

13 March 2014

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

## By E-Lodgement

### SERVICE CONTRACT 55, OFFSHORE PHILIPPINES – TRANSFER OF INTEREST AND OPERATORSHIP APPROVED

#### Highlights:

- **Philippines Department of Energy (DOE) approves transfer of SC55 interest and operatorship to Otto.**
- **BHP Billiton to pay US\$3MM to Otto on re-assignment and US\$24.5MM to Otto upon drilling of an exploration well.**
- **Farm-out campaign progressing.**

Otto Energy Limited (**Otto**) (ASX: OEL) is pleased to announce that the DOE has approved the reassignment of 60% equity in SC55 from BHP Billiton Petroleum (Philippines) Corporation (BHPB) to Otto, taking Otto's interest to 93.18%.

A separate announcement on revisions to the work commitment timing is expected to be released shortly once correspondence is received from the DOE. The Sub-Phase 4 commitment to drill an exploration well will be revised to late 2014 as a result of the suspension due to force majeure in 2013.

Otto announced on 21 January 2014 that it had executed agreements with BHPB to terminate the farm-out agreement for SC55, with key terms including:

- Following re-assignment approval by the DOE, BHPB is to pay US\$3.0MM to Otto.
- BHPB will pay a further US\$24.5m to Otto upon completion of the first exploration well in SC55.

Otto is several months into a farm-out process to introduce a new joint venture partner to participate in the drilling of the Hawkeye-1 exploration well. Otto is targeting suitably qualified partners with deepwater experience to join the exploration program and several suitable companies with SE Asia operations have commenced technical due diligence reviews of the available data. Completion of the farm-out process is anticipated to be completed and a new partner secured by mid-2014.

Otto is pleased with the response from potential partners and the progress of the farm-out campaign.

Otto has commenced drilling planning preparations, including development of well designs, planning studies and equipment procurement reviews. Importantly, Otto has also invited expressions of interest from drilling rig owners to determine availability of drilling units to drill the Hawkeye-1 exploration well within the required timeframe.

## 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

|                  |                   |
|------------------|-------------------|
| Rick Crabb       | Chairman          |
| Ian Macliver     | Director          |
| Rufino Bomasang  | Director          |
| John Jetter      | Director          |
| Ian Boserio      | Director          |
| Matthew Allen    | CEO               |
| Craig Hasson     | CFO               |
| Scott Blenkinsop | Company Secretary |

Otto Chief Executive Officer Mr Matthew Allen said: *"Securing the Department of Energy approval for the reassignment of 60% equity and operatorship of SC55 is an important step in progressing our exploration program in this high impact area. The combination of the excellent prospectivity of SC55 and the funding arrangement secured by Otto means that we are able to offer a very attractive exploration opportunity as part of a farm-out campaign. We look forward to securing a new partner by mid-2014."*

Yours faithfully

**Matthew Allen**  
Chief Executive Officer

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