

12 October 2012

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

By E-Lodgement

OTTO OBTAINS PHILIPPINES GOVERNMENT APPROVAL FOR SC-51 TERM EXTENSION

Highlights:

- **Present Sub-Phase term extended until 31 January 2013**
- **SC-51 tenure confirmed until 8 July 2015**
- **The Duhat-2 exploration well to be drilled in SC51 in 2013**

Otto Energy Ltd ("Otto") (ASX:OEL) announces that approval from the Philippines Department of Energy has been received for an extension to the SC-51 current Sub-Phase until 31 January 2013. This extension has been approved to allow completion of the acquisition, processing, and interpretation of the present 2D seismic program.

Acquisition of 102 km of new 2D seismic data over the San Isidro anticline was completed in early October 2012. Processing of these data is progressing.

The next Sub-Phase commencing 1 February 2013 requires the drilling of a well, planning for which has already commenced.

SC-51 is a potentially high value, material opportunity with significant follow up prospectivity in the case of success. Otto's recent equity increase to 80% is consistent with the emerging prospectivity of this area.

Under the terms of a pre-existing farm-in agreement, Otto will pay 100% of future costs through to drilling of the Duhat-2 exploration well to earn the full 80% working interest.

SC51 North Block is located onshore the island of Leyte in the Philippines. Otto is focused on maturing the Duhat prospect located on the San Isidro anticline that was drilled with the Duhat-1/1A well in 2011. During the drilling of this well, oil and gas indications were observed and the presence of an active petroleum system, a working seal and a structure conducive to hydrocarbon entrapment were proven. The Duhat structure is mapped to have mean in place volume (STOIP) of 76 mmbbl.

This acquisition is consistent with Otto's strategy of building an integrated petroleum company, generating a sustained flow of drilling events, focusing on South East Asia and onshore East Africa. Higher equity in SC51 North Block creates further balance between our onshore and offshore assets. Our

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Operator of the producing Galoc Oil Field which provides cash flow.
- High impact offshore exploration program in SC55.
- Opportunity rich with substantial exploration prospects and leads in Palawan and Visayan basins.

COMPANY OFFICERS

Rick Crabb	Chairman
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Gregor McNab	CEO
Matthew Allen	CFO/Coy Secretary



onshore assets represent lower cost exploration opportunities with the potential to commercialise subsequent discoveries in shorter time frames. Our offshore exploration assets represent higher volume opportunities but require higher investment and longer lead times to commercialise.

Yours faithfully

Gregor McNab
Chief Executive Officer

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The Reserve and Contingent Resource estimates outlined in this announcement have been compiled by Mr Nick Pink. Mr Pink is the Senior Reservoir Engineer of Otto and a full time employee. Mr Pink has more than 13 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Pink has consented to the form and context that this statement appears