



14 December 2010

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

By E-Lodgement

Highlights:

- **Edirne, Turkey interests sold to Valeura Energy Inc for US\$3.1m**

Otto Energy Ltd (ASX: OEL) is pleased to announce that it has executed an asset sale agreement to sell its producing natural gas assets in the Edirne licence in Turkey to Valeura Energy Inc. The Edirne licence interests are owned by Edirne Enerji Petrol Arama Üretim Ve Ticaret Limited Şirketi ("Edirne"), which is a wholly-owned subsidiary of Otto Energy Ltd.

Valeura is a Canada-based public company currently engaged in the exploration, development and production of petroleum and natural gas in Western Canada and Turkey.

SUMMARY OF KEY TERMS OF AGREEMENT

- Purchase price of US\$3.1 million inclusive of taxes, subject to certain operating adjustments to be made at closing based on an effective date of 1 October 2010.
- Assets sold consist of a 35% interest in the Edirne Exploration License 3839 (the "Edirne Licence") in the Thrace Basin.
- Natural gas production from the Edirne Licence in the third quarter of 2010 was approximately 6.3 million cubic feet per day (mmcf) (gross) or 2.2 mmcf net to Edirne.
- Closing is expected to occur on or about 22 December 2010, subject to satisfaction or waiver of certain closing conditions, including but not limited to, the receipt of all necessary third party and regulatory approvals.

Otto's Managing Director Paul Moore said that the completion of the sale represents a significant milestone in the focusing of Otto's portfolio. "Otto was listed in 2004 based on these interests in Turkey. We are proud of the achievements that we have made in Turkey. The focusing of our portfolio into South East Asia allows Otto to build upon its strengths in the Philippines where it is a major player in the oil and gas exploration and production sector".

Yours faithfully

Paul Moore
Managing Director

Contact:

All enquiries are to be addressed to Matthew Allen, Chief Financial Officer on +61 8 6467 8800 or email info@ottoenergy.com

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- First operated exploration well in Philippines in 2011
- Opportunity rich with substantial exploration prospects and leads in portfolio.

COMPANY OFFICERS

Rick Crabb	Chairman
Paul Moore	Managing Director
Ian MacIver	Director
Rufino Bomasang	Director
John Jetter	Director
Ian Boserio	Director
Matthew Allen	CFO/Coy Secretary