

ASX ANNOUNCEMENT

26 April 2019

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RETAIL ENTITLEMENT OFFER UPDATE

Otto Energy ("Otto") (ASX: OEL) provides the following update on the retail component of its underwritten pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**), which was announced to the ASX on Friday 29 March 2019.

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) provided eligible retail shareholders in Otto the opportunity to acquire one new share for every five shares held at the record date of 2 April 2019.

The Company has received applications for Entitlements totaling A\$5.7 million (before costs) representing acceptances of 46%. In addition, the Company has received applications for A\$1.2 million of Additional New Shares to give a total of A\$6.9 million in applications under the Retail Entitlement Offer. Overall 56% of the new shares issued will go to existing shareholders. The Shortfall of A\$5.4 million will be allocated pursuant to the Underwriting Agreement with Morgans Financial Limited.

The table below sets out the number of new shares, the number of Additional New Shares and the number allocated to various sub-underwriters pursuant to the underwriting Agreement.

Summary of Retail Entitlement Offer

	<u>Number of Shares</u>	<u>Proceeds</u>
Entitlements received	107.7 million	A\$5.7 million
Additional New Shares applied for	21.8 million	A\$1.2 million
Total Applications received	129.5 million	A\$6.9 million
Shares subscribed for by sub-underwriters	102.3 million	A\$5.4 million
Total Shares to be issued under the Retail Entitlement Offer	231.8 million	A\$12.3 million

The funds raised from the Entitlement offer and placement (In total ~A\$31 million) will be used in conjunction with the 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 on 30 April 2019 and for working capital including contingent development wells.

A total of A\$12.3 million has been raised from the Retail Entitlement Offer through the issue of 231.8 million shares at A\$0.053 per share.

New shares issued under the Retail Entitlement Offer will rank equally in all respects with existing shares. The new shares are expected to be allotted and commence trading on 1 May 2019.

<p>Contact: Matthew Allen Managing Director & CEO +61 8 6467 8800 info@ottoenergy.com</p>	<p>Investor Relations & Media: Mark Lindh +61 (0) 414 551 361</p>
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www.ottoenergy.com