

2 April 2020

## CLARIFYING ANNOUNCEMENT – INVESTOR PRESENTATION

Otto Energy Limited (**OEL** or **the Company**) (ASX: OEL) refers to the announcements released on 26 March 2020 regarding an institutional placement (**Placement**) and partially underwritten, accelerated non-renounceable entitlement offer (**Entitlement Offer**) which together intend to raise up to a total of A\$17.5 million (before associated costs).

The Company wishes to provide further information in respect of the Macquarie Facility, as referenced on page 32 of the Investor Presentation released on 26 March 2020.

### Macquarie – Facility Agreement

As announced on 4 November 2019, the Company entered into a three-year senior secured loan facility agreement with Macquarie Bank Limited (**Macquarie**) (**Facility Agreement**) pursuant to which Macquarie agreed to advance an initial loan facility of US\$35 million (in two tranches of US\$25 million (**Tranche A-1**) and US\$10 million (**Tranche A-2**)) with an additional US\$20 million (**Tranche B**) available to the Company, subject to certain conditions being satisfied by the Company during the three-year term (**the Facility**).

Among other conditions, utilisation of the Facility is subject to and conditional on:

- a) no event of default occurring; and/or
- b) no “review event” occurring, or if it has, the review event being rectified within 30 business days of its occurrence.

The events of default under the Facility Agreement are standard for agreements of its nature and include events such as non-payment, failure to satisfy certain financial covenants, non-compliance with finance documents, misrepresentation, cross default and the Company becoming insolvent or an action being brought against it which would have the effect of declaring the Company insolvent, among others.

OEL confirms that an event of default has not occurred under the Facility Agreement.

A “review event” will occur if, as at 20 April 2020, the Company has less than US\$17.5 million cash at bank. The effect of a review event is that the Company has 30 business days to remedy its occurrence prior to Macquarie taking any action under the Facility Agreement. Such review event has not occurred and upon the Company completing the Placement and Institutional Entitlement Offer and raising not less than US\$7.3 million, the Company does not currently expect a review event to occur at any time in the future.

The Facility Agreement provides that failure to remedy an event of default or review event (with such review event not having been remedied within 30 business days) does entitle Macquarie to cancel the Facility and declare all amounts owing immediately due and payable, in which case the Company would need to source alternative funding arrangements and/or alternative financing to repay the Facility.

In addition to the information set out above, the Company confirms that:

- a) US\$22,000,000 has been utilised under the Tranche A-1 Facility;
- b) no amount has been utilised under the Tranche A-2 Facility;
- c) no amount has been utilised under the Tranche B Facility to date;
- d) as at the date of this announcement, the Company has US\$14.29 million cash at bank; and
- e) should the Placement and Institutional Entitlement Offer proceed as contemplated, the Company will have approximately US\$18 million cash at bank as at 20 April 2020 and will remain in compliance with its obligations under the Facility Agreement.

Except as clarified by this announcement, all other information regarding the Company, Placement and Entitlement Offer as stated in the announcements released on 26 March 2020 remain unchanged.

This announcement has been authorised for release by the Company's board of directors.

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