

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Otto Energy Limited

ABN

56 107 555 046

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

a) Ordinary Shares
b) Performance Rights

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

a) 6,142,857
b) 14,187,000

Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

a) Ordinary Fully Paid Shares
b) Performance Rights which expire on 29 November 2022. One third of the rights vest on each of 29 November 2018, 2019 and 2020. If rights do not vest, they roll forward to the next vesting date or expiry, whichever is the next date. Vesting hurdle is a 10% per annum TSR with a commencing deemed share price on 29 November 2017 of A\$0.042. For more information refer to Item 6 of the Explanatory Statement to the Notice of Meeting for the AGM released to ASX on 30 October 2017.

4	Do the ⁺ securities rank equally in all respects from the ⁺ issue date with an existing ⁺ class of quoted ⁺ securities?	<p>a) Yes.</p> <p>b) No. Shares issued upon the vesting of performance rights will rank equally with the existing ordinary shares on and from that date.</p>
	<p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	<p>a) A\$0.035 per share.</p> <p>b) Issued for nil consideration.</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>a) Placement of Tranche 2 shares to Directors following shareholder approval (refer to ASX announcement dated 25 October 2017).</p> <p>b) Issued to Directors and senior employees as long term incentives. For more information refer to Item 6 of the Explanatory Statement to the Notice of Meeting for the AGM released to ASX on 30 October 2017.</p>
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes.</p>
6b	The date the security holder resolution under rule 7.1A was passed	<p>29 November 2017.</p>
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	<p>Nil</p>
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	<p>Nil</p>
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<p>a) Issue of 6,142,857 to directors approved at the AGM held on 29 November 2017.</p>

6f	Number of +securities issued under an exception in rule 7.2	Nil				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	229,394,774 (LR 7.1) 152,929,849 (LR 7.1A)				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	a) 1 December 2017. b) 29 November 2017.				
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>1,529,298,490</td> <td>Ordinary fully paid shares</td> </tr> </tbody> </table>	Number	+Class	1,529,298,490	Ordinary fully paid shares
Number	+Class					
1,529,298,490	Ordinary fully paid shares					

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	1,620,000	Unlisted Employee Performance Rights (Measurement date 1/2/2018, Expiry date 31/12/2018)
	6,050,000	Unlisted Employee Performance Rights (Measurement dates 1/2/2018 and 1/2/2019, Expiry date 31/12/2019 (1,400,000 expire on 31/12/2017))
	14,187,000	Unlisted Employee and Director Performance Rights. Measurement dates 29/11/2018, 2019 and 2020. Expiry date 29/11/2022)
	8,200,000	Convertible Notes (refer Appendix 3B released to ASX on 2 August 2017 for terms).
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	a) Ordinary fully paid shares - participation available from the date of issue. b) Performance Rights – shares issued on vesting will be ordinary fully paid shares, hence participation from the date of issue.	

Part 2 - Pro rata issue

Questions 11 to 33 Not Applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Questions 35 to 37 - Not Applicable

Entities that have ticked box 34(b)

Questions 38 to 42 - Not Applicable

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(~~Director~~/Company secretary)

Date: 1 December 2017

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

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital											
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated											
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,181,908,323										
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">4,390,001 (13 February 2017)</td> </tr> <tr> <td></td> <td style="text-align: right;">100,000,166 (27 November 2017)</td> </tr> <tr> <td></td> <td style="text-align: right;">236,857,143 (AGM 29 November 2017)</td> </tr> <tr> <td></td> <td style="text-align: right;">6,142,857 (AGM 29 November 2017)</td> </tr> <tr> <td></td> <td style="text-align: right;">Nil</td> </tr> </table>		4,390,001 (13 February 2017)		100,000,166 (27 November 2017)		236,857,143 (AGM 29 November 2017)		6,142,857 (AGM 29 November 2017)		Nil
	4,390,001 (13 February 2017)										
	100,000,166 (27 November 2017)										
	236,857,143 (AGM 29 November 2017)										
	6,142,857 (AGM 29 November 2017)										
	Nil										
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil										
“A”	1,529,298,490										

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	229,394,774
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	229,394,774
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.15] – “C”	229,394,774 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,529,298,490
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	152,929,849
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	152,929,849
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	152,929,849 <i>Note: this is the remaining placement capacity under rule 7.1A</i>