
- Had the Green Canyon 21 farmin occurred on 31 December 2018, the notes to the financial statements would have recorded a commitment amount of US\$7.4 million for the Green Canyon 21 initial appraisal well as at 31 December 2018.
- The placement and entitlement issue amount is calculated as A\$30.878 million at the 31 December 2018 USD:AUD exchange rate of 0.7039. Costs of the raising have not been included.
- 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 redemption and conversion of the convertible notes, farmin to Green Canyon 21 and the Placement and Entitlement Offer had occurred at 31 December 2018.
- Due to its nature, the Pro Forma Consolidated Statement of Financial Position does not represent the Company's actual or prospective financial position.
- 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.
- 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 2018 and 31 December 2018.
- 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 2018;
- The Pro Forma Consolidated Statement of Financial Position assumes that 8,100,000 of the convertible notes were redeemed and 100,000 were converted to ordinary shares as at 31 December 2018.



42

42

Page 50

# 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 (Lightning, Mustang, Beluga, Oil Lake, Tarpon and Mallard) 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 Will Armstrong BS in Geology, MS in Geology (Applied 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 Will Armstrong BS in Geology, MS in Geology (Applied 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 Green Canyon 21 (GC 21) in the Gulf of Mexico was compiled by technical employees of Talos Energy and reviewed by Mr Will Armstrong BS in Geology, MS in Geology (Applied Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Armstrong 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 Armstrong. Mr Armstrong 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 information in this report that relates to oil and gas resources in relation to Alaska Central Blocks was compiled by technical employees of Great Bear Petroleum, the Operator of the Alaska acreage, 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 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.



43

43

# Competent Persons and Cautionary Statements

## Prospective Resources

Prospective resource estimates in this report for SM 71 are prepared as at 30 June 2018. Refer to the ASX release of 6 August 2018. The Gulf Coast Package and Alaska Central Blocks prospective resource estimates in this report are effective as at 30 June 2018. The prospective resources information in this document for VR 232 is effective as at 19 June 2018. The prospective resources information in this document for GC 21 is effective as at 22 February 2019.

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](http://www.spe.org). The prospective resource estimates have been prepared using the deterministic method except for the Gulf Coast Package and Green Canyon 21 which have 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. The estimates are un-risked and have not been adjusted for either an associated chance of discovery or a chance of development. The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities. Prospective resources are reported on a best estimate basis. 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.

## 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 prospective resources for Green Canyon 21 (GC 21)

Talos has a large volume of data over the deepwater Gulf of Mexico and owns and operates several fields including the Green Canyon 18 field and production platform. The Bulleit prospect in Green Canyon 21 lease is a Pliocene prospect with similar seismic attributes to the analogous sand section in Talos's Green Canyon 18 field, which has produced approximately 39 MMBoe to date. Regional high-quality 3D seismic data, information from the Green Canyon 18 field and the wells drilled in the 1980s which discovered the DTR-10 and MP sands (refer slides 24-26) have been used by Talos in generating the deterministic estimates of prospective resources. Otto has separately reviewed the Talos work utilising a different seismic dataset and incorporating all the above data from Talos.



44

44

Page 51

# 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](http://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.



45

45

# 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



46

46

Page 52

# 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.



47

47

# 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) an "accredited investor" (as defined in 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.



48

48

Page 53

# 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 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.



49

49

# 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
Bulleit	The prospect that Otto has committed to drill as part of the farm in to the Green Canyon 21 lease.
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).
Green Canyon 21	The Green Canyon 21 lease in the Gulf of Mexico that Otto has agreed to farm into with Talos Energy Inc. with a commitment to drill the Bulleit prospect.
Gulf Coast Package	The drilling program that Otto farmed in to with Hilcorp. Five prospects remain to be drilled including Mustang, Beluga, Oil Lake, Tarpon and Mallard.
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].



50

50

Page 54

## Glossary (cont.)

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 <a href="http://www.spe.org">www.spe.org</a> .
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.



