



## ASX ANNOUNCEMENT

12 March 2009

### SC 55 FARM OUT CLARIFICATION

Otto Energy (**Otto**) (ASX: OEL) would like to clarify information outlined in its Asia Oil Conference presentation lodged with ASX on 25 February 2009, with respect to the estimated value of the BHP Billiton Petroleum Pty Limited (**BHPB**) farm-in to Service Contract (**SC**) 55.

In December 2008, Otto entered into a conditional heads of agreement with BHPB to farm out 60% of its interest in SC55 in consideration for which BHPB 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.

Otto has estimated the value of this farm-out to be approximately USD150 million, based on the mid point of the estimated value of the consideration offered under the heads of agreement. A breakdown of the costs estimated by Otto are noted below:

- Back costs re-imbursement and 3D seismic – USD15 - 30 million; and
- Two deep water wells (>500 metres water depth) - USD100 - 150 million.

The range of costs has been estimated by Otto based on market benchmarks as at the date of the heads of agreement. The Company notes actual costs will be dependent on market rates at the time activities are undertaken, which may be more or less than this estimate. Otto also notes that the cost estimates above have not been endorsed by BHPB.

The BHPB heads of agreement is conditional on finalising farm-out and joint operating agreements and obtaining all necessary government and joint venture approvals. These agreements and approvals are currently being negotiated and necessary approvals being sought.

Yours faithfully,



Alex Parks  
Chief Executive Officer

#### Otto Energy at a Glance

- Dynamic ASX-listed oil and gas company with significant growth potential
- Strong Board & Management
- World class projects across 4 countries
- Production from Galoc Oil Field to provide cash flow
- Opportunity rich with 8 discoveries, 20+ prospects and more than 60 leads in portfolio
- Upcoming activity in 2009 including oil revenues, farm-outs and drilling program which offer significant value creation for investors

#### COMPANY OFFICERS

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

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