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Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
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**By E-Lodgement**

**OTTO ENERGY PROVIDES AN UPDATE ON SC55 KEY APPROVALS**

**Highlights:**

- **Clarifies media speculation regarding potential suspension or cancellation of the SC55 licence**

Otto Energy Limited (ASX: OEL) provides the following clarifying comments regarding media speculation around the potential suspension or cancellation of the Service Contract 55 (SC55) licence in the Republic of the Philippines.

The SC55 Operator, BHP Billiton Petroleum (Philippines) Corporation (BHPB) (ASX: BHP), and joint venture partners are focused on delivering the Cinco-1 well in SC55 in accordance with the contractual work programme commitments to the Philippines Department of Energy.

All critical permits have been obtained with the exception of the Strategic Environmental Plan Clearance ("SEP Clearance") by the Provincial Council for Sustainable Development ("PCSD") which was submitted in August 2012.

The Sangguniang Panlalawigan (Palawan Provincial Board ) has requested the submission by BHPB, as the Operator, of a comprehensive socio-economic development programme for the Province of Palawan prior to recommending endorsement of the SEP Clearance by the PCSD, which is not a requirement under Philippines Law, nor has it been required for exploration approvals in the past.

Otto Energy currently supports ongoing socio-economic development programmes within the areas that it operates outside SC55. Otto Energy is committed to deliver nearly US$200 million in development and exploration programmes through 2013 as operator on behalf of other joint ventures in the Philippines, including the Galoc Phase II development and the Duhat exploration well. Otto Energy regards its socio-economic development responsibilities as a key part of its corporate licence to operate.

## OTTO AT A GLANCE

- ASX-listed oil and gas company with a strategy to grow its integrated oil and gas business across exploration, development and production
- Focused on South East Asia and East Africa
- Operator of the producing Galoc oil field in the Philippines, which provides cashflow
- Opportunity rich with substantial exploration prospects and leads

## COMPANY OFFICERS

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| 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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BHPB, as Operator, is seeking to work with the Department of Energy to address the impairment of rights and obligations of the JV Partners caused by this change in the manner of implementing the SEP Clearance. Otto confirms that the joint venture has not sought an extension to the current sub-phase that ends in August 2013 and continues to work with the Department of Energy to ensure that work programme commitments are met in accordance with the contractual undertakings.

Otto is continuing to actively engage BHPB regarding such options which include potentially temporarily suspending SC55, the joint operating agreement and farm-in agreement under force majeure. The effect of a force majeure notice would be to suspend time while the event continues and preserve the exploration program in SC55.

Otto Chief Executive Officer Gregor McNab said: "The Cinco prospect in SC55 is an exciting and material gas/condensate opportunity and we look forward to BHPB as the Operator concluding final clearance of the SEP and drilling the Cinco prospect. Otto has offered support to BHPB as the Operator wherever possible in seeking to resolve the outstanding approvals. BHPB has reiterated that its objective remains to fulfil its contractual commitment to drill the Cinco well in SC55 at the earliest opportunity."

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