51

51

### Address

32 Delhi Street  
West Perth WA 6005  
Australia

1200 Smith Street Suite 1080  
Houston TX 77002  
United States of America

### Contact Info

Email: [info@ottoenergy.com](mailto:info@ottoenergy.com)  
Web: [www.ottoenergy.com](http://www.ottoenergy.com)

### Telephone

+ 61 8 6467 8800  
+1 713 893 8894



52

Page 55

**ASX ANNOUNCEMENT**

2 April 2019

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

**SUCCESSFUL COMPLETION OF PLACEMENT AND UNDERWRITTEN INSTITUTIONAL ENTITLEMENT OFFER**

- **A\$11m Placement and ~A\$7.6 million Institutional Entitlement Offer closes oversubscribed**
- **Strong support from existing and new institutions**
- **Fully underwritten Retail Entitlement Offer to raise approximately A\$12.3 million**
- **Retail Entitlement Offer to open Friday 5 April 2019 and closing Tuesday 23 April 2019**
- **Funds raised will be used primarily to fund the drilling of Otto's exciting new Green Canyon 21 "Bulleit" well**
- **Otto is now fully funded to execute its 2019 exploration program which includes five high-impact exploration wells with Hilcorp as well as the Green Canyon 21 opportunity with Talos Energy**

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 Friday 29 March 2019.

The funds raised will be used in conjunction with cash flows from Otto's 50% owned SM 71 oil field and future cash flows from the Lightning development to fund Otto's US\$9.0 million share of the GC-21 drilling program, redeem US\$8.1 million of the convertibles notes currently on issue and for working capital including contingent development wells.

**Placement**

The Placement raised a total of A\$11.0m through the issue of approximately 207.5 million shares at A\$0.053 per share.

**Institutional Offer**

The Institutional Entitlement Offer raised a total of A\$7.6m through the issue of approximately 143.2 million shares at A\$0.053 per share with a take up of 57% (100% takeup excluding Otto's largest shareholder).

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 Tuesday 9 April 2019. 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 \$12.3 million through the issue of approximately 231.8 million shares at A\$0.053 per share on the basis of one new share for every five shares held at the record date of Tuesday 2 April 2019.

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 sent to Eligible Retail Shareholders on Friday 5 April 2019.

The retail Entitlement Offer will open on Friday 5 April 2019 and close at 5.00pm Sydney time on Tuesday 23 April 2019 (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 April 2019
Record date for determining Eligible Shareholders	2 April 2019
Retail Entitlement Offer opens and Booklets despatched	5 April 2019
Settlement of New Shares issued under the Placement and Institutional Offer	8 April 2019
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	9 April 2019
Retail Entitlement Offer closes	23 April 2019
Allotment of New Shares issued under the Retail Entitlement Offer	1 May 2019
Despatch of holding statements and normal trading of New Shares	2 May 2019

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 553 490 (local call cost within Australia) or +61 1300 553 490 (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. Euro Securities Limited have been appointed Managers to the offer.

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 29 March 2019.

Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 <a href="mailto:info@ottoenergy.com">info@ottoenergy.com</a>	Media: Investor Relations: Mark Lindh  +61 414 551 361
---	--

## 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 7:00pm (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® or EFT (overseas holders), 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, 1 May 2019. It is expected that allotment of the New Shares under the Retail Entitlement Offer will take place on Wednesday, 1 May 2019. 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](http://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 (**Convertible Notes**). The Company intends to use a portion of the proceeds from the Entitlement Offer (approximately \$12 million) to redeem 8.1 million of the 8.2 million Convertible Notes on issue in accordance with the Convertible Notes Terms and Conditions (as amended from time to time). The other 100,000 convertible notes will be converted to ordinary shares on 30 April 2019.

## **5.9 Underwriting arrangements**

As announced to the market on Friday, 29 March 2019, 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 settlement of the Retail Entitlement Offer.

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% of the proceeds of the Entitlement Offer
- Underwriting fee: 3% of the proceeds of the Entitlement Offer; and
- Lead Manager fee: \$100,000.

