

28 December 2011

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

By E-Lodgement

Highlights:

- **OTTO ENERGY EXECUTES FINAL FARM-IN AGREEMENTS FOR SC55**

Otto Energy Ltd (ASX:OEL) is pleased to announce that it has executed the final farm-in agreements supporting BHP Billiton's earlier decision to enter into Service Contract 55, Offshore Palawan, Philippines.

The execution of the final documents follows the previously announced decision by BHP Billiton to exercise their farm-in option in May 2011. With the execution of these final farm-in agreements, Otto will receive a final payment relating to back costs associated with SC55 of US\$7.3m, of which \$5.0m has already been received.

Otto will submit the required assignment documents to the Philippine Department of Energy for their approval of the transfer of participating interest to BHP Billiton.

Otto's Chief Executive Officer Gregor McNab said, "2012 is an exciting year for Otto shareholders as we prepare for drilling of the Cinco prospect in SC55, offshore Palawan in the Philippines during the second quarter. More importantly for Otto shareholders, there is a depth of opportunity beyond this first well in our acreage portfolio that provides ongoing exploration and development potential".

Yours faithfully

Gregor McNab
Chief Executive Officer

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- First operated exploration well in Philippines in Q2 2011.
- Opportunity rich with substantial exploration prospects and leads in Palawan and Visayan basins.

COMPANY OFFICERS

Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Gregor McNab	CEO
Matthew Allen	CFO/Coy Secretary

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