

17 February 2015

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

By E-Lodgement

HIGHLIGHTS:

- **COMPLETION OF SALE OF OTTO'S INTEREST IN THE GALOC OIL FIELD**
- **CASH RESERVES OF US\$106m (~A\$136m)**
- **PROPOSED CAPITAL RETURN OF A\$0.064 PER SHARE**

Otto Energy Ltd (ASX: OEL) (**Otto**) is pleased to announce the sale of Galoc Production Company W.L.L. (**GPC**) to Nido Petroleum Ltd (ASX: NDO) (**Nido**) has completed.

Final proceeds were received from Nido on 17 February 2015.

Cash reserves following completion are as follows:

Cash as at 13 February 2015	US\$28.6m
Final proceeds from Nido	<u>US\$77.4m</u>
Total	US\$106m (~A\$136m)

The final proceeds from Nido reflect adjustments from the effective date of the transaction, being 1 July 2014.

The Board of Otto intends to increase the proposed capital return to shareholders to A\$0.064 per share (previously A\$0.06 per share), which would utilise A\$73.9m of Otto's cash reserves.

Otto is seeking a class ruling from the ATO to confirm the taxation treatment of the proposed capital return.

Following receipt of the ATO ruling, the Board of Otto will meet to make a final decision on the proposed capital return.

The proposed capital return will then be considered at a shareholder meeting and, if approved, funds will then be returned to shareholders.

An indicative timetable for the capital return will be issued following the receipt of the ATO ruling and final decision by the Board.

Otto will utilise cash reserves remaining after payment of the proposed capital return to undertake the forward exploration programs at SC55 in the Philippines, and two licences onshore Tanzania. The planned

OTTO AT A GLANCE

- ASX-listed oil and gas company with a strategy to grow an integrated petroleum business through high impact exploration
- Focused on South East Asia and East Africa
- Formerly Operator of the producing Galoc oil field in the Philippines

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	Chief Legal Counsel Company Secretary

farm-down of Otto's SC55 acreage together with the funding of US\$24.5m from BHP Billiton positions Otto favourably for the drilling of the Hawkeye-1 exploration well.

Matthew Allen, Otto's CEO said: "Delivering financial close of the GPC sale is a significant milestone for Otto in this environment of depressed oil prices. Otto has a very strong balance sheet and is well advanced on prospective exploration activities in both the Philippines and Tanzania. Pleasingly, we have the financial capacity to undertake these high impact exploration activities and to pay a significant capital return to Otto's loyal shareholders."

Yours faithfully

Matthew Allen
Chief Executive Officer

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