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	1,875,264,612
Placement as announced on 29 March 2019	207,547,170
Total shares on issue post-placement	2,082,811,782
New Shares offered under the Entitlement Offer (includes Institutional and Retail)(approximately)	375,052,922
Total Shares on issue on completion of the Entitlement Offer	2,457,864,704

## Section 6 Glossary

Terms	Definitions
<b>A\$</b>	Australian dollars or cents.
<b>ABN</b>	Australian Business Number
<b>Additional New Shares</b>	New Shares subscribed to in excess of the Entitlement.
<b>Application</b>	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.
<b>Application Monies</b>	Offer Price multiplied by the number of New Shares applied for by BPAY®, or in a duly completed Entitlement and Acceptance Form.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	Australian Securities Exchange.
<b>ASX Announcements</b>	As defined in Section 4.
<b>ASX Listing Rules</b>	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.
<b>ATO</b>	Australian Tax Office.
<b>BPAY®</b>	BPAY Pty Ltd (ACN 079 137 518).
<b>CHESS</b>	Clearing House Electronic Subregister System.
<b>CGT</b>	Capital gains tax.
<b>Company</b>	Otto.
<b>Convertible Notes</b>	As defined in Section 5.8.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>CRN</b>	Customer Reference Number.
<b>EFT</b>	Electronic Funds Transfer
<b>Eligible Retail Shareholder</b>	As defined in Section 5.1.
<b>Entitlement</b>	The right to participate in a 1 for 5 pro-rata accelerated non-renounceable entitlement offer of new Otto ordinary shares, pursuant to the Entitlement Offer.
<b>Entitlement and Acceptance Form</b>	Form accompanying the Retail Offer Booklet.
<b>Entitlement Number</b>	Unique identifying number for each shareholding (also the payment reference number for Electronic Funds transfer (EFT) payments)
<b>Entitlement Offer</b>	Institutional Entitlement Offer and the Retail Entitlement Offer.
<b>GST</b>	Goods and Services Tax.
<b>HIN</b>	Holder Identification Number.
<b>Ineligible Retail Shareholders</b>	Retail shareholders who are not Eligible Retail Shareholders.
<b>Institutional Entitlement Offer</b>	Pro-rata accelerated non-renounceable entitlement offer to eligible institutional shareholders.
<b>Investor Presentation</b>	As defined in Section 4.

<b>Key Dates</b>	As displayed in Key dates for the Retail Entitlement Offer.
<b>Key Risks</b>	As defined in Section 4.
<b>New Shares</b>	Shares to be allocated and issued under the Entitlement Offer.
<b>Offer Price</b>	\$0.053 per New Share.
<b>Otto</b>	Otto Energy Limited (ACN 107 555 046)
<b>Otto Offer Information Line</b>	1300 553 490 (within Australia) or +61 1300 553 490 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.
<b>Record Date</b>	7:00pm (Perth time) on Tuesday, 2 April 2019.
<b>Retail Entitlement Offer</b>	Pro-rata accelerated non-renounceable entitlement offer to Eligible Retail Shareholders to subscribe for 1 New Share for every 5 Shares held on the Record Date.
<b>Retail Offer Booklet</b>	Booklet containing important information about the Retail Entitlement Offer and Otto's business.
<b>Retail Shortfall Offer</b>	The offer of Shortfall to Eligible Retail Shareholders.
<b>Shares</b>	A fully paid ordinary share in the capital of Otto.
<b>Share Registry</b>	Link Market Services Limited (ABN 54 083 214 537).
<b>Shortfall</b>	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.
<b>SRN</b>	Security Reference Number.
<b>Subscription</b>	Subscription of New Shares by Eligible Retail Shareholders.
<b>TERP</b>	Theoretical Ex-Rights Price.
<b>TFN</b>	Tax File Number.
<b>TOFA Provisions</b>	The Taxation of Financial Arrangements rules pursuant to Division 230 of the Income Tax Assessment Act 1997 (Cth).
<b>Underwriter</b>	Morgans Corporate Limited (ABN 32 010 539 607).
<b>US\$</b>	United States dollars
<b>US Securities Act</b>	US Securities Act of 1933.

# Corporate Directory

---

## **Company**

Otto Energy Limited  
32 Delhi Street  
West Perth WA 6005

## **Otto Offer Information Line**

Within Australia: 1300 553 490  
Outside of Australia: +61 1300 553 490  
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 553 490  
From outside Australia: +61 1300 553 490  
ASX Code: OEL  
Website: www.linkmarketservices.com.au

**SRN/HIN:**

**Entitlement Number:**

**Number of Eligible Shares held as at the Record Date, 7:00pm (Sydney time) on 2 April 2019:**

**Entitlement to New Shares (on a 1 New Share for 5 basis):**

**Amount payable on full acceptance at A\$0.053 per Share:**

<b>Offer Closes 5:00pm (Sydney time):</b>	<b>23 April 2019</b>
---	----------------------

### ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 5 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.053 per New Share. You may also apply for Additional 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 5 April 2019. 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 553 490 (within Australia) or +61 1300 553 490 (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 (Sydney time) on 23 April 2019. 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 (Sydney time) on 23 April 2019.



**Billers Code:** 66605  
**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:**

<b>A</b> Number of New Shares accepted (being not more than your Entitlement shown above)	<b>B</b> Number of Additional New Shares	<b>C</b> 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, New Zealand, United Kingdom, Hong Kong, Singapore and Cambodia. 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](http://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 by A\$0.053.

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 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 (Sydney time) on 23 April 2019. 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 553 490 (within Australia) or +61 1300 553 490 (outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.**



**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 553 490  
From outside Australia: +61 1300 553 490  
ASX Code: OEL  
Website: www.linkmarketservices.com.au

**SRN/HIN:**

**Entitlement Number:**

**Number of Eligible Shares held as at the Record Date, 7:00pm (Sydney time) on 2 April 2019:**

**Entitlement to New Shares (on a 1 New Share for 5 basis):**

**Amount payable on full acceptance at A\$0.053 per Share:**

**Offer Closes 5:00pm (Sydney time): 23 April 2019**

**ENTITLEMENT AND ACCEPTANCE FORM**

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 5 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.053 per New Share. You may also apply for Additional 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 5 April 2019. 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 553 490 (within Australia) or +61 1300 553 490 (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 three 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 (Sydney time) on 23 April 2019. 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 (Sydney time) on 23 April 2019.

**OPTION 3: PAYING ELECTRONIC FUNDS TRANSFER (EFT)**

If paying by EFT you do NOT need to complete or return the Acceptance Slip attached to this Application Form below. Payment must be received by the Registry by 5:00pm (Sydney time) on 23 April 2019. The bank account to make payment to is outlined below:

**Bank:** Commonwealth Bank of Australia  
**BSB:** 062-028  
**Account Number:** 11781272  
**Account Name:** Pacific Custodians Pty Limited – ITF Otto Energy Limited  
**Swift Code:** CTBAAU2SXXX  
**Bank Branch / Address:** Town Hall Sydney / 546 George Street, Sydney NSW 2000  
**Payment Reference:**

If you choose to make an EFT payment then you must use your Entitlement Number as the payment reference. If you do not use the Entitlement Number as your payment reference then your application may not be reconciled and considered an incomplete application with your Application Monies returned to you after the Offer has been completed.

**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



**Biller Code:** 66605  
**Ref:**

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:**

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

<b>E CONTACT DETAILS</b> – 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, New Zealand, United Kingdom, Hong Kong, Singapore and Cambodia. 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® or EFT:

- 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](http://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 by A\$0.053.

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.

### 3. IF PAYING BY ELECTRONIC FUNDS TRANSFER (EFT)

Remit your EFT payment as per the instructions outlined in Payment Option 3. Ensure you use your Entitlement Number as the payment reference to enable your payment to be allocated to your holding. Note your bank may apply fees or charges to any transfer and any conversion to Australian dollars from a foreign currency will impact the amount of Australian dollars received by Otto Energy Limited. The net Australian dollar funds received will be considered as an Application for as many New Shares as your Application Monies will pay for in full at the Offer Price.

#### A. Acceptance of New Shares

Enter into section A the number of New Shares 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® or EFT 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 (Sydney time) on 23 April 2019. 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 553 490 (within Australia) or +61 1300 553 490 (outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.**