

2 July 2015

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

By E-Lodgement

HAWKEYE-1 EXPLORATION WELL UPDATE

- **NOTICE TO COMMENCE MOBILISATION ISSUED TO MAERSK DRILLING**
- **HAWKEYE-1 WELL EXEPECTED TO SPUD EARLY AUGUST**
- **FARM-OUT PROCESS CONTINUES**

Otto Energy Ltd (ASX: OEL) (“Otto”) is pleased to announce it has issued Maersk Drilling with formal notice in respect of the mobilisation of the Maersk Venturer drill ship to the Hawkeye-1 exploration well location. Mobilisation to the drilling location will commence on 31 July 2015 and is expected to take around 1 to 2 days, with drilling operations to commence upon arrival of the rig on location.

Farm-Out Process Continues

Otto continues to field interest regarding potential Hawkeye-1 well farm-in opportunities. Otto notes a recent Philippines Stock Exchange announcement and associated press reporting of an offer by Pryce Gases Inc (“Pryce”), an LPG distributor whose parent company, Pryce Corporation is listed on the Philippines Stock Exchange, to farm-in for a 10% working interest in SC55 and the Hawkeye-1 exploration well. Negotiations are incomplete and the current offer by Pryce is not capable of acceptance. Otto is fully funded for the drilling of Hawkeye -1.

The expression of interest from the Philippine National Oil Company – Exploration Company (PNOC-EC) to farm-in for a 15% interest in SC55 is still valid and approvals from the Office of the President are required before this transaction can be finalised.

~Ends~

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	MD & CEO
Craig Hasson	CFO
Neil Hackett	Company Secretary

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Appendix 1: Hawkeye Prospect

Service Contract 55 (SC55), offshore Palawan Basin in the Philippines, contains a number of distinct exploration play types that provide material opportunities, including: the carbonate gas/condensate trend that has the potential for an oil charge; and turbidite clastic prospects. SC55 is not located in a region of the South China Sea regarded as disputed territory.

The Hawkeye prospect was identified on 2D seismic originally acquired by Otto in 2007 and further defined with the 600 km² 3D seismic acquisition in late 2009. Hawkeye contains:

- ‘Best Estimate’ STOIP of ~ 480 MMbbl of oil; and
- ‘Best Estimate’ Net Prospective Resource of 74 MMbbl of oil.

Hawkeye is planned as a vertical exploration well to test the clastic late Miocene Pagasa formation. Hawkeye is a thrust, four way closure with direct amplitude support evidenced on high quality 3D seismic acquired in 2010. Otto plans an exploration well to target the crest of the Hawkeye structure and evaluate results. The well will be plugged and abandoned upon completion of drilling.

Otto has operated upstream oil and gas exploration and production assets in the Philippines for over 10 years and regards the fiscal terms as amongst the best in Asia, offering protection from low oil price outcomes.

Joint Venture Partners:

Participant	Participating Interest %
Otto Energy Investments Ltd (Operator) (Wholly owned subsidiary of Otto Energy Ltd)	33.18
Otto Energy Philippines Inc. (Wholly owned subsidiary of Otto Energy Ltd)	45.00
Red Emperor Resources NL (ASX RMP)	15.00
Palawan55 Exploration and Production Company (Wholly owned subsidiary of Trans-Asia Petroleum Corporation)	6.82

Note: Philippine National Oil Company – Exploration Company (PNOC-EC) has expressed interest to farm-in for a 15% working interest in SC55. The farm-in is subject to approval by the Office of the President of the Philippines, which is currently being sought. Approval of this PNOC-EC farm-in would lower Otto Energy Ltd’s participating interest in the well to 63.18%.