

1 May 2013

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

By E-Lodgement

UPDATE ON FINANCING FACILITY WITH BNP PARIBAS

Highlights:

- **Completion of conditions precedent to close financing facility with BNP Paribas**
- **Galoc Phase II Project Update**

Otto Energy Ltd ("Otto") (ASX: OEL), the 33%-owner and operator of the producing Galoc oil field joint venture offshore the Philippines, is pleased to provide the following update in relation to the Galoc Phase II development.

Completion of Conditions Precedent to Close Financing Facility

BNP Paribas has advised Otto Energy that all conditions precedent have been met relating to the project financing facility to provide US\$37.4 million in project financing for its share of capital expenditure committed to the Galoc Phase II development.

To date, Otto has been able to fund its share of the US\$188 million capital expenditure (100% basis) for Galoc Phase II through cash flows generated from Phase I field production. The timely close of the financing facility allows Otto to fund future capital expenditure with first drawdown expected in Q2 2013.

Key terms of the facility are:

- 3-year tenor term loan facility expiring 31 December 2015
- Principal repayments commencing Q1 2014. Voluntary prepayments may be made without penalty
- A competitive interest margin over USD LIBOR
- Galoc project level security provided as is usual for a loan of this nature

Galoc Phase II Development Update

The Galoc joint venture took the Final Investment Decision (FID) on Phase II in September 2012. Good progress continues to be made towards achieving safe production start-up from the Phase II wells anticipated in Q4 2013. Most significantly, the drilling rig "Ocean Patriot" is currently in Singapore undergoing planned survey work prior to mobilising to the Galoc field in late May 2013 and commencing

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 in Palawan and Visayan basins

COMPANY OFFICERS

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

drilling operations in June 2013. Offshore construction planning and equipment deliveries are tracking to schedule.

Otto Chief Executive Gregor McNab said: "Continued high oil prices and good uptime of over 98% from our Galoc Phase I operations, has allowed Otto to defer the requirement to draw on our debt funding facility. Concurrent with closing the conditions precedent with BNP Paribas, we have undertaken a simplification of our corporate structure eliminating five group companies that had been part of previous acquisitions.

Galoc is fundamental to Otto Energy delivering funding for our future growth activities. It is important that we maintain good financial discipline to protect our shareholders wherever possible from current volatile markets."

--Ends--

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APPENDIX A: GALOC OIL FIELD SUMMARY

Joint Venture Partners:

<u>Participant</u>	<u>Participating Interest %</u>
Galoc Production Company W.L.L. (Operator) (Wholly owned subsidiary of Otto Energy Ltd (ASX: OEL))	33.00000
Galoc Production Company No. 2 Pte Ltd (Wholly owned subsidiary of Kuwait Foreign Petroleum Exploration Company)	26.84473
Nido Production (Galoc) Pty Ltd (ASX: NDO)	22.87952
Oriental Petroleum & Minerals Corporation and Linapacan Oil Gas & Power Corporation	7.78505
The Philodrill Corporation	7.21495
Forum Energy Philippines Corporation	2.27575

Location:

The Galoc field is located in Service Contract SC14-C (Galoc Sub Block) in 290m of water approximately 65km North West of Palawan Island and 350km south of Manila in the Republic of the Philippines.