



15 December 2009

Manager of Company Announcements
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000
By E-Lodgement

GAS SALE AGREEMENT SECURED FOR THE EDIRNE PROJECT

Otto Energy Limited (**Otto** or **Company**) (ASX: OEL) is pleased to announce that the Edirne Joint Venture (**EJV**) has secured a five year Gas Sales Agreement for all gas production from the Edirne Licence.

This long term gas sales agreement provides the EJV with a certain market for both its current gas reserves while also allowing for the monetisation of its new gas discoveries on the licence area. The EJV has no supply commitments under the GSA and therefore no risk on gas deliverability.

The Edirne Project has gross 2P Reserves and 2C Resources of approximately 8.5 Bcf (Otto's share 3 Bcf) and is expected to have initial production rates of between 10 to 14 mmscf per day commencing in early 2010.

The gas produced by the EJV will be sold downstream of the gas plant at a 15% discount to the Industrial Interruptible Tariff benchmark set by BOTAS. Otto expects that the discounted gas price in the short to medium term will be between US\$7.00 to US\$8.00/GJ. The discounted gas price will change over time reflecting amendments in the tariffs set by BOTAS. An active drilling programme is planned for 2010 on existing and new 3D seismic coverage. Subject to ongoing exploration success gas will continue to be sold under this contract on the agreed commercial terms.

The Gas Sales Agreement is with AKSA Dogalgaz Toptan Satis A.S (**AKSA**), an established natural gas distributor in the Republic of Turkey.

Following the 100% drilling success of prospects delineated by previous 3D data, the Joint Venture is now acquiring an additional 100km² of seismic data over the western part of the license area. Otto anticipates that further similar low risk prospects will be identified on the new seismic, providing the potential for further drilling success and addition to the reserve base.

The EJV partners comprise Otto which holds a 35% interest in the Edirne Licence and Joint Operators Petroleum Exploration Mediterranean Int (PEMI) (55%) and local Turkish company Petraco (10%).

Yours faithfully

Paul Moore
Chief Executive Officer

OTTO AT A GLANCE

- ASX-listed oil and gas company with significant growth potential.
- Production from Galoc Oil Field provides cash flow.
- Development of gas field in Turkey to become second revenue-generating asset.
- Opportunity rich with substantial exploration prospects and leads in portfolio.
- Upcoming events including production revenues, exploration drilling and farm-outs to offer value creation for investors.

COMPANY OFFICERS

Rick Crabb	Chairman
Jaap Poll	Director
Ian Macliver	Director
Rufino Bomasang	Director
John Jetter	Director
Paul Moore	CEO
Emma McCormack	Company Secretary