

**ASX ANNOUNCEMENT**  
22 December 2008

## OTTO ENERGY TO FARM-OUT SERVICE CONTRACT 55 - PHILIPPINES

Upstream oil and gas company Otto Energy Limited (ASX: OEL) is pleased to announce that the Company has entered into a conditional heads of agreement with BHP Billiton Petroleum Pty Limited (**BHP Billiton**) to farm-out 60% of its interest in Service Contract (SC) 55. SC55 covers a deep water block located offshore southwest Palawan Island, in the Philippines.

### Highlights:

- **BHP Billiton will earn a 60% interest in SC55 by carrying Otto through a 3D seismic programme and two deep water exploration wells**
- **Otto will retain a carried working interest of 25% in SC55 and will transfer operatorship to BHP Billiton**

Otto acquired its 85% interest in SC55 in 2006, through the purchase of NorAsian Energy Ltd. The Company announced in July 2008 that it was seeking to farm down its working interest in SC55 for a carried through drilling program.

BHP Billiton has agreed to reimburse Otto for back costs and pay the full cost of a 3D seismic programme and the drilling of two deep-water exploration wells in consideration for the transfer of a 60% interest in SC55. Otto will retain a working interest 25%. BHPB will also be appointed operator of SC55.

The agreement is conditional on finalising farm-out and joint operating agreements and obtaining all necessary government and joint venture approvals.

Mr Alex Parks, CEO of Otto said, *"We are extremely pleased to have BHP Billiton as our Joint Venture partner, as they bring a wealth of expertise to the project. This farm-out is in line with Otto's exploration strategy in the Philippines, and BHP Billiton's interest and involvement in this project is a strong endorsement of our belief in the petroleum potential of the Philippines. BHP Billiton is one of the largest and most successful companies in the resources sector, and in the event of a discovery of either oil or gas, we couldn't hope for a better partner to operate such a development. We anticipate that the 3D seismic survey will be carried out and interpreted in 2009 with drilling to follow in 2010. Otto looks forward to a positive and mutually-beneficial working relationship with BHP B."*

Yours faithfully,



**Alex Parks**  
**Chief Executive Officer**

### Otto Energy at a Glance

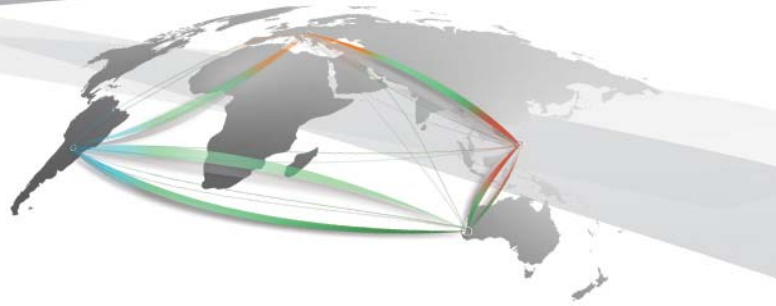
- ASX-listed dynamic oil and gas company with significant growth potential
- Strong Board & Management team
- World class projects across 4 countries
- Oil production to provide income for active exploration program
- Opportunity rich with 8 discoveries, 20+ prospects, and over 60 leads

### CAPITAL STRUCTURE

ASX CODE	OEL
Shares on issue	492,673,863
	+ 46M unlisted ops
Share price	A\$0.11 at 19.12.08
Market cap	~A\$55m
Top 20	Own 65% of stock

### BOARD OF DIRECTORS

Rick Crabb	Chairman
Jaap Poll	Non exec Dir
Ian Macliver	Non exec Dir
Rufino Bomasang	Non exec Dir
John Jetter	Non exec Dir
Alex Parks	CEO
Emma McCormack	Comp Secretary



## ADDITIONAL INFORMATION ON SERVICE CONTRACT 55 - PHILIPPINES

SC55 covers an area of 9,000km<sup>2</sup> in the southwest Palawan Basin.

Never previously held as an exploration block, SC55 is a deep water block in the middle of a regional oil and gas fairway which extends from the productive region offshore Borneo in the southwest to the Philippine production assets in the northeast, including the Malampaya oil and gas field, which is currently the largest producer of condensate and gas in the Philippines.

