

21 August 2014

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

**By E-Lodgement**

**GALOC OIL FIELD PERFORMANCE AND EXPANSION STUDIES**

**Highlights:**

- Strong performance of over 2 MMbbl in eight months since Phase II start-up in December 2013
- Improved understanding of field structure and reservoir enables further expansion studies
- Decision on further drilling activities expected in late 2014 or early 2015

Otto Energy Ltd ("Otto") (ASX: OEL) provides an update on operations and further exploration, appraisal and development studies at the Galoc oil field, offshore Philippines.

**Production Performance**

Since the start-up of Phase II in December 2013, production has exceeded over 2 MMbbl, with seven cargos delivered into South East Asian refineries. Production has been in-line with or exceeded the production profile based on the 2P reserves expectations outlined in March 2014.

Otto expects a further three cargos will be delivered in 2H 2014. A total of 10 cargos will be delivered for the full year.

**Further Exploration, Appraisal and Development Studies**

In early 2014, Otto commenced a series of activities to incorporate Phase II drilling results into a detailed analysis of the field, which has resulted in a clearer understanding of the structure and reservoir distribution between the Galoc Central Field Area (where current production wells are located) and the Galoc Mid and Galoc North Areas. Further studies will be completed by Q4 2014.

Before the end of 2014 or in early 2015, a recommendation is anticipated regarding further activities to unlock the upside potential of the Galoc Mid Field Area and/or to undertake additional drilling and infill activities to complement existing production at the Central Field Area.

**CEO Comment**

Otto's Chief Executive Officer, Mr Matthew Allen, said: "Galoc is a key asset for Otto and has continued to deliver excellent production performance and uptime during 2014. The potential to significantly add to the current Central Field Area 2P reserves from the Galoc Mid and North Areas, as well as additional incremental volumes from further Central Field Area infill drilling, is very exciting and we look forward to completing the current round of studies and moving into further development activities at this high-value producing field."

**OTTO AT A GLANCE**

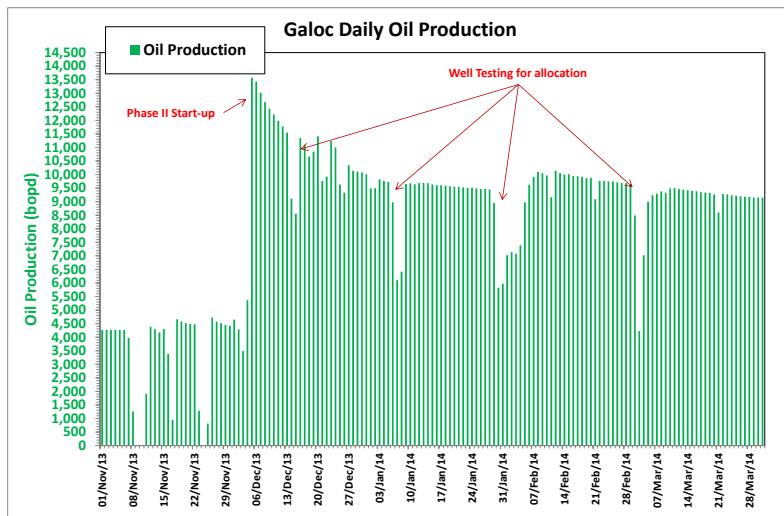
- ASX-listed oil and gas company with a strategy to grow its oil and gas business across exploration, development and production
- Focused on South East Asia and East Africa
- Operator of the producing Galoc oil field in the Philippines, which provides cashflow

**COMPANY OFFICERS**

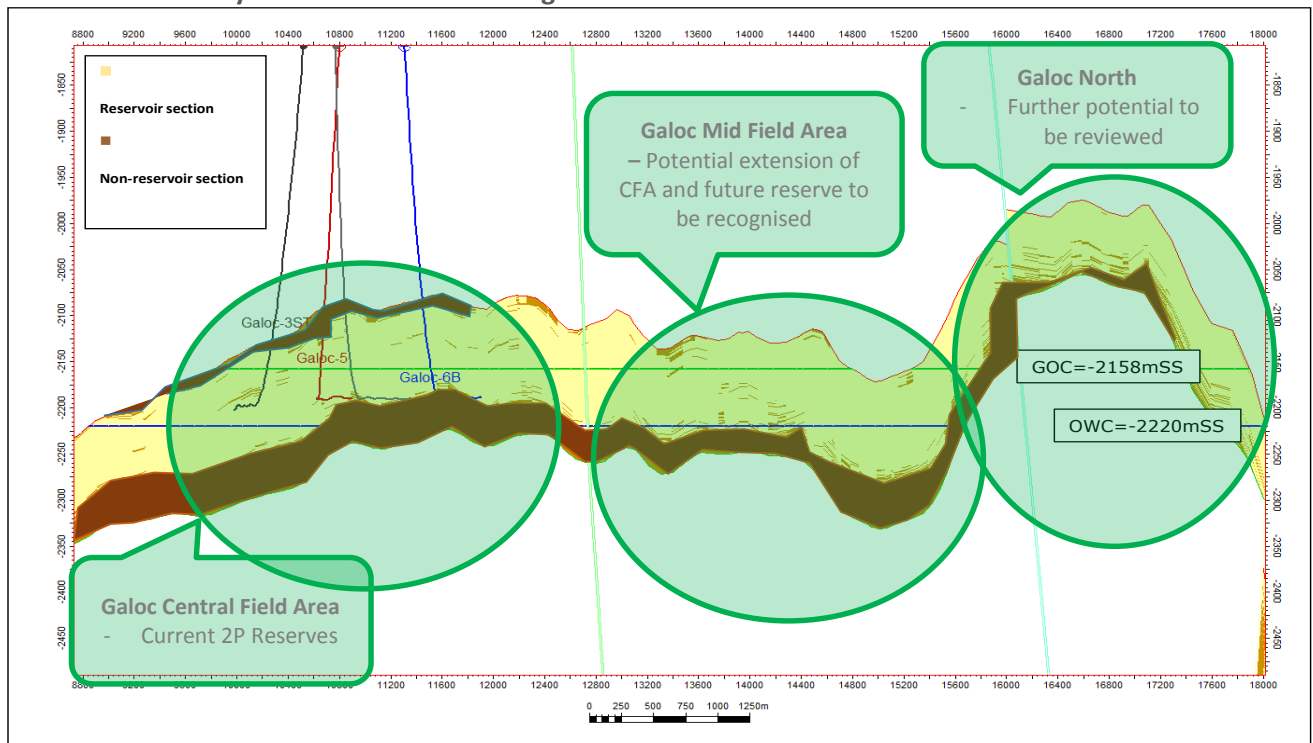
Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CEO
Craig Hasson	CFO
Scott Blenkinsop	Company Secretary

www.ottoenergy.com

### Galoc Field Production Performance



### Galoc Oil Field – Stylised cross section through Greater Galoc field area



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**APPENDIX A: SUMMARY**

**Background**

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. Production commenced in 2008 with the Galoc-3H and 4H wells and a Phase II development was completed in December 2013 adding the Galoc-5H and 6H wells to the field.

Production is processed through the Floating Production Storage and Offload Facility the Rubicon Intrepid. The Galoc crude oil is a light 35° API, low sulphur crude and is priced against the Dubai benchmark plus a premium and is delivered to refineries throughout South East Asia.

A total of over 13 MMbbl has been recovered from the field to date.

**Joint Venture Partners:**

<b><u>Participant</u></b>	<b><u>Participating Interest %</u></b>